

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF SPICELAND

HENRY COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/30/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dawn Mogg	01-01-08 to 12-31-15
President of the Town Council	Stacy L. Craft Marita Roberson	01-01-10 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Utilities	Jeffrey Lane	01-01-10 to 12-31-12



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 accompanying financial statements of the Town of Spiceland (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

The Town's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity 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

September 20, 2012

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF SPICELAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES ,
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 109,188	\$ 85,159	\$ 95,610	\$ 98,737
Motor Vehicle Highway	26,012	21,213	19,260	27,965
Local Road And Street	39,089	15,140	-	54,229
Cemetery	12,686	17,917	6,296	24,307
River Boat Wagering	22,855	5,050	-	27,905
Fire Department	87	-	87	-
Fire Insurance Fund	5,964	5,771	6,814	4,921
Rainy Day	34,597	1,191	-	35,788
Cumulative Capital Improvement	8,894	2,363	628	10,629
Park & Recreation	652	177	232	597
Electric Utility-Operating	153,400	969,815	976,505	146,710
Electric Utility-Deprec/Improve	91,387	15,000	-	106,387
Electric Utility-Customer Deposit	9,142	1,940	1,384	9,698
Water Utility-Operating	78,147	199,000	220,237	56,910
Water Utility-Bond And Interest	218,081	191,483	160,346	249,218
Water Utility-Deprec/Improve	61,988	21,000	16,510	66,478
Water Utility-Customer Deposit	4,385	1,360	818	4,927
Totals	<u>\$ 876,554</u>	<u>\$ 1,553,579</u>	<u>\$ 1,504,727</u>	<u>\$ 925,406</u>

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

TOWN OF SPICELAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 98,737	\$ 95,857	\$ 102,940	\$ 91,654
Motor Vehicle Highway	27,965	25,132	19,519	33,578
Local Road And Street	54,229	14,350	35,120	33,459
River Boat Wagering	27,905	5,050	-	32,955
Rainy Day	35,788	-	-	35,788
Cumulative Capital Improvement	10,629	6,839	1,125	16,343
Cemetery	24,307	6,350	8,600	22,057
Fire Insurance Fund	4,921	1,890	1,441	5,370
Park & Recreation	597	50	-	647
Electric Utility-Operating	146,710	934,453	949,484	131,679
Electric Utility-Deprec/Improve	106,387	18,240	-	124,627
Electric Utility-Customer Deposit	9,698	2,502	1,842	10,358
Water Utility-Operating	56,910	193,936	187,390	63,456
Water Utility-Bond And Interest	249,218	203,222	169,224	283,216
Water Utility-Deprec/Improve	66,478	18,000	3,100	81,378
Water Utility-Customer Deposit	4,927	1,487	1,170	5,244
Totals	<u>\$ 925,406</u>	<u>\$ 1,527,358</u>	<u>\$ 1,480,955</u>	<u>\$ 971,809</u>

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

TOWN OF SPICELAND
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

TOWN OF SPICELAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

TOWN OF SPICELAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF SPICELAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

Note 5. Risk Management

The Town may be 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, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

TOWN OF SPICELAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF SPICELAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Cemetery	River Boat Wagering	Fire Department
Cash and investments - beginning	\$ 109,188	\$ 26,012	\$ 39,089	\$ 12,686	\$ 22,855	\$ 87
Receipts:						
Taxes	50,543	-	-	3,983	-	-
Intergovernmental	21,826	21,192	15,140	40	5,050	-
Charges for services	1,667	-	-	13,894	-	-
Utility fees	-	-	-	-	-	-
Other receipts	11,123	21	-	-	-	-
Total receipts	85,159	21,213	15,140	17,917	5,050	-
Disbursements:						
Personal services	44,314	8,290	-	3,045	-	-
Supplies	7,156	10,481	-	-	-	87
Other services and charges	44,140	489	-	3,061	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	190	-	-
Total disbursements	95,610	19,260	-	6,296	-	87
Excess (deficiency) of receipts over disbursements	(10,451)	1,953	15,140	11,621	5,050	(87)
Cash and investments - ending	<u>\$ 98,737</u>	<u>\$ 27,965</u>	<u>\$ 54,229</u>	<u>\$ 24,307</u>	<u>\$ 27,905</u>	<u>\$ -</u>

TOWN OF SPICELAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Fire Insurance Fund	Rainy Day	Cumulative Capital Improvement	Park & Recreation	Electric Utility- Operating	Electric Utility- Deprec/Improve
Cash and investments - beginning	\$ 5,964	\$ 34,597	\$ 8,894	\$ 652	\$ 153,400	\$ 91,387
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	1,191	2,363	-	-	-
Charges for services	-	-	-	177	-	-
Utility fees	-	-	-	-	935,818	-
Other receipts	5,771	-	-	-	33,997	15,000
Total receipts	<u>5,771</u>	<u>1,191</u>	<u>2,363</u>	<u>177</u>	<u>969,815</u>	<u>15,000</u>
Disbursements:						
Personal services	-	-	275	-	-	-
Supplies	916	-	353	232	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	5,060	-	-	-	-	-
Utility operating expenses	-	-	-	-	876,392	-
Other disbursements	838	-	-	-	100,113	-
Total disbursements	<u>6,814</u>	<u>-</u>	<u>628</u>	<u>232</u>	<u>976,505</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,043)</u>	<u>1,191</u>	<u>1,735</u>	<u>(55)</u>	<u>(6,690)</u>	<u>15,000</u>
Cash and investments - ending	<u>\$ 4,921</u>	<u>\$ 35,788</u>	<u>\$ 10,629</u>	<u>\$ 597</u>	<u>\$ 146,710</u>	<u>\$ 106,387</u>

TOWN OF SPICELAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Electric Utility- Customer Deposit	Water Utility- Operating	Water Utility-Bond And Interest	Water Utility- Deprec/Improve	Water Utility- Customer Deposit	Totals
Cash and investments - beginning	\$ 9,142	\$ 78,147	\$ 218,081	\$ 61,988	\$ 4,385	\$ 876,554
Receipts:						
Taxes	-	-	-	-	-	54,526
Intergovernmental	-	-	-	-	-	66,802
Charges for services	-	-	-	-	-	15,738
Utility fees	-	156,063	-	-	-	1,091,881
Other receipts	1,940	42,937	191,483	21,000	1,360	324,632
Total receipts	<u>1,940</u>	<u>199,000</u>	<u>191,483</u>	<u>21,000</u>	<u>1,360</u>	<u>1,553,579</u>
Disbursements:						
Personal services	-	-	-	-	-	55,924
Supplies	-	-	-	-	-	19,225
Other services and charges	-	-	-	-	-	47,690
Debt service - principal and interest	-	-	84,346	-	-	84,346
Capital outlay	-	-	-	16,510	-	21,570
Utility operating expenses	1,384	131,329	76,000	-	818	1,085,923
Other disbursements	-	88,908	-	-	-	190,049
Total disbursements	<u>1,384</u>	<u>220,237</u>	<u>160,346</u>	<u>16,510</u>	<u>818</u>	<u>1,504,727</u>
Excess (deficiency) of receipts over disbursements	<u>556</u>	<u>(21,237)</u>	<u>31,137</u>	<u>4,490</u>	<u>542</u>	<u>48,852</u>
Cash and investments - ending	<u>\$ 9,698</u>	<u>\$ 56,910</u>	<u>\$ 249,218</u>	<u>\$ 66,478</u>	<u>\$ 4,927</u>	<u>\$ 925,406</u>

TOWN OF SPICELAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	River Boat Wagering	Rainy Day	Cumulative Capital Improvement
Cash and investments - beginning	\$ 98,737	\$ 27,965	\$ 54,229	\$ 27,905	\$ 35,788	\$ 10,629
Receipts:						
Taxes	60,763	-	9,907	-	-	-
Licenses and permits	3,077	-	-	-	-	-
Intergovernmental	18,085	21,413	4,443	5,050	-	2,318
Charges for services	3,206	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	10,726	3,719	-	-	-	4,521
Total receipts	<u>95,857</u>	<u>25,132</u>	<u>14,350</u>	<u>5,050</u>	<u>-</u>	<u>6,839</u>
Disbursements:						
Personal services	37,952	6,315	-	-	-	-
Supplies	6,977	5,425	-	-	-	-
Other services and charges	29,331	1,924	35,120	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	2,953	5,855	-	-	-	1,125
Utility operating expenses	-	-	-	-	-	-
Other disbursements	25,727	-	-	-	-	-
Total disbursements	<u>102,940</u>	<u>19,519</u>	<u>35,120</u>	<u>-</u>	<u>-</u>	<u>1,125</u>
Excess (deficiency) of receipts over disbursements	<u>(7,083)</u>	<u>5,613</u>	<u>(20,770)</u>	<u>5,050</u>	<u>-</u>	<u>5,714</u>
Cash and investments - ending	<u>\$ 91,654</u>	<u>\$ 33,578</u>	<u>\$ 33,459</u>	<u>\$ 32,955</u>	<u>\$ 35,788</u>	<u>\$ 16,343</u>

TOWN OF SPICELAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cemetery	Fire Insurance Fund	Park & Recreation	Electric Utility- Operating	Electric Utility- Deprec/Improve	Electric Utility- Customer Deposit
Cash and investments - beginning	\$ 24,307	\$ 4,921	\$ 597	\$ 146,710	\$ 106,387	\$ 9,698
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	3,304	1,890	-	-	-	-
Utility fees	-	-	-	902,878	-	-
Penalties	-	-	-	5,285	-	-
Other receipts	3,046	-	50	26,290	18,240	2,502
Total receipts	<u>6,350</u>	<u>1,890</u>	<u>50</u>	<u>934,453</u>	<u>18,240</u>	<u>2,502</u>
Disbursements:						
Personal services	3,569	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	3,276	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,102	-	-	-	-	-
Utility operating expenses	-	-	-	875,845	-	-
Other disbursements	653	1,441	-	73,639	-	1,842
Total disbursements	<u>8,600</u>	<u>1,441</u>	<u>-</u>	<u>949,484</u>	<u>-</u>	<u>1,842</u>
Excess (deficiency) of receipts over disbursements	<u>(2,250)</u>	<u>449</u>	<u>50</u>	<u>(15,031)</u>	<u>18,240</u>	<u>660</u>
Cash and investments - ending	<u>\$ 22,057</u>	<u>\$ 5,370</u>	<u>\$ 647</u>	<u>\$ 131,679</u>	<u>\$ 124,627</u>	<u>\$ 10,358</u>

TOWN OF SPICELAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Utility- Operating	Water Utility-Bond And Interest	Water Utility- Deprec/Improve	Water Utility- Customer Deposit	Totals
Cash and investments - beginning	\$ 56,910	\$ 249,218	\$ 66,478	\$ 4,927	\$ 925,406
Receipts:					
Taxes	-	188,669	-	-	259,339
Licenses and permits	-	-	-	-	3,077
Intergovernmental	-	-	-	-	51,309
Charges for services	-	-	-	-	8,400
Utility fees	169,395	-	-	-	1,072,273
Penalties	1,283	-	-	-	6,568
Other receipts	23,258	14,553	18,000	1,487	126,392
Total receipts	<u>193,936</u>	<u>203,222</u>	<u>18,000</u>	<u>1,487</u>	<u>1,527,358</u>
Disbursements:					
Personal services	-	-	-	-	47,836
Supplies	-	-	-	-	12,402
Other services and charges	-	-	-	-	69,651
Debt service - principal and interest	-	169,224	-	-	169,224
Capital outlay	-	-	-	-	11,035
Utility operating expenses	142,166	-	3,100	-	1,021,111
Other disbursements	45,224	-	-	1,170	149,696
Total disbursements	<u>187,390</u>	<u>169,224</u>	<u>3,100</u>	<u>1,170</u>	<u>1,480,955</u>
Excess (deficiency) of receipts over disbursements	<u>6,546</u>	<u>33,998</u>	<u>14,900</u>	<u>317</u>	<u>46,403</u>
Cash and investments - ending	<u>\$ 63,456</u>	<u>\$ 283,216</u>	<u>\$ 81,378</u>	<u>\$ 5,244</u>	<u>\$ 971,809</u>

TOWN OF SPICELAND
 SCHEDULE OF DEBT
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Water:			
Revenue bonds	Infrastructure and water tower	\$ 1,065,000	\$ 144,065
Revenue bonds	Infrastructure and water tower	<u>185,000</u>	<u>22,845</u>
Total Water		<u>1,250,000</u>	<u>166,910</u>
Totals		<u>\$ 1,250,000</u>	<u>\$ 166,910</u>

TOWN OF SPICELAND
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 4,207
Buildings	166,637
Improvements other than buildings	60,564
Machinery, equipment and vehicles	89,785
Total governmental activities	321,193
Electric:	
Land	936
Infrastructure	103,244
Buildings	15,265
Improvements other than buildings	1,405
Machinery, equipment and vehicles	145,199
Total Electric	266,049
Water:	
Land	16,629
Infrastructure	741,606
Buildings	744,241
Machinery, equipment and vehicles	39,661
Construction in progress	951
Total Water	1,543,088
Total capital assets	\$ 2,130,330

TOWN OF SPICELAND
EXAMINATION RESULT AND COMMENT

ORDINANCES AND RESOLUTIONS

The Town has an ordinance concerning water rates. However, the Town did not properly bill high usage customers. A review of the billings showed that all customers with a 3/4" meter with usage of 10,000 gallons and users with a 2" meter with usage over 20,000 gallons were over charged. In addition, it was found that customers with a 1" meter and usage of over 40,000 gallons were under charged.

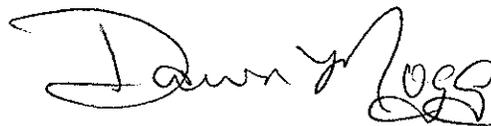
Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF SPICELAND
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2012, with Dawn Mogg, Clerk-Treasurer, and Marita Roberson, President of the Town Council. The Official Response has been made a part of this report and may be found on page 24.

September 20, 2012

In response to the comment from the Audit I would like to clarify what happened in this situation. The town went to a different billing program in 2005. During the time of the billing program being installed and set up on the towns' computers by the programmers of the billing software a mistake was made in setting up the billing. Under different situations some customers were over billed. In talking with the programmers of the software program they found the problems that were causing the mistakes and corrected them while the audit was being prepared. The amounts that were over billed were provided to the clerk treasurer by the software company so the credits could be applied to the accounts that the errors occurred on.

A handwritten signature in black ink that reads "Dawn Mogg". The signature is written in a cursive style with a large, sweeping initial "D" and a stylized "M" and "G" at the end.