

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF LEBANON

BOONE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
01/03/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah Ottinger Tonya Thayer	01-01-08 to 12-31-11 01-01-12 to 12-31-15
Mayor	Harold "Huck" Lewis	05-23-09 to 12-31-15
President of the Board of Public Works	Harold "Huck" Lewis	05-23-09 to 12-31-12
President of the Common Council	Jeremy Lamar Mike Kincaid	01-01-11 to 12-31-11 01-01-12 to 12-31-12
General Manager of Utilities	Michael Martin	01-01-11 to 12-31-12
Utility Finance Manager	Sandra Morgan	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF LEBANON, BOONE COUNTY, INDIANA

We have examined the accompanying financial statement of the City of Lebanon (City), for the year ended December 31, 2011. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement based on our examination.

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

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

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

Our examination was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The City's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the City's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

August 15, 2012

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FINANCIAL STATEMENT

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

CITY OF LEBANON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
GENERAL	\$ 1,537,885	\$ 7,147,667	\$ 6,947,768	\$ 1,737,784
MOTOR VEHICLE HIGHWAY	153,462	625,409	551,405	227,466
LOCAL ROAD & STREET	31,336	101,654	84,860	48,130
PARKS NONREVERTING PROGS	22,315	22,916	20,496	24,735
ECONOMIC DEVELOPMENT	-	4,200	4,200	-
SANITATION DEPT	150,217	614,888	584,149	180,956
POLICE CONT EDUCATION	39,944	3,474	15,835	27,583
POLICE DEFERRAL FUND	20,912	4,035	17,989	6,958
PARKS DEPT	170,802	288,586	386,411	72,977
RAINY DAY FUND	2,206,606	3,905	501,219	1,709,292
POLICE K-9 UNIT DONATIONS	2,148	-	1,580	568
LEVY EXCESS FUND	7,545	-	-	7,545
CUMULATIVE CAP DEVELOP	667,500	338,942	390,000	616,442
CUMULATIVE CAPITAL IMPROV	326,822	40,993	300,000	67,815
POLICE DEPT PENSION	252,039	212,708	212,609	252,138
FIRE DEPT PENSION	417,506	313,132	311,503	419,135
CITY COURT DOCUMENT FEES	2,218	1,262	-	3,480
SIDEWALK ESCROW-LEB.POINT	-	5,060	-	5,060
CODE ENFORCEMENT N/R	-	37,806	2,038	35,768
COUNTY COURT COSTS	-	8,792	8,792	-
FIRE DEPT HAZMAT FUND	238	-	-	238
FIRE DEPT STATE GRANTS	3,895	-	3,895	-
FIRE DEPT NONREVERT FINES	4,379	6,425	7,848	2,956
FIRE DEPT 9-11 MONUM.FUND	-	2,671	-	2,671
POLICE DEPT-STATE GRANTS	120,775	11,375	132,150	-
POLICE DEPT - FED GRANTS	4,898	-	3,835	1,063
RAINY DAY SPENDING	18,793	526,676	417,079	128,390
STATE DRUG INVESTIGATION	881	-	-	881
POLICE DARE PROGRAM	115	1,016	711	420
POLICE UNRESTRICTED DONAT	1,330	500	207	1,623
FIRE TRAIN TOWER DONATION	2,951	-	125	2,826
POLICE - COUNTY GRANTS	-	10,728	7,948	2,780
PARKS UNRESTRICTED DONATI	5,289	3,229	4,957	3,561
SOLID WASTE	3,693	16,352	16,320	3,725
STREET UNRESTRICTED DONAT	500	-	-	500
CITY UNRESTRICTED DONATIO	2,718	-	-	2,718
FIRE UNRESTRICTED DONATIO	2,616	520	101	3,035
ENTERPRISE BLVD CONSTRUCT	797,473	3,356	800,829	-
ENTERPRISE BLVD TIF ALLOC	2,869,161	3,948,100	4,330,670	2,486,591
ENTERPRISE BLVD RESERVE	417,615	-	417,615	-
FOOD & BEVERAGE TAX	914,911	346,569	412,294	849,186
CITY COURT	17,242	122,099	120,925	18,416
UTIL.PETTY CSH/CHG DRAWER	1,600	-	-	1,600
UTIL PERF REIMBURSE	619	4,983	4,983	619
PAYROLL-FIXED PERF	6,580	27,881	29,021	5,440
PAYROLL NET PAY	-	576,815	576,815	-
PAYROLL-DD NET PAY	-	2,526,349	2,526,349	-
PAYROLL-FEDERAL TAXES	-	433,106	433,106	-
PAYROLL-FICA & MEDI TAXES	-	203,062	203,062	-
PAYROLL-COIT	-	36,862	36,862	-
PAYROLL-STATE TAXES	2,424	130,799	130,799	2,424
PAYROLL-HEALTH 125	44,401	94,272	85,935	52,738
PAYROLL-LPD PENS	74,214	72,899	72,309	74,804
PAYROLL-LFD PENS	17,198	67,446	67,658	16,986
PAYROLL-DEFERRED COMP	-	36,770	36,770	-
PAYROLL-COLONIAL REG&125	364	2,676	2,680	360

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

CITY OF LEBANON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
PAYROLL-MONUMENTAL LIFE I	38	-	-	38
PAYROLL-CAP AMERICAN(CONS)	213	315	315	213
PAYROLL-CHILD SUPPORT	200	16,805	16,805	200
PAYROLL-INTEREST/SERVICE	9,223	-	-	9,223
PAYROLL - MISC	240	-	-	240
PAYROLL-CLOTHING DEDUCTIO	2,122	132	-	2,254
PAYROLL-TRANSAMERICA LIFE	177	-	-	177
PAYROLL-PAGENET	180	-	-	180
PAYROLL-DENTAL W/H	112	51,915	51,701	326
PAYROLL-OPTICAL W/H	(74)	18,679	18,764	(159)
PAYROLL-AFLAC REG&125 INS	2,680	18,555	20,089	1,146
CORP&UTILITIES PAYROLL TA	106	-	-	106
PAYROLL-EMP.CELL PHONE	-	2,780	2,400	380
UTILITIES PAYROLL	1,556	928,967	929,032	1,491
BOONE CO CLERK GARNISHMEN	20	4,332	4,332	20
IRS GARNISHMENT	-	2,348	2,348	-
UNITED WAY DEDUCTION	315	1,430	1,100	645
PAYROLL - PRINC.TERM LIFE	5,636	13,161	14,718	4,079
UTILITIES-ELECTRIC OPERAT	1,928,837	30,260,091	30,655,269	1,533,659
ELECTRIC TIME DEPOSIT	1,443,943	19,361,351	19,179,294	1,626,000
UTILITIES-ENERGY PROGRAM	43,105	926	43,135	896
UTILITIES-ELECTRIC REN&RE	1,426,364	341,751	1,237,843	530,272
TELECOMM PROJECT FUND	-	27,518	13,448	14,070
TELECOMM OPERATING FUND	-	583,496	538,657	44,839
TELECOMM TIME DEPOS	42,783	485,858	492,460	36,181
STORM WATER OPERATING	1,259,651	752,634	639,420	1,372,865
STORMWATER TIME DEPOSIT	44,229	737,882	736,331	45,780
STORM WTR BOND & INTEREST	252,062	679,040	459,709	471,393
STORM WATER-PHASE III	537,037	-	-	537,037
STORM WATER PHASE II	21,629	-	-	21,629
STM WTR ENG FEE REIMB	3,260	-	-	3,260
SANITATION TIME DEPOSIT	42,824	493,675	493,234	43,265
UTILITIES-SEWAGE OPERATIN	905,916	4,270,795	4,174,675	1,002,036
WASTEWATER TIME DEPOSIT	223,864	3,486,174	3,529,649	180,389
UTILITIES-SEWAGE B&I 1997	86,952	169,561	169,447	87,066
UTILITIES-SEWAGE CONSTRUC	1,107,611	4,013	-	1,111,624
UTILITIES-SEWAGE IMPROVME	1,458,048	676,863	461,940	1,672,971
SEWAGE AVAILABILITY	-	175,783	175,783	-
SEWER BOND 2002 - B&I FUN	2,553	304,207	303,966	2,794
SEWER DEBT 2002 - R	152,003	-	-	152,003
SEWER B & I - 2005	8,086	363,039	362,813	8,312
SEWER DEBT RESERVE 2005	263,997	-	-	263,997
SEWER DEBT RESERVE 1997	339,085	-	339,085	-
UTILITIES-WATER OPERATING	236,867	2,601,135	2,653,211	184,791
UTILITIES-WATER METER DEP	-	3,500	1,000	2,500
UTILITIES-WATER DEPREC RE	4,097,540	1,510,436	669,676	4,938,300
UTILITIES - WATER DEPREC CD	500,000	-	500,000	-
WATER TIME DEPOSIT	84,494	2,368,363	2,377,419	75,438
WATER AVAILABILITY	931,101	229,402	-	1,160,503
Totals	<u>\$ 28,812,715</u>	<u>\$ 89,935,877</u>	<u>\$ 92,493,780</u>	<u>\$ 26,254,812</u>

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

CITY OF LEBANON
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor 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, storm water, trash, and telecommunications.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include the following: property taxes, county option income tax, and other taxes that are set by the City.

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: building and planning permits, zoning permits, electrical permits, and gun permits.

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

CITY OF LEBANON
NOTES TO FINANCIAL STATEMENT
(Continued)

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, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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

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

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

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

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

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

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

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

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

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.

CITY OF LEBANON
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Interfund Transfers

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

Note 4. Deposits and Investments

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

CITY OF LEBANON
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the City 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 City 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 City 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 Plans

A. 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 City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy and Annual Pension Cost

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

CITY OF LEBANON
NOTES TO FINANCIAL STATEMENT
(Continued)

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

CITY OF LEBANON
NOTES TO FINANCIAL STATEMENT
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

The City also contributes to additional pension plan unique to the City, for Utility employees. Information regarding these plans may be obtained from the City.

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

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

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	PARKS NONREVERTING PROGS	ECONOMIC DEVELOPMENT	SANITATION DEPT	POLICE CONT EDUCATION	POLICE DEFERRAL FUND
Cash and investments - beginning	\$ 1,537,885	\$ 153,462	\$ 31,336	\$ 22,315	\$ -	\$ 150,217	\$ 39,944	\$ 20,912
Receipts:								
Taxes	3,216,428	241,759	-	-	-	138,443	-	-
Licenses and permits	149,758	-	-	-	-	-	-	-
Intergovernmental	2,592,330	381,491	85,552	-	-	729	-	-
Charges for services	22,810	1,565	16,021	22,916	-	473,076	-	-
Fines and forfeits	24,031	-	-	-	-	-	3,474	4,035
Utility fees	-	-	-	-	-	-	-	-
Other receipts	1,142,310	594	81	-	4,200	2,640	-	-
Total receipts	7,147,667	625,409	101,654	22,916	4,200	614,888	3,474	4,035
Disbursements:								
Personal services	4,649,416	283,774	-	-	-	90,632	-	-
Supplies	418,161	65,846	16,994	3,550	-	2,374	-	-
Other services and charges	349,519	32,757	-	-	-	5,914	15,687	-
Debt service - principal and interest	669,671	-	-	-	-	-	-	-
Capital outlay	530,941	6,538	3,438	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	330,060	162,490	64,428	16,946	4,200	485,229	148	17,989
Total disbursements	6,947,768	551,405	84,860	20,496	4,200	584,149	15,835	17,989
Excess (deficiency) of receipts over disbursements	199,899	74,004	16,794	2,420	-	30,739	(12,361)	(13,954)
Cash and investments - ending	\$ 1,737,784	\$ 227,466	\$ 48,130	\$ 24,735	\$ -	\$ 180,956	\$ 27,583	\$ 6,958

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

	PARKS DEPT	RAINY DAY FUND	POLICE K-9 UNIT DONATIONS	LEVY EXCESS FUND	CUMULATIVE CAP DEVELOP	CUMULATIVE CAPITAL IMPROV	POLICE DEPT PENSION
Cash and investments - beginning	\$ 170,802	\$ 2,206,606	\$ 2,148	\$ 7,545	\$ 667,500	\$ 326,822	\$ 252,039
Receipts:							
Taxes	243,921	-	-	-	191,479	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,814	-	-	-	147,463	40,993	212,708
Charges for services	42,851	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	3,905	-	-	-	-	-
Total receipts	<u>288,586</u>	<u>3,905</u>	<u>-</u>	<u>-</u>	<u>338,942</u>	<u>40,993</u>	<u>212,708</u>
Disbursements:							
Personal services	293,002	-	-	-	-	-	-
Supplies	49,075	-	1,580	-	-	-	-
Other services and charges	33,101	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	8,684	-	-	-	390,000	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,549	501,219	-	-	-	300,000	212,609
Total disbursements	<u>386,411</u>	<u>501,219</u>	<u>1,580</u>	<u>-</u>	<u>390,000</u>	<u>300,000</u>	<u>212,609</u>
Excess (deficiency) of receipts over disbursements	<u>(97,825)</u>	<u>(497,314)</u>	<u>(1,580)</u>	<u>-</u>	<u>(51,058)</u>	<u>(259,007)</u>	<u>99</u>
Cash and investments - ending	<u>\$ 72,977</u>	<u>\$ 1,709,292</u>	<u>\$ 568</u>	<u>\$ 7,545</u>	<u>\$ 616,442</u>	<u>\$ 67,815</u>	<u>\$ 252,138</u>

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

	FIRE DEPT PENSION	CITY COURT DOCUMENT FEES	SIDEWALK ESCROW-LEB.POINT	CODE ENFORCEMENT N/R	COUNTY COURT COSTS	FIRE DEPT HAZMAT FUND	FIRE DEPT STATE GRANTS
Cash and investments - beginning	\$ 417,506	\$ 2,218	\$ -	\$ -	\$ -	\$ 238	\$ 3,895
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	313,132	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	1,262	-	37,806	8,792	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	5,060	-	-	-	-
Total receipts	<u>313,132</u>	<u>1,262</u>	<u>5,060</u>	<u>37,806</u>	<u>8,792</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	311,503	-	-	2,038	8,792	-	3,895
Total disbursements	<u>311,503</u>	<u>-</u>	<u>-</u>	<u>2,038</u>	<u>8,792</u>	<u>-</u>	<u>3,895</u>
Excess (deficiency) of receipts over disbursements	<u>1,629</u>	<u>1,262</u>	<u>5,060</u>	<u>35,768</u>	<u>-</u>	<u>-</u>	<u>(3,895)</u>
Cash and investments - ending	<u>\$ 419,135</u>	<u>\$ 3,480</u>	<u>\$ 5,060</u>	<u>\$ 35,768</u>	<u>\$ -</u>	<u>\$ 238</u>	<u>\$ -</u>

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

	FIRE DEPT NONREVERT FINES	FIRE DEPT 9-11 MONUM.FUND	POLICE DEPT-STATE GRANTS	POLICE DEPT - FED GRANTS	RAINY DAY SPENDING	STATE DRUG INVESTIGATION	POLICE DARE PROGRAM
Cash and investments - beginning	\$ 4,379	\$ -	\$ 120,775	\$ 4,898	\$ 18,793	\$ 881	\$ 115
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	11,375	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	6,425	2,671	-	-	526,676	-	1,016
Total receipts	6,425	2,671	11,375	-	526,676	-	1,016
Disbursements:							
Personal services	-	-	132,150	-	-	-	-
Supplies	-	-	-	3,835	-	-	711
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	7,848	-	-	-	417,079	-	-
Total disbursements	7,848	-	132,150	3,835	417,079	-	711
Excess (deficiency) of receipts over disbursements	(1,423)	2,671	(120,775)	(3,835)	109,597	-	305
Cash and investments - ending	\$ 2,956	\$ 2,671	\$ -	\$ 1,063	\$ 128,390	\$ 881	\$ 420

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

	POLICE UNRESTRICTED DONAT	FIRE TRAIN TOWER DONATION	POLICE - COUNTY GRANTS	PARKS UNRESTRICTED DONATI	SOLID WASTE	STREET UNRESTRICTED DONAT	CITY UNRESTRICTED DONATIO
Cash and investments - beginning	\$ 1,330	\$ 2,951	\$ -	\$ 5,289	\$ 3,693	\$ 500	\$ 2,718
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	10,728	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	500	-	-	3,229	16,352	-	-
Total receipts	500	-	10,728	3,229	16,352	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	7,194	-	-	-	-
Other services and charges	-	-	754	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	207	125	-	4,957	16,320	-	-
Total disbursements	207	125	7,948	4,957	16,320	-	-
Excess (deficiency) of receipts over disbursements	293	(125)	2,780	(1,728)	32	-	-
Cash and investments - ending	\$ 1,623	\$ 2,826	\$ 2,780	\$ 3,561	\$ 3,725	\$ 500	\$ 2,718

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

	FIRE UNRESTRICTED DONATIO	ENTERPRISE BLVD CONSTRUCT	ENTERPRISE BLVD TIF ALLOC	ENTERPRISE BLVD RESERVE	FOOD & BEVERAGE TAX	CITY COURT	UTIL.PETTY CSH/CHG DRAWER
Cash and investments - beginning	\$ 2,616	\$ 797,473	\$ 2,869,161	\$ 417,615	\$ 914,911	\$ 17,242	\$ 1,600
Receipts:							
Taxes	-	-	1,245,141	-	346,569	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	520	3,356	2,702,959	-	-	122,099	-
Total receipts	520	3,356	3,948,100	-	346,569	122,099	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	417,615	-	-	-
Capital outlay	-	800,829	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	101	-	4,330,670	-	412,294	120,925	-
Total disbursements	101	800,829	4,330,670	417,615	412,294	120,925	-
Excess (deficiency) of receipts over disbursements	419	(797,473)	(382,570)	(417,615)	(65,725)	1,174	-
Cash and investments - ending	\$ 3,035	\$ -	\$ 2,486,591	\$ -	\$ 849,186	\$ 18,416	\$ 1,600

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

	UTIL PERF REIMBURSE	PAYROLL- FIXED PERF	PAYROLL NET PAY	PAYROLL-DD NET PAY	PAYROLL- FEDERAL TAXES	PAYROLL-FICA & MEDI TAXES	PAYROLL- COIT
Cash and investments - beginning	\$ 619	\$ 6,580	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>4,983</u>	<u>27,881</u>	<u>576,815</u>	<u>2,526,349</u>	<u>433,106</u>	<u>203,062</u>	<u>36,862</u>
Total receipts	<u>4,983</u>	<u>27,881</u>	<u>576,815</u>	<u>2,526,349</u>	<u>433,106</u>	<u>203,062</u>	<u>36,862</u>
Disbursements:							
Personal services	4,983	-	-	2,526,349	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	<u>29,021</u>	<u>576,815</u>	-	<u>433,106</u>	<u>203,062</u>	<u>36,862</u>
Total disbursements	<u>4,983</u>	<u>29,021</u>	<u>576,815</u>	<u>2,526,349</u>	<u>433,106</u>	<u>203,062</u>	<u>36,862</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(1,140)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 619</u>	<u>\$ 5,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	PAYROLL- STATE TAXES	PAYROLL- HEALTH 125	PAYROLL- LPD PENS	PAYROLL- LFD PENS	PAYROLL- DEFERED COMP	PAYROLL- COLONIAL REG&125	PAYROLL- MONUMENTAL LIFE I
Cash and investments - beginning	\$ 2,424	\$ 44,401	\$ 74,214	\$ 17,198	\$ -	\$ 364	\$ 38
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>130,799</u>	<u>94,272</u>	<u>72,899</u>	<u>67,446</u>	<u>36,770</u>	<u>2,676</u>	<u>-</u>
Total receipts	<u>130,799</u>	<u>94,272</u>	<u>72,899</u>	<u>67,446</u>	<u>36,770</u>	<u>2,676</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>130,799</u>	<u>85,935</u>	<u>72,309</u>	<u>67,658</u>	<u>36,770</u>	<u>2,680</u>	<u>-</u>
Total disbursements	<u>130,799</u>	<u>85,935</u>	<u>72,309</u>	<u>67,658</u>	<u>36,770</u>	<u>2,680</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>8,337</u>	<u>590</u>	<u>(212)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,424</u>	<u>\$ 52,738</u>	<u>\$ 74,804</u>	<u>\$ 16,986</u>	<u>\$ -</u>	<u>\$ 360</u>	<u>\$ 38</u>

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

	PAYROLL- CAP AMERICAN(CONS)	PAYROLL- CHILD SUPPORT	PAYROLL- INTEREST/ SERVICE	PAYROLL - MISC	PAYROLL- CLOTHING DEDUCTIO	PAYROLL- TRANSAMERICA LIFE	PAYROLL- PAGENET
Cash and investments - beginning	\$ 213	\$ 200	\$ 9,223	\$ 240	\$ 2,122	\$ 177	\$ 180
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	315	16,805	-	-	132	-	-
Total receipts	<u>315</u>	<u>16,805</u>	<u>-</u>	<u>-</u>	<u>132</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	315	16,805	-	-	-	-	-
Total disbursements	<u>315</u>	<u>16,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 213</u>	<u>\$ 200</u>	<u>\$ 9,223</u>	<u>\$ 240</u>	<u>\$ 2,254</u>	<u>\$ 177</u>	<u>\$ 180</u>

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

	PAYROLL- DENTAL W/H	PAYROLL- OPTICAL W/H	PAYROLL- AFLAC REG&125 INS	CORP&UTILITIES PAYROLL TA	PAYROLL- EMP.CELL PHONE	UTILITIES PAYROLL	BOONE CO CLERK GARNISHMENT
Cash and investments - beginning	\$ 112	\$ (74)	\$ 2,680	\$ 106	\$ -	\$ 1,556	\$ 20
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	51,915	18,679	18,555	-	2,780	928,967	4,332
Total receipts	51,915	18,679	18,555	-	2,780	928,967	4,332
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	51,701	18,764	20,089	-	2,400	929,032	4,332
Total disbursements	51,701	18,764	20,089	-	2,400	929,032	4,332
Excess (deficiency) of receipts over disbursements	214	(85)	(1,534)	-	380	(65)	-
Cash and investments - ending	\$ 326	\$ (159)	\$ 1,146	\$ 106	\$ 380	\$ 1,491	\$ 20

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

	IRS GARNISHMENT	UNITED WAY DEDUCTION	PAYROLL - PRINC. TERM LIFE	UTILITIES- ELECTRIC OPERAT	ELECTRIC TIME DEPOSIT	UTILITIES- ENERGY PROGRAM	UTILITIES- ELECTRIC REN&RE
Cash and investments - beginning	\$ -	\$ 315	\$ 5,636	\$ 1,928,837	\$ 1,443,943	\$ 43,105	\$ 1,426,364
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2,348	1,430	13,161	30,260,091	19,361,351	926	341,751
Total receipts	<u>2,348</u>	<u>1,430</u>	<u>13,161</u>	<u>30,260,091</u>	<u>19,361,351</u>	<u>926</u>	<u>341,751</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,348	1,100	14,718	30,655,269	19,179,294	43,135	1,237,843
Total disbursements	<u>2,348</u>	<u>1,100</u>	<u>14,718</u>	<u>30,655,269</u>	<u>19,179,294</u>	<u>43,135</u>	<u>1,237,843</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>330</u>	<u>(1,557)</u>	<u>(395,178)</u>	<u>182,057</u>	<u>(42,209)</u>	<u>(896,092)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 645</u>	<u>\$ 4,079</u>	<u>\$ 1,533,659</u>	<u>\$ 1,626,000</u>	<u>\$ 896</u>	<u>\$ 530,272</u>

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

	TELECOMM PROJECT FUND	TELECOMM OPERATING FUND	TELECOMM TIME DEPOS	STORM WATER OPERATING	STORMWATER TIME DEPOSIT	STORM WTR BOND & INTEREST	STORM WATER-PHASE III
Cash and investments - beginning	\$ -	\$ -	\$ 42,783	\$ 1,259,651	\$ 44,229	\$ 252,062	\$ 537,037
Receipts:							
Taxes	-	-	-	-	-	675,685	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	3,355	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	725,499	-	-	-
Other receipts	27,518	583,496	485,858	27,135	737,882	-	-
Total receipts	27,518	583,496	485,858	752,634	737,882	679,040	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	459,709	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	639,420	-	-	-
Other disbursements	13,448	538,657	492,460	-	736,331	-	-
Total disbursements	13,448	538,657	492,460	639,420	736,331	459,709	-
Excess (deficiency) of receipts over disbursements	14,070	44,839	(6,602)	113,214	1,551	219,331	-
Cash and investments - ending	\$ 14,070	\$ 44,839	\$ 36,181	\$ 1,372,865	\$ 45,780	\$ 471,393	\$ 537,037

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

	STORM WATER PHASE II	STM WTR ENG FEE REIMB	SANITATION TIME DEPOSIT	UTILITIES- SEWAGE OPERATIN	WASTEWATER TIME DEPOSIT	UTILITIES- SEWAGE B&I 1997	UTILITIES- SEWAGE CONSTRUC
Cash and investments - beginning	\$ 21,629	\$ 3,260	\$ 42,824	\$ 905,916	\$ 223,864	\$ 86,952	\$ 1,107,611
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	493,675	4,270,795	3,486,174	169,561	4,013
Total receipts	-	-	493,675	4,270,795	3,486,174	169,561	4,013
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	493,234	4,174,675	3,529,649	169,447	-
Total disbursements	-	-	493,234	4,174,675	3,529,649	169,447	-
Excess (deficiency) of receipts over disbursements	-	-	441	96,120	(43,475)	114	4,013
Cash and investments - ending	\$ 21,629	\$ 3,260	\$ 43,265	\$ 1,002,036	\$ 180,389	\$ 87,066	\$ 1,111,624

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

	UTILITIES- SEWAGE IMPROVME	SEWAGE AVAILABILITY	SEWER BOND 2002 - B&I FUN	SEWER DEBT 2002 - R	SEWER B & I - 2005	SEWER DEBT RESERVE 2005	SEWER DEBT RESERVE 1997
Cash and investments - beginning	\$ 1,458,048	\$ -	\$ 2,553	\$ 152,003	\$ 8,086	\$ 263,997	\$ 339,085
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	676,863	175,783	304,207	-	363,039	-	-
Total receipts	676,863	175,783	304,207	-	363,039	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	461,940	175,783	303,966	-	362,813	-	339,085
Total disbursements	461,940	175,783	303,966	-	362,813	-	339,085
Excess (deficiency) of receipts over disbursements	214,923	-	241	-	226	-	(339,085)
Cash and investments - ending	\$ 1,672,971	\$ -	\$ 2,794	\$ 152,003	\$ 8,312	\$ 263,997	\$ -

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

	UTILITIES- WATER OPERATING	UTILITIES- WATER METER DEP	UTILITIES- WATER DEPREC RE	UTILITIES- WATER DEPREC CD	WATER TIME DEPOSIT	WATER AVAILABILITY	Totals
Cash and investments - beginning	\$ 236,867	\$ -	\$ 4,097,540	\$ 500,000	\$ 84,494	\$ 931,101	\$ 28,812,715
Receipts:							
Taxes	-	-	-	-	-	-	6,299,425
Licenses and permits	-	-	-	-	-	-	149,758
Intergovernmental	-	-	-	-	-	-	3,801,670
Charges for services	-	-	-	-	-	-	579,239
Fines and forfeits	-	-	-	-	-	-	79,400
Utility fees	-	-	-	-	-	-	725,499
Other receipts	2,601,135	3,500	1,510,436	-	2,368,363	229,402	78,300,886
Total receipts	2,601,135	3,500	1,510,436	-	2,368,363	229,402	89,935,877
Disbursements:							
Personal services	-	-	-	-	-	-	7,980,306
Supplies	-	-	-	-	-	-	569,320
Other services and charges	-	-	-	-	-	-	437,732
Debt service - principal and interest	-	-	-	-	-	-	1,546,995
Capital outlay	-	-	-	-	-	-	1,740,430
Utility operating expenses	-	-	-	-	-	-	639,420
Other disbursements	2,653,211	1,000	669,676	500,000	2,377,419	-	79,579,577
Total disbursements	2,653,211	1,000	669,676	500,000	2,377,419	-	92,493,780
Excess (deficiency) of receipts over disbursements	(52,076)	2,500	840,760	(500,000)	(9,056)	229,402	(2,557,903)
Cash and investments - ending	\$ 184,791	\$ 2,500	\$ 4,938,300	\$ -	\$ 75,438	\$ 1,160,503	\$ 26,254,812

CITY OF LEBANON
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
PNC Equipment Finance LLC	Street Sweeper	\$ 34,035	07-15-11	07-15-15
Star Financial	Copiers	22,020	01-01-11	07-15-15
U.S. Bank	Public Safety Building	<u>310,500</u>	02-01-12	02-01-26
Total governmental activities		<u>366,555</u>		
Total of annual lease payments		<u>\$ 366,555</u>		
Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year	
Governmental activities:				
Revenue bonds	Lease Rental Revenue Bonds Series 2003 (Municipal Bldg)	\$ 4,735,000	\$ 487,406	
Revenue bonds	Economic Development Lease Rental Bonds of 2011	<u>3,255,000</u>	<u>310,500</u>	
Total governmental activities		<u>7,990,000</u>	<u>8,787,906</u>	
Storm Water:				
Revenue bonds	Storm Water District Bonds of 2000 Series A	715,000	250,613	
Revenue bonds	Storm Water District Bonds of 2005	<u>2,950,000</u>	<u>214,636</u>	
Total Storm Water		<u>3,665,000</u>	<u>4,130,249</u>	
Wastewater:				
Revenue bonds	Revenue Bonds of 2002 (Expansion Project)	3,365,000	470,019	
Revenue bonds	Revenue Bonds of 2005 (Expansion Project)	<u>4,085,000</u>	<u>253,688</u>	
Total Wastewater		<u>7,450,000</u>	<u>8,173,707</u>	
Totals		<u>\$ 19,105,000</u>	<u>\$ 1,986,862</u>	

CITY OF LEBANON
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 234,737
Infrastructure	19,681,283
Buildings	10,341,002
Improvements other than buildings	694,200
Machinery, equipment and vehicles	3,042,477
Total governmental activities	33,993,699
Electric:	
Land	250,743
Buildings	1,086,855
Improvements other than buildings	5,044,603
Machinery, equipment and vehicles	6,041,796
Construction in progress	2,390,109
Books and other	269,774
Total Electric	15,083,880
Telecommunications:	
Improvements other than buildings	314,232
Machinery, equipment and vehicles	127,896
Construction in progress	11,966
Books and other	73,228
Total Telecommunications	527,322
Storm Water:	
Total Storm Water	-
Trash:	
Total Trash	-
Wastewater:	
Land	312,969
Buildings	5,659,386
Improvements other than buildings	23,414,518
Machinery, equipment and vehicles	7,215,564
Construction in progress	1,250
Total Wastewater	36,603,687
Water:	
Land	242,568
Buildings	3,625,153
Improvements other than buildings	13,151,028
Machinery, equipment and vehicles	2,460,942
Construction in progress	991,126
Total Water	20,470,817
Total capital assets	\$ 106,679,405

CITY OF LEBANON
OTHER REPORTS

The report presented herein was prepared in addition to other official reports prepared for the Electric, Water, Wastewater, and Telecommunications Utilities.

CITY OF LEBANON
EXAMINATION RESULTS AND COMMENTS

DEPOSITS - POLICE DEPARTMENT

Eight out of ten police receipts tested were not remitted to the Clerk Treasurer timely; therefore, police receipts were deposited later than the next business day.

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."

RECEIPT ISSUANCE - POLICE DEPARTMENT

While testing the City of Lebanon Police Department receipts, a variety of issues were found. Adequate records were not maintained or presented for audit. The Police Department receipt books contain three copies, white, yellow and pink. The pink copy is to be kept with the Police Department as their records. While testing 2011 receipts, it was noted all of the receipt book pink copies were blank except for nine receipts.

A number of receipts from 2011 were either not issued or not remitted timely to the City. A majority of the receipts actually tested were written for gun permits but others did include accident reports, case reports and other miscellaneous reports. Receipts were not written in sequential order and not every receipt was turned into the Clerk-Treasurer. It was also noted where a higher receipt number was turned in one day and a lower receipt number was turned in the next time. There were a large number of receipts not written at all. For the receipts that were actually written, there was no denotation of cash, check, money order, etc.

Additional testing was performed on the gun permits issued from 2006 through 2010 and to September 12, 2012. Many issues found during 2011, were also found in the previous years as well as the current year. It was determined that in 2006 the amount of receipts found to be issued and remitted to the Clerk-Treasurer was the highest, and each subsequent year the amount of receipts consistently dropped.

Procedures for gun permits are as follows: Indiana Code 35-47-2-3 states in part:

"(a) A person desiring a license to carry a handgun shall apply:

- (1) to the chief of police or corresponding law enforcement officer of the municipality in which the applicant resides;
- (2) if that municipality has no such officer, or if the applicant does not reside in a municipality, to the sheriff of the county in which the applicant resides after the applicant has obtained an application form prescribed by the superintendent; or
- (3) if the applicant is a resident of another state and has a regular place of business or employment in Indiana, to the sheriff of the county in which the applicant has a regular place of business or employment.

The superintendent and local law enforcement agencies shall allow an applicant desiring to obtain or renew a license to carry a handgun to submit an application electronically under this chapter if funds are available to establish and maintain an electronic application system.

CITY OF LEBANON
EXAMINATION RESULTS AND COMMENTS
(Continued)

(b) The law enforcement agency which accepts an application for a handgun license shall collect the following application fees:

- (1) From a person applying for a four (4) year handgun license, a ten dollar (\$10) application fee, five dollars (\$5) of which shall be refunded if the license is not issued.
- (2) From a person applying for a lifetime handgun license who does not currently possess a valid Indiana handgun license, a fifty dollar (\$50) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued.
- (3) From a person applying for a lifetime handgun license who currently possesses a valid Indiana handgun license, a forty dollar (\$40) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued.

Except as provided in subsection (h), the fee shall be deposited into the law enforcement agency's firearms training fund or other appropriate training activities fund and used by the agency to train law enforcement officers in the proper use of firearms or in other law enforcement duties, or to purchase firearms, firearm related equipment, or body armor (as defined in IC 35-47-5-13(a)) for the law enforcement officers employed by the law enforcement agency. The state board of accounts shall establish rules for the proper accounting and expenditure of funds collected under this subsection."

After individuals have completed the procedures above, they are placed on a Distribution List, provided by the Indiana State Police, for each local law enforcement agency. For the Lebanon Police Department the gun permit receipts collected and remitted to the clerk-treasurer, from 2006 to September 12, 2012, were significantly less than the amount that should have been remitted to the clerk-treasurer's office. The following schedule details the variance by year:

Period	Receipts Collected Per the State Police Distribution List	Actual Receipts Transmitted to Clerk-Treasurer's Office	Variance
01-01-06 to 12-31-06	\$ 1,950	\$ 630	\$ 1,320
01-01-07 to 12-31-07	4,710	470	4,240
01-01-08 to 12-31-08	6,150	1,170	4,980
01-01-09 to 12-31-09	8,710	820	7,890
01-01-10 to 12-31-10	7,790	520	7,270
01-01-11 to 12-31-11	6,280	640	5,640
01-01-12 to 09-12-12	5,870	1,960	3,910
Totals	\$ 41,460	\$ 6,210	\$ 35,250

The responsibilities for receipting the gun permit money and remitting it to the Clerk-Treasurer each week was given to Jamie Houghton, Administrative Assistant.

CITY OF LEBANON
EXAMINATION RESULTS AND COMMENTS
(Continued)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

In accordance with the provisions of IC 35-47, the following procedure is prescribed for accounting for such application fees:

- (1) Issue a Receipt, General Form No. 352, for each fee collected.
- (2) Remit receipts to the clerk-treasurer or controller at least once each week.
- (3) The clerk-treasurer or controller shall issue an official receipt for remittance specifying on such receipt the number of general receipts accounted for. (For example: General Receipt Nos. 1-4, \$40.00)
- (4) The clerk-treasurer or controller shall receipt the fees to the local law enforcement continuing education fund and deposit such receipts in the municipality's general corporation bank account. A separate depository account is not required.
- (5) If the application is turned down, a refund shall be made from the local law enforcement continuing education fund without appropriation upon the basis of the claim filed, allowed and paid in the proper legal manner. No refunds are to be made from any other fund of the unit.

(Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

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

In accordance with the Public Depository Law cash receipts shall be deposited daily and also should be deposited in the same form as received and should equal the total amount of the day's collections. Each receipt shall note type of receipt (cash, check, money order, EFT, bank/credit card, other). (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 44)

Jamie Houghton, Administrative Assistant, was requested to reimburse the City \$35,250. (See Summary of Charges, page 40)

AUDIT COSTS - MISSING FUNDS

Additional audit fees were incurred in the investigation of missing funds. The State of Indiana is requesting reimbursement of audit fees incurred in the amount of \$6,833.48.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF LEBANON
EXIT CONFERENCE

The contents of this report were discussed on October 17, 2012, with Jamie Houghton, Administrative Assistant. The official indicated that she would be responding to the report but no Official Response was received.

The contents of this report were discussed on October 17, 2012, with Harold "Huck" Lewis, Mayor; Robert V. Clutter, City Attorney; Tonya Thayer, Clerk-Treasurer and Sam Myers, Chief of Police. The Official Response has been made a part of this report and may be found on pages 38 and 39.

The contents of this report were discussed on October 18, 2012, with Deborah Ottinger, former Clerk-Treasurer. The official indicated that she would be responding to the report but no Official Response was received.



Raymond M. Kirtley
Daniel L. Taylor
Darren C. Chadd
J. Kent Minnette
Ann M. Schneider
Tamie Jo Morog
Robert V. Clutter
Tyler M. Nichols
Sergey Grechukhin
Heather M. Shumaker

October 19, 2012

Richard D. Cole, Field Supervisor
Indiana State Board of Accounts
Room E418, 302 W. Washington Street, 4th Floor
Indianapolis, IN 46204-2765

**RE: State Board of Accounts Audit for City of Lebanon
January 2, 2011 to December 31, 2011**

Dear Mr. Cole:

It was a pleasure meeting with you on October 7, 2012, to discuss the exit interview regarding the State Board of Accounts (“SBOA”) audit of the City of Lebanon for the time period January 1, 2011 through December 31, 2011. The exit interview focused primarily upon the discrepancies as they relate to gun permit receipts and the monies received by the Lebanon Police Department.

As you are aware, the SBOA began its annual audit of the city of Lebanon earlier this year and chose to look at the gun permit receipts from the Lebanon Police Department (LPD). Initially some discrepancies were found and the SBOA looked at documentation for permits issued for the last six years. (Apparently gun permit receipts had not been previously audited.)

The SBOA informed the Mayor of the discrepancies and the City immediately began a thorough investigation through the Police Department and an independent financial consultant. That investigation revealed similar results – that the discrepancies were due to misappropriation (by one person) of money paid by individuals to LPD for gun permits.

The investigation has been completed and the responsible individual has resigned. The City appreciates the diligence and transparency of the SBOA in working through this unfortunate

situation. Lebanon is evaluating its procedures and will institute policies to ensure this type of incident does not happen in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert V. Clutter". The signature is fluid and cursive, with a large initial "R" and "C".

Robert V. Clutter
Attorney, City of Lebanon

RVC:lmg

CITY OF LEBANON
SUMMARY OF CHARGES

	Charges	Credits	Balance Due
Jamie Houghton, Administrative Assistant: Receipt Issuance - Police Department, page 34 through 36	\$ 35,250.00	\$ -	\$ 35,250.00
Audit Costs-Missing Funds, page 36	6,833.48	-	6,833.48
 Totals	 \$ 42,083.48	 \$ -	 \$ 42,083.48

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

AFFIDAVIT

STATE OF INDIANA)
Boone COUNTY)

We, April Boone and David Lund, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the City of Lebanon, Boone County, Indiana, for the period from January 1, 2011 to December 31, 2011, is true and correct to the best of my knowledge and belief.

April Boone

David Lund
Field Examiners

Subscribed and sworn to before me this 5th day of November, 2012.

Sonia Loda
Notary Public

My Commission Expires: 6-23-16

County of Residence: Boone