

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF WEST LEBANON

WARREN COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
11/21/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dana M. Craft	01-01-08 to 12-31-11
President of the Town Council	Michael J. Jackson	01-01-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WEST LEBANON, WARREN COUNTY, INDIANA

We have examined the financial statements of the Town of West Lebanon (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management and Town Council, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 26, 2011

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FINANCIAL STATEMENTS

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

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

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 154,866	\$ 229,762	\$ 216,240	\$ 168,388
Motor Vehicle Highway	18,874	20,729	22,419	17,184
Local Road And Street	11,346	2,803	3,412	10,737
Levy Excess Fund	1,034	-	-	1,034
Rainy Day	-	4,715	-	4,715
Public Safety LOIT	-	13,618	13,618	-
Cumulative Cap Improvement	-	2,432	-	2,432
Park & Recreation	4,082	956	5,038	-
Payroll Fund	4,064	145,305	146,517	2,852
Garbage Revenue	1,134	32,126	33,260	-
Garbage Deposit	1,185	790	-	1,975
Sewage Utility Operating	6,265	152,892	159,157	-
Sewage Utility Bond And Interest	10,302	48,511	46,313	12,500
Sewage Match Fund	16,163	-	9,410	6,753
Sewage Utility-Debt Service	52,132	-	-	52,132
Water Utility Operating	10,263	192,245	202,508	-
Water Utility Bond And Interest	27,541	67,463	64,150	30,854
Water Utility Meter Deposit	44,694	5,470	2,919	47,245
Water Utility Debt Service	73,154	-	-	73,154
Totals	<u>\$ 437,099</u>	<u>\$ 919,817</u>	<u>\$ 924,961</u>	<u>\$ 431,955</u>

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

TOWN OF WEST LEBANON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS

For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 168,388	\$ 281,695	\$ 284,777	\$ 165,306
Motor Vehicle Highway	17,184	21,071	18,173	20,082
Local Road & Street	10,737	2,882	3,331	10,288
Levy Excess Fund	1,034	357	-	1,391
Law Enforcement Grants	-	5,823	6,682	(859)
Rainy Day	4,715	9,885	-	14,600
Public Safety LOIT	-	13,815	5,348	8,467
Cumulative Cap Improvement	2,432	2,321	3,550	1,203
Payroll Fund	2,852	159,395	158,437	3,810
Garbage Revenue	-	35,064	32,283	2,781
Garbage Deposit	1,975	-	-	1,975
Sewage Utility Operating	-	145,187	145,187	-
Sewage Utility Bond And Interest	12,500	44,813	73,281	(15,968)
Sewage Match Fund	6,753	-	-	6,753
Sewage Utility Debt Service	52,132	-	-	52,132
Water Utility Operating	-	205,466	205,466	-
Water Utility Bond And Interest	30,854	33,750	37,231	27,373
Water Utility Meter Deposit	47,245	4,455	5,346	46,354
Water Utility Debt Service	73,154	-	-	73,154
Totals	<u>\$ 431,955</u>	<u>\$ 965,979</u>	<u>\$ 979,092</u>	<u>\$ 418,842</u>

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

TOWN OF WEST LEBANON
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF WEST LEBANON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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

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

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which includes articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF WEST LEBANON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF WEST LEBANON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4. *Deposits and Investments*

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. *Risk Management*

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

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

	General	Motor Vehicle Highway	Local Road And Street	Levy Excess Fund	Park & Recreation	Rainy Day	Public Safety LOIT
Cash and investments - beginning	\$ 154,866	\$ 18,874	\$ 11,346	\$ 1,034	\$ 4,082	\$ -	\$ -
Receipts:							
Taxes	32,384	-	-	-	-	-	-
Licenses and permits	50	-	-	-	-	-	-
Intergovernmental	163,748	20,729	2,803	-	-	4,715	13,618
Charges for services	-	-	-	-	956	-	-
Fines and forfeits	601	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	32,979	-	-	-	-	-	-
Total receipts	<u>229,762</u>	<u>20,729</u>	<u>2,803</u>	<u>-</u>	<u>956</u>	<u>4,715</u>	<u>13,618</u>
Disbursements:							
Personal services	47,515	-	-	-	4,798	-	-
Supplies	22,666	22,419	3,412	-	-	-	-
Other services and charges	82,764	-	-	-	240	-	13,618
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	10,557	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	52,738	-	-	-	-	-	-
Total disbursements	<u>216,240</u>	<u>22,419</u>	<u>3,412</u>	<u>-</u>	<u>5,038</u>	<u>-</u>	<u>13,618</u>
Excess (deficiency) of receipts over disbursements	<u>13,522</u>	<u>(1,690)</u>	<u>(609)</u>	<u>-</u>	<u>(4,082)</u>	<u>4,715</u>	<u>-</u>
Cash and investments - ending	<u>\$ 168,388</u>	<u>\$ 17,184</u>	<u>\$ 10,737</u>	<u>\$ 1,034</u>	<u>\$ -</u>	<u>\$ 4,715</u>	<u>\$ -</u>

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

	Cumulative Cap Improvement	Payroll Fund	Garbage Revenue	Garbage Deposit	Sewage Utility Operating	Sewage Utility Bond And Interest	Sewage Match Fund
Cash and investments - beginning	\$ -	\$ 4,064	\$ 1,134	\$ 1,185	\$ 6,265	\$ 10,302	\$ 16,163
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	2,432	-	-	-	-	-	-
Charges for services	-	-	-	790	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	32,126	-	144,457	-	-
Other receipts	-	145,305	-	-	8,435	48,511	-
Total receipts	2,432	145,305	32,126	790	152,892	48,511	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	46,313	-
Capital outlay	-	-	-	-	33,695	-	-
Utility operating expenses	-	-	33,260	-	72,902	-	-
Other disbursements	-	146,517	-	-	52,560	-	9,410
Total disbursements	-	146,517	33,260	-	159,157	46,313	9,410
Excess (deficiency) of receipts over disbursements	2,432	(1,212)	(1,134)	790	(6,265)	2,198	(9,410)
Cash and investments - ending	\$ 2,432	\$ 2,852	\$ -	\$ 1,975	\$ -	\$ 12,500	\$ 6,753

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

	Sewage Utility-Debt Service	Water Utility Operating	Water Utility Bond And Interest	Water Utility Meter Deposit	Water Utility Debt Service	Totals
Cash and investments - beginning	\$ 52,132	\$ 10,263	\$ 27,541	\$ 44,694	\$ 73,154	\$ 437,099
Receipts:						
Taxes	-	-	-	-	-	32,384
Licenses and permits	-	-	-	-	-	50
Intergovernmental	-	-	-	-	-	208,045
Charges for services	-	-	-	-	-	1,746
Fines and forfeits	-	-	-	-	-	601
Utility fees	-	151,251	-	-	-	327,834
Other receipts	-	40,994	67,463	5,470	-	349,157
Total receipts	-	192,245	67,463	5,470	-	919,817
Disbursements:						
Personal services	-	-	-	-	-	52,313
Supplies	-	-	-	-	-	48,497
Other services and charges	-	-	-	-	-	96,622
Debt service - principal and interest	-	-	64,150	-	-	110,463
Capital outlay	-	21,889	-	-	-	66,141
Utility operating expenses	-	91,422	-	2,919	-	200,503
Other disbursements	-	89,197	-	-	-	350,422
Total disbursements	-	202,508	64,150	2,919	-	924,961
Excess (deficiency) of receipts over disbursements	-	(10,263)	3,313	2,551	-	(5,144)
Cash and investments - ending	\$ 52,132	\$ -	\$ 30,854	\$ 47,245	\$ 73,154	\$ 431,955

TOWN OF WEST LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road & Street	Economic Development Income Tax	Levy Excess Fund	Law Enforcement Grants	Rainy Day
Cash and investments - beginning	\$ 168,388	\$ 17,184	\$ 10,737	\$ -	\$ 1,034	\$ -	\$ 4,715
Receipts:							
Taxes	159,923	-	-	-	-	-	-
Licenses and permits	30	-	-	-	-	-	-
Intergovernmental	100,223	21,071	2,882	-	-	5,823	9,885
Charges for services	595	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	20,924	-	-	-	357	-	-
Total receipts	<u>281,695</u>	<u>21,071</u>	<u>2,882</u>	<u>-</u>	<u>357</u>	<u>5,823</u>	<u>9,885</u>
Disbursements:							
Personal services	52,371	9,142	-	-	-	-	-
Supplies	35,607	6,105	3,331	-	-	6,682	-
Other services and charges	94,704	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	24,245	2,926	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	77,850	-	-	-	-	-	-
Total disbursements	<u>284,777</u>	<u>18,173</u>	<u>3,331</u>	<u>-</u>	<u>-</u>	<u>6,682</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(3,082)</u>	<u>2,898</u>	<u>(449)</u>	<u>-</u>	<u>357</u>	<u>(859)</u>	<u>9,885</u>
Cash and investments - ending	<u>\$ 165,306</u>	<u>\$ 20,082</u>	<u>\$ 10,288</u>	<u>\$ -</u>	<u>\$ 1,391</u>	<u>\$ (859)</u>	<u>\$ 14,600</u>

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

	Public Safety LOIT	Cumulative Cap Improvement	Payroll Fund	Garbage Revenue	Garbage Deposit	Sewage Utility Operating	Sewage Utility Bond And Interest
Cash and investments - beginning	\$ -	\$ 2,432	\$ 2,852	\$ -	\$ 1,975	\$ -	\$ 12,500
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	13,815	2,321	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	35,064	-	145,187	-
Other receipts	-	-	159,395	-	-	-	44,813
Total receipts	<u>13,815</u>	<u>2,321</u>	<u>159,395</u>	<u>35,064</u>	<u>-</u>	<u>145,187</u>	<u>44,813</u>
Disbursements:							
Personal services	5,348	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	3,550	-	-	-	27,927	-
Utility operating expenses	-	-	-	32,283	-	69,087	73,281
Other disbursements	-	-	158,437	-	-	48,173	-
Total disbursements	<u>5,348</u>	<u>3,550</u>	<u>158,437</u>	<u>32,283</u>	<u>-</u>	<u>145,187</u>	<u>73,281</u>
Excess (deficiency) of receipts over disbursements	<u>8,467</u>	<u>(1,229)</u>	<u>958</u>	<u>2,781</u>	<u>-</u>	<u>-</u>	<u>(28,468)</u>
Cash and investments - ending	<u>\$ 8,467</u>	<u>\$ 1,203</u>	<u>\$ 3,810</u>	<u>\$ 2,781</u>	<u>\$ 1,975</u>	<u>\$ -</u>	<u>\$ (15,968)</u>

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

	Sewage Match Fund	Sewage Utility Debt Service	Water Utility Operating	Water Utility Bond And Interest	Water Utility Meter Deposit	Water Utility Debt Service	Totals
Cash and investments - beginning	\$ 6,753	\$ 52,132	\$ -	\$ 30,854	\$ 47,245	\$ 73,154	\$ 431,955
Receipts:							
Taxes	-	-	-	-	-	-	159,923
Licenses and permits	-	-	-	-	-	-	30
Intergovernmental	-	-	-	-	-	-	156,020
Charges for services	-	-	-	-	-	-	595
Utility fees	-	-	205,466	-	-	-	385,717
Other receipts	-	-	-	33,750	4,455	-	263,694
Total receipts	-	-	205,466	33,750	4,455	-	965,979
Disbursements:							
Personal services	-	-	-	-	-	-	66,861
Supplies	-	-	-	-	-	-	51,725
Other services and charges	-	-	-	-	-	-	94,704
Debt service - principal and interest	-	-	-	37,231	-	-	37,231
Capital outlay	-	-	42,121	-	-	-	100,769
Utility operating expenses	-	-	85,769	-	5,346	-	265,766
Other disbursements	-	-	77,576	-	-	-	362,036
Total disbursements	-	-	205,466	37,231	5,346	-	979,092
Excess (deficiency) of receipts over disbursements	-	-	-	(3,481)	(891)	-	(13,113)
Cash and investments - ending	\$ 6,753	\$ 52,132	\$ -	\$ 27,373	\$ 46,354	\$ 73,154	\$ 418,842

TOWN OF WEST LEBANON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 1,061,098
Machinery and equipment	68,002
Office Equipment	<u>13,771</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,142,871</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Buildings	\$ 522,894
Machinery and equipment	<u>120,125</u>
Total Water Utility capital assets	<u>643,019</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	3,824,370
Machinery and equipment	<u>222,300</u>
Total Wastewater Utility capital assets	<u>4,046,670</u>
 Total business-type activities capital assets	 <u>\$ 4,689,689</u>

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Revenue bonds:		
West Lebanon Water Works Bonds of 1996	\$ 65,000	\$ 66,950
West Lebanon Sewer Bonds of 1996	<u>310,000</u>	<u>34,531</u>
Total debt	<u>\$ 375,000</u>	<u>\$ 101,481</u>

TOWN OF WEST LEBANON
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Park and Recreation Fund, Sewage Utility Bond and Interest Fund, and Law Enforcement Grants Fund were overdrawn in 2010.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient:

1. The Park and Recreation Fund, the balance and activity of which were not material to the financial statements, was omitted from the annual report.
2. Expenditures for the planning grant were omitted from the General Fund disbursements in the annual report.
3. Disbursements from the Sewage Utility Bond and Interest Fund were shown in the Sewage Utility Debt Reserve Fund on the annual report.
4. Investments were not shown in the appropriate amounts on the annual report.
5. Prior audit adjustments were not made.
6. The Sewage Utility Bond and Interest transfer was posted to the Sewage Utility Debt Reserve Fund, but was shown properly on the annual report.
7. Property tax receipts were posted to the ledger as Property Tax Replacement Credits. CVET was posted to ordinance violations. These items were posted to the correct fund, just not the correct account. This will not affect the financial statements. It will be shown on the combining schedules which are supplementary information and are not audited.
8. Receipts intended for the Rainy Day Fund were posted to the General Fund (\$10,737.62) and EDIT Fund (\$3,863.58). Receipts posted to the EDIT Fund should have been posted to the General Fund (\$13,332 and \$14,049). Public safety money was posted to the General Fund, but should have been placed in a separate fund (\$13,617.72 and \$4,605.32).
9. The Water Bond and Interest payment was posted to the Sewer Bond and Interest Fund in the amount of \$63,750. The Sewer Bond and Interest payment was posted to the Water Bond and Interest Fund in the amount of \$35,281.25. The error resulted in a negative fund balance in the Sewer Bond and Interest Fund. The CTAR was adjusted so that a portion of the payment came from Water Debt Reserve in order to show a positive ending cash balance.
10. Sales tax was overpaid in May 2009 because the unit relied on an incorrect cash summary. The monthly cash collected showed a negative number, but the sales tax amount shown was used as the tax to be remitted.

TOWN OF WEST LEBANON
EXAMINATION RESULTS AND COMMENTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Cumulative Capital Improvement	2010	<u>\$ 1,565</u>

A similar comment was included in the prior report.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

DEPOSITS

In numerous instances, receipts were deposited later than the next business day. A similar comment was included in the prior report.

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

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

1. Claims were not presented for two of fifty disbursements selected for testing.
2. Eight of fifty claims tested were not adequately itemized.
3. One of fifty claims tested was not certified by the fiscal officer.

TOWN OF WEST LEBANON
EXAMINATION RESULTS AND COMMENTS
(Continued)

4. One of fifty claims tested was not approved by the governing board.
5. Two of fifty claims tested were not allocated to the appropriate funds.
6. One of fifty claims tested was not mathematically correct.

A similar comment was included in four prior reports.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

ORDINANCES AND RESOLUTIONS

The Town has an ordinance concerning disconnecting water service for nonpayment. However, the Town did not properly follow the shut-off policy. There are numerous customers, including town employees, whose accounts are significantly delinquent. The Clerk-Treasurer stated that if a customer calls and promises to make a payment then they are not disconnected, although the policy clearly states: "There will be no extensions or postponements of disconnection beyond the twenty-sixth day of the month in which the bill was sent, and no partial payments will prevent service from being shut off."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS

Three employees were hired after the salary ordinance was adopted and received wages in 2010. There was no amendment to the salary ordinance or notation in the minutes of the approved wage for these employees. A similar comment was included in two prior audit reports.

TOWN OF WEST LEBANON
EXAMINATION RESULTS AND COMMENTS
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS

The Water and Wastewater Utilities do not have a policy establishing procedures for the write-off of uncollectible accounts. A similar comment was included in the three prior audit reports.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property. The Town is pursuing taking customers to court for nonpayment of bills. A similar comment was included in the three prior audit reports.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) A description of the premises, as shown by the records of the county auditor; and
 - (C) The amount of the delinquent fees, together with the penalty; or
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

TOWN OF WEST LEBANON
EXAMINATION RESULTS AND COMMENTS
(Continued)

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

PENALTIES, INTEREST, AND OTHER CHARGES

Interest totaling \$1.64 and \$1.33 were paid to the Indiana Department of Revenue on March 15, 2010, for July 2009 sales tax and withholding tax, respectively.

Penalty and interest totaling \$186.86 was paid to the Indiana Department of Workforce Development on March 16, 2010, for the first quarter of 2009 unemployment tax.

Dana M. Craft, Clerk-Treasurer, was asked to repay the total of the charges \$189.83. (See Summary, page 28)

A similar comment was included in two prior audit reports.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND

Dana M. Craft, Clerk-Treasurer, was covered by the Ohio Casualty Insurance Company with an official bond in the amount of \$15,000 for the period January 1, 2009 through January 1, 2013.

TOWN OF WEST LEBANON
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2011, with Dana M. Craft, Clerk-Treasurer, and Michael J. Jackson, President of the Town Council. The officials concurred with our findings.

TOWN OF WEST LEBANON
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Dana M. Craft, Clerk-Treasurer:			
Penalties, Interest, and Other Charges, page 26	\$ 189.83	\$	\$
Paid October 26, 2011, Receipt No. 2510	_____	189.83	_____ -
Totals	<u>\$ 189.83</u>	<u>\$ 189.83</u>	<u>\$ -</u>