

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT

OF

TOWN OF SPICELAND

HENRY COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**

10/02/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dawn Mogg	01-01-04 to 12-31-07
President of the Town Council	Chris Garner	01-01-04 to 12-31-06
Superintendent of Utilities	Jeffrey Lane	01-01-04 to 12-31-06



**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 schedules of receipts, disbursements, and cash and investment balances of the Town of Spiceland (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 7, 2006

TOWN OF SPICELAND  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
<b>Governmental Funds:</b>				
General	\$ 73,533	\$ 142,654	\$ 111,758	\$ 104,429
Motor Vehicle Highway	41,823	25,299	42,663	24,459
Local Road and Street	7,641	14,236	1,975	19,902
Parks and Recreation	1,375	-	-	1,375
Riverboat Fund	5,103	5,089	-	10,192
Rainy Day Fund	20,217	-	-	20,217
Cumulative Capital Improvement	8,314	3,012	6,779	4,547
Fire Department	2,700	-	-	2,700
Fire Insurance	5,257	3,646	3,955	4,948
Cemetery	7,355	29,636	15,255	21,736
<b>Proprietary Funds:</b>				
Water Utility - Operating	51,017	166,280	149,035	68,262
Water Utility - Bond and Interest	154,761	89,750	84,200	160,311
Water Utility - Depreciation	18,585	16,500	5,675	29,410
Water Utility - Customer Deposit	4,697	1,150	940	4,907
Water Utility - Construction	1,168,214	3,684	706,217	465,681
Water Utility - Project Grant	-	12,500	12,500	-
Electric Utility - Operating	148,844	619,498	600,705	167,637
Electric Utility - Depreciation	20,115	16,500	19,175	17,440
Electric Utility - Customer Deposit	14,730	1,620	2,029	14,321
<b>Fiduciary Fund:</b>				
Payroll	3,396	134,967	131,840	6,523
<b>Totals</b>	<u>\$ 1,757,677</u>	<u>\$ 1,286,021</u>	<u>\$ 1,894,701</u>	<u>\$ 1,148,997</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ 104,429	\$ 154,943	\$ 123,007	\$ 136,365
Motor Vehicle Highway	24,459	25,866	26,664	23,661
Local Road and Street	19,902	14,459	7,613	26,748
Parks and Recreation	1,375	-	-	1,375
Riverboat Fund	10,192	5,088	-	15,280
Rainy Day Fund	20,217	-	-	20,217
Cumulative Capital Improvement	4,547	2,795	3,631	3,711
Fire Department	2,700	2,990	5,229	461
Fire Insurance	4,948	14,769	11,022	8,695
Cemetery	21,736	26,310	17,903	30,143
FEMA Grant	-	40,314	40,314	-
<b>Proprietary Funds:</b>				
Water Utility - Operating	68,262	238,320	228,670	77,912
Water Utility - Bond and Interest	160,311	144,258	138,958	165,611
Water Utility - Depreciation	29,410	16,500	9,812	36,098
Water Utility - Customer Deposit	4,907	880	966	4,821
Water Utility - Construction	465,681	2,656	44,990	423,347
Electric Utility - Operating	167,637	739,274	759,064	147,847
Electric Utility - Depreciation	17,440	18,000	-	35,440
Electric Utility - Customer Deposit	14,321	1,550	1,850	14,021
<b>Fiduciary Fund:</b>				
Payroll	6,523	8,367	14,172	718
<b>Totals</b>	<u>\$ 1,148,997</u>	<u>\$ 1,457,339</u>	<u>\$ 1,433,865</u>	<u>\$ 1,172,471</u>

The accompanying notes are an integral part of the schedules.

TOWN OF SPICELAND  
NOTES TO SCHEDULES

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 roads services, culture and recreation, 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 (Indiana Code 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 (Indiana Code 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 SCHEDULES  
(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 (Indiana Code 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.

Note 7. Long-Term Debt

The Town has entered into debt for water utility improvements. The outstanding bond principal at December 31, 2005, was \$1,380,000.

TOWN OF SPICELAND  
EXIT CONFERENCE

The contents of this report were discussed on September 7, 2006, with Dawn Mogg, Clerk-Treasurer; and Chris Garner, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.