

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

SUGAR CREEK TOWNSHIP

HANCOCK COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
7/27/06

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5-6
Examination Results and Comments:	
List of Employees Not Filed With County Treasurer	7
Overdrawn Cash Balances	7
Capital Asset Records	7
Receipt Issuance	7
Credit Cards.....	8
Exit Conference	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Charles O. Montgomery	01-01-03 to 12-31-06
Chairman of the Township Board	Roger Erwin John Gunn	01-01-04 to 12-31-04 01-01-05 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SUGAR CREEK TOWNSHIP, HANCOCK COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Sugar Creek Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 29, 2006

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 358	\$ 107,614	\$ 81,243	\$ 26,729
Dog	527	260	231	556
Township Assistance	22,397	20,249	34,996	7,650
Recreation	17,306	28,051	38,444	6,913
Firefighting	190,360	1,717,967	1,811,528	96,799
Emergency Ambulance/Medical	238,874	155,708	226,591	167,991
Water Rescue	550	100	-	650
Hazardous Materials	4,001	725	212	4,514
Fire Prevention	11,729	13,813	21,514	4,028
Community Adult Center	207	-	132	75
Rainy Day	41,900	96,124	96,124	41,900
Levy Excess	-	68,774	-	68,774
Fire Equipment Debt	32,633	30,460	62,889	204
Fire Building Debt	38,689	138,404	160,823	16,270
Fire Emergency Loan	15,770	374,646	390,416	-
Cumulative Fire	312,734	297,708	494,791	115,651
Schildmeir Cemetary	1,655	12	350	1,317
Totals	<u>\$ 929,690</u>	<u>\$ 3,050,615</u>	<u>\$ 3,420,284</u>	<u>\$ 560,021</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 26,729	\$ 79,932	\$ 90,958	\$ 15,703
Dog	556	266	278	544
Township Assistance	7,650	37,950	32,169	13,431
Recreation	6,913	42,765	45,066	4,612
Firefighting	96,799	2,103,816	2,039,377	161,238
Emergency Ambulance/Medical	167,991	159,442	96,025	231,408
Water Rescue	650	-	-	650
Hazardous Materials	4,514	-	502	4,012
Fire Prevention	4,028	6,950	6,125	4,853
Community Adult Center	75	-	-	75
Rainy Day	41,900	-	14,000	27,900
Levy Excess	68,774	36,414	68,683	36,505
Training	-	5,027	425	4,602
Fire Equipment Debt	204	53,565	59,904	(6,135)
Fire Building Debt	16,270	405,980	267,966	154,284
Fire Emergency Loan	-	568,820	517,997	50,823
Park Bond	-	1,994,673	1,819,243	175,430
Anticipation Loan	-	200,000	200,000	-
Cumulative Fire	115,651	436,990	253,909	298,732
Capital Projects	-	664,238	663,525	713
Schildmeir Cemetary	1,317	18	-	1,335
Totals	<u>\$ 560,021</u>	<u>\$ 6,796,846</u>	<u>\$ 6,176,152</u>	<u>\$ 1,180,715</u>

The accompanying notes are an integral part of the schedules.

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY
NOTES TO SCHEDULES

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, culture and recreation, 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). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

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.

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.

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY
NOTES TO SCHEDULES
(Continued)

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.

Note 7. Long-Term Debt

The Township has entered into debt such as bonds for the fire station and land for development of a park. The outstanding principal at December 31, 2005, was \$256,340 and \$1,995,000, respectively.

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township may owe property taxes to the County/Township, but a list of such employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

OVERDRAWN CASH BALANCES

The cash balance of the Fire Equipment Debt Fund was overdrawn at December 31, 2005.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory or record of capital assets using Form 369.

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

RECEIPT ISSUANCE

Receipts were not always issued for all types of collections.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CREDIT CARDS

The Fire Department is using credit cards in some instances to purchase items without a governing board approved credit card policy directing its authorized use.

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)

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 29, 2006, with Charles O. Montgomery, Trustee.
The official concurred with our findings.