

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF NORTH MANCHESTER  
WABASH COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
05/30/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carrie C. Mugford	01-01-12 to 12-31-15
President of the Town Council	Christopher W. Garber	01-01-13 to 12-31-14
Town Manager	Daniel A. Hannaford	01-01-13 to 12-31-14



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

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

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Town of North Manchester (Town), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2013.

***Opinion on Regulatory Basis of Accounting***

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, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 23, 2014, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit 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 auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

April 23, 2014



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Town of North Manchester (Town), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated April 23, 2014, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

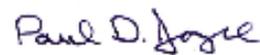
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 23, 2014

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved 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, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 195,218	\$ 1,689,425	\$ 1,769,409	\$ 115,234
Motor Vehicle Highway	88,175	404,738	445,018	47,895
Local Road And Street	101,395	27,620	-	129,015
Emergency Medical Services	61,309	252,652	243,168	70,793
Sanitation Revenue	32,287	291,836	302,272	21,851
Community Development	80,000	225	-	80,225
Law Enforcement Continuing Education	12,024	3,165	324	14,865
Riverboat	209,666	37,746	62	247,350
Emergency Telephone System	59,980	129	58,827	1,282
Parks And Recreation	92	568,621	543,308	25,405
Rainy Day	184,834	1,347	25,344	160,837
Levy Excess	30,402	-	30,402	-
Cumulative Capital Development	173,046	22,066	7,201	187,911
Cinergy Metronet Allocation Redevelopment	-	37,644	1,595	36,049
Cumulative Fire	17,739	48,432	33,760	32,411
Cumulative Capital Improvement	74,944	16,823	39,547	52,220
County Economic Development Income Tax	639,777	175,805	211,742	603,840
Park Revolving	1,237	6,076	7,308	5
Ordinance Enforcement Expense	4,183	750	701	4,232
Police Tactical Equipment	68	-	-	68
Sidewalk Replacement	5,145	4,468	8,033	1,580
Debt Service	36,981	188,171	229,289	(4,137)
Fire Fighting Equipment	2,748	-	-	2,748
Frantz Park Donation	778	-	778	-
Halderman Park Donation	40	-	40	-
Police Donation	21,183	93	-	21,276
Pool Donation	27,625	12,446	17,179	22,892
Pool Membership Donation	117	-	-	117
Scout Hall Donation	3,186	-	-	3,186
Walrod Memorial Tree	5,663	1,425	1,500	5,588
Warvel Park Donation	4,461	-	-	4,461
Payroll	3,032	561,670	561,948	2,754
Court Cost Due County	759	-	560	199
Street Cut Deposit And Refund	9,199	6,194	4,219	11,174
User Fee	1,392	-	140	1,252
Storm Water Operating	111,381	210,679	259,145	62,915
Storm Water Bond And Interest	37,311	89,020	85,966	40,365
Storm Water Improvement	142,059	150,649	-	292,708
Storm Water Debt Service Reserve	63,944	338	-	64,282
Wastewater Debt Service Reserve	-	28,854	-	28,854
Wastewater Construction In Progress	-	2,116,136	2,116,136	-
Wastewater Operating	212,642	885,658	903,466	194,834
Wastewater Bond And Interest	-	112,143	1,544	110,599
Wastewater Improvement	241,119	245,521	73,920	412,720
Water Operating	152,753	995,534	934,804	213,483
Water Bond And Interest	70,675	280,150	279,036	71,789
Water Improvement	601,630	4,270	-	605,900
Water Customer Deposit	46,779	22,863	15,790	53,852
Water Debt Service Reserve	249,460	23,931	-	273,391
Totals	<u>\$ 4,018,438</u>	<u>\$ 9,525,313</u>	<u>\$ 9,213,481</u>	<u>\$ 4,330,270</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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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, building and planning permits, demolition 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,

TOWN OF NORTH MANCHESTER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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, 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, recycling 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.

Penalties which include fees received for late payments.

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.

TOWN OF NORTH MANCHESTER  
NOTES TO FINANCIAL STATEMENT  
(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 NORTH MANCHESTER  
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 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

TOWN OF NORTH MANCHESTER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficit**

The financial statement contains a fund with a deficit in cash. This is a result of a shortfall in tax revenue.

**Note 8. Holding Corporations**

The Town has entered into capital leases with North Manchester Building Corporation and North Manchester Redevelopment Authority as lessors. The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Town. The lessors have been determined to be related parties of the Town. Lease payments during the year 2013 totaled \$144,484 and \$86,000, respectively.

**Note 9. Subsequent Events**

The Town has entered into an agreement to accept sewage from the Laketon Area Regional Sewer District (District). The District is scheduled to begin construction on sewage lines to the Town in the spring of 2014. The District will pay the Town for accepting the sewage and processing it at the Town's filtration plant.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor'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, 2013

	General	Motor Vehicle Highway	Local Road And Street	Emergency Medical Services	Sanitation Revenue	Community Development	Law Enforcement Continuing Education
Cash and investments - beginning	\$ 195,218	\$ 88,175	\$ 101,395	\$ 61,309	\$ 32,287	\$ 80,000	\$ 12,024
Receipts:							
Taxes	726,555	208,755	-	127,500	-	-	-
Licenses and permits	4,940	-	-	-	-	-	1,590
Intergovernmental	904,474	191,600	26,770	-	-	-	-
Charges for services	1,200	-	-	124,690	291,459	-	1,013
Fines and forfeits	15,246	-	-	-	-	-	562
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	37,010	4,383	850	462	377	225	-
Total receipts	<u>1,689,425</u>	<u>404,738</u>	<u>27,620</u>	<u>252,652</u>	<u>291,836</u>	<u>225</u>	<u>3,165</u>
Disbursements:							
Personal services	1,189,775	225,475	-	3,683	41,452	-	-
Supplies	56,307	178,360	-	2,031	7,374	-	324
Other services and charges	476,212	41,183	-	1,102	253,446	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	27,345	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	19,770	-	-	236,352	-	-	-
Total disbursements	<u>1,769,409</u>	<u>445,018</u>	<u>-</u>	<u>243,168</u>	<u>302,272</u>	<u>-</u>	<u>324</u>
Excess (deficiency) of receipts over disbursements	<u>(79,984)</u>	<u>(40,280)</u>	<u>27,620</u>	<u>9,484</u>	<u>(10,436)</u>	<u>225</u>	<u>2,841</u>
Cash and investments - ending	<u>\$ 115,234</u>	<u>\$ 47,895</u>	<u>\$ 129,015</u>	<u>\$ 70,793</u>	<u>\$ 21,851</u>	<u>\$ 80,225</u>	<u>\$ 14,865</u>

TOWN OF NORTH MANCHESTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Riverboat	Emergency Telephone System	Parks And Recreation	Rainy Day	Levy Excess	Cumulative Capital Development	Cinergy Metronet Allocation Redevelopment
Cash and investments - beginning	\$ 209,666	\$ 59,980	\$ 92	\$ 184,834	\$ 30,402	\$ 173,046	\$ -
Receipts:							
Taxes	-	-	311,497	-	-	19,148	37,555
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	36,207	-	25,873	-	-	1,590	-
Charges for services	-	-	222,891	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,539	129	8,360	1,347	-	1,328	89
Total receipts	<u>37,746</u>	<u>129</u>	<u>568,621</u>	<u>1,347</u>	<u>-</u>	<u>22,066</u>	<u>37,644</u>
Disbursements:							
Personal services	-	58,827	343,509	3,142	-	-	-
Supplies	62	-	35,222	-	-	-	-
Other services and charges	-	-	164,577	11,202	-	4,037	-
Debt service - principal and interest	-	-	-	-	-	-	1,595
Capital outlay	-	-	-	-	-	3,164	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	11,000	30,402	-	-
Total disbursements	<u>62</u>	<u>58,827</u>	<u>543,308</u>	<u>25,344</u>	<u>30,402</u>	<u>7,201</u>	<u>1,595</u>
Excess (deficiency) of receipts over disbursements	<u>37,684</u>	<u>(58,698)</u>	<u>25,313</u>	<u>(23,997)</u>	<u>(30,402)</u>	<u>14,865</u>	<u>36,049</u>
Cash and investments - ending	<u>\$ 247,350</u>	<u>\$ 1,282</u>	<u>\$ 25,405</u>	<u>\$ 160,837</u>	<u>\$ -</u>	<u>\$ 187,911</u>	<u>\$ 36,049</u>

TOWN OF NORTH MANCHESTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Cumulative Fire	Cumulative Capital Improvement	County Economic Development Income Tax	Park Revolving	Ordinance Enforcement Expense	Police Tactical Equipment
Cash and investments - beginning	\$ 17,739	\$ 74,944	\$ 639,777	\$ 1,237	\$ 4,183	\$ 68
Receipts:						
Taxes	28,254	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,347	16,408	141,868	-	-	-
Charges for services	-	-	21,709	-	-	-
Fines and forfeits	-	-	-	-	750	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	17,831	415	12,228	6,076	-	-
Total receipts	48,432	16,823	175,805	6,076	750	-
Disbursements:						
Personal services	-	-	3,398	-	-	-
Supplies	-	-	4,730	7,308	701	-
Other services and charges	-	39,547	44,989	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	33,760	-	120,545	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	38,080	-	-	-
Total disbursements	33,760	39,547	211,742	7,308	701	-
Excess (deficiency) of receipts over disbursements	14,672	(22,724)	(35,937)	(1,232)	49	-
Cash and investments - ending	\$ 32,411	\$ 52,220	\$ 603,840	\$ 5	\$ 4,232	\$ 68

TOWN OF NORTH MANCHESTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Sidewalk Replacement	Debt Service	Fire Fighting Equipment	Frantz Park Donation	Halderman Park Donation	Police Donation
Cash and investments - beginning	\$ 5,145	\$ 36,981	\$ 2,748	\$ 778	\$ 40	\$ 21,183
Receipts:						
Taxes	-	173,729	-	-	-	-
Licenses and permits	4,456	-	-	-	-	-
Intergovernmental	-	14,430	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	12	12	-	-	-	93
Total receipts	4,468	188,171	-	-	-	93
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	8,033	400	-	778	40	-
Debt service - principal and interest	-	228,889	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	8,033	229,289	-	778	40	-
Excess (deficiency) of receipts over disbursements	(3,565)	(41,118)	-	(778)	(40)	93
Cash and investments - ending	\$ 1,580	\$ (4,137)	\$ 2,748	\$ -	\$ -	\$ 21,276

TOWN OF NORTH MANCHESTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Pool Donation	Pool Membership Donation	Scout Hall Donation	Walrod Memorial Tree	Warvel Park Donation	Payroll
Cash and investments - beginning	\$ 27,625	\$ 117	\$ 3,186	\$ 5,663	\$ 4,461	\$ 3,032
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	12,446	-	-	1,425	-	561,670
Total receipts	12,446	-	-	1,425	-	561,670
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	2,159	-	-	-	-	-
Other services and charges	1,247	-	-	1,500	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	13,773	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	561,948
Total disbursements	17,179	-	-	1,500	-	561,948
Excess (deficiency) of receipts over disbursements	(4,733)	-	-	(75)	-	(278)
Cash and investments - ending	\$ 22,892	\$ 117	\$ 3,186	\$ 5,588	\$ 4,461	\$ 2,754

TOWN OF NORTH MANCHESTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Court Cost Due County	Street Cut Deposit And Refund	User Fee	Storm Water Operating	Storm Water Bond And Interest	Storm Water Improvement
Cash and investments - beginning	\$ 759	\$ 9,199	\$ 1,392	\$ 111,381	\$ 37,311	\$ 142,059
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	6,194	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	209,791	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	888	89,020	150,649
Total receipts	-	6,194	-	210,679	89,020	150,649
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	85,966	-
Capital outlay	-	-	-	7,487	-	-
Utility operating expenses	-	-	-	61,043	-	-
Other disbursements	560	4,219	140	190,615	-	-
Total disbursements	560	4,219	140	259,145	85,966	-
Excess (deficiency) of receipts over disbursements	(560)	1,975	(140)	(48,466)	3,054	150,649
Cash and investments - ending	\$ 199	\$ 11,174	\$ 1,252	\$ 62,915	\$ 40,365	\$ 292,708

TOWN OF NORTH MANCHESTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Storm Water Debt Service Reserve	Wastewater Debt Service Reserve	Wastewater Construction In Progress	Wastewater Operating	Wastewater Bond And Interest	Wastewater Improvement
Cash and investments - beginning	\$ 63,944	\$ -	\$ -	\$ 212,642	\$ -	\$ 241,119
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	857,193	-	-
Penalties	-	-	-	14,980	-	-
Other receipts	338	28,854	2,116,136	13,485	112,143	245,521
Total receipts	338	28,854	2,116,136	885,658	112,143	245,521
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	1,544	-
Capital outlay	-	-	-	10,326	-	-
Utility operating expenses	-	-	2,116,136	591,612	-	73,920
Other disbursements	-	-	-	301,528	-	-
Total disbursements	-	-	2,116,136	903,466	1,544	73,920
Excess (deficiency) of receipts over disbursements	338	28,854	-	(17,808)	110,599	171,601
Cash and investments - ending	\$ 64,282	\$ 28,854	\$ -	\$ 194,834	\$ 110,599	\$ 412,720

TOWN OF NORTH MANCHESTER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Water Operating	Water Bond And Interest	Water Improvement	Water Customer Deposit	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 152,753	\$ 70,675	\$ 601,630	\$ 46,779	\$ 249,460	\$ 4,018,438
Receipts:						
Taxes	-	-	-	-	-	1,632,993
Licenses and permits	-	-	-	-	-	17,180
Intergovernmental	-	-	-	-	-	1,361,567
Charges for services	-	-	-	-	-	662,962
Fines and forfeits	-	-	-	-	-	16,558
Utility fees	961,116	-	-	-	-	2,028,100
Penalties	12,816	-	-	-	-	27,796
Other receipts	21,602	280,150	4,270	22,863	23,931	3,778,157
Total receipts	995,534	280,150	4,270	22,863	23,931	9,525,313
Disbursements:						
Personal services	-	-	-	-	-	1,869,261
Supplies	-	-	-	-	-	294,578
Other services and charges	-	-	-	-	-	1,048,293
Debt service - principal and interest	-	279,036	-	-	-	597,030
Capital outlay	2,770	-	-	-	-	219,170
Utility operating expenses	614,224	-	-	-	-	3,456,935
Other disbursements	317,810	-	-	15,790	-	1,728,214
Total disbursements	934,804	279,036	-	15,790	-	9,213,481
Excess (deficiency) of receipts over disbursements	60,730	1,114	4,270	7,073	23,931	311,832
Cash and investments - ending	\$ 213,483	\$ 71,789	\$ 605,900	\$ 53,852	\$ 273,391	\$ 4,330,270

TOWN OF NORTH MANCHESTER  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ 1,437	\$ 19,755
Wastewater	4,222	96,270
Water	11,082	79,213
Governmental activities	84,814	38,753
Totals	\$ 101,555	\$ 233,991

TOWN OF NORTH MANCHESTER  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Manchester Redevelopment Authority	Downtown Sidewalk Renovation	\$ 135,000	05-15-12	01-15-32
North Manchester Building Corporation	Public Safety Complex	<u>44,048</u>	07-15-99	01-15-14
Total of annual lease payments		<u>\$ 179,048</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Storm Water:		
Revenue bonds	Refunding Revenue Bonds of 2007	\$ 200,000    \$ 87,680
Wastewater:		
Notes and loans payable	State Revolving Fund Loan 2013	<u>2,116,136</u> *
Water:		
Notes and loans payable	State Revolving Fund Loan 2000	567,000    150,472
Notes and loans payable	State Revolving Fund Loan 2009	<u>2,734,824</u> <u>128,898</u>
Total Water		<u>3,301,824</u> <u>279,370</u>
Totals		<u>\$ 5,617,960</u> <u>\$ 367,050</u>

\*Project not complete, amortization schedule not available.

TOWN OF NORTH MANCHESTER  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2013

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	\$ 690,258
Infrastructure	779,261
Buildings	3,125,174
Improvements other than buildings	399,328
Machinery, equipment, and vehicles	2,912,933
Total governmental activities	7,906,954
Storm Water:	
Buildings	208,454
Improvements other than buildings	2,320,457
Machinery, equipment, and vehicles	79,153
Construction in progress	1,766,426
Total Storm Water	4,374,490
Wastewater:	
Land	26,977
Buildings	2,055,352
Improvements other than buildings	1,539,559
Machinery, equipment, and vehicles	725,920
Total Wastewater	4,347,808
Water:	
Land	84,980
Buildings	1,993,704
Improvements other than buildings	6,084,579
Machinery, equipment, and vehicles	314,926
Total Water	8,478,189
Total capital assets	\$ 25,107,441

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

***Report on Compliance for Each Major Federal Program***

We have audited the Town of North Manchester's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2013. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

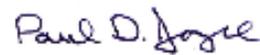
***Report on Internal Control Over Compliance***

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 23, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF NORTH MANCHESTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Transportation</u>				
Highway Safety Cluster				
State and Community Highway Safety Operation Pullover	Indiana Criminal Justice Institute	20.600	18x9204020IN13	\$ <u>2,200</u>
Total - Highway Safety Cluster				<u>2,200</u>
Total - Department of Transportation				<u>2,200</u>
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds 2013 CSO/LTCP Stormwater Improvements	Indiana Finance Authority	66.458	WW13038501	<u>705,097</u>
Total - Environmental Protection Agency				<u>705,097</u>
Total federal awards expended				<u>\$ <u>707,297</u></u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF NORTH MANCHESTER  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of North Manchester and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

TOWN OF NORTH MANCHESTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.