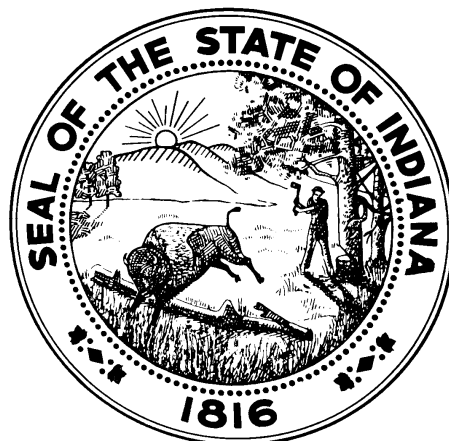


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
TOWN OF SPENCER  
OWEN COUNTY, INDIANA  
January 1, 2006 to December 31, 2006



**FILED**  
12/19/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda Simmerman	01-01-04 to 12-31-07
President of the Town Council	Ed Hodge	01-01-06 to 12-31-07



**STATE OF INDIANA**  
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302 WEST WASHINGTON STREET  
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INDIANAPOLIS, INDIANA 46204-2769

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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SPENCER, OWEN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Spencer (Town), for the period of January 1, 2006 to December 31, 2006. 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 year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 22, 2007

TOWN OF SPENCER  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
<b>Governmental Funds:</b>				
General	\$ 775,566	\$ 906,610	\$ 931,535	\$ 750,641
Motor Vehicle Highway	9,727	104,481	50,551	63,657
Local Road and Street	8,105	10,556	7,227	11,434
Park and Recreation	6,484	5,000	1,053	10,431
Law Enforcement Continuing Education	2,386	2,998	2,964	2,420
Riverboat	47,489	15,782	-	63,271
Rainy Day	90,603	-	-	90,603
Parking Meter	56,578	26,295	21,036	61,837
Cumulative Capital Improvement	136,342	8,960	15,498	129,804
Cumulative Capital Development	56,170	35,500	15,956	75,714
Economic Development Income Tax	425,846	119,468	222,989	322,325
Street Cut Repair	26,771	7,545	990	33,326
Board of Zoning Appeals	3,059	125	330	2,854
Police Reserve	2,538	1,380	143	3,775
Police Training	1,153	425	1,347	231
Safety Equipment	1,049	1,744	1,744	1,049
Cops in School	18,192	38,814	21,583	35,423
Public Relation	1,090	200	195	1,095
Meth Grant CJI Drug Free	622	-	532	90
Canine Police	23	-	23	-
Drug Abuse Education	7,867	-	978	6,889
IF Systems Grant	28	-	-	28
Clay-Vigo-Owen Waste Grant	-	10,000	10,000	-
Street Cut Permit	1,868	561	1,980	449
<b>Proprietary Funds:</b>				
Wastewater Utility - Operating	202,786	563,010	527,711	238,085
Wastewater Utility - Bond and Interest	27,641	109,950	131,106	6,485
Wastewater Utility - Depreciation	236,393	82,349	190	318,552
Wastewater Utility - Debt Service Reserve	131,712	-	-	131,712
<b>Fiduciary Funds:</b>				
Levy Excess	4,829	5,723	4,829	5,723
Payroll	18,066	819,756	824,710	13,112
<b>Totals</b>	<u>\$ 2,300,983</u>	<u>\$ 2,877,232</u>	<u>\$ 2,797,200</u>	<u>\$ 2,381,015</u>

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

TOWN OF SPENCER  
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, health and social services, culture and recreation, 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 SPENCER  
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.

Note 7. Subsequent Event

In 2007, the Town has decided to remodel the existing Town Hall building to better accommodate their needs. The Town has funded this project with the Economic Development Income Tax Fund and will not borrow any additional funds.

Also, in 2007, the Wastewater Utility has started a plant expansion. This project has been funded with Revenue Bonds and a State Revolving Fund Loan.

TOWN OF SPENCER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Fire Truck	\$ 55,270	\$ 12,414
2005 Ford Crown Victoria	7,983	7,983
2006 Dodge Charger	<u>17,168</u>	<u>8,304</u>
Total governmental activities long-term debt	<u>\$ 80,421</u>	<u>\$ 28,701</u>
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1997 Sewage Revenue Bonds	1,221,000	95,000
2007 Sewage Revenue Bonds	<u>313,953</u>	<u>-</u>
Total business-type activities long-term debt:	<u>\$ 1,534,953</u>	<u>\$ 95,000</u>

TOWN OF SPENCER  
EXIT CONFERENCE

The contents of this report were discussed on October 22, 2007, with Linda Simmerman, Clerk-Treasurer; and Ed Hodge, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.