

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

EXAMINATION REPORT
OF
TOWN OF NORTH LIBERTY
ST. JOSEPH COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED
09/21/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Vicki L. Kitchen	01-01-08 to 12-31-11
President of the Town Council	Timothy M. VanOverberghe	01-01-10 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 NORTH LIBERTY, ST. JOSEPH COUNTY, INDIANA

We have examined the financial statement of the Town of North Liberty (Town), for the period of January 1, 2010 to December 31, 2010. The Town's management is responsible for the financial statement. 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 statement 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 statement referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, the Town Council, 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

August 25, 2011

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FINANCIAL STATEMENT

TOWN OF NORTH LIBERTY
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	\$ 68,712	\$ 512,414	\$ 462,876	\$ 118,250
Petty Cash	100	-	-	100
Cash Change	75	-	-	75
Motor Vehicle Highway	73,912	69,215	60,001	83,126
Local Road And Street	49,843	15,109	14,208	50,744
Park	11,421	16,790	23,966	4,245
Local Law Enf C/E	2,132	1,749	2,134	1,747
ICJI Block Grant	-	6,648	6,616	32
Police Recovery Money	-	851	851	-
Recycling	3,539	13,872	13,150	4,261
Car Seat Grant	200	-	-	200
Rainy Day	9,047	39,702	2,010	46,739
DARE Program	479	-	479	-
Levy Excess	-	1,064	-	1,064
State Grants Operation Pullover	-	3,202	3,202	-
Major Moves	192,630	7,551	-	200,181
Donation	1,942	3,900	4,671	1,171
LOIT - Public Safety	-	45,396	771	44,625
Excess Welfare	15,781	22	-	15,803
Cum Capital Development	13,996	9,436	16,445	6,987
Cum Capital Improvement	16,765	4,105	994	19,876
Co Economic Development	55,768	65,157	32,000	88,925
HUD Money	60,964	172	-	61,136
Payroll	1,008	506,880	502,086	5,802
Solid Waste -Trash	11,146	79,270	71,208	19,208
Wastewater Operation	2,679	393,039	394,666	1,052
Wastewater Bond And Interest	27,212	109,605	108,838	27,979
Wastewater Improvement	25,478	-	-	25,478
Wastewater Deposit	25,718	4,970	3,132	27,556
Wastewater Construction	1,322	-	-	1,322
Wastewater Debt Service	76,898	35,000	-	111,898
Water Operation	50,701	379,907	390,932	39,676
Water Bond And Interest	377,199	136,822	126,424	387,597
Water Improvement/ Tower Paint	95,319	39,210	40,385	94,144
Water Meter Deposit	31,722	5,775	4,471	33,026
Totals	<u>\$ 1,303,708</u>	<u>\$ 2,506,833</u>	<u>\$ 2,286,516</u>	<u>\$ 1,524,025</u>

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

TOWN OF NORTH LIBERTY
NOTES TO FINANCIAL STATEMENT

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, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents 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 nonbusinesses 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 NORTH LIBERTY
NOTES TO FINANCIAL STATEMENT
(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.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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.

TOWN OF NORTH LIBERTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

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 NORTH LIBERTY
NOTES TO FINANCIAL STATEMENT
(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.

Note 6. *Pension Plan*

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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:

TOWN OF NORTH LIBERTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report can be found on the Indiana Transparency Portal website: 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 Report of the Town which is 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 NORTH LIBERTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Petty Cash	Cash Change	Motor Vehicle Highway	Local Road And Street	Park
Cash and investments - beginning	\$ 68,712	\$ 100	\$ 75	\$ 73,912	\$ 49,843	\$ 11,421
Receipts:						
Taxes	399,151	-	-	-	-	14,651
Licenses and permits	90	-	-	-	-	-
Intergovernmental	96,158	-	-	67,300	15,109	1,188
Charges for services	400	-	-	-	-	-
Fines and forfeits	2,423	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	14,192	-	-	1,915	-	951
Total receipts	<u>512,414</u>	<u>-</u>	<u>-</u>	<u>69,215</u>	<u>15,109</u>	<u>16,790</u>
Disbursements:						
Personal services	234,875	-	-	29,889	-	2,519
Supplies	13,222	-	-	11,492	-	745
Other services and charges	181,466	-	-	10,042	-	9,247
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	32,701	-	-	8,578	14,208	11,455
Utility operating expenses	-	-	-	-	-	-
Other disbursements	612	-	-	-	-	-
Total disbursements	<u>462,876</u>	<u>-</u>	<u>-</u>	<u>60,001</u>	<u>14,208</u>	<u>23,966</u>
Excess (deficiency) of receipts over disbursements	<u>49,538</u>	<u>-</u>	<u>-</u>	<u>9,214</u>	<u>901</u>	<u>(7,176)</u>
Cash and investments - ending	<u>\$ 118,250</u>	<u>\$ 100</u>	<u>\$ 75</u>	<u>\$ 83,126</u>	<u>\$ 50,744</u>	<u>\$ 4,245</u>

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

	Local Law Enf C/E	ICJI Block Grant	Police Recovery Money	Recycling	Car Seat Grant	Rainy Day
Cash and investments - beginning	\$ 2,132	\$ -	\$ -	\$ 3,539	\$ 200	\$ 9,047
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	690	-	-	-	-	-
Intergovernmental	-	6,648	-	-	-	-
Charges for services	100	-	-	13,872	-	-
Fines and forfeits	959	-	851	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	39,702
Total receipts	<u>1,749</u>	<u>6,648</u>	<u>851</u>	<u>13,872</u>	<u>-</u>	<u>39,702</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	544	-	-	-	-	-
Other services and charges	1,580	-	851	13,150	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	6,616	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	10	-	-	-	-	2,010
Total disbursements	<u>2,134</u>	<u>6,616</u>	<u>851</u>	<u>13,150</u>	<u>-</u>	<u>2,010</u>
Excess (deficiency) of receipts over disbursements	<u>(385)</u>	<u>32</u>	<u>-</u>	<u>722</u>	<u>-</u>	<u>37,692</u>
Cash and investments - ending	<u>\$ 1,747</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 4,261</u>	<u>\$ 200</u>	<u>\$ 46,739</u>

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

	DARE Program	Levy Excess	State Grants Operation Pullover	Major Moves	Donation	LOIT - Public Safety
Cash and investments - beginning	\$ 479	\$ -	\$ -	\$ 192,630	\$ 1,942	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	3,202	-	-	45,396
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	1,064	-	7,551	3,900	-
Total receipts	<u>-</u>	<u>1,064</u>	<u>3,202</u>	<u>7,551</u>	<u>3,900</u>	<u>45,396</u>
Disbursements:						
Personal services	-	-	3,202	-	-	-
Supplies	479	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,800	771
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	2,871	-
Total disbursements	<u>479</u>	<u>-</u>	<u>3,202</u>	<u>-</u>	<u>4,671</u>	<u>771</u>
Excess (deficiency) of receipts over disbursements	<u>(479)</u>	<u>1,064</u>	<u>-</u>	<u>7,551</u>	<u>(771)</u>	<u>44,625</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,064</u>	<u>\$ -</u>	<u>\$ 200,181</u>	<u>\$ 1,171</u>	<u>\$ 44,625</u>

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

	Excess Welfare	Cum Capital Development	Cum Capital Improvement	Co Economic Development	HUD Money	Payroll
Cash and investments - beginning	\$ 15,781	\$ 13,996	\$ 16,765	\$ 55,768	\$ 60,964	\$ 1,008
Receipts:						
Taxes	-	7,253	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	22	535	4,105	65,157	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	1,648	-	-	172	506,880
Total receipts	<u>22</u>	<u>9,436</u>	<u>4,105</u>	<u>65,157</u>	<u>172</u>	<u>506,880</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	16,445	994	22,000	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	10,000	-	502,086
Total disbursements	<u>-</u>	<u>16,445</u>	<u>994</u>	<u>32,000</u>	<u>-</u>	<u>502,086</u>
Excess (deficiency) of receipts over disbursements	<u>22</u>	<u>(7,009)</u>	<u>3,111</u>	<u>33,157</u>	<u>172</u>	<u>4,794</u>
Cash and investments - ending	<u>\$ 15,803</u>	<u>\$ 6,987</u>	<u>\$ 19,876</u>	<u>\$ 88,925</u>	<u>\$ 61,136</u>	<u>\$ 5,802</u>

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

	Solid Waste -Trash	Wastewater Operation	Wastewater Bond And Interest	Wastewater Improvement	Wastewater Deposit	Wastewater Construction
Cash and investments - beginning	\$ 11,146	\$ 2,679	\$ 27,212	\$ 25,478	\$ 25,718	\$ 1,322
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	77,610	361,232	-	-	-	-
Penalties	1,660	6,967	-	-	-	-
Other receipts	-	24,840	109,605	-	4,970	-
Total receipts	<u>79,270</u>	<u>393,039</u>	<u>109,605</u>	<u>-</u>	<u>4,970</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	35,000	108,838	-	-	-
Capital outlay	-	15,487	-	-	-	-
Utility operating expenses	71,208	234,575	-	-	3,132	-
Other disbursements	-	109,604	-	-	-	-
Total disbursements	<u>71,208</u>	<u>394,666</u>	<u>108,838</u>	<u>-</u>	<u>3,132</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8,062</u>	<u>(1,627)</u>	<u>767</u>	<u>-</u>	<u>1,838</u>	<u>-</u>
Cash and investments - ending	<u>\$ 19,208</u>	<u>\$ 1,052</u>	<u>\$ 27,979</u>	<u>\$ 25,478</u>	<u>\$ 27,556</u>	<u>\$ 1,322</u>

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

	Wastewater Debt Service	Water Operation	Water Bond And Interest	Water Improvement/ Tower Paint	Water Meter Deposit	Totals
Cash and investments - beginning	\$ 76,898	\$ 50,701	\$ 377,199	\$ 95,319	\$ 31,722	\$ 1,303,708
Receipts:						
Taxes	-	-	-	-	-	421,055
Licenses and permits	-	-	-	-	-	780
Intergovernmental	-	-	-	-	-	304,820
Charges for services	-	-	-	-	-	14,372
Fines and forfeits	-	-	-	-	-	4,233
Utility fees	-	274,301	-	-	-	713,143
Penalties	-	84,188	-	-	-	92,815
Other receipts	35,000	21,418	136,822	39,210	5,775	955,615
Total receipts	35,000	379,907	136,822	39,210	5,775	2,506,833
Disbursements:						
Personal services	-	-	-	-	-	270,485
Supplies	-	-	-	-	-	26,482
Other services and charges	-	-	-	-	-	216,336
Debt service - principal and interest	-	-	126,424	-	-	270,262
Capital outlay	-	29,944	-	40,385	-	201,384
Utility operating expenses	-	174,195	-	-	4,467	487,577
Other disbursements	-	186,793	-	-	4	813,990
Total disbursements	-	390,932	126,424	40,385	4,471	2,286,516
Excess (deficiency) of receipts over disbursements	35,000	(11,025)	10,398	(1,175)	1,304	220,317
Cash and investments - ending	\$ 111,898	\$ 39,676	\$ 387,597	\$ 94,144	\$ 33,026	\$ 1,524,025

TOWN OF NORTH LIBERTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
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 regardless of their acquisition date or amount. 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.

	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 17,018
Infrastructure	1,330,433
Buildings	27,860
Improvements	5,025
Machinery and equipment	139,277
Total governmental activities, capital assets not being depreciated	\$ 1,519,613
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 13,875
Buildings	194,594
Improvements other than buildings	2,564,976
Machinery and equipment	290,693
Total Water Utility capital assets	3,064,138
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	18,220
Buildings	205,976
Improvements other than buildings	1,853,242
Machinery and equipment	259,264
Total Wastewater Utility capital assets	2,336,702
Total business-type activities capital assets	\$ 5,400,840

TOWN OF NORTH LIBERTY
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 and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Plow truck	\$ 4,207	\$ 2,236
Business-type activities:		
Water Utility:		
Capital leases:		
Plow truck	\$ 4,207	\$ 2,236
Revenue bonds:		
1974 Waterworks improvements	109,000	31,450
1999 Waterworks improvements	110,000	40,009
2003 Waterworks improvements	<u>659,000</u>	<u>38,453</u>
Total Water Utility	<u>882,207</u>	<u>112,148</u>
Wastewater Utility:		
Capital leases:		
Plow truck	4,207	2,236
Revenue bonds:		
2006 Sewage works revenue	<u>400,000</u>	<u>110,508</u>
Total Wastewater Utility	<u>404,207</u>	<u>112,744</u>
Total business-type activities debt	<u>\$ 1,286,414</u>	<u>\$ 224,892</u>

TOWN OF NORTH LIBERTY
EXAMINATION RESULTS AND COMMENTS

INVESTMENT REGISTER

The investment register provided for our examination included numerous errors. Examples include a \$100,000 investment shown matured December 16, 2010, but the actual maturity appears to be a year later; a \$7,500 investment with no description; and numerous investments showing maturities that are several years past, such as November 7, 2003, and November 28, 2004.

The investment register listed several money market accounts, but did not identify the bank for some accounts, making it difficult to verify to bank statements. The current investment register shows both certificates of deposit and money market accounts as part of the same investment.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPORTING DOCUMENTATION

Payments to the Town Attorney were not adequately supported by itemized invoices. In one example, a \$16,945 payment invoice listed dates and description of services performed, but did not show hours or rate of pay, only a total amount due. The Town made payments totaling \$25,915 to the Town Attorney during 2010. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF NORTH LIBERTY
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2011, with Vicki L. Kitchen, Clerk-Treasurer, and with Timothy M. VanOverberghe, President of the Town Council. The officials concurred with our findings.