

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

COMPLIANCE REPORT

OF

PIKE TOWNSHIP

WARREN COUNTY, INDIANA

January 1, 2014 to December 31, 2016



**FILED**  
05/31/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Edie Foust	01-01-14 to 12-31-18
Chairman of the Township Board	Carla Lincicum	01-01-14 to 12-31-17



**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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF PIKE TOWNSHIP, WARREN 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), Warren County, for the period January 1, 2014 to December 31, 2016, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

The Annual Financial Reports filed by the Township can be found on the Gateway website: <https://gateway.ifionline.org/>.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

March 14, 2017

PIKE TOWNSHIP, WARREN COUNTY  
RESULTS AND COMMENTS

**DEPOSITORY RECONCILIATIONS**

The depository account was not reconciled to the ledger for the months of October and November, 2016. The depository reconciliation for December excluded checks that were outstanding.

Addition and posting errors were noted in the ledgers that remained undetected and uncorrected from October through December, 2016.

Indiana Code 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."

**ANNUAL REPORTS**

*Filing the Annual Report*

Annual Financial Reports were not filed electronically by March 1 as follows:

<u>Years</u>	<u>Filed</u>	<u>Days Late</u>
2015	04-12-16	42
2016	04-02-17	32

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

*Publication of Abstracts*

The annual abstracts were not published in accordance with Indiana Code 36-6-4-13.

Indiana Code 36-6-4-13(b) states:

"Within four (4) weeks after the third Tuesday following the first Monday in February, the executive shall publish the abstract prescribed by subsection (a) in accordance with IC 5-3-1. The abstract must state that a complete and detailed annual report and the accompanying vouchers showing the names of persons paid money by the township have been filed with the county auditor, and that the chairman of the township legislative body has a copy of the report that is available for inspection by any taxpayer of the township."

*Review and Adoption of the Annual Report*

Board minutes were not presented, so it could not be determined if the Township Board had the required meetings to review and adopt the Annual Report in accordance with Indiana Code 36-6-6-9 for the years 2014, 2015, and 2016.

PIKE TOWNSHIP, WARREN COUNTY  
RESULTS AND COMMENTS  
(Continued)

Indiana Code 36-6-6-9(a) states: "The legislative body shall meet on or before the third Tuesday after the first Monday in February of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented under IC 36-6-4-12."

***DEPOSITS NOT MADE TIMELY***

Receipts were deposited later than the first and fifteenth of the month. The Township received distributions from the County Auditor monthly. Three of the monthly distributions for 2014, and six of the monthly distributions for 2015 and 2016 were not deposited within 15 days of receipt. Distributions from November 2015 were not deposited until April 2016 and three of the distributions received in 2016 were held over 30 days.

Indiana Code 5-13-6-1(c) states in part: ". . . The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. . . ."

***APPROVAL OF SALARIES***

Township Board minutes and resolutions were not presented; therefore, we could not determine if the Township Board established the salaries of Township officers and employees.

Indiana Code 36-6-6-10(b) states:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances;

of all officers and employees of the township."

***PAYROLL TAXES, REPORTS, AND REMITTANCES***

Wage and Tax Statements (Federal Forms W-2s) and Federal Forms 944 Employer's Annual Federal Tax Returns were not presented for 2016; therefore, we could not determine if wages and withholdings were properly reported and remitted.

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 for Townships, Chapter 1)

PIKE TOWNSHIP, WARREN COUNTY  
RESULTS AND COMMENTS  
(Continued)

**CONTRACTS**

*Failure to Enter into Contracts*

Payments made for mowing in 2016 and payments for a Township attorney for 2014 through 2016 were not supported by written contracts. Furthermore, invoices were not provided to support the payments made to the attorney.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

*Balance Due on Contract*

The Township owed \$8,000 on a fire contract from 2012. Per the 2016 contract, it was stated: "Additionally \$2,000 payable by December 31, 2016, for partial payment of unpaid 2012 contract still due and payable . . . ." The additional \$2,000 was not paid in 2016.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**DONATIONS**

In 2014, the Township donated \$2,300 to the boy scouts, youth league, senior center, library, park, and a van service. In 2015, donations totaled \$1,650 to the Boy Scouts, library, senior center, and park.

Public funds cannot be donated or given to other organizations or individuals unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**LOANS BETWEEN FUNDS**

In 2013, the Firefighting fund loaned \$30,000 to the Township fund, and \$6,000 to the Township Assistance fund. Minutes and resolutions were not presented, so we could not determine if the Township Board authorized the loans between funds.

In 2014 and 2015, the Township fund repaid \$3,500 and \$3,000, respectively, to the Firefighting fund. The Township Assistance fund has not repaid any of the loan.

Indiana Code 36-1-8-4 states:

"(a) The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

- (1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.
- (2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.

PIKE TOWNSHIP, WARREN COUNTY  
RESULTS AND COMMENTS  
(Continued)

- (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.
- (4) The amount transferred must be returned to the other fund at the end of the prescribed period.
- (5) Only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred.

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
  - (A) A statement that the fiscal body has determined that an emergency exists.
  - (B) A brief description of the grounds for the emergency.
  - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

**TOWNSHIP ASSISTANCE DISBURSEMENTS**

Township assistance was paid for which applications were not presented.

Application for Township Assistance is to be completed by each person who applies for township assistance. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 7)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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 1)

**TOWNSHIP ASSISTANCE STANDARDS**

The Township Board did not establish Township Assistance Standards.

Indiana Code 12-20-5.5-1 states:

"(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

PIKE TOWNSHIP, WARREN COUNTY  
RESULTS AND COMMENTS  
(Continued)

(b) The township's standards for the issuance of township assistance and the processing of applications must be:

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

***NEPOTISM POLICY AND CERTIFICATION***

A Nepotism Policy was not presented.

Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2014, 2015, and 2016.

Indiana Code 36-1-20.2-9(a) states in part: "This chapter establishes minimum requirements regarding employment of relatives. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

***CONTRACTING POLICY AND CERTIFICATION***

A Contracting Policy was not presented.

Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2014, 2015, and 2016.

Indiana Code 36-1-21-4(a) states in part: "This chapter establishes minimum requirements regarding contracting with a unit. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

PIKE TOWNSHIP, WARREN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 14, 2017, with Edie Foust, Trustee.