

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

SUGAR CREEK TOWNSHIP

CLINTON COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
11/28/2012



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-10
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	12-13
Examination Result and Comment:	
Official Bond .....	14
Exit Conference.....	15

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	John L. Bonecutter	01-01-07 to 12-31-14
Chairman of the Township Board	Dane Hastings	01-01-10 to 12-31-12



**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)

**INDEPENDENT ACCOUNTANT'S REPORT**

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

We have examined the accompanying financial statements of Sugar Creek Township (Township), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 noted above is a different basis than that used in the prior year.

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 years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination 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 examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Township's management, Township Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

October 15, 2012

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## FINANCIAL STATEMENTS

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.

SUGAR CREEK TOWNSHIP, CLINTON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 44,034	\$ 29,418	\$ 11,344	\$ 62,108
Township Assistance	13,946	4,333	1,199	17,080
Fire Fighting	54,003	21,964	7,500	68,467
Rainy Day	3,585	-	-	3,585
Totals	<u>\$ 115,568</u>	<u>\$ 55,715</u>	<u>\$ 20,043</u>	<u>\$ 151,240</u>

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

SUGAR CREEK TOWNSHIP, CLINTON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 62,108	\$ 20,486	\$ 11,475	\$ 71,119
Township Assistance	17,080	3,406	3,989	16,497
Fire Fighting	68,467	-	68,467	-
Rainy Day	3,585	-	-	3,585
Totals	<u>\$ 151,240</u>	<u>\$ 23,892</u>	<u>\$ 83,931</u>	<u>\$ 91,201</u>

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

SUGAR CREEK TOWNSHIP, CLINTON 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 and dog 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 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. Receipts are recorded when received and disbursements are recorded when paid.

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

SUGAR CREEK TOWNSHIP, CLINTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Other receipts which include amounts received from various sources which can include, but are 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 include outflows 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 which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are 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, transfer money 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 money 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 money 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.

SUGAR CREEK TOWNSHIP, CLINTON 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 March 1 (lien date) 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, 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.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Township's 2011 Annual Report information can be found on the Gateway 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 Annual Reports of the Township which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

SUGAR CREEK TOWNSHIP, CLINTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Rainy Day</u>	<u>Totals</u>
Cash and investments - beginning	\$ 44,034	\$ 13,946	\$ 54,003	\$ 3,585	\$ 115,568
Receipts:					
Taxes	29,292	4,333	21,964	-	55,589
Other receipts	<u>126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126</u>
Total receipts	<u>29,418</u>	<u>4,333</u>	<u>21,964</u>	<u>-</u>	<u>55,715</u>
Disbursements:					
Personal services	7,346	1,135	5,500	-	13,981
Supplies	102	64	-	-	166
Other services and charges	<u>3,896</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>5,896</u>
Total disbursements	<u>11,344</u>	<u>1,199</u>	<u>7,500</u>	<u>-</u>	<u>20,043</u>
Excess of receipts over disbursements	<u>18,074</u>	<u>3,134</u>	<u>14,464</u>	<u>-</u>	<u>35,672</u>
Cash and investments - ending	<u>\$ 62,108</u>	<u>\$ 17,080</u>	<u>\$ 68,467</u>	<u>\$ 3,585</u>	<u>\$ 151,240</u>

SUGAR CREEK TOWNSHIP, CLINTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Rainy Day</u>	<u>Totals</u>
Cash and investments - beginning	\$ 62,108	\$ 17,080	\$ 68,467	\$ 3,585	\$ 151,240
Receipts:					
Taxes	14,417	3,317	-	-	17,734
Intergovernmental	5,915	89	-	-	6,004
Other receipts	<u>154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154</u>
Total receipts	<u>20,486</u>	<u>3,406</u>	<u>-</u>	<u>-</u>	<u>23,892</u>
Disbursements:					
Personal services	7,437	3,989	-	-	11,426
Supplies	44	-	-	-	44
Other services and charges	2,810	-	-	-	2,810
Capital outlay	-	-	68,467	-	68,467
Other disbursements	<u>1,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,184</u>
Total disbursements	<u>11,475</u>	<u>3,989</u>	<u>68,467</u>	<u>-</u>	<u>83,931</u>
Excess (deficiency) of receipts over disbursements	<u>9,011</u>	<u>(583)</u>	<u>(68,467)</u>	<u>-</u>	<u>(60,039)</u>
Cash and investments - ending	<u>\$ 71,119</u>	<u>\$ 16,497</u>	<u>\$ -</u>	<u>\$ 3,585</u>	<u>\$ 91,201</u>

SUGAR CREEK TOWNSHIP, CLINTON COUNTY  
EXAMINATION RESULT AND COMMENT

**OFFICIAL BOND**

The Trustee's official bond was not filed in the Office of the County Recorder for 2011 and the bond on file for 2010 was for \$10,000, which was below the \$30,000 statutory minimum.

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 . . ."

Indiana Code C 5-4-1-18(c) states in part:

". . . the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows: (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2). (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee . . ."

SUGAR CREEK TOWNSHIP, CLINTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 18, 2012, with John L. Bonecutter, Trustee.  
The official concurred with our finding.