

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

ANNUAL FINANCIAL REPORT

2009

SPENCER COUNTY, INDIANA



FILED

08/18/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Cindy Shelton	01-01-07 to 12-31-10
Treasurer	Anita Frakes	01-01-09 to 12-31-12
Clerk	Gay Ann Harney	01-01-09 to 12-31-12
Sheriff	Kermit Lindsey	01-01-07 to 12-31-10
Recorder	Sharon Dugas	01-01-09 to 12-31-12
President of the Board of County Commissioners	Dan Rininger	01-01-09 to 12-31-10
President of the County Council	William Spaetti	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF SPENCER COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spencer County (County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the County prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As discussed in Note I, the financial statements referred to above do not include a component unit of the County which should have been included to fairly present the financial position of the County.

In our opinion, except that the omission of the component unit of the County referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 16, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Included in the financial statements are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5). In accordance with IC 36-8-16-14 and IC 36-8-16.5-41 these fees have been subjected to an annual audit performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress and Schedules of Contributions From the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 16, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF SPENCER COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spencer County (County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 16, 2010. The opinions to the financial statements were qualified due to the omission of a component unit of the County, which should have been included to fairly present the financial position of the County. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the County's management, County Commissioners, County Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 16, 2010

SPENCER COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2009

<u>Functions/Programs</u>	Program Receipts			Net Disbursement (Receipt) and Changes in Net Assets
Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government
Primary government:				
Governmental activities:				
General government	\$ 9,421,791	\$ 123,903	\$ 2	\$ (9,297,886)
Public safety	2,620,544	1,171,203	237,799	(1,211,542)
Highways and streets	2,837,643	-	1,818,512	(1,019,131)
Health and welfare	551,706	-	103,376	(448,330)
Economic development	1,619,569	-	-	(1,619,569)
Culture and recreation	35,294	-	-	(35,294)
	<u>\$ 17,086,547</u>	<u>\$ 1,295,106</u>	<u>\$ 2,159,689</u>	<u>(13,631,752)</u>
Total governmental activities				
General receipts:				
Property taxes				8,198,968
Income taxes				2,756,544
Intergovernmental				377,374
Other local sources				3,506,966
Grants and contributions not restricted to specific programs				276,695
Investment earnings				192,118
				<u>15,308,665</u>
				Change in net assets 1,676,913
				Net assets - beginning 11,185,202
				Net assets - ending \$ 12,862,115
<u>Assets</u>				
Cash and investments				\$ 10,431,485
Restricted assets:				
Cash and investments				2,430,630
Total assets				\$ 12,862,115
<u>Net Assets</u>				
Restricted for:				
Highways and streets				\$ 809,303
Health and welfare				60,647
Capital outlay				1,515,561
Other purposes				45,119
Unrestricted				10,431,485
Total net assets				\$ 12,862,115

The notes to the financial statements are an integral part of this statement.

SPENCER COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	County General Fund	County Highway Fund	Redevelopment Comm.	COIT Special Purpose Fund	Spencer CEDIT Construction	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 5,054,042	\$ -	\$ 1,619,569	\$ 557,614	\$ 1,613,148	\$ 2,872,027	\$ 11,716,400
Licenses and permits	16,494	670	-	-	-	-	17,164
Intergovernmental	224,930	1,798,512	-	-	-	826,095	2,849,537
Charges for services	567,954	-	-	-	-	-	567,954
Fines and forfeits	105,690	-	-	-	-	598,298	703,988
Other	152,138	126,427	-	8,951	26,576	1,219,850	1,533,942
Total receipts	6,121,248	1,925,609	1,619,569	566,565	1,639,724	5,516,270	17,388,985
Disbursements:							
General government	3,910,903	-	-	175,000	786,730	3,236,802	8,109,435
Public safety	2,281,809	-	-	-	-	297,457	2,579,266
Highways and streets	53,194	1,841,176	-	-	-	935,756	2,830,126
Health and welfare	-	-	-	-	-	548,063	548,063
Economic development	-	-	1,619,569	-	-	-	1,619,569
Culture and recreation	394	-	-	-	-	-	394
Capital outlay:							
General government	70,033	-	-	-	-	101,720	171,753
Public safety	33,036	-	-	-	-	8,242	41,278
Highways and streets	-	7,517	-	-	-	-	7,517
Health and welfare	-	-	-	-	-	3,643	3,643
Culture and recreation	34,900	-	-	-	-	-	34,900
Total disbursements	6,384,269	1,848,693	1,619,569	175,000	786,730	5,131,683	15,945,944
Excess (deficiency) of receipts over disbursements	(263,021)	76,916	-	391,565	852,994	384,587	1,443,041
Other financing sources:							
Other receipts	93,959	155,698	-	-	-	-	249,657
Total other financing sources	93,959	155,698	-	-	-	-	249,657
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(169,062)	232,614	-	391,565	852,994	384,587	1,692,698
Cash and investment fund balance - beginning	3,127,590	526,270	-	987,174	1,902,483	4,580,781	11,124,298
Cash and investment fund balance - ending	\$ 2,958,528	\$ 758,884	\$ -	\$ 1,378,739	\$ 2,755,477	\$ 4,965,368	12,816,996
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:							
Internal services funds are used by management to charge the costs of certain services to individual funds.							
The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							45,119
Net assets of governmental activities							<u>\$ 12,862,115</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,958,528	\$ -	\$ -	\$ 1,378,739	\$ 2,755,477	\$ 3,338,741	\$ 10,431,485
Restricted assets:							
Cash and investments	-	758,884	-	-	-	1,626,627	2,385,511
Total cash and investment assets - ending	\$ 2,958,528	\$ 758,884	\$ -	\$ 1,378,739	\$ 2,755,477	\$ 4,965,368	\$ 12,816,996
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ -	\$ 758,884	\$ -	\$ -	\$ -	\$ 50,419	\$ 809,303
Health and welfare	-	-	-	-	-	60,647	60,647
Capital outlay	-	-	-	-	-	1,515,561	1,515,561
Unrestricted	2,958,528	-	-	1,378,739	2,755,477	3,338,741	10,431,485
Total cash and investment fund balance - ending	\$ 2,958,528	\$ 758,884	\$ -	\$ 1,378,739	\$ 2,755,477	\$ 4,965,368	\$ 12,816,996

The notes to the financial statements are an integral part of this statement.

SPENCER COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
As of and for the Year Ended December 31, 2009

	Internal Service Fund
Operating receipts:	
Employer contribution	\$ 1,079,416
COBRA	10,373
Interest	129
Miscellaneous	<u>34,900</u>
Total operating receipts	<u>1,124,818</u>
Operating disbursements:	
Salaries and wages	810,003
Employee pensions and benefits	330,440
Purchased water	<u>160</u>
Total operating disbursements	<u>1,140,603</u>
Deficiency of operating receipts over operating disbursements	(15,785)
Cash and investment fund balance - beginning	<u>60,904</u>
Cash and investment fund balance - ending	<u><u>\$ 45,119</u></u>
<u>Cash and Investment Assets - December 31</u>	
Restricted assets:	
Cash and investments	<u><u>\$ 45,119</u></u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u><u>\$ 45,119</u></u>

The notes to the financial statements are an integral part of this statement.

SPENCER COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Contributions:			
Employer	\$ 136,271	\$ -	
Plan members	<u>25,306</u>	<u>-</u>	
Total contributions	<u>161,577</u>	<u>-</u>	
Investment earnings:			
Net increase in investments	94,467	-	
Interest	17,703	-	
Dividends	<u>21,998</u>	<u>-</u>	
Total investment receipts	<u>134,168</u>	<u>-</u>	
Total additions	<u>295,745</u>	<u>-</u>	
Deductions:			
Benefits	61,884	-	
Administrative and general	<u>15,600</u>	<u>-</u>	
Total deductions	<u>77,484</u>	<u>-</u>	
Excess of total additions over total deductions	218,261	-	
Cash and investment fund balance - beginning	<u>1,254,071</u>	<u>1</u>	
Cash and investment fund balance - ending	<u>\$ 1,472,332</u>	<u>\$ 1</u>	<u>\$ 1,668,609</u>

The notes to the financial statements are an integral part of this statement.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The County's financial reporting entity is composed of the following:

Primary Government:	Spencer County
Discretely Presented Component Unit:	Spencer County Solid Waste Management District

In determining the financial reporting entity, the County complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

The Spencer County Solid Waste Management District has been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the County's component units necessary to fairly present the financial position of the County.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending. The discretely presented component units are presented below:

Spencer County Solid Waste Management District: The Spencer County Solid Waste Management District is a significant discretely presented component unit of the County. The County appoints a voting majority of the Spencer County Solid Waste Management District's board and is able to impose its will.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the County has not established any enterprise funds.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The County reports the following major governmental funds:

The county general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The county highway fund receives funds from state motor vehicle highway distributions and general property taxes. This fund is used primarily for the construction and maintenance of county highways.

The redevelopment comm. fund is used for the collection of tax increment financing revenue (TIF) and other grants intended for the purpose of economic development and redevelopment within the County.

The COIT special purpose fund accounts for the County's share of county option income tax. Expenditures include distributions to governmental units within the County for various utility construction projects.

The Spencer CEDIT construction fund accounts for the County's share of the county economic development income tax. Expenditures include construction and acquisition related costs for economic development projects.

Additionally, the County reports the following fund types:

The internal service fund, employee benefit trust fund, is used to collect the percentage of the County employees' payroll that is held out for insurance, as well as the amount appropriated by the commissioners for insurance. The monies collected are used to pay administrative fees and insurance claims.

The pension trust funds account for the activities of the sheriff's pension trust and the sheriff's benefit pension fund, which accumulate resources for pension benefit payments.

The private-purpose trust fund, congressional school principal, reports a trust arrangement under which principal and income benefit the County's school corporations.

Agency funds account for assets held by the County as an agent for various other governmental units within the County and the State and serve as control of accounts for certain cash transactions during the time they are a liability to the County.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The County does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the County's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the County in June and in 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. 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 may 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.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

SPENCER COUNTY
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Government-Wide Financial Statement

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the County submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the County receives approval of the Indiana Department of Local Government Finance.

The County's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At December 31, 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009
State HSC	\$ <u>(1,755)</u>

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The State HSC Fund had a deficit balance on December 31, 2009, due to the nature of the fund. This deficit will be factored in the 2010 calculation, therefore it will be reimbursed.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The County does not have a deposit policy for custodial credit risk. At December 31, 2009, the County had deposit balances in the amount of \$16,003,058.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of December 31, 2009, the County and the Sheriff's Retirement and Benefit Plan had the following investments:

Investment Type	Sheriff's Retirement and Benefit Pension Plans
U.S. agencies	\$ 244,457
Corporate bonds	50,000
Mutual bond funds	254,260
Corporate stock	728,459
Total	\$ 1,277,176

Statutory Authorization for Investments

IC 5-13-9 authorizes the County to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the County to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the County and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust have a stated final maturity of one day.

Additionally, the County may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the County's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

The Sheriff's Pension Plan is not subject to the same investment laws as the County. The Sheriff's Merit Board has not adopted an investment policy for interest rate and credit risk.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy for custodial credit risk for investments.

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments.

The following investments held by the County and the Sheriff's Retirement and Benefit Pension Plans were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, either in the government's name or not in the government's name:

Sheriff's Retirement and Benefit Pension Plans:

<u>Investment Type</u>	<u>Not in the Government's Name</u>
U.S. agencies	\$ 244,457
Corporate bonds	50,000
Mutual bond funds	254,260
Corporate stock	<u>728,459</u>
Total	<u>\$ 1,277,176</u>

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County must follow state statute and limit the stated final maturities of the investments to no more than two years. The County does not have a formal investment policy for interest rate risk for investments.

The Sheriff's Merit Board has not adopted a formal investment policy for interest rate risk.

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. agencies	\$ 74,324	\$ 25,000	\$ 145,133
Corporate bonds	-	-	50,000
Totals	<u>\$ 74,324</u>	<u>\$ 25,000</u>	<u>\$ 195,133</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The County does not have a formal investment policy for credit risk for investments.

The Sheriff's Merit Board has not adopted a policy for credit risk.

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	County's Investments		
		Mutual Bond Funds	Corporate Bonds	U.S. Agencies
AAA	Aaa	\$ -	\$ -	\$ 244,457
BBB	Baa	-	50,000	-
Unrated	Unrated	254,260	-	-
Totals		<u>\$ 254,260</u>	<u>\$ 50,000</u>	<u>\$ 244,457</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Sheriff's Merit Board has not adopted a policy for the concentration of credit risk.

Foreign Currency Risk

The County does not have a formal policy in regards to foreign currency risk.

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk.

B. Restatements and Reclassifications

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the County. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustments represent a decrease in the community corrections income fund and the jury fee fund of \$1 each and a \$28,209 increase in the congressional interest fund's beginning balance.

Opinion Unit	Balance as Reported December 31, 2008	Fund Reclassification	Prior Period Adjustments	Balance as Restated January 1, 2009
Governmental activities	\$ 11,247,018	\$ (61,814)	\$ (2)	\$ 11,185,202
Aggregate remaining funds (agency funds)	1,422,560	61,814	28,209	1,512,583

IV. Other Information

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; medical benefits to; and natural disasters are covered by commercial insurance from independent third parties.

The County has chosen to establish a risk-financing fund for risks associated with Medical benefits to employees and their dependents. The risk-financing fund is accounted for in the Health Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The County purchases commercial insurance for claims in excess of coverage provided by the fund. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based primarily upon the percentage of each fund's current year payroll as it relates to total payroll, and are reported as quasi-external interfund transactions.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

During 1989, the County joined with other governmental entities to form the Indiana Public Employers' Plan, a public entity risk pool currently operating as a common risk management and insurance program for 700 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of job-related illnesses or injuries to employees. The County pays an annual premium to the risk pool for its job-related illnesses or injuries to employee's coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. 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.

C. Pension Plans

Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

1. Public Employees' Retirement Fund

Plan Description

The County contributes to the Indiana Public Employees' Retirement Fund (PER), 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 the 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 member's 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. The 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the County during the period were \$179,748.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. 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

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute. The contributions made by the County during the period were \$149,023.

3. 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

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute. The contributions made by the County during the period were \$12,554.

SPENCER COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 2,771,960	\$ 3,055,071	\$ (283,111)	91%	\$ 2,948,257	(10%)
07-01-08	3,108,047	3,512,214	(404,167)	88%	3,232,126	(13%)
07-01-09	2,788,845	3,472,751	(683,906)	80%	3,412,498	(20%)

County Police Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
10-01-04	\$ 766,821	\$ 766,821	\$ -	100%	\$ 419,979	0%
10-01-05	905,641	905,641	-	100%	426,281	0%
10-01-06	1,058,991	1,058,991	-	100%	374,934	0%
01-01-08	1,246,963	1,598,821	(351,858)	78%	463,947	(76%)
01-01-09	1,352,226	1,750,731	(398,505)	77%	513,800	(78%)
01-01-10	1,499,613	1,877,845	(378,232)	80%	521,900	(72%)

County Police Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
10-01-04	\$ 83,980	\$ 83,980	\$ -	100%	\$ 419,979	0%
10-01-05	99,137	99,137	-	100%	426,281	0%
10-01-06	112,942	112,942	-	100%	374,934	0%
01-01-08	129,254	129,254	-	100%	463,947	0%
01-01-09	134,115	134,115	-	100%	513,800	0%
01-01-10	144,801	144,801	-	100%	521,900	0%

SPENCER COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

	County Police Retirement and Benefit Plans			
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			County	State
County Police Retirement Plan	10-01-04	\$ 101,022	100%	0%
	10-01-05	95,125	100%	0%
	10-01-06	95,919	100%	0%
	01-01-08	109,813	100%	0%
	01-01-09	123,717	100%	0%
	01-01-10	114,847	100%	0%
County Police Benefit Plan	10-01-04	14,254	100%	0%
	10-01-05	13,607	100%	0%
	10-01-06	10,312	100%	0%
	01-01-08	15,766	100%	0%
	01-01-09	12,554	100%	0%
	01-01-10	15,427	100%	0%

SPENCER COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009

	L.R.&S.	Accident & Theft Report	Firearms & Training	Health	Continuing Education Fund	Clerk's Perpetuation	Electronic Map
Receipts:							
Taxes	\$ 200,375	\$ -	\$ -	\$ 188,652	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	21,417	-	-	-
Fines and forfeits	-	1,023	12,608	-	-	-	-
Other	-	-	-	80,741	588	7,245	750
Total receipts	200,375	1,023	12,608	290,810	588	7,245	750
Disbursements:							
General government	-	-	-	-	-	5,811	-
Public safety	-	-	4,578	-	150	-	-
Highways and streets	204,621	-	-	-	-	-	-
Health and welfare	-	-	-	320,727	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	204,621	-	4,578	320,727	150	5,811	-
Excess (deficiency) of receipts over disbursements	(4,246)	1,023	8,030	(29,917)	438	1,434	750
Cash and investment fund balance - beginning	54,665	1,457	9,395	90,564	337	9,963	30
Cash and investment fund balance - ending	<u>\$ 50,419</u>	<u>\$ 2,480</u>	<u>\$ 17,425</u>	<u>\$ 60,647</u>	<u>\$ 775</u>	<u>\$ 11,397</u>	<u>\$ 780</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 2,480	\$ 17,425	\$ -	\$ 775	\$ 11,397	\$ 780
Restricted assets:							
Cash and investments	50,419	-	-	60,647	-	-	-
Total cash and investment assets - ending	<u>\$ 50,419</u>	<u>\$ 2,480</u>	<u>\$ 17,425</u>	<u>\$ 60,647</u>	<u>\$ 775</u>	<u>\$ 11,397</u>	<u>\$ 780</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ 50,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	60,647	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	2,480	17,425	-	775	11,397	780
Total cash and investment fund balance - ending	<u>\$ 50,419</u>	<u>\$ 2,480</u>	<u>\$ 17,425</u>	<u>\$ 60,647</u>	<u>\$ 775</u>	<u>\$ 11,397</u>	<u>\$ 780</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Riverboat Revenue	County Drug Free Community	General Drain Maintenance	Local Emergency Plan Commission	Reassessment	IV-D Prosecutor	Probation Users Fees
Receipts:							
Taxes	\$ -	\$ -	\$ 39,964	\$ -	\$ 121,194	\$ -	\$ -
Intergovernmental	127,608	-	-	-	932	-	-
Fines and forfeits	-	23,086	-	-	-	-	27,980
Other	-	-	-	6,560	11,270	9,316	-
Total receipts	127,608	23,086	39,964	6,560	133,396	9,316	27,980
Disbursements:							
General government	129,906	-	26,110	-	194,657	-	-
Public safety	-	22,222	-	8,205	-	-	1,500
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	15,990	-
Capital outlay:							
General government	-	-	-	-	1,400	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	129,906	22,222	26,110	8,205	196,057	15,990	1,500
Excess (deficiency) of receipts over disbursements	(2,298)	864	13,854	(1,645)	(62,661)	(6,674)	26,480
Cash and investment fund balance - beginning	218,222	22,222	97,948	11,284	787,542	10,309	53,233
Cash and investment fund balance - ending	<u>\$ 215,924</u>	<u>\$ 23,086</u>	<u>\$ 111,802</u>	<u>\$ 9,639</u>	<u>\$ 724,881</u>	<u>\$ 3,635</u>	<u>\$ 79,713</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 215,924	\$ 23,086	\$ 111,802	\$ 9,639	\$ 724,881	\$ 3,635	\$ 79,713
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 215,924</u>	<u>\$ 23,086</u>	<u>\$ 111,802</u>	<u>\$ 9,639</u>	<u>\$ 724,881</u>	<u>\$ 3,635</u>	<u>\$ 79,713</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	215,924	23,086	111,802	9,639	724,881	3,635	79,713
Total cash and investment fund balance - ending	<u>\$ 215,924</u>	<u>\$ 23,086</u>	<u>\$ 111,802</u>	<u>\$ 9,639</u>	<u>\$ 724,881</u>	<u>\$ 3,635</u>	<u>\$ 79,713</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Recorder Record Perp	County Users Fees	Covered Bridge	Family & Children	Local Health Maintenance	Welfare H C I
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	33,139	-
Fines and forfeits	32,845	5,820	-	-	-	-
Other	-	-	925	10,010	-	-
Total receipts	32,845	5,820	925	10,010	33,139	-
Disbursements:						
General government	17,110	1,723	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	1,000	-	-	-
Health and welfare	-	-	-	114,351	14,418	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	3,643	-
Total disbursements	17,110	1,723	1,000	114,351	18,061	-
Excess (deficiency) of receipts over disbursements	15,735	4,097	(75)	(104,341)	15,078	-
Cash and investment fund balance - beginning	97,872	70,987	9,767	104,341	58,642	77
Cash and investment fund balance - ending	<u>\$ 113,607</u>	<u>\$ 75,084</u>	<u>\$ 9,692</u>	<u>\$ -</u>	<u>\$ 73,720</u>	<u>\$ 77</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 113,607	\$ 75,084	\$ 9,692	\$ -	\$ 73,720	\$ 77
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 113,607</u>	<u>\$ 75,084</u>	<u>\$ 9,692</u>	<u>\$ -</u>	<u>\$ 73,720</u>	<u>\$ 77</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	113,607	75,084	9,692	-	73,720	77
Total cash and investment fund balance - ending	<u>\$ 113,607</u>	<u>\$ 75,084</u>	<u>\$ 9,692</u>	<u>\$ -</u>	<u>\$ 73,720</u>	<u>\$ 77</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Pre-Trial Diversion	Guardian Ad Litem Users Fee	Plat Book Update	Co. Medical Assist To Wards	Surveyor Corner Perp	Jury Fee
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and forfeits	90,711	-	7,749	-	-	2,922
Other	-	992	-	-	4,180	-
Total receipts	90,711	992	7,749	-	4,180	2,922
Disbursements:						
General government	-	8,122	6,638	-	3,770	-
Public safety	72,328	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	69	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	72,328	8,122	6,638	-	3,839	-
Excess (deficiency) of receipts over disbursements	18,383	(7,130)	1,111	-	341	2,922
Cash and investment fund balance - beginning	61,924	14,097	23,055	2	39,126	22,086
Cash and investment fund balance - ending	<u>\$ 80,307</u>	<u>\$ 6,967</u>	<u>\$ 24,166</u>	<u>\$ 2</u>	<u>\$ 39,467</u>	<u>\$ 25,008</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 80,307	\$ 6,967	\$ 24,166	\$ 2	\$ 39,467	\$ 25,008
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 80,307</u>	<u>\$ 6,967</u>	<u>\$ 24,166</u>	<u>\$ 2</u>	<u>\$ 39,467</u>	<u>\$ 25,008</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	80,307	6,967	24,166	2	39,467	25,008
Total cash and investment fund balance - ending	<u>\$ 80,307</u>	<u>\$ 6,967</u>	<u>\$ 24,166</u>	<u>\$ 2</u>	<u>\$ 39,467</u>	<u>\$ 25,008</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Prisoner Reimbursement Fund	Rainy Day Fund	County Medical Care For Inmates	State Sales Disclosure Fee	Law Enforcement Fund	County Corrections
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	14,262
Fines and forfeits	3,405	-	-	2,303	-	-
Other	-	301,723	2,085	-	21,673	-
Total receipts	3,405	301,723	2,085	2,303	21,673	14,262
Disbursements:						
General government	-	62,173	-	2,268	-	-
Public safety	-	-	963	-	9,626	23,132
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	44,889	-	-	-	-
Public safety	-	-	-	-	8,242	-
Health and welfare	-	-	-	-	-	-
Total disbursements	-	107,062	963	2,268	17,868	23,132
Excess (deficiency) of receipts over disbursements	3,405	194,661	1,122	35	3,805	(8,870)
Cash and investment fund balance - beginning	2,740	555,406	328	240	18,714	34,184
Cash and investment fund balance - ending	<u>\$ 6,145</u>	<u>\$ 750,067</u>	<u>\$ 1,450</u>	<u>\$ 275</u>	<u>\$ 22,519</u>	<u>\$ 25,314</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 6,145	\$ 750,067	\$ 1,450	\$ 275	\$ 22,519	\$ 25,314
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 6,145</u>	<u>\$ 750,067</u>	<u>\$ 1,450</u>	<u>\$ 275</u>	<u>\$ 22,519</u>	<u>\$ 25,314</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	6,145	750,067	1,450	275	22,519	25,314
Total cash and investment fund balance - ending	<u>\$ 6,145</u>	<u>\$ 750,067</u>	<u>\$ 1,450</u>	<u>\$ 275</u>	<u>\$ 22,519</u>	<u>\$ 25,314</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Community Corrections Grant	Tobacco Grant	ID Security Protection	Children's Prt Serv.	County Option Income Tax	Capital Trial Expense
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,143,396	\$ -
Intergovernmental	118,350	128,487	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	9,212	-	-	11,731
Total receipts	118,350	128,487	9,212	-	1,143,396	11,731
Disbursements:						
General government	-	-	-	-	1,143,396	3,745
Public safety	154,753	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	73,372	-	9,205	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	154,753	73,372	-	9,205	1,143,396	3,745
Excess (deficiency) of receipts over disbursements	(36,403)	55,115	9,212	(9,205)	-	7,986
Cash and investment fund balance - beginning	46,300	44,010	22,908	9,205	-	94,366
Cash and investment fund balance - ending	<u>9,897</u>	<u>99,125</u>	<u>32,120</u>	<u>-</u>	<u>-</u>	<u>102,352</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 9,897	\$ 99,125	\$ 32,120	\$ -	\$ -	\$ 102,352
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>9,897</u>	<u>99,125</u>	<u>32,120</u>	<u>-</u>	<u>-</u>	<u>102,352</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	9,897	99,125	32,120	-	-	102,352
Total cash and investment fund balance - ending	<u>9,897</u>	<u>99,125</u>	<u>32,120</u>	<u>-</u>	<u>-</u>	<u>102,352</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Child Support Impact	Community Defense Fund	Community Drug Program	911 Surcharge	Emergency Management	Excess Levy Fund
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and forfeits	-	-	-	223,700	-	-
Other	-	-	-	-	2,950	56,494
Total receipts	-	-	-	223,700	2,950	56,494
Disbursements:						
General government	1,995	-	396	274,909	1,562	64,905
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	1,995	-	396	274,909	1,562	64,905
Excess (deficiency) of receipts over disbursements	(1,995)	-	(396)	(51,209)	1,388	(8,411)
Cash and investment fund balance - beginning	4,966	664	396	55,317	2,209	8,411
Cash and investment fund balance - ending	<u>\$ 2,971</u>	<u>\$ 664</u>	<u>\$ -</u>	<u>\$ 4,108</u>	<u>\$ 3,597</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,971	\$ 664	\$ -	\$ 4,108	\$ 3,597	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2,971</u>	<u>\$ 664</u>	<u>\$ -</u>	<u>\$ 4,108</u>	<u>\$ 3,597</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	2,971	664	-	4,108	3,597	-
Total cash and investment fund balance - ending	<u>\$ 2,971</u>	<u>\$ 664</u>	<u>\$ -</u>	<u>\$ 4,108</u>	<u>\$ 3,597</u>	<u>\$ -</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Federal Topic	Flu Clinic	IV-D Clerk	State Road Relinquish	Photo ID	911 Wireless
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and forfeits	-	48,245	-	-	-	29,242
Other	-	-	6,192	-	40	-
Total receipts	-	48,245	6,192	400,000	40	29,242
Disbursements:						
General government	-	39,972	13,607	-	132	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	-	39,972	13,607	-	132	-
Excess (deficiency) of receipts over disbursements	-	8,273	(7,415)	400,000	(92)	29,242
Cash and investment fund balance - beginning	16,901	14,154	8,519	32,623	132	-
Cash and investment fund balance - ending	<u>\$ 16,901</u>	<u>\$ 22,427</u>	<u>\$ 1,104</u>	<u>\$ 432,623</u>	<u>\$ 40</u>	<u>\$ 29,242</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 16,901	\$ 22,427	\$ 1,104	\$ 432,623	\$ 40	\$ 29,242
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 16,901</u>	<u>\$ 22,427</u>	<u>\$ 1,104</u>	<u>\$ 432,623</u>	<u>\$ 40</u>	<u>\$ 29,242</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	16,901	22,427	1,104	432,623	40	29,242
Total cash and investment fund balance - ending	<u>\$ 16,901</u>	<u>\$ 22,427</u>	<u>\$ 1,104</u>	<u>\$ 432,623</u>	<u>\$ 40</u>	<u>\$ 29,242</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Scema Search & Rescue	Sri Tax Sale	Sex/Violent Offender Registry	Homestead Credit	Tax Replace. & Pp Credit	Community Transition Program
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and forfeits	-	-	1,405	-	-	-
Other	2,145	11,360	-	270,796	8,059	-
Total receipts	2,145	11,360	1,405	270,796	8,059	-
Disbursements:						
General government	1,860	6,790	368	270,796	8,059	2,840
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	1,860	6,790	368	270,796	8,059	2,840
Excess (deficiency) of receipts over disbursements	285	4,570	1,037	-	-	(2,840)
Cash and investment fund balance - beginning	3,241	8,236	997	-	-	2,840
Cash and investment fund balance - ending	<u>3,526</u>	<u>12,806</u>	<u>2,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,526	\$ 12,806	\$ 2,034	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,526</u>	<u>\$ 12,806</u>	<u>\$ 2,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	3,526	12,806	2,034	-	-	-
Total cash and investment fund balance - ending	<u>\$ 3,526</u>	<u>\$ 12,806</u>	<u>\$ 2,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	State HSC	Community Corrections Income	Comm Corrections 09/10	Property Maint Fund	Community Transition 09/10	Homeland Security
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	153,471	-	2,840	219,706
Fines and forfeits	-	85,254	-	-	-	-
Other	266,706	-	-	2,000	-	-
Total receipts	<u>266,706</u>	<u>85,254</u>	<u>153,471</u>	<u>2,000</u>	<u>2,840</u>	<u>219,706</u>
Disbursements:						
General government	254,476	51,860	103,676	-	-	219,706
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	8,832	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	<u>254,476</u>	<u>60,692</u>	<u>103,676</u>	<u>-</u>	<u>-</u>	<u>219,706</u>
Excess (deficiency) of receipts over disbursements	12,230	24,562	49,795	2,000	2,840	-
Cash and investment fund balance - beginning	(13,985)	30,358	-	-	-	-
Cash and investment fund balance - ending	<u>\$ (1,755)</u>	<u>\$ 54,920</u>	<u>\$ 49,795</u>	<u>\$ 2,000</u>	<u>\$ 2,840</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (1,755)	\$ 54,920	\$ 49,795	\$ 2,000	\$ 2,840	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (1,755)</u>	<u>\$ 54,920</u>	<u>\$ 49,795</u>	<u>\$ 2,000</u>	<u>\$ 2,840</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	(1,755)	54,920	49,795	2,000	2,840	-
Total cash and investment fund balance - ending	<u>\$ (1,755)</u>	<u>\$ 54,920</u>	<u>\$ 49,795</u>	<u>\$ 2,000</u>	<u>\$ 2,840</u>	<u>\$ -</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	St. Share Del Tax & Pen	Coit Bond P&I Hwy	Cummulative Capital Development	Cummulative Bridge	General Drain Construction	Totals
Receipts:						
Taxes	\$ 13,553	\$ -	\$ 218,376	\$ 546,517	\$ -	\$ 2,872,027
Intergovernmental	-	-	1,681	4,202	-	826,095
Fines and forfeits	-	-	-	-	-	598,298
Other	-	114,107	-	-	-	1,219,850
Total receipts	13,553	114,107	220,057	550,719	-	5,516,270
Disbursements:						
General government	13,553	114,107	185,804	-	-	3,236,802
Public safety	-	-	-	-	-	297,457
Highways and streets	-	-	-	730,135	-	935,756
Health and welfare	-	-	-	-	-	548,063
Capital outlay:						
General government	-	-	46,530	-	-	101,720
Public safety	-	-	-	-	-	8,242
Health and welfare	-	-	-	-	-	3,643
Total disbursements	13,553	114,107	232,334	730,135	-	5,131,683
Excess (deficiency) of receipts over disbursements	-	-	(12,277)	(179,416)	-	384,587
Cash and investment fund balance - beginning	-	-	347,800	1,230,628	128,826	4,580,781
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,523</u>	<u>\$ 1,051,212</u>	<u>\$ 128,826</u>	<u>\$ 4,965,368</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,338,741
Restricted assets:						
Cash and investments	-	-	335,523	1,051,212	128,826	1,626,627
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,523</u>	<u>\$ 1,051,212</u>	<u>\$ 128,826</u>	<u>\$ 4,965,368</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,419
Health and welfare	-	-	-	-	-	60,647
Capital outlay	-	-	335,523	1,051,212	128,826	1,515,561
Unrestricted	-	-	-	-	-	3,338,741
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,523</u>	<u>\$ 1,051,212</u>	<u>\$ 128,826</u>	<u>\$ 4,965,368</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2009

	Police Retirement Trust	Police Benefit Trust	Totals
Additions:			
Contributions:			
Employer	\$ 123,717	\$ 12,554	\$ 136,271
Plan members	25,306	-	25,306
Total contributions	<u>149,023</u>	<u>12,554</u>	<u>161,577</u>
Investment receipts:			
Net increase in investments	79,335	15,132	94,467
Interest	17,676	27	17,703
Dividends	18,647	3,351	21,998
Net investment receipts	<u>115,658</u>	<u>18,510</u>	<u>134,168</u>
Total additions	<u>264,681</u>	<u>31,064</u>	<u>295,745</u>
Deductions:			
Benefits	57,084	4,800	61,884
Administrative and general	15,510	90	15,600
Total deductions	<u>72,594</u>	<u>4,890</u>	<u>77,484</u>
Excess of total additions over total deductions	192,087	26,174	218,261
Cash and investment fund balance - beginning	<u>1,146,704</u>	<u>107,367</u>	<u>1,254,071</u>
Cash and investment fund balance - ending	<u>\$ 1,338,791</u>	<u>\$ 133,541</u>	<u>\$ 1,472,332</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009

	City & Town Court Costs	Congressional School Interest	Clerk's Trust	Tax Sale Surplus	Tax Sale Redemption	Surplus Tax	Fines & Forf
Additions:							
Agency fund additions	\$ 6,981	\$ 1,138	\$ 1,792,962	\$ 154,791	\$ 18,512	\$ 13,900	\$ 2,678
Deductions:							
Agency fund deductions	19,711	1,008	1,766,620	178,558	18,711	21,779	3,062
Excess (deficiency) of total additions over total deductions	(12,730)	130	26,342	(23,767)	(199)	(7,879)	(384)
Cash and investment fund balance - beginning	13,318	54,468	788,999	164,237	1,443	20,145	761
Cash and investment fund balance - ending	<u>\$ 588</u>	<u>\$ 54,598</u>	<u>\$ 815,341</u>	<u>\$ 140,470</u>	<u>\$ 1,244</u>	<u>\$ 12,266</u>	<u>\$ 377</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	<u>Delinquent Sewage</u>	<u>Overweight Vehicle</u>	<u>Sheriff</u>	<u>Infraction Judgement</u>	<u>Inheritance Tax</u>	<u>Indiana Defered Comp</u>	<u>P.E.R.F.</u>
Additions:							
Agency fund additions	\$ 16,696	\$ 926	\$ 854,540	\$ 9,673	\$ 265,551	\$ 27,010	\$ 331,023
Deductions:							
Agency fund deductions	<u>16,696</u>	<u>727</u>	<u>904,968</u>	<u>9,548</u>	<u>150,752</u>	<u>27,010</u>	<u>330,377</u>
Excess (deficiency) of total additions over total deductions	-	199	(50,428)	125	114,799	-	646
Cash and investment fund balance - beginning	<u>60</u>	<u>-</u>	<u>64,633</u>	<u>757</u>	<u>47,350</u>	<u>-</u>	<u>2,377</u>
Cash and investment fund balance - ending	<u>\$ 60</u>	<u>\$ 199</u>	<u>\$ 14,205</u>	<u>\$ 882</u>	<u>\$ 162,149</u>	<u>\$ -</u>	<u>\$ 3,023</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Federal Withholding	State Withholding	O.A.S.I.	Coit/Cedit (Pr)	Spencer County Benefits Trust	Special Death Benefit
Additions:						
Agency fund additions	\$ 277,385	\$ 130,022	\$ 485,695	\$ 31,561	\$ 133,571	\$ 2,075
Deductions:						
Agency fund deductions	277,385	130,022	485,695	31,561	133,652	2,230
Excess (deficiency) of total additions over total deductions	-	-	-	-	(81)	(155)
Cash and investment fund balance - beginning	2	-	197	-	3,693	300
Cash and investment fund balance - ending	\$ 2	\$ -	\$ 197	\$ -	\$ 3,612	\$ 145

SPENCER COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Education Plate Fee	Innkeeper Tax	Financial Institution	Mortgage Fee Fund	Child Restraint Violations	Interstate Compact Fee
Additions:						
Agency fund additions	\$ 394	\$ 293,805	\$ 20,296	\$ 2,868	\$ 250	\$ 112
Deductions:						
Agency fund deductions	394	289,871	20,296	2,768	300	150
Excess (deficiency) of total additions over total deductions	-	3,934	-	100	(50)	(38)
Cash and investment fund balance - beginning	-	6,776	-	122	50	38
Cash and investment fund balance - ending	\$ -	\$ 10,710	\$ -	\$ 222	\$ -	\$ -

SPENCER COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	County Welfare Trust	Homestead Credit Rebate	Tax Distribution	County Treasurer	American Family Insurance	Anderson River
Additions:						
Agency fund additions	\$ -	\$ 954	\$ 15,289,087	\$ 23,655,243	\$ 17,304	\$ -
Deductions:						
Agency fund deductions	4,248	954	15,289,087	23,608,835	17,384	-
Excess (deficiency) of total additions over total deductions	(4,248)	-	-	46,408	(80)	-
Cash and investment fund balance - beginning	4,248	-	-	246,967	81	11,121
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 293,375	\$ 1	\$ 11,121

SPENCER COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Boston Mutual	Spencer County Christmas Club	Colonial Insurance	Coroner Perp	CVET	Health Resources
Additions:						
Agency fund additions	\$ 11,974	\$ 96,890	\$ 3,311	\$ 910	\$ 166,818	\$ 36,687
Deductions:						
Agency fund deductions	14,143	96,890	3,311	1,117	166,818	37,745
Excess (deficiency) of total additions over total deductions	(2,169)	-	-	(207)	-	(1,058)
Cash and investment fund balance - beginning	2,216	-	11	207	-	1,118
Cash and investment fund balance - ending	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Life Investors Insurance Company	Spectera	Transamerica	Hwy Union Dues Fund	Vacation Club	Garnishment
Additions:						
Agency fund additions	\$ 8,437	\$ 11,551	\$ 27,676	\$ 10,635	\$ 41,234	\$ 10,342
Deductions:						
Agency fund deductions	8,437	11,551	27,714	10,635	41,234	10,342
Excess (deficiency) of total additions over total deductions	-	-	(38)	-	-	-
Cash and investment fund balance - beginning	-	13	56	-	-	-
Cash and investment fund balance - ending	\$ -	\$ 13	\$ 18	\$ -	\$ -	\$ -

SPENCER COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	County Econ Income Tax	Commissary	Sheriff Special Investigations	Excess Coit/Cedit	Police Retirement	Clerk ISETS
Additions:						
Agency fund additions	\$ 1,932,741	\$ 105,895	\$ -	\$ 229,011	\$ 25,306	\$ 302,069
Deductions:						
Agency fund deductions	1,932,741	111,773	-	229,011	25,306	302,412
Excess (deficiency) of total additions over total deductions	-	(5,878)	-	-	-	(343)
Cash and investment fund balance - beginning	-	56,559	6,430	-	-	2,246
Cash and investment fund balance - ending	\$ -	\$ 50,681	\$ 6,430	\$ -	\$ -	\$ 1,903

SPENCER COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Animal Control	Payment In Lieu Of Taxes	County Recorder	Inmate Trust	Prosecutor's Bad Check Fee	Totals
Additions:						
Agency fund additions	\$ 73,807	\$ 157	\$ 110,890	\$ 78,929	\$ 9,175	\$ 47,131,448
Deductions:						
Agency fund deductions	100	157	111,138	79,311	9,177	46,975,422
Excess (deficiency) of total additions over total deductions	73,707	-	(248)	(382)	(2)	156,026
Cash and investment fund balance - beginning	-	-	8,090	2,983	511	1,512,583
Cash and investment fund balance - ending	\$ 73,707	\$ -	\$ 7,842	\$ 2,601	\$ 509	\$ 1,668,609

SPENCER COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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>3,255,954</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 109,892,742</u>

SPENCER COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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	\$ 63,398	\$ 65,927
Ambulance lease	82,557	29,710
Guaranteed Energy Savings Contract	164,591	69,232
Loan payable:		
Ambulance	21,472	22,535
Total governmental activities debt	<u>\$ 332,018</u>	<u>\$ 187,404</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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 AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF SPENCER COUNTY, INDIANA

Compliance

We have audited the compliance of Spencer County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the County's management, County Commissioners, County Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 16, 2010

SPENCER COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Pass-Through Indiana Department of Homeland Security Public Safety Interoperable Communications Grant Program	11.555	EDS# C44P-9-314A	\$ 219,706
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607	BVP 2009	4,600
Pass-Through Indiana Criminal Justice Institute			
Crime Victim Assistance	16.575	08-VA-139 09-VA-135	13,500 2,016
Total for program			15,516
Total for federal grantor agency			20,116
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Homeland Security Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	EDS# C44P-9-541A	2,179
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health			
Public Health Emergency Preparedness	93.069	EDS# A70-9-053738 EDS# A70-0-0531192	19,966 37,572
Total for program			57,538
Pass-Through Indiana Department of Children's Services			
Child Support Enforcement	93.563	Incentives Indirect Costs IVD Clerk IVD Prosecutor	65,716 21,050 16,653 128,006
Total for program			231,425
Total for federal grantor agency			288,963
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Disaster #1828	162,298
Emergency Management Performance Grants	97.042	EDS# C44P-9-680A	23,777
State Homeland Security Program (SHSP)	97.073	EDS#C44P-7-387	17,899
Law Enforcement Terrorism Prevention Program	97.074	C44P-9-802A	11,693
Total for federal grantor agency			215,667
Total federal awards expended			\$ 746,631

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

SPENCER COUNTY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Spencer County (County) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

SPENCER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted?	no
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Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
11.555	Public Safety Interoperable Communications Grant Program
97.036	Disaster Grants Public Assistance (Presidentially Declared Disaster)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SPENCER COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SPENCER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 16, 2010, with Cindy Shelton, Auditor, and Dan Rininger, President of the Board of County Commissioners. Our audit disclosed no material items that warrant comment at this time.