

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

EXAMINATION REPORT
OF
TOWN OF SPICELAND
HENRY COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
01/05/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dawn M. Mogg	01-01-08 to 12-31-11
President of the Town Council	David A. French	01-01-08 to 08-15-09
	Erik J. Searcy	08-16-09 to 12-31-09
	Stacey L. Craft	01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Spiceland (Town), for the period of January 1, 2008 to December 31, 2009. The Town'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 Town for the years ended December 31, 2008 and 2009, 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

November 24, 2010

TOWN OF SPICELAND
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 79,026	\$ 115,510	\$ 94,607	\$ 99,929
Motor Vehicle Highway	28,197	22,705	28,996	21,906
Local Road and Street	51,809	14,785	41,000	25,594
Park and Recreation	1,840	1,224	371	2,693
Riverboat	12,743	5,062	-	17,805
Rainy Day	32,217	-	-	32,217
Cumulative Capital Improvement	9,531	2,624	5,736	6,419
Fire Department	461	-	67	394
Fire Insurance	4,552	1,049	1,947	3,654
Cemetery	28,152	10,006	15,431	22,727
Foundation Grant	495	-	-	495
Proprietary Funds:				
Water Utility - Operating	97,691	210,964	200,201	108,454
Water Utility - Bond and Interest	205,540	132,998	149,469	189,069
Water Utility - Depreciation	24,487	18,000	-	42,487
Water Utility - Customer Deposit	4,486	1,440	504	5,422
Water Utility - Construction	984	4	988	-
Electric Utility - Operating	193,145	873,585	912,363	154,367
Electric Utility - Depreciation	72,940	9,000	5,553	76,387
Electric Utility - Customer Deposit	12,621	2,400	1,327	13,694
Totals	<u>\$ 860,917</u>	<u>\$ 1,421,356</u>	<u>\$ 1,458,560</u>	<u>\$ 823,713</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 99,929	\$ 105,558	\$ 96,299	\$ 109,188
Motor Vehicle Highway	21,906	22,539	18,433	26,012
Local Road and Street	25,594	13,495	-	39,089
Park and Recreation	2,693	333	2,373	653
Riverboat	17,805	5,050	-	22,855
Rainy Day	32,217	2,380	-	34,597
Cumulative Capital Improvement	6,419	2,475	-	8,894
Fire Department	394	-	307	87
Fire Insurance	3,654	4,860	2,550	5,964
Cemetery	22,727	11,623	21,664	12,686
Foundation Grant	495	23	518	-
Proprietary Funds:				
Water Utility - Operating	108,454	205,252	235,559	78,147
Water Utility - Bond and Interest	189,069	190,868	161,855	218,082
Water Utility - Depreciation	42,487	19,500	-	61,987
Water Utility - Customer Deposit	5,422	1,297	2,334	4,385
Water Utility - Construction	-	-	-	-
Wastewater Utility - Operating	154,367	954,798	955,765	153,400
Wastewater Utility - Depreciation	76,387	18,000	3,000	91,387
Wastewater Utility - Customer Deposit	13,694	1,913	6,465	9,142
Totals	<u>\$ 823,713</u>	<u>\$ 1,559,964</u>	<u>\$ 1,507,122</u>	<u>\$ 876,555</u>

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

TOWN OF SPICELAND
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, streets and road services, culture and recreation, economic development, cemetery, water and electric utilities, and general administrative services.

Note 2. Fund Accounting

The Town 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 Town 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 Town 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 Town 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.

TOWN OF SPICELAND
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town 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 Town 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.

TOWN OF SPICELAND
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 are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. 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	\$ 4,206
Buildings	166,637
Infrastructure	14,919
Machinery and equipment	<u>103,675</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 289,437</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 16,629
Capital assets, being depreciated:	
Buildings	42,499
Improvements other than buildings	1,246,110
Machinery and equipment	240,023
Construction in progress	<u>951</u>
 Total Water Utility capital assets	 <u>1,546,212</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	936
Capital assets, being depreciated:	
Buildings	15,614
Improvements other than buildings	61,263
Machinery and equipment	<u>229,319</u>
 Total Electric Utility capital assets	 <u>307,132</u>
 Total business-type activities capital assets	 <u>\$ 1,853,344</u>

TOWN OF SPICELAND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
2003 Issue	\$ 1,220,000	\$ 144,847
2006 Issue	<u>197,000</u>	<u>13,499</u>
Total business-type activities debt	<u>\$ 1,417,000</u>	<u>\$ 158,346</u>

TOWN OF SPICELAND
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2010, with Dawn M. Mogg, Clerk-Treasurer, and Stacey L. Craft, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.