

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

PIGEON TOWNSHIP

VANDERBURGH COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
09/21/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	6-7
Notes to Financial Statements.....	8-11
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	14-17
Other Reports.....	18

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Mary E. Hart	01-01-11 to 12-31-18
President of the Township Board	Callie M. Rogers	01-01-14 to 12-31-18



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 AUDITOR'S REPORT

TO: THE OFFICIALS OF PIGEON TOWNSHIP, VANDERBURGH COUNTY, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of Pigeon Township (Township), which comprise the financial position and results of operations for the period of January 1, 2014 to December 31, 2017, and the related notes to the financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2014 to December 31, 2017.


Opinion on Regulatory Basis of Accounting

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 period of January 1, 2014 to December 31, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Township's financial statements. 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 auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

August 29, 2018

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
TOWNSHIP FUND	\$ 16,198	\$ 150,294	\$ 109,008	\$ 57,484	\$ 129,763	\$ 112,283	\$ 74,964
TOWNSHIP ASSISTANCE	623,614	1,166,986	1,075,670	714,930	1,167,294	1,007,474	874,750
FIRE FIGHTING FUND	19,321	22,942	12,000	30,263	23,083	12,000	41,346
RAINY DAY FUND	12,598	-	5,100	7,498	-	-	7,498
HOMELESS SHELTER	2,561	10	-	2,571	-	-	2,571
PAYROLL DEDUCTIONS	22,308	92,879	115,431	(244)	96,708	98,404	(1,940)
Totals	<u>\$ 696,600</u>	<u>\$ 1,433,111</u>	<u>\$ 1,317,209</u>	<u>\$ 812,502</u>	<u>\$ 1,416,848</u>	<u>\$ 1,230,161</u>	<u>\$ 999,189</u>

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

PIGEON TOWNSHIP, VANDERBURGH COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
TOWNSHIP FUND	\$ 74,964	\$ 157,738	\$ 101,789	\$ 130,913	\$ 170,923	\$ 96,807	\$ 205,029
TOWNSHIP ASSISTANCE	874,750	1,137,005	974,389	1,037,366	1,125,055	981,071	1,181,350
FIRE FIGHTING FUND	41,346	23,474	12,000	52,820	24,057	12,000	64,877
RAINY DAY FUND	7,498	58,630	2,838	63,290	-	-	63,290
HOMELESS SHELTER	2,571	-	-	2,571	-	2,571	-
PAYROLL DEDUCTIONS	(1,940)	89,394	88,301	(847)	82,880	82,033	-
Totals	<u>\$ 999,189</u>	<u>\$ 1,466,241</u>	<u>\$ 1,179,317</u>	<u>\$ 1,286,113</u>	<u>\$ 1,402,915</u>	<u>\$ 1,174,482</u>	<u>\$ 1,514,546</u>

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

PIGEON TOWNSHIP, VANDERBURGH 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 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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, the following: 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.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 a cost-sharing 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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

Note 7. Cash Balance Deficit

The financial statements contain a fund with a deficit in cash. This is a result of disbursements in excess of receipts in the Payroll Deductions fund, a clearing account, by December 31, 2014, 2015, and 2016.

(This page intentionally left blank.)

OTHER INFORMATION - UNAUDITED

The Township's Annual Financial Reports information can be found on the Indiana Gateway for Government Units 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 Township's Annual Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the Township. It is presented as intended by the Township.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	<u>TOWNSHIP FUND</u>	<u>TOWNSHIP ASSISTANCE</u>	<u>FIRE FIGHTING FUND</u>	<u>RAINY DAY FUND</u>	<u>HOMELESS SHELTER</u>	<u>PAYROLL DEDUCTIONS</u>	<u>Totals</u>
Cash and investments - beginning	\$ 16,198	\$ 623,614	\$ 19,321	\$ 12,598	\$ 2,561	\$ 22,308	\$ 696,600
Receipts:							
Taxes	112,669	848,169	21,885	-	-	-	982,723
Intergovernmental receipts	5,698	307,492	1,057	-	-	-	314,247
Other receipts	<u>31,927</u>	<u>11,325</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>92,879</u>	<u>136,141</u>
Total receipts	<u>150,294</u>	<u>1,166,986</u>	<u>22,942</u>	<u>-</u>	<u>10</u>	<u>92,879</u>	<u>1,433,111</u>
Disbursements:							
Personal services	75,025	370,783	-	-	-	-	445,808
Supplies	1,619	39,352	-	5,100	-	-	46,071
Other services and charges	32,364	665,535	12,000	-	-	-	709,899
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,431</u>	<u>115,431</u>
Total disbursements	<u>109,008</u>	<u>1,075,670</u>	<u>12,000</u>	<u>5,100</u>	<u>-</u>	<u>115,431</u>	<u>1,317,209</u>
Excess (deficiency) of receipts over disbursements	<u>41,286</u>	<u>91,316</u>	<u>10,942</u>	<u>(5,100)</u>	<u>10</u>	<u>(22,552)</u>	<u>115,902</u>
Cash and investments - ending	<u>\$ 57,484</u>	<u>\$ 714,930</u>	<u>\$ 30,263</u>	<u>\$ 7,498</u>	<u>\$ 2,571</u>	<u>\$ (244)</u>	<u>\$ 812,502</u>

PIGEON TOWNSHIP, VANDERBURGH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	TOWNSHIP FUND	TOWNSHIP ASSISTANCE	FIRE FIGHTING FUND	RAINY DAY FUND	HOMELESS SHELTER	PAYROLL DEDUCTIONS	Totals
Cash and investments - beginning	\$ 57,484	\$ 714,930	\$ 30,263	\$ 7,498	\$ 2,571	\$ (244)	\$ 812,502
Receipts:							
Taxes	122,780	849,147	22,393	-	-	-	994,320
Intergovernmental receipts	5,635	302,957	690	-	-	-	309,282
Other receipts	1,348	15,190	-	-	-	96,708	113,246
Total receipts	129,763	1,167,294	23,083	-	-	96,708	1,416,848
Disbursements:							
Personal services	74,137	403,368	-	-	-	-	477,505
Supplies	560	30,826	-	-	-	-	31,386
Other services and charges	37,586	573,280	12,000	-	-	-	622,866
Other disbursements	-	-	-	-	-	98,404	98,404
Total disbursements	112,283	1,007,474	12,000	-	-	98,404	1,230,161
Excess (deficiency) of receipts over disbursements	17,480	159,820	11,083	-	-	(1,696)	186,687
Cash and investments - ending	\$ 74,964	\$ 874,750	\$ 41,346	\$ 7,498	\$ 2,571	\$ (1,940)	\$ 999,189

PIGEON TOWNSHIP, VANDERBURGH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	TOWNSHIP FUND	TOWNSHIP ASSISTANCE	FIRE FIGHTING FUND	RAINY DAY FUND	HOMELESS SHELTER	PAYROLL DEDUCTIONS	Totals
Cash and investments - beginning	\$ 74,964	\$ 874,750	\$ 41,346	\$ 7,498	\$ 2,571	\$ (1,940)	\$ 999,189
Receipts:							
Taxes	135,147	810,879	22,785	58,630	-	-	1,027,441
Intergovernmental receipts	9,348	320,973	689	-	-	-	331,010
Other receipts	13,243	5,153	-	-	-	89,394	107,790
Total receipts	157,738	1,137,005	23,474	58,630	-	89,394	1,466,241
Disbursements:							
Personal services	67,023	381,368	-	-	-	-	448,391
Supplies	366	29,472	-	-	-	-	29,838
Other services and charges	34,242	563,549	12,000	-	-	-	609,791
Capital outlay	-	-	-	2,838	-	-	2,838
Other disbursements	158	-	-	-	-	88,301	88,459
Total disbursements	101,789	974,389	12,000	2,838	-	88,301	1,179,317
Excess (deficiency) of receipts over disbursements	55,949	162,616	11,474	55,792	-	1,093	286,924
Cash and investments - ending	\$ 130,913	\$ 1,037,366	\$ 52,820	\$ 63,290	\$ 2,571	\$ (847)	\$ 1,286,113

PIGEON TOWNSHIP, VANDERBURGH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	<u>TOWNSHIP FUND</u>	<u>TOWNSHIP ASSISTANCE</u>	<u>FIRE FIGHTING FUND</u>	<u>RAINY DAY FUND</u>	<u>HOMELESS SHELTER</u>	<u>PAYROLL DEDUCTIONS</u>	<u>Totals</u>
Cash and investments - beginning	\$ 130,913	\$ 1,037,366	\$ 52,820	\$ 63,290	\$ 2,571	\$ (847)	\$ 1,286,113
Receipts:							
Taxes	150,546	1,064,909	23,546	-	-	-	1,239,001
Intergovernmental receipts	10,774	54,436	511	-	-	-	65,721
Other receipts	<u>9,603</u>	<u>5,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,880</u>	<u>98,193</u>
Total receipts	<u>170,923</u>	<u>1,125,055</u>	<u>24,057</u>	<u>-</u>	<u>-</u>	<u>82,880</u>	<u>1,402,915</u>
Disbursements:							
Personal services	66,435	307,409	-	-	-	-	373,844
Supplies	287	25,490	-	-	-	-	25,777
Other services and charges	29,757	648,172	12,000	-	-	-	689,929
Other disbursements	<u>328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,571</u>	<u>82,033</u>	<u>84,932</u>
Total disbursements	<u>96,807</u>	<u>981,071</u>	<u>12,000</u>	<u>-</u>	<u>2,571</u>	<u>82,033</u>	<u>1,174,482</u>
Excess (deficiency) of receipts over disbursements	<u>74,116</u>	<u>143,984</u>	<u>12,057</u>	<u>-</u>	<u>(2,571)</u>	<u>847</u>	<u>228,433</u>
Cash and investments - ending	<u>\$ 205,029</u>	<u>\$ 1,181,350</u>	<u>\$ 64,877</u>	<u>\$ 63,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,514,546</u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the Township. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.