

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

EXAMINATION REPORT
OF
SPICELAND TOWNSHIP
HENRY COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
09/26/2006

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OFFICIALS

Office

Official

Term

Trustee

Donna Tauber

01-01-03 to 12-31-06

Chairman of the
Township Board

Charles Bryket

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SPICELAND TOWNSHIP, HENRY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Spiceland 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

August 10, 2006

SPICELAND TOWNSHIP, HENRY 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:				
Township	\$ 1,609	\$ 20,310	\$ 12,489	\$ 9,430
Dog	509	161	209	461
Township Assistance	14,374	2,307	6,550	10,131
Firefighting	13,283	27,130	14,036	26,377
Special Fire	6,199	1,588	1,202	6,585
Cumulative Fire	19,619	24,692	10,000	34,311
Totals	<u>\$ 55,593</u>	<u>\$ 76,188</u>	<u>\$ 44,486</u>	<u>\$ 87,295</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 9,430	\$ 15,623	\$ 18,124	\$ 6,929
Dog	461	198	160	499
Township Assistance	10,131	3,044	5,977	7,198
Firefighting	26,377	11,622	14,366	23,633
Special Fire	6,585	5,366	1,843	10,108
Cumulative Fire	34,311	11,943	-	46,254
Totals	<u>\$ 87,295</u>	<u>\$ 47,796</u>	<u>\$ 40,470</u>	<u>\$ 94,621</u>

The accompanying notes are an integral part of the schedules.

SPICELAND TOWNSHIP, HENRY 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.

SPICELAND TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

- (1) Bank reconcilements did not include a detail listing of outstanding checks. A detail of un-cleared checks disbursed during the month being reconciled was attached to the reconciliation, but information regarding older outstanding checks was not provided, which often resulted in the detail of outstanding checks not agreeing to the total of checks outstanding used in the reconcilements.

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."

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) Part 1 - Statement of Receipts, Disbursements, Cash Balances, and Investment Balances of 2004 Township Form 15, Annual Township Financial Report, did not agree to the Township's Financial Appropriation Ledger. Part 4, Cash and Investments in the 2004 and 2005 Township Form 15, Annual Township Financial Report, did not reflect correct bank balances and total outstanding check amounts.

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)

TOWNSHIP BOARD SALARIES

The salaries for Township Board members were set at \$225 each in September 2004 for the year 2005. The salaries were amended by the Township Board in January 2005 to \$250 each. The amended amount was paid to Board members in December 2005.

Indiana Code 36-6-6-10(d) states in part: ". . . the township legislative body may not alter the salaries of elected or appointed officers during the fiscal year for which they are fixed . . ."

SPICELAND TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

ADVANCE PAYMENTS

Dates of transactions indicate that payments of salaries to township officials and employees were made prior to time worked.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONTRACTS

Records presented for audit indicate a payment in the amount of \$4,800 was made to the Spiceland Preservation and Tourism Society 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)

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets using General 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. 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)

SPICELAND TOWNSHIP, HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2006, with Donna Tauber, Trustee.