

**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, 2006 to December 31, 2007



**FILED**  
12/31/2008



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Dawn Mogg

01-01-04 to 12-31-11

President of the  
Town Council

Chris Garner  
David French

01-01-06 to 12-31-06  
01-01-07 to 12-31-08



**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, 2006 to December 31, 2007. 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, 2006 and 2007, 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 18, 2008

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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 136,365	\$ 257,244	\$ 340,134	\$ 53,475
Motor Vehicle Highway	23,661	29,443	19,168	33,936
Local Road and Street	26,748	14,367	4,000	37,115
Park and Recreation	1,375	1,833	1,585	1,623
Riverboat	15,280	5,079	12,705	7,654
Rainy Day	20,217	12,000	-	32,217
Cumulative Capital Improvement	3,711	3,043	57	6,697
Fire Department	461	-	-	461
Fire Insurance	8,695	8,568	8,554	8,709
Cemetery	30,143	9,994	5,218	34,919
FEMA Grant	-	32,134	32,134	-
Foundation Grant	-	7,200	6,509	691
Proprietary Funds:				
Water Utility - Operating	77,912	222,783	219,327	81,368
Water Utility - Bond and Interest	165,611	100,681	93,868	172,424
Water Utility - Depreciation	36,098	19,500	3,000	52,598
Water Utility - Customer Deposit	4,821	1,471	1,478	4,814
Water Utility - Construction	423,347	201,358	561,424	63,281
Electric Utility - Operating	147,847	917,361	879,530	185,678
Electric Utility - Depreciation	35,440	19,500	-	54,940
Electric Utility - Customer Deposit	14,021	2,296	3,104	13,213
Fiduciary Fund:				
Payroll	718	-	718	-
Totals	<u>\$ 1,172,471</u>	<u>\$ 1,865,855</u>	<u>\$ 2,192,513</u>	<u>\$ 845,813</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 53,475	\$ 111,827	\$ 86,276	\$ 79,026
Motor Vehicle Highway	33,936	29,103	34,842	28,197
Local Road and Street	37,115	15,255	561	51,809
Park and Recreation	1,623	504	287	1,840
Riverboat	7,654	5,089	-	12,743
Rainy Day	32,217	-	-	32,217
Cumulative Capital Improvement	6,697	2,834	-	9,531
Fire Department	461	-	-	461
Fire Insurance	8,709	3,725	7,882	4,552
Cemetery	34,919	11,660	18,427	28,152
Foundation Grant	691	-	196	495
Proprietary Funds:				
Water Utility - Operating	81,368	188,907	172,584	97,691
Water Utility - Bond and Interest	172,424	135,425	102,309	205,540
Water Utility - Depreciation	52,598	33,000	61,111	24,487
Water Utility - Customer Deposit	4,814	845	1,173	4,486
Water Utility - Construction	63,281	44	62,341	984
Electric Utility - Operating	185,678	841,008	833,541	193,145
Electric Utility - Depreciation	54,940	18,000	-	72,940
Electric Utility - Customer Deposit	13,213	1,811	2,403	12,621
	<u>\$ 845,813</u>	<u>\$ 1,399,037</u>	<u>\$ 1,383,933</u>	<u>\$ 860,917</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.

TOWN OF SPICELAND  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

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, 2007

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 completed in the current and prior years beginning in 2004 have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 4,207
Infrastructure	14,919
Buildings	181,552
Machinery and equipment	<u>98,975</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 299,653</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	1,246,740
Machinery and equipment	<u>247,673</u>
Total Water Utility capital assets	<u>1,553,541</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	936
Capital assets, being depreciated:	
Buildings	15,614
Improvements other than buildings	59,859
Machinery and equipment	<u>303,386</u>
Total Electric Utility capital assets	<u>379,795</u>
Total business-type activities capital assets	<u>\$ 1,933,336</u>

TOWN OF SPICELAND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

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 Waterworks Improvement Revenue Bonds	\$ 1,360,000	\$ 146,265
2006 Waterworks Improvement Revenue Bonds	<u>199,000</u>	<u>13,604</u>
Total business-type activities debt:	<u>\$ 1,559,000</u>	<u>\$ 159,869</u>

TOWN OF SPICELAND  
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2008, with David French, President of the Town Council; and Dawn Mogg, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.