

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

EXAMINATION REPORT  
OF  
SPENCER COUNTY  
SPENCER COUNTY, INDIANA  
January 1, 2008 to December 31, 2008



**FILED**  
05/28/2010



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	Cindy Shelton	01-01-07 to 12-31-10
Treasurer	Sharon Dugas Anita Frakes	01-01-05 to 12-31-08 01-01-09 to 12-31-12
Clerk	Anne Jochim Gay Ann Harney	01-01-05 to 12-31-08 01-01-09 to 12-31-12
Sheriff	Kermit Lindsey	01-01-07 to 12-31-10
Recorder	Sandra Coy Sharon Dugas	07-02-07 to 12-31-08 01-01-09 to 12-31-12
President of the Board of County Commissioners	Dan Rininger	01-01-08 to 12-31-10
President of the County Council	William Spaetti	01-01-08 to 12-31-10



**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 SPENCER COUNTY, SPENCER COUNTY, INDIANA

We have examined the financial information presented herein of Spencer County (County), for the period of January 1, 2008 to December 31, 2008. 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, 2008, 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

April 19, 2010

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, 2008

	Cash and		Cash and	
	Investments	Receipts	Disbursements	Investments
	01-01-08			12-31-08
Governmental Funds:				
General	\$ 2,413,313	\$ 6,874,211	\$ 6,159,934	\$ 3,127,590
County Highway	1,018,965	1,849,940	2,342,635	526,270
Cumulative Bridge	1,382,949	908,360	1,060,681	1,230,628
CEDIT Construction	1,856,938	1,569,762	1,524,217	1,902,483
County Health	103,061	259,262	271,759	90,564
Local Roads and Streets	55,743	212,382	213,460	54,665
Property Reassessment (2006)	770,015	147,327	129,800	787,542
Accident and Theft	255	1,202	-	1,457
Firearms Training	9,693	9,560	9,858	9,395
Surveyor's Corner Perpetuation	37,791	4,435	3,100	39,126
Probation User Fee	57,606	24,043	28,416	53,233
Recorder's Records Perpetuation	76,110	34,007	12,245	97,872
Emergency Telephone System	60,502	260,001	265,186	55,317
County Law Enforcement Continuing Education	1,763	503	1,929	337
County Users Fees	66,660	5,982	1,655	70,987
Local Health Maintenance	60,433	24,854	26,645	58,642
Capital Trial Expense	47,150	73,097	25,881	94,366
Community Drug Program	2,229	790	2,623	396
Old Rd 45 & 245	32,623	-	-	32,623
Drainage Maintenance	96,195	40,253	38,500	97,948
Electronic Map (GIS)	30	-	-	30
County Misdemeanant	35,393	14,262	15,471	34,184
Covered Bridge	8,842	925	-	9,767
County Drug Fee	23,595	20,200	21,573	22,222
COIT Special Purpose	859,934	497,791	370,551	987,174
Prosecutor Special Fee	14,230	2,240	16,470	-
Riverboat Revenue	150,812	139,464	72,054	218,222
Guardian Ad Litem	20,904	507	7,314	14,097
SRI Tax Sale	7,151	23,455	22,370	8,236
Tobacco	69,707	16,903	42,600	44,010
Photo ID	125	7	-	132
Federal Topics	16,901	-	-	16,901
Plat Book Update	21,925	7,592	6,462	23,055
Local Emergency Planning	12,944	4,865	6,525	11,284
Community Corrections Grant	39,923	264,087	257,710	46,300
Welfare Local Planning	64	600	-	664
Family and Children's	114,661	994,211	1,004,531	104,341
Children's PTRC	58,211	-	49,006	9,205
Child Support Impact	4,966	-	-	4,966
Flu Clinic	12,599	12,957	11,402	14,154
Clerk's Records Perpetuation	5,943	6,419	2,399	9,963
Pretrial Diversion	31,948	106,573	76,597	61,924
Emergency Management	765	2,465	1,021	2,209
Search and Rescue	1,839	1,985	583	3,241
County Medical for Inmates	633	1,824	2,129	328
Law Enforcement	28,546	8,849	18,681	18,714
Prisoner Reimbursement	14,331	2,480	14,071	2,740
Jury Fee	22,584	4,326	4,823	22,087
ID Security Protection	13,832	9,076	-	22,908
Rainy Day	469,895	188,448	102,937	555,406
Clerk's IV-D Incentive	9,782	7,214	8,477	8,519
Prosecutor's IV-D Incentive	9,230	9,821	8,742	10,309
Sexual Offender Registration Fee	50	1,385	438	997
Community Transition Program	-	2,840	-	2,840
Community Corrections Income	-	46,767	16,408	30,359
Jail Commissary	34,104	114,800	92,345	56,559
COIT Bond	-	114,352	114,352	-
Cumulative Capital Development	395,439	280,489	328,128	347,800
General Drain Improvement	128,826	-	-	128,826

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, 2008  
(Continued)

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Fund:				
Self Insurance	145,330	973,543	1,057,969	60,904
Fiduciary Funds:				
Pension Trust Fund:				
Sheriff's Pension Trust	1,316,264	332,113	394,306	1,254,071
Permanent Fund:				
Congressional Principal	28,209	-	-	28,209
Agency Funds:				
Tax Sale Redemption	460	36,354	35,371	1,443
Surplus Tax Sale	255,999	40,991	132,753	164,237
Inheritance Tax	282,178	419,139	653,967	47,350
Surplus Tax	46,097	29,116	55,068	20,145
Financial Institutions	-	17,860	17,860	-
Anderson River	12,121	-	1,000	11,121
Delinquent Sewage	60	6,012	6,012	60
Mowing Assessment	-	179	179	-
Welfare Trust	13,949	3,350	13,051	4,248
Innkeeper's Tax	4,540	284,848	282,612	6,776
Mortgage Fee	222	2,610	2,710	122
CVET	-	291,346	291,346	-
Levy Excess	48,923	8,411	48,923	8,411
Coroner's Training and Continuing Education	51	1,095	939	207
Sales Disclosure	235	2,650	2,645	240
Congressional Interest	25,240	2,028	1,009	26,259
Education Plate Fee	-	1,463	1,463	-
Special Death Benefit	370	2,040	2,110	300
Child Restraint Violations	-	250	200	50
Homestead COIT Rebate	604,173	149	604,322	-
State Court Fees	7,153	26,186	18,465	14,874
State Settlement	-	1,546,822	1,560,807	(13,985)
Tax Distribution	-	27,198,528	27,198,528	-
Payroll	7,172	1,563,969	1,561,377	9,764
Health Care for the Indigent	77	169,045	169,045	77
Medical Assistance to Wards	2	7,045	7,045	2
Children with Special Health Care Needs	-	21,104	21,104	-
County Economic Income Tax	-	1,848,838	1,848,838	-
COIT Special Revenue	-	1,097,909	1,097,909	-
Excess CREDIT/COIT	-	137,655	137,655	-
County Sheriff	18,175	849,002	796,114	71,063
Clerk of the Circuit Court	524,899	2,698,149	2,431,803	791,245
County Recorder	7,519	112,734	112,163	8,090
County Treasurer	265,730	35,467,352	35,486,115	246,967
Inmate Trust	2,131	87,635	86,783	2,983
Prosecutor's Bad Check Fee	12	9,898	9,399	511
Totals	<u>\$ 14,407,949</u>	<u>\$ 90,507,568</u>	<u>\$ 90,963,659</u>	<u>\$ 13,951,858</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 District 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.

Note 7. Subsequent Event

On March 23, 2010, the County entered into a capital lease agreement for the purchase of an ambulance for \$112,298. The County will pay four annual payments of \$31,156 starting on July 7, 2011.

SPENCER COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2008

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	\$ 259,560
Infrastructure	101,900,555
Buildings	4,476,673
Machinery and equipment	<u>3,208,740</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 109,845,528</u></u>

SPENCER COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The County has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Highway excavator and grader	\$ 124,362	\$ 65,927
Highway chip and seal truck	16,062	16,767
Ambulance lease	106,865	29,709
Guaranteed energy savings contract	222,809	69,232
Loan payable:		
Ambulance	41,931	22,535
Bonds payable:		
Revenue bonds:		
2003 Highway garage complex	<u>110,000</u>	<u>114,107</u>
Total governmental activities debt	<u>\$ 622,029</u>	<u>\$ 318,277</u>

SPENCER COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 19, 2010, with Cindy Shelton, Auditor; and Dan Rininger, President of the Board of County Commissioners. Our examination disclosed no material items that warrant comment at this time.