

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF SPURGEON

PIKE COUNTY, INDIANA

January 1, 2007 to December 31, 2010



**FILED**  
10/11/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Pam Coberly Dorothy A. Julian	01-01-07 to 02-28-07 03-01-07 to 12-31-14
President of the Town Council	Eric Heaton	01-01-07 to 12-31-11
Superintendent of Water Utility	Larry W. Julian	01-01-07 to 12-31-11



**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 statements of the Town of Spurgeon (Town), for the period of January 1, 2007 to December 31, 2010. The Town's management is responsible for the financial statements. 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 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, 2007, 2008, 2009, and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis for the years ended December 31, 2009 and 2010, 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 financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them. Combining Schedules of Receipts, Disbursements, and Cash and Investments Balances – Regulatory Basis were not presented for the years ended December 31, 2007 or 2008.

This report is intended solely for the information and use of the Town's management and governing board 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 1, 2011

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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 SPURGEON  
STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
General	\$ 21,603	\$ 15,214	\$ 14,602	\$ 22,215
Motor Vehicle Highway	18,616	8,100	5,047	21,669
Local Road and Street	2,956	966	1,147	2,775
Waste Disposal	25	-	-	25
Law Enforcement Continuing Education	40	50	-	90
Riverboat	5,727	1,431	2,250	4,908
Fire	12,609	15,092	16,896	10,805
Rainy Day	444	93	-	537
Levy Excess	-	993	-	993
Cumulative Capital Development	2,000	1,294	456	2,838
Cumulative Capital Improvement	1	797	797	1
County Economic Development Income Tax (CEDIT)	1,084	4,394	2,739	2,739
Wastewater Planning Grant	-	24,000	24,000	-
Water Utility - Operating	15,094	74,728	72,701	17,121
Water Utility - Bond and Interest	5,364	4,800	9,474	690
Water Utility - Debt Reserve	20,117	2,140	17,257	5,000
Water Utility - Customer Deposit	9,989	1,909	1,090	10,808
Water Utility - Improvement	-	17,268	-	17,268
<b>Totals</b>	<b>\$ 115,669</b>	<b>\$ 173,269</b>	<b>\$ 168,456</b>	<b>\$ 120,482</b>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	\$ 22,215	\$ 30,613	\$ 30,291	\$ 22,537
Motor Vehicle Highway	21,669	6,092	5,236	22,525
Local Road and Street	2,775	923	-	3,698
Waste Disposal	25	475	475	25
Law Enforcement Continuing Education	90	30	47	73
Riverboat	4,908	1,424	2,250	4,082
Fire	10,805	15,496	15,092	11,209
Rainy Day	537	180	-	717
Levy Excess	993	-	993	-
Cumulative Capital Development	2,838	1,304	1,430	2,712
Cumulative Capital Improvement	1	738	-	739
County Economic Development Income Tax (CEDIT)	2,739	1,754	-	4,493
Police Donations	-	2,000	1,999	1
Water Utility - Operating	17,121	75,615	66,546	26,190
Water Utility - Bond and Interest	690	4,800	4,737	753
Water Utility - Debt Reserve	5,000	-	-	5,000
Water Utility - Customer Deposit	10,808	1,426	1,311	10,923
Water Utility - Improvement	17,268	1,859	8,703	10,424
<b>Totals</b>	<b>\$ 120,482</b>	<b>\$ 144,729</b>	<b>\$ 139,110</b>	<b>\$ 126,101</b>

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

TOWN OF SPURGEON  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 22,537	\$ 8,899	\$ 16,775	\$ 14,661
Motor Vehicle Highway	22,525	5,948	6,893	21,580
Local Road And Street	3,698	878	-	4,576
Waste Disposal	25	-	-	25
Law Enforcement Continuing Education	73	341	250	164
Riverboat	4,082	1,421	-	5,503
Fire	11,209	23,138	20,896	13,451
Rainy Day	717	156	-	873
Levy Excess	-	398	-	398
Police Donations	1	489	45	445
Cumulative Capital Development	2,712	2	31	2,683
Cumulative Capital Improvement	739	697	-	1,436
County Economic Development Income Tax (CEDIT)	4,493	1,864	-	6,357
Water Utility - Operating	26,190	70,349	80,602	15,937
Water Utility - Bond And Interest	753	4,800	4,737	816
Water Utility - Customer Deposit	10,923	700	469	11,154
Water Utility - Improvement	10,424	15,410	9,352	16,482
Water Utility - Debt Reserve	5,000	-	-	5,000
Totals	<u>\$ 126,101</u>	<u>\$ 135,490</u>	<u>\$ 140,050</u>	<u>\$ 121,541</u>

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

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

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 14,661	\$ 15,679	\$ 19,787	\$ 10,553
Motor Vehicle Highway	21,580	8,888	6,180	24,288
Local Road And Street	4,576	902	-	5,478
Waste Disposal	25	-	-	25
Law Enforcement Continuing Education	164	480	590	54
Riverboat	5,503	1,420	3,493	3,430
Fire	13,451	22,831	25,053	11,229
Rainy Day	873	-	97	776
Levy Excess	398	30	398	30
Police Donations	445	2,299	475	2,269
0% Loan (Sewer Project)	-	60,000	18,288	41,712
Cumulative Capital Development	2,683	-	-	2,683
Cumulative Capital Improvement	1,436	664	1,435	665
County Economic Development Income Tax (CEDIT)	6,357	1,813	637	7,533
Water Utility- Operating	15,937	77,316	73,901	19,352
Water Utility- Bond And Interest	816	4,800	4,737	879
Water Utility- Customer Deposit	11,154	820	747	11,227
Water Utility- Improvement	16,482	878	3,539	13,821
Water Utility- Debt Reserve	5,000	-	-	5,000
Totals	<u>\$ 121,541</u>	<u>\$ 198,820</u>	<u>\$ 159,357</u>	<u>\$ 161,004</u>

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

TOWN OF SPURGEON  
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, culture and recreation, public improvements, general administrative services and water.

The accompanying financial statements present the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

*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, but are not limited to, 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 non businesses 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.

TOWN OF SPURGEON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, 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.

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

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, but are not limited to, 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 SPURGEON  
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 SPURGEON  
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. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

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 prepared and/or approved by management of the Town. It is presented as intended by the Town.

TOWN OF SPURGEON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009

	General	Motor Vehicle Highway	Local Road And Street	Waste Disposal	Law Enforcement Continuing Education	Riverboat	Fire
Cash and investments - beginning	\$ 22,537	\$ 22,525	\$ 3,698	\$ 25	\$ 73	\$ 4,082	\$ 11,209
Receipts:							
Taxes	6,521	-	-	-	-	-	6,734
Licenses and permits	1,023	-	-	-	30	-	821
Intergovernmental	1,027	5,948	878	-	-	1,421	308
Charges for services	-	-	-	-	311	-	13,000
Utility fees	-	-	-	-	-	-	-
Other receipts	328	-	-	-	-	-	2,275
Total receipts	<u>8,899</u>	<u>5,948</u>	<u>878</u>	<u>-</u>	<u>341</u>	<u>1,421</u>	<u>23,138</u>
Disbursements:							
Personal services	8,034	685	-	-	-	-	-
Supplies	2,688	2,616	-	-	-	-	3,975
Other services and charges	5,746	3,592	-	-	250	-	16,861
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	307	-	-	-	-	-	60
Total disbursements	<u>16,775</u>	<u>6,893</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>20,896</u>
Excess (deficiency) of receipts over disbursements	<u>(7,876)</u>	<u>(945)</u>	<u>878</u>	<u>-</u>	<u>91</u>	<u>1,421</u>	<u>2,242</u>
Cash and investments - ending	<u>\$ 14,661</u>	<u>\$ 21,580</u>	<u>\$ 4,576</u>	<u>\$ 25</u>	<u>\$ 164</u>	<u>\$ 5,503</u>	<u>\$ 13,451</u>

TOWN OF SPURGEON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	Rainy Day	Levy Excess	Police Donations	Cumulative Capital Development	Cumulative Capital Improvement	County Economic Development Income Tax (CEDIT)
Cash and investments - beginning	\$ 717	\$ -	\$ 1	\$ 2,712	\$ 739	\$ 4,493
Receipts:						
Taxes	-	-	-	2	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	697	1,864
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	156	398	489	-	-	-
Total receipts	<u>156</u>	<u>398</u>	<u>489</u>	<u>2</u>	<u>697</u>	<u>1,864</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	45	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	31	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>45</u>	<u>31</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>156</u>	<u>398</u>	<u>444</u>	<u>(29)</u>	<u>697</u>	<u>1,864</u>
Cash and investments - ending	<u>\$ 873</u>	<u>\$ 398</u>	<u>\$ 445</u>	<u>\$ 2,683</u>	<u>\$ 1,436</u>	<u>\$ 6,357</u>

TOWN OF SPURGEON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	Water Utility - Operating	Water Utility - Bond And Interest	Water Utility - Customer Deposit	Water Utility - Improvement	Water Utility - Debt Reserve	Totals
Cash and investments - beginning	\$ 26,190	\$ 753	\$ 10,923	\$ 10,424	\$ 5,000	\$ 126,101
Receipts:						
Taxes	-	-	-	-	-	13,257
Licenses and permits	-	-	-	-	-	1,874
Intergovernmental	-	-	-	-	-	12,143
Charges for services	-	-	-	-	-	13,311
Utility fees	70,120	-	-	-	-	70,120
Other receipts	229	4,800	700	15,410	-	24,785
Total receipts	<u>70,349</u>	<u>4,800</u>	<u>700</u>	<u>15,410</u>	<u>-</u>	<u>135,490</u>
Disbursements:						
Personal services	-	-	-	-	-	8,719
Supplies	-	-	-	-	-	9,279
Other services and charges	-	-	-	-	-	26,494
Debt service - principal and interest	-	4,737	-	-	-	4,737
Capital outlay	562	-	-	9,352	-	9,914
Utility operating expenses	59,012	-	469	-	-	59,481
Other disbursements	21,028	-	-	-	-	21,426
Total disbursements	<u>80,602</u>	<u>4,737</u>	<u>469</u>	<u>9,352</u>	<u>-</u>	<u>140,050</u>
Excess (deficiency) of receipts over disbursements	<u>(10,253)</u>	<u>63</u>	<u>231</u>	<u>6,058</u>	<u>-</u>	<u>(4,560)</u>
Cash and investments - ending	<u>\$ 15,937</u>	<u>\$ 816</u>	<u>\$ 11,154</u>	<u>\$ 16,482</u>	<u>\$ 5,000</u>	<u>\$ 121,541</u>

TOWN OF SPURGEON  
 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	Waste Disposal	Law Enforcement Continuing Education	Riverboat	Fire
Cash and investments - beginning	\$ 14,661	\$ 21,580	\$ 4,576	\$ 25	\$ 164	\$ 5,503	\$ 13,451
Receipts:							
Taxes	10,076	2,331	-	-	-	-	2,647
Intergovernmental	3,452	6,557	902	-	400	1,420	767
Charges for services	-	-	-	-	80	-	13,000
Utility fees	-	-	-	-	-	-	-
Other receipts	2,151	-	-	-	-	-	6,417
Total receipts	<u>15,679</u>	<u>8,888</u>	<u>902</u>	<u>-</u>	<u>480</u>	<u>1,420</u>	<u>22,831</u>
Disbursements:							
Personal services	9,071	706	-	-	-	-	-
Supplies	3,457	2,322	-	-	-	-	4,393
Other services and charges	7,259	3,152	-	-	590	3,493	20,660
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>19,787</u>	<u>6,180</u>	<u>-</u>	<u>-</u>	<u>590</u>	<u>3,493</u>	<u>25,053</u>
Excess (deficiency) of receipts over disbursements	<u>(4,108)</u>	<u>2,708</u>	<u>902</u>	<u>-</u>	<u>(110)</u>	<u>(2,073)</u>	<u>(2,222)</u>
Cash and investments - ending	<u>\$ 10,553</u>	<u>\$ 24,288</u>	<u>\$ 5,478</u>	<u>\$ 25</u>	<u>\$ 54</u>	<u>\$ 3,430</u>	<u>\$ 11,229</u>

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

	Rainy Day	Levy Excess	Police Donations	0% Loan (Sewer Project)	Cumulative Capital Development	Cumulative Capital Improvement	County Economic Development Income Tax (Cedit)
Cash and investments - beginning	\$ 873	\$ 398	\$ 445	\$ -	\$ 2,683	\$ 1,436	\$ 6,357
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	60,000	-	664	1,813
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	30	2,299	-	-	-	-
Total receipts	-	30	2,299	60,000	-	664	1,813
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	97	-	-	-	-	-	-
Other services and charges	-	-	475	18,288	-	-	637
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	398	-	-	-	1,435	-
Total disbursements	97	398	475	18,288	-	1,435	637
Excess (deficiency) of receipts over disbursements	(97)	(368)	1,824	41,712	-	(771)	1,176
Cash and investments - ending	\$ 776	\$ 30	\$ 2,269	\$ 41,712	\$ 2,683	\$ 665	\$ 7,533

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

	Water Utility- Operating	Water Utility- Bond And Interest	Water Utility- Customer Deposit	Water Utility- Improvement	Water Utility- Debt Reserve	Totals
Cash and investments - beginning	\$ 15,937	\$ 816	\$ 11,154	\$ 16,482	\$ 5,000	\$ 121,541
Receipts:						
Taxes	-	-	-	-	-	15,054
Intergovernmental	-	-	-	-	-	75,975
Charges for services	-	-	-	-	-	13,080
Utility fees	76,947	-	-	-	-	76,947
Other receipts	369	4,800	820	878	-	17,764
Total receipts	<u>77,316</u>	<u>4,800</u>	<u>820</u>	<u>878</u>	<u>-</u>	<u>198,820</u>
Disbursements:						
Personal services	-	-	-	-	-	9,777
Supplies	-	-	-	-	-	10,269
Other services and charges	-	-	-	-	-	54,554
Debt service - principal and interest	-	4,737	-	-	-	4,737
Capital outlay	190	-	-	2,238	-	2,428
Utility operating expenses	63,327	-	311	-	-	63,638
Other disbursements	10,384	-	436	1,301	-	13,954
Total disbursements	<u>73,901</u>	<u>4,737</u>	<u>747</u>	<u>3,539</u>	<u>-</u>	<u>159,357</u>
Excess (deficiency) of receipts over disbursements	<u>3,415</u>	<u>63</u>	<u>73</u>	<u>(2,661)</u>	<u>-</u>	<u>39,463</u>
Cash and investments - ending	<u>\$ 19,352</u>	<u>\$ 879</u>	<u>\$ 11,227</u>	<u>\$ 13,821</u>	<u>\$ 5,000</u>	<u>\$ 161,004</u>

TOWN OF SPURGEON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2010

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>25,500</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 51,366</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	524,004
Machinery and equipment	<u>41,466</u>
 Total business-type activities capital assets	 <u>\$ 668,679</u>

TOWN OF SPURGEON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal Due Within One Year
Governmental activities:		
Notes and loans payable	<u>\$ 64,148</u>	<u>\$ 2,049</u>
Business-type activities:		
Water Utility:		
Notes and Loans:		
2000 line extension	<u>\$ 10,869</u>	<u>\$ 4,737</u>

TOWN OF SPURGEON  
EXIT CONFERENCE

The contents of this report were discussed on September 1, 2011, with Ronald Beadles, Board member, and Dorothy A. Julian, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.