Town of Manchester
Manchester, Oklahoma

Audit Report
June 30, 2011

Contents

Page

Independent Auditor's Report 3

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Assets 6

Statement of Activities & Changes in Net Assets 7

Fund Financial Statements

Balance Sheet: Governmental Funds 8

Statement of Revenues, Expenditures, & Changes in Fund Balances: Governmental Funds 10

Statement of Net Assets: Proprietary Funds 12

Statement of Revenues, Expenses and Changes in Fund Net Assets: Proprietary Funds 13

Statement of Cash Flows: Proprietary Funds 14

Notes to the Basic Financial Statements 15

Required Supplemental Information

Statement of Revenues, Expenses, & Changes in Fund Balance: Budget (GAAP Budgetary Basis) & Actual: Governmental Funds 24

Notes to the Required Supplemental Information 25

Other Information

Combining Balance Sheet: Non-Major Governmental Funds 27

Combining Statement of Revenues, Expenditures and Changes in Fund Balances: Non-Major Governmental Funds 28

Schedule of Expenditures of Federal Awards 29

Report Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 31

Schedule of Findings & Questioned Costs 33

Linda S. Woodruff
CPA
A Professional Corporation

AICPA • OSCPA

Independent Auditor's Report

Board of Town Council
Town of Manchester
PO Box 5
Manchester, Oklahoma 73758

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Manchester, State of Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Manchester, State of Oklahoma's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, major fund and the aggregate remaining fund information of the Town of Manchester, State of Oklahoma, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated January 14, 2014, on my consideration of the Town of Manchester, State of Oklahoma's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Town of Manchester, State of Oklahoma, has not presented a Management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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My audit was conducted for the purpose of forming opinions on the fmancial statements that collectively comprise the Town of Manchester, State of Oklahoma's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Linda S. Woodruff, CPA, P.C.

Linda S Woodruff CPA, PC

Oklahoma City, Oklahoma 73172-1578
January 14, 2014

Town of Manchester
Manchester, Oklahoma

Basic Financial Statements
June 30, 2011

Town of Manchester
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash & Equivalents	$ 33,234	$ 34,414	$ 67,648
Investments	98,090	13,831	111,921
Receivables	-	7,879	7,879
Due from Other Funds	(24,670)	24,670	-
Due from Other Governmental Agencies	-	-	-
Inventories	-	-	-
Other Assets	-	-	-
Capital Assets			
Land & Improvements Not Being Depreciated	-	-	-
Infrastructure & Infrastructure in Progress, Net of Depreciation	-	-	-
Buildings, Net of Depreciation	-	-	-
Equipment & Furniture, Net of Depreciation	1,070	-	1,070
Other Capital Assets, Net of Depreciation	-	-	-
Total Capital Assets	1,070	-	1,070
Total Assets	107,724	80,794	188,518
Liabilities			
Accounts Payable & Accrued Expenses	-	452	452
Due to Other Funds	-	-	-
Deferred Revenues	-	-	-
Long-Term Liabilities			
Due within One Year			
Bonds, Capital Leases, & Contracts	-	-	-
Accrued Interest	-	-	-
Compensated Absences	-	-	-
Claims & Judgments	-	-	-
Due in more than One Year			
Bonds, Capital Leases, & Contracts	-	-	-
Accrued Interest	-	-	-
Compensated Absences	-	-	-
Claims & Judgments	-	-	-
Total Liabilities	-	452	452
Net Assets			
Invested in Capital Assets, Net of Related Debt	-	-	-
Restricted for			
Capital Projects	-	-	-
Debt Service	-	-	-
Meter Deposits	-	2,191	2,191
Unrestricted	107,722	78,149	185,871
Total Net Assets	$ 107,722	$ 80,340	$ 188,062

The accompanying notes are an integral part of the basic financial statements.

Town of Manchester
Statement of Activities and Changes in Net Assets
for the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants & Contributions	Program Revenue: Capital Grants & Contributions	Net (Expense) Revenue & Changes in Net Assets – Primary Government: Governmental Activities	Net (Expense) Revenue & Changes in Net Assets – Primary Government: Business-Type Activities	Net (Expense) Revenue & Changes in Net Assets – Primary Government: Total
Primary Government							
Governmental Activities							
General Government	$ 8,969	$ 210	$ -	$ -	$ (8,759)		$ (8,759)
Public Safety	5,513	-	-	-	(5,513)		(5,513)
Street & Alley	-	-	-	-	-		-
Health, Welfare, & Sanitation	-	-	-	-	-		-
Culture & Recreation	-	-	-	-	-		-
Education	-	-	-	-	-		-
Interest on Long-Term Debt	-	-	-	-	-		-
Total Governmental Activities	14,482	210	-	-	(14,272)		(14,272)
Business-Type Activities							
Public Works Authority	58,335	87,383	-	-		29,048	29,048
Other Business-Type Activities	-	-	-	-		-	-
Total Business-Type Activities	58,335	87,383	-	-		29,048	29,048
Total Primary Government	72,817	87,593	-	-	(14,272)	29,048	14,776
General Revenues							
Taxes							
Property Taxes, Levied for General Purposes					-	-	-
Property Taxes, Levied for Debt Service					-	-	-
Franchise Taxes					5,502	-	5,502
Public Service Taxes					-	-	-
Grants & Contributions Not Restricted to Specific Programs					-	-	-
Unrestricted Investment Earnings					1,861	173	2,034
Miscellaneous					4,257	20,790	25,047
Special Item - Gain on Sale of Asset					-	75	75
Transfers					-	-	-
Total General Revenues, Special Items, & Transfers					11,620	21,038	32,658
Change in Net Assets					(2,652)	50,086	47,434
Net Assets - Beginning of Year					110,375	30,255	140,630
Net Assets - Ending of Year					$ 107,722	$ 80,340	$ 188,062

The accompanying notes are an integral part of the basic financial statements.

Town of Manchester
Balance Sheet: Governmental Funds
June 30, 2011

	General Fund	Street & Alley Fund	Total Governmental Funds
Assets			
Cash & Cash Equivalents	$ 33,234	$ -	$ 33,234
Investments	98,090	-	98,090
Taxes Receivable, net	-	-	-
Due from Other Funds	-	-	-
Receivable from Other Governments	(24,670)	-	(24,670)
Other Receivables	-	-	-
Inventories	-	-	-
Prepaid Expenses	-	-	-
Total Assets	106,654	-	106,654
Liabilities & Fund Balances			
Liabilities			
Accounts Payable	-	-	-
Due to Other Funds	-	-	-
Payable to Other Governments	-	-	-
Deferred Revenue	-	-	-
Other Accrued Expenses	-	-	-
Other Payables	-	-	-
Total Liabilities	-	-	-
Fund Balances			
Reserved for			
Inventories	-	-	-
Encumbrances	-	-	-
Prepaid Expenses	-	-	-
Debt Service	-	-	-
Other Purposes	-	-	-
Unreserved	106,652		106,652
Unreserved, Reported in Non-Major			
Special Revenue Funds		-	-
Capital Projects Funds		-	-
Debt Service Funds		-	-
Permanent Endowment Fund		-	-
Total Fund Balances	106,652	-	106,652
Total Liabilities & Fund Balances	$ 106,652	$ -	$ 106,652

The accompanying notes are an integral part of the basic financial statements.

Town of Manchester
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2011

Total Fund Balance, Governmental Funds	$	106,652
Amounts reported for governmental activities in the Statement of Net Assets are different because		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.		1,070
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.		-
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.		
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.		-
Net Assets of Governmental Activities in the Statement of Net Assets	$	107,722

The accompanying notes are an integral part of the basic financial statements.

Town of Manchester
Statement of Revenues, Expenditures and Changes in Fund Balances: Governmental Funds
for the Year Ended June 30, 2011

	General Fund	Street & Alley Fund	Total Governmental Funds
Revenues			
Property Taxes	$ -	$ -	$ -
Sales & Miscellaneous Taxes	5,133	369	5,502
Fees & Fines	-	-	-
Licenses & Permits	210	-	210
Intergovernmental	-	-	-
Charges for Services	-	-	-
Investment Earnings	1,861	-	1,861
Miscellaneous	4,257	-	4,257
Total Revenues	11,461	369	11,830
Expenditures			
Current			
General Government	8,969	-	8,969
Public Safety	5,513	-	5,513
Public Works	-	-	-
Health & Sanitation	-	-	-
Culture & Recreation	-	-	-
Education	-	-	-
Street & Alley	-	-	-
Debt Service		-	-
Principal	-	-	-
Interest & Other Charges			
Capital Outlay	1,070	-	1,070
Total Expenditures	15,552	-	15,552
Excess (Deficiency) of Revenues over Expenditures	(4,091)	369	(3,722)
Other Financing Sources (Uses)			
Proceeds from Long-Term Debt, Net	-	-	-
Proceeds from Capital Leases	-	-	-
Grant Revenue	-	-	-
	-	-	-
Transfer In	369	-	369
Transfer Out	-	(47,440)	(47,440)
Total Other Financing Sources & Uses	369	(47,440)	(47,071)
Special Item			
Proceeds from Sale of Land	-	-	-
Net change in fund balances	(3,722)	(47,071)	(50,793)
Fund Balance - Beginning of Year	157,446	(47,071)	110,375
Fund Balance - End of Year	$ 106,652	$ -	$ 106,652

The accompanying notes are an integral part of the basic financial statements.

Town of Manchester
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities
for the Year Ended June 30, 2011

Net change in fund balances - total governmental funds:	$	(50,793)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays $1,070 exceed depreciation $0 in the current period.		1,070
Government funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.		-
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		-
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report payment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term debt. This is the amount by which proceeds exceeded repayments.		-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Accrued interest not reflected on Governmental funds		-
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information, technology, to individual funds. The net revenue (expense) of certain internal funds is reported with governmental activities.		-
	$	(49,723)

The accompanying notes are an integral part of the basic financial statements.

Town of Manchester
Statement of Assets: Proprietary Funds
June 30, 2011

	Enterprise Funds	
	Public Works Authority	Total
Assets		
Current Assets		
Cash & Cash Equivalents	$ 34,414	$ 34,414
Investments	13,831	13,831
Accounts Receivable, Net	7,879	7,879
Deferred Charges	-	-
Due from Other Funds	24,670	24,670
Receivables from Other Governments	-	-
Other Receivables	-	-
Inventories	-	-
Prepaid Expenses	-	-
Total Current Assets	80,794	80,794
Non-Current Assets		
Capital Assets		
Land & Improvements	-	-
Infrastructure	-	-
Utility System	-	-
Construction in Progress	-	-
Buildings	-	-
Equipment & Furniture	-	-
Less Accumulated Depreciation	-	-
Total Non-Current Assets	-	-
Total Assets	80,794	80,794
Liabilities		
Current Liabilities		
Accounts Payable	-	-
Salaries Payable	-	-
Accrued Interest Payable	-	-
Due to Other Funds	-	-
Payable to Other Governments	-	-
Other Accrued Expenses	452	452
Deferred Revenue	-	-
Compensated Absences	-	-
Capital Lease Obligation	-	-
Claims & Judgments	-	-
Bonds, Notes, & Loans Payable	-	-
Total Current Liabilities	452	452
Non-Current Liabilities		
Compensated Absences	-	-
Capital Lease Obligation	-	-
Claims & Judgments	-	-
Bonds, Notes, & Loans Payable	-	-
Total Non-Current Liabilities	-	-
Total Liabilities	452	452
Net Assets		
Invested in Capital Assets, Net of Related Debt	-	-
Restricted for Debt Service	-	-
Restricted for Capital Projects	-	-
Restricted for Other Purposes	2,191	2,191
Unrestricted	78,149	78,149
Total Net Assets	$ 80,340	$ 80,340

The accompanying notes are an integral part of the basic financial statements.

Town of Manchester
Statement of Revenues, Expenses and Changes in Fund Net Assets: Proprietary Funds
for the Year Ended June 30, 2011

	Enterprise Funds	
	Public Works Authority	**Total**
Operating Revenues		
Charges for Services	$ 87,383	$ 87,383
Miscellaneous	-	-
Total Operating Revenues	87,383	87,383
Operating Expense		
Personal Services	19,695	19,695
Contractual Services	-	-
Utilities	6,444	6,444
Repairs & Maintenance	19,487	19,487
Other Supplies & Expenses	9,371	9,371
Insurance	3,339	3,339
Depreciation	-	-
Total Operating Expenses	58,336	58,336
Operating Income (Loss)	29,047	29,047
Non-Operating Revenues (Expenses)		
Interest & Investment Revenue	173	173
Miscellaneous Revenue	20,865	20,865
Operating Grants & Contributions	-	-
Interest Expense	-	-
Miscellaneous Expenses	-	-
Total Non-Operating Revenue (Expenses)	21,038	21,038
Income (Loss) Before Contributions & Transfers	50,085	50,085
Capital Contributions	-	-
Transfers In	-	-
Transfers Out	-	-
Special Item - Gain (Loss) on Sale of Land	-	-
Change in Net Assets	50,085	50,085
Total Net Assets - Beginning of Year	30,255	30,255
Total Net Assets - End of Year	$ 80,340	$ 80,340

The accompanying notes are an integral part of the basic financial statements.

Town of Manchester
Statement of Cash Flows: Proprietary Funds
for the Year Ended June 30, 2011

		Public Works Authority
Cash Flows from Operating Activities:		
Cash Received from Customers & Service Users	$	80,464
Cash Payments for Goods & Services & Employees		(61,827)
Net Cash Provided by Operating Activities		18,637
Cash Flows from Noncapital Financing Activities:		
Operating Transfers In/(Out) to Other Funds		-
Net Cash Provided (Used) for Noncapital Financing Activities		-
Cash Flows from Capital and Related Financing Activities:		
Purchase of Fixed Assets		-
Miscellaneous Rents		-
Grants		-
Net Cash Provided (Used) for Capital and Related Financing Activities		-
Cash Flows from Investing Activities:		
Interest Income		173
Patronage Dividend		-
Net Cash Provided by Investing Activities		173
Net Increase (Decrease) in Cash & Cash Equivalents		18,810
Cash and Cash Equivalents - Beginning of Year		29,435
Cash and Cash Equivalents - End of Year	$	48,245
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$	49,912
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation		-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable		(6,919)
(Increase) Decrease in Due to Other Funds		(23,235)
Increase (Decrease) in Accounts Payable		(1,050)
Increase (Decrease) in Accrued Expenses		(51)
Total Adjustments		(31,255)
Net Cash Provided by Operating Activities	$	18,657

The accompanying notes are an integral part of the basic financial statements.

1. Summary of Significant Account Policies

The Town of Manchester, Oklahoma (the Town) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Reporting Entity

The Town of Manchester, Oklahoma was organized under the statutes of the State of Oklahoma. The Town operates under a council form of government and is governed by a town council. As required by generally accepted accounting principles, these financial statements present the activities of the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations and so data from these units are combined with the data of the primary government. The Town provides the following services as authorized by its charter: general government, public safety (fire), streets, and public works (water, sewer, and refuse).

Blended Component Units:

The Manchester Public Works Authority (the Authority) was created to finance, operate, construct and administer any public works, improvements or facilities for the benefit of the Town of Manchester, Oklahoma. The Authority operates the water, sanitation, and sewer services for the Town of Manchester. The authority is exempt from State and Federal income taxes. The Authority is reported as an enterprise fund.

1. Summary of Significant Account Policies - Continued

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The Town's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Government-Wide Financial Statements – The statement of net assets and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for the business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements – During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting – The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

1. Summary of Significant Accounting Policies – Continued

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting – Continued

Governmental Funds – are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Sales taxes collected and held by the state at year-end on behalf of the Town are susceptible to accrual and are recognized as revenue. Other receipts and taxes (franchise taxes, licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following is the Town's major governmental fund:

General Fund – is the general operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Other governmental funds of the Town that are considered non-major funds include:

Special Revenue Funds - account for revenue sources that are legally restricted to expenditures for specific purposes (not including capital projects). The following is the Town's Special Revenue Fund: Street and Alley.

Proprietary Funds – are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 20 the Town has elected to only apply Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) and Accounting Research Board (ARB) materials issued on or before November 30, 1989 that do not conflict with GASB. Proprietary funds are classified as enterprise funds.

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1. Summary of Significant Accounting Policies – Continued

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting – Continued

Enterprise Funds – are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The Manchester Public Works Authority is accounted for as an enterprise fund. The following are the Town's major enterprise funds:

Manchester Public Works Authority – accounts for the operations of providing public works (water, sewer and sanitation) to the Town.

There are no enterprise funds of the Town that are considered a non-major funds.

C. Assets, Liabilities and Equity

1. Deposits and Investments

Oklahoma statutes authorize the Town to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Town can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a maturity date of three months or less. Debt instruments with a maturity date of more than three months are considered to be investments. Investments are stated at cost.

2. Restricted Cash and Investments

There are no restricted funds in the governmental funds.

Restricted cash and investments of the enterprise funds consists of customer meter deposits.

3. Fair Value of Financial Instruments

The Town's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The Town's estimates of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

1. Summary of Significant Accounting Policies – Continued

C. Assets, Liabilities and Equity - Continued

4. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from other/due to other funds”.

6. Inventories

Inventories in both governmental funds and proprietary funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed.

7. Capital Assets and Infrastructure

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Town does not maintain a capitalization threshold. The Town’s infrastructure consists of roads, bridges, curbs and gutter, streets and sidewalks, drainage system, lighting systems and similar assets that are immovable and of value only to the Town.

8. Long-term Obligations

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

1. Summary of Significant Accounting Policies – Continued

C. Assets, Liabilities and Equity - Continued

11. Net Assets

In the government-wide financial statement, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation. The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

In the fund financial statement, governmental funds report reservations of fund balances that are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriations or expenditure. Designations of fund balances are not required by law but represent the classification or funds that are earmarked by the Town's management for specific purposes and may be subject to change.

2. Stewardship, Compliance and Accountability

3. Detailed Notes Concerning the Funds

A. Deposits and Investments

The Town's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

B. Restricted Cash and Investments

Other restricted cash includes $2,192 in cash held for meter deposits.

C. Uncollectible Accounts

Accounts receivable in the financial statements are reflected net of allowances. The Town's estimates of uncollectible accounts receivable is based on a review of past due listing by management. At June 30, 2011, the estimated uncollectible amounts from utility customers was zero.

3. Detailed Notes Concerning the Funds – Continued

E. Prepaid Expense

At June 30, 2011, the Town had no prepaid insurance.

F. Inter-fund Receivables and Payables

At year-end, there were no inter-fund receivables or payables.

G. Long-term Debt

The Town had no debt at June 30, 2011.

4. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; unemployment; and natural disasters. The Town purchases commercial insurance for protection against loss other than health, life, and workers compensation. Settled claims have not exceeded the commercial coverage during the past three fiscal years.

The Town provides workers' compensation through CompSource Oklahoma.

B. Contingent Liabilities

At times the Town is a defendant in legal actions arising from normal governmental activities. Although most of such actions are covered by insurance, certain actions might have some degree of exposure to the Town. The outcome of these lawsuits is not presently determinable, and it is not known if the resolution of these matters will have a material adverse effect on the financial condition of the Town. The Town's potential liability in the litigation is limited by the Governmental Tort Claims Act.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

4. Other Information – Continued

C. Employee Retirement Plans

Firefighters' Pension Plan

All full-time or volunteer firefighters hired before age 45 are covered by a statewide cost-sharing multi-employer defined benefit plan adopted under Oklahoma Statutes. This plan is operated and administered by the Oklahoma Firefighters Pension and Retirement System (OFPRS). Under this plan the Town contributes $60 for each volunteer fireman. The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma Town, OK 73105-3414, or by calling 1-800-525-7461.

The required contribution from the Town for this plan was $780 for 2011. The required contribution was fully contributed. At June 30, 2011, the system held no related-party investments of the Town or of its related entities.

Town of Manchester
Manchester, Oklahoma

Required Supplemental Information
June 30, 2011

Town of Manchester
Budget & Actual (with Variance): General Fund
June 30, 2011

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	$ -	$ -	$ -	$ -
Sales & Miscellaneous Taxes	4,700	4,700	5,133	433
Fees & Fines	-	-	-	-
Licenses & Permits	-	-	210	210
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Earnings	2,600	2,600	1,861	(739)
Miscellaneous	-	-	4,257	4,257
Total Revenues	7,300	7,300	11,461	4,161
Expenditures				
Current				
General Government	11,000	11,000	8,969	2,031
Public Safety	-	-	5,513	(5,513)
Public Works	-	-	-	-
Health & Sanitation	-	-	-	-
Culture & Recreation	-	-	-	-
Education	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest & Other Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	11,000	11,000	14,482	(3,482)
Excess (Deficiency) of Revenues Over Expenditures	(3,700)	(3,700)	(3,021)	679
Other Financing Sources (Uses)				
Proceeds from Capital Leases	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Special Item				
Proceeds from Sales of Capital Asset	-	-	-	-
Net Changes in Fund Balance	(3,700)	(3,700)	(3,021)	(679)
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	$ (3,700)	$ (3,700)	$ (3,021)	$ (679)

The accompanying notes are an integral part of the required supplemental information.

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds. The enterprise funds and internal service fund adopt budgets on the non-GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the agency funds. Budgetary data for enterprise funds, internal service, and permanent funds are not presented in these financial statements.

Prior to July 1, Management submits a proposed operating budget for the fiscal year commencing July 1, to the Town Council (elected officials). Public hearings are held at regular or special meetings to obtain taxpayer input. Prior to July 1, the budget is legally enacted through passage of a budget resolution. The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, maintenance and operations, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. A more detailed budget is used for operating purposes. All budget revisions at the legal level are subject to final approval by the Town Council. Within these control levels, management may transfer appropriations without council approval. Revisions to the budget were made during the year in accordance with the provisions of the Oklahoma Statutes. All annual appropriations lapse at year-end.

Town of Manchester
Manchester, Oklahoma

Other Information
June 30, 2011

Town of Manchester
Combining Balance Sheet: Non-Major Governmental Funds
June 30, 2011

	Street & Alley	Total Governmental Funds
Assets		
Cash & Cash Equivalents	$ -	$ -
Investments	-	-
Taxes Receivable, Net	-	-
Due from Other Funds	-	-
Receivable from Other Governments	-	-
Other Receivables	-	-
Inventories	-	-
Prepaid Expenses	-	-
Total Assets	-	-
Liabilities & Fund Balances		
Liabilities		
Accounts Payable	-	-
Due to Other Funds	-	-
Payable to Other Governments	-	-
Deferred Revenue	-	-
Other Accrued Expenses	-	-
Other Payables	-	-
Total Liabilities	-	-
Fund Balances		
Reserved for		
Inventories	-	-
Encumbrances	-	-
Prepaid Expenses	-	-
Debt Service	-	-
Other Purposes	-	-
Unreserved	-	-
Total Fund Balances	-	-
Total Liabilities & Fund Balances	$ -	$ -

Town of Manchester
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
for the Year Ended June 30, 2011

	Street & Alley	Total-Other Governmental Funds
Revenues		
Property Taxes	$ -	$ -
Sales & Miscellaneous Taxes	369	369
Fees & Fines	-	-
Licenses & Permits	-	-
Intergovernmental	-	-
Charges for Services	-	-
Investment Earnings	-	-
Miscellaneous	-	-
Total Revenues	369	369
Expenditures		
Current		
General Government	-	-
Public Safety	-	-
Highways & Roads	-	-
Health & Sanitation	-	-
Culture & Recreation	-	-
Education	-	-
Street Repair	-	-
Debt Service		-
Principal	-	-
Interest & Other Charges	-	-
Capital Outlay	-	-
Total Expenditures	-	-
Excess (Deficiency) of Revenues Over Expenditures	369	369
Other Financing Sources (Uses)		
Proceeds from Long-Term Debt, Net	-	-
Proceeds from Capital Leases	-	-
Other Sources	-	-
Other Uses	-	-
Transfers In	-	-
Transfers Out	(47,440)	(47,440)
Total Other Financing Sources (Uses)	(47,440)	(47,440)
Special Item		
Proceeds from Sale of Land	-	-
Net Changes in Fund Balances	(47,071)	(47,071)
Fund Balances - Beginning of Year	(47,071)	47,071
Fund Balances - End of Year	$ -	$ -

Town of Manchester
Manchester, Oklahoma

Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Program or Award Amount	Revenue Collected	Total Expenditures
No Grants			

Note A – Basis of Presentation

This schedule includes the federal grant activity of the Town of Manchester and is presented on the cash basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of the basic financial statements.

Note B – Presentation

This schedule is incomplete since the formal grant title and number has been omitted

Town of Manchester
Manchester, Oklahoma

Report Required by
Government Auditing Standards
June 30, 2011

Linda S. Woodruff
CPA
A Professional Corporation

AICPA • OSCPA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Town Council
Town of Manchester
Manchester, Oklahoma

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Manchester, State of Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise Town of Manchester, State of Oklahoma's basic financial statements and have issued my report thereon dated January 14, 2014. I conducted my 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.

Internal Control Over Financial Reporting

Management of the Town of Manchester, State of Oklahoma, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Town of Manchester, State of Oklahoma's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Manchester, State of Oklahoma's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Manchester, State of Oklahoma's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identity all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weakness have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control over financial report that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of notes and questioned costs to be a material weakness. 2011-01

A *significant deficiency* is a deficiency, or a 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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. 2011-02, 2011-03

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Manchester, State of Oklahoma's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Manchester, State of Oklahoma's response to the findings identified in my audit is described in the accompanying schedule of findings. I did not audit Town of Manchester, State of Oklahoma's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Linda S. Woodruff, CPA, P.C.

Linda S Woodruff CPA, PC

Oklahoma City, Oklahoma 73172-1578
January 14, 2014

Schedule of Findings & Questioned Costs

2011-01 Internal Control

Condition*:* An adequate internal control structure does not exist because of the small size of the entity nor is there adequate segregation of duties.

Criteria*:* Internal controls should be in place that provide reasonable assurance that any one individual does not have control over several of the financial functions of the Town.

Effect*:* Because of the inadequate segregation of duties, an opportunity exists for an employee to alter record keeping.

Recommendation*:* I recommend that the Town strive to implement more segregation of duties where possible and utilize compensating procedures where applicable.

Response: Management agrees with the recommendation, but economic cost could exceed the benefit.

2011-02 Internal Control

Condition*:* Fire department expenses for pension, fuel, and pagers are being paid through the general fund without revenue from sales tax being received.

Criteria*:* All revenue streams should flow through the Town's general fund to offset the expenses of the department.

Effect*:* Sales tax revenue and grant revenue are being received by using the Town as the applicant, but no reimbursement or transfers are made to pay for expenses of the department which results in a lack of accountability.

Recommendation*:* All activity, whether revenue or expense, should be recorded in the general fund of the Town. The fire department is part of the Town and must report to the Town Board.

Response: The Town concurs with the recommendation and will begin accounting for the fire department activity.

2011-03 Internal Control

Condition*:* Cash receipts and disbursements are recorded using QuickBooks and only the Public Works Authority bank account. The Town has accounts for the general fund, but are not utilizing on a regular basis.

Criteria*:* Separation of accounts allows easier categorization of revenue and expense.

Effect*:* Co-mingling of funds (general, street/alley, and public works) can create a misstatement of revenue and expense as well as financial statement distortion.

Recommendation*:* Maintain a separate account for general revenue and expense including fire, park, and town clerk expense. The Public Works account should be used for utility revenue and expense. Motor vehicle tax, gas excise tax, grants for street repairs, and expense for street maintenance should be recorded in the account earmarked as street and alley.

Response: The Town concurs and will use existing accounts or open new accounts for specific funds.