

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF NORTH MANCHESTER

WABASH COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
10/15/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carrie C. Mugford	01-01-08 to 12-31-15
Town Manager	Daniel A. Hannaford	01-01-11 to 12-31-12
President of the Town Council	Christopher W. Garber	01-01-11 to 12-31-12
Superintendent of Utilities	John G. Mugford	01-01-11 to 12-31-12



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF NORTH MANCHESTER, WABASH COUNTY, INDIANA

We have examined the accompanying financial statement of the Town of North Manchester (Town), for the year ended December 31, 2011. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement 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 statement 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.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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, Town Council, and others within the entity 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 13, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were prepared by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF NORTH MANCHESTER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 163,598	\$ 1,619,765	\$ 1,729,456	\$ 53,907
Motor Vehicle Highway	160,855	302,313	402,105	61,063
Local Road and Street	148,977	24,730	-	173,707
Emergency Medical Services	44,557	252,686	243,993	53,250
Sanitation Revenue	98,934	291,302	329,314	60,922
Law Enforcement Continuing Education	13,458	3,223	4,000	12,681
Riverboat	222,107	40,920	90,406	172,621
Emergency Telephone System	176,466	1,500	77,107	100,859
Parks and Recreation	94,231	353,534	302,130	145,635
Rainy Day	488,980	3,312	176,991	315,301
Levy Excess	4,999	-	4,999	-
Cumulative Capital Development	229,587	24,233	55,969	197,851
Cumulative Fire and Building	59,355	32,785	41,412	50,728
Cumulative Capital Improvement	140,104	19,366	21,870	137,600
Economic Development Income Tax	757,619	348,910	355,264	751,265
Town Court	645	10,038	10,683	-
Park Revolving	8,569	1,810	989	9,390
Ordinance Enforcement Expense	3,533	1,105	355	4,283
Police Tactical Equipment	923	-	-	923
Sidewalk Replacement	35,419	5,340	18,842	21,917
Debt Service	10,448	162,399	146,303	26,544
Fire Fighting Equipment	2,748	-	-	2,748
Frantz Park Donation	778	-	-	778
Halderman Park Donation	40	-	-	40
Police Donation	9,955	2,506	1,419	11,042
Pool Donation	5,625	23,148	3,827	24,946
Pool Membership Donation	167	-	-	167
Scout Hall Donation	2,154	100	667	1,587
Seward Building Donation	678	-	-	678
Walrod Memorial Tree	5,388	1,700	1,500	5,588
Warvel Park Donation	2,063	3,535	1,137	4,461
Payroll	13,195	510,351	509,027	14,519
Court Cost Due County	605	798	658	745
Street Deposit and Refund	8,904	656	-	9,560
User Fee	1,228	1,416	1,256	1,388
Storm Water Operating	38,446	218,357	164,340	92,463
Storm Water Bond and Interest	39,550	85,812	86,890	38,472
Storm Water Improvement	294,881	3,602	-	298,483
Storm Water Debt Service Reserve	69,424	346	5,923	63,847
Wastewater Operating	95,631	717,625	713,292	99,964
Wastewater Bond and Interest	7,827	265,534	273,288	73
Wastewater Improvement	373,191	4,559	-	377,750
Wastewater Debt Service Reserve	154,309	743	155,052	-
Water Operating	106,816	1,004,248	985,953	125,111
Water Bond and Interest	118,537	281,083	284,012	115,608
Water Improvement	353,573	104,355	-	457,928
Water Customer Deposit	43,789	17,815	17,355	44,249
Water Debt Service Reserve	201,597	23,932	-	225,529
Totals	<u>\$ 4,814,463</u>	<u>\$ 6,771,492</u>	<u>\$ 7,217,784</u>	<u>\$ 4,368,171</u>

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

TOWN OF NORTH MANCHESTER
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, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is 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 statement. The aggregate receipts include 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.

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

TOWN OF NORTH MANCHESTER
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The aggregate disbursements include 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.

Utility operating expenses which include all outflows for operating the utilities.

TOWN OF NORTH MANCHESTER
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

TOWN OF NORTH MANCHESTER
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement 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 approved by management of the Town. It is presented as intended by the Town.

TOWN OF NORTH MANCHESTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road and Street	Emergency Medical Services	Sanitation Revenue	Law Enforcement Continuing Education	Riverboat
Cash and investments - beginning	\$ 163,598	\$ 160,855	\$ 148,977	\$ 44,557	\$ 98,934	\$ 13,458	\$ 222,107
Receipts:							
Taxes	1,020,376	123,527	-	-	-	-	-
Licenses and permits	8,212	-	-	-	-	1,600	-
Intergovernmental	551,925	174,364	23,111	-	-	-	39,175
Charges for services	1,200	600	-	252,078	289,328	898	-
Fines and forfeits	2,967	-	-	-	-	436	-
Utility fees	-	-	-	-	-	-	-
Other receipts	35,085	3,822	1,619	608	1,974	289	1,745
Total receipts	<u>1,619,765</u>	<u>302,313</u>	<u>24,730</u>	<u>252,686</u>	<u>291,302</u>	<u>3,223</u>	<u>40,920</u>
Disbursements:							
Personal services	1,156,609	221,730	-	3,536	44,487	-	-
Supplies	40,435	154,020	-	-	-	4,000	-
Other services and charges	502,943	26,355	-	240,457	284,827	-	27,806
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	10,144	-	-	-	-	-	62,600
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	19,325	-	-	-	-	-	-
Total disbursements	<u>1,729,456</u>	<u>402,105</u>	<u>-</u>	<u>243,993</u>	<u>329,314</u>	<u>4,000</u>	<u>90,406</u>
Excess (deficiency) of receipts over disbursements	<u>(109,691)</u>	<u>(99,792)</u>	<u>24,730</u>	<u>8,693</u>	<u>(38,012)</u>	<u>(777)</u>	<u>(49,486)</u>
Cash and investments - ending	<u>\$ 53,907</u>	<u>\$ 61,063</u>	<u>\$ 173,707</u>	<u>\$ 53,250</u>	<u>\$ 60,922</u>	<u>\$ 12,681</u>	<u>\$ 172,621</u>

TOWN OF NORTH MANCHESTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Emergency Telephone System	Parks and Recreation	Rainy Day	Levy Excess	Cumulative Capital Development	Cumulative Fire and Building
Cash and investments - beginning	\$ 176,466	\$ 94,231	\$ 488,980	\$ 4,999	\$ 229,587	\$ 59,355
Receipts:						
Taxes	-	216,534	-	-	20,218	29,834
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	18,575	-	-	1,739	2,566
Charges for services	-	115,829	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,500	2,596	3,312	-	2,276	385
Total receipts	<u>1,500</u>	<u>353,534</u>	<u>3,312</u>	<u>-</u>	<u>24,233</u>	<u>32,785</u>
Disbursements:						
Personal services	77,107	206,046	-	-	-	-
Supplies	-	11,834	-	-	-	-
Other services and charges	-	70,855	170,840	-	20,000	-
Debt service - principal and interest	-	-	-	-	-	41,412
Capital outlay	-	13,395	6,151	-	35,969	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	4,999	-	-
Total disbursements	<u>77,107</u>	<u>302,130</u>	<u>176,991</u>	<u>4,999</u>	<u>55,969</u>	<u>41,412</u>
Excess (deficiency) of receipts over disbursements	<u>(75,607)</u>	<u>51,404</u>	<u>(173,679)</u>	<u>(4,999)</u>	<u>(31,736)</u>	<u>(8,627)</u>
Cash and investments - ending	<u>\$ 100,859</u>	<u>\$ 145,635</u>	<u>\$ 315,301</u>	<u>\$ -</u>	<u>\$ 197,851</u>	<u>\$ 50,728</u>

TOWN OF NORTH MANCHESTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cumulative Capital Improvement	Economic Development Income Tax	Town Court	Park Revolving	Ordinance Enforcement Expense	Police Tactical Equipment
Cash and investments - beginning	\$ 140,104	\$ 757,619	\$ 645	\$ 8,569	\$ 3,533	\$ 923
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	17,977	124,467	-	-	-	-
Charges for services	-	21,600	-	1,810	-	-
Fines and forfeits	-	-	10,038	-	1,105	-
Utility fees	-	-	-	-	-	-
Other receipts	1,389	202,843	-	-	-	-
Total receipts	<u>19,366</u>	<u>348,910</u>	<u>10,038</u>	<u>1,810</u>	<u>1,105</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	78,458	-	-	355	-
Other services and charges	21,870	14,959	-	989	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	246,847	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	15,000	10,683	-	-	-
Total disbursements	<u>21,870</u>	<u>355,264</u>	<u>10,683</u>	<u>989</u>	<u>355</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,504)</u>	<u>(6,354)</u>	<u>(645)</u>	<u>821</u>	<u>750</u>	<u>-</u>
Cash and investments - ending	<u>\$ 137,600</u>	<u>\$ 751,265</u>	<u>\$ -</u>	<u>\$ 9,390</u>	<u>\$ 4,283</u>	<u>\$ 923</u>

TOWN OF NORTH MANCHESTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Sidewalk Replacement	Debt Service	Fire Fighting Equipment	Frantz Park Donation	Halderman Park Donation	Police Donation
Cash and investments - beginning	\$ 35,419	\$ 10,448	\$ 2,748	\$ 778	\$ 40	\$ 9,955
Receipts:						
Taxes	-	149,539	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	12,860	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	5,147	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	193	-	-	-	-	2,506
Total receipts	<u>5,340</u>	<u>162,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,506</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	1,419
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	144,379	-	-	-	-
Capital outlay	18,842	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	1,924	-	-	-	-
Total disbursements	<u>18,842</u>	<u>146,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,419</u>
Excess (deficiency) of receipts over disbursements	<u>(13,502)</u>	<u>16,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,087</u>
Cash and investments - ending	<u>\$ 21,917</u>	<u>\$ 26,544</u>	<u>\$ 2,748</u>	<u>\$ 778</u>	<u>\$ 40</u>	<u>\$ 11,042</u>

TOWN OF NORTH MANCHESTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Pool Donation	Pool Membership Donation	Scout Hall Donation	Seward Building Donation	Walrod Memorial Tree	Warvel Park Donation
Cash and investments - beginning	\$ 5,625	\$ 167	\$ 2,154	\$ 678	\$ 5,388	\$ 2,063
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	1,700	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	23,148	-	100	-	-	3,535
Total receipts	<u>23,148</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>1,700</u>	<u>3,535</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	3,054	-	667	-	-	1,137
Other services and charges	773	-	-	-	1,500	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>3,827</u>	<u>-</u>	<u>667</u>	<u>-</u>	<u>1,500</u>	<u>1,137</u>
Excess (deficiency) of receipts over disbursements	<u>19,321</u>	<u>-</u>	<u>(567)</u>	<u>-</u>	<u>200</u>	<u>2,398</u>
Cash and investments - ending	<u>\$ 24,946</u>	<u>\$ 167</u>	<u>\$ 1,587</u>	<u>\$ 678</u>	<u>\$ 5,588</u>	<u>\$ 4,461</u>

TOWN OF NORTH MANCHESTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Payroll	Court Cost Due County	Street Deposit and Refund	User Fee	Storm Water Operating	Storm Water Bond and Interest
Cash and investments - beginning	\$ 13,195	\$ 605	\$ 8,904	\$ 1,228	\$ 38,446	\$ 39,550
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	656	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	798	-	1,416	-	-
Utility fees	-	-	-	-	211,448	-
Other receipts	510,351	-	-	-	6,909	85,812
Total receipts	510,351	798	656	1,416	218,357	85,812
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	86,890
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	78,684	-
Other disbursements	509,027	658	-	1,256	85,656	-
Total disbursements	509,027	658	-	1,256	164,340	86,890
Excess (deficiency) of receipts over disbursements	1,324	140	656	160	54,017	(1,078)
Cash and investments - ending	\$ 14,519	\$ 745	\$ 9,560	\$ 1,388	\$ 92,463	\$ 38,472

TOWN OF NORTH MANCHESTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Storm Water Improvement	Storm Water Debt Service Reserve	Wastewater Operating	Wastewater Bond and Interest	Wastewater Improvement	Wastewater Debt Service Reserve
Cash and investments - beginning	\$ 294,881	\$ 69,424	\$ 95,631	\$ 7,827	\$ 373,191	\$ 154,309
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	686,797	-	-	-
Other receipts	3,602	346	30,828	265,534	4,559	743
Total receipts	<u>3,602</u>	<u>346</u>	<u>717,625</u>	<u>265,534</u>	<u>4,559</u>	<u>743</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	262,386	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	597,325	-	-	-
Other disbursements	-	5,923	115,967	10,902	-	155,052
Total disbursements	<u>-</u>	<u>5,923</u>	<u>713,292</u>	<u>273,288</u>	<u>-</u>	<u>155,052</u>
Excess (deficiency) of receipts over disbursements	<u>3,602</u>	<u>(5,577)</u>	<u>4,333</u>	<u>(7,754)</u>	<u>4,559</u>	<u>(154,309)</u>
Cash and investments - ending	<u>\$ 298,483</u>	<u>\$ 63,847</u>	<u>\$ 99,964</u>	<u>\$ 73</u>	<u>\$ 377,750</u>	<u>\$ -</u>

TOWN OF NORTH MANCHESTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Operating	Water Bond and Interest	Water Improvement	Water Customer Deposit	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 106,816	\$ 118,537	\$ 353,573	\$ 43,789	\$ 201,597	\$ 4,814,463
Receipts:						
Taxes	-	-	-	-	-	1,560,028
Licenses and permits	-	-	-	-	-	10,468
Intergovernmental	-	-	-	-	-	966,759
Charges for services	-	-	-	-	-	685,043
Fines and forfeits	-	-	-	-	-	21,907
Utility fees	990,888	-	-	-	-	1,889,133
Other receipts	13,360	281,083	104,355	17,815	23,932	1,638,154
Total receipts	<u>1,004,248</u>	<u>281,083</u>	<u>104,355</u>	<u>17,815</u>	<u>23,932</u>	<u>6,771,492</u>
Disbursements:						
Personal services	-	-	-	-	-	1,709,515
Supplies	-	-	-	-	-	295,379
Other services and charges	-	-	-	-	-	1,384,174
Debt service - principal and interest	-	280,012	-	-	-	815,079
Capital outlay	-	-	-	-	-	393,948
Utility operating expenses	580,737	-	-	17,355	-	1,274,101
Other disbursements	405,216	4,000	-	-	-	1,345,588
Total disbursements	<u>985,953</u>	<u>284,012</u>	<u>-</u>	<u>17,355</u>	<u>-</u>	<u>7,217,784</u>
Excess (deficiency) of receipts over disbursements	<u>18,295</u>	<u>(2,929)</u>	<u>104,355</u>	<u>460</u>	<u>23,932</u>	<u>(446,292)</u>
Cash and investments - ending	<u>\$ 125,111</u>	<u>\$ 115,608</u>	<u>\$ 457,928</u>	<u>\$ 44,249</u>	<u>\$ 225,529</u>	<u>\$ 4,368,171</u>

TOWN OF NORTH MANCHESTER
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 136,258	\$ 38,822
Storm Water	261	17,664
Wastewater	6,904	65,877
Water	<u>9,777</u>	<u>70,377</u>
Totals	<u>\$ 153,200</u>	<u>\$ 192,740</u>

TOWN OF NORTH MANCHESTER
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
E-One Inc.	E-One Typhoon Pumper	\$ 41,412	06-09-07	06-09-12
North Manchester Building Corporation	Public Safety Complex	<u>144,379</u>	07-15-99	01-15-14
Total of annual lease payments		<u>\$ 185,791</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Storm Water:			
Revenue bonds	Refunding Revenue Bonds of 2007	\$ 345,000	\$ 83,929
Water:			
Notes and loans payable	State Revolving Fund Loan 2009	2,774,824	127,469
Notes and loans payable	State Revolving Fund Loan 2000	<u>829,000</u>	<u>152,113</u>
Total Water		<u>3,603,824</u>	<u>279,582</u>
Totals		<u>\$ 3,948,824</u>	<u>\$ 363,511</u>

TOWN OF NORTH MANCHESTER
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 620,044
Infrastructure	779,261
Buildings	2,794,018
Improvements other than buildings	306,892
Machinery, equipment and vehicles	2,797,452
Construction in progress	331,156
Total governmental activities	7,628,823
Storm Water:	
Buildings	208,454
Improvements other than buildings	2,313,977
Machinery, equipment and vehicles	64,179
Total Storm Water	2,586,610
Wastewater:	
Land	26,977
Buildings	2,047,076
Improvements other than buildings	1,465,639
Machinery, equipment and vehicles	725,920
Total Wastewater	4,265,612
Water:	
Land	84,980
Buildings	1,994,713
Improvements other than buildings	6,065,079
Machinery, equipment and vehicles	267,157
Total Water	8,411,929
Total capital assets	\$ 22,892,974

TOWN OF NORTH MANCHESTER
EXAMINATION RESULTS AND COMMENTS

PARK DEPARTMENT DEPOSITS

The Strauss Peabody Aquatic and Fitness Center opened for daily operation on December 12, 2011. New software was implemented to process daily fees charged for various park department services. Receipts from nine different dates during the time period of December 12, 2011 through December 31, 2011, were deposited anywhere from two days to thirty-three days late. In addition, two receipts during this time period were not deposited in the same form in which they were received.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories: (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

Public funds deposited should be deposited in the same form in which they were received. This simply means all daily receipts received by the political subdivision should be deposited intact. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION FOR ELECTED OFFICIAL

On December 15, 2010, the Town adopted General Ordinance No. 5, 2010 establishing the 2011 salaries for elected and non-elected employees of the Town of North Manchester. On December 7, 2011, the Town approved General Ordinance #11, 2011 granting a 2 percent year-end bonus to nonelected employees and the Clerk-Treasurer.

Indiana Code 36-5-3-2 (c) states: "The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year."

Beginning with the September 19, 2012 payroll, the Clerk-Treasurer will reduce her remaining 2012 salary by the amount received as a result of the 2 percent bonus.

TOWN OF NORTH MANCHESTER
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2012, with Carrie C. Mugford, Clerk-Treasurer; Daniel A. Hannaford, Town Manager; and Christopher W. Garber, President of the Town Council.