

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

EXAMINATION REPORT

OF

TOWN OF SPURGEON

PIKE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
10/30/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Pam Coberly Dorothy A. Julian	01-01-04 to 02-28-07 03-01-07 to 12-31-07
President of the Town Council	Ira H. Barrett Eric Heaton	01-01-05 to 10-08-06 10-09-06 to 12-31-07
Superintendent of Water Utility	Larry Julian	01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SPURGEON, PIKE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Spurgeon (Town), for the period of January 1, 2005 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 years ended December 31, 2005 and 2006, 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

September 17, 2007

TOWN OF SPURGEON  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 16,140	\$ 16,345	\$ 12,301	\$ 20,184
Motor Vehicle Highway	11,470	6,858	3,967	14,361
Local Road and Street	5,771	996	4,771	1,996
Law Enforcement Continuing Education	65	40	-	105
Riverboat	-	4,298	-	4,298
Rainy Day	3,311	-	2,867	444
Cumulative Capital Improvement	-	702	700	2
Cumulative Capital Development	2,882	-	439	2,443
County Economic Development Income Tax (CEDIT)	1,045	1,335	1,490	890
Fire	16,731	10,000	14,571	12,160
Waste Disposal	25	-	-	25
Proprietary Funds:				
Water Utility - Operating	24,658	74,202	87,412	11,448
Water Utility - Bond and Interest	501	4,400	4,737	164
Water Utility - Debt Reserve	8,413	15,051	233	23,231
Water Utility - Customer Deposit	8,731	1,800	708	9,823
Totals	<u>\$ 99,743</u>	<u>\$ 136,027</u>	<u>\$ 134,196</u>	<u>\$ 101,574</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 20,184	\$ 14,843	\$ 13,424	\$ 21,603
Motor Vehicle Highway	14,361	8,269	4,014	18,616
Local Road and Street	1,996	960	-	2,956
Law Enforcement Continuing Education	105	10	75	40
Riverboat	4,298	1,429	-	5,727
Rainy Day	444	-	-	444
Cumulative Capital Improvement	2	811	812	1
Cumulative Capital Development	2,443	1,342	1,785	2,000
County Economic Development Income Tax (CEDIT)	890	1,459	1,265	1,084
Fire	12,160	14,942	14,493	12,609
Waste Disposal	25	-	-	25
Proprietary Funds:				
Water Utility - Operating	11,448	76,730	73,084	15,094
Water Utility - Bond and Interest	164	5,200	-	5,364
Water Utility - Debt Reserve	23,231	51	3,165	20,117
Water Utility - Customer Deposit	9,823	675	509	9,989
Totals	<u>\$ 101,574</u>	<u>\$ 126,721</u>	<u>\$ 112,626</u>	<u>\$ 115,669</u>

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

TOWN OF SPURGEON  
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 SPURGEON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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 (those reported by governmental activities) are included if acquired (purchased, constructed, or donated) after January 1, 2004, 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	\$ 301
Buildings	25,565
Machinery and equipment	<u>43,000</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>68,866</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 3,209
Buildings	100,000
Improvements other than buildings	517,234
Machinery and equipment	<u>41,466</u>
 Total business-type activities capital assets	 \$ <u>661,909</u>

TOWN OF SPURGEON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

LOANS:

The Town of Spurgeon has entered into the following loans:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Notes and loans payable		
Fire Truck(description of asset leased)	\$ 1,077	\$ 1,077
Business-type Activities:		
Water Utility		
2000 Build Indiana Revolving Loan:		
Line extension to existing lines	\$ 34,554	\$ 4,737

TOWN OF SPURGEON  
EXIT CONFERENCE

The contents of this report were discussed on September 17, 2007, with Dorothy A. Julian, Clerk-Treasurer; and Eric Heaton, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.