

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

EXAMINATION REPORT  
OF  
SPICE VALLEY TOWNSHIP  
LAWRENCE COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
04/07/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sarah E. Hillenburg	01-01-07 to 12-31-10
Chairman of the Township Board	Philip M. Smith Timothy S. Terry John W. Gore Philip M. Smith	01-01-07 to 12-31-07 01-01-08 to 12-31-08 01-01-09 to 12-31-09 01-01-10 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SPICE VALLEY TOWNSHIP, LAWRENCE COUNTY, INDIANA

We have examined the financial information presented herein of Spice Valley 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 17, 2010

SPICE VALLEY TOWNSHIP, LAWRENCE COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY 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	\$ 47,096	\$ 16,832	\$ 15,627	\$ 48,301
Dog	939	-	-	939
Firefighting	27,899	7,964	14,000	21,863
Township Assistance	20,334	4,555	4,349	20,540
Fiduciary Fund:				
Payroll	548	1,116	1,874	(210)
Totals	<u>\$ 96,816</u>	<u>\$ 30,467</u>	<u>\$ 35,850</u>	<u>\$ 91,433</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 48,301	\$ 27,946	\$ 15,352	\$ 60,895
Dog	939	-	-	939
Firefighting	21,863	22,146	17,000	27,009
Township Assistance	20,540	11,025	6,296	25,269
Fiduciary Fund:				
Payroll	(210)	1,116	2,609	(1,703)
Totals	<u>\$ 91,433</u>	<u>\$ 62,233</u>	<u>\$ 41,257</u>	<u>\$ 112,409</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 60,895	\$ 25,577	\$ 17,142	\$ 69,330
Dog	939	-	-	939
Firefighting	27,009	16,487	20,000	23,496
Township Assistance	25,269	6,925	6,580	25,614
Fiduciary Fund:				
Payroll	(1,703)	1,116	2,232	(2,819)
Totals	<u>\$ 112,409</u>	<u>\$ 50,105</u>	<u>\$ 45,954</u>	<u>\$ 116,560</u>

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

SPICE VALLEY TOWNSHIP, LAWRENCE 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.

Note 6. Restatements and Reclassifications

For the year ended December 31, 2006, certain changes have been made to the financial information to more appropriately reflect the financial activity of the Township. The Payroll Fund was included in the financial information due to the recordkeeping deficiencies noted in the Examination Result and Comment.

SPICE VALLEY TOWNSHIP, LAWRENCE COUNTY  
EXAMINATION RESULT AND COMMENT

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted during the period of examination:

1. Receipts totaling \$2,576.41 were not posted to the ledger, and therefore, the ledger did not balance to the bank.

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 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. Net pay was posted to the Township Fund and the withholding amounts were posted as a disbursement to the Payroll Fund. When taxes were remitted a disbursement was posted to the Payroll Fund again which caused the Township Fund disbursements to be understated and the Payroll Fund disbursements to be overstated. The posting also caused the Payroll Fund to have a deficit balance of \$2,819 on December 31, 2009.

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)

3. The Dog Fund cash balance was not closed out as required. The Township still has a fund balance of \$939 in the Dog Fund on December 31, 2009.

Public Law 162 provides non-code closeout provisions and provides in Section 51 (d) On or before August 1, 2006, the county auditor of each county shall distribute to the township trustees of the townships located in the county: (1) money distributed to the county under subsection (b); and (2) any money remaining in the county dog fund. An equal share of the money described in this subsection shall be distributed to each township trustee. (e) A township trustee who receives a distribution under subsection (d) shall use the distribution: (1) to pay claims filed under IC 15-5-9-9.1 (before its repeal by this act); (2) to pay fees and charges under IC 15-5-9-10 (before its repeal by this act); (3) to provide funding for the humane society designated by the county legislative body under IC 15-5-9-8(d) (before its repeal by this act) to receive a part of each dog tax payment; or (4) if the county legislative body did not designate a humane society under IC 15-5-9-8(d) (before its repeal by this act), to provide funding for the township general fund. (f) If any part of the money distributed to a township trustee under subsection (d) has not been not expended by July 1, 2007, for a purpose allowed under subsection (e), the township trustee shall distribute the remainder of the distribution received under subsection (d) to the county treasurer. If the county option dog tax under IC 6-9-39, as added by this act, is in effect in the county on July 1, 2007, the county treasurer shall deposit the money in the county option dog tax fund established under IC 6-9-39-6(a), as added by this act. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 7)

SPICE VALLEY TOWNSHIP, LAWRENCE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 17, 2010, with Sarah E. Hillenburg, Trustee.  
The official concurred with our finding.