

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

EXAMINATION REPORT  
OF  
SUGAR CREEK TOWNSHIP  
PARKE COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
01/16/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Chad Hutson Thomas W. Asher	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	Albert Lucas	01-01-06 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We attempted to examine the schedules of receipts, disbursements, and cash and investment balances of Sugar Creek Township (Township), for the period of January 1, 2006 to December 31, 2006. We have examined the financial information presented herein of Sugar Creek Township (Township), for the period of January 1, 2007 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.

Except as described in the following paragraph, 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.

Financial records presented for examination for the year ended December 31, 2006, were incomplete and not reflective of the activity of the Township's funds. The records presented did not provide sufficient information to examine or establish receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. Accordingly, the financial information for the year ended December 31, 2006, is not presented in the accompanying schedules. As a result, the validity and accountability of cash and investments as of January 1, 2007, could not be established.

Since records were not in the proper condition or not available to audit as described in the preceding paragraph, and we were unable to apply alternative auditing procedures, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

In our opinion, except for the uncertainty of the beginning balances as referred to above, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 29, 2008

SUGAR CREEK TOWNSHIP, PARKE COUNTY  
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 ALL GOVERNMENTAL AND FUND TYPES  
 As Of And For The Year Ended December 31, 2007

	Cash and Investments <u>01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-07</u>
Governmental Funds:				
Township	\$ (356)	\$ 4,911	\$ 4,232	\$ 323
Cemetery Fund	12,407	2,687	1,449	13,645
Dog	230	-	230	-
Firefighting	1,816	1,386	2,000	1,202
Township Assistance	<u>421</u>	<u>230</u>	<u>907</u>	<u>(256)</u>
Totals	<u>\$ 14,518</u>	<u>\$ 9,214</u>	<u>\$ 8,818</u>	<u>\$ 14,914</u>

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

SUGAR CREEK TOWNSHIP, PARKE 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, 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, PARKE COUNTY  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Township Assistance	2007	<u>\$ 420</u>

The Township did not prepare a budget for 2006. All expenditures for 2006 were in excess of budgeted appropriations. A similar comment was in prior Report B28640.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

ANNUAL REPORT

An annual report for 2006 was not presented for examination. A similar comment was in prior Audit Report B28640.

Indiana Code 5-11-1-4 states in part: "(a) 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. Except as provided by subsection (b), these reports shall be prepared, verified, and filed with the state examiner not later than thirty (30) days after the close of each fiscal year."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Report B28640.

- (1) 2006 and 2007 reconcilements and 2006 bank statements were not presented for examination.

Indiana Code 5-13-6-1(e) states in part: "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."

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

- (2) The ledger had not been posted from June 2001 through December 31, 2006. The ledger had a double posting of CD interest in November 2007. The ledger was missing postings of December 2007 service charge and interest.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERDRAWN FUND BALANCES

The General Fund had a negative balance of \$355.73 as of December 31, 2006. The Township Assistance Fund had a negative balance of \$256.89 as of December 31, 2007.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SUPPORTING DOCUMENTATION

One Township Assistance disbursement did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Three Township Assistance disbursements did not have a completed application on file with the trustee. Five disbursements for the Township for 2006 did not have any supporting documentation. One disbursement for the Township for 2007 did not have a receipt or invoice.

Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established. A similar comment was included in prior Report B28640.

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)

SUGAR CREEK TOWNSHIP, PARKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 29, 2008, with Thomas W. Asher, Trustee.  
The official concurred with our findings.