

B36444

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

EXAMINATION REPORT
OF
SUGAR CREEK TOWNSHIP
SHELBY COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
04/27/2010

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Officials | 2 |
| Independent Accountant's Report..... | 3 |
| Financial Information: | |
| Schedules of Receipts, Disbursements, and Cash and Investment Balances | 4 |
| Notes to Financial Information | 5 |
| Examination Results and Comments: | |
| Official Bond | 6 |
| Appropriations..... | 6 |
| Annual Report..... | 6 |
| Prescribed Forms | 7 |
| Condition of Records | 7 |
| Exit Conference..... | 8 |

OFFICIALS

Office

Official

Term

Trustee

John Carson

01-01-07 to 12-31-10

Chairman of the
Township Board

David Vaught

01-01-07 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Sugar Creek Township (Township), for the period of January 1, 2007 to December 31, 2009. 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, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 31, 2010

SUGAR CREEK TOWNSHIP, SHELBY COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

| | Cash and Investments 01-01-07 | Receipts | Disbursements | Cash and Investments 12-31-07 |
|---------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Governmental Funds: | | | | |
| Township | \$ 13,099 | \$ 17,229 | \$ 25,507 | \$ 4,821 |
| Dog | 994 | - | 994 | - |
| Township Assistance | 4,891 | 199 | 855 | 4,235 |
| Firefighting | 34,262 | 7,072 | 26,772 | 14,562 |
| Fire Equipment Debt | 5,290 | 401 | - | 5,691 |
| Cumulative Fire | <u>40,322</u> | <u>2,947</u> | <u>-</u> | <u>43,269</u> |
| Totals | <u>\$ 98,858</u> | <u>\$ 27,848</u> | <u>\$ 54,128</u> | <u>\$ 72,578</u> |
| | | | | |
| | Cash and Investments 01-01-08 | Receipts | Disbursements | Cash and Investments 12-31-08 |
| Governmental Funds: | | | | |
| Township | \$ 4,821 | \$ 32,470 | \$ 31,454 | \$ 5,837 |
| Dog | - | - | - | - |
| Township Assistance | 4,235 | - | 2,848 | 1,387 |
| Firefighting | 14,562 | 18,476 | 29,334 | 3,704 |
| Fire Equipment Debt | 5,691 | - | - | 5,691 |
| Rainy Day | - | 1,055 | 164 | 891 |
| Cumulative Fire | <u>43,269</u> | <u>6,892</u> | <u>10,000</u> | <u>40,161</u> |
| Totals | <u>\$ 72,578</u> | <u>\$ 58,893</u> | <u>\$ 73,800</u> | <u>\$ 57,671</u> |
| | | | | |
| | Cash and Investments 01-01-09 | Receipts | Disbursements | Cash and Investments 12-31-09 |
| Governmental Funds: | | | | |
| Township | \$ 5,837 | \$ 30,598 | \$ 35,176 | \$ 1,259 |
| Township Assistance | 1,387 | - | 1,324 | 63 |
| Firefighting | 3,704 | 33,244 | 20,868 | 16,080 |
| Fire Equipment Debt | 5,691 | - | - | 5,691 |
| Rainy Day | 891 | 447 | 1,000 | 338 |
| Cumulative Fire | <u>40,161</u> | <u>18,087</u> | <u>1,000</u> | <u>57,248</u> |
| Totals | <u>\$ 57,671</u> | <u>\$ 82,376</u> | <u>\$ 59,368</u> | <u>\$ 80,679</u> |

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

SUGAR CREEK TOWNSHIP, SHELBY 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.

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 capital lease for a fire truck along with Brandywine Township in Shelby County. Sugar Creek Township will pay 40% and Brandywine Township will pay 60%. Sugar Creek Township's share of the total outstanding principal at December 31, 2009, was \$121,053. Sugar Creek Township's portion of principal and interest due in calendar year 2010 is \$28,891.

SUGAR CREEK TOWNSHIP, SHELBY COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Trustee's official bond does not comply with current requirements. Currently, the Trustee's official bond is for \$15,000.

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount of annual coverage 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 of annual coverage 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 of annual coverage for the officer or employee."

APPROPRIATIONS

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

| Fund | Years | Excess Amount Expended |
|---------------------|-------|------------------------------|
| Township | 2008 | \$ 3,991 |
| Township Assistance | 2008 | 718 |

IC 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

The 2009 electronic annual report was not filed by March 1, 2010.

IC 5-11-1-4 states:

"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. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

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

PRESCRIBED FORMS

The following prescribed form was not in use:

Township Assistance Form TA-1A, Notice of Township Assistance Action

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Report B31001.

1. Record balances were not reconciled to depository balances.

IC 5-13-6-1(e) states: "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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balances 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. There were a considerable number of posting errors. These errors included checks and receipts not recorded in the proper amounts.

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)

SUGAR CREEK TOWNSHIP, SHELBY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 31, 2010, with John Carson, Trustee. The official concurred with our findings.