

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

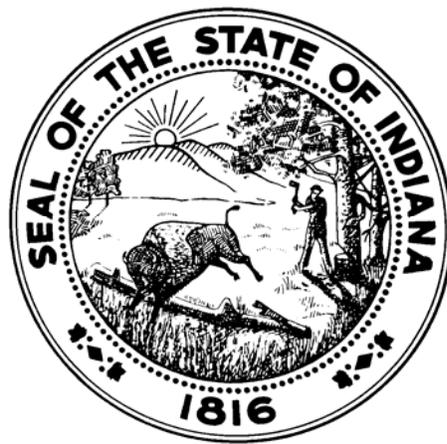
EXAMINATION REPORT

OF

SPENCER COUNTY

SPENCER COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED

10/05/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances	4-5
Notes to Financial Information.....	6-8
Supplementary Information:	
Schedule of Capital Assets.....	9
Schedule of Long-Term Debt.....	10
Exit Conference.....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sara J. Arnold Cindy Shelton	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Treasurer	Sharon Dugas	01-01-05 to 12-31-08
Clerk	Anne Jochim	01-01-05 to 12-31-08
Sheriff	Sheldon Tharp Kermit Lindsey	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Recorder	Diana Meyer (Deceased) Sandra Coy	01-01-05 to 07-01-07 07-02-07 to 12-31-08
President of the Board of County Commissioners	Dan Rininger	01-01-06 to 12-31-07
President of the County Council	William Spaetti	01-01-06 to 12-31-07



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SPENCER COUNTY, SPENCER COUNTY, INDIANA

We have examined the financial information presented herein of Spencer County (County), for the period of January 1, 2006 to December 31, 2006. The County'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 County 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.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 22, 2007

SPENCER COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments		Cash and Investments	
	01-01-06	Receipts	Disbursements	12-31-06
Governmental Funds:				
General	\$ 1,278,459	\$ 7,066,353	\$ 6,332,195	\$ 2,012,617
County Highway	538,653	2,485,911	2,011,634	1,012,930
Cumulative Bridge	1,227,588	998,554	972,191	1,253,951
CEDIT Construction	1,696,080	1,503,321	1,679,138	1,520,263
County Health	153,679	212,012	235,775	129,916
Local Roads and Streets	117,230	222,171	257,852	81,549
Property Reassessment (2006)	713,253	127,451	96,733	743,971
Accident and Theft	2,220	1,855	1,763	2,312
Firearms Training	4,174	3,939	4,587	3,526
Surveyor's Corner Perpetuation	26,676	5,595	-	32,271
Probation User Fee	56,283	23,339	3,574	76,048
Recorder's Records Perpetuation	74,792	42,214	71,038	45,968
Emergency Telephone System	35,955	272,409	254,769	53,595
County Law Enforcement Continuing Education	1,244	903	980	1,167
County Users Fees	58,335	5,046	1,122	62,259
Local Health Maintenance	34,202	33,139	28,525	38,816
Capital Trial Expense	3,841	91,830	75,657	20,014
Community Drug Program	6,177	15,907	17,756	4,328
Old Rd 45 and 245	32,623	-	-	32,623
Drainage Maintenance	97,546	39,778	62,966	74,358
Evanston Sewer	-	155,799	155,799	-
Electronic Map (GIS)	30	-	-	30
County Misdemeanant	25,509	14,344	6,962	32,891
Covered Bridge	8,292	625	1,000	7,917
County Drug Fee	7,903	18,250	7,900	18,253
COIT Special Purpose	551,650	495,394	401,289	645,755
Prosecutor Special Fee	10,690	1,840	-	12,530
Riverboat Revenue	165,463	128,316	147,755	146,024
Guardian Ad Litem	25,125	-	-	25,125
SRI Tax Sale	7,771	8,090	6,940	8,921
Tobacco	53,443	16,245	10,436	59,252
Photo ID	29	191	58	162
Federal Topics	16,901	-	-	16,901
Plat Book Update	13,971	10,426	5,601	18,796
Local Emergency Planning	12,683	4,537	4,335	12,885
Welfare Local Planning	-	10,758	10,185	573
Family and Children's	337,082	371,345	487,463	220,964
Children's PTRC	32,845	33,537	-	66,382
Child Support Impact	4,966	-	-	4,966
Flu Clinic	8,635	14,699	11,947	11,387
Clerk's Records Perpetuation	5,069	5,477	3,000	7,546
Pretrial Diversion	112,919	133,623	194,898	51,644
Emergency Management	251	-	111	140
Search and Rescue	264	933	113	1,084
County Medical for Inmates	1,069	2,907	3,068	908
Law Enforcement	16,297	15,982	8,038	24,241
Prisoner Reimbursement	7,176	3,600	-	10,776
Jury Fee	27,653	4,829	7,489	24,993
ID Security Protection	-	10,610	-	10,610
Title III HAVA	146,000	-	146,000	-
Rainy Day	225,245	-	98,418	126,827
Clerk's IV-D Incentive	11,931	5,367	211	17,087
Prosecutor's IV-D Incentive	13,360	8,074	7,543	13,891
Jail Commissary	34,854	76,656	75,962	35,548
COIT Bond	-	114,075	114,075	-
Cumulative Capital Development	528,338	279,423	260,743	547,018
General Drain Improvement	142,354	7,680	-	150,034

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

SPENCER COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006
(Continued)

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Funds:				
Self Insurance	132,262	938,039	1,008,722	61,579
Fiduciary Funds:				
Pension Trust Fund:				
Sheriff's Pension Trust	893,927	188,305	42,751	1,039,481
Permanent Fund:				
Congressional Principal	28,215	-	6	28,209
Agency Funds:				
Poor Relief	-	30,429	30,429	-
Tax Sale Redemption	558	38,252	38,213	597
Surplus Tax Sale	180,297	79,489	154,705	105,081
Inheritance Tax	80,930	375,471	413,621	42,780
Surplus Tax	41,673	18,673	13,172	47,174
Financial Institutions	-	21,662	21,662	-
Anderson River	12,121	-	-	12,121
Delinquent Sewage	60	14,837	14,837	60
Mowing Assessment	-	4,684	4,684	-
Surplus Dog Tax	-	5,661	5,661	-
Welfare Trust	5,484	3,396	3,411	5,469
Innkeeper's Tax	2,315	172,602	170,243	4,674
Mortgage Fee	298	3,492	3,470	320
CEDIT	-	1,748,913	1,748,913	-
CVET	-	264,262	264,262	-
COIT	76	1,030,848	1,030,924	-
Levy Excess	77,509	-	77,509	-
Coroner's Training and Continuing Education	60	458	453	65
Sales Disclosure	335	3,325	3,450	210
Congressional Interest	23,009	1,913	1,008	23,914
Education Plate Fee	-	1,125	1,125	-
Special Death Benefit	65	1,880	1,940	5
Child Restraint Violations	-	413	363	50
State Court Fees	4,694	32,197	19,485	17,406
State Settlement	-	291,823	291,823	-
Tax Distribution	-	24,767,857	24,767,857	-
Payroll	5,911	1,413,894	1,409,384	10,421
Health Care for the Indigent	77	159,880	159,880	77
Medical Assistance to Wards	2	6,951	6,951	2
Children with Special Health Care Needs	-	20,854	20,854	-
County Sheriff	15,032	772,800	740,095	47,737
Clerk of the Circuit Court	2,557,194	4,313,719	4,191,510	2,679,403
County Recorder	10,959	133,456	135,193	9,222
County Treasurer	350,280	33,790,072	33,982,323	158,029
Inmate Trust	3,468	55,220	56,780	1,908
Totals	<u>\$ 13,141,589</u>	<u>\$ 85,812,211</u>	<u>\$ 85,123,263</u>	<u>\$ 13,830,537</u>

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

SPENCER COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The County was established under the laws of the State of Indiana. The County provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The County 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 or highway use taxes are received 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 County 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 County 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 County 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.

SPENCER COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The County contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the County authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. County Police Retirement Plan

Plan Description

The County contributes to the County Police Retirement Plan, which is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute.

SPENCER COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

C. County Police Benefit Plan

Plan Description

The County contributes to the County Police Benefit Plan which is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute.

SPENCER COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 87,900
Infrastructure	101,900,573
Buildings	3,922,218
Machinery and equipment	<u>6,341,466</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 112,252,157</u>

SPENCER COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

The County has entered into the following capital leases, loan payable, and bonds payable:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Highway backhoe	\$ 10,257	\$ 10,257
Highway tractors	92,164	45,241
Highway excavator and grader	239,363	56,376
Highway chip and seal truck	46,187	14,739
Guaranteed Energy Savings Contract	305,898	25,271
EMS 2003 ambulance	19,783	19,783
Loan payable:		
Ambulance	80,000	18,575
2005 Sheriff cars	19,264	19,264
Bonds payable:		
Revenue bonds:		
2003 Highway garage complex	314,000	49,000
Total governmental activities long-term debt	<u>\$ 1,126,916</u>	<u>\$ 258,506</u>

SPENCER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2007, with Cindy Shelton, Auditor; Sara J. Arnold, former Auditor; and Dan Ringer, President of the Board of County Commissioners. Our examination disclosed no material items that warrant comment at this time.