

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF LEBANON
BOONE COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED
04/25/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tonya Thayer	01-01-16 to 12-31-19
Mayor	Matthew Gentry	01-01-16 to 12-31-18
President of the Board of Public Works and Safety	Matthew Gentry	01-01-16 to 12-31-18
President Pro Tempore of the Common Council	Steve Large John Copeland Keith Campbell	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18
Utility Office Manager	Sandra Morgan	01-01-16 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Lebanon (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

Our audit 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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 29, 2018



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Lebanon (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated March 29, 2018, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002, that we consider to be material weaknesses.

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

Compliance and Other Matters

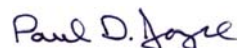
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

City of Lebanon's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 29, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2016

Fund	Cash and Investments			Cash and Investments 12-31-16
	01-01-16	Receipts	Disbursements	
GENERAL	\$ 4,500,930	\$ 10,228,926	\$ 9,914,303	\$ 4,815,553
MOTOR VEHICLE HIGHWAY	977,640	1,108,840	960,127	1,126,353
LOCAL ROAD & STREET	147,309	163,954	173,551	137,712
PARKS NONREVERTING PROGS	50,350	70,125	57,951	62,524
PLANNING & ZONING - BLIGHT ELIMINATION PROG (BEP)	-	37,755	37,755	-
LEB COMMUNITY DEV CORP	94	-	-	94
POLICE CONT EDUCATION	14,939	25,689	30,655	9,973
LFD CAR SEAT PROGRAM	(47)	2,828	2,302	479
POLICE DEFERRAL FUND	6,405	2,375	3,304	5,476
CASINO/RIVERBOAT TAX	259,991	93,547	94,980	258,558
PARKS DEPT	712,985	973,863	675,634	1,011,214
RAINY DAY FUND	1,922,252	572,725	887,629	1,607,348
POLICE K-9 UNIT DONATIONS	1,247	20	-	1,267
2016 LOIT SPECIAL DISTRIBUTION (75%)	-	1,933,357	522,013	1,411,344
LEVY EXCESS FUND	1,301	-	-	1,301
CUMULATIVE CAP DEVELOP	775,922	597,382	947,290	426,014
CUMULATIVE CAPITAL IMPROV	170,130	40,250	-	210,380
ENTERPRISE BLVD TIF ALLOC	3,435,492	2,035,596	1,833,022	3,638,066
POLICE DEPT PENSION	252,606	243,272	243,393	252,485
FIRE DEPT PENSION	427,314	320,914	334,115	414,113
CITY COURT DOCUMENT FEES	3,948	-	-	3,948
City Court	12,380	156	-	12,536
PLANNING & ZONING BROWNFIELDS GRANT	-	213,554	213,554	-
SIDEWALK ESCROW-LEB.POINT	5,060	-	-	5,060
CODE ENFORCEMENT N/R	76,300	71,744	75,202	72,842
LPD NON REVERTING INTERDICTION FUND	941	-	-	941
FIRE DEPT HAZMAT FUND	961	-	700	261
FIRE DEPT FEDERAL GRANTS	6	-	-	6
FIRE DEPT NONREVERT	1,949	2,232	3,762	419
LFD - PROJECT LIFESAVER	434	670	358	746
FIRE DEPT 9-11 MONUM.FUND	9,292	1,999	-	11,291
DOE ENERGY EFFICIENCY GRANT REIMB.	(552)	6,452	3,145	2,755
LPD BIG CITY BIG COUNTY - SEATBELT GRANT	-	15,162	15,162	-
LPD DUI TASK FORCE GRANT	-	9,217	9,217	-
LPD BULLETPROOF VEST GRANT	10,071	1,500	1,500	10,071
STATE DRUG INVESTIGATION	881	-	-	881
POLICE DARE PROGRAM	163	-	-	163
POLICE RESERVE PROGRAM	281	-	-	281
LPD NON-REVERTING MISC & DONATIONS	6,102	-	3,603	2,499
FIRE TRAIN TOWER DONATION	5,401	3,823	2,573	6,651
POLICE - COUNTY GRANTS	2,698	-	-	2,698
PARKS UNRESTRICTED DONATI	14,431	1,100	1,676	13,855
LFD TRAINING FUND	3,791	80	3,142	729
SOLID WASTE	3,792	16,931	16,902	3,821
STREET UNRESTRICTED DONAT	500	-	-	500
CITY UNRESTRICTED DONATIO	2,671	2,691	-	5,362
LFD SMOKE ALARMS	65	-	93	(28)
LFD UNRESTRICTED DONATIONS	25	-	-	25
ENTERPRISE BLVD CONSTRUCT	510	-	-	510
EMPLOYEE HEALTH FUND	(23,755)	1,518,205	1,360,413	134,037
PARK POOL BOND PAYMENTS & FEES	130,953	450,665	379,273	202,345
SKJODT BARRETT LEB BUS. PARK BLDG #11	61,117	122,615	122,425	61,307
LEBANON FIBERNET	21,773	15,729	37,502	-
DA LUBRICANTS	-	215,770	146,620	69,150
RDC GDI PROJ BOND SERIES 2015 (Bond Portion)	-	14,930	14,930	-
SKJODT BARRETT BUS PARK BLDG 11 (RDC Portion)	-	20,436	-	20,436
DA LUBRICANTS (RDC Portion)	-	17,287	-	17,287
GDI 1050 ST RD 32 (RDC Portion)	-	19,906	-	19,906
SR 39 COST SHARING AGRMT	3,245	-	-	3,245
FOOD & BEVERAGE TAX	1,515,117	415,624	313,086	1,617,655
STORMWATER PROJ FUND - EAST ST BOND	1,674,262	1,707	54,947	1,621,022
PARK BOND - WAVE POOL PROJ FUNDS	109,543	-	28,991	80,552
STORMWATER BOND 2014-GRANT ST LAF AV S MERIDIAN	712,958	1,707	135,780	578,885
STORM WATER LAF. AVE CDBG GRANT	7	291,836	291,456	387
RDC 2015 LEGACY BOND	1,666,671	3,679	1,059,710	610,640
UTIL.PETTY CSH/CHG DRAWER	1,600	-	325	1,275
UTIL PERF REIMBURSE	619	7,416	10,085	(2,050)

CITY OF LEBANON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and	Receipts	Disbursements	Cash and
	Investments			Investments
	01-01-16			12-31-16
PAYROLL-FIXED PERF	(951)	39,246	39,314	(1,019)
PAYROLL NET PAY	-	146,417	146,417	-
PAYROLL-DD NET PAY	-	3,878,617	3,878,617	-
PAYROLL-FEDERAL TAXES	(3,902)	587,650	585,130	(1,382)
PAYROLL-FICA & MEDI TAXES	24	311,453	312,299	(822)
PAYROLL-COIT	4,824	49,575	49,009	5,390
PAYROLL-STATE TAXES	18,610	167,067	165,015	20,662
PAYROLL-HEALTH 125	54,160	104,971	103,235	55,896
PAYROLL-LPD PENS	56,861	100,054	100,054	56,861
PAYROLL-LFD PENS	1,059	91,506	91,506	1,059
PAYROLL-DEFERRED COMP	-	41,946	41,946	-
PAYROLL-COLONIAL REG&125	210	325	398	137
PAYROLL-MONUMENTAL LIFE I	38	-	-	38
PAYROLL-CAP AMERICAN(CONS	189	-	-	189
PAYROLL-CHILD SUPPORT	10	34,388	34,388	10
PAYROLL-TRANSAMERICA LIFE	177	-	-	177
PAYROLL-PAGENET	180	-	-	180
PAYROLL-DENTAL W/H	1,915	58,159	57,996	2,078
PAYROLL-OPTICAL W/H	(1,443)	11,312	11,280	(1,411)
PAYROLL-AFLAC REG&125 INS	1,216	15,268	15,199	1,285
CORP&UTILITIES PAYROLL TA	106	-	-	106
PAYROLL-EMP.CELL PHONE	517	6,987	6,673	831
UTILITIES PAYROLL	11,941	1,024,847	1,018,753	18,035
BOONE CO CLERK GARNISHMEN	385	1,176	1,176	385
IRS GARNISHMENT	106	-	-	106
UNITED WAY DEDUCTION	171	-	-	171
PAYROLL - PRINC.TERM LIFE	5,268	27,253	27,553	4,968
2016 LOIT SPECIAL DISTRIBUTION 25%	-	557,450	-	557,450
UTILITIES-ELECTRIC OPERAT	1,731,833	27,169,618	26,885,009	2,016,442
UTILITIES-ELEC CUSTOMER DEP	31,706	26,671	25,002	33,375
ELECTRIC TIME DEPOSIT	2,061,745	24,600,720	24,874,419	1,788,046
ELECTRIC UTL DEBT SERVICE 2013	468,736	175,776	-	644,512
UTILITIES-ENERGY PROGRAM	6,467	6,459	-	12,926
ELECTRIC UTL BOND & INT 2013	834	878,813	878,500	1,147
UTILITIES-ELECTRIC CONSTR	7,095,794	16,494	3,194,717	3,917,571
ELECTRIC UTL REVENUE 2013	-	24,660,919	24,660,919	-
UTILITIES-ELECTRIC REN&RE	1,049,438	581,696	424,931	1,206,203
TELECOM REN & REPLC	52,054	42,142	318	93,878
TELECOMM OPERATING FUND	97,069	711,299	674,491	133,877
TELECOMM TIME DEPOS	54,612	680,454	693,150	41,916
STORM WATER OPERATING	2,062,723	1,121,046	739,902	2,443,867
STORMWATER TIME DEPOSIT	80,363	1,070,660	1,071,368	79,655
STORM WTR BOND & INTEREST	263,788	600,030	561,818	302,000
STORM WATER PHASE II	21,629	-	-	21,629
STM WTR INSPECTION	3,137	43,092	51,508	(5,279)
SANITATION TIME DEPOSIT	49,441	515,444	519,536	45,349
SANITATION DEPT	592,834	778,157	704,870	666,121
UTILITIES-SEWAGE OPERATIN	582,056	4,654,087	3,977,812	1,258,331
WASTEWATER CUSTOMER DEPOSIT FUND	4,174	4,738	4,476	4,436
WASTEWATER TIME DEPOSIT	146,740	4,619,859	4,567,260	199,339
UTILITIES-SEWAGE B&I 2014	945	202,255	201,193	2,007
UTILITIES-SEWAGE CONSTRUC	474,672	299	474,972	(1)
WASTEWATER B&I FUND 2013	2,020	462,725	462,412	2,333
UTILITIES-SEWAGE IMPROVME	354,750	704,460	738,940	320,270
SEWER REVENUE 2013	-	4,528,691	4,528,691	-
SEWAGE AVAILABILITY	-	14,250	14,250	-
SEWER DEBT SERVICE 2013	688,500	-	-	688,500
UTILITIES-WATER OPERATING	906,265	3,239,303	3,081,226	1,064,342
UTILITIES-WATER METER DEP	6,081	10,529	11,347	5,263
UTILITIES-WATER DEPREC RE	2,536,481	382,247	631,556	2,287,172
WATER TIME DEPOSIT	82,438	3,113,745	3,174,027	22,156
WATER AVAILABILITY	1,649,270	66,086	-	1,715,356
Totals	\$ 43,003,337	\$ 134,854,672	\$ 135,538,734	\$ 42,319,275

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, gas, storm water, trash, aviation, and urban redevelopment and housing.

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 Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

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

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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 City.

Licenses and permits. Amounts received from businesses, occupations, or non-businesses 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF LEBANON
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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.

CITY OF LEBANON
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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 City may, from time to time, make transfers 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

CITY OF LEBANON
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the City to invest in securities including, but not limited to, the following: 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 a cost-sharing 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF LEBANON
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

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.

CITY OF LEBANON
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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
One North Capitol, 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.

E. Additional Pension Plan

The City also contributes to an additional pension plan unique to the City. Information regarding this plan may be obtained from the City.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of expenditures exceeding receipts in the current year or past years.

Note 8. Holding Corporation

The City has entered into a capital lease with Lebanon Public Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related-party of the City. Lease payments during 2016 totaled \$473,000.

Note 9. Subsequent Events

In May of 2017, the City received a Redevelopment District Authority bond in the amount of \$2,010,000.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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 City's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other 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, 2016

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	PARKS NONREVERTING PROGS	PLANNING & ZONING - BLIGHT ELIMINATION PROG (BEP)
Cash and investments - beginning	\$ 4,500,930	\$ 977,640	\$ 147,309	\$ 50,350	\$ -
Receipts:					
Taxes	4,411,033	515,968	-	-	-
Licenses and permits	84,138	-	-	-	-
Intergovernmental receipts	4,879,832	569,570	160,514	-	37,755
Charges for services	29,380	12,255	3,440	70,125	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	824,543	11,047	-	-	-
Total receipts	<u>10,228,926</u>	<u>1,108,840</u>	<u>163,954</u>	<u>70,125</u>	<u>37,755</u>
Disbursements:					
Personal services	4,854,543	331,562	-	-	-
Supplies	914,967	31,776	47,047	39,367	-
Other services and charges	2,130,978	36,472	-	-	-
Debt service - principal and interest	475,743	-	-	-	-
Capital outlay	1,148,339	130,698	4,052	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	389,733	429,619	122,452	18,584	37,755
Total disbursements	<u>9,914,303</u>	<u>960,127</u>	<u>173,551</u>	<u>57,951</u>	<u>37,755</u>
Excess (deficiency) of receipts over disbursements	<u>314,623</u>	<u>148,713</u>	<u>(9,597)</u>	<u>12,174</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,815,553</u>	<u>\$ 1,126,353</u>	<u>\$ 137,712</u>	<u>\$ 62,524</u>	<u>\$ -</u>

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	LEB COMMUNITY DEV CORP	POLICE CONT EDUCATION	LFD CAR SEAT PROGRAM	POLICE DEFERRAL FUND	CASINO/RIVERBOAT TAX	PARKS DEPT
Cash and investments - beginning	\$ 94	\$ 14,939	\$ (47)	\$ 6,405	\$ 259,991	\$ 712,985
Receipts:						
Taxes	-	-	-	-	-	799,794
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	93,547	2,382
Charges for services	-	-	-	-	-	171,687
Fines and forfeits	-	25,689	-	2,375	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	2,828	-	-	-
Total receipts	-	25,689	2,828	2,375	93,547	973,863
Disbursements:						
Personal services	-	-	-	-	69,584	397,952
Supplies	-	-	-	-	25,396	184,282
Other services and charges	-	-	2,302	-	-	63,754
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	28,303
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	30,655	-	3,304	-	1,343
Total disbursements	-	30,655	2,302	3,304	94,980	675,634
Excess (deficiency) of receipts over disbursements	-	(4,966)	526	(929)	(1,433)	298,229
Cash and investments - ending	\$ 94	\$ 9,973	\$ 479	\$ 5,476	\$ 258,558	\$ 1,011,214

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	RAINY DAY FUND	POLICE K-9 UNIT DONATIONS	2016 LOIT SPECIAL DISTRIBUTION (75%)	LEVY EXCESS FUND	CUMULATIVE CAP DEVELOP	CUMULATIVE CAPITAL IMPROV	ENTERPRISE BLVD TIF ALLOC
Cash and investments - beginning	\$ 1,922,252	\$ 1,247	\$ -	\$ 1,301	\$ 775,922	\$ 170,130	\$ 3,435,492
Receipts:							
Taxes	-	-	-	-	198,853	-	1,785,571
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	397,389	40,250	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	572,725	20	1,933,357	-	1,140	-	250,025
Total receipts	572,725	20	1,933,357	-	597,382	40,250	2,035,596
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	522,013	-	590,357	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	356,933	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	887,629	-	-	-	-	-	1,833,022
Total disbursements	887,629	-	522,013	-	947,290	-	1,833,022
Excess (deficiency) of receipts over disbursements	(314,904)	20	1,411,344	-	(349,908)	40,250	202,574
Cash and investments - ending	\$ 1,607,348	\$ 1,267	\$ 1,411,344	\$ 1,301	\$ 426,014	\$ 210,380	\$ 3,638,066

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	POLICE DEPT PENSION	FIRE DEPT PENSION	CITY COURT DOCUMENT FEES	City Court	PLANNING & ZONING BROWNFIELDS GRANT	SIDEWALK ESCROW-LEB.POINT
Cash and investments - beginning	\$ 252,606	\$ 427,314	\$ 3,948	\$ 12,380	\$ -	\$ 5,060
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	213,554	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	156	-	-
Utility fees	-	-	-	-	-	-
Other receipts	243,272	320,914	-	-	-	-
Total receipts	243,272	320,914	-	156	213,554	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	213,554	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	243,393	334,115	-	-	-	-
Total disbursements	243,393	334,115	-	-	213,554	-
Excess (deficiency) of receipts over disbursements	(121)	(13,201)	-	156	-	-
Cash and investments - ending	\$ 252,485	\$ 414,113	\$ 3,948	\$ 12,536	\$ -	\$ 5,060

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CODE ENFORCEMENT N/R	LPD NON REVERTING INTERDICTION FUND	FIRE DEPT HAZMAT FUND	FIRE DEPT FEDERAL GRANTS	FIRE DEPT NONREVERT	LFD - PROJECT LIFESAVER
Cash and investments - beginning	\$ 76,300	\$ 941	\$ 961	\$ 6	\$ 1,949	\$ 434
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	71,744	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	2,232	670
Total receipts	71,744	-	-	-	2,232	670
Disbursements:						
Personal services	42,818	-	-	-	-	-
Supplies	-	-	700	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	32,384	-	-	-	3,762	358
Total disbursements	75,202	-	700	-	3,762	358
Excess (deficiency) of receipts over disbursements	(3,458)	-	(700)	-	(1,530)	312
Cash and investments - ending	\$ 72,842	\$ 941	\$ 261	\$ 6	\$ 419	\$ 746

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	FIRE DEPT 9-11 MONUM.FUND	DOE ENERGY EFFICIENCY GRANT REIMB.	LPD BIG CITY BIG COUNTY - SEATBELT GRANT	LPD DUI TASK FORCE GRANT	LPD BULLETPROOF VEST GRANT
Cash and investments - beginning	\$ 9,292	\$ (552)	\$ -	\$ -	\$ 10,071
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	6,452	15,162	9,217	1,500
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	1,999	-	-	-	-
Total receipts	1,999	6,452	15,162	9,217	1,500
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	1,500
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	3,145	15,162	9,217	-
Total disbursements	-	3,145	15,162	9,217	1,500
Excess (deficiency) of receipts over disbursements	1,999	3,307	-	-	-
Cash and investments - ending	\$ 11,291	\$ 2,755	\$ -	\$ -	\$ 10,071

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	STATE DRUG INVESTIGATION	POLICE DARE PROGRAM	POLICE RESERVE PROGRAM	LPD NON-REVERTING MISC & DONATIONS	FIRE TRAIN TOWER DONATION	POLICE - COUNTY GRANTS
Cash and investments - beginning	\$ 881	\$ 163	\$ 281	\$ 6,102	\$ 5,401	\$ 2,698
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	3,823	-
Total receipts	-	-	-	-	3,823	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	3,603	2,573	-
Total disbursements	-	-	-	3,603	2,573	-
Excess (deficiency) of receipts over disbursements	-	-	-	(3,603)	1,250	-
Cash and investments - ending	\$ 881	\$ 163	\$ 281	\$ 2,499	\$ 6,651	\$ 2,698

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PARKS UNRESTRICTED DONATI	LFD TRAINING FUND	SOLID WASTE	STREET UNRESTRICTED DONAT	CITY UNRESTRICTED DONATIO	LFD SMOKE ALARMS
Cash and investments - beginning	\$ 14,431	\$ 3,791	\$ 3,792	\$ 500	\$ 2,671	\$ 65
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	80	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,100	-	16,931	-	2,691	-
Total receipts	1,100	80	16,931	-	2,691	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	93
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,676	3,142	16,902	-	-	-
Total disbursements	1,676	3,142	16,902	-	-	93
Excess (deficiency) of receipts over disbursements	(576)	(3,062)	29	-	2,691	(93)
Cash and investments - ending	\$ 13,855	\$ 729	\$ 3,821	\$ 500	\$ 5,362	\$ (28)

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	LFD UNRESTRICTED DONATIONS	ENTERPRISE BLVD CONSTRUCT	EMPLOYEE HEALTH FUND	PARK POOL BOND PAYMENTS & FEES	SKJODT BARRETT LEB BUS. PARK BLDG #11	LEBANON FIBERNET
Cash and investments - beginning	\$ 25	\$ 510	\$ (23,755)	\$ 130,953	\$ 61,117	\$ 21,773
Receipts:						
Taxes	-	-	-	448,468	122,615	15,729
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	2,197	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	1,518,205	-	-	-
Total receipts	-	-	1,518,205	450,665	122,615	15,729
Disbursements:						
Personal services	-	-	1,360,413	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	379,273	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	122,425	37,502
Total disbursements	-	-	1,360,413	379,273	122,425	37,502
Excess (deficiency) of receipts over disbursements	-	-	157,792	71,392	190	(21,773)
Cash and investments - ending	\$ 25	\$ 510	\$ 134,037	\$ 202,345	\$ 61,307	\$ -

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	DA LUBRICANTS	RDC GDI PROJ BOND SERIES 2015 (Bond Portion)	SKJODT BARRETT BUS PARK BLDG 11 (RDC Portion)	DA LUBRICANTS (RDC Portion)	GDI 1050 ST RD 32 (RDC Portion)
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Taxes	215,770	14,930	20,436	17,287	19,906
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	-	-	-	-
Total receipts	<u>215,770</u>	<u>14,930</u>	<u>20,436</u>	<u>17,287</u>	<u>19,906</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	14,930	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	146,620	-	-	-	-
Total disbursements	<u>146,620</u>	<u>14,930</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>69,150</u>	<u>-</u>	<u>20,436</u>	<u>17,287</u>	<u>19,906</u>
Cash and investments - ending	<u>\$ 69,150</u>	<u>\$ -</u>	<u>\$ 20,436</u>	<u>\$ 17,287</u>	<u>\$ 19,906</u>

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	SR 39 COST SHARING AGRMT	FOOD & BEVERAGE TAX	STORMWATER PROJ FUND - EAST ST BOND	PARK BOND - WAVE POOL PROJ FUNDS	STORMWATER BOND 2014-GRANT ST LAF AV S MERIDIAN	STORM WATER LAF. AVE CDBG GRANT
Cash and investments - beginning	\$ 3,245	\$ 1,515,117	\$ 1,674,262	\$ 109,543	\$ 712,958	\$ 7
Receipts:						
Taxes	-	415,624	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	291,827
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	1,707	-	1,707	9
Total receipts	-	415,624	1,707	-	1,707	291,836
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	291,456
Debt service - principal and interest	-	-	54,947	28,991	135,780	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	313,086	-	-	-	-
Total disbursements	-	313,086	54,947	28,991	135,780	291,456
Excess (deficiency) of receipts over disbursements	-	102,538	(53,240)	(28,991)	(134,073)	380
Cash and investments - ending	\$ 3,245	\$ 1,617,655	\$ 1,621,022	\$ 80,552	\$ 578,885	\$ 387

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	RDC 2015 LEGACY BOND	UTIL.PETTY CSH/CHG DRAWER	UTIL PERF REIMBURSE	PAYROLL-FIXED PERF	PAYROLL NET PAY	PAYROLL-DD NET PAY
Cash and investments - beginning	\$ 1,666,671	\$ 1,600	\$ 619	\$ (951)	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,679	-	7,416	39,246	146,417	3,878,617
Total receipts	3,679	-	7,416	39,246	146,417	3,878,617
Disbursements:						
Personal services	-	-	10,085	-	146,417	3,878,617
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,059,710	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	325	-	39,314	-	-
Total disbursements	1,059,710	325	10,085	39,314	146,417	3,878,617
Excess (deficiency) of receipts over disbursements	(1,056,031)	(325)	(2,669)	(68)	-	-
Cash and investments - ending	\$ 610,640	\$ 1,275	\$ (2,050)	\$ (1,019)	\$ -	\$ -

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL-FEDERAL TAXES	PAYROLL-FICA & MEDI TAXES	PAYROLL-COIT	PAYROLL-STATE TAXES	PAYROLL-HEALTH 125
Cash and investments - beginning	\$ (3,902)	\$ 24	\$ 4,824	\$ 18,610	\$ 54,160
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	587,650	311,453	49,575	167,067	104,971
Total receipts	<u>587,650</u>	<u>311,453</u>	<u>49,575</u>	<u>167,067</u>	<u>104,971</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	585,130	312,299	49,009	165,015	103,235
Total disbursements	<u>585,130</u>	<u>312,299</u>	<u>49,009</u>	<u>165,015</u>	<u>103,235</u>
Excess (deficiency) of receipts over disbursements	<u>2,520</u>	<u>(846)</u>	<u>566</u>	<u>2,052</u>	<u>1,736</u>
Cash and investments - ending	<u>\$ (1,382)</u>	<u>\$ (822)</u>	<u>\$ 5,390</u>	<u>\$ 20,662</u>	<u>\$ 55,896</u>

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL-LPD PENS	PAYROLL-LFD PENS	PAYROLL-DEFERRED COMP	PAYROLL-COLONIAL REG&125
Cash and investments - beginning	\$ 56,861	\$ 1,059	\$ -	\$ 210
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	-
Other receipts	100,054	91,506	41,946	325
Total receipts	<u>100,054</u>	<u>91,506</u>	<u>41,946</u>	<u>325</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	100,054	91,506	41,946	398
Total disbursements	<u>100,054</u>	<u>91,506</u>	<u>41,946</u>	<u>398</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73)</u>
Cash and investments - ending	<u>\$ 56,861</u>	<u>\$ 1,059</u>	<u>\$ -</u>	<u>\$ 137</u>

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL-MONUMENTAL LIFE I	PAYROLL-CAP AMERICAN(CONS	PAYROLL-CHILD SUPPORT	PAYROLL-TRANSAMERICA LIFE
Cash and investments - beginning	\$ 38	\$ 189	\$ 10	\$ 177
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	-
Other receipts	-	-	34,388	-
Total receipts	-	-	34,388	-
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	-	-	34,388	-
Total disbursements	-	-	34,388	-
Excess (deficiency) of receipts over disbursements	-	-	-	-
Cash and investments - ending	\$ 38	\$ 189	\$ 10	\$ 177

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL-PAGENET	PAYROLL-DENTAL W/H	PAYROLL-OPTICAL W/H	PAYROLL-AFLAC REG&125 INS	CORP&UTILITIES PAYROLL TA
Cash and investments - beginning	\$ 180	\$ 1,915	\$ (1,443)	\$ 1,216	\$ 106
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	58,159	11,312	15,268	-
Total receipts	-	58,159	11,312	15,268	-
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	57,996	11,280	15,199	-
Total disbursements	-	57,996	11,280	15,199	-
Excess (deficiency) of receipts over disbursements	-	163	32	69	-
Cash and investments - ending	\$ 180	\$ 2,078	\$ (1,411)	\$ 1,285	\$ 106

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL-EMP.CELL PHONE	UTILITIES PAYROLL	BOONE CO CLERK GARNISHMEN	IRS GARNISHMENT	UNITED WAY DEDUCTION	PAYROLL - PRINC.TERM LIFE
Cash and investments - beginning	\$ 517	\$ 11,941	\$ 385	\$ 106	\$ 171	\$ 5,268
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	6,987	1,024,847	1,176	-	-	27,253
Total receipts	6,987	1,024,847	1,176	-	-	27,253
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	6,673	1,018,753	1,176	-	-	27,553
Total disbursements	6,673	1,018,753	1,176	-	-	27,553
Excess (deficiency) of receipts over disbursements	314	6,094	-	-	-	(300)
Cash and investments - ending	\$ 831	\$ 18,035	\$ 385	\$ 106	\$ 171	\$ 4,968

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	2016 LOIT SPECIAL DISTRIBUTION 25%	UTILITIES-ELECTRIC OPERAT	UTILITIES-ELEC CUSTOMER DEP	ELECTRIC TIME DEPOSIT	ELECTRIC UTL DEBT SERVICE 2013	UTILITIES-ENERGY PROGRAM
Cash and investments - beginning	\$ -	\$ 1,731,833	\$ 31,706	\$ 2,061,745	\$ 468,736	\$ 6,467
Receipts:						
Taxes	557,450	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	12,355	-	24,600,720	-	6,459
Other receipts	-	27,157,263	26,671	-	175,776	-
Total receipts	557,450	27,169,618	26,671	24,600,720	175,776	6,459
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	26,885,009	25,002	24,874,419	-	-
Total disbursements	-	26,885,009	25,002	24,874,419	-	-
Excess (deficiency) of receipts over disbursements	557,450	284,609	1,669	(273,699)	175,776	6,459
Cash and investments - ending	\$ 557,450	\$ 2,016,442	\$ 33,375	\$ 1,788,046	\$ 644,512	\$ 12,926

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	ELECTRIC UTL BOND & INT 2013	UTILITIES-ELECTRIC CONSTR	ELECTRIC UTL REVENUE 2013	UTILITIES-ELECTRIC REN&RE	TELECOM REN & REPLC	TELECOMM OPERATING FUND
Cash and investments - beginning	\$ 834	\$ 7,095,794	\$ -	\$ 1,049,438	\$ 52,054	\$ 97,069
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	25,144
Fines and forfeits	-	-	-	-	-	-
Utility fees	233	-	-	1,757	-	-
Other receipts	878,580	16,494	24,660,919	579,939	42,142	686,155
Total receipts	878,813	16,494	24,660,919	581,696	42,142	711,299
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	437,300	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	441,200	3,194,717	24,660,919	424,931	318	674,491
Total disbursements	878,500	3,194,717	24,660,919	424,931	318	674,491
Excess (deficiency) of receipts over disbursements	313	(3,178,223)	-	156,765	41,824	36,808
Cash and investments - ending	\$ 1,147	\$ 3,917,571	\$ -	\$ 1,206,203	\$ 93,878	\$ 133,877

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	TELECOMM TIME DEPOS	STORM WATER OPERATING	STORMWATER TIME DEPOSIT	STORM WTR BOND & INTEREST	STORM WATER PHASE II	STM WTR INSPECTION	SANITATION TIME DEPOSIT
Cash and investments - beginning	\$ 54,612	\$ 2,062,723	\$ 80,363	\$ 263,788	\$ 21,629	\$ 3,137	\$ 49,441
Receipts:							
Taxes	-	-	-	565,387	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	1,780	-	-	-
Charges for services	680,454	-	-	-	-	-	515,444
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	1,066,436	1,070,660	-	-	-	-
Other receipts	-	54,610	-	32,863	-	43,092	-
Total receipts	680,454	1,121,046	1,070,660	600,030	-	43,092	515,444
Disbursements:							
Personal services	-	3,050	-	-	-	51,508	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	561,318	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	309,423	-	-	-	-	-
Other disbursements	693,150	427,429	1,071,368	500	-	-	519,536
Total disbursements	693,150	739,902	1,071,368	561,818	-	51,508	519,536
Excess (deficiency) of receipts over disbursements	(12,696)	381,144	(708)	38,212	-	(8,416)	(4,092)
Cash and investments - ending	\$ 41,916	\$ 2,443,867	\$ 79,655	\$ 302,000	\$ 21,629	\$ (5,279)	\$ 45,349

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	SANITATION DEPT	UTILITIES-SEWAGE OPERATIN	WASTEWATER CUSTOMER DEPOSIT FUND	WASTEWATER TIME DEPOSIT	UTILITIES-SEWAGE B&I 2014
Cash and investments - beginning	\$ 592,834	\$ 582,056	\$ 4,174	\$ 146,740	\$ 945
Receipts:					
Taxes	250,001	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	788	-	-	-	-
Charges for services	503,327	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	90,895	-	4,619,859	55
Other receipts	24,041	4,563,192	4,738	-	202,200
Total receipts	778,157	4,654,087	4,738	4,619,859	202,255
Disbursements:					
Personal services	139,289	-	-	-	-
Supplies	2,133	-	-	-	-
Other services and charges	3,422	-	-	-	-
Debt service - principal and interest	-	-	-	-	102,780
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	560,026	3,977,812	4,476	4,567,260	98,413
Total disbursements	704,870	3,977,812	4,476	4,567,260	201,193
Excess (deficiency) of receipts over disbursements	73,287	676,275	262	52,599	1,062
Cash and investments - ending	\$ 666,121	\$ 1,258,331	\$ 4,436	\$ 199,339	\$ 2,007

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	UTILITIES-SEWAGE CONSTRUC	WASTEWATER B&I FUND 2013	UTILITIES-SEWAGE IMPROVME	SEWER REVENUE 2013	SEWAGE AVAILABILITY	SEWER DEBT SERVICE 2013
Cash and investments - beginning	\$ 474,672	\$ 2,020	\$ 354,750	\$ -	\$ -	\$ 688,500
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	299	-	443	-	14,250	-
Other receipts	-	462,725	704,017	4,528,691	-	-
Total receipts	299	462,725	704,460	4,528,691	14,250	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	232,661	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	474,972	229,751	738,940	4,528,691	14,250	-
Total disbursements	474,972	462,412	738,940	4,528,691	14,250	-
Excess (deficiency) of receipts over disbursements	(474,673)	313	(34,480)	-	-	-
Cash and investments - ending	\$ (1)	\$ 2,333	\$ 320,270	\$ -	\$ -	\$ 688,500

CITY OF LEBANON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	UTILITIES-WATER OPERATING	UTILITIES-WATER METER DEP	UTILITIES-WATER DEPREC RE	WATER TIME DEPOSIT	WATER AVAILABILITY	Totals
Cash and investments - beginning	\$ 906,265	\$ 6,081	\$ 2,536,481	\$ 82,438	\$ 1,649,270	\$ 43,003,337
Receipts:						
Taxes	-	-	-	-	-	10,374,822
Licenses and permits	-	-	-	-	-	84,138
Intergovernmental receipts	-	-	-	-	-	6,723,716
Charges for services	-	-	-	-	-	2,083,080
Fines and forfeits	-	-	-	-	-	28,220
Utility fees	73,425	7,047	6,751	3,113,745	66,086	34,751,475
Other receipts	3,165,878	3,482	375,496	-	-	80,809,221
Total receipts	3,239,303	10,529	382,247	3,113,745	66,086	134,854,672
Disbursements:						
Personal services	-	-	-	-	-	11,285,838
Supplies	-	-	-	-	-	1,247,168
Other services and charges	-	-	-	-	-	3,854,401
Debt service - principal and interest	-	-	-	-	-	2,423,723
Capital outlay	-	-	-	-	-	2,728,035
Utility operating expenses	-	-	-	-	-	309,423
Other disbursements	3,081,226	11,347	631,556	3,174,027	-	113,690,146
Total disbursements	3,081,226	11,347	631,556	3,174,027	-	135,538,734
Excess (deficiency) of receipts over disbursements	158,077	(818)	(249,309)	(60,282)	66,086	(684,062)
Cash and investments - ending	\$ 1,064,342	\$ 5,263	\$ 2,287,172	\$ 22,156	\$ 1,715,356	\$ 42,319,275

CITY OF LEBANON
SCHEDULE OF LEASES AND DEBT
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Lebanon Public Building Corporation	Lease Rental Refunding Revenue Bonds Series 2013	\$ 468,000	1/15/2014	1/15/2024
Konica Minolta	Copiers - Clerks office & Street Dept.	2,100	8/29/2014	8/29/2019
Lebanon Redevelopment Authority	Lease Rental Revenue Bonds Series 2014A	60,900	2/1/2015	2/1/2035
Lebanon Redevelopment Authority	Taxable Lease Rental Revenue Bonds Series 2014B	289,100	2/1/2015	2/1/2029
Lebanon Redevelopment Authority	Economic Development Lease Rental Bonds of 2011	309,000	2/15/2012	2/15/2026
Star Financial	Copiers	8,430	1/1/2016	3/31/2021
Trinity - Bank of the West	Back hoe	<u>15,361</u>	10/1/2013	10/1/2017
Total governmental activities		<u>1,152,891</u>		
Total of annual lease payments		<u>\$ 1,152,891</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Park District Bonds of 2013	\$ 1,670,000	\$ 177,972
General obligation bonds	Park District Bonds of 2013 Series A	1,740,000	203,825
General obligation bonds	Redevelopment District Bonds of 2015	2,570,000	103,375
Revenue bonds	Economic Development Revenue Bonds Series 2015	1,730,000	78,394
Revenue bonds	Economic Development Multipurpose Revenue Bonds Series 2015 (Skjodt-Barrett Project)	2,975,000	89,250
Revenue bonds	Economic Development Tax Increment Revenue Bonds Series 2010 (DA Lubricants)	947,000	158,000
Revenue bonds	Economic Development Revenue Bonds Series 2011 (FiberNet)	<u>831,000</u>	<u>79,740</u>
Total governmental activities		<u>12,463,000</u>	<u>890,556</u>
Electric:			
Revenue bonds	Electric Utility Revenue Bonds of 2013	<u>11,185,000</u>	<u>877,825</u>
Storm Water:			
Revenue bonds	Storm Water District Bonds of 2013	2,000,000	83,628
Revenue bonds	Storm Water District Bonds of 2012 Series A	1,235,000	321,903
Revenue bonds	Storm Water District Bonds of 2012 Series B	2,000,000	57,938
Revenue bonds	Storm Water District Bonds of 2014	<u>1,955,000</u>	<u>97,050</u>
Total Storm Water		<u>7,190,000</u>	<u>560,519</u>
Wastewater:			
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2014	3,660,000	203,490
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2013	<u>1,560,000</u>	<u>458,905</u>
Total Wastewater		<u>5,220,000</u>	<u>662,395</u>
Totals		<u>\$ 36,058,000</u>	<u>\$ 2,991,295</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for the Major Federal Program

We have audited the City of Lebanon's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2016. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

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


Report on Internal Control over Compliance

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

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

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

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


Paul D. Joyce, CPA
State Examiner

March 29, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the City. The schedule and notes are presented as intended by the City.

CITY OF LEBANON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
Community Development Block Grant/Special Purpose Grants/Insular Areas Lafayette Ave Stormwater	Indiana Office of Community and Rural Affairs	14.225	A192-15-SI-14-100	\$ -	\$ 291,827
Total - Department of Housing and Urban Development				-	291,827
<u>Department of Justice</u>					
Bullet Proof Vest Partnership Program Bullet Proof Vest	Indiana Department of Justice	16.607	2015BUBX15076515	-	1,500
Total - Department of Justice				-	1,500
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Indianapolis Ave. Phase II	Indiana Department of Transportation	20.205	Des. 1400790	-	380,698
Total - Department of Transportation				-	380,698
<u>Environmental Protection Agency</u>					
Brownsfield Assessment and Cleanup Cooperative Agreements - ARRA Brownfield Grant	Direct Grant	66.818	BF00E01379	-	213,554
Total - Environmental Protection Agency				-	213,554
Total federal awards expended				\$ -	\$ 887,579

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF LEBANON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected (not) to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF LEBANON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Highway Planning and Construction Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2016-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition

The City did not have a proper system of internal controls in place to prevent, or detect and correct, errors to its financial statement and the Schedule of Expenditures of Federal Awards (SEFA).

Context

There were several deficiencies in the internal control system of the City as listed below:

1. Monitoring of Controls: The City had no process to identify or communicate corrective actions to improve controls. Effective internal controls would require the City to monitor and assess the quality of the system of internal control.

CITY OF LEBANON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the SEFA.

The City did not properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the financial reporting system used to compile the City's SEFA. One employee prepared the federal award information entered into the Gateway without a control process in place to ensure its accuracy before submission.

The SEFA contained the following error:

- The Highway Planning and Construction Cluster was understated by \$24,716.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements. . . ."

CITY OF LEBANON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management of the City had not established a proper system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

CITY OF LEBANON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

There were the following deficiencies in the internal control system of the City related to financial transactions and reporting:

- *Lack of Segregation of Duties:* The City had not separated incompatible activities related to receipts. There were no controls designed and implemented by the City for processing, recording, and reporting receipts. The City did not provide evidence of a review or approval process to ensure that material misstatements would be prevented, or detected and corrected, in a timely manner.
- *Monitoring of Controls:* The City had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting would require the City to monitor and assess the quality of the system of internal control.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

CITY OF LEBANON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

Cause

Management of the City had not established a proper system of internal control over receipts.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the City at risk that controls may not be designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner.

Views of Responsible Officials

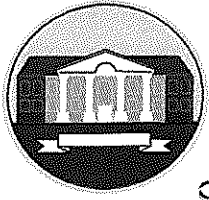
For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



Lebanon INDIANA

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Tonya Thayer, Clerk-Treasurer
Contact Phone Number: 765-482-1218

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan: When completing the Annual Financial Report, I was not aware that the entries I (the Clerk-Treasurer) made in the Grant portion needed to be double checked by another member of our office. So, from here on out I will have the Deputy Clerk-Treasurer verify the totals on the grant before I submit them.

On the Schedule of Expenditures of Federal Awards there were 2 errors:

The first error with the Department of Transportation Des. 0900116 Indianapolis Avenue Phase 1 – when we entered a payment of \$12,080 as a Federal Award and it was a payment from our own Lebanon Utilities and should not have been entered as a Federal Award.

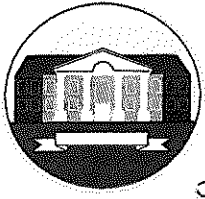
The second error with the Department of Transportation Des. 1400790 Indianapolis Avenue Phase II – we receipted in a payment of \$2976 +\$33,820 = \$36,796 into Revenue line 402990 and should have been adjusted into line 402001421, but that was never done therefore resulting in a shortfall of \$36,796.

Anticipated Completion Date: Immediately

Tonya Thayer
(Signature)

Clerk-Treasurer
(Title)

4/13/18
(Date)



Lebanon INDIANA

CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person Responsible for Corrective Action: Tonya Thayer, Clerk-Treasurer
Contact Phone Number: 765-482-1218

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan: We now have our Administrative Assistant receipting in all the money and checks and completing the deposit ticket, then she gives the deposit to the Deputy Clear Treasurer to double check the math and sign off on the deposit ticket that she has verified the deposit.

Anticipated Completion Date: Immediately

Tonya Thayer
(Signature)

Clerk-Treasurer
(Title)

4/13/18
(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.