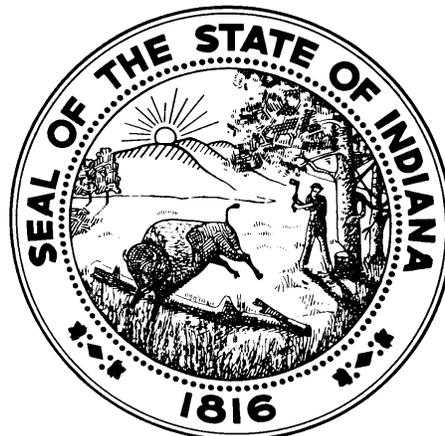


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
HONEY CREEK TOWNSHIP  
HOWARD COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
12/23/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robert E. Oilar David B. Britton	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	Edward E. Martin Jack Talbert	01-01-06 to 12-31-06 01-01-07 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF HONEY CREEK TOWNSHIP, HOWARD COUNTY, INDIANA

We have examined the financial information presented herein of Honey Creek Township (Township), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 5, 2008

HONEY CREEK TOWNSHIP, HOWARD COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 82,101	\$ 11,732	\$ 14,974	\$ 78,859
Dog	351	93	444	-
Township Assistance	43,598	11,976	15,529	40,045
Firefighting	29,194	23,050	23,191	29,053
Levy Excess	591	11,720	-	12,311
Fire Debt	23,614	17,565	23,562	17,617
Cumulative Fire	10,159	10,363	1,587	18,935
Rainy Day	684	-	-	684
Totals	<u>\$ 190,292</u>	<u>\$ 86,499</u>	<u>\$ 79,287</u>	<u>\$ 197,504</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 78,859	\$ 3,594	\$ 13,748	\$ 68,705
Township Assistance	40,045	20,506	12,053	48,498
Firefighting	29,053	23,809	20,810	32,052
Levy Excess	12,311	-	-	12,311
Fire Debt	17,617	12,048	20,156	9,509
Cumulative Fire	18,935	10,270	-	29,205
Rainy Day	684	-	-	684
Totals	<u>\$ 197,504</u>	<u>\$ 70,227</u>	<u>\$ 66,767</u>	<u>\$ 200,964</u>

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

HONEY CREEK TOWNSHIP, HOWARD 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, 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.

Note 6. Long-Term Debt

The Township has entered into a loan for a new fire truck. The outstanding principal at December 31, 2007, was \$37,118. The Township has four semiannual payments of \$10,078 remaining.

HONEY CREEK TOWNSHIP, HOWARD COUNTY  
EXAMINATION RESULTS AND COMMENTS

CONTRACTS

Records presented for examination indicate payments of \$2,000 were made each year to an individual for cemetery mowing in 2006 and 2007 without a contract. Also, payments of \$20,810 were made to the Russiaville Volunteer Fire Department in 2007 without a contract.

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 13)

OFFICIAL BOND

The following official bonds were not filed in the office of the County Recorder:

Robert E. Oilar, Trustee, for the period January 1, 2003 to December 31, 2006  
David B. Britton, Trustee, for the period January 1, 2007 to December 31, 2010

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

PENALTIES, INTEREST, AND OTHER CHARGES

Information presented for examination indicates that on September 22, 2006, a certificate of deposit was cashed early, incurring a penalty of \$283.68. Also, penalties and interest totaling \$38.45 were paid to the Internal Revenue Service on June 15, 2007, for the tax period December 31, 2006.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSEMENT DOCUMENTATION

Payments were observed which did not contain adequate supporting documentation such as receipts and invoices. Also, Township Assistance applications were not provided for all payments made in 2006.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 13)

HONEY CREEK TOWNSHIP, HOWARD COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 5, 2008, with David B. Britton, Trustee. The official concurred with our findings.