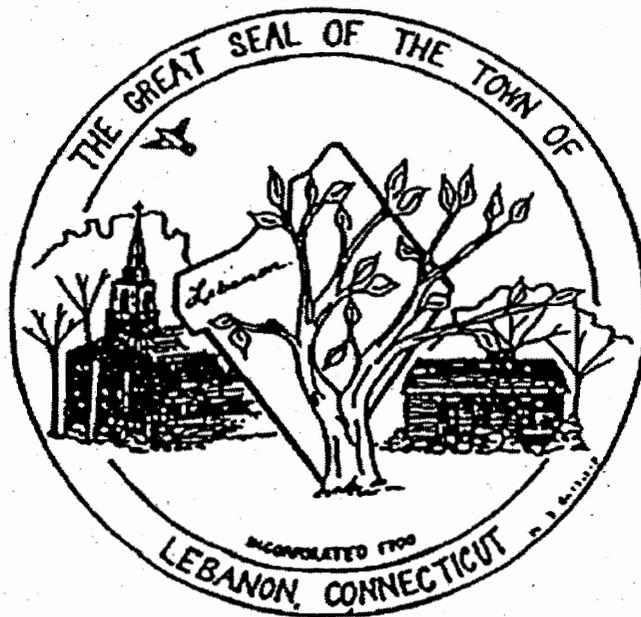


# Town of Lebanon Connecticut



## Annual Report 2011 - 2012

TABLE OF CONTENTS

Title Page	1
Table of Contents	2
List of Elected Officials	3
Board of Selectmen Report	6
Town Clerk Report	7
Tax Collector Report	8
Board of Finance Report	9
Wages of Town Employees & Elected Officials	10
Building Department and Health Department Report	11
Zoning Board of Appeals	14
Planning & Zoning Commission Report	15
Inland Wetlands Commission Report	17
Conservation & Agriculture Commission Report	18
Solid Waste Commission Report	19
Jonathan Trumbull Library Report	20
Resident State Trooper Report	21
Volunteer Fire Department Report	22
Fire Marshall Report	24
Burning Official Report	25
Commission on Aging Report	26
Lebanon Public Schools Report	28
Lebanon Board of Education Budget Status Report	30
Public Schools Enrollments	31
Lebanon Public Schools Wage Report	32
Graduation Class of 2012	38
Uncollected Taxes	39
Town of Lebanon's State & Federal Compliance Audit Report as of June 30, 2012	1 thru 82

**TOWN OF LEBANON  
ELECTED OFFICIALS  
2011 – 2012**

**Office**

First Selectman  
Selectman  
Selectman  
Town Clerk  
Treasurer  
Tax Collector

**Town Officer's Name**

Joyce R. Okonuk  
John A. Bendoraitis Jr.  
Linda R. Finelli  
Susan C. Coutu  
James Forrest  
Joyce A. Hofmann

**Board of Finance**

Elizabeth S. Charron  
Donald L. Anderson  
Glen Coutu  
Gregg J. Lafontaine  
Betsy Petrie  
David A. Scata

**Board of Finance Alternates**

Charles Buckner Haralson  
Diane Malozzi  
Edward W. Tylor

**Board of Education**

Melissa A. Hofmann  
Darcy W. Battye  
Lori A. Jahoda  
James Mello  
Donna R. Skaats  
Sandra J. Tremblay  
Stephen J. Nelson  
Rodger J. Wardell  
Keith Wentworth

**Board of Assessment Appeals**

T. Allan Palmer  
Joseph F. Gardner  
Donna L. Wallace

**TOWN OF LEBANON  
ELECTED OFFICIALS  
2011 – 2012**

**Planning and Zoning Commission**

James W. Jahoda  
Robin A. Chesmer  
Susan Brett Davis  
David H. Fields  
Keith L. LaPorte  
Francis Malozzi  
Oliver J. Manning

**Planning and Zoning Commission Alternates**

Wayne M. Budney  
Lanny P. Clouser

**Zoning Board of Appeals**

Jeffrey T. Walsh  
Donald L. Anderson  
Kenyon Gardner  
Joyce Godere  
R. Keith Kersey

**Zoning Board of Appeals Alternates**

Kathy Marie Dunnett  
Donna R. Skaats  
Jerome Walsh

**Registrars of Voters**

Corinne G. Nichols  
Mary Beth Yarmac

**Library Board of Trustees**

Catherine L. McCall  
Kathryn Chesmer  
Michelle A. Kersey  
Diane L. McCall  
Maureen D. McCall  
Berkeley C. Nowosad  
Holly H. Sinkewicz  
Judith Vertefeuille  
Alicia Wayland

**TOWN OF LEBANON  
ELECTED OFFICIALS  
20011 – 20012**

**Justice of the Peace**

Loretta K. Anderson  
Mary P. Anderson  
Raymond F. Andrews  
Rudolph Antonios  
Ellen L. Bauwens  
Pierre A. Belisle  
Russell Blakeslee  
Berthier R. Bossé  
Nancy A. Brouillet  
Sandra L. Chalifoux  
Colleen M. Clang  
Maris B. Cornell  
Susan C. Coutu  
Gregory Scott Deshefy  
Mark C. Favrow  
Matthew Flegert  
Kenyon D. Gardner  
Robert M. Gentes  
Melissa Hofmann  
Kenneth H. Lathrop  
Bonnie L. LeBlanc  
Robert A. Leone  
Oliver J. Manning  
Daniel M. McGuire  
Patricia McKelvey  
Raymond S. Milvae  
Joyce R. Okonuk  
Michael A. Okonuk  
T. Allan Palmer  
Arthur Barton Richardson  
Chester J. Ryan  
Nancy Ann Roberts-Schweitzer  
Holly H. Sinkewicz  
Edward Tylor  
Jerome E. Walsh  
Michael P. Wallace  
Karen Anita Kaven Wax  
Robert H. Wentworth  
Wesley J. Wentworth  
Frederick W. Wright

**Board of Selectmen  
Annual Report 2012  
Joyce Okonuk, First Selectman**

In response to an order from the State DEP, the Water Pollution Control Authority has continued the installation of sewers on Amston Lake. With the planning and design behind them, this year the WPCA worked closely with the DEP and town officials to secure short-term borrowing in the amount of \$6.4 million dollars, and received a USDA Loan of \$5.1 million and a grant of \$1.4 million. The town will use the USDA funds to pay off the short-term borrowing with funds to complete the paving and final connections.

Following a second Town Meeting on June 4<sup>th</sup>, a second Referendum approved a \$22,830,775 budget for the town and Board of Ed. Town budget was \$4.9 million and the school was \$17.8 million. The 7/1/12 budget represented a 0.15% decrease for the town and a 2.03% increase for the Board of Ed. The mil rate increased .8 mils to 23.6 mils. Due to the sluggish national and state economy, Selectmen have been responsive to the Board of Finance's request for flat budgets, resulting in flat or reduced budget requests, making many difficult choices in the process. We have done our best to control expenditures and appreciate taxpayer feedback at the Budget Public Hearing which is held in early April.

Road and bridges are the number one priority of the Board of Selectmen. The State of Connecticut inspects local short-span bridges every two years and these reports are carefully reviewed. In 2012, a large culvert on Tobacco Street was replaced for \$130,000. The Taylor Bridge Road Bridge was also replaced with a box culvert at a cost of approximately \$300,000 for design and construction. In 2014 we plan to replace a collapsing culvert on Chappell Road over the Susquetonscut Brook at an estimated cost of \$225,000. Funding for this project will be requested in the Capital Budget and supplemented with the State LoCIP grant.

In July the annual paving bid was awarded to All States Asphalt of Sunderland, MA to reclaim and pave a portion of Kick Hill Road for \$183,115 and \$245,570 for the entire length of Chappell Road. Town Meeting approved in October, the purchase of two 2013 Chevrolet, full-equipped, one-ton plow trucks and a 2012 Case payload. These vehicles were funded through the town's capital budget.

Key staff changes were made in the town during 2012. A consultant, Veronica Calvert, was hired as Finance Director in December 2011 and Social Services Director Heather Laurie joined us in the fall. Thomas Tanganelli, former Deputy Assessor in Colchester, took over in the summer. The State of Connecticut requires municipalities to conduct Revaluation every five years and Lebanon will be beginning Reval in 2013. Visions Government Solutions has been hired to conduct the process.

The Annual Town Meeting held on May 7<sup>th</sup> saw nearly 140 voters approved the purchase of the 47-acre Kaplan Property on Synagogue Road for \$225,000. The Cemetery Commission believes that 10 acres of this property will meet cemetery needs for more than a century and the remaining 37 acre open space portion of this land will be overseen by the Conservation and Agricultural Commission as it abuts Joshua Trust property and the Airline Trail, all located on the Ten-Mile River. Passive recreational opportunities exist on this land.

Based on recommendations of the State Redistricting Committee, Lebanon became home to both the 47<sup>th</sup> and 48<sup>th</sup> Legislative Districts in 2012. New State Representatives Brian Sear and Linda Orange will share representing Lebanon beginning in January. Also this year long-time incumbent Senator Edith Prague retired from public office and Cathy Osten elected as new State Senator from the 19<sup>th</sup> Senatorial District.

In keeping up with the demands of our community, the Selectmen recommended to a January Town Meeting the appointment of a Library Building Committee charged with the planning and oversight of the expansion of the Jonathan Trumbull Library. In February a Charter Study Committee was appointed charged with examining the present form of government and providing other options to taxpayers. In December a Public Works Facility Study Committee, charged with examining the facility needs of the public works department was put in place.

For the past several years and with the assistance of federal funding, Lebanon we have been proactive in recruiting, training and developing programs and services to educate and protect our community during a weather-related emergency. We have executed this training during the more recent hurricanes and feel that our town is well-protected by not only our Volunteer Fire Department and Police Departments but also the members of the Local Emergency Planning Team whose focus is keeping our residents and properties safe.

On behalf of the Board of Selectmen – Linda Finelli, John Bendoraitis and I – we appreciate the opportunity to represent and serve all of our Lebanon property owners and residents. Please remember our office has an open-door policy—please feel free to stop in or call anytime.

Joyce R. Okonuk, First Selectman

**TOWN OF LEBANON**  
**TOWN CLERK REPORT**  
Fiscal Year July 1, 2011 – June 30, 2012

The majority of the duties of the Town Clerk are governed by Connecticut General Statutes, State departments and agencies. The recording of all documents affecting land in the town, inquiries concerning land records for attorneys, title searchers and the public are all completed in this office. All maps, including subdivisions, are received and filed in this office.

The Town Clerk is also registrar of Vital Statistics. All records pertaining to births, marriages and deaths are processed here. As an agent for the State of Connecticut, all dog, sport and liquor licenses are processed in this office.

The Town Clerk's Office is also responsible for all elections, and the safekeeping of all town ordinances, veteran discharge filings, town boards/commissions meeting agendas and minutes, trade name and notary registrations.

We continue to participate in the historical preservation grant program run yearly through the State Library's Public Records Administrator's office. This year's \$3,500 grant funds were used to recreate bound Land Record Volumes into more manageable size loose leaf books, and to convert approximately 34,000 images into electronic data.

As always, it is an honor and privilege to serve as Lebanon's Town Clerk.

Respectfully submitted,

Susan C. Coutu CCTC  
Lebanon Town Clerk

**Town of Lebanon  
Report of Tax Collector**

**COLLECTIONS  
Fiscal year 2011 – 2012**

**The Tax Collector is responsible for the administration and participation of the collection of taxes, in conformity with Connecticut State Statutes, ordinances and established policy. The Lebanon Tax Collector is also the agent for the Flood and Erosion Control Board and the collector for the newly established Water Pollution Control Authority (WPCA).**

**We strive for a professional atmosphere in the Tax Office. The Tax Collector is a member of the Connecticut Tax Collector's Association and the New London County Tax Collector's Association. I attended several meetings that included instructions on the changes to the Connecticut State Statutes.**

**We are pleased to report that the tax bills are on line. You may go to [www.lebanontownhall.org](http://www.lebanontownhall.org) to download bills open and paid and you may pay on line from this site. It is my pleasure to serve you.**

<b>Taxes</b>	<b>15,038,665.12</b>
<b>Interest</b>	<b>138,318.81</b>
<b>Lien</b>	<b>3,247.12</b>
<b>Fees</b>	<b>11,847.40</b>
<b>Suspense</b>	<b>12,770.71</b>
<b>Suspense Interest</b>	<b>10,339.88</b>
<b>Total</b>	<b>15,215,189.04</b>

**Respectfully submitted,  
Joyce A. Hofmann CCMC**

Town of Lebanon Board of Finance  
2011 – 2012 Annual Report

The primary duties of the Board of Finance (BOF) as stated in the Connecticut General Statutes are:

- Preparing and controlling the town budget
- Setting the property tax rate to support the budget
- Approving special budget appropriations and transfers
- Determining how town financial records are to be kept
- Arranging for the annual audit of town accounts
- Publishing the annual town report

The 2011 – 12 budget audited in this report required a tax rate of 22.8 mils and was approved in a referendum on May 10, 2011. The approved budget represented an overall 3.2% increase in taxes.

During the year, the BOF authorized an accounting adjustment to fund balance for the way we handle year end salaries for town hall employees and summer salaries for BOE employees. When the town converted to the accrual method of accounting many years ago, these areas were not changed from cash accounting. This is not in accordance with generally accepted accounting principles and resulted in our town having a qualified audit each year which the state requested us to correct. The adjustment needed for this change in accounting reduced our beginning fund balance by \$1,070,601. Fortunately, surplus from this year's operations and the repayment of the \$400,000 Sewer Project loan helped to offset a significant portion of this adjustment. Fund Balance as of June 30, 2012 was \$2,813,613, a reduction of \$330,977 from the prior year end.

We continued our approach of setting aside funds in our Capital Reserve and Annual Capital Expense Fund to address current and future needs of the town, including road paving. In this way, we have historically spread the cost of major expenses over a number of years to smooth out the impact to taxes. We also continued to add to the Town Improvement Plan Fund (TIP) to deal with repairs and improvements of our town buildings, furnishings and small equipment. During the year, the Capital Funding subcommittee proposed a new approach so the town can benefit sooner from dollars set aside for capital and dollars remaining once a capital project is complete. This new approach was presented and approved as part of the budget for the next fiscal year. The approach utilizes: fully funding certain projects in the year rather than setting aside chunks of money over a number of years, utilizing leasing arrangements over 5 to 7 years to allow putting several vehicles in service at once, establishing a long term plan for future capital needs, establishing and funding three new capital sub-accounts for our schools, the School Improvement Plan (SIP), Technology, and Outdoor Athletic Facilities accounts with a commitment to fund these over the next few years. In this way the BOE can make significant progress in the repairs and improvements needed for our schools.

The BOF would like to take this opportunity to thank the elected officials, town agencies, boards, commissions and town employees for the cooperation and support we have received in the past year and for the good work they have done in managing their budgets.

Respectfully submitted,

Liz Charron, Chairman

Members as of June 2012: Liz Charron (Chairman), Glen Coutu (Vice Chairman), Betsy Petrie (Secretary), Donald Anderson, Gregg Lafontaine, and David Scata. Alternates: Chuck Haralson, Diane Malozzi, and Ed Tyter.

**TOWN OF LEBANON  
TREASURER'S REPORT OF WAGES PAID TO TOWN EMPLOYEES  
AND ELECTED OFFICIALS  
2011-2012**

C Avery	5,237	D Maheu	23,300
D Battye	10,943	L Malone	10,525
J Bendoraitis	5,829	H Marien	59
B Bennett	4,713	M Murphy	1,255
S Brashears	5,709	C Nichols	8,672
S Brigham	1,334	J Okonuk	53,964
D Campbell	1,262	B Padewski	16,605
P Chester	72,774	H Pianka	34,668
E Clark	34,839	K Plante	4,756
M Clark	44,371	J Prescott	14,033
T Conley	63,869	V Pudlo	51,236
S Coutu	50,350	S Reed	458
B Crouch	19,823	D Roberts	6,816
J Culp	47,749	A Robitaille	52,920
J Dolan	19,355	M Rubera	19,596
J Dudek	16,176	C Santa Lucia	60
L Finelli	5,829	M Schuett	9,214
C Foltz	48,414	S Schuett	11,938
J Forrest	1,010	L Slate	36,447
A Gendron	3,190	D Smith	127
S Gifford	15,884	J Smith	49,457
N Gustafson	7,482	N Sorenson	2,852
P Handy	33,948	P Spedaliere	13,853
C Harkness	5,818	B Steele	7,785
J Hofmann	42,991	M Steele	8,627
B Ives	3,210	D Stevens	5,695
S Kane	1,113	J Sweet	3,459
J Kochiss	7,359	T Tanganelli	5,270
A Kolar	50,127	H Tarbox	3,107
D Kotomski	5,195	S Tremblay	15,232
B Lennox	4,686	M Wiczorek	34,374
J Leone	50,380	J Wood, Jr	51,136
J Lyon	50,729	M Yarmac	8,272
N Lyon	102	P Zvingilas	18,764
S McKinney	9,767		

**Town of Lebanon**  
**Annual Report for Fiscal Year 2012**  
**7/1/2011 - 6/30/2012**  
**Land Use Office**



**Permits Issued:**

<b>Building Department</b>	<b>Permit Count</b>	<b>Fees Collected</b>	<b>Est. Value of Construction</b>
Accessory Structure - Other	6	\$1,690.82	\$128,910.00
Addition	8	\$4,931.15	\$396,798.00
Alterations/Repairs	122	\$12,619.89	\$1,194,109.73
Commercial - Addition	2	\$8,425.00	\$750,000.00
Commercial - New Structure	6	\$34,221.14	\$3,139,000.00
Deck	24	\$1,979.60	\$103,080.00
Demolition	6	\$2,326.78	\$227,850.00
Electrical	145	\$41,858.22	\$2,058,500.00
Fuel Tank	3	\$147.68	\$7,289.00
Garage	8	\$2,671.16	\$233,000.00
Mechanical	83	\$6,017.29	\$282,845.00
New Dwelling Year Round Residential	3	\$4,657.39	\$415,925.00
Plumbing	32	\$711.22	\$33,459.00
Porch	4	\$487.81	\$33,900.00
Shed/Barn	18	\$1,841.55	\$111,880.00
Swimming Pool Above Ground	8	\$914.97	\$37,035.00
Tent	3	\$0.00	N/A
Violation (Building)	5	\$0.00	N/A
Woodstove	23	\$704.16	\$55,781.00
<b>Total Building Department</b>	<b>509</b>	<b>\$126,205.83</b>	<b>\$9,209,361.73</b>
<b>Health Department</b>	<b>Permit Count</b>	<b>Fees Collected</b>	<b>Est. Value of Construction</b>
Food Service License - Annual	4	\$225.00	N/A
Food Service License - Temporary	26	\$350.00	N/A
Septic - New	4	\$360.00	N/A
Septic - Repair	11	\$1,200.00	N/A
Soil Test/Site Testing	6	\$600.00	N/A
Water Supply Well Permits	18	\$1,080.00	N/A
<b>Total Health Department</b>	<b>69</b>	<b>\$3,815.00</b>	<b>N/A</b>
<b>Inland Wetlands Commission</b>	<b>Permit Count</b>	<b>Fees Collected</b>	<b>Est. Value of Construction</b>
Wetlands As of Right	10	\$0.00	N/A
Wetlands Buffer	8	\$770.00	N/A
Wetlands Regular	6	\$330.00	N/A
<b>Total Inland Wetlands Commission</b>	<b>24</b>	<b>\$1,100.00</b>	<b>N/A</b>
<b>Land Use Office</b>	<b>Permit Count</b>	<b>Fees Collected</b>	<b>Est. Value of Construction</b>
Copies	23	\$116.50	N/A
<b>Total Land Use Office</b>	<b>23</b>	<b>\$116.50</b>	<b>N/A</b>

<b>Planning &amp; Zoning Commission</b>	<b>Permit Count</b>	<b>Fees Collected</b>	<b>Est. Value of Construction</b>
Certificate of Zoning Compliance	3	\$75.00	N/A
Earth Excavation	2	\$1,470.00	N/A
Home Occupation	2	\$110.00	N/A
Scenic Road	1	\$0.00	N/A
Sign	1	\$25.00	N/A
Site Plan Approval/Modification	4	\$520.00	N/A
Special Permit	1	\$235.00	N/A
<b>Total Planning &amp; Zoning Commission</b>	<b>14</b>	<b>\$2,435.00</b>	<b>N/A</b>
<b>Public Works</b>	<b>Permit Count</b>	<b>Fees Collected</b>	<b>Est. Value of Construction</b>
Driveway	2	\$0.00	N/A
Town Road Excavation	3	\$150.00	N/A
<b>Total Public Works</b>	<b>5</b>	<b>\$150.00</b>	<b>N/A</b>
<b>Zoning</b>	<b>Permit Count</b>	<b>Fees Collected</b>	<b>Est. Value of Construction</b>
Zoning	75	\$0.00	N/A
<b>Total Zoning</b>	<b>75</b>	<b>\$0.00</b>	<b>N/A</b>
<b>Zoning Board of Appeals</b>	<b>Permit Count</b>	<b>Fees Collected</b>	<b>Est. Value of Construction</b>
Variance	10	\$2,340.00	N/A
<b>Total Zoning Board of Appeals</b>	<b>10</b>	<b>\$2,340.00</b>	<b>N/A</b>
<b>Total Permits</b>	<b>729</b>	<b>\$136,162.33</b>	<b>\$9,209,361.73</b>

## Inspections Completed

<b>Building Department</b>	<b>Completed</b>
Backfill	7
Electrical	167
Final Certificate of Occupancy/Compliance	315
Footing	55
Framing	37
Gas Piping/Pressure Test	41
Insulation	19
Mechanical	46
Plumbing	34
Trench/Conduit	23
Violation/Building Code	6
<b>Total Building Department</b>	<b>750</b>
<b>Fire Marshal</b>	<b>Completed</b>
Final Certificate of Occupancy/Compliance	9
Gas Piping/Pressure Test	7
<b>Total Fire Marshal</b>	<b>16</b>

<b>Health Department</b>	<b>Completed</b>
Food Service	10
Health	1
Septic Final	21
Septic Strip	9
Soil Test B100	22
<b>Total Health Department</b>	<b>63</b>
<b>Public Works</b>	<b>Completed</b>
Driveway Apron Final	2
Final Certificate of Occupancy/Compliance	1
Highway Excavation Final	3
<b>Total Public Works</b>	<b>6</b>
<b>Zoning</b>	<b>Completed</b>
Zoning Compliance	67
<b>Total Zoning</b>	<b>67</b>
<b>Total Inspections</b>	<b>902</b>

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Respectfully submitted:

- Peter Zvingilas, Building Official
- Scott Schuett, Fire Marshal
- Holli Pianka, Land Use Secretary
- Tom Conley, Public Works
- Reed Gustafson, Sanitarian
- Philip Chester, Town Planner/Zoning Officer



# **ZONING BOARD OF APPEALS**

## ***Town of Lebanon***

**579 Exeter Road, Lebanon, Connecticut 06249**

**(860) 642-6028, Fax (860) 642-2022**

### **ANNUAL REPORT**

**July 1, 2011 – June 30, 2012**

The Zoning Board of Appeals collected \$2,340.00 in fees for FY 2011-2012 and received ten (10) applications requesting a variance.

Zoning Board of Appeals Members include: Jeffrey Walsh, Chairman  
Joyce Godere, Vice Chairman  
Donald Anderson  
Kenyon Gardner  
R. Keith Kersey  
Kathy Dunnett, Alternate  
Donna Skaats, Alternate  
Jerome Walsh, Alternate  
Office Staff: Holli Pianka, Recording Secretary

Respectfully Submitted,

Jeffrey Walsh, Chairman



# *Planning and Zoning Commission*

## *Town of Lebanon*

579 Exeter Road, Lebanon, Connecticut 06249

(860) 642-2006, Fax (860) 642-2022

TownPlanner@lebanontownhall.org

### **ANNUAL REPORT FISCAL YEAR 2011 - 2012**

For the year ending June 30, 2012 the Commission met 13 times. Development data processed by the Planning and Zoning Commission was as follows:

- 75 Zoning Permits
- 12 Zoning Enforcement Actions
- 5 Public Hearings
- 4 Site Plan Approvals or Modifications
- 3 Certificates of Zoning Compliance
- 2 CGS Sec. 8-24 Reports
- 2 Earth Excavation Permits
- 2 Home Occupations
- 1 Special Permit
- 1 Scenic Road Designation (North Street)

Lebanon's Planning and Zoning Commission has the powers and duties prescribed in the Connecticut General Statutes (Chapters 124 and 126) and other applicable General Special Acts of the General Assembly. In summary these include:

- ✓ To prepare, adopt, or amend the *Plan of Conservation and Development*.
- ✓ To establish, change, or repeal zoning and subdivision regulations and zoning districts.
- ✓ To hear, consider, and decide upon applications for approval of subdivision or resubdivision plans, site plans, and special permits.
- ✓ To provide for the manner in which the zoning regulations are to be enforced and to take appropriate actions to enforce them.
- ✓ To review and make recommendations on proposed municipal improvements, i.e., streets, bridges, schools, parks, utilities, sidewalks, public housing, etc.
- ✓ To prepare and file surveys, maps, or plans of proposed streets.
- ✓ To approve or disapprove municipal applications to DEEP for grants-in-aid of programs established to preserve open space lands.

The Planning Office works to implement Lebanon's *Plan of Conservation and Development* (POCD) which was adopted by the Commission in November 2010. The POCD or Town Master Plan identifies goals and makes recommendations relative to guiding future land use development. All Town Board and Commissions are expected to rely heavily on the POCD when making short and long term decisions.

The Town received grants from the Commission on Culture and Tourism to conduct a survey of historic structures and the CT Trust for Historic Preservation to study infill, reuse and architectural regulatory controls for the Town Center as well as increasing the potential for economic development.

The Planning Office works with property owners interested in land development and land conservation projects. Lebanon's Zoning and Subdivision Regulations, Plan of Conservation and Development (POCD), and development applications are available online at [www.lebanontownhall.org](http://www.lebanontownhall.org).

If you have ideas you wish to convey to the Planning and Zoning Commission please contact us through Lebanon Town Planner, Philip Chester, 579 Exeter Road, 642-2006 or attend a Commission meeting. The Commission holds regular meetings on the third Monday of each month at 7:00 p.m. in Town Hall. All Commission meetings are open to the public.

#### Commission Members

James Jahoda, Chair  
David Fields, Secretary  
Eric Bender (through March 2012)  
Susan Brett Davis  
Robin Chesmer  
Keith LaPorte

Francis Malozzi  
Oliver Manning (as of March 2012)  
Mark Bancroft, Alt. (through Nov. 2011)  
Wayne Budney, Alt.  
Matthew Johnson, Alt.  
Lanny Closer, Alt. (as of Nov. 2011)  
Brian Grabber (as of June 2012)

#### Commission Staff

Philip Chester, Town Planner

Holli Pianka, Land Use Secretary

Respectfully submitted,

James Jahoda  
Chairman

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# **Inland Wetlands Commission**

## **Town of Lebanon**

579 Exeter Road, Lebanon, Connecticut 06249  
(860) 642-6028, Fax (860) 642-2022

### **ANNUAL REPORT**

#### **JULY 1, 2011 – JUNE 30, 2012**

The Lebanon Inland Wetlands Commission (regulating agency) shall enforce all provisions of the Inland Wetlands and Watercourses Act and shall issue, issue with modification, or deny permits for all regulated activities on Wetlands and within 100 feet of Wetlands in the Town of Lebanon pursuant to Section 22a-36 through 45, inclusive, of the Connecticut General Statutes, as amended.

As defined in the Town of Lebanon Inland Wetlands Regulations, a regulated activity means any operation within or use of a wetland or watercourse, including but not limited to, removal or deposition of materials, or any obstruction, construction, alteration or pollution, of such wetland or watercourses, but shall not include the specific activities in Section 4 of the Inland Wetlands Regulations. Furthermore, any clearing, grubbing, filling, grading, paving, excavating, constructing, depositing or removing of material and discharging of storm water on the land within one-hundred (100) feet from the boundary of any wetlands or watercourse is a regulated activity. Therefore, any activity affecting inland wetlands and watercourses within the Town are prohibited, except as may be permitted by the Inland Wetlands Commission or its Agent.

The Inland Wetlands Commission meets the first Monday of each month at 7:00 p.m. in Town Hall.

During the period of July 1, 2011 – June 30, 2012, the Inland Wetlands Commission conducted 10 regular meetings, 4 show cause hearings, 8 special meetings (7 of these for the purpose of conducting site walks).

The Commission collected \$1,100.00 in fees for FY 2011-2012, dealt with several enforcement matters, and received 24 applications for the following activities:

Inland Wetlands Regular Permit	6
As-of-Right Permit	10
Buffer Permit	8

Of the 24 applications, 23 were approved and 1 was denied.

Inland Wetlands Commission Members include:

James McCaw, Chairman  
Robert Slate, Secretary  
Carl Bender  
James Bender  
John Drum  
Dean Gustafson  
James Hallene  
Dennis Latchum  
David Martin

Inland Wetlands Commission Staff include:

Philip Chester, Town Planner  
Holli Pianka, Inland Wetlands Clerk

Respectfully submitted,

James E. McCaw, Chairman

# Conservation and Agriculture Commission

## Town of Lebanon

579 Exeter Road, Lebanon, Connecticut 06249  
(860) 642-2006, Fax (860) 642-2022

### ANNUAL REPORT FISCAL YEAR 2011 - 2012

On March 5, 2012, Town Meeting dissolved the Conservation Commission and replaced it with the newly established Conservation and Agriculture Commission. The new commission was authorized by Town Ordinance which reads in part that:

*The Commission shall extol the role of Lebanon's natural resources and agriculture as major contributors to the Town's quality of life and the economy. The Commission will advocate for conservation and agricultural issues before non-profit agencies, civic organizations, municipal boards and commissions, elected officials and residents.*

The Commission is made up of 10 members appointed by the Board of Selectmen. The Commission works to:

- inventory and map Lebanon's natural resources;
- develop open space funding resources to assisted land owners interested in preserving their property;
- assist farmers with land use issues;
- form relationships with organizations such as Joshua's Land Trust, CT Forest & Parks, CT Farmland Trust, CT Department of Agriculture and USDA to help preserve Lebanon's farmland; and
- conduct community outreach to educate residents to the importance of agriculture and land preservation.

The Commission has completed establishing a town trail to the landlocked town property on Commons Hill through old Schalk Road off Trumbull Highway. We are currently establishing a public trail to the Five-Mile-Rock off Randall Road and have been working for over a year to help preserve this property. In addition we are working to create a public trail to the newly acquired cemetery property between the Airline Trail and Synagogue Road. Both of these we hope to complete next year.

The Commission meets on the first Monday of each month at 4:30 at Town Hall where the public is invited to speak. We regularly rate properties for preservation when applications are made to us for farmland preservation and are always available to townspeople as a resource on matters of preserving our community and protecting its rich agricultural heritage and natural resources. The Commission is committed to assuring that the Town's natural, historical and agricultural resources are preserved for current and future generations. You may email us at [ConservationComm@lebanontownhall.org](mailto:ConservationComm@lebanontownhall.org).

Respectfully submitted,

Marc Lang, Chair  
Jan Fitter, Vice Chair  
Alton Blodgett  
Emery Gluck

Keith LaPorte  
Jon Slate  
Howard Wayland

Oliver Manning, Alternate  
Paul Trubey, Alternate  
Antoinette Willard, Alternate

Solid Waste Commission  
Town Hall  
Lebanon, CT 06249

Annual Report  
2011-2012

The Solid Waste Commission holds regular meetings at 7:00 PM in The Community Center. Lebanon residents are encouraged to attend and participate in the meetings.

The Commission oversees the operation of the Lebanon Solid Waste Facility and the maintenance of the closed landfill. The Solid Waste Facility includes a transfer station for waste and recyclable materials. The transfer station and landfill are located on Route 207. The Commission continued the required ground water monitoring program at the landfill during the year.

The Solid Waste Facility is open on Wednesdays and Saturdays. During the 2011-2012 fiscal year approximately 607 tons of municipal solid waste, 361 tons of bulky waste, and various amounts of recyclable materials were accumulated at the transfer station and shipped off site for treatment, disposal, or reuse. A detailed summary of the wastes and recyclable materials handled during the year is shown below.

Municipal Solid Waste	607 tons
Bulky Waste	361 tons
Co-mingled Containers	94 tons
Corrugated Cardboard	73 tons
Newspaper/Mixed Paper	99 tons
Lead Acid Batteries	2.4 tons
Scrap Metal	58 tons
Leaves, Grass & Brush	29 tons
Used Oil	2975 gallons
Antifreeze	400 gallons
Tires	1395 Units
Rechargeable batteries	89 Lbs
Electronics and Freon containing appliances	38 tons

The Town collects user fees at the Solid Waste Facility from residents who deposit certain wastes and recyclable materials. During the year, user fees totaling \$112,814 were collected from residents. Other Town departments deposited materials with a total unfunded fee cost of \$809 at the facility. The total operating cost for the facility was \$156,222 during the fiscal year. This means that the Solid Waste Facility only cost the Town \$43,408 above and beyond the collected user fees to operate.

The Solid Waste Commission in cooperation with a number of other local communities sponsored several household hazardous waste collection days for residents during the year. There are no user fees associated with the household hazardous waste services provided. Residents are encouraged to make use of this important service.

Respectfully submitted by,



Jan Van Woerkom  
Chairman



## *Jonathan Trumbull Library*

580 Exeter Road • P.O. Box 145 • Lebanon, CT 06249  
Tel. 860 642-7763 • Fax 860 642-4880

Jonathan Trumbull Library  
Annual Report 2011-2012

Library Board Members:

Cathe McCall, Chairperson

Holly Sinkewicz, Vice-Chairperson

Maureen McCall, Recording Secretary

Judy Vertefeuille, Correspondence Secretary

Kathy Chesmer

Michele Kersey

Diane McCall

Berkeley Nowasad

Alicia Wayland

From 7/1/11 to 6/30/12 the Library circulated 84,262 items. 4,006 people attended programs at the Library during that period. The Library was open 38 hours per week: Monday 9-8, Tuesday 1-8, Wednesday 10-6, Thursday 1-8 and Saturday 9-2. The Library was closed on Friday and Sunday. There were 4,459 registered borrowers. Any resident of Lebanon is eligible for a free library card. The Library participates in the Connecticard program. This allows any Connecticut resident with a valid library card to use our library, and allows Lebanon cardholders to use all other Connecticut public libraries.

The Jonathan Trumbull Library had a collection of 52,904 books, magazines, audio books, videotapes, DVDs, music CDs and puppets. The Library has a website at [www.lebanonctlibrary.org](http://www.lebanonctlibrary.org) with online access to our catalog, including reserves and renewals. eBooks and audiobooks may be downloaded for loan from the Jonathan Trumbull Library. There are six computer workstations with internet access and common computer software applications available to the public. Wireless internet access is also available. 26 licensed databases are available at the Library or remotely with a library card barcode at [www.iconn.org](http://www.iconn.org). Interlibrary loan is available for materials that the Library does not own. Other library services include book discussions, story hours, early literacy programs, adult and children's programs, and discounted passes to area cultural attractions. The generosity of the Friends of the Jonathan Trumbull Library, the Lebanon Lions' Club, and Lebanon Kids allows the Library to provide services that would not otherwise be available. We gratefully acknowledge their support.

The Jonathan Trumbull Library strives to provide convenient access to information that can enhance the lives of Lebanon residents of all ages. The Library emphasizes current, popular materials, provides programs of general interest to the community, and encourages children's interest in reading and learning.

Respectfully submitted,

Julie Culp  
Library Director

During the fiscal year 2011-2012 the Town of Lebanon continued to participate in the Resident State Trooper Program. TFC David Southworth represented the town in that capacity along with Lebanon's three local officers. Additional services also continued from Troop K in Colchester that provided 24-hour patrol coverage and assistance.

With both the Resident Trooper and Local Officers in place, the town has consistent day and evening patrol coverage and our office remains open and available for your needs and assistance. For those unfamiliar, the office is located in the Fire Safety Complex at 23 Goshen Hill Road.

The Resident Trooper's office continues our emphasis on preventative patrolling to maintain a close watch on Lebanon's neighborhoods and businesses, and as always you are encouraged to notify our office of vacation plans so we may monitor your property during your absence.

Performance indicators for the Resident Trooper's office:

	2010-2011	2011-2012
<b>Calls for Service</b>	5,703	5,549
<b>Motor Vehicle Accident without Injuries</b>	69	87
<b>Motor Vehicle Accident with Injuries</b>	16	9
<b>Fatal Motor Vehicle Accident</b>	0	1
<b>Patrol Checks</b>	1,124	1,814
<b>Response to Alarms</b>	200	229
<b>Assist Citizens</b>	212	145
<b>Traffic Stops</b>	989	1,953

We would like to extend many thanks to the citizens of Lebanon for their continued support and assistance throughout this year.

**EMERGENCY.....911**

**RESIDENT TROOPER'S OFFICE.....860-642-7730**

**COLCHESTER STATE POLICE.....860-537-7500**

**Trooper David Southworth, Resident Trooper**



## **Lebanon Volunteer Fire Department, Inc.**

23 Goshen Hill Road • P.O. Box 51

Lebanon, Connecticut 06249

Phone: 860-642-7546 • Fax: 860-642-3429

# **ANNUAL REPORT July 2011- June 2012**

The mission of the Lebanon Volunteer Fire Department is to provide Fire, Emergency Medical, Hazardous Material and Mutual Aid services for the preservation and protection of life, property and the environment from fire, medical and environmental emergencies within the Town of Lebanon and surrounding areas.

The Lebanon Volunteer Fire Department Inc. has over 50 active, reserve, probationary, and cadet members to provide Fire, Rescue, and Emergency Medical Services to the citizens of Lebanon.

The members of the Lebanon Volunteer Fire Department Inc. are proud to provide a professional, cost effective, volunteer service to the Town of Lebanon and their fellow citizens. Recent calculations from the National Volunteer Fire Council, when applied to the statistics from our town, identify a savings to the Town of Lebanon of over 1.5 million dollars when compared to a career department.

Department Executive Officers elected at the September 2011 annual meeting for a 2 year term (2011-2013) were, President Mark Elliott, Vice President Marc Massicotte, Secretary Margaret McCaw, Treasurer Brian Green.

Between July 1, 2011 and June 30, 2012, the Lebanon Volunteer Fire Department responded to a total of 608 incidents, even with last fiscal years' 609 responses. Fires, including buildings (4), chimneys (6), vehicles (1), outside brush grass or rubbish (8), and others, accounted for 24, or 3.95%, of the total incidents. Rescue and Emergency Medical Services responses, which include medical emergencies and motor vehicles accidents, accounted for 442 or 42.69% of the total incidents. Other hazardous conditions such as wires down (25), carbon monoxide incidents (2), and gas leaks (2), accounted for 34 calls (5.59%). The remainder of the calls were a variety of Service Calls (35), Good Intent Calls (25), Alarms without fires (46) and other weather related Calls.

In addition to responses, members spend countless hours attending Federal and State mandated training courses as well as Department required training sessions. New members are required to attend orientation training. This introduces them to the organization, the procedures, tools and equipment used by the Department. In addition to the required training, members attend additional training programs, such as State and National Certified Firefighter I, Firefighter II, Fire Officer and Fire Instructor classes, State-Certified Emergency Medical Technician (EMT) and Medical Response Technician (MRT) classes.

In September 2010 the Department was notified that we had been selected to receive a multi-year federal grant to pay for activities to recruit, train, and retain firefighters and emergency medical personnel. We have been busy working on several projects related to this. Classes offered through this grant have to have regional impact, and have been offered to surrounding communities. Departments throughout Windham, New London and Middlesex Counties have sent members to classes hosted by The Lebanon Volunteer Fire Department, paid for by this Federal Grant. Locally, our members have been able to take part in Firefighter I & II, Fire Officer, EMT, EMR as well as several other programs provided for with grant funds. Additionally, several Officers have had the opportunity to attend the National Fire Academy in Maryland to participate in classes.

The Department has been fortunate to have been offered the use of a town owned building at 491 Exeter Rd for a training facility. We have converted this former single family house to accommodate training for our, and surrounding Departments. Multiple Firefighter classes have used this building for training, as well as on the State level, the Connecticut Army National Guard Fire Department. We would like to thank the Town and the Board of Selectman for this opportunity to use this property.

If responding to the emergency incidents and attending required training doesn't tax the men and women of the Department enough, members also spend many hours per year ensuring the emergency equipment is maintained in a constant state of readiness. Weekly inspections of the vehicles and all portable equipment are done to ensure they are ready for whatever incident may occur. All Department fire hose, fire pumps, fire extinguishers and ground ladders are tested annually in accordance with National Fire Protection Association (NFPA) standards. SCBAs are tested monthly in accordance with NFPA and OSHA standards.

To the men and women of the Lebanon Volunteer Fire Department, we commend and thank each and every one of you for your time and dedication in fulfilling our mission to the citizens of our community. To the citizens of the Town, thank you for your words of appreciation and for your continued support.

Respectfully submitted,



John Lyon, Chief



Mark Elliott, President

Lebanon Volunteer Fire Department

Lebanon Volunteer Fire Department

# Town of Lebanon



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## FIRE MARSHAL

P.O. Box 184 Lebanon, Connecticut 06249  
Telephone: 860-208-6089 Fax: 860-642-7716  
E-mail: Schuett\_FM106@Juno.com

The War Office, Lebanon, Connecticut  
Site of over 1100 meetings of  
The Connecticut Council of Safety  
1775-1783

## FIRE MARSHAL'S ANNUAL REPORT

The primary job of the Fire Marshal is to protect public safety. As such, your Fire Marshal and his deputies work very closely with the Building Official, Police and Fire Department personnel to help assure your safety. Their areas of training and expertise include fire prevention and education, building safety and hazardous material control.

Fire prevention and education begins with our children. This year's theme focused on the importance of fire safety by encouraging us to "Have Two Ways Out". Special thanks go to the Lebanon Volunteer Fire Department for their assistance with the program. In addition, special thanks go to the Lebanon businesses that provided financial support to help provide fire prevention materials to go home with the children.

Building Safety is often misunderstood and unappreciated. The Life Safety Code establishes **minimal** standards for all public buildings and private residences before human occupancy is allowed in the building. Local group homes, schools and public buildings are inspected periodically to assure public safety.

Hazardous materials includes blasting permits, fireworks inspections and hazardous materials transport vehicle inspections. Last fiscal year one blasting permit was issued for construction and highway improvements. Finally, all vehicles garaged in Lebanon that carry hazardous materials were inspected to assure your safety on the roads.

During the fiscal year, there were 2 major structure fires totaling damages in excess of \$24,140. The total number of Structure Fires was 14. There was a total of 45 false alarms to which the Fire Department responded. Fortunately, there were no fire department related injuries. Thankfully, there were no fire related civilian injuries or deaths in that same time frame.

I would like to give a special thanks to the fire department for their prompt and professional response to all our emergencies. I also join with them in thanking the wonderful citizens of Lebanon for their continued support of all our emergency services.

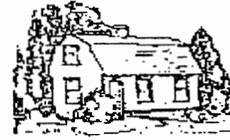
Respectfully Submitted,

Scott R. Schuett  
Lebanon Fire Marshal

Byron Lennox  
Deputy Fire Marshal

Daniel O'Hearn  
Deputy Fire Marshal

# Town of Lebanon



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## FIRE MARSHAL

P.O. Box 184 Lebanon, Connecticut 06249  
Telephone: 860-208-6089 Fax: 860-642-7716  
E-mail: Schuett\_FM106@Juno.com

The War Office, Lebanon, Connecticut  
Site of over 1100 meetings of  
The Connecticut Council of Safety  
1775-1783

## BURNING OFFICIAL'S REPORT

In 1972, the State of Connecticut enacted legislation to regulate open burning. The purpose of the legislation was to abate air pollution and wildfires. As such, the Town of Lebanon does its part to maintain air quality and to lessen the risk of wildfires by local regulation of burning. For fiscal year July 1, 2011 - June 30, 2012, a total of 230 burning permits were issued to Lebanon residents. Eight permits were not issued for various reasons. A total of 9 open burning investigations were also carried out to ensure compliance. The control of Open Burning helps assure better air quality, as well as helping control wildfires.

In 2010, the Town of Lebanon updated our Open Burning Ordinance. Those wishing to read the Ordinance are able to do so by going to the Town Website at [www.lebanontownhall.org](http://www.lebanontownhall.org), click on the "Resources" button and then click on the "Documents and Forms" button. The Ordinance is titled, "Ordinance Regarding Outside Burning Rev. 2010". Additional information about Open Burning in Connecticut may be found at the DEEP Website under Air and Water Quality.

Applications for burning permits are kept at the Town Clerk's Office and are available during her normal business hours. No verbal permits are issued. Extensions of time will be considered as long as the original material is still being burned and the permit has not yet expired. Only one verbal extension will be granted. For any other questions about Open Burning, residents are urged to call 208-6089.

It has been an honor and privilege to serve the good people of Lebanon for the past year.

Respectfully Submitted,

Scott R. Schuett  
Lebanon Burning Official

Lee Schuett  
Deputy Burning Official

Byron Lennox  
Deputy Burning Official

Town of Lebanon

Commission On Aging

Annual Report 2012-2013

The purpose of the Commission On Aging is to be aware and to assist in the needs and conditions of Lebanon's Aging in both the public and private sectors, in relation to housing, economics, transportation, health, social services, recreation and other matters. The COA shall, also, develop and implement programs to meet the needs and improve the conditions of the Aging and shall make recommendations to the Board of Selectmen and the Annual Town Meeting regarding services to the Aging.

Meetings are held on the second Monday of the month, excepting July and August. Our meetings are open to all interested persons. We have held many special meetings this year regarding activities for the new Senior Center.

The COA sponsors the Lebanon Jr.-Sr. Programs, Senior and/or Handicapped transportation, with the use of two Lebanon Senior Vans, Meals-On-Wheels, the Municipal Agent for the Aging, which is Darcy Battye, the Lebanon Jr.-Sr. Trips, coordinated by Marion Russo, Bingo, organized by Jane Cady and Darlene Hathaway, and held on Mondays, Setback (40+ play) on Thursdays, lead by Helen Bender, and "Lebanon Life" where the senior news is written.

Priscilla Donnelly, has retired as our Municipal Agent, after serving for seventeen years. A special thanks to Priscilla

A Senior Luncheon is served every Tuesday. First Tuesday - Richard and Rita Lataille prepare lunch; Second, Fourth and Fifth - Jackie Smakula and Geri McCaw, Third - Delonne Fischer prepares lunch with The National Honor Society from the Middle School assisting Delonne; Mary Rodriguez, along with many others assist regularly with the Luncheons. They are an inspiration to all and we "thank" them for their time. If you're a "senior", please come and join us! Again, we extend our many "thanks" to all, who give hours of dedicated service,

Our senior and/or handicapped transportation has two vans which serve Lebanon seniors and handicapped. We have three part time drivers and two part time dispatchers. You may reach the dispatchers by phone to schedule a ride 8:30 to noon Monday through Friday (642-2024). The van will transport seniors and disabled to doctors appointments, grocery shopping, and other shopping necessary for living, etc. Our Van Grant with other Towns has been a great support for the van services. Thanks Donna LaFontaine.

The Meals-On-Wheels program provides a very necessary service with its meals for shut-ins as well as a quick visit four days a week from a friendly delivery driver. Our meals are picked up in Colchester at their Senior Center. Lebanon's drivers are Louise Gates and Ingrid Treiss. We appreciate their dedication to the shut-ins.

The Bingo is held on Mondays. We have an average of 45-55 players each session. The Bingo is a nonprofit program for seniors. The law for nonprofit Bingo states, that you must be 60 years of age and older to play

Among other programs the Commission sponsors' is an exercise program held weekly; also offered is. Zumba, Tai Chi, Computer Classes, knitting., Line Dancing, Manicures, Pedicures, Hair Cuts, Perms, Pinochle, Poker, Pool, Movies, Yoga, Wellness Trips on Fridays, Hearing Clinic, Tea, Military Whist and VNA Blood Pressure Checks and much more.

The COA keeps an updated list of seniors who live alone and might need assistance during a storm, when electricity goes off for a long period of time. Those on oxygen, or without heat, etc.

The seniors and Town are most fortunate to have such a dedicated group of people on the COA; and I personally wish to express my appreciation to each of them for their time and efforts contributed to the Lebanon Seniors.

As you know, Darcy Battye, is our part time coordinator at the Center. She is doing an excellent job! Also a special thanks to the Friends of the Senior Center for all the financial support they give the Center.

Lastly, in 2010, the Center served 11,102 seniors and in 2011 we served 11,433.

Respectfully submitted,

Geri McCaw, Chair

If you have any questions or suggestions for programs for the seniors, please do not hesitate to contact the Center or a member. Members: Ellen Bauwens, Russell Blakeslee, Jane Cady, Darlene Hathaway, , Jim Donnelly, Donna Lafontaine, Bonnie LeBlanc, Marion Russo and Geri McCaw (Darcy Battye, Coordinator, ex officio)

## LEBANON PUBLIC SCHOOLS

**Mission Statement:** The Lebanon Public School District is a community of learners which values an active partnership with families, school and community. Our goal is to prepare students to succeed in a global world by providing a quality and challenging education in a safe environment.

The Lebanon Public School district, as a provider of comprehensive academic opportunities, prepares students with the knowledge and skills needed to succeed in an evolving world. To this end, the school district is committed to providing learning environments that promote personal competence and social responsibility.

The Lebanon Public School District consists of three schools: Lebanon Elementary School, Lebanon Middle School, and Lyman Memorial High School. A wing of Lyman Memorial High School is dedicated to an Agricultural Science and Technology Program. In each of the schools, academic excellence is stressed, citizenship is promoted, and community service is expected.

Educating the whole child and making each of them productive members of the global society is the goal of every member of the school community. Students are instructed using a multitude of venues, including whole group, small group, and individualized instruction. Technology is infused in lessons and students receive instruction, including enrichment and remediation, through various modalities. Virtual High School (Distance Learning) is offered at Lyman Memorial High School, which allows students to earn credit in courses not offered at the school. This initiative has proven to be very successful.

In each of the schools, curricula is delivered to students in a variety of ways, i.e. hands-on experiences, technology integration, and personalized instruction. Students' strengths and areas of focus are identified and they are offered enrichment and remediation, based upon their needs. Currently, the curricula for grades pre-kindergarten through grade twelve is being revised to reflect the new State and National Standards. The curricula will prepare students to be Career and College Ready and will increase rigor, higher order thinking skills, and require technology applications and skills.

Student Success Plans have been generated for students in grades five through twelve. The staff in each of the schools has designed a school climate initiative whereby student-to-teacher connections are established and positive behavior is celebrated.

High school students may earn college credit while attending LMHS. They can participate in Advanced Placement classes and/or the College Career Pathways program, which focuses in the

areas of business, technology, and food service. Also, there are numerous clubs and activities available to the high school students.

Student leadership is encouraged in the schools and there is an active and involved Student Council and National Honor Society (LMHS) and National Junior Honor Society (LMS). Community service, school improvement and student activities are the focus of these groups.

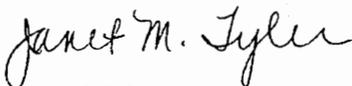
The district facilities and grounds are safe and secure places for students to learn and grow. In addition, they are clean and well kept. Improvements are continuously being identified and addressed.

Parents and the community take pride in their district schools and volunteer to work in the buildings in a variety of capacities. In addition, they attend numerous school functions, including concerts, plays, and speaker presentations.

The Lebanon Elementary School and Lebanon Middle School PTA organizations meet monthly and assist in providing cultural experiences and classroom needs for the students. The Lyman Memorial Booster Club is an active supporter of the many district sports teams. The PTAs and the Booster Club are generous enthusiasts of the school district, at large.

The school and town community work as an entity to provide the best education possible for the children of Lebanon.

Respectfully submitted,



Janet M. Tyler

Superintendent of Schools

**Lebanon Board of Education  
Budget Status Report FY2012**

**June 30, 2012**

Account Description	Revised Budget	Actual	Variance
Salaries	10,053,916	9,847,772	206,144
Employee Benefits	3,256,050	3,114,340	141,710
Purchased Services	588,051	468,429	119,622
Maint & Operations	537,884	611,117	(73,233)
Other Purchased Services	1,909,986	2,231,238	(321,252)
Utilities	568,384	553,095	15,289
Total Supplies	367,128	288,028	79,100
Capital/Equipment	182,295	119,155	63,140
Dues & Fees	50,658	40,951	9,707
<b>GENERAL FUND</b>	<b>17,514,352</b>	<b>17,274,125</b>	<b>240,227</b>

LEBANON PUBLIC SCHOOLS

ENROLLMENT  
2011/2012

<u>GRADE</u>	<u>ENROLLMENT</u>
Pre-K	63
K	72
1	68
2	79
3	86
4	84
<b>Total Elementary School</b>	<b>452</b>
5	93
6	97
7	98
8	104
<b>Total Middle School</b>	<b>392</b>
9	102
10	106
11	119
12	123
<b>Total High School</b>	<b>450</b>
<b>Total Local Schools:</b>	<b>1294</b>
<b>Total Enrollment:</b>	<b>1294</b>
<b>Received in District</b> (included in grade level totals)	<b>88</b>

WAGE REPORT 2011-2012

LEBANON PUBLIC SCHOOLS

ADELMAN, EDWARD	\$73,425
AMES, JEREMY M.	\$560
ANASTASIO, ELIZABETH	\$73,425
ANDERSON, BARBARA W	\$73,425
ANDERSON, DIANNE	\$16,056
ANDREWS, CHRISTOPHER	\$54,086
ANGELASTRO, ANNE P.	\$18,294
ANGELL, ANITAMARIE C.	\$64,733
ARCHER, BARBARA E.	\$64,733
ASHCOM, SHARON K	\$8,502
AYER, DIANE J	\$61,390
BABINSKI, CHRISTINE C.	\$9,553
BALL, PATRICIA J.	\$41,471
BARLOW, LARRY W.	\$63,807
BARNETT, GEORGIA M.	\$6,046
BELISLE, SANDRA	\$39,958
BENDER, JOANNA L.	\$4,385
BERGERON, AMY E.	\$61,390
BERGERON, LAURIE J	\$26,016
BESSETTE, NORMAN P.	\$7,410
BIRRELL, ANN	\$77,642
BISBIKOS, ANDREAS	\$3,660
BOADA, BETHANY J.	\$54,138
BOISVERT, KIM	\$5,394
BONK, JENNIFER A	\$54,486
BRAUNHARDT, LYNETTE	\$77,642
BRECKENRIDGE, LAURA R.	\$1,965
BRITT, ELIZABETH H.R.	\$1,588
BROADBENT, ROBERT S.	\$14,112
BROWN, LISA D.	\$1,445
BURELLE, CHRISTINE	\$73,425
CALANO, ANNA N.	\$1,260
CASTILLO, JESSICA A.	\$22,403
CHALIFOUX, CHRISTINE	\$36,509
CHAMBERLAIN, VIRGINIA	\$19,231
COLLINS, KAREN A.	\$56,573
CONE, JANINE M.	\$7,470
COTE, JOHN W	\$56,573
COWGER, JOHANNA	\$395
COX, EMMA K.	\$37,919
CRETELLA, LINDA A.	\$813
CROSS, GWENDOLYN	\$21,286
CZAJKA, RICHARD M.	\$35,719
DELMASTRO, JESSICA L.	\$240
DELONG, VIRGINIA A.	\$51,998
DIBELLA, LOUANNE	\$8,084
DIEDERICH, SASHA M.	\$1,400
DOELLER, CLAIRE	\$73,425

## WAGE REPORT 2011-2012

## LEBANON PUBLIC SCHOOLS

DUDAR, NANCY	\$6,187
DUFF, VICKI F	\$13,443
DUHAIME, LORI J.	\$17,741
DUNN, JUNE K.	\$40,657
ELLIOTT, LINDA M.	\$10,351
ELLIOTT, SCOTT A.	\$64,733
ESCOTT, LIZA	\$73,425
EVANS, DANIELLE L.	\$37,919
EWEN, SALLY J.	\$19,743
FABRY, ALYSSA	\$24,028
FABRY, CHRISTOPHER G.	\$58,982
FABRY, RYAN R.	\$68,810
FARLOW, GREGORY E.	\$10,726
FELLOWS, SHIRLEY A.	\$10,243
FERRI, JASON M.	\$70
FLANNERY, REBECCA	\$43,324
FRANKLIN, DONNA	\$54,086
FRANSON, CRISTYN	\$3,937
FREE, JULIANNE	\$73,425
GAGNON, ALESIA	\$77,642
GAGNON, LEA T	\$573
GAMACHE, LISA ANN	\$73,425
GATES, EMMA K.	\$13,209
GAUCHER, ERIN C.	\$73,425
GAUCHER, JEFFREY P.	\$68,810
GERVAIS, JAN M.	\$64,733
GIBSON, RENEE	\$73,425
GLAZIER, KIMBERLY	\$150
GLODE, JEAN	\$21,648
GODAIRE, JANICE	\$73,425
GOLDSTEIN, CAROL	\$73,425
GOMEZ, MARTIN	\$73,425
GOODRICH, MARGARET A.	\$6,288
GRAFF, ERICA	\$39,260
GRATTON, MARIA T	\$13,883
GRAY, GEORGE	\$73,425
GROGAN, MEGAN E.	\$49,862
GUPTA, RUMA	\$73,425
GUSTAFSON, DEBORAH M.	\$17,003
HALBARDIER, TERESA	\$73,425
HALBROOKS, JF G.	\$63,807
HAMILTON-BRODIE, KEVIN S.	\$68,990
HANNA, BARBARA R.	\$111,136
HARTNETT, MICHAEL T.	\$20,236
HARTNETT, SONIA .	\$7,122
HARTZELL, MARY LYNN .	\$73,425
HEON, RAYMOND E.	\$5,362
HERMANN, LORI-ANN	\$17,707
HERNANDEZ, JOSE L.	\$36,083

## WAGE REPORT 2011-2012

## LEBANON PUBLIC SCHOOLS

HERZBERG, CHRISTINE A.	\$335
HOGG, PATRICIA A.	\$77,642
HOPKINS, PAULA C.	\$68,810
HOWARD, HEIDI L.	\$61,390
IENI, DEBRA A.	\$64,733
INGRAM, JUDITH J.	\$73,425
JARVIS IV, JOHN L.	\$36,868
JOHNSON, CHRISTINE	\$431
JOHNSON, CHRISTINE G.	\$58,982
JOHNSON, ELAINE	\$28,980
JOHNSON, LYN K.	\$17,855
KEESEY, MARY SOL M.	\$70
KINSTLER, LISA P.	\$19,731
KLOSOWSKI, JOHN	\$68,810
KOIVA, MARIA K.	\$1,658
KONOW, KAREN L.	\$18,015
KOWALYSHYN, KAREN	\$7,233
LADEGARD, JASON T.	\$56,573
LADEGARD, JENNIFER M.	\$54,086
LANE, STEPHANIE L.	\$3,692
LANGDON, MARIE F.	\$64,733
LAPORTE, KEITH	\$37,299
LASKARZEWSKI, ROBERT M.	\$115,992
LASKOW, DENISE	\$17,411
LATHROP, MOLLY L.	\$73,425
LAWLESS, ELAINE	\$7,654
LAZUR, BARBARA	\$73,425
LAZUR, EVAN P.	\$9,936
LEE, BARBARA J.	\$73,425
LEEN, BARBARA	\$37,919
LEICHTER, MARYANNE C.	\$65,003
LEONARD, MARIA	\$17,104
LESTON, MARIANNE C.	\$10,732
LIEBSKIND, SHAUN C.	\$77,642
LINCOLN, KATHRYN	\$238
LOUKAS, JOCELYN M.	\$140
LUCAS, SHAWN	\$43,098
LUND, DAVID W.	\$37,251
LURETTE, RICHARD J.	\$34,197
LYON, HEATHER	\$45,274
MAGNAN, TAMELA J.	\$32,885
MAIESE, ELIZABETH	\$56,734
MANLEY, LISA M	\$7,148
MAROCCHINI, REBECCA	\$41,471
MARTINEAU, LINDSAY	\$15,951
MASSICOTTE, HEATHER J.	\$426
MCCARTHY, MARISSA	\$43,098
MCCORKLE JR, ELLIOT R.	\$42,755
MCCORKLE, NANCY A.	\$19,495

## WAGE REPORT 2011-2012

## LEBANON PUBLIC SCHOOLS

MCLEAN, CHRISTOPHER S.	\$68,810
MCMULLIN COONS, WHITNEY	\$18,146
MCNEILL, PAULA	\$8,490
MEESE, COLLEEN M.	\$4,253
MELIA, LEIGH K.	\$1,040
MESSNER, ROWENA	\$60,000
MEYER, SVEA	\$21,237
MICHELE, NICOLE L.	\$16,290
MILLER, WILLIAM G.	\$17,280
MILLERD, ASHLEY E.	\$42,106
MITCHELL, KAREN D.	\$28,336
MOORE, CAROL	\$108,379
MOREHOUSE-DIAZ, LYNN	\$73,425
MORELLO, MARK	\$73,425
MOTYKA, JAMES B.	\$73,425
MULLER, PATRICIA	\$73,425
MUNROE, SALLY	\$8,591
MUSSER, REBEKAH	\$41,471
NANOS, JILL	\$7,083
NARITA, KYOTARO J.	\$58,982
NORMAN, BEA	\$73,425
NORTHRIDGE, EMILY	\$46,821
NOWOSAD, JOANNE	\$73,425
O'HEARN, CANDIS A.	\$19,768
OLSEN, JENNIFER C.	\$61,390
OLSON, LYNN	\$56,573
ORGA, ERIN M.	\$61,390
ORLANDO, MELISSA E.	\$45,274
OXENHORN, ROBERT B.	\$61,390
PARENT, JANET	\$17,316
PARKER, HOLLY A .	\$37,928
PARLA, STACY	\$17,026
PARR, MEGAN	\$43,324
PAVLICH, BETH A.	\$10,730
PAYER, PATRICIA M.	\$18,050
PETERSON, LINDA JOYCE	\$21,197
PETRIE, CYNTHIA D.	\$73,425
PICARD, GEOFFREY	\$45,653
PICARD, JEANNETTE	\$77,642
PIROLI, ANDREA	\$620
PLAZA-FELICIANO, SANDRA	\$105
PROULX, JACQUELINE M.	\$9,024
PROVOST, CAROLYN	\$73,425
RACKLIFFE, MARGARET	\$73,425
RAMSEY, DAVID P.	\$200
REYNOLDS, ADAM C.	\$51,720
REYNOLDS, AMY	\$54,086
RICE, LORETTA L.	\$1,664
RITZ, EDITH R.	\$73,425

## WAGE REPORT 2011-2012

## LEBANON PUBLIC SCHOOLS

ROMAIN, LAURA	\$77,642
RUBEGA, PATRICIA A.	\$61,390
RUCKDESCHEL, AMANDA J.	\$4,550
RUCKDESCHEL, LEIGH H	\$77,642
RUSSELL, MARIE C	\$70
RUSSO, LINDA	\$77,642
RUSSOLINO, SHEILA K.	\$68,990
RYCHLING, MARIAN	\$36,491
SALISBURY, STEPHEN F.	\$122,682
SANTILLO, JULIE L.	\$17,687
SAUCIER, DEBORAH	\$33,324
SCORSO, JESSICA	\$65,778
SCZUREK, JOANNE	\$39,958
SENECHAL, MATTHEW W.	\$9,699
SERRENHO, KAREN	\$77,642
SHAVER, WESLEY	\$75,562
SHEA, MARTHA	\$73,425
SHEA, RICHARD A.	\$73,425
SHINKLE, WENDY M.	\$2,664
SHOLLY, JESSICA C.	\$2,320
SHUMAN, ERIN D.	\$56,573
SIMON, SANDYE G.	\$111,925
SMAKULA, JACQUELYN A.	\$16,517
SMITH, KATHLEEN L.	\$73,425
SMITH, REBECCA L.	\$19,314
SOLARI, GAYLE T.	\$68,990
SPEDALIERE, SANDRA A.	\$7,303
SPENCER, EVE	\$30,404
STALLINGS, EMILY	\$36,699
STANTON, SCOTT A.	\$55,709
STEVENS, AMANDA L.	\$42,683
STRIELKAUSKAS, BARBARA	\$73,425
STROHM, LARRY	\$73,425
STROUSE, BENJAMIN L.	\$140
SWANSON, ADREANNE A.	\$13,183
SYLVESTER, MARYLIN G	\$20,012
TEDESCO, DAVID M	\$67,865
TELLIER, MARY R.	\$2,496
TOROCKIO, HALLE S	\$54,486
TRUAX, LINDA J	\$12,503
TURNER, LOIS M.	\$77,642
TUTTLE, JESSICA C.	\$140
TYLER, JANET M.	\$141,000
VALLIERE-PEAY, DENISE	\$35,256
VARNEY, DAWN M.	\$32,287
VIELE, LISA M.	\$9,016
VINKELS, CAROL	\$11,596
VIOLETTE, CYNTHIA M.	\$61,390
VON EDWINS, SCOTT A.	\$25,323

**WAGE REPORT 2011-2012****LEBANON PUBLIC SCHOOLS**

VONEDWINS, CAROL	\$18,336
WADJA, DONNA	\$3,683
WAGNER, LINDA A.	\$36,509
WALDRON, JOANNE	\$51,103
WALENCEWICZ, NOEMI L.	\$54
WALSH, KATHRYN M.	\$50,463
WALSH, TIMOTHY J.	\$8,648
WENTWORTH, DIANA T.	\$40,667
WEYEL, CASSIDY M. J.	\$1,290
WHEELER, CAROLYN S.	\$73,425
WHITE, CARLY E.	\$70
WHITTY, DEBRA J.	\$46,865
WILDES, BRENDA	\$56,994
WILLIAMS, CHELSEA D.	\$2,043
WILSON, SHERI C.	\$68,810
WOZNAK, MICHELLE	\$41,752
YEO, SUZANNE	\$7,233

## THE CLASS OF 2012

Scarlett Ruth Abell  
 Courtney Nicole Alderman  
 Catherine Elizabeth Allen  
 Kelsey Jean Allison  
 Lindsey Michelle Arigno  
 Normandy Lyn Avery +  
 Raymond Christy Blair Bardes  
 Amy Clarissa Benton  
 Elizabeth Dawn Bernier +  
 Jacquelin Marie Bessette  
 Patrick John Birrell +  
 Emily Barbara Braunhardt  
 Evelyn Marie Brennan  
 Joshua Thomas Bucchere  
 Alexandra Helene Caisse  
 Brianne Caron Casey +  
 Keith Allen Chamberlain  
 Maureen Ellen Chapman +  
 Rachal Elizabeth Conley +  
 Ryan James Couch  
 Scott Leonard Couch  
 Austin Michael Creamer  
 Elizabeth Johanna Davis  
 Jasmine Lynn Davis  
 Taylor Marie Deschamps  
 Shaelyn Kerry Burdick Drake +  
 Alexander Benjamin Drucker \* NHS  
 Erin Brianna Duff  
 Holly Joan Dutko  
 Kimberly Nicole Eigner \*  
 Shannon DeLaere Flannery  
 Jacob Shane Garrison  
 Amanda Katherine Gendron  
 Anthony John Gervase +  
 Christopher Casey Gibb  
 Adam Michael Goodridge  
 Brooke Renee Goodwin  
 Benjamin Steven Gould  
 Elizabeth Jordan Grabber  
 Forrest James Grover  
 Joshua Lynton Gustafson  
 Christina Marie Harmon +  
 Jennifer Lynn Hebert  
 Timothy Robert Hennessey  
 Nicholas Robert Holmes  
 Dylan Jacob Jarvis  
 Heather Lynne Johnson +  
 David Joseph Johnston  
 Andrew Julius Justh  
 Bridget Anna Kelly

Adam Christopher Kersey  
 Stephanie Cecelia King  
 Alexander Pianta Kollegger  
 Nicholas Dale Kononchik  
 Camille Elayne Kuzel  
 Nicholas Frank Lacafta  
 Amber Kathleen LaFontaine  
 William John Lamb +  
 Erica Jean LeBeau \* NHS  
 Brianna Leigh LeBlanc NHS  
 Codey Anders Lohbusch  
 Tori Anne Lussier  
 Rachel Marie Mackewicz  
 Maria Yolanda Marceau  
 Joanna Adaline Maxwell  
 Haley Bryn McCall +  
 Dillon John McDowell  
 Eric Joseph McGee  
 Brendan Patrick Morton McGoff  
 Morgan Marie Meese \* + NHS  
 Conner Talmidge Michael  
 Matthew Thomas Michalek \* + NHS  
 Dallas Moon Miller  
 Nicholas Michael Miller  
 Lauren Victoria Norma Monce  
 Lindsey Marie Moon  
 Colleen Simpson Morgan  
 Victoria Louise Morin NHS  
 Sean Michael Mulcahy  
 Brian Joseph Myjak  
 Connor Stephen Nelson  
 Joseph Patrick Olearnick  
 Emily Lauren Olszta  
 Taylor Lynn Pawlowski  
 Emily Clara Peay \* + NHS  
 Kelly Ellen Pestey  
 Kaydi Elizabeth Picard  
 Jared Austin Pietras  
 Andrew Robert Pires  
 Katarina Nicole Quarticelli  
 Adam David-Malcein Reihl  
 Amy Marie Richard  
 Joshua Michael Roberto  
 Rachel Christina Robtoy  
 Joantony Santiago  
 Michelle Cherie Savoie NHS  
 Grace Elizabeth Schultz + NHS  
 Zacharie Joseph Simoneau  
 Danielle Lynn Slater  
 Erik James Marat Smith

Matthew Christian Stark  
 Benjamin John Strenkowski NHS  
 Joshua Richard Strenkowski  
 Jordan Amelia Swett \* + NHS  
 Benjamin Scott Swinehart \* NHS  
 Casey Trevor Szuba  
 Alyson Elinor Tacchi \* + NHS  
 Porsche Lyn Trahan  
 Joshua Henry Treiss  
 Meagan Andrea Tuttle  
 Andrew James Varvitsotis  
 Emily Louise Vigue +  
 Emily Jean Von Edwins \* + NHS  
 Aedin Arthur Wadja  
 Katelin Ann Walker  
 Timothy William Wengloski +  
 Cole Kristopher Wielock +  
 Alexander Mitchell Wood NHS  
 Katarina Sinclair Woronik +

\* Top Ten

NHS – National Honor Society

+ Honors Senior Project

**Town of Lebanon  
Uncollected Taxes  
as of June 30, 2012**

List of 10/01/96 Real Estate

GMR	28.49
GMR	25.90
GMR	21.00

List of 10/01/97 Real Estate

GMR	70.56
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List of 10/01/98 Real Estate

GMR	70.56
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List of 10/01/99 Real Estate

GMR	42.04
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List of 10/01/00 Real Estate

GMR	47.06
Lowney, Jeremiah J & Virginia	34.66
Pomprowicz, Edward M & Kna	66.54

List of 10/01/01 Real Estate

GMR	48.73
Lowney, Jeremiah J. & Virginia	35.89
Pomprowicz, Edward M & Kna	68.91

List of 10/01/02 Real Estate

Cucci, Anthony	22.47
Cucci, Anthony	21.37
GMR	50.96
Lowney, Jeremiah J. & Virginia	37.54
Mays-Cucci, Gloria	22.47
Mays-Cucci, Gloria UJ	22.47
Pomprowicz, Edward M & Kna	72.06

**Town of Lebanon  
Uncollected Taxes  
as of June 30, 2012**

List of 10/01/03 Real Estate

Cucci, Anthony	69.20
Cucci, Anthony	68.97
GMR	147.96
Lowney, Jeremiah J. & Virginia	77.36
Mays-Cucci, Gloria	69.20
Mays-Cucci, Gloria	69.20
Pomprowicz, Edward M & Kna	185.94

List of 10/01/04 Real Estate

Cucci, Anthony	71.87
Cucci, Anthony	71.63
GMR	153.68
Lowney, Jeremiah J. & Virginia	80.34
Mays-Cucci, Gloria	71.87
Mays-Cucci, Gloria UJ	71.87
Pomprowicz, Edward M. & Knapp	193.12

List of 10/01/05 Real Estate

Cucci, Anthony	75.14
Cucci, Anthony	74.89
GMR	160.66
Lowney, Jeremiah J. & Virginia	84.00
Mays-Cucci, Gloria	75.14
Mays-Cucci, Gloria UJ	75.14
Pomprowicz, Edward M. & Knapp	201.90

List of 10/01/06 Real Estate

Cucci, Anthony	79.33
Cucci, Anthony	79.60
Deschesne, Helen B	89.51
Femine, Marjorie	78.52
GMR	154.10
Jones, Richard R.	1,648.48
Lowney, Jeremiah J & Virgi	88.98
Mays-Cucci, Gloria	79.60
Mays-Cucci, Gloria UJ	79.60
Pomprowicz, Edward M. & Knapp	213.86
Sylvester, Anthony M	1,177.32

**Town of Lebanon  
Uncollected Taxes  
as of June 30, 2012**

List of 10/01/07 Real Estate

Cucci, Anthony	80.51
Cucci, Anthony	80.78
Dehner, Kelly J & Joseph L	80.78
Deschesne, Helen B	90.85
Femine, Marjorie	79.70
GMR	156.40
Green, Jonathan M & Hobbs	1,481.02
Jones, Richard R.	1,673.08
Knowles, Helen M	100.10
Lowney, Jeremiah J & Virgi	90.30
Mays-Cucci, Gloria	80.78
Mays-Cucci, Gloria UJ	80.78
Sylvester, Anthony M	1,194.90

List of 10/01/08 Real Estate

Cucci, Anthony	83.28
Cucci, Anthony	83.50
Deschesne, Helen B	398.74
Feery, Helena	152.08
Femine, Marjorie	240.26
Hobbs, Emerald J &	1,335.50
Jensen, Helen A	104.16
Jones, Richard R.	1,514.22
McNarry, Catherine	501.44
Knowles, Elton J Fid	65.18
Lenkiewicz Construction C	132.83
Lowney, Jeremiah J & Virgi	102.04
Mays-Cucci, Gloria	292.46
Mays-Cucci, Gloria	83.50
Pearson, David W	49.87
Sylvester, Anthony M	1,319.96
Unknown	405.34
Whitehead, Wayne	17.89
Wohlstrom, Alan	654.98
Bergstrom, Karen S	89.46

**Town of Lebanon  
Uncollected Taxes  
as of June 30, 2012**

List of 10/01/09 Real Estate

Abel, Robert Est Of	4,845.20
Bergstrom, Karen S	1,585.90
Burski, Julia	2,852.46
Cucci, Anthony	86.41
Cucci, Anthony	86.63
Deschesne, Helen B	413.72
Durand, Roger	747.90
Feery, Helena	157.80
Femine, Marjorie	249.30
Gaucher, Norman E & Cindy L	1,176.25
Hobbs, Emerald J &	1,385.68
Harbut, Evelyn E Est	950.86
Hayden, Susan	2,711.70
Hidden Brook Stables LLC	2,305.08
Jackson, Emily K	3,063.72
Jensen, Helen A	108.08
Jones, Richard	1,571.10
McNarry, Catherine	1,363.80
McNarry, Catherine	1,480.70
Knowles, Helen M Est	67.63
Krause, Shirley	1,157.05
Leden, Norma	1,694.86
Lenkiewicz Construction Company LLC	1,029.20
Lombardo, Kathryn	1,340.38
Lowney, Jeremiah J & Virginia	105.86
Marasiotis Kostantinos I & Irene	1,499.94
Margolot III, Walter R & Kathleen	667.77
Mays- Cucci, Gloria	303.44
Mays- Cucci, Gloria	86.63
McClure, Robert	3,964.74
Monahan, Kevin D & Franklin D Jr	357.58
O'Neill, Alfred P Jr	986.29
Pearson, David W	1,239.16
Prescott, James H	541.22
Roeder, Carole M & William G	1,275.62
Roy, Eugene A & Marilyn R Trustees	156.86
Sylvester, Anthony M	1,369.54
Thompson, Teresa L	1,399.49
Unknown	420.56
Whitehead, Wayne	18.56
Wohlstrom, Alan	1,359.16

**Town of Lebanon  
Uncollected Taxes  
as of June 30, 2012**

List of 10/01/10 Real Estate

Abel, Robert Est Of	4,998.68
Anderson, Carl R & Loretta	2,523.61
Archer, William L & Barbara	1,851.14
Archer, William L & Barbara	909.35
Belanger, Yvon G Et Al	2,743.42
Bergstrom, Karen S	1,636.14
Botticello Inc	155.50
Botticello Inc	81.51
Botticello Inc	1,413.83
Brown, Thomas C III	160.06
Budney Wayne Trustee	112.41
Budney, Wayne M	5,258.71
Budney, Wayne M	147.86
Budney, Wayne M	69.54
Budney, Wayne M & Lori	4,265.20
Bulson, David P & Sandra H	1,194.74
Burski, Julia	2,942.80
Cieri, Mary Jane	339.26
Connelly, Richard	2,483.69
Cucci, Anthony	89.15
Cucci, Anthony	89.38
Deschesne, Helen B	426.82
Durand, Cheryl E	557.35
Durand, Roger	3,837.24
Elwell Windfield H & Pame	220.26
Feery, Helena	162.80
Femine, Marjorie	257.18
Flaherty, Kevin P & Gena	131.51
Gatchek, Patricia M	1,589.39
Gaucher, Cindy L	2,645.26
Giants Lane LLC	2,782.74
Grabber, A Henry Est & Elv	4,053.16
Green, Harold L	10.44
Hamlin, David C	282.50
Harbut, Evelyn E Est	2,901.08
Harmon, Alma	352.54
Harper, Patricia	2,398.49
Hayden, Susan	4,538.34
Hazlett, George R Jr	1,461.72
Hidden Brook Stables LLC	7,384.46
Hobbs, Emerald J &	2,505.72
Hobbs, Emerald J &	1,533.76
Holt, Mary A	1,055.80
Ives, Wesley	1,626.32
Jackson, Emily K	3,160.76

**Town of Lebanon  
Uncollected Taxes  
as of June 30, 2012**

Jensen, Harold E & Helen A	472.53
Jensen, Helen A	111.50
Jones, Richard R	1,620.86
Key Gordon L & Virginia M	4,277.77
Knowles, Helen M Est	69.77
Krause, Shirley	2,387.40
Laflash, Gary W & Stephani	1,606.73
Lazur, Barbara A	2,888.30
Leden, Norma	1,748.54
Lenkiewicz Construction C	1,061.80
Lombardo, Kathryn	1,382.82
Lowney, Jeremiah J & Virginia	109.22
Marasiotis, Kostantinos I	1,547.44
Marcy, Elizabeth A	2,400.62
Margolot III, Walter R & K	1,709.32
Mays- Cucci, Gloria	313.04
Mays- Cucci, Gloria	89.38
Mazzoli, David	7.54
McClure, Robert	4,090.32
Micengendler, Jakub &	875.79
Misak, James	256.94
Monahan, Kevin D & Frankli	368.90
Nadeau, Paul B & Amy L	4,895.96
O'Neill, Alfred P Jr	1,724.14
Partain, Keith B	27.64
Pearson, David W	1,278.40
Postemski, Carolyn	1,259.14
Prescott, James H	1,951.68
Prussia, William	4,177.09
Radican, James P & Thomasi	844.40
Roeder, Carole M & William	1,316.02
Roy, Gary K	2,989.08
Schuld, John M	250.23
Scopino, Michelle & Frank	2,068.36
Sirios, Jeffrey M & Marilu	905.55
Berube, Kirk T & Mia E	2,360.61
Stein, J Allen & Virginia	4,798.26
Sylvester, Anthony M	1,412.92
Tanner Clarke LLC	3,260.74
Thompson, Teresa L	2,190.82
Trevorrow, William B III	558.36
Unknown	246.70
Whitehead, Wayne	19.15
Wohlstrom, Alan	1,402.20

# Stephen T. Hopkins, CPA, PC

## Auditing, Accounting, and Consulting Services

214 Holmes Road / Scarborough, Maine 04074 / Phone: (207) 885 - 5038 / Fax: (207) 470 - 5050

### Independent Auditors' Report

Board of Finance  
Board of Selectmen  
Town of Lebanon, Connecticut

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Lebanon, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Lebanon, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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 State Single Audit Act (C.G.S. Sections 4-230 to 236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Lebanon, Connecticut, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2013, on our consideration of the Town of Lebanon, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lebanon, Connecticut's financial statements as a whole. The combining and individual fund financial statements, and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is also

not a required part of the financial statements. The combining and individual fund financial statements, other supplementary information, the schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Stephen T. Hopkins, CPA, PC



January 21, 2013

**Town of Lebanon, Connecticut**  
Management's Discussion and Analysis  
June 30, 2012

Our discussion and analysis of the Town of Lebanon, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2012. Please read this analysis in conjunction with the basic financial statements, notes to the basic financial statements, and required supplementary information of the Town. This management discussion and analysis is being presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements.

**Financial Highlights - Government-wide financial statements**

- The Town's total assets exceeded its total liabilities by \$38,631,168 (net assets) as of the end of the current fiscal year. This compares to the prior fiscal year when total assets exceeded total liabilities by \$37,566,037 as restated. This represents a favorable increase of approximately 2.83%.
- The Town's invested in capital assets, net of related debt net asset balance is used to account for the total capital assets of the Town reduced by the total accumulated depreciation on those assets, reduced by the total outstanding debt incurred to purchase those assets. The total invested in capital assets, net of related debt net asset balance of the Town was \$30,557,278 (79.10% of total net assets) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$32,474,524 (86.45% of total net assets) as restated. This represents a decrease of approximately 5.90% which is the result of new short-term debt in the amount of \$5,100,000, a decrease in the related long-term debt of \$650,566, current depreciation in the amount of \$1,568,652 and current net capital asset additions in the amount of \$4,100,840. These fixed asset additions were made up in large part of \$2,862,161 in costs related to the Amston lake sewer construction project.
- The Town's restricted net assets are used to account for funds received with constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. These net assets *cannot* be used to finance the day-to-day activities and operations of the Town. The total restricted net asset balance of the Town was \$3,440,596 (8.91% of total net assets) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$3,245,394 (8.64% of total net assets). This represents an increase of approximately 6.01%. This increase is due in large part to an increase in the fair value of restricted investments within the Trumbull investments fund of \$98,373.
- The Town's unrestricted net asset balance is the component of net assets which is used to finance the day-to-day activities and operations without constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. The total unrestricted net asset balance of the Town was \$4,633,294 (11.99% of total net assets) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$1,846,119 (4.91% of total net assets) as restated. This represents a favorable increase of approximately 150.97%.
- The Town's total revenues for its governmental activities were \$27,645,836 for the current fiscal. This compares to the prior fiscal year balance of \$26,838,462. This represents an increase of approximately 3.00% or \$807,374. This is due in large part to the current year increase in operating grants of \$607,300 which was made up of funds received for the Tyler field improvement grant of \$162,427 and the housing rehabilitation grant of \$190,434. In addition, property tax revenues increased by \$550,643 due to both a higher annual commitment and a higher than anticipated collection rate.
- The cost of the Town's governmental activities was \$26,580,705 for the current fiscal year. The amount of these costs ultimately financed by general revenues of the Town, however, was only \$14,865,381 due to a portion of these costs being paid for by individuals receiving certain benefits through charges for services in the amount of \$1,535,804 and through operating and capital grants received from the State (state and federal dollars) in the amount of \$10,179,520. This amounts to approximately 55.93% of the cost of these governmental activities actually being financed by the general revenues of the Town. This compares to approximately 57.25% of the cost of the governmental activities of the Town being financed by the general revenues of the town for the prior fiscal year. The individual breakdown of how these charges for services and operating and capital grants where received by department for the current fiscal year is shown on Statement B on page 11.
- The Board of Education and the related programs of the Town received approximately \$1,461,885 in grant dollars from a number of sources including State grant funds and Federal pass-through grant funds to assist in a number of educational programs and projects from the school lunch program to improving basic programs. This compares to approximately \$1,447,816 in the prior fiscal year. The prior fiscal year balance excluded \$780,040 in federal education stabilization funds received from the state as a supplement to education cost sharing funds. These revenue amounts represent the amounts recorded by the Town in the fund financial statements. The amounts shown in the government-wide financial statements have been adjusted for unearned amounts which are recorded as deferred revenues on the Statement of net assets.

**Town of Lebanon, Connecticut**  
Management's Discussion and Analysis  
June 30, 2012

**Using this annual report**

This annual report consists of a series of financial statements. The government-wide financial statements consist of the Statement of net assets and the Statement of activities which are shown on pages 10 and 11 and which provide information about the activities of the Town as a whole and present a longer-view of the Town's finances. The fund financial statements consist of the Balance Sheet and the Statement of revenues, expenditures, and changes in fund balances which are shown on pages 12 and 14 and tell how the services of the Town were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds. Budget to actual information is reported in these fund financial statements for the general fund on pages 16 and 17. The statements on pages 18 and 19 provide financial information about the proprietary activities in the form of an internal service fund used to account for the self funding dental plan of the Town. The statements on page 20 provide financial information about the fiduciary activities for which the Town acts solely as a trustee or agent for the benefit of groups outside of the Town. These statements relate to agency funds for which the Town is acting in a purely custodial capacity for student and other groups and for private purpose trust funds when amounts have been given to the Town for specific purposes.

**Reporting the Town as a whole**

Our analysis of the Town as a whole begins on page 10 with the Statement of net assets. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the current fiscal years activities?" The statement of net assets and the statement of activities report information about the Town as a whole and about its activities in a way that helps answer this question. The statement of net assets includes all of the non fiduciary assets and liabilities of the Town using the accrual basis of accounting. This basis of accounting is similar to the accounting policies and procedure utilized by most private-sector (for profit) companies. All of the current fiscal year revenues and expenses are taken into account regardless of when cash is received or paid in the statement of activities.

These two statements report the Town's net assets and the changes in these net assets. You can think of these net assets as one way to measure the financial health and financial position of the Town. The net asset balance is made up of the difference between the assets and liabilities of the Town. Over time, increases and decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. However, you also need to consider other non-financial factors which affect the overall financial health of the Town such as changes in the property tax base, the conditions of the infrastructure of the Town, and the general economy present at the time. These two statements are divided into governmental activities and the discretely presented component unit. The Town's activities are classified solely as governmental activities and are characterized as follows:

- Governmental activities - All of the Town's basic services are reported here, including general government, public safety, public works, health recreation and social services, community preservation, education, and other unclassified programs and activities. Property taxes, charges for services, State and Federal operating and capital grants and other funding, and other miscellaneous revenues finance most of these activities in whole or in part.

**Reporting the Town's most significant funds**

Our analysis of the Town's major funds begins on page 12 with the Balance sheet. The fund financial statements provide detailed information about the most significant funds of the Town but not a combined picture of the Town as a whole. Some of these funds are required to be established by State law and by bond covenants. In addition, the Board of Finance of the Town has the authority to establish many other funds which it uses to help control and manage funds for particular purposes (such as the community center or recreation commission) or to show that it is meeting legal responsibilities for using certain taxes, grants, or other money (such as the grant revenue received and expended for educational grants). The Town uses governmental funds which are characterized as follows:

- Governmental funds - All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting measures cash and all other financial assets that can readily be converted into cash. The governmental fund financial statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs and activities. The relationship between governmental activities and governmental funds is presented in a reconciliation at the bottom of the fund financials.

Town of Lebanon, Connecticut  
Management's Discussion and Analysis  
June 30, 2012

**The Town as a trustee**

Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds are used by the Town to report assets held in a trustee or agency capacity for other groups and therefore cannot be used to support the Town's own programs. The type of fiduciary funds for which the Town is trustee are private purpose trust funds and agency funds. Private purpose trust funds account for the assets held by the Town in a trustee capacity on behalf of the schools in the form of scholarship funds and on behalf of the library and cemeteries in similar funds. All of the resources of these funds, including any earnings on invested resources, may be used to support their activities. There is no requirement that any portion of these resources be preserved as capital. Agency funds are used to report resources held by the Town in a purely custodial capacity such as student activity accounts.

**The Town as a whole - Assets, liabilities, and net assets**

The information provided below represents government-wide information for the governmental activities of the Town for the current fiscal year compared to the prior fiscal year. The current ratio compares the current assets of the Town to its current liabilities and gives an indication of the Town's ability to pay current obligations. As of the end of the current fiscal year the current ratio of the Town was 1.04 to 1 compared to the end of the prior fiscal year when the current ratio was 1.60 to 1. Another indication of the Town's ability to meet its current obligations with current assets is called its working capital. This is calculated by subtracting the current liabilities from the current assets. As of the end of the current fiscal year the Town's positive working capital balance was \$339,633. This compares to the prior fiscal year positive balance of \$2,015,906. The large decrease in the current ratio and working capital amounts can be related to the activity in the Amston Lake sewer construction project fund. The current assets in this fund were \$2,589,214 and the current liabilities were \$5,797,509 due in large part to the \$5,100,000 bond anticipation note entered into by the Town. These amounts were not present in the prior fiscal year and will not affect current assets and current liabilities in this same manner in the upcoming fiscal year. Excluding these amounts from the above current ratio and working capital calculations result in a current ratio of 2.52 to 1 and a working capital balance of \$3,547,928.

	Governmental Activities		Percentage of Total	
	2012	2011	2012	2011
Current assets	\$ 8,465,228	\$ 5,377,170	16.48%	11.78%
Other assets	3,590,302	3,475,399	6.99%	7.62%
Capital assets	39,317,813	36,785,625	76.53%	80.60%
	<u>\$ 51,373,343</u>	<u>\$ 45,638,194</u>	<u>100.00%</u>	<u>100.00%</u>
Current and other liabilities	\$ 8,125,595	\$ 3,361,264	63.77%	41.64%
Long-term liabilities outstanding	4,616,580	4,710,893	36.23%	58.36%
	<u>\$ 12,742,175</u>	<u>\$ 8,072,157</u>	<u>100.00%</u>	<u>100.00%</u>
Net assets:				
Invested in capital assets, net of debt	\$ 30,557,278	\$ 32,474,524	79.10%	86.45%
Restricted	3,440,596	3,245,394	8.91%	8.64%
Unrestricted	4,633,294	1,846,119	11.99%	4.91%
	<u>\$ 38,631,168</u>	<u>\$ 37,566,037</u>	<u>100.00%</u>	<u>100.00%</u>
Restricted net assets:				
Expendable:				
Restricted investment funds	\$ 1,948,585	\$ 1,850,212		
Restricted donation funds	280,167	270,954		
Enabling legislation funds	46,694	43,698		
Educational activity and program funds	148,124	139,668		
Community development projects	663,151	585,971		
	<u>3,086,721</u>	<u>2,890,503</u>		
Non-expendable:				
Non-USDA inventory	6,311	7,353		
Prepaid expenses	25,294	25,268		
Principal balance of permanent funds	322,270	322,270		
	<u>353,875</u>	<u>354,891</u>		
	<u>\$ 3,440,596</u>	<u>\$ 3,245,394</u>		

Town of Lebanon, Connecticut  
Management's Discussion and Analysis  
June 30, 2012

The Town as a whole - Revenues, expenses, and changes in net assets

The information provided below represents government-wide information for the governmental activities of the Town for the current fiscal year as compared to the prior fiscal year. The revenues and expenses shown below are recorded on the accrual basis of accounting. Program revenues received by the Town specifically relating to or generated by individual departments are applied to the departmental expenditures to determine the amount and percentage of total Town expenditures actually financed by the general revenues of the Town. This amount and percentage is shown at the bottom of this schedule and should be used to give the reader an indication of how the Town's activities were financed during the current fiscal year in comparison to the prior fiscal year. The comparison of expenses shown below indicates that the general make-up of the Town's spending by department as a percentage of total spending was consistent for the current fiscal year in comparison to the prior fiscal year.

	Governmental Activities		Percentage of Total	
	2012	2011	2012	2011
Program revenues				
Charges for services	\$ 1,535,804	\$ 1,869,542	5.56%	6.97%
Operating grants	9,489,379	8,882,079	34.32%	33.09%
Capital grants	690,141	551,542	2.50%	2.06%
General revenues				
Property taxes, interest, and liens	15,208,921	14,658,278	55.01%	54.62%
State property tax relief revenues	64,046	90,925	0.23%	0.34%
Other unclassified state revenues	-	-	-	-
Net change in the fair value of investments	98,963	409,236	0.36%	1.53%
Interest and dividends	90,724	74,768	0.33%	0.28%
Miscellaneous	467,858	302,092	1.69%	1.11%
Total revenues	<u>27,645,836</u>	<u>26,838,462</u>	<u>100.00%</u>	<u>100.00%</u>
Expenses				
General government	860,988	817,932	3.24%	3.09%
Public safety	506,831	494,307	1.91%	1.87%
Public works	1,096,271	1,213,025	4.12%	4.59%
Health & social	981,193	717,365	3.69%	2.71%
Community preservation	242,715	193,426	0.91%	0.73%
Education	19,898,087	20,441,131	74.86%	77.30%
Education - on behalf	1,680,491	1,360,318	6.32%	5.14%
Unclassified and program	699,056	518,898	2.63%	1.97%
Capital outlay	-	-	-	-
Depreciation	459,411	431,963	1.73%	1.63%
Debt service:				
Interest	155,662	190,837	0.59%	0.73%
Loss on disposal of fixed assets	-	63,221	-	0.24%
Total expenses	<u>26,580,705</u>	<u>26,442,423</u>	<u>100.00%</u>	<u>100.00%</u>
Change in net assets	1,065,131	396,039		
Net assets - July 1	<u>37,566,037</u>	<u>37,169,998</u>		
Net assets - June 30	<u>\$ 38,631,168</u>	<u>\$ 37,566,037</u>		
Expenses financed by general revenues:				
Total expenses	\$ 26,580,705	\$ 26,442,423		
Less charges for services	-1,535,804	-1,869,542		
Less operating grants and contributions	-9,489,379	-8,882,079		
Less capital grants and contributions	-690,141	-551,542		
	<u>\$ 14,865,381</u>	<u>\$ 15,139,260</u>	<u>55.93%</u>	<u>57.25%</u>

**Town of Lebanon, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2012**

**Capital assets**

The capital assets of the Town include land, land improvements, buildings, building improvements, vehicles, equipment, and infrastructure assets that are used in the operations of the Town and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads, and bridges. The infrastructure assets shown below include the current and prior fiscal year expenses of the Town for improvements to roads within the Town recorded at their actual historical cost or estimated historical cost when the actual costs were not available. More detailed information on the capital assets of the Town can be found in note 1L on page 26 and note 5 on page 33.

	Governmental Activities		Percentage of total	
	2012	2011	2012	2011
Land and improvements	\$ 2,121,289	\$ 1,896,289	2.93%	2.77%
Buildings and improvements	35,784,311	35,767,406	49.44%	52.33%
Vehicles	3,724,563	3,600,939	5.15%	5.27%
Equipment	868,738	720,208	1.20%	1.05%
Infrastructure	26,636,485	25,802,849	36.80%	37.75%
Construction in progress	3,247,516	564,655	4.48%	0.83%
Total historical value	<u>72,382,902</u>	<u>68,352,346</u>	<u>100.00%</u>	<u>100.00%</u>
Less accumulated depreciation	<u>-33,065,089</u>	<u>-31,615,812</u>		
Total capital assets (net)	<u>\$ 39,317,813</u>	<u>\$ 36,736,534</u>		

**Debt administration**

The debt of the town includes long-term bonds, notes and capital leases payable, accrued compensated absences (accumulated vacation and sick time) and accrued landfill post-closure care costs. In addition, during the current fiscal year the town entered into a short-term bond anticipation note agreement in the amount of \$5,100,000. This short-term debt is being shown below individually and will be incorporated into the long-term debt amounts during the next fiscal year when it is replaced with a long-term bond payable. All long-term debt is incurred through the approval of the inhabitants of the Town in accordance with applicable state statutes. The comparison of the outstanding debt shown below indicates that the general make-up of the Town's different types of debt as a percentage of total debt was consistent for the current fiscal year in comparison to the prior fiscal year. The portion due within one year for bonds and notes payable decreased by approximately 34.27% as a result of the variations between payment schedules and more specifically due to one of the outstanding bonds which was fully paid off during the current fiscal year for which the current portion due in the prior fiscal year was \$225,000 and for which there is no longer a current portion due. This decrease is simply based on the bonds amortization payment schedule. The portion due after one year decreased by approximately 11.71% as a result of the annual payments made on the individual bonds and notes payable. More detailed information on the debt of the Town can be found in note 6 and 7 starting on page 34.

	Governmental Activities		Percentage of total	
	2012	2011	2012	2011
Bond anticipation note payable	\$ 5,100,000	\$ -	57.02%	-
Bonds, notes and capital leases payable:				
Portion due within one year	427,618	650,566	4.79%	14.43%
Portion due after one year	3,232,917	3,660,535	36.15%	81.19%
Accrued compensated absences - school	66,321	67,122	0.74%	1.42%
Accrued compensated absences - town	28,311	29,705	0.32%	0.66%
Accrued landfill post-closure costs	<u>89,131</u>	<u>100,631</u>	<u>0.98%</u>	<u>2.30%</u>
Total debt	<u>\$ 8,944,298</u>	<u>\$ 4,508,559</u>	<u>100.00%</u>	<u>100.00%</u>

**Town of Lebanon, Connecticut**  
Management's Discussion and Analysis  
June 30, 2012

The previous sections of this management discussion and analysis have been presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements. Comparative financial information has not been included for the fund financial statements of the Town. The following financial highlights, however, do relate to the balances and results of the activities of the Town's individual funds as found in its fund financial statements. Detailed current year information on the Town's individual funds can be found on the Balance sheet on page 12 and the Statement of revenues, expenditures, and changes in fund balances on page 14.

**Financial highlights - Fund financial statements**

- The total assets of the Town's governmental funds exceeded the total liabilities by \$9,044,112 which represents the fund balance of these funds as of the end of the current fiscal year. This compares to the prior fiscal year when total assets exceeded total liabilities by \$5,813,182 as restated, a favorable increase of approximately 55.58% or \$3,230,930. This favorable increase is due mostly to the net results of the town construction projects fund which were a positive \$2,272,564 and was the result of the unexpended portion of the bond anticipation note received in the amount of \$5,100,000. In addition, the net results of the town's general fund were a positive \$739,624. These increases and other fund changes can be seen by reviewing Statement D on page 14 and the corresponding combining schedules and sub-schedules as shown in the table of contents.
- The total revenues of the Town's governmental funds were \$27,561,084 for the current fiscal year in comparison to \$27,163,235 in the prior fiscal year. This represents an increase of approximately 1.46% or \$397,849. This is due in large part to the current year change in property taxes, interest and liens revenue which was a positive increase in the amount of \$460,210. This increase was due to both a higher annual commitment and a higher than anticipated collection rate. In addition, the state on-behalf revenue current year change was a positive \$320,173 which was the result of the states on-behalf percentage rate increasing from 15.90% to 20.54%.
- The total expenditures of the Town's governmental funds were \$29,430,154 for the current fiscal year in comparison to \$27,504,313 as restated in the prior fiscal year. This represents an increase of approximately 7.00% or \$1,925,841. This increase is made up a number of increases and decrease within the funds of the Town. The town construction fund increased its expenditures by \$2,477,570 due to the on going work on the Amston Lake sewer construction project. The non-major capital project fund decreased its expenditures by \$347,299 due in part to the completion of the DOT fix it first grant. In addition, the general fund education expenditures decreased by \$312,827 as a result of the budget needing to be increased in the prior fiscal year by \$365,821 due to unforeseen and unfunded expenditures which was not necessary during the current fiscal year.
- The net change in fund balance (excess or deficiency of revenues over-under expenditures) for the Town's general fund was a positive \$739,624 for the current fiscal year in comparison to a negative \$707,056 as restated for the prior fiscal year. This represents a favorable increase of over 200% and relates in part to the following selected budgetary highlights from the current and prior fiscal year.
- The actual revenues received in the Town's general fund were \$43,988 higher than the budget revenues for the current fiscal year which is a favorable variance in comparison to \$4,684 lower for the prior fiscal year which was an unfavorable variance. During the current fiscal year the actual school tuition revenue received was \$138,903 lower than the budgeted amount in comparison to \$37,194 lower for the prior fiscal year. The actual revenue amounts received from the State for education cost sharing and other related revenues were \$57,238 higher than the budgeted amount in comparison to \$61,037 lower for the prior fiscal year. In addition, during the current fiscal year the amount recorded for intergovernmental other revenues was \$51,482 higher than the budgeted amount in comparison to \$43,751 lower for the prior fiscal year.
- The actual program expenditures in the Town's general fund were \$430,613 lower than the adjusted budgeted expenditures for the current fiscal year which is a favorable variance in comparison to \$241,714 lower as restated than the budgeted expenditures for the prior fiscal year which was also a favorable variance. This current fiscal year under expenditure can be attributed in large part to the board of education which was \$240,230 under the adjusted budget, the police services account which was \$22,880 under the original budget, the snow removal account line item which was \$55,612 under the original budget and the solid waste facility account which was \$33,778 under the original budget.
- In the current fiscal year, the inhabitants of the Town approved the use of \$485,000 of its unassigned general fund balance as appropriations to be transferred as a loan to the Amston Lake sewer construction project in the amount of \$350,000 and for a portion of the purchase of the synagogue road property in the amount of \$135,000. This in effect is the same as budgeting for a loss due to the fact that prior year accumulated balances cannot be shown as current year revenues. In the prior fiscal year, the inhabitants of the Town approved the use of \$985,821 of its unassigned fund balance in this same manner for a number of different items.

**Town of Lebanon, Connecticut**  
Management's Discussion and Analysis  
June 30, 2012

**Discretely presented "component unit"**

The financial reporting entity consists of the primary government and its component units, organizations for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The Town has determined that the Lebanon Volunteer Fire Department meets the definition of a component unit due to its fiscal dependence on the Town and the nature and significance of their relationship. For a legally separate entity to be considered fiscally independent it must, among other things, have the authority to determine its budget without the primary government having the authority to approve and modify that budget. The Town approves a certain amount of money on an annual basis to be appropriated to the Department to fund a portion of its operations. During the current fiscal year this amount was appropriated for the fire fighting operations of the Department. Although this amount was labeled as being appropriated for the fire fighting operations of the Department, once the amount has been received it may be physically used for any purpose the Department deems necessary for its operations as a whole. Though the Town does not directly have the authority to approve or modify the budget of the Department, it does indirectly do this by deciding the amount that it will or will not appropriate on an annual basis. In addition, the fire safety complex, fire trucks and ambulances used by the Department are purchased by the Town. This also creates a level of fiscal dependence due to the fact that the Department could not function in its current capacity without this assistance. In addition to the level of fiscal dependence between the Town and the Department, the nature and significance of the relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This component unit has been treated as a discretely presented component unit in accordance with the provisions of GASB Statement No. 14 as amended by Statement Nos. 39 and 61. The financial information of the Department has been included in the government-wide statement of net assets and statement of activities.

**Economic factors and next year's budgets and rates**

The Town believes it has steadily maintained a sufficient unrestricted net asset and unassigned fund balance to sustain the governmental activities and operations for an estimated two month period of time. The Town sees this trend continuing through future fiscal years. There are no currently known facts, decisions or conditions that the Town believes will significantly effect the financial position or results of the operations of the Town in the future.

**Contacting the Town's financial management**

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or need additional financial information, contact the Town Finance Department at 579 Exeter Road, Lebanon, Connecticut 06249.

**Town of Lebanon, Connecticut**  
**Statement of net assets**  
**June 30, 2012**

	Governmental activities	Component unit
<b>Assets:</b>		
Current assets:		
Cash	\$ 3,625,866	\$ 124,839
Investments	4,120,641	437,377
Accounts receivable	675,270	89
Tax acquired property	6,428	-
Inventories	11,729	-
Prepaid items	25,294	-
Total current assets	8,465,228	562,305
Capital assets		
Non-depreciable	5,368,805	-
Depreciable (net)	33,949,008	185,031
Total capital assets	39,317,813	185,031
Other assets		
Restricted cash	574,852	-
Restricted investments	2,271,200	-
Long-term accounts receivable	105,047	-
Notes receivable	639,203	-
Total other assets	3,590,302	-
<b>Total Assets</b>	<b>\$ 51,373,343</b>	<b>\$ 747,336</b>
<b>Liabilities:</b>		
Accounts payable	\$ 1,367,222	\$ 54,516
Accrued hourly payroll	103,219	2,675
Accrued summer salaries	942,904	-
Other liabilities	72,972	-
Deferred revenues	111,660	-
Short-term debt	5,100,000	-
Long-term debt		
Portion due within one year	427,618	-
Portion due after one year	3,232,917	-
Accrued compensated absences	94,632	-
Accrued landfill post closure care cost	89,131	-
Other post-employment benefit liability	1,199,900	-
Total liabilities	12,742,175	57,191
<b>Net assets:</b>		
Invested in capital assets, net of related debt	30,557,278	185,031
Restricted		
Expendable	3,086,721	-
Non-expendable	353,875	-
Unrestricted	4,633,294	505,114
Total net assets	38,631,168	690,145
<b>Total liabilities and net assets</b>	<b>\$ 51,373,343</b>	<b>\$ 747,336</b>

See the accompanying notes to the basic financial statements.



**Town of Lebanon, Connecticut**  
**Balance sheet - Governmental funds**  
 June 30, 2012

Assets	General fund	Town construction projects	Capital & nonrecurring fund	Trumbull investments fund	Non-major governmental funds	Totals
Cash	\$ 1,221,639	\$ 2,589,214	\$ -	\$ -	\$ 389,865	\$ 4,200,718
Investments	4,120,641	-	-	1,948,585	322,615	6,391,841
Receivables (net of allowance)						
Property taxes	469,313	-	-	-	5,962	475,275
Intergovernmental	88,279	-	-	-	75,116	163,395
Other	1,568	-	19,199	-	15,833	36,600
Notes receivable	-	-	-	-	639,203	639,203
Tax acquired property	6,428	-	-	-	-	6,428
Inventories	-	-	-	-	11,729	11,729
Prepaid items	25,294	-	-	-	-	25,294
Due from other funds	870,398	222,191	792,425	-	851,312	2,736,326
<b>Total assets</b>	<b>\$ 6,803,560</b>	<b>\$ 2,811,405</b>	<b>\$ 811,624</b>	<b>\$ 1,948,585</b>	<b>\$ 2,311,635</b>	<b>\$ 14,686,809</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 617,392	\$ 697,509	\$ 10,615	\$ -	\$ 41,706	\$ 1,367,222
Accrued hourly payroll	87,319	-	-	-	15,900	103,219
Accrued summer salaries	939,421	-	-	-	3,483	942,904
Other liabilities	67,447	-	-	-	5,525	72,972
Deferred property tax revenues	392,906	-	-	-	-	392,906
Deferred other revenues	21,186	-	-	-	5,962	27,148
Due to other funds	1,864,276	587,126	-	-	284,924	2,736,326
<b>Total liabilities</b>	<b>3,989,947</b>	<b>1,284,635</b>	<b>10,615</b>	<b>-</b>	<b>357,500</b>	<b>5,642,697</b>
<b>Fund balances:</b>						
Nonspendable	25,294	-	-	-	328,581	353,875
Restricted	-	-	-	1,948,585	1,224,403	3,172,988
Committed	-	2,113,896	801,009	-	412,106	3,327,011
Assigned	-	-	-	-	75,377	75,377
Unassigned	2,788,319	-587,126	-	-	-86,332	2,114,861
<b>Total fund balances</b>	<b>2,813,613</b>	<b>1,526,770</b>	<b>801,009</b>	<b>1,948,585</b>	<b>1,954,135</b>	<b>9,044,112</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,803,560</b>	<b>\$ 2,811,405</b>	<b>\$ 811,624</b>	<b>\$ 1,948,585</b>	<b>\$ 2,311,635</b>	<b>\$ 14,686,809</b>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut  
 Reconciliation of Statement C to Statement A  
 for all governmental funds and activities  
 June 30, 2012

Fund balances of governmental funds as shown on Statement C		\$ 9,044,112
<p>Amounts reported for governmental activities in the government-wide financial statements (Statement A) are different than the amounts reported in the fund financial statements (Statement C) and must therefore be modified as follows:</p>		
1 Capital assets used in governmental activities are not financial resources and therefore are not reported on Statement C however they are reported on Statement A and therefore must be added back in:		
Cost	72,382,902	
Less accumulated depreciation	-33,065,089	39,317,813
2 The majority of the property tax receivable long-term asset is not available to pay for current period expenditures and therefore it is reported as deferred revenue on Statement C however this amount is considered earned when billed and in turn recorded as revenue on Statement A and therefore must be added back in:		392,906
3 Certain state and federal grant revenues received by the Town are recorded as revenue when the amounts are available and measurable in accordance with the modified accrual basis of accounting. In addition, Codification of Governmental Accounting and Financial Reporting Standards section 1600.114 states that in regard to the modified accrual basis of accounting, material revenues received prior to the normal time of receipt should be recorded as deferred revenue. The Town defers all revenues that are received prior to their normal period of receipt. The government-wide financial statements record revenues on the accrual basis of accounting when they have been earned and therefore these revenue amounts are deferred on Statement A and therefore must be subtracted out:		-84,512
4 Inter fund receivable and payable balances between governmental funds are reported on Statement C but eliminated on the Statement A:		
Inter fund receivables	2,736,326	
Inter fund payables	-2,736,326	-
5 Long-term liabilities, are not due and payable in the current period and therefore are not reported on Statement C however they are reported on Statement A and must therefore be subtracted out:		
Other post-employment benefits liability	-1,199,900	
Bonds, notes and capital leases payable	-3,660,535	
Bond anticipation notes payable	-5,100,000	
Accrued compensated balances	-94,632	
Estimated liability for post closure landfill care	-89,131	-10,144,198
6 Delinquent interest and lien fees are recorded as revenue when received and when they become available and measurable however these amounts are recorded on Statement A due to the fact that the amounts are viewed to have been earned and therefore they must be added back in:		105,047
Net assets of governmental activities as shown on Statement A		\$ 38,631,168

See the accompanying notes to the basic financial statements.

**Town of Lebanon, Connecticut**  
**Statement of revenues, expenditures, and changes in fund balances - Governmental funds**  
**For the year ended June 30, 2012**

	General fund	Town construction projects	Capital & nonrecurring fund	Trumbull investment funds	Non-major governmental funds	Totals
<b>Revenues</b>						
Property taxes, interest, and liens	\$ 14,797,966	\$ -	\$ -	\$ -	\$ 373,658	\$ 15,171,624
Intergovernmental - education	5,775,780	-	-	-	1,080,213	6,855,993
Intergovernmental - on behalf	1,680,491	-	-	-	-	1,680,491
Intergovernmental - tax relief	64,046	-	-	-	-	64,046
Intergovernmental - other	244,192	381,672	306,121	-	596,261	1,528,246
Tuition	887,848	-	-	-	-	887,848
Charges for services	320,577	18,530	-	-	327,379	666,486
Net change in investment fair value	-	-	-	98,823	140	98,963
Interest and dividends	13,387	9,435	-	66,841	1,061	90,724
Miscellaneous	59,468	29,786	20,025	-	407,384	516,663
<b>Total revenues</b>	<b>23,843,755</b>	<b>439,423</b>	<b>326,146</b>	<b>165,664</b>	<b>2,786,096</b>	<b>27,561,084</b>
<b>Expenditures</b>						
<b>Current:</b>						
General government	801,686	-	2,750	-	47,806	852,242
Public safety	329,301	-	-	-	31,686	360,987
Public works	981,449	-	6,775	-	43,261	1,031,485
Health & social	167,067	-	-	-	749,487	916,554
Community preservation	138,502	-	15,029	-	89,184	242,715
Education	17,274,123	4,698	21,566	-	1,452,800	18,753,187
Education - on behalf	1,680,491	-	-	-	-	1,680,491
Unclassified and program	451,440	-	4,045	195	241,916	697,596
Capital outlay	-	2,862,161	993,851	-	244,828	4,100,840
<b>Debt service:</b>						
Principle	638,395	-	-	-	-	638,395
Interest	155,662	-	-	-	-	155,662
<b>Total expenditures</b>	<b>22,618,116</b>	<b>2,866,859</b>	<b>1,044,016</b>	<b>195</b>	<b>2,900,968</b>	<b>29,430,154</b>
Excess (deficiency) of revenues over (under) expenditures	1,225,639	-2,427,436	-717,870	165,469	-114,872	-1,869,070
<b>Other financing sources (uses)</b>						
Debt issuance proceeds	-	5,100,000	-	-	-	5,100,000
Transfers in	750,067	350,000	749,400	-	213,904	2,063,371
Transfers out	-1,236,082	-750,000	-10,000	-67,096	-193	-2,063,371
<b>Total other financing sources (uses)</b>	<b>-486,015</b>	<b>4,700,000</b>	<b>739,400</b>	<b>-67,096</b>	<b>213,711</b>	<b>5,100,000</b>
Net change in fund balance	739,624	2,272,564	21,530	98,373	98,839	3,230,930
Fund balances - July 1	3,144,590	-745,794	779,479	1,850,201	1,855,296	6,883,783
Prior period adjustment	-1,070,601	-	-	-	-	-1,070,601
<b>Fund balances - July 1 - restated</b>	<b>2,073,989</b>	<b>-745,794</b>	<b>779,479</b>	<b>1,850,212</b>	<b>1,855,296</b>	<b>5,813,182</b>
<b>Fund balances - June 30</b>	<b>\$ 2,813,613</b>	<b>\$ 1,526,770</b>	<b>\$ 801,009</b>	<b>\$ 1,948,585</b>	<b>\$ 1,954,135</b>	<b>\$ 9,044,112</b>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut  
 Reconciliation of Statement D to Statement B  
 for all governmental funds and activities  
 June 30, 2012

Net changes in governmental fund balances as shown on Statement D \$ 3,230,930

Amounts recorded for governmental activities in the government-wide financial statements (Statement B) are different than the amounts reported in the fund financial statements (Statement D) and therefore must be modified as follows:

1	Capital asset purchases are recorded as expenditures in Statement D and are capitalized and shown as depreciation expense over their estimated useful lives in Statement B. Therefore the following adjustments must be made:		
	Current year capital asset purchases to be capitalized	4,100,840	
	Current year depreciation expense on current and previous capital assets	<u>-1,568,652</u>	2,532,188
2	Property tax revenues are recognized on Statement D as described in note 1H of the notes to the financial statements however property tax revenues are recorded in the full amount of the annual levy in Statement B and therefore the current year adjustment described in note 1H must be added back in or subtracted back out:		29,394
3	The basis of presentation and revenue recognition is different from the government-wide financial statements shown on Statement B and the fund financial statements shown on Statement D. This difference in revenue recognition policies results in certain revenue amount being recorded in Statement B and deferred in Statement D.		
	Prior year deferred revenue amounts to be recognized	131,967	
	Current year revenue amounts to be deferred	<u>-84,512</u>	47,455
4	Inter fund transfers between governmental funds are reported on Statement D but must be eliminated on Statement B:		
	Transfers in	2,063,371	
	Transfers out	<u>-2,063,371</u>	-
5	Payments on and changes in long-term liabilities are recorded as current year activities on Statement D however they are shown as a reduction in an already established liability account on in the government-wide financial statements and therefore must not be shown as current year activity:		
	Other post-employment benefits liability	-347,000	
	Bonds, notes and capital leases payable	650,566	
	Bond anticipation notes proceeds	-5,100,000	
	Accrued compensated balances	2,195	
	Estimated liability for post closure landfill care	<u>11,500</u>	-4,782,739
6	Estimated accounts receivable for delinquent interest and lien fees are recorded as revenue when received on Statement D and as a reduction in a recorded receivable on the government-wide financial statements and therefore must not be shown as current year activity:		
	Prior year recorded delinquent interest and lien receivable balance	-97,144	
	Current year recorded delinquent interest and lien receivable balance	<u>105,047</u>	7,903
	Change in net assets of governmental activities as shown on Statement B		<u><u>\$ 1,065,131</u></u>

See the accompanying notes to the basic financial statements.

**Town of Lebanon, Connecticut**  
**Statement of revenues, expenditures, and changes in fund balance**  
**Budget and actual (Budgetary basis) - General fund**  
**For the year ended June 30, 2012**

	Original budget	Budget revisions	Final budget	Actual	Variance
<b>Revenues</b>					
Property tax revenues, interest and liens	\$ 15,152,298	\$ -	\$ 15,152,298	\$ 15,162,147	\$ 9,849
Intergovernmental - education	5,718,542	-	5,718,542	5,775,780	57,238
Intergovernmental - tax relief	66,208	-	66,208	64,046	-2,162
Intergovernmental - other	192,710	-	192,710	244,192	51,482
Tuition	1,026,751	-	1,026,751	887,848	-138,903
Charges for services	240,500	-	240,500	320,577	80,077
Interest and dividends	24,000	-	24,000	13,387	-10,613
Miscellaneous	62,448	-	62,448	59,468	-2,980
Total revenues	<u>22,483,457</u>	<u>-</u>	<u>22,483,457</u>	<u>22,527,445</u>	<u>43,988</u>
<b>Expenditures</b>					
General government:					
Legal counsel	25,000	13,215	38,215	38,214	1
Selectmen	115,992	616	116,608	116,609	-1
Elections	30,447	3,597	34,044	34,044	-
Probate court	2,479	-	2,479	2,479	-
Board of finance	2,000	-	2,000	1,423	577
Finance office	116,247	-	116,247	106,341	9,906
Tax collector	64,860	23,588	88,448	88,247	201
Board of appeals	1,000	-	1,000	787	213
Town clerk	87,264	-	87,264	87,245	19
Assessor	67,804	-	67,804	58,201	9,603
Auditor	12,350	-	12,350	12,350	-
Town report	1,200	-	1,200	900	300
Computer service	76,256	-	76,256	73,080	3,176
Town hall	53,550	-	53,550	53,422	18,128
Insurance	146,720	-	146,720	146,344	376
	<u>803,169</u>	<u>41,016</u>	<u>844,185</u>	<u>801,686</u>	<u>42,499</u>
Public safety:					
Police services	190,000	-	190,000	167,120	22,880
Lebanon volunteer fire department	91,350	-	91,350	91,350	-
Fire marshal	16,371	-	16,371	15,311	1,060
Burning official	2,335	750	3,085	2,949	136
Building department	21,122	283	21,405	21,404	1
Fire safety complex	31,100	-	31,100	31,117	-17
Tree warden	175	-	175	50	125
	<u>352,453</u>	<u>1,033</u>	<u>353,486</u>	<u>329,301</u>	<u>24,185</u>
Public works:					
Department of public works	627,786	-	627,786	624,620	3,166
Buildings and grounds	102,048	-	102,048	86,553	15,495
Snow removal	150,000	-	150,000	94,388	55,612
Street lights	1,000	1,160	2,160	2,160	-
Solid waste facility	190,000	-	190,000	156,222	33,778
Cemetery commission	12,687	-	12,687	12,190	497
Water pollution control	12,704	-	12,704	5,316	7,388
	<u>1,096,225</u>	<u>1,160</u>	<u>1,097,385</u>	<u>981,449</u>	<u>115,936</u>
Health & social:					
Health department	15,515	686	16,201	16,202	-1
Vna	1,000	-	1,000	1,000	-
Human services	18,269	-	18,269	16,098	2,171
Wcmh Paramedic program	29,032	2,529	31,561	31,561	-

See the accompanying notes to the basic financial statements.

**Town of Lebanon, Connecticut**  
**Statement of revenues, expenditures, and changes in fund balance**  
**Budget and actual (Budgetary basis) - General fund**  
**For the year ended June 30, 2012**

	Original budget	Budget revisions	Final budget	Actual	Variance
Health & social (continued):					
United services	\$ 4,835	\$ -	\$ 4,835	\$ 4,835	\$ -
Switch board	45,734	-	45,734	45,734	-
Special events	1,000	-	1,000	1,188	-188
Senior center operations	53,907	-	53,907	50,449	3,458
	<u>169,292</u>	<u>3,215</u>	<u>172,507</u>	<u>167,067</u>	<u>5,440</u>
Community preservation:					
Planning and zoning	133,670	-	133,670	130,328	3,342
Zoning board of appeals	4,760	-	4,760	4,871	-111
Economic development commission	2,030	-	2,030	1,088	942
Flood and erosion	2,000	-	2,000	1,974	26
Conservation committee	250	-	250	241	9
	<u>142,710</u>	<u>-</u>	<u>142,710</u>	<u>138,502</u>	<u>4,208</u>
Education	<u>17,514,353</u>	<u>-</u>	<u>17,514,353</u>	<u>17,274,123</u>	<u>240,230</u>
Unclassified and program:					
Social security	92,503	-	92,503	86,240	6,263
Medical life insurance	233,253	-	233,253	243,121	-9,868
Pension plan	102,061	2,847	104,908	119,185	-14,277
Unemployment compensation	15,000	-	15,000	2,894	12,106
Contingency	120,000	-116,109	3,891	-	3,891
	<u>562,817</u>	<u>-113,262</u>	<u>449,555</u>	<u>451,440</u>	<u>-1,885</u>
Debt service:					
Principal	638,395	-	638,395	638,395	-
Interest	155,662	-	155,662	155,662	-
	<u>794,057</u>	<u>-</u>	<u>794,057</u>	<u>794,057</u>	<u>-</u>
Total expenditures	<u>21,435,076</u>	<u>-66,838</u>	<u>21,368,238</u>	<u>20,937,625</u>	<u>430,613</u>
Excess of revenues over (under) expenditures	<u>1,048,381</u>	<u>66,838</u>	<u>1,115,219</u>	<u>1,589,820</u>	<u>474,601</u>
Other financing sources (uses)					
Utilization of unassigned fund balance					
Temporary inter fund loan - see note 4B	-	350,000	350,000	-	-350,000
Operating and budgetary transfers	-	135,000	135,000	-	-135,000
Transfers in	-	-	-	750,067	750,067
Transfers out	-1,048,381	-551,838	-1,600,219	-1,600,263	-44
Total other financing sources (uses)	<u>-1,048,381</u>	<u>-66,838</u>	<u>-1,115,219</u>	<u>-850,196</u>	<u>265,023</u>
Net change in fund balance	-	-	-	739,624	739,624
Non-budgeted State on behalf revenue				1,680,491	
Non-budgeted State on behalf expenditure				-1,680,491	
Fund Balance - July 1				3,144,590	
Prior period adjustment				-1,070,601	
Fund balances - July 1 - restated				<u>2,073,989</u>	
Fund Balance - June 30				<u>\$ 2,813,613</u>	

See the accompanying notes to the basic financial statements.

**Town of Lebanon, Connecticut**  
**Statement of net assets and Statement of revenues, expenses**  
**and changes in net assets - Proprietary funds**  
**As of and for the year ended June 30, 2012**

	<u>Internal service fund - Dental fund</u>
<b>Assets:</b>	
Cash	\$ 14,984
Investments	-
Accounts and other receivables	-
Inventories and prepaid items	-
Due from other funds	-
Total assets	<u>\$ 14,984</u>
 <b>Liabilities and Net Assets:</b>	
<b>Liabilities</b>	
Accounts payable	\$ 6,515
Other liabilities	500
Deferred revenues	-
Due to other funds	-
Total liabilities	<u>7,015</u>
 <b>Net Assets</b>	
<b>Restricted</b>	
Expendable	-
Non-expendable	-
Unrestricted	7,969
Total net assets	<u>7,969</u>
 Total liabilities and net assets	 <u>\$ 14,984</u>
 <b>Operating revenues</b>	
Contributions	\$ 198,490
Interest and dividends	-
Other revenues	-
Total additions	<u>198,490</u>
 <b>Operating expense</b>	
Dental benefits	190,521
Other expenses	-
Total deductions	<u>190,521</u>
 Change in net assets	 7,969
 Net assets - July 1	 <u>-</u>
 Net assets - June 30	 <u>\$ 7,969</u>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut  
Statement of cash flows  
Proprietary funds  
For the year ended June 30, 2012

	Internal service fund - Dental fund
<b>Cash flows from operating activities:</b>	
Cash received from employees and employer	\$ 198,490
Cash paid to vendors	-184,006
Other items	-
Net cash provided by (used in) operations	14,484
<b>Cash flows from noncapital financing activities:</b>	
Transfers from other funds	500
Transfers to other funds	-
Other items	-
Net cash provided by (used in) noncapital financing activities	500
<b>Cash flows from investing activities:</b>	
Investment income	-
Other items	-
Net cash provided by (used in) investing activities	-
Increase (decrease) in cash and cash equivalents	14,984
Cash and cash equivalents - July 1	-
Cash and cash equivalents - June 30	\$ 14,984
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating income (loss)	\$ 7,969
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:	
Changes in operating assets and liabilities	
Increase (decrease) in accounts payable	6,515
Increase (decrease) in other liabilities	500
Net cash provided by (used in) operating activities	\$ 14,984

See the accompanying notes to the basic financial statements.

**Town of Lebanon, Connecticut**  
**Statement of fiduciary net assets and Statement of changes**  
**in fiduciary net assets - Fiduciary funds**  
**As of and for the year ended June 30, 2012**

	Private purpose trusts	Agency funds	Total
<b>Assets:</b>			
Cash	\$ 12,204	\$ 88,207	\$ 100,411
Investments	70,673	25,558	96,231
Accounts and other receivables	-	-	-
Inventories and prepaid items	-	-	-
Due from other funds	-	-	-
Total assets	<u>\$ 82,877</u>	<u>\$ 113,765</u>	<u>\$ 196,642</u>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenues	-	-	-
Due to other funds	-	-	-
Due to student groups	-	97,442	97,442
Due to other groups	-	16,323	16,323
Total liabilities	<u>-</u>	<u>113,765</u>	<u>113,765</u>
<b>Net Assets</b>			
<b>Restricted</b>			
Expendable	82,877	-	82,877
Non-expendable	-	-	-
Unrestricted	-	-	-
Total net assets	<u>82,877</u>	<u>-</u>	<u>82,877</u>
Total liabilities and net assets	<u>\$ 82,877</u>	<u>\$ 113,765</u>	<u>\$ 196,642</u>
<b>Additions</b>			
Property tax revenues	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-
Interest and dividends	413	-	413
Net change in investment fair value	-	-	-
Miscellaneous	-	-	-
Total additions	<u>413</u>	<u>-</u>	<u>413</u>
<b>Deductions</b>			
Salary and wages	-	-	-
Program operating costs	1,728	-	1,728
Capital expenditures	-	-	-
Total deductions	<u>1,728</u>	<u>-</u>	<u>1,728</u>
Change in net assets	-1,315	-	-1,315
Net assets - July 1	<u>84,192</u>	<u>-</u>	<u>84,192</u>
Net assets - June 30	<u>\$ 82,877</u>	<u>\$ -</u>	<u>\$ 82,877</u>

See the accompanying notes to the basic financial statements.

Town of Lebanon, Connecticut  
Notes to the basic financial statements  
June 30, 2012

The Town of Lebanon, Connecticut (the Town) is located in the central section of Connecticut. The Town is a municipal corporation which is governed by an elected Board of Selectmen and Board of Finance.

**Note 1 - Summary of significant accounting policies**

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting. Private sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict pronouncements of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town, however, does not currently have any business-type activities or enterprise funds. The basic financial statements of the Town consist of government-wide financial statements and fund financial statements. The basis of presentation, measurement focus, and basis of accounting differ for these two types of financial statements and are described separately in Section B and C below. The other following sections represent a summary of the significant accounting policies as applied by the Town.

**A. Reporting entity**

The financial reporting entity consists of the primary government and its component units, organizations for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The Town has determined that the Lebanon Volunteer Fire Department meets the definition of a component unit due to its fiscal dependence on the Town and the nature and significance of their relationship. For a legally separate entity to be considered fiscally independent it must, among other things, have the authority to determine its budget without the primary government having the authority to approve and modify that budget. The Town approves a certain amount of money on an annual basis to be appropriated to the Department to fund a portion of its operations. During the current fiscal year this amount was appropriated for the fire fighting operations of the Department. Although this amount was labeled as being appropriated for the fire fighting operations of the Department, once the amount has been received it may be physically used for any purpose the Department deems necessary for its operations as a whole. Though the Town does not directly have the authority to approve or modify the budget of the Department, it does indirectly do this by deciding the amount that it will or will not appropriate on an annual basis. In addition, the fire safety complex, fire trucks and ambulances used by the Department are purchased by the Town. This also creates a level of fiscal dependence due to the fact that the Department could not function in its current capacity without this assistance. In addition to the level of fiscal dependence between the Town and the Department, the nature and significance of the relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This component unit has been treated as a discretely presented component unit in accordance with the provisions of GASB Statement No. 14 as amended by Statement Nos. 39 and 61. The financial information of the Department has been included in the government-wide statement of net assets and statement of activities.

The Department also provides ambulance services for which it receives ambulance billing revenue. This revenue is classified as "charges for services" revenue in the financial statements. This revenue is used by the Department to fund its ambulance services. A portion of this ambulance billing revenue is associated with ALS services for which the Town presently has an agreement with and pays Windham Hospital Paramedics. The Department is of the belief that the portion of their ambulance billing revenue that relates to these ALS services should be returned to the Town. The Department returned \$19,199 to the Town during the current fiscal year. This amount is shown as a miscellaneous revenue item within the capital and non-recurring major fund of the Town and as an expenditure within discretely presented component unit. The Department also receives memorial and trust funds as designated by the individual donor. These funds are shown as part of the general operating fund of the Department as part of the discretely presented component unit. The Hinckley and Bender memorial funds have been internally designated by the Department to be used for items associated with the fire safety complex addition. The memorial fund trust is to be used for memorial type activities.

Town of Lebanon, Connecticut  
Notes to the basic financial statements  
June 30, 2012

**B. Government-wide financial statements**

**1. Basis of presentation**

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information about the Town as a whole without displaying individual funds or fund types. These statements distinguish between the primary government and the discretely presented component unit as well as the governmental and business-type activities of the Town. These statements do not include information about the fiduciary activities and funds of the Town or component units which are fiduciary in nature. Fiduciary activities and funds report assets which are held by the Town in a trustee or agency capacity and which cannot be used to support the activities and programs of the Town.

The statement of net assets presents the financial position of the governmental and business-type activities of the primary government of the Town and the discretely presented component unit at the end of the fiscal year. This statement reports the assets, liabilities, and net assets of the Town. The assets and liabilities are presented in the order of their relative liquidity. The liquidity of assets is determined by how readily they are expected to be converted into cash and whether there are restrictions in place limiting their use by the Town. The liquidity of liabilities is determined by their maturity or by when cash will be used to liquidate them. The net asset balance of the Town consists of the invested in capital assets (net of accumulated depreciation and reduced by the total outstanding debt incurred to purchase the assets), restricted and unrestricted amounts. Restricted net assets are present when constraints are imposed externally by creditors, grantors, contributors, other governments, or by law through constitutional provisions or enabling legislation. Unrestricted net assets consist of all net assets balances not meeting the definition of invested in capital assets or restricted. Internal balances between individual funds within the governmental and business-type activities are eliminated in this statement to minimize the "grossing-up" of assets and liabilities. These internal balances are also known as inter-fund receivables and payables and are shown in the fund financial statements as due to and due from other funds. Any residual amounts due between the governmental and business-type activities of the Town would be shown as an internal balance and disclosed separately.

The statement of activities presents the operations of the governmental and business type activities of the primary government of the Town and the discretely presented component unit of the Town for the fiscal year. The operations of the Town are shown in a format which reports the net (expense) revenue of the individual functions of the Town. The purpose of this net (expense) revenue format is to report the relative financial burden of each of the Town's functions on the taxpayers. Program revenue is applied to each function based on which function generated the specific charges for services and for which functions the operating and capital grants have been received. All taxes are shown as general revenues regardless of whether they were levied for a specific purpose or function. The categories of individual functions correspond to the different departments and operations of the Town. Indirect expenses which benefit the Town as a whole are not required to be allocated among the other functions of the Town and therefore they are not allocated. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation on capital assets which benefit all of the functions of the Town, such as infrastructure assets, is shown as a separate line item. Internal activity between individual funds within the governmental and business-type activities are eliminated in this statement. This internal activity is also known as transfers in and out and is shown in the fund financial statements as such. The above information relating to the government-wide financial statements basis of presentation reference both governmental and business-type activities. The Town currently does not have any business-type activities.

**2. Measurement focus and basis of accounting**

The statement of net assets and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting would be used for both governmental and business-type activities of the primary government of the Town and the discretely presented component unit. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In other words, revenues and the related assets are recognized when they are earned and expenses and the related liabilities are recognized when they are incurred. The Town does not have an established policy relating to the use of restricted and unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that restricted amounts would be reduced first and then unrestricted amounts.

Town of Lebanon, Connecticut  
Notes to the basic financial statements  
June 30, 2012

**C. Fund financial statements**

**1. Basis of presentation**

The fund financial statements of the Town consist of a balance sheet with a reconciliation to the government-wide statement of net assets, a statement of revenues, expenditures, and changes in fund balances with a reconciliation to the government-wide statement of activities, a budgetary comparison schedule for the general fund, a statement of proprietary net assets, a statement of revenues, expenses and changes in proprietary net assets, a statement of cash flows for proprietary funds, and a statement of fiduciary net assets and a statement of changes in fiduciary net assets. These fund financial statements are designed to report additional and more detailed information about the primary government. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts which record cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with any special regulations, restrictions, or limitations which may exist. The types of funds shown for the Town are governmental funds, proprietary funds and fiduciary funds. The focus of these fund financial statements are on major funds as defined by GASB Statement No. 34. All major funds are reported in a separate column with all non-major funds being aggregated and reported in a single column.

Governmental fund reporting focuses primarily on the sources, uses, and balances of the current financial resources of the Town. The governmental funds used by the Town include the general fund. Other non-major governmental fund types used by the Town include special revenue funds, capital project funds, and permanent funds. The general use and purpose of these individual governmental fund types are as follows. The individual names of each fund within each non-major governmental fund type can be found in the accompanying combining schedules and the purpose of the fund is generally self explanatory within each title.

- a. General fund - The general fund is the main operating fund of the Town. It is used to account for and report all financial resources not accounted for and reported in another fund.
- b. Special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund, however, those amounts should not be recognized as revenue in the fund initially receiving them but rather be shown as revenue in the special revenue fund in which they will be expended for the specified purpose. The restricted or committed proceeds of the specific revenue sources should be expected to continue to make up a substantial portion of the resources flowing into the fund. Other financial resources such as investment income and transfers from other funds may also be reported within a special revenue fund as long as those resources are restricted, committed or assigned to the specified purpose of the fund.
- c. Capital project funds - Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, such as the acquisition or construction of capital facilities and other capital assets.
- d. Permanent funds - Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs and in effect the benefit of the Town or its citizens.

Proprietary and fiduciary fund reporting focuses on net assets and changes in net assets. The proprietary funds of the town consist of the an internal service fund which is used to account for the self funding dental activities of the town. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the programs of the Town. The fiduciary funds of the Town consist of private purpose trust funds and agency funds. Private purpose trust funds account for the assets held by the Town in a trustee capacity on behalf of the schools in the form of scholarship funds and on behalf of the library and cemeteries in similar funds. All of the resources of these funds, including any earnings on invested resources, may be used to support their activities. There is no requirement that any portion of these resources be preserved as capital. Agency funds are used to report resources held by the Town in a purely custodial capacity. Agency funds of the Town consist of the student activity accounts located at the Board of Education and funds received from Board of Education retirees to be put toward the payment of health insurance benefits.

The balance sheet is used to report information about the current financial resources (assets, liabilities, and fund balances) of each major governmental fund and for all non-major governmental funds in the aggregate. The fund balance amounts within the governmental funds are segregated between nonspendable, restricted, committed, assigned and unassigned amounts. These balances are shown on the face of the balance sheet in the aggregate but are broken out into the required detail in note 1P on pages 28 and 29. An accompanying schedule is also required to be completed to reconcile the total governmental fund balance to the total net assets balance of the governmental activities of the Town as shown on the government-wide statement of net assets.

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

The statement of revenues, expenditures, and changes in fund balances is used to report information about the inflows, outflows, and balances of current financial resources of each major governmental fund and all non-major funds in the aggregate. Revenues are classified by major revenue sources while expenditures are classified by categories of individual functions corresponding to the different departments and operations of the Town. The proceeds from the issuance of long-term debt and operating transfers between individual funds are shown as other financing sources and uses. An accompanying schedule is also required to be completed to reconcile the total change in governmental fund balances to the total change in net assets of the governmental activities of the Town as shown on the government-wide statement of activities.

The budgetary comparison information is required to be presented for the general fund and each major special revenue or capital project fund that has a legally adopted annual budget. This statement shows the original budget as voted on and appropriated, the changes made to each individual departmental line item within the budget, and the final budget which is compared to the actual revenue and expenditure balances to come up with the favorable or unfavorable variance numbers.

The statement of proprietary net assets, the statement of revenues, expenses and changes in proprietary net assets and the statement of proprietary cash flows report the activity of the town's internal service fund which accounts for its self-funding dental activities. The statement of fiduciary net assets and statement of changes in fiduciary net assets report the activity of the town's private purpose trust funds and agency funds.

## **2. Measurement focus and basis of accounting**

The balance sheet and the statement of revenues, expenditures, and changes in fund balances are prepared using the current financial resources measurement focus and the modified accrual basis of accounting for all governmental and fiduciary funds. Capital assets and long-term debt are not recorded as assets or liabilities on the balance sheet of the Town. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Property tax revenues are recognized when they become available. Available includes those property taxes receivable which are expected to be collected within the first sixty days after the end of the current fiscal year. Miscellaneous revenues are recorded when received because they are generally not measurable until actually received. Intergovernmental revenues are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. The Town generally considers intergovernmental revenues which are received within the first sixty days after the end of the current fiscal year to be both measurable and available. Expenditures are generally recognized under this basis of accounting when the related fund liability is incurred. Exceptions to this general rule include general long-term debt principal and interest which is recognized when due.

### **D. Cash and cash equivalents**

Cash and cash equivalents include amounts in demand deposit accounts as well as all highly liquid short-term investments with a maturity date within three months of the date acquired by the Town. However, the Town may classify money market accounts and certificates of deposit accounts as investments regardless of maturity when they are used to gain a higher interest rate in order to more accurately reflect how the Town's cash balances are being used for the benefit of the Town.

### **E. Investments**

In accordance with GASB Statement No. 31, it is the Town's policy to value investments at their fair value as of the end of the fiscal year. Some of the types of investments authorized by the State of Connecticut include obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, the State local government investment pool (STIF account), and repurchase agreements. The Town does have types of investments other than those authorized by the State. However, they represent assets which have been donated to the Town and therefore are not subject to the limitations of the applicable State statutes. These donated investments are reported in the fund financial statements in the Trumbull investments fund.

### **F. Revenue recognition - property taxes**

The Town's property tax for the current year was levied May 12, 2011 on the grand list as of October 1, 2010, for the real, motor vehicle and personal property located in the Town at a rate of 22.8 mills. Real estate, personal property and motor vehicle taxes were due on July 1, 2011, and January 1, 2012. Supplemental motor vehicle taxes were due on January 1, 2012. Interest on unpaid taxes commenced once the aforementioned due dates were missed, at 18% per annum or 1.50% per month. As described earlier, in the fund financial statements property tax revenues are recorded in the amount of the annual principal property tax assessment with an adjustment being made for the amount of principal expected to be collected within the first sixty days after the end of the current fiscal year. In the government-wide financial statements, only the current year principal assessment is recorded as revenue.

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

**G. Receivables**

All property tax, intergovernmental, and other receivables are reported net of any allowance for doubtful accounts. Fund financial statement accounts receivable balances include property tax principal amounts, intergovernmental amounts due on grant and other miscellaneous agreements, and other receivable amounts which consist primarily of school tuition and other miscellaneous amounts. On the government-wide financial statements, the current year accounts receivable balance of \$675,270 is made up of general property taxes receivable of \$469,313, the Lake Williams special assessment receivable of \$5,962, state, federal and other grant receivables of \$163,395 and other miscellaneous receivables of \$36,600. The long-term accounts receivable balance of \$105,047 is made up of the accumulated delinquent interest and fees on active property tax principal amounts. Delinquent interest and fees on suspense tax receivable principal balances are not included. The notes receivable balance of \$639,203 is related to a CDBG grant and loan fund program received and entered into by the Town which is more fully described in note 10 on page 36. All of the above mentioned receivable amounts are also recorded on the fund financial statements with the exception of the accumulated delinquent interest and fees on property tax principal amounts which are only required to be reported on the government-wide financial statements. The Town will book an unbilled receivable in situations when a grant or contract has incurred expenditures which will be reimbursed by a funding source but which have not yet been fully received in cash for the amount incurred. The current allowance for doubtful accounts in relation to the above mentioned accounts receivable balances was estimated to be \$0. The Town considers past experience with receivable balance collections and current aging report details when determining its calculation for an allowance for doubtful accounts. Receivables are only written off once it has been determined that all other methods of collection have been utilized without success.

**H. Tax acquired property**

Property which has been foreclosed on by the Town due to non-payment of taxes or other similar situations is classified as tax acquired property at the value of the original outstanding tax receivable amount. Interest and fees on the property are recorded at such time when the property is sold.

**I. Inventories**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used which is in accordance with the consumption method. On the fund financial statements, inventories are presented at cost on a first-in, first-out basis and are recorded as an expenditure when used. The Town currently has recorded an inventory amount of \$11,729 as it relates to the school lunch program.

**J. Prepaid items**

Payments made to vendors for services and in certain circumstances goods that will benefit periods beyond the end of the fiscal year are recorded as prepaid expenses-expenditures using the consumption method by recording an asset for the prepaid amount and reflecting the expense-expenditure in the subsequent year (s) in which the services are consumed. Expenditures relatively minor in nature for insurance and similar services extending over more than one accounting period need not be allocated between or among accounting periods, but may be accounted for as expenditures of the period of acquisition. The Town considers relatively minor in nature to include aggregated similar items not exceeding \$5,000. Payments made to vendors for services and in certain circumstances goods that will only benefit periods beyond the end of the fiscal year which are related to grants are recorded as prepaid expenses-expenditures regardless of the dollar amount.

**K. Inter fund receivables and payables**

Inter fund receivables and payables represent the balance of activity between the different funds of the Town. These activities include but are not limited to transfers which were not physically made but need to be recorded to keep track of the individual fund balances, a portion of the annual tax commitment applicable to certain special revenue and other funds of the Town which are shown as transfers within the annual budget document approved by the inhabitants of the Town and cash receipts which may have been deposited in the cash account of one fund but which are for the use of another-fund. The actual receipt of this tax revenue and other revenues is not deposited into the individual funds but rather into the general fund and accounted for as an inter fund receivable. Expenditures for one fund paid for out of another fund are also included in these balances. The balance of inter fund receivables and inter fund payables as shown on the balance sheet must equal. These inter fund balances and related activities have been eliminated in the government-wide statement of net assets and the statement of activities.

Town of Lebanon, Connecticut  
Notes to the basic financial statements  
June 30, 2012

**L. Capital assets**

Capital assets of the Town include land, land improvements, buildings, building improvements, vehicles equipment, infrastructure, and all other tangible and intangible assets which may arise that are used in operations and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads, and bridges. All improvements to infrastructure and other capital assets are capitalized which add to the value or materially extend the life of the asset. All capital assets of the Town are recorded at historical cost or estimated historical cost when the actual amount is not available. The historical cost of these assets includes not only the cost of the asset but also capitalized interest charges and other direct costs associated with placing the asset into its intended location and its intended use. The Town maintains a capitalization threshold of \$5,000 for all capital assets with the exception of land purchases which are recorded regardless of amount. Donated capital assets are reported at their estimated fair value at the time of acquisition plus other direct costs associated with placing the asset into its intended location and intended use. Capital assets are only shown on the government-wide statement of net assets. The capital assets of the component unit of the Town are accounted for in the same manner.

Land and land improvements are not depreciated. All other individual capital assets of the Town are depreciated over their estimated useful lives using the straight line method. Under this method, the recorded cost of each capital asset less any estimated residual value is divided by the estimated useful life resulting in an even amount of depreciation to be taken on an annual basis. The estimated residual value is the amount that the capital asset is expected to be worth at the end of its useful life. The general estimated useful lives for specific types of capital assets are 3 - 10 years for equipment, 5 - 10 years for vehicles, 30 - 50 years for buildings and building improvements and infrastructure. Capital assets which are under construction but not yet completed are recorded as construction in progress. These capital assets will not begin to be depreciated until they are completed. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation on capital assets which benefit all of the functions of the Town, such as infrastructure assets, is shown as a separate line item. Depreciation expense on capital assets is only shown on the government-wide statement of activities and is added to the individual function or department as described above

**M. Deferred revenue**

On the government-wide financial statements, revenue amounts which have been received in cash but not yet earned or recognized are recorded as deferred revenue. The current year deferred revenue balance of \$111,660 on the government-wide financial statements is made up of unearned Town and educational grant balances of \$84,512, property tax receipts collected in the current fiscal year which relate to the upcoming fiscal year assessment in the amount of \$2,292, the outstanding Lake Williams special assessment balance of \$5,962 and other miscellaneous items in the amount of \$18,894. On the fund financial statements, property taxes receivable not expected to be received within the first 60 days after the fiscal year end (i.e. not measurable and available) as well as property tax revenue which has been received in advance of the fiscal year to which it applies and other miscellaneous items are recorded as deferred revenue. The current year deferred revenue balance of \$420,054 on the fund financial statements is made up of the property tax receivable balance not expected to be received within the first 60 days after the fiscal year end of \$392,906, property tax receipts collected in the current fiscal year which relate to the upcoming fiscal year assessment in the amount of \$2,292, the outstanding Lake Williams special assessment balance of \$5,962 and other miscellaneous items in the amount of \$18,894. Codification of Governmental Accounting and Financial Reporting Standards section 1600.114 states that in regard to the modified accrual basis of accounting, material revenues received prior to the normal time of receipt should be recorded as deferred revenue.

**N. Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting (except in relation to teacher on-behalf payments made by the State which are not budgeted for and encumbrances) which is consistent with generally accepted accounting principles. In addition, the budget calls for certain amounts to be transferred or allocated to specific funds which have been set up by the Town for specific purposes. A portion of the budgeted revenues to be raised by the annual tax commitment is considered by the Town to be a specific revenue source which is committed to expenditure for these specified purposes. The budget calls for the revenue to be shown within the general fund and a transfer out to be shown to each of these specific funds. In accordance with the true accounting definition of a special revenue fund, specific revenue sources which in this case would be a portion of the annual tax commitment would be required to be shown as revenue of the specific fund. Therefore, on the Statement of revenues, expenditures and changes in fund balances (Statement D), property tax revenues have been

Town of Lebanon, Connecticut  
Notes to the basic financial statements  
June 30, 2012

shown for these specific special revenue funds with no transfers in or out being shown in either the general fund or the special revenue funds. On the Budget to actual statement for the general fund (Statement E) these amounts have been shown as property tax revenues for the general fund and as transfers out for the general fund in accordance with the approved budget of the Town. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each general function of the Town. Only the Board of Finance may approve budget transfers within and between expenditure classes and individual departments in accordance with applicable State statutes. The bottom line budgeted revenue and expenditure amounts can only change upon approval of the inhabitants of the Town through a special town meeting. The procedures followed in establishing the budgetary data shown in the financial statements is as follows:

- a. Early in the second half of the last fiscal year the Town's selectmen, departments, boards and commissions submitted budget requests for the year beginning July 1. The operating budgets include proposed expenditures and the means of financing them.
- b. Hearings are then held for the submitted budget requests by functions: (1) Selectmen's budget, (2) departments, (3) boards and commissions, (4) capital and nonrecurring requests and (5) Board of Education.
- c. A meeting of the inhabitants of the Town is then called for the purpose of adopting the proposed budget after public notice of the meeting had been given. The current fiscal year budget was adopted by the inhabitants of the Town on May 12, 2011.

	Revenues and other financing sources	Expenditures and other financing uses	Net change in fund balance
Statement D - GAAP basis	\$ 24,243,822	\$ -23,504,198	\$ 739,624
Tax commitment for special revenue funds	364,181	-364,181	-
State on-behalf payments	-1,680,491	1,680,491	-
Current fiscal year encumbrances	-	-	-
Prior fiscal year encumbrances	-	-	-
Statement E - Budgetary basis	\$ 22,927,512	\$ -22,187,888	\$ 739,624

**O. Major funds - Fund financial statements only**

The focus of the governmental funds of the Town is on the major funds. The general fund of the Town must always be shown as a major fund. In addition, other governmental funds are shown as major based on the following criteria.

- a. The total assets, liabilities, revenues, and expenditures of an individual governmental or enterprise (if present) fund are at least 10% of the corresponding totals for all funds of the governmental or enterprise (if present) fund type and
- b. The total assets, liabilities, revenues, and expenditures of an individual governmental or enterprise (if present) fund are at least 5% of the corresponding totals for all governmental and enterprise (if present) funds combined.
- c. Any other individual governmental or enterprise (if present) fund that the Town believes is particularly important to the financial statement users whether because of public interest, consistency, or other reasons.

For the purposes of the current fiscal year fund financial statements, the following individual governmental funds have been classified as major. A brief description of the fund and the activities reported within the fund is as follows:

- d. Town construction projects - This fund is used to account for the financial resources received and expended for five individual town projects. Construction at the elementary and middle schools were financed by State construction revenues and through Town appropriations and bonding. The fire safety complex and senior center were financed through annual appropriations and bonding for the fire safety complex. The Amston lake sewer project is being financed through initial appropriations from the town unassigned general fund balance which will be repaid by the fund and also through bonding. Financial information for these projects can be found on Sub-Schedule A on page 56.
- e. Capital and non-recurring fund - This fund is used to account for financial resources to be used by the Town to purchase or construct capital assets or projects. The capital assets purchased through this fund are usually more costly than those purchased and accounted for within other funds, functions, and departments. The activities within this fund are financed through annual appropriations as approved as part of the annual budget and through other miscellaneous grants and revenues.
- f. Trumbull investments fund - This fund is used to account for three sets of investments donated to the town by Hugh Trumbull Adams with the interest and dividend revenue generated by these investments to be used to help fund the operations of the town library, the Adams community center, and the Jonathan Trumbull Jr. house.

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

**P. Fund balance classification policies and procedures - fund financial statements only**

The fund balance amounts of the governmental funds of the Town on the balance sheet are broken down between nonspendable, restricted, committed, assigned and unassigned. These fund balance classifications are described as follows:

- a. **Nonspendable fund balance** - Nonspendable fund balance include amounts that cannot be spent because they are either (a) not in a spendable form such as inventories or prepaid expenditures or (b) they are legally or contractually required to be maintained intact such as the principal portion of a permanent fund. The nonspendable funds balance amounts as reported by the Town consist solely of the principal portion of its permanent funds and a corresponding amount for the recorded amount of inventory and prepaid expenditures, when applicable.
- b. **Restricted fund balances** - Restricted fund balance include amounts that are restricted to a specific purpose when the restraints are placed on the use of the resources either by (a) externally imposed creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources from external sources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted fund balance amounts of the Town consist of the residual fund balance amounts at the end of the fiscal year as they relate to grants received from either State, Federal or local funding sources or donations received to be spent for specific purposes. These amounts are restricted to be expended on the items outlined within the funding agreement with the Town and cannot be used for any other specified purposes. In addition, the Town has created a special revenue fund to account for and report the proceeds of funds collected by the town clerks office as mandated by the State of Connecticut in relation to historic document preservation fees and locip surcharge assessment fees. These mandated fees are considered a form of enabling legislation imposed by the State and therefore the funds collected by the Town are restricted to be expended based on the parameters of the enabling legislation. Other funds restricted by the Town include the balance of the housing rehabilitation income fund which relates to housing rehabilitation grants received by the Town, the non-principal portion of permanent funds, the student activity related accounts located at the elementary, middle and high school of the Town which are restricted for educational purposes and the remaining balance within the school lunch program which is restricted to be used within the school lunch program based on the grant revenue received as well as State statutes.
- c. **Committed fund balance** - Committed fund balance include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Board of Finance is considered to be the highest level of decision making authority within the Town for determining committed fund balance amounts. The Board of Finance has the final approval for the budget amounts which are presented to the citizens of the Town for approval and in turn the establishment of the related special revenue or capital project funds. The approval of the annual town budget includes amounts characterized as specific revenue sources as a portion of either the annual tax commitment or other specific revenue sources contained and voted on within the annual budget. An example of a committed fund balance amount would relate to an approved transfer to an established special revenue fund or the capital nonrecurring fund. The residual fund balance amount within these funds at the end of the fiscal year would be classified as committed fund balance. Any subsequent change in the specific purpose or use of these committed funds would need to be approved either at the annual town meeting or a special town meeting.
- d. **Assigned fund balance** - Assigned fund balance include amounts that are constrained by the Town with the intent to be used for specific purposes, but which are neither restricted or committed. The intent to use funds for specific purposes is to be assigned by either town meeting appropriations or the Board of Finance. The First Selectman has the authority to accept funds on behalf of the Town which are specific revenue sources to be used for specific purposes and to establish special revenue or capital project funds to account and report these amounts in accordance with the direction received from the Board of Finance. Assigned special revenue and capital project funds are usually made up of small streams of specific revenue sources for specific purposes for which there is a perceived benefit to segregating and reporting the funds rather than including them within the general fund. In addition, annual budgetary encumbrances outstanding at the end of the fiscal year would be classified by the Town as assigned amounts within the general or specific special revenue or capital project funds. Subsequent fiscal year budgeted appropriations of the unassigned general fund balance would also be reported as assigned fund balance amounts of the general fund at the end of the current fiscal year.
- e. **Unassigned fund balance** - Unassigned fund balance is the residual classification for the general fund of the Town. This classification represents fund balance amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund. In addition, individual governmental funds whose ending fund balance is negative are also classified as unassigned within the specific fund.

Town of Lebanon, Connecticut  
Notes to the basic financial statements  
June 30, 2012

The Town does not have an established policy relating to the use of unrestricted fund balance amounts as it relates to when it considers committed, assigned or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of these three unrestricted classifications could be used. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts. In addition, restricted fund balance amounts are considered to have been spent prior to unrestricted amounts under the same circumstances. The following table is designed to provide more detailed information regarding the aggregated fund balance classifications which are included on the balance sheet.

	General fund	Town construction projects	Capital & nonrecurring fund	Trumbull investments fund	Non-major governmental funds	Totals
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Prepaid items	\$ 25,294	\$ -	\$ -	\$ -	\$ -	\$ 25,294
Non-USDA inventory	-	-	-	-	6,311	6,311
Permanent funds principal	-	-	-	-	322,270	322,270
<b>Restricted:</b>						
Town grants	-	-	-	-	65,336	65,336
Educational grants	-	-	-	-	19,188	19,188
Educational programs	-	-	-	-	71,827	71,827
Educational activity accounts	-	-	-	-	76,297	76,297
Trumbull donations funds	-	-	-	1,948,585	242,923	2,191,508
Other town donation funds	-	-	-	-	37,234	37,234
Housing rehab income fund	-	-	-	-	663,151	663,151
Enabling legislation funds	-	-	-	-	46,694	46,694
Permanent funds non-principal	-	-	-	-	1,753	1,753
<b>Committed:</b>						
Town construction projects	-	2,113,896	-	-	-	2,113,896
Capital nonrecurring balances	-	-	801,009	-	-	801,009
Lebanon public library	-	-	-	-	79,422	79,422
Lebanon recreation commission	-	-	-	-	46,920	46,920
Jonathan Trumbull Jr. house	-	-	-	-	40,997	40,997
Adams community center	-	-	-	-	32,954	32,954
Town improvement program	-	-	-	-	51,777	51,777
Senior vans program	-	-	-	-	105,952	105,952
Lake Williams project	-	-	-	-	54,084	54,084
<b>Assigned:</b>						
Dog fund	-	-	-	-	2,637	2,637
Fema storm grant funds	-	-	-	-	48,869	48,869
Summer dance festival	-	-	-	-	12,916	12,916
Cemetery lot funds	-	-	-	-	832	832
Historic building funds	-	-	-	-	10,123	10,123
<b>Unassigned:</b>						
General fund	2,788,319	-	-	-	-	2,788,319
Town construction projects	-	-587,126	-	-	-	-587,126
Town grants	-	-	-	-	-57,600	-57,600
Educational grants	-	-	-	-	-28,732	-28,732
<b>Total fund balances</b>	<b>\$ 2,813,613</b>	<b>\$ 1,526,770</b>	<b>\$ 801,009</b>	<b>\$ 1,948,585</b>	<b>\$ 1,954,135</b>	<b>\$ 9,044,112</b>

**Q. Encumbrance accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year-end. The Town of Lebanon does utilize encumbrance accounting. The assignment of fund balance at June 30, 2012 was \$0 for the general fund as it relates to the Board of Education, and \$0 for the non-major special revenue funds as they relate to the State and Federal grant programs of the Board of Education.

Town of Lebanon, Connecticut  
Notes to the basic financial statements  
June 30, 2012

**R. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

**S. Unclassified and program expenditures**

The Town uses a departmental expenditure category labeled unclassified and program to account for certain types of expenditures that they do not feel truly fall into the traditional departmental expenditure categories of the Town. The general fund classifies Town wide fringe benefits into this departmental expenditure category. In addition, the expenditures of the Town's housing rehabilitation program and revolving loan fund are grouped into this departmental expenditure category as well as other miscellaneous programs that do not fall into any of the traditional departmental expenditure categories of the Town.

**T. Interest expense**

The total interest expense incurred by the Town during the current fiscal year totaled \$157,579 and related solely to the long-term bonds, notes and capital leases payable outstanding. The entire amount of interest expense incurred was charged to expense. Interest expense of \$155,662 was shown as a general fund line item and \$1,917 was part of the general fund education line item.

**Note 2 - Restricted cash and investments - government-wide financial statements only**

The Town breaks cash and investments down between a regular current asset and an other asset restricted on the government-wide statement of net assets. The other asset restricted investment amount is made up of the balance of the investments which have been donated to the Town and whose interest and earnings are used to partially fund the operations of the Towns library, community center, and the Jonathan Trumbull Jr. house. This investments balance can also be seen on the fund financial statements balance sheet as the major fund labeled the Trumbull investments fund. In addition, the permanent funds include investments in the amount of \$322,615. These investments are also shown as restricted. The other assets restricted cash amount is made up of cash balances which are restricted for a specific purpose in subsequent fiscal years. The current year amount shown on the government-wide statement of net assets can be broken down as follows.

Community development grants and programs	\$ 24,306
State, federal, and other grant program balances deferred	84,511
Principal balance of non-major permanent funds	9,512
Restricted donation funds	280,167
Enabling legislation program funds	46,694
Educational activity accounts and program funds	129,662
	\$ 574,852

**Note 3 - Deposits and investments**

**Deposits**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. All interest bearing transaction deposit accounts, including certificates of deposit, savings accounts, and money market accounts are currently insured up to \$250,000 by FDIC per financial institution and per the official custodian of the Town. In addition, recent amendments to the FDI Act provide full deposit insurance coverage for non-interest bearing transaction accounts beginning December 31, 2010, for a two-year period. At year end, the carrying amount of the Town's deposits was \$8,820,591 which is shown in the financial statements as cash balances of \$4,322,448 and investment balances of \$4,498,143 which represent money market accounts and certificates of deposit. The corresponding bank balances of these accounts at various financial institutions totaled \$9,097,091 with the difference between the two amounts being represented by timing differences with outstanding checks, deposits in transit and cash on hand. Of these bank balances, \$2,238,629 was covered by FDIC with the remaining \$6,858,462 representing balances that were uninsured and collateralized by securities held by the pledging financial institutions' trust department or agent but not in the Town's name.

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. All of the Town's deposits are in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

The Lebanon Volunteer Fire Department is reported within the government-wide financial statements of the Town as a discretely presented component unit. The Department does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. At year end, the carrying amount of the Department's deposits was \$562,216 which is shown in the financial statements as cash balances of \$124,839 and investment balances of \$437,377 which represent money market accounts and certificates of deposit. The corresponding bank balances of these accounts at various financial institutions totaled \$563,906 with the difference between the two amounts being represented by timing differences with outstanding checks and deposits in transit. Of these bank balances, \$250,000 was covered by FDIC with the remaining \$313,906 representing balances that were uninsured and collateralized by securities held by the pledging financial institutions' trust department or agent but not in the Department's name in accordance with applicable state statutes as described above.

**Investments**

The following schedule shows the different types of investments held by the Town, the maturities of those investments and the associated credit ratings as of June 30, 2012.

Type	Fair value	Maturities in years			Credit ratings	
		Less than 1 year	1 - 5 years	6 - 10 years	Moody's	S & P
<b>Governmental funds:</b>						
CT short term investment fund	\$ 24,915	\$ 24,915	\$ -	\$ -	not rated	AAAm
Preferred stocks	10,575	10,575	-	-	not rated	BBB+
Money market and certificates	4,408,245	4,095,726	312,519	-	not rated	not rated
Mutual funds fixed income	68,403	68,403	-	-	not rated	not rated
Money market ready asset funds	17,670	17,670	-	-	not rated	not rated
U.S. Treasury notes	72,298	50,273	22,025	-	Aaa	AAA
Corporate bonds	29,528	-	-	29,528	A2	A-
	<u>4,631,634</u>	<u>\$4,267,562</u>	<u>\$ 334,544</u>	<u>\$ 29,528</u>		
Stock equities	1,732,146					
Mutual fund equities	28,061					
	<u>\$ 6,391,841</u>					
<b>Fiduciary funds:</b>						
Money market and certificates	<u>\$ 89,898</u>	<u>\$ 87,441</u>	<u>\$ 2,457</u>	<u>\$ -</u>	not rated	not rated
<b>Discretely presented component unit:</b>						
Lebanon volunteer fire department						
Money market and certificates	<u>\$ 437,377</u>	<u>\$ 275,167</u>	<u>\$ 162,210</u>	<u>\$ -</u>	not rated	not rated

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Credit Risk - The Town does not have a formal investment policy that would further limit its investment choices beyond those limited by Connecticut State statutes. The types of investments authorized to be carried by the Town are in accordance with those authorized by the State of Connecticut. These investments

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

include obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, and repurchase agreements. The Town may vote to accept investments other than those authorized by the State in situations where they have been donated to the Town. Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk.

**Note 4 - Inter fund receivables, payables, and transfers - fund financial statements only**

**A. Inter fund receivables and payables** - The Town maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as "due to or from other funds" under each fund's caption. The purpose for inter fund balances is to keep track of each fund's position in this cash pool. These balances are not expected to be repaid due to the fact that they simply represent funds collected or spent by one fund on behalf of another fund. The following information represents inter fund receivables and payables by individual major fund and non-major funds in the aggregate. Only the balances for major funds are being shown below as is required.

	Receivable due from	Payable due to
<b>General fund:</b>		
Town construction projects	\$ 587,126	\$ 222,191
Capital and non-recurring fund	-	792,425
Non-major special revenue funds	218,488	794,735
Non-major capital project funds	58,440	54,925
Non-major permanent funds	6,344	-
	\$ 870,398	\$ 1,864,276

**B. Inter fund transfers** - Transfers in and out represent budgeted transfers which are not always physically made but need to be recorded to keep track of the individual fund balances. There were no transfers made by the Town during the current fiscal year which were significant which have been deemed not to have occurred on a routine basis and which are inconsistent with the activities of the fund (s) making the transfer (s). The following information represents inter fund transfers by individual major fund and non-major funds in the aggregate. The \$350,000 transfer from the general fund to the town construction projects fund represents a current fiscal year loan from the unassigned general fund balance to the Amston Lake sewer construction project. A loan in the amount of \$400,000 was made in this same manner in the prior fiscal year. The \$750,000 transfer to the general fund from the town construction projects fund represents the current fiscal year repayment of these two loans. The \$135,000 transfer from the general fund represents the general funds approved portion of the purchase price for the synagogue road property which was transferred to the cemetery lots special revenue fund where the full purchase was recorded. The amounts shown below for general fund transfers out represent balances recorded in accordance with GAAP and shown on Statement D. Budgeted transfers in the amount of \$364,181 have been shown on Statement D as property tax revenue due to the fact that the basis for special revenue funds need to be specific revenue sources of which the Town considers these amounts.

	Transfers in	Transfers out
<b>General fund:</b>		
Town construction projects	\$ 750,000	\$ -350,000
Capital and non-recurring fund	-	-749,400
Non-major special revenue funds	-	-135,000
Non-major permanent funds	67	-1,682
	\$ 750,067	\$ -1,236,082
<b>Town construction projects:</b>		
General fund	\$ 350,000	\$ -750,000
<b>Capital and non-recurring fund:</b>		
General fund	\$ 749,400	\$ -
Non-major special revenue funds	-	-10,000
	\$ 749,400	\$ -10,000
<b>Trumbull investments fund:</b>		
Non-major special revenue funds	\$ -	\$ -67,096

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

**Note 5 - Capital assets - government-wide financial statements only**

The following schedule shows the capital asset activity for the fiscal year ended June 30, 2012. Information about the specific accounting policies of the Town in relation to capital assets can be found in item L of note 1 on page 26 of the notes to the financial statements.

<b>Governmental activities:</b>	<u>Balance 07/01/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/12</u>
Capital assets not being depreciated:				
Land and improvements	\$ 1,896,289	\$ 225,000	\$ -	\$ 2,121,289
Construction in progress	564,655	3,067,020	-384,159	3,247,516
Total at historical value	<u>2,460,944</u>	<u>3,292,020</u>	<u>-384,159</u>	<u>5,368,805</u>
Capital assets being depreciated:				
Buildings and improvements	35,767,406	16,905	-	35,784,311
Vehicles	3,600,939	256,388	-132,764	3,724,563
Equipment	782,688	86,050	-	868,738
Infrastructure	25,802,849	833,636	-	26,636,485
Total at historical value	<u>65,953,882</u>	<u>1,192,979</u>	<u>-132,764</u>	<u>67,014,097</u>
Less accumulated depreciation for:				
Building and improvements	-11,323,880	-	-865,955	-12,189,835
Vehicles	-2,255,942	132,764	-178,421	-2,301,599
Equipment	-584,449	-	-64,865	-649,314
Infrastructure	-17,464,930	-	-459,411	-17,924,341
Total accumulated depreciation	<u>-31,629,201</u>	<u>132,764</u>	<u>-1,568,652</u>	<u>-33,065,089</u>
Total capital assets being depreciated (net)	<u>34,324,681</u>	<u>1,325,743</u>	<u>-1,701,416</u>	<u>33,949,008</u>
Governmental activities capital assets (net)	<u>\$ 36,785,625</u>	<u>\$ 4,617,763</u>	<u>\$ -2,085,575</u>	<u>\$ 39,317,813</u>

Depreciation expense by function or department:

General government	\$ 6,910
Public safety	145,844
Public works	79,516
Health & social	64,639
Education	810,872
Unclassified	1,460
General infrastructure depreciation	459,411
	<u>\$ 1,568,652</u>

<b>Component unit:</b>	<u>Balance 07/01/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/12</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 164,921	\$ -	\$ -	\$ 164,921
Vehicles and equipment	131,309	26,372	-	157,681
	<u>296,230</u>	<u>26,372</u>	<u>-</u>	<u>322,602</u>
Less accumulated depreciation for:				
Buildings and improvements	-31,703	-	-9,317	-41,020
Vehicles and equipment	-73,779	-	-22,772	-96,551
	<u>-105,482</u>	<u>-</u>	<u>-32,089</u>	<u>-137,571</u>
Total component unit capital assets (net)	<u>\$ 190,748</u>	<u>\$ 26,372</u>	<u>\$ -32,089</u>	<u>\$ 185,031</u>

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

**Note 6 - Long-term debt liabilities - government-wide financial statements only**

Governmental activities:	Balance 07/1/11	Additions	Reductions	Balance 06/30/12	Amount due within one year
<b>Outstanding payables:</b>					
\$5,750,000 bond payable	\$ 3,825,000	\$ -	\$ -385,000	\$ 3,440,000	\$ 385,000
\$4,500,000 bond payable	225,000	-	-225,000	-	-
\$486,650 note payable	215,813	-	-28,395	187,418	29,847
\$62,480 capital lease payable	45,288	-	-12,171	33,117	12,771
Total outstanding payables	<u>4,311,101</u>	<u>-</u>	<u>-650,566</u>	<u>3,660,535</u>	<u>427,618</u>
<b>Other liabilities:</b>					
Accrued comp. absences - school	67,122	-	-801	66,321	
Accrued comp. absences - town	29,705	-	-1,394	28,311	
Accrued landfill post-closure costs	100,631	-	-11,500	89,131	
Total other liabilities	<u>197,458</u>	<u>-</u>	<u>-13,695</u>	<u>183,763</u>	
<b>Total long-term liabilities</b>	<u>\$ 4,508,559</u>	<u>\$ -</u>	<u>\$ -664,261</u>	<u>\$ 3,844,298</u>	<u>\$ 427,618</u>

The following sections outline the terms, conditions, and ending balance of the outstanding bonds, capital leases and accrued compensated balances of the Town as of June 30, 2012:

**A. Bonds and notes payable**

\$5,750,000 bond payable issued in August of 2005 to finance two school renovation projects and a fire safety complex project. Annual principal installments range from \$385,000 to \$380,000 through August of 2021. Interest at 3.80%.

\$ 3,440,000

\$486,650 note payable issued in February of 1998 to finance the purchase of property. Monthly payments are \$3,212 which includes interest at 5.00%. The bonds are due in February of 2018.

187,418  
\$ 3,627,418

The following is a summary of the total outstanding bonds and notes payable principal and interest requirements for the above referenced bonds and notes payable for the fiscal years ending June 30:

Principal	Interest	Total	Principal	Interest	Total
\$ 414,847	\$ 132,098	\$ 546,945	\$ 402,112	\$ 50,908	\$ 453,020
416,374	115,941	532,315	380,000	36,100	416,100
417,979	99,706	517,685	380,000	21,660	401,660
419,666	83,389	503,055	380,000	7,220	387,220
416,440	67,080	483,520	<u>3,627,418</u>	<u>614,102</u>	<u>4,241,520</u>

**B. Capital leases payable**

The capital lease of the Town is related to a lease purchase agreement for photocopiers through the Board of Education. This lease purchase agreement runs from January of 2010 through June of 2015 with monthly payments of \$1,174. The gross amount of the photocopiers recorded as an equipment type capital asset is \$62,480. This item is being amortized over a 7 year period and the accumulated amortization (depreciation) taken as of June 30, 2012 was \$22,315. The annual payments on this lease for the next three fiscal years is equal to approximately \$14,088, \$14,088 and \$7,044 per year. The amount of these payments representing interest is equal to approximately \$2,103 leaving the net present value of future minimum lease payments equaling \$33,117.

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

**C. Accrued compensated absences**

Employees of the Town and the Board of Education are allowed to earn paid absences for vacations and/or sick time. The employee's right to be paid for these future vacation and sick time absences are attributable to services already performed and earned vacation and sick time balances do accumulate. Town accumulated balances are paid when an employee leaves. Therefore, the probability of these benefits being paid can be determined and a liability has been recorded in the accompanying government-wide financial statements on the statement of net assets. School accumulated vacation balances are also paid when employees leave. However, school accumulated sick balances are only paid when an employee retires. Therefore, the probability of these school accumulated vacation benefits being paid can be determined and a liability has been recorded in the accompanying government-wide financial statements on the statement of net assets. The probability of school accumulated sick benefits being paid cannot be determined and therefore no liability for these benefits has been recorded. As of June 30, 2012, school accumulated sick balances totaled approximately \$337,078. A current portion of these recorded liabilities has not been estimated due to the fact that these benefits (accumulated sick and vacation time) may be used by the employees during the course of the fiscal year or they may be paid out upon retirement or termination. An estimate could be made based on prior year activity but the Town believes there are too many variables which could render this estimate useless.

**D. Accrued landfill post-closure costs**

The Town of Lebanon municipal solid waste landfill was closed in October of 1993 due to new regulations imposed by the United States Environmental Protection Agency which the town was unable to meet. The cost of capping the landfill was paid for out of the Town's annual operating budget. The post-closure monitoring, which will continue for up to 30 years, will also be paid for out of the Town's annual operating budget. The Town set up a long-term liability to account for these funds being set aside for this post-closure care. In accordance with GAAP, the expense for this liability was to be recorded in each period based on the landfill capacity used to date. As of June 30, 2012 the amount outstanding for post-closure monitoring was \$89,131 which is shown as a long-term liability on the government-wide statement of net assets. A current portion of this liability has not been estimated due to the fact that the price of the upcoming fiscal year monitoring, year end report and other possibly unforeseen costs is unknown.

**Note 7 - Short-term debt liabilities - government-wide financial statements only**

The Town entered into a bond anticipation note agreement in October of 2011 in the amount of \$5,100,000 to provide interim funding for the Amston lake sewer construction project which is being account for within the town construction projects major fund within the fund financial statements. The note was issued at a premium of \$22,886 and runs through October of 2012 with interest at 1.00%. This bond anticipation note is not being shown as a liability within the fund financial statements because the town will be refinancing this short-term note on a long-term basis as described in the subsequent events note 18 on page 42.

**Note 8 - Deficit fund balances**

In accordance with GAAP, all deficit fund balances and their nature must be disclosed. The following individual major and non-major funds had deficit fund balances as of June 30, 2012. These deficit fund balances represent an excess of expenditures over actual revenues, appropriations, and recorded receivables. The LES building project was jointly funded by the State and the Town. The current deficit in this fund represents the Town's estimated portion to date which will be appropriated in an upcoming fiscal years less any additional amounts received from the State. Each project was submitted to the State as being complete in December of 2011 and was subsequently audited and reviewed by the State which should be completed within one year from the date of submission. The majority of the remaining deficits represent state, federal and other award program balances which resulted from funds being expended either before they can or have been billed for.

<b>Major funds:</b>		<b>Non-major funds:</b>	
Town construction projects		Special revenue funds	
LES building project	\$ -585,232	Survey and planning grant	\$ -1
Senior center construction project	-1,894	School vo-ag equipment grant	-27,749
	<u>\$ -587,126</u>	School educational grants	-983
		Capital project funds	-32,979
		Town bridge projects	-92
		Dot fix it first grant	-24,528
		Tyler field project grant	<u>\$ -86,332</u>

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

**Note 9 - Net asset balances - invested in capital assets**

The invested in capital assets, net of related debt net asset amount on the government-wide statement of net assets consisted of the following items as of June 30, 2012.

	Governmental activities	Component unit
Recorded value of capital assets	\$ 72,382,902	\$ 322,601
Less accumulated depreciation	-33,065,089	-137,570
Book value of capital assets	39,317,813	185,031
Less capital assets related debt	-8,760,535	-
Total invested in capital assets, net of related debt	\$ 30,557,278	\$ 185,031

**Note 10 - Net asset and fund balances - restricted**

The Town has received a number of housing rehabilitation CDBG grants from the U.S. Department of Housing and Urban Development. The purpose of these grants is to provide assistance to low to moderate income residents for addressing housing needs with a priority being placed on public health and safety code violations and to establish a permanent loan fund using the proceeds described as follows. Each resident receiving benefits under these grants is required to sign a deferred partially forgivable promissory note. These notes must be repaid to the Town as prescribed in the agreement with the proceeds being deposited into the aforementioned loan fund and permanently used by the Town for other similar programs. Program income including interest income earned on repaid funds before the funds are reused must be deposited into this loan fund. The principal amount of the loan will automatically be reduced by 10% on each consecutive anniversary of the note agreement for a maximum of 5 years or 50% of the original note balance. This annual forgiven portion is shown as a bad debt item and reduces the restricted net asset balance in the government-wide financial statements and the restricted fund balance in the fund financial statements. As of June 30, 2012, the following balances represent the loan fund described above.

Cash and restricted cash	\$ 23,948
Due from other funds	-
Notes receivable (net of allowance)	639,203
Restricted net assets and restricted fund balance	-663,151
	\$ -

**Note 11 - On-behalf payments**

As required by accounting principles generally accepted in the United States of America (GAAP), the Town has recorded a revenue and expenditure for Connecticut State Teachers' Retirement Board Contributions made by the State of Connecticut on-behalf of the Lebanon School Department teachers for the fiscal year ended June 30, 2012. The pension contributions made by the State are determined on an actuarial reserve basis in accordance with 10-183z of the Connecticut General Statutes which reflects public act 79-436 as amended. For the fiscal year ended June 30, 2012, the Lebanon Board of Education's total covered payroll was approximately \$8,181,554 and the applicable on-behalf payment percentage for the period was 20.54%. This amount was not budgeted for in the general fund and results in a difference in reporting on a budgetary basis of accounting versus reporting under GAAP. An intergovernmental revenue in the amount of \$1,680,491 and an education expenditure of \$1,680,491 have been included in the general fund on Statement D (GAAP basis) and have not been reported in the detail of Statement E (budgetary basis) of the fund financial statements. There is no effect on the fund balance at the end of the fiscal year. An operating grants and contributions revenue in the amount of \$1,680,491 and an expense in the governmental activities section under a separate education function line item of \$1,680,491 have been included on Statement B of the government-wide financial statements. There is no effect on the net asset balance at the end of the fiscal year. The above State funding percentage of 20.54% compares to 15.90% during the prior fiscal year. The above State on-behalf payment of \$1,680,491 compares to \$1,360,318 during the prior fiscal year.

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

**Note 12 - Employees' retirement plans**

Municipal Employees' Retirement System - Fund B

**A. Plan description**

The Connecticut Municipal Employees' Retirement System (CMERS) is a cost sharing multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. CMERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Plan provisions are set by statute of the State of Connecticut. CMERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement. The Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Connecticut Municipal Employees' Retirement System, 55 Elm Street - Third Floor, Office of the State Comptroller, Hartford, Connecticut 06106.

**B. Funding policy**

Employees covered by social security are required by State statute to contribute 2-1/4% of earnings upon which Social Security tax is withheld plus 5% of earnings on which no social security tax is withheld. Employees not covered by social security are required to contribute 5% of all earnings. Each covered municipality is required by State statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service and to finance the remaining costs of the plan. This percentage varies by police and fire versus general employees, and within those two groups, for populations covered by social security versus those not covered by social security. The statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending upon the unit's date of participation and other factors. The required contribution percentages for the fiscal year ended June 30, 2012 for the Town are as follows.

	Police and fire employees	General employees
With social security	13.75%	9.50%
Without social security	13.50%	9.50%

**C. Contributions required and contributions made**

The Town's total actual contributions for town hall and library covered employees for the years ended June 30, 2012, 2011, and 2010 were \$72,720, \$53,857, and \$42,609, respectively. These actual contributions represent 100% of the contributions required to be made. These contributions are more fully broken down as follows:

	2012	2011	2010
Town hall and library employees:			
Contributions	\$ 61,581	\$ 42,818	\$ 31,770
Fees	2,000	1,900	1,700
Amortization	9,139	9,139	9,139
	\$ 72,720	\$ 53,857	\$ 42,609

The Town's total actual contributions for highway department covered employees for the years ended June 30, 2012, 2011, and 2010 were \$58,473, \$49,774, and \$40,116, respectively. These actual contributions represent 100% of the contributions required to be made. These contributions are more fully broken down as follows:

	2012	2011	2010
Highway department employees:			
Contributions	\$ 52,761	\$ 44,062	\$ 34,404
Fees	1,100	1,100	1,100
Amortization	4,612	4,612	4,612
	\$ 58,473	\$ 49,774	\$ 40,116

Town of Lebanon, Connecticut  
Notes to the basic financial statements  
June 30, 2012

**D. Teachers**

The Lebanon Board of Education participates in the Connecticut State Teacher's Retirement System which is administered by the Teachers' Retirement Board. The provisions of the Teachers' Retirement System are contained in Chapter 167a of the Connecticut General Statutes to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. Covered employees of the plan include any teacher, principal, superintendent or supervisor engaged in service of public schools, plus professional employees at State schools of higher education if they choose to be covered. The benefits of the program are funded by employee contributions, state appropriations and investment income. The Lebanon Board of Education does not contribute to the plan. Employees covered by the plan are required to contribute 7.25% of their annual earnings into the plan. Of this required employee contribution rate, 6.00% applies to each covered employees pension benefit account with the remaining 1.25% being applied to the health insurance fund. The State's required contribution percentage is determined in accordance with 10-183z which reflects public act 79-436 as amended. The required contribution percentages to the plan are made up of a percentage for the normal cost of the plan and a percentage for the unfunded accrued liability of the plan. An actuarial valuation of the plan is performed on a bi-annual basis with the most recent valuation being performed as of June 30, 2012. Based on that actuarial valuation, the contribution percentage for the normal cost of the plan was 9.73% and the contribution percentage for the accrued liability cost of the plan was 20.40% for a total required contribution percentage of 30.13%. The covered employees required contribution percentage was 6.00% leaving the required contribution percentage of the State as 24.13%. Additional information on the plan can be obtained from the Teachers' Retirement Board, 765 Asylum Avenue, Hartford, Connecticut 06105.

**Note 13 - Other Post Employment Benefits - OPEB**

Government accounting standards board (GASB) Statement No.'s 43 and 45 relate to the accounting and reporting for post-employment benefits other than pension benefits. The Town was required to implement this standard for the fiscal year beginning after December 15, 2007 which would be the Town's fiscal year ended June 30, 2009. The objective of Statement No. 43 - *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, is to establish uniform standards of financial reporting by state and local governmental entities for other postemployment benefit plans (OPEB plans). OPEB plans are plans that provide post-employment healthcare benefits, either separately or through a defined benefit pension plan. The most common forms of healthcare benefits are medical, dental and vision. Other examples of benefits which are covered by this statement include life insurance, disability and long-term care benefits only when they are provided separately from a defined benefit pension plan. Paragraph 9 of this statement tells us that OPEB arise from an exchange of salaries and benefits for employee services, and it is part of the compensation that employers offer for services received.

The Board of Education provides a benefit to its employees upon retirement in the form of the ability to be part of the health insurance plan while paying the full amount of the premium charged for active employees and receiving no physical subsidy from the Schools. Under this Statement, this type of benefit is referred to as an implicit rate subsidy. An implicit rate subsidy exists in effect when a health insurance premium rate is made up of age adjusted factors covering active and retired employees. The health insurance premiums which would be charged to a group of solely retirees are most likely larger than those which would be charged to a group of solely active employees. When these two groups are merged together, a rate somewhere in the middle is charged to all of the employees, whether active or retired. The difference between the premium costs paid by the employer and what would have been paid if the rates were not blended is considered a non current cost of the employer. The difference between the premium costs paid by the retiree and what would have been paid if the rates were not blended is considered a benefit to the retiree. Hence, a very simplified description of an implicit rate subsidy. Retired town hall employees are not provided this benefit.

**Plan description**

The Board of Education of the Town maintains a single employer defined benefit OPEB Plan. The Plan provides a benefit for retired teachers and administrators in the form of the ability to maintain health insurance coverage through the Plan available to active teachers and administrators of the Board of Education. Non-certified Board employees are eligible to participate in the Plan upon reaching age 55 with at least 5 years of service or upon 25 years of service. Cafeteria workers are not eligible to participate in the plan. Both the retiree and the retiree's spouse are eligible to participate in the plan and they must pay 100% of the cost for medical coverage. A number of different plan coverages are available. Certified Board employees are eligible to participate in the Plan upon reaching age 50 with at least 25 years of service, age 55 with at least 20 years of service or age 60 with at least 10 years of service. Both the retiree and the retiree's spouse are eligible to participate in the plan and they must pay 100% of the cost for medical coverage. A number of different plan coverages are available. The provisions of the Plan were established by the Board of Education along with the respective bargaining units of each group in conjunction with all applicable state statutes. The Plan

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

therefore would be amended through the action of these same groups. These benefits will continue for the life of the retiree once they are a part of the Plan. In addition, benefits for a retiree's spouse will also continue for the life of the spouse once they are a part of the Plan. Surviving spouses are permitted to continue coverage after the death of the retiree, but are responsible for continuing to pay the same monthly premium amount or percentage that was being paid while the retiree was alive. The Plan does not issue stand-alone financial statements.

**Funding policy and annual OPEB cost**

The provisions of the Plan were established by the Board of Education along with the respective bargaining units of each group in conjunction with all applicable state statutes. The Board of Education does not contribute directly to this Plan but rather contributes in the form of an implicit rate subsidy. Retirees under this Plan are required to pay the full amount of the health insurance premiums that are applicable to their particular coverage option. The retiree portion is, however, reduced by an amount contributed by the State of State Retirement Board. The current amount contributed by the State for each retiree is \$110 per month for a single coverage plan and \$220 per month for a dual coverage plan. The State can modify the amount contributed at any time in accordance with applicable State statutes.

GASB Statement No. 45 does not mandate that a post-employment benefit liability be pre-funded by an organization it simply mandates that the liability be recorded and that certain related information be disclosed. The Board of Education of the Town currently plans to fund these benefits on a pay-as-you-go basis. As a result, no assets of the Town have been segregated and restricted to fund or provide these post-employment benefits. The annual required contribution (ARC), which is an actuarial determined amount, represents a level amount of funding, which if paid on an ongoing basis, would be projected to cover the normal cost each year and to amortize the unfunded actuarial liability over a period not to exceed thirty years.

The following table represents the OPEB costs for the Town in relation to the Board of Education OPEB plan for the current fiscal year and the annual required contribution.

Normal cost	\$	156,000
Amortization of unfunded actuarial accrued liability		303,000
Interest		9,000
Annual required contribution (ARC)	\$	468,000

**Funding status**

The Town's annual OPEB cost and the net OPEB obligation as it relates to the OPEB Plan of the Board of Education of the Town for the fiscal year ending June 30, 2012 are as follows.

Annual required contribution (ARC)	\$	468,000
Interest on beginning NOO (B) at 4.00%		34,100
Adjustment to ARC beginning NOO (B) divided by 17.98		-47,400
Annual OPEB Cost		454,700
Amount contributed		-107,700
Increase in Net OPEB Obligation		347,000
Net OPEB Obligation as of June 30, 2011 (B)		852,900
Net OPEB Obligation as of June 30, 2012	\$	1,199,900

**Town of Lebanon, Connecticut**  
Notes to the basic financial statements  
June 30, 2012

**Actuarial methods and assumptions**

The projections of benefits associated with the Plan are based on the substantive Plan (this is the plan as it is understood by the employer and the plan members) and include the types of benefits available at the valuation date and the pattern of sharing the cost of these benefits between the Board of Education of the Town and the members of the Plan. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions made in making the applicable actuarial calculations are as follows.

Actuarial valuation date	07/01/10
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions	
Interest	4.00%
Projected salary increases	N/A
Healthcare inflation rate	10.00% for 2010, decreasing 1.00% per year to an ultimate rate of 5.00% for 2015 and later

**Schedule of funding progress**

Actuarial valuations involve a number of estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions based on actual results as compared to past expectations and new estimates based on expected future events and conditions. The required schedule of funding progress presented below provides multi-year trend information (only one year is currently available) intended to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuation date	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL (UAAL) (a - b)	Funded ratio (a / b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b - a) / c)
07/01/08	\$ -	\$ 4,998,000	\$ 4,998,000	0.00%	\$ 9,850,000	50.70%
07/01/10	\$ -	\$ 5,448,000	\$ 5,448,000	0.00%	\$ 10,213,000	53.30%

**Schedule of employer contributions**

The following schedule shows the Board of Educations annual OPEB cost, its annual contributions, the percentage of the annual OPEB costs contributed and the Net OPEB Obligation.

Fiscal year ending	Annual OPEB cost (AOC)	Actual contributions	Percentage of AOC contributed	Net OPEB Obligation (NOO)
06/30/10	\$ 436,000	\$ 166,200	38.10%	\$ 599,900
06/30/11	\$ 462,000	\$ 199,600	38.10%	\$ 852,900
06/30/12	\$ 468,000	\$ 107,700	23.00%	\$ 1,199,900

Town of Lebanon, Connecticut  
Notes to the basic financial statements  
June 30, 2012

**Note 14 - Commitments and contingencies - Operating leases**

The Town and more specifically the Board of Education of the Town lease a number of photocopiers under a lease agreement which is classified as an operating lease. For this lease to be classified as a capital lease it must meet at least one of the following four criteria: 1) The lease passes title to the lessee by the end of the lease term, 2) the lease contains a bargain purchase option, 3) the lease term is at least 75% of the property's estimated economic life, or 4) the present value of the minimum lease payments is at least 90% of the property's fair value. According to the terms of the lease agreements, the first and second criteria are not met. For criteria three and four, the estimate is that at the end of the lease term the copiers will be refurbished by the lessor and leased in another capacity and payment amount to another lessee. This lease agreement is for a period of five years through December of 2013. The monthly payment for this lease agreement is \$4,015 which equals annual payments of \$48,180. The Town and the school department have a number of other operating type lease agreements which are not material in nature and therefore have not been included here.

**Note 15 - Risk management, commitments and contingencies - other**

The Town is at risk of loss due to items such as lawsuits, automobile claims, and theft. The Town has purchased commercial insurance coverage for any of these types of loss which may occur. The Town believes the amounts of coverage in force are adequate and in compliance with all applicable laws, rules, and regulations. The Town has not had any significant reductions in insurance coverage from the prior fiscal year by major category of risk. The amount of settlements have not exceeded insurance coverage during any of the previous three fiscal years. A lawsuit by two former employees has been filed and is pending in the United States District Court for the District of Connecticut against the Board of Education as well as a current member of the management of the Board. These lawsuits relate to the terms under which both former employees left the employment of the Board and claim that their employment was ended because of their age, alleged disability and gender. The Board intends to vigorously defend each of these matters. A conclusion cannot be determined at this time as to the likelihood of an unfavorable outcome in these matters and in turn a range of any possible losses relating to these matters can also not be determined at this time. In addition, another lawsuit has been brought against the Town relating to the conditions of termination for an employee who left the employment of the Town. The Town is vigorously defending this matter. A conclusion cannot be determined at this time as to the likelihood of an unfavorable outcome and in turn a range of any possible losses relating to this matter can also not be determined at this time.

The Town and the Board of Education have entered into a number of maintenance and service agreements which extend beyond the end of the current fiscal year. The Board of Education has entered into a three year contract for a working facilities manager through June 30, 2014 at an annual cost of \$145,200, \$148,104 and \$149,988, respectively. The Board of Education has entered into a bus transportation agreement with First Student, Inc. for the purpose of providing transportation services for the school children of the Town of Lebanon in compliance with local policies and legal requirements. This agreement runs from July 1, 2008 through June 30, 2013. Payment terms are based on specific daily and hourly rates for regular route hours and trips and non-route hours and trips. The Town has entered into a two year mowing and trimming contract through June 30, 2014 for its recreational fields for a total amount of \$13,800 plus additional costs for additional services. The Town has entered into a two year cemetery maintenance contract through December 31, 2012 at an annual rate of \$10,800. The Town has entered into a snow removal contract through April 15, 2013 at a rate of \$58,900 to be paid in five equal installments. The Town has entered into a two year lawn care maintenance agreement through December 31, 2012 at an annual rate of \$21,600. The Town and Board of Education also have a number of different construction and other contracts for various projects at various stages of completion. The Town and Board of Education also have a number of smaller maintenance and service agreements. These agreements are considered individually immaterial. Additional information on these construction contracts and other agreements can be found at the administrative offices of both the Town and the Board of Education.

The Town participates in numerous Federal and State grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any monies received as of and through June 30, 2012 may be impaired. In the opinion of the management of the Town, there are no unrecorded significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying basic financial statements for such possible contingencies. In addition, the Town occasionally books unbilled accounts receivable representing earned or recognized grant or contract dollars which have not yet been billed or received. Any subsequent modification or amendments to these grants or contracts could result in a loss to the Town. However, in the opinion of the management of the Town there are no unrecorded significant contingent liabilities in regard to these unbilled accounts receivable. Any material subsequent modifications or amendments would be shown by the Town as a restatement of the prior fiscal year results in which the applicable unbilled receivable had been booked.

Town of Lebanon, Connecticut  
Notes to the basic financial statements  
June 30, 2012

**Note 16 - Prior period adjustment**

A prior period adjustment was made to the government-wide and the fund financial statements as of June 30, 2011 relating to the correction of the manner in which the town accounts for the year end hourly salaries for town hall employees and teachers summer salaries for Board of Education employees. The Town had always accounted for these two items on the cash basis posting them as expenses to the period in which the amounts were paid rather than the period in which the amounts were earned. This was not in accordance with generally accepted accounting principles. The Town recorded a prior period adjustment in the amount of \$35,491 as of June 30, 2011 for the hourly salaries of town hall employees which had been earned as of June 30, 2011 but which were paid during the first week of July of 2011. The Town also recorded a prior period adjustment in the amount of \$1,035,110 as of June 30, 2011 for teacher summer salaries which had been earned as of June 30, 2011 but which were paid during July and August of 2011. These two adjustments increased the recorded liabilities and decrease the general fund balance in the fund financial statements and the unrestricted net asset balance in the government-wide financial statements by the combined amount of \$1,070,601 as of June 30, 2011. There were other related adjustments that needed to be made to the management discussion and analysis section of the financial statements to implement this and the following prior period adjustment.

A prior period adjustments was also made to the government-wide financial statements as of June 30, 2011 relating to the correction of the accounting for a copier lease of the Board of Education. The lease was incorrectly classified as an operating lease rather than a capital lease in accordance with generally accepted accounting principles. The Town increased the depreciable capital assets equipment balance by \$62,480 and the related accumulated equipment depreciation by \$13,389 for a net increase of \$49,091 as of June 30, 2011. The Town also increase the capital lease payable outstanding balance by \$45,288 as of June 30, 2011. These two adjustments increased the invested in capital assets, net of related debt net asset balance by \$3,803 as of June 30, 2011.

A prior period adjustment was also made to the government-wide financial statements as of June 30, 2011 relating to the omission of the capital assets of the discretely presented component unit which are required to be recorded in accordance with generally accepted accounting principles. Depreciable capital assets, net of the accumulated depreciation were added in the amount of \$190,748 which increased the invested in capital assets, net of related debt net asset balance by \$190,748 as of June 30, 2011.

**Note 17 - New accounting pronouncements**

The Government Accounting Standards Board issues authoritative pronouncements that address certain accounting application and reporting practices of governmental entities. The following two pronouncements are applicable to the Town. The GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement is effective for fiscal periods beginning after June 15, 2012. This statement modifies certain requirements for inclusion of component units in the financial reporting entity and other related requirements. The effects of the implementation of this new statement will be seen, when applicable, within the financial statements of the Town for the fiscal year ending June 30, 2013. The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is effective for fiscal periods beginning after December 15, 2012. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the aforementioned FASB and AICPA pronouncements. The effects of the implementation of this new statement will be seen, when applicable, within the financial statements of the Town for the fiscal year ending June 30, 2013.

**Note 18 - Subsequent events**

The Town entered into a bond anticipation note agreement on October 3, 2012 in the amount of \$6,433,000. The proceeds of this loan were used to repay a previous bond anticipation note in the amount of \$5,100,000 relating to the Amston Lake sewer construction project which is being accounted for within the town construction projects major fund in the Town's financial statements. Under this bond anticipation note agreement, the entire principal amount plus interest at .50% is due on January 17, 2013. On January 17, 2013 the Town received a grant in the amount of \$1,445,000 and a loan in the amount of \$5,105,000 from the United States Department of Agriculture - Rural Development. The proceeds from this grant and loan were used to repay the aforementioned bond anticipation agreement and represent the long-term funding of the Amston Lake sewer construction project. This loan is payable in annual installments representing principal and interest in the amount of \$203,384 starting January 17, 2014 and ending January 17, 2052 with a final principal and interest amount of \$202,034 payable on January 17, 2053. The interest rate on this loan is 2.50%. In addition, the Town entered into a capital lease purchase agreement on October 9, 2012 in the amount of \$180,446. This lease was for the purchase of three public works vehicles. Monthly payments under this lease are \$5,000 starting on October 15, 2012 and ending December 15, 2015. The interest rate on this capital lease is 3.65%. The Town has evaluated subsequent events through January 21, 2013, the date to which the financial statements were available to be issued.

**Town of Lebanon, Connecticut**  
Combining Balance sheet and combining Statement of revenues,  
expenditures and changes in fund balances - Non-major governmental funds  
As of and for the year ended June 30, 2012

	Non-major special revenue funds	Non-major capital project funds	Non-major permanent funds	Totals
<b>Assets</b>				
Cash	\$ 380,353	\$ -	\$ 9,512	\$ 389,865
Investments	-	-	322,615	322,615
Accounts and other receivables	730,152	5,962	-	736,114
Inventories and prepaid items	11,729	-	-	11,729
Due from other funds	796,387	54,925	-	851,312
Total assets	<u>1,918,621</u>	<u>60,887</u>	<u>332,127</u>	<u>2,311,635</u>
<b>Liabilities</b>				
Accounts payable	41,706	-	-	41,706
Other liabilities	24,800	5,962	108	30,870
Due to other funds	218,488	58,440	7,996	284,924
Total liabilities	<u>284,994</u>	<u>64,402</u>	<u>8,104</u>	<u>357,500</u>
<b>Fund balance</b>				
Nonspendable	6,311	-	322,270	328,581
Restricted	1,222,650	-	1,753	1,224,403
Committed	358,022	54,084	-	412,106
Assigned	75,377	-	-	75,377
Unassigned	-28,733	-57,599	-	-86,332
Total fund balance	<u>1,633,627</u>	<u>-3,515</u>	<u>324,023</u>	<u>1,954,135</u>
Total liabilities and fund balance	<u>\$ 1,918,621</u>	<u>\$ 60,887</u>	<u>\$ 332,127</u>	<u>\$ 2,311,635</u>
<b>Revenues</b>				
Property tax revenues	\$ 364,181	\$ 9,477	\$ -	\$ 373,658
Intergovernmental revenues	1,494,807	181,667	-	1,676,474
Interest and dividends	290	-	911	1,201
Charges for services	327,379	-	-	327,379
Miscellaneous	407,384	-	-	407,384
Total revenues	<u>2,594,041</u>	<u>191,144</u>	<u>911</u>	<u>2,786,096</u>
<b>Expenditures</b>				
Salary and wages	986,243	-	-	986,243
Program operating costs	1,482,709	186,955	233	1,669,897
Capital expenditures	225,000	19,828	-	244,828
Total expenditures	<u>2,693,952</u>	<u>206,783</u>	<u>233</u>	<u>2,900,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-99,911</u>	<u>-15,639</u>	<u>678</u>	<u>-114,872</u>
<b>Other financing sources (uses)</b>				
Transfers in	212,221	-	1,683	213,904
Transfers out	-	-	-193	-193
Total other financing sources (uses)	<u>212,221</u>	<u>-</u>	<u>1,490</u>	<u>213,711</u>
Net change in fund balance	112,310	-15,639	2,168	98,839
Fund balance - July 1	<u>1,521,317</u>	<u>12,124</u>	<u>321,855</u>	<u>1,855,296</u>
Fund balance - June 30	<u>\$ 1,633,627</u>	<u>\$ -3,515</u>	<u>\$ 324,023</u>	<u>\$ 1,954,135</u>

**Town of Lebanon, Connecticut**  
**Combining Balance sheet and combining Statement of revenues,**  
**expenditures and changes in fund balances - Non-major special revenue funds**  
**As of and for the year ended June 30, 2012**

	Lebanon public library	Lebanon recreation commission	Jonathan Trumbull Jr. house	Adams community center	Town improvement program	Senior vans program
<b>Assets</b>						
Cash	\$ -	\$ -	\$ 39,389	\$ -	\$ -	\$ 421
Investments	-	-	-	-	-	-
Accounts and other receivables	12,579	-	1,222	2,032	-	5,958
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	78,482	54,758	1,154	32,032	54,093	102,951
<b>Total assets</b>	<b>91,061</b>	<b>54,758</b>	<b>41,765</b>	<b>34,064</b>	<b>54,093</b>	<b>109,330</b>
<b>Liabilities</b>						
Accounts payable	5,669	3,711	446	1,110	316	1,324
Other liabilities	5,970	4,127	322	-	2,000	2,054
Due to other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>11,639</b>	<b>7,838</b>	<b>768</b>	<b>1,110</b>	<b>2,316</b>	<b>3,378</b>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	79,422	46,920	40,997	32,954	51,777	105,952
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>79,422</b>	<b>46,920</b>	<b>40,997</b>	<b>32,954</b>	<b>51,777</b>	<b>105,952</b>
<b>Total liabilities and fund balance</b>	<b>\$ 91,061</b>	<b>\$ 54,758</b>	<b>\$ 41,765</b>	<b>\$ 34,064</b>	<b>\$ 54,093</b>	<b>\$ 109,330</b>
<b>Revenues</b>						
Property tax revenues	\$ 238,431	\$ 32,500	\$ -	\$ 100	\$ 10,000	\$ 63,000
Intergovernmental revenues	2,218	-	-	-	-	23,831
Interest and dividends	-	-	100	-	-	-
Charges for services	-	53,337	-	2,850	-	4,205
Miscellaneous	85,255	-	16,269	-	-	-
<b>Total revenues</b>	<b>325,904</b>	<b>85,837</b>	<b>16,369</b>	<b>2,950</b>	<b>10,000</b>	<b>91,036</b>
<b>Expenditures</b>						
Salary and wages	164,284	31,891	5,716	-	-	37,811
Program operating costs	147,713	41,763	38,848	19,031	21,732	32,751
Capital expenditures	-	-	-	-	-	-
<b>Total expenditures</b>	<b>311,997</b>	<b>73,654</b>	<b>44,564</b>	<b>19,031</b>	<b>21,732</b>	<b>70,562</b>
Excess (deficiency) of revenues over (under) expenditures	13,907	12,183	-28,195	-16,081	-11,732	20,474
Other financing sources (uses)						
Transfers in	35,131	-	12,370	19,720	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>35,131</b>	<b>-</b>	<b>12,370</b>	<b>19,720</b>	<b>-</b>	<b>-</b>
Net change in fund balance	49,038	12,183	-15,825	3,639	-11,732	20,474
<b>Fund balance - July 1</b>	<b>30,384</b>	<b>34,737</b>	<b>56,822</b>	<b>29,315</b>	<b>63,509</b>	<b>85,478</b>
<b>Fund balance - June 30</b>	<b>\$ 79,422</b>	<b>\$ 46,920</b>	<b>\$ 40,997</b>	<b>\$ 32,954</b>	<b>\$ 51,777</b>	<b>\$ 105,952</b>

**Town of Lebanon, Connecticut**  
Combining Balance sheet and combining Statement of revenues,  
expenditures and changes in fund balances - Non-major special revenue funds  
As of and for the year ended June 30, 2012

	Lebanon dog fund	Trumbull donations fund	School lunch program	Historic document preservation	Locip surcharge assessment	Housing rehab income
<b>Assets</b>						
Cash	\$ -	\$ -	\$ 53,365	\$ -	\$ -	\$ 23,948
Investments	-	-	-	-	-	-
Accounts and other receivables	-	-	18,307	-	-	639,203
Inventories and prepaid items	-	-	11,729	-	-	-
Due from other funds	2,817	242,923	3,743	14,047	32,647	-
<b>Total assets</b>	<b>2,817</b>	<b>242,923</b>	<b>87,144</b>	<b>14,047</b>	<b>32,647</b>	<b>663,151</b>
<b>Liabilities</b>						
Accounts payable	180	-	-	-	-	-
Other liabilities	-	-	5,418	-	-	-
Due to other funds	-	-	3,588	-	-	-
<b>Total liabilities</b>	<b>180</b>	<b>-</b>	<b>9,006</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>						
Nonspendable	-	-	6,311	-	-	-
Restricted	-	242,923	71,827	14,047	32,647	663,151
Committed	-	-	-	-	-	-
Assigned	2,637	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>2,637</b>	<b>242,923</b>	<b>78,138</b>	<b>14,047</b>	<b>32,647</b>	<b>663,151</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,817</b>	<b>\$ 242,923</b>	<b>\$ 87,144</b>	<b>\$ 14,047</b>	<b>\$ 32,647</b>	<b>\$ 663,151</b>
<b>Revenues</b>						
Property tax revenues	\$ 17,000	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	122,356	3,500	-	-
Interest and dividends	-	-	69	-	-	-
Charges for services	6,665	-	246,877	2,781	4,164	-
Miscellaneous	-	-	6,617	-	-	127,389
<b>Total revenues</b>	<b>23,665</b>	<b>-</b>	<b>375,919</b>	<b>6,281</b>	<b>4,164</b>	<b>127,389</b>
<b>Expenditures</b>						
Salary and wages	18	-	227,449	-	-	-
Program operating costs	19,175	1,040	150,812	7,449	-	50,209
Capital expenditures	-	-	-	-	-	-
<b>Total expenditures</b>	<b>19,193</b>	<b>1,040</b>	<b>378,261</b>	<b>7,449</b>	<b>-</b>	<b>50,209</b>
Excess (deficiency) of revenues over (under) expenditures	4,472	-1,040	-2,342	-1,168	4,164	77,180
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>4,472</b>	<b>-1,040</b>	<b>-2,342</b>	<b>-1,168</b>	<b>4,164</b>	<b>77,180</b>
<b>Fund balance - July 1</b>	<b>-1,835</b>	<b>243,963</b>	<b>80,480</b>	<b>15,215</b>	<b>28,483</b>	<b>585,971</b>
<b>Fund balance - June 30</b>	<b>\$ 2,637</b>	<b>\$ 242,923</b>	<b>\$ 78,138</b>	<b>\$ 14,047</b>	<b>\$ 32,647</b>	<b>\$ 663,151</b>

**Town of Lebanon, Connecticut**  
**Combining Balance sheet and combining Statement of revenues,**  
**expenditures and changes in fund balances - Non-major special revenue funds**  
**As of and for the year ended June 30, 2012**

	Housing rehab grant	Village center grant	Survey planning grant	Unimproved town roads grant	Agriculture viability grant	Agriculture viability grant
<b>Assets</b>						
Cash	\$ 18,258	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts and other receivables	6,742	6,350	9,771	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	-	11,362	-	62,302	1,040	-
<b>Total assets</b>	<b>25,000</b>	<b>17,712</b>	<b>9,771</b>	<b>62,302</b>	<b>1,040</b>	<b>-</b>
<b>Liabilities</b>						
Accounts payable	7,100	17,712	-	362	-	-
Other liabilities	-	-	-	-	-	-
Due to other funds	17,900	-	9,772	-	-	-
<b>Total liabilities</b>	<b>25,000</b>	<b>17,712</b>	<b>9,772</b>	<b>362</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	61,940	1,040	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-1	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>-1</b>	<b>61,940</b>	<b>1,040</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 25,000</b>	<b>\$ 17,712</b>	<b>\$ 9,771</b>	<b>\$ 62,302</b>	<b>\$ 1,040</b>	<b>\$ -</b>
<b>Revenues</b>						
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	187,742	-	19,771	49,034	-	24,808
Interest and dividends	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	-	50,000	-	-	-	-
<b>Total revenues</b>	<b>187,742</b>	<b>50,000</b>	<b>19,772</b>	<b>49,034</b>	<b>-</b>	<b>24,808</b>
<b>Expenditures</b>						
Salary and wages	-	-	-	-	-	-
Program operating costs	190,434	50,000	19,772	43,261	-	11,963
Capital expenditures	-	-	-	-	-	-
<b>Total expenditures</b>	<b>190,434</b>	<b>50,000</b>	<b>19,772</b>	<b>43,261</b>	<b>-</b>	<b>11,963</b>
Excess (deficiency) of revenues over (under) expenditures	-2,692	-	-1	5,773	-	12,845
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-2,692</b>	<b>-</b>	<b>-1</b>	<b>5,773</b>	<b>-</b>	<b>12,845</b>
<b>Fund balance - July 1</b>	<b>2,692</b>	<b>-</b>	<b>-</b>	<b>56,167</b>	<b>1,040</b>	<b>-12,845</b>
<b>Fund balance - June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -1</b>	<b>\$ 61,940</b>	<b>\$ 1,040</b>	<b>\$ -</b>

**Town of Lebanon, Connecticut**  
Combining Balance sheet and combining Statement of revenues,  
expenditures and changes in fund balances - Non-major special revenue funds  
As of and for the year ended June 30, 2012

	Energy efficiency grant	Emergency management grant	Fema storm grants	Equipment training grant	State aid drug abuse grant	Vo-ag equipment grant
<b>Assets</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts and other receivables	20,073	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	-	1,545	48,869	255	628	-
<b>Total assets</b>	<b>20,073</b>	<b>1,545</b>	<b>48,869</b>	<b>255</b>	<b>628</b>	<b>-</b>
<b>Liabilities</b>						
Accounts payable	-	72	-	-	-	-
Other liabilities	-	-	-	-	-	-
Due to other funds	20,073	-	-	-	-	27,749
<b>Total liabilities</b>	<b>20,073</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,749</b>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	1,473	-	255	628	-
Committed	-	-	-	-	-	-
Assigned	-	-	48,869	-	-	-
Unassigned	-	-	-	-	-	-27,749
<b>Total fund balance</b>	<b>-</b>	<b>1,473</b>	<b>48,869</b>	<b>255</b>	<b>628</b>	<b>-27,749</b>
<b>Total liabilities and fund balance</b>	<b>\$ 20,073</b>	<b>\$ 1,545</b>	<b>\$ 48,869</b>	<b>\$ 255</b>	<b>\$ 628</b>	<b>\$ -</b>
<b>Revenues</b>						
Property tax revenues	\$ -	\$ 3,150	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	29,701	2,669	71,320	-	-	-
Interest and dividends	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	4,240	-	-	-
<b>Total revenues</b>	<b>29,701</b>	<b>5,819</b>	<b>75,560</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>						
Salary and wages	-	3,229	-	-	-	-
Program operating costs	20,073	1,765	26,691	-	-	-
Capital expenditures	-	-	-	-	-	-
<b>Total expenditures</b>	<b>20,073</b>	<b>4,994</b>	<b>26,691</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	9,628	825	48,869	-	-	-
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	9,628	825	48,869	-	-	-
<b>Fund balance - July 1</b>	<b>-9,628</b>	<b>648</b>	<b>-</b>	<b>255</b>	<b>628</b>	<b>-27,749</b>
<b>Fund balance - June 30</b>	<b>\$ -</b>	<b>\$ 1,473</b>	<b>\$ 48,869</b>	<b>\$ 255</b>	<b>\$ 628</b>	<b>\$ -27,749</b>

**Town of Lebanon, Connecticut**  
**Combining Balance sheet and combining Statement of revenues,**  
**expenditures and changes in fund balances - Non-major special revenue funds**  
**As of and for the year ended June 30, 2012**

	Warm donations fund	Senior donations fund	Misc donations fund	Summer dance fest fund	Cemetery lots fund	Historic buildings fund
<b>Assets</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 38,073	\$ 10,123
Investments	-	-	-	-	-	-
Accounts and other receivables	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	24,566	8,214	5,043	12,916	-	-
<b>Total assets</b>	<b>24,566</b>	<b>8,214</b>	<b>5,043</b>	<b>12,916</b>	<b>38,073</b>	<b>10,123</b>
<b>Liabilities</b>						
Accounts payable	225	64	300	-	-	-
Other liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	37,241	-
<b>Total liabilities</b>	<b>225</b>	<b>64</b>	<b>300</b>	<b>-</b>	<b>37,241</b>	<b>-</b>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	24,341	8,150	4,743	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	12,916	832	10,123
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>24,341</b>	<b>8,150</b>	<b>4,743</b>	<b>12,916</b>	<b>832</b>	<b>10,123</b>
<b>Total liabilities and fund balance</b>	<b>\$ 24,566</b>	<b>\$ 8,214</b>	<b>\$ 5,043</b>	<b>\$ 12,916</b>	<b>\$ 38,073</b>	<b>\$ 10,123</b>
<b>Revenues</b>						
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Interest and dividends	-	-	-	-	96	25
Charges for services	-	-	4,100	-	2,400	-
Miscellaneous	12,069	5,859	700	11,298	-	-
<b>Total revenues</b>	<b>12,069</b>	<b>5,859</b>	<b>4,800</b>	<b>11,298</b>	<b>2,496</b>	<b>25</b>
<b>Expenditures</b>						
Salary and wages	-	-	-	-	-	-
Program operating costs	2,990	7,419	2,076	11,048	6,000	-
Capital expenditures	-	-	-	-	225,000	-
<b>Total expenditures</b>	<b>2,990</b>	<b>7,419</b>	<b>2,076</b>	<b>11,048</b>	<b>231,000</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	9,079	-1,560	2,724	250	-228,504	25
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	145,000	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145,000</b>	<b>-</b>
Net change in fund balance	9,079	-1,560	2,724	250	-83,504	25
<b>Fund balance - July 1</b>	<b>15,262</b>	<b>9,710</b>	<b>2,019</b>	<b>12,666</b>	<b>84,336</b>	<b>10,098</b>
<b>Fund balance - June 30</b>	<b>\$ 24,341</b>	<b>\$ 8,150</b>	<b>\$ 4,743</b>	<b>\$ 12,916</b>	<b>\$ 832</b>	<b>\$ 10,123</b>

**Town of Lebanon, Connecticut**  
Combining Balance sheet and combining Statement of revenues,  
expenditures and changes in fund balances - Non-major special revenue funds  
As of and for the year ended June 30, 2012

	LES activity accounts	LMS activity accounts	LHS activity accounts	Special ed excess costs grant	School educational grants	Totals
<b>Assets</b>						
Cash	\$ 15,884	\$ 30,908	\$ 29,505	\$ -	\$ 120,479	\$ 380,353
Investments	-	-	-	-	-	-
Accounts and other receivables	-	-	-	-	7,915	730,152
Inventories and prepaid items	-	-	-	-	-	11,729
Due from other funds	-	-	-	-	-	796,387
Total assets	<u>15,884</u>	<u>30,908</u>	<u>29,505</u>	<u>-</u>	<u>128,394</u>	<u>1,918,621</u>
<b>Liabilities</b>						
Accounts payable	-	-	-	-	3,115	41,706
Other liabilities	-	-	-	-	4,909	24,800
Due to other funds	-	-	-	-	102,165	218,488
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,189</u>	<u>284,994</u>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	6,311
Restricted	15,884	30,908	29,505	-	19,188	1,222,650
Committed	-	-	-	-	-	358,022
Assigned	-	-	-	-	-	75,377
Unassigned	-	-	-	-	-983	-28,733
Total fund balance	<u>15,884</u>	<u>30,908</u>	<u>29,505</u>	<u>-</u>	<u>18,205</u>	<u>1,633,627</u>
Total liabilities and fund balance	<u>\$ 15,884</u>	<u>\$ 30,908</u>	<u>\$ 29,505</u>	<u>\$ -</u>	<u>\$ 128,394</u>	<u>\$ 1,918,621</u>
<b>Revenues</b>						
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 364,181
Intergovernmental revenues	-	-	-	332,167	625,690	1,494,807
Interest and dividends	-	-	-	-	-	290
Charges for services	-	-	-	-	-	327,379
Miscellaneous	6,610	20,232	47,648	-	13,198	407,384
Total revenues	<u>6,610</u>	<u>20,232</u>	<u>47,648</u>	<u>332,167</u>	<u>638,888</u>	<u>2,594,041</u>
<b>Expenditures</b>						
Salary and wages	-	-	-	-	515,845	986,243
Program operating costs	11,718	18,026	34,990	332,167	161,793	1,482,709
Capital expenditures	-	-	-	-	-	225,000
Total expenditures	<u>11,718</u>	<u>18,026</u>	<u>34,990</u>	<u>332,167</u>	<u>677,638</u>	<u>2,693,952</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-5,108</u>	<u>2,206</u>	<u>12,658</u>	<u>-</u>	<u>-38,750</u>	<u>-99,911</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	212,221
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,221</u>
Net change in fund balance	-5,108	2,206	12,658	-	-38,750	112,310
Fund balance - July 1	20,992	28,702	16,847	-	56,955	1,521,317
Fund balance - June 30	<u>\$ 15,884</u>	<u>\$ 30,908</u>	<u>\$ 29,505</u>	<u>\$ -</u>	<u>\$ 18,205</u>	<u>\$ 1,633,627</u>

**Town of Lebanon, Connecticut**  
**Combining Balance sheet and combining Statement of revenues,**  
**expenditures and changes in fund balances - Non-major capital project funds**  
**As of and for the year ended June 30, 2012**

	Lake Williams project	Town bridge grants	Alden tavern grant	DOT fix it first bridge grant	Tyler field project grant	Totals
<b>Assets</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts and other receivables	5,962	-	-	-	-	5,962
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	54,084	-	-	-	-	54,925
<b>Total assets</b>	<b>60,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,887</b>
<b>Liabilities</b>						
Accounts payable	-	-	-	-	-	-
Other liabilities	5,962	-	-	-	-	5,962
Due to other funds	-	33,820	-	92	24,528	58,440
<b>Total liabilities</b>	<b>5,962</b>	<b>33,820</b>	<b>-</b>	<b>92</b>	<b>24,528</b>	<b>64,402</b>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	54,084	-	-	-	-	54,084
Assigned	-	-	-	-	-	-
Unassigned	-	-32,979	-	-92	-24,528	-57,599
<b>Total fund balance</b>	<b>54,084</b>	<b>-32,979</b>	<b>-</b>	<b>-92</b>	<b>-24,528</b>	<b>-3,515</b>
<b>Total liabilities and fund balance</b>	<b>\$ 60,046</b>	<b>\$ 841</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,887</b>
<b>Revenues</b>						
Property tax revenues	\$ 9,477	\$ -	\$ -	\$ -	\$ -	\$ 9,477
Intergovernmental revenues	-	1,543	-	17,697	162,427	181,667
Interest and dividends	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>9,477</b>	<b>1,543</b>	<b>-</b>	<b>17,697</b>	<b>162,427</b>	<b>191,144</b>
<b>Expenditures</b>						
Salary and wages	-	-	-	-	-	-
Program operating costs	-	-	-	-	186,955	186,955
Capital expenditures	-	-	4,579	15,249	-	19,828
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>4,579</b>	<b>15,249</b>	<b>186,955</b>	<b>206,783</b>
Excess (deficiency) of revenues over (under) expenditures	9,477	1,543	-4,579	2,448	-24,528	-15,639
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	9,477	1,543	-4,579	2,448	-24,528	-15,639
<b>Fund balance - July 1</b>	<b>44,607</b>	<b>-34,522</b>	<b>4,579</b>	<b>-2,540</b>	<b>-</b>	<b>12,124</b>
<b>Fund balance - June 30</b>	<b>\$ 54,084</b>	<b>\$ -32,979</b>	<b>\$ -</b>	<b>\$ -92</b>	<b>\$ -24,528</b>	<b>\$ -3,515</b>

**Town of Lebanon, Connecticut**  
Combining Balance sheet and combining Statement of revenues,  
expenditures and changes in fund balances - Non-major permanent funds  
As of and for the year ended June 30, 2012

	Cummings scholarship	George Lyman fund	Cemetery perpetual care	Helen Rodgers scholarship	Waterman Wilson library fund	Flora Williams library fund
<b>Assets</b>						
Cash	\$ 6	\$ 2	\$ -	\$ 1	\$ -	\$ -
Investments	197,132	47,726	11,740	10,004	9,189	7,823
Accounts and other receivables	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b>197,138</b>	<b>47,728</b>	<b>11,740</b>	<b>10,005</b>	<b>9,189</b>	<b>7,823</b>
<b>Liabilities</b>						
Accounts payable	-	-	-	-	-	-
Other liabilities	93	-	-	5	-	-
Due to other funds	-	5,023	1,199	-	829	823
<b>Total liabilities</b>	<b>93</b>	<b>5,023</b>	<b>1,199</b>	<b>5</b>	<b>829</b>	<b>823</b>
<b>Fund balance</b>						
Nonspendable	197,045	42,705	10,541	10,000	8,360	7,000
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>197,045</b>	<b>42,705</b>	<b>10,541</b>	<b>10,000</b>	<b>8,360</b>	<b>7,000</b>
<b>Total liabilities and fund balance</b>	<b>\$ 197,138</b>	<b>\$ 47,728</b>	<b>\$ 11,740</b>	<b>\$ 10,005</b>	<b>\$ 9,189</b>	<b>\$ 7,823</b>
<b>Revenues</b>						
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Interest and dividends	201	49	12	10	117	8
Net change in investment fair value	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>201</b>	<b>49</b>	<b>12</b>	<b>10</b>	<b>117</b>	<b>8</b>
<b>Expenditures</b>						
Salary and wages	-	-	-	-	-	-
Program operating costs	201	-	-	10	-	-
Capital expenditures	-	-	-	-	-	-
<b>Total expenditures</b>	<b>201</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	49	12	-	117	8
<b>Other financing sources (uses)</b>						
Transfers in	1,291	-	-	75	-	-
Transfers out	-	-49	-12	-	-117	-8
<b>Total other financing sources (uses)</b>	<b>1,291</b>	<b>-49</b>	<b>-12</b>	<b>75</b>	<b>-117</b>	<b>-8</b>
Net change in fund balance	1,291	-	-	75	-	-
<b>Fund balance - July 1</b>	<b>195,754</b>	<b>42,705</b>	<b>10,541</b>	<b>9,925</b>	<b>8,360</b>	<b>7,000</b>
<b>Fund balance - June 30</b>	<b>\$ 197,045</b>	<b>\$ 42,075</b>	<b>\$ 10,541</b>	<b>\$ 10,000</b>	<b>\$ 8,360</b>	<b>\$ 7,000</b>

**Town of Lebanon, Connecticut**  
Combining Balance sheet and combining Statement of revenues,  
expenditures and changes in fund balances - Non-major permanent funds  
As of and for the year ended June 30, 2012

	Town deposit fund	Lebanon school prizes	Royal O. Woodard scholarship	Dorothy Hinckley scholarship	Elizabeth Grant scholarship	EL Reichard nursing scholarship
<b>Assets</b>						
Cash	\$ 6,566	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	6,403	6,053	6,044	4,287	3,001
Accounts and other receivables	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	6,566	6,403	6,053	6,044	4,287	3,001
<b>Liabilities</b>						
Accounts payable	-	-	-	-	-	-
Other liabilities	-	3	3	-	2	1
Due to other funds	4	-	-	-	-	-
Total liabilities	4	3	3	-	2	1
<b>Fund balance</b>						
Nonspendable	6,562	6,400	6,050	5,000	4,285	3,000
Restricted	-	-	-	1,044	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	6,562	6,400	6,050	6,044	4,285	3,000
Total liabilities and fund balance	\$ 6,566	\$ 6,403	\$ 6,053	\$ 6,044	\$ 4,287	\$ 3,001
<b>Revenues</b>						
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Interest and dividends	3	7	6	20	4	3
Net change in investment fair value	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	3	7	6	20	4	3
<b>Expenditures</b>						
Salary and wages	-	-	-	-	-	-
Program operating costs	-	7	6	-	4	3
Capital expenditures	-	-	-	-	-	-
Total expenditures	-	7	6	-	4	3
Excess (deficiency) of revenues over (under) expenditures	3	-	-	20	-	-
<b>Other financing sources (uses)</b>						
Transfers in	-	99	49	-	36	113
Transfers out	-3	-	-	-	-	-
Total other financing sources (uses)	-3	99	49	-	36	113
Net change in fund balance	-	99	49	20	36	113
Fund balance - July 1	6,562	6,301	6,001	6,024	4,249	2,887
Fund balance - June 30	\$ 6,562	\$ 6,400	\$ 6,050	\$ 6,044	\$ 4,285	\$ 3,000

**Town of Lebanon, Connecticut**  
**Combining Balance sheet and combining Statement of revenues,**  
**expenditures and changes in fund balances - Non-major permanent funds**  
**As of and for the year ended June 30, 2012**

	Flora Williams scholarship	Local school fund	Vernon Boothby library	William Taylor cemetery	Oliver & Lucille Manning	Totals
<b>Assets</b>						
Cash	\$ -	\$ 1,937	\$ 1,000	\$ -	\$ -	\$ 9,512
Investments	2,001	-	-	1,118	10,094	322,615
Accounts and other receivables	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b>2,001</b>	<b>1,937</b>	<b>1,000</b>	<b>1,118</b>	<b>10,094</b>	<b>332,127</b>
<b>Liabilities</b>						
Accounts payable	-	-	-	-	-	-
Other liabilities	1	-	-	-	-	108
Due to other funds	-	-	-	118	-	7,996
<b>Total liabilities</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>118</b>	<b>-</b>	<b>8,104</b>
<b>Fund balance</b>						
Nonspendable	2,000	1,937	1,000	1,000	9,385	322,270
Restricted	-	-	-	-	709	1,753
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>2,000</b>	<b>1,937</b>	<b>1,000</b>	<b>1,000</b>	<b>10,094</b>	<b>324,023</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,001</b>	<b>\$ 1,937</b>	<b>\$ 1,000</b>	<b>\$ 1,118</b>	<b>\$ 10,094</b>	<b>\$ 332,127</b>
<b>Revenues</b>						
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Interest and dividends	2	2	1	1	325	771
Net change in investment fair value	-	-	-	-	140	140
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>465</b>	<b>911</b>
<b>Expenditures</b>						
Salary and wages	-	-	-	-	-	-
Program operating costs	2	-	-	-	-	233
Capital expenditures	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233</b>
Excess (deficiency) of revenues over (under) expenditures	-	2	1	1	465	678
<b>Other financing sources (uses)</b>						
Transfers in	20	-	-	-	-	1,683
Transfers out	-	-2	-1	-1	-	-193
<b>Total other financing sources (uses)</b>	<b>20</b>	<b>-2</b>	<b>-1</b>	<b>-1</b>	<b>-</b>	<b>1,490</b>
Net change in fund balance	20	-	-	-	465	2,168
<b>Fund balance - July 1</b>	<b>1,980</b>	<b>1,937</b>	<b>1,000</b>	<b>1,000</b>	<b>9,629</b>	<b>321,855</b>
<b>Fund balance - June 30</b>	<b>\$ 2,000</b>	<b>\$ 1,937</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 10,094</b>	<b>\$ 324,023</b>

**Town of Lebanon, Connecticut**  
**Combining Statement of fiduciary net assets and Statement**  
**of changes in fiduciary net assets - Private purpose trusts**  
**As of and for the year ended June 30, 2012**

	Jared Hinckley scholarship	Kalmon Kurcinik scholarship	Mary Chase fund	Robert L. Hanover scholarship	Richard Woyasz scholarship
<b>Assets</b>					
Cash	\$ -	\$ -	\$ 7,972	\$ -	\$ -
Investments	50,002	8,884	-	1,814	1,184
Accounts and other receivables	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>50,002</b>	<b>8,884</b>	<b>7,972</b>	<b>1,814</b>	<b>1,184</b>
<b>Liabilities</b>					
Accounts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>					
<b>Restricted</b>					
Expendable	50,002	8,884	7,972	1,814	1,184
Non-expendable	-	-	-	-	-
<b>Unrestricted</b>					
<b>Total net assets</b>	<b>50,002</b>	<b>8,884</b>	<b>7,972</b>	<b>1,814</b>	<b>1,184</b>
<b>Total liabilities and net assets</b>	<b>\$ 50,002</b>	<b>\$ 8,884</b>	<b>\$ 7,972</b>	<b>\$ 1,814</b>	<b>\$ 1,184</b>
<b>Additions:</b>					
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-
Interest and dividends	317	31	15	7	16
Net change in investment fair value	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total additions</b>	<b>317</b>	<b>31</b>	<b>15</b>	<b>7</b>	<b>16</b>
<b>Deductions:</b>					
Salary and wages	-	-	-	-	-
Program operating costs	325	350	-	350	201
Capital expenditures	-	-	-	-	-
<b>Total deductions</b>	<b>325</b>	<b>350</b>	<b>-</b>	<b>350</b>	<b>201</b>
<b>Change in net assets</b>	<b>-8</b>	<b>-319</b>	<b>15</b>	<b>-343</b>	<b>-185</b>
<b>Net assets - July 1</b>	<b>50,010</b>	<b>9,203</b>	<b>7,957</b>	<b>2,157</b>	<b>1,369</b>
<b>Net assets - June 30</b>	<b>\$ 50,002</b>	<b>\$ 8,884</b>	<b>\$ 7,972</b>	<b>\$ 1,814</b>	<b>\$ 1,184</b>

**Town of Lebanon, Connecticut**  
**Combining Statement of fiduciary net assets and Statement**  
**of changes in fiduciary net assets - Private purpose trusts**  
**As of and for the year ended June 30, 2012**

	Flegert Ausberger library	Nichols Trahan scholarship	Town school prizes	Totals
<b>Assets</b>				
Cash	\$ 2,456	\$ -	\$ 1,776	\$ 12,204
Investments	-	8,789	-	70,673
Accounts and other receivables	-	-	-	-
Inventories and prepaid items	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>2,456</b>	<b>8,789</b>	<b>1,776</b>	<b>82,877</b>
<b>Liabilities</b>				
Accounts payable	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>				
<b>Restricted</b>				
Expendable	2,456	8,789	1,776	82,877
Non-expendable	-	-	-	-
Unrestricted	-	-	-	-
<b>Total net assets</b>	<b>2,456</b>	<b>8,789</b>	<b>1,776</b>	<b>82,877</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,456</b>	<b>\$ 8,789</b>	<b>\$ 1,776</b>	<b>\$ 82,877</b>
<b>Additions:</b>				
Property tax revenues	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
Interest and dividends	2	22	3	413
Net change in investment fair value	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total additions</b>	<b>2</b>	<b>22</b>	<b>3</b>	<b>413</b>
<b>Deductions:</b>				
Salary and wages	-	-	-	-
Program operating costs	2	500	-	1,728
Capital expenditures	-	-	-	-
<b>Total deductions</b>	<b>2</b>	<b>500</b>	<b>-</b>	<b>1,728</b>
<b>Change in net assets</b>	<b>-</b>	<b>-478</b>	<b>3</b>	<b>-1,315</b>
<b>Net assets - July 1</b>	<b>2,456</b>	<b>9,267</b>	<b>1,773</b>	<b>84,192</b>
<b>Net assets - June 30</b>	<b>\$ 2,456</b>	<b>\$ 8,789</b>	<b>\$ 1,776</b>	<b>\$ 82,877</b>

**Town of Lebanon, Connecticut**  
Combining Balance sheet and combining Statement of revenues,  
expenditures and changes in fund balances - Town construction projects  
As of and for the year ended June 30, 2012

	LES building project	LMS building project	Fire safety complex	Senior center complex	Amston lake sewer project	Totals
<b>Assets</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 2,589,214	\$ 2,589,214
Investments	-	-	-	-	-	-
Accounts and other receivables	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	-	192,020	11,641	-	18,530	222,191
Total assets	-	192,020	11,641	-	2,607,744	2,811,405
<b>Liabilities</b>						
Accounts payable	-	-	-	-	697,509	697,509
Due to other funds	585,232	-	-	1,894	-	587,126
Total liabilities	585,232	-	-	1,894	697,509	1,284,635
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	192,020	11,641	-	1,910,235	2,113,896
Assigned	-	-	-	-	-	-
Unassigned	-585,232	-	-	-1,894	-	-587,126
Total fund balance	-585,232	192,020	11,641	-1,894	1,910,235	1,526,770
Total liabilities and fund balance	\$ -	\$ 192,020	\$ 11,641	\$ -	\$ 2,607,744	\$ 2,811,405
<b>Revenues</b>						
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	381,672	-	-	-	381,672
Interest and dividends	-	-	-	-	9,435	9,435
Charges for services	-	-	-	-	18,530	18,530
Miscellaneous	-	-	-	-	29,786	29,786
Total revenues	-	381,672	-	-	57,751	439,423
<b>Expenditures</b>						
Salary and wages	-	-	-	-	-	-
Program operating costs	2,346	2,349	-	-	-	4,698
Capital expenditures	-	-	-	-	2,862,161	2,862,161
Total expenditures	2,349	2,349	-	-	2,862,161	2,866,859
Excess (deficiency) of revenues over (under) expenditures	-2,349	379,323	-	-	-2,804,410	-2,427,436
<b>Other financing sources (uses)</b>						
Proceeds from debt issuance	-	-	-	-	5,100,000	5,100,000
Transfers in	-	-	-	-	350,000	350,000
Transfers out	-	-	-	-	-750,000	-750,000
Total other financing sources (uses)	-	-	-	-	4,700,000	4,700,000
Net change in fund balance	-2,349	379,323	-	-	1,895,590	2,272,564
Fund balance - July 1	-582,883	-187,303	11,641	-1,894	14,645	-745,794
Fund balance - June 30	\$ -585,232	\$ 192,020	\$ 11,641	\$ -1,894	\$ 1,910,235	\$ 1,526,770

**Town of Lebanon, Connecticut**  
Combining Balance sheet and combining Statement of revenues,  
expenditures and changes in fund balances - Trumbull Investments fund  
As of and for the year ended June 30, 2012

	Jonathan Trumbull Jr. library fund	Adams community center fund	Jonathan Trumbull Jr. house fund	Totals
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	970,693	595,339	382,553	1,948,585
Accounts and other receivables	-	-	-	-
Inventories and prepaid items	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>970,693</b>	<b>595,339</b>	<b>382,553</b>	<b>1,948,585</b>
<b>Liabilities</b>				
Accounts payable	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>				
Nonspendable	-	-	-	-
Restricted	970,693	595,339	382,553	1,948,585
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balance</b>	<b>970,693</b>	<b>595,339</b>	<b>382,553</b>	<b>1,948,585</b>
<b>Total liabilities and fund balance</b>	<b>\$ 970,693</b>	<b>\$ 595,339</b>	<b>\$ 382,553</b>	<b>\$ 1,948,585</b>
<b>Revenues</b>				
Property tax revenues	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
Interest and dividends	35,006	19,465	12,370	66,841
Net change in investment fair value	50,028	40,467	8,328	98,823
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>85,034</b>	<b>59,932</b>	<b>20,698</b>	<b>165,664</b>
<b>Expenditures</b>				
Salary and wages	-	-	-	-
Program operating costs	65	65	65	195
Capital expenditures	-	-	-	-
<b>Total expenditures</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>195</b>
Excess (deficiency) of revenues over (under) expenditures	84,969	59,867	20,633	165,469
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-35,006	-19,720	-12,370	-67,096
<b>Total other financing sources (uses)</b>	<b>-35,006</b>	<b>-19,720</b>	<b>-12,370</b>	<b>-67,096</b>
Net change in fund balance	49,963	40,147	8,263	98,373
<b>Fund balance - July 1</b>	<b>920,730</b>	<b>555,192</b>	<b>374,290</b>	<b>1,850,212</b>
<b>Fund balance - June 30</b>	<b>\$ 970,693</b>	<b>\$ 595,339</b>	<b>\$ 382,553</b>	<b>\$ 1,948,585</b>

**Town of Lebanon, Connecticut**  
**Schedule of property taxes levied,**  
**collections, and outstanding balances**  
**For the year ended June 30, 2012**

Grand list	Uncollected taxes 06/30/11	Current year taxes levied	Lawful corrections		Net taxes collectable
			Additions	Deductions	
2010	\$ -	\$ 15,076,367	\$ 13,939	\$ -31,662	\$ 15,058,644
2009	286,693	-	3,460	-20,058	270,095
2008	90,402	-	2,064	-6,746	85,720
2007	19,191	-	229	-	19,420
2006	13,022	-	-	-	13,022
2005	6,589	-	-	-	6,589
2004	1,728	-	-	-	1,728
2003	688	-	-	-	688
2002	249	-	-	-	249
2001	154	-	-	-	154
2000	148	-	-	-	148
1999	42	-	-	-	42
1998	71	-	-	-	71
1997	71	-	-	-	71
1996	75	-	-	-	75
	<u>\$ 419,123</u>	<u>\$ 15,076,367</u>	<u>\$ 19,692</u>	<u>\$ -58,466</u>	<u>\$ 15,456,716</u>

**Town of Lebanon, Connecticut**  
**Schedule of property taxes levied,**  
**collections, and outstanding balances**  
**For the year ended June 30, 2012**

Grand list	Collections during the fiscal year			Total	Adjustments	Uncollected taxes 06/30/12
	Taxes	Interest	Lien fees			
2010	\$ 14,718,842	\$ 62,325	\$ 8,851	\$ 14,790,018	\$ -	\$ 339,802
2009	170,184	41,634	1,686	213,504	-	99,911
2008	51,055	18,136	2,909	72,100	-22,039	12,626
2007	11,225	6,601	90	17,916	-	8,195
2006	7,942	5,252	318	13,512	-	5,080
2005	5,181	4,578	460	10,219	-	1,408
2004	935	14	24	973	-	793
2003	-	-	-	-	-	688
2002	-	-	-	-	-	249
2001	-	-	-	-	-	154
2000	-	-	-	-	-	148
1999	-	-	-	-	-	42
1998	-	-	-	-	-	71
1997	-	-	-	-	-	71
1996	-	-	-	-	-	75
	<u>\$ 14,965,364</u>	<u>\$ 138,540</u>	<u>\$ 14,338</u>	<u>\$ 15,118,242</u>	<u>\$ -22,039</u>	<u>\$ 469,313</u>

- A - This schedule is in effect designed to be shown on the cash basis of accounting whereas it shows the amount being received against tax years as revenues when in effect they represent a reduction in the asset account for each outstanding tax year. As a result, the total collections balance shown above will not tie out to the property taxes, interest, and liens revenue balance on Statement D, Statement E, or Sub-Schedule D. However, the following is a reconciliation of selected balances from this schedule to the amount shown on Statement D, Statement E, and Sub-Schedule D.

\$ 15,076,367	Current year taxes levied from page 58
138,540	Tax interest collections during the current fiscal year from above
10,339	Suspense interest collections during the current fiscal year
14,338	Tax lien fee collections during the current fiscal year from above
12,770	Suspense principle balance collections during the current fiscal year
-22,039	Account balances transferred to suspense during the current fiscal year from above
-38,774	The net lawful corrections made during the current fiscal year from page 58
-29,394	The deferred tax revenue adjustment made as described in item number 2 on page 15
<u>15,162,147</u>	Property taxes, interest, and liens per Statement E
9,477	Lake Williams assessment principal and interest collections
<u>\$ 15,171,624</u>	Property taxes, interest, and liens per Statement D and Sub-Schedule D

- B - Operation of Law - No tax can be collected 15 years after the original due date.
- C - Taxes transferred (to) and from suspense. Though tax balances are transferred from active status to suspense status they remain collectible. During the current fiscal year \$12,770 was collected on principle suspense tax balances owed and \$10,339 of interest was collected on principle suspense tax balances owed. A certificate of correction was completed for taxes which had already been transferred to suspense during the current fiscal year in the amount of a \$64 decrease. One suspense tax year was affected by this correction.

**Town of Lebanon, Connecticut**  
**Schedule of debt limitation**  
**Connecticut General Statutes, Section 7-374 (b)**  
**For the year ended June 30, 2012**

Total tax collections (including interest and lien fees) for the current fiscal year.	\$ 15,171,624
Total tax collections (including interest and lien fees) of city, borough and all other taxing districts within the Town for the current fiscal year.	123,589
Reimbursement for revenue loss on: Tax relief for the elderly - (CGS 12-129d)	<u>28,988</u>
<b>Total base</b>	<b><u><u>\$ 15,324,201</u></u></b>

Debt limitation:	General purposes	Schools	Sewers	Urban renewal	Pension deficit
2 1/4 times base	\$ 34,479,452	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	68,958,605	-	-	-
3 3/4 times base	-	-	57,465,754	-	-
3 1/4 times base	-	-	-	49,803,653	-
3 times base	-	-	-	-	45,972,603
<b>Total debt limitation</b>	<u>34,479,452</u>	<u>68,958,605</u>	<u>57,465,754</u>	<u>49,803,653</u>	<u>45,972,603</u>

**Indebtedness:**

Bonds payable	1,013,018	2,614,400	-	-	-
Bond anticipation notes payable	-	-	5,100,000	-	-
Bonds authorized and unissued	630,000	8,296,724	1,450,000	-	-
Notes payable	-	-	-	-	-
Capital leases payable	-	33,117	-	-	-
Accrued compensated absences:					
School employees	-	66,321	-	-	-
Town employees	28,311	-	-	-	-
Accrued post closure landfill costs	89,131	-	-	-	-
<b>Total indebtedness</b>	<u>1,760,460</u>	<u>11,010,562</u>	<u>6,550,000</u>	<u>-</u>	<u>-</u>

Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 32,718,992</u></u>	<u><u>\$ 57,948,043</u></u>	<u><u>\$ 50,915,754</u></u>	<u><u>\$ 49,803,653</u></u>	<u><u>\$ 45,972,603</u></u>
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Note: In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum amount permitted under this formula would be \$107,269,407 which is well above the \$19,321,022 current amount of outstanding and authorized and unissued debt of the Town. The authorized but unissued bond amounts relating to the school as of June 30, 2012 are made up of \$964,150 for middle school boiler replacement and heating system renovations, \$360,000 for improvements to various school facilities and \$6,972,574 for the elementary and middle school projects. The authorized but unissued bond amounts relating to general purpose items as of June 30, 2012 equal \$630,000 for the fire safety complex. The authorized and unissued bond amounts relating to sewers as of June 30, 2012 relate to the Amston Lake Sewer project. These authorized and unissued bond amounts have been included above due to the fact that the Town's interpretation that the reasons for excluding certain types of debt from inclusion in this schedule as outlined in the Connecticut General Statutes Section 7-374(b), do not apply to these items of authorized and unissued bond amounts. The taxing districts within the Town include the Amston Lake Tax District and the Lake Williams Beach Association.

**Town of Lebanon, Connecticut**  
**Schedule of expenditures of federal awards**  
**For the year ended June 30, 2012**

Federal grantor Pass-through grantor Program title	Federal CFDA number	Pass-through grantor number	Federal expenditures
<b>U.S. Department of Agriculture</b>			
Passed through the State of Connecticut -			
Department of Education			
Child nutrition cluster:			
School breakfast program	10.553	12060-SDE64370-20508-2011 12060-SDE64370-20508-2012	\$ 4,092 11,505
School lunch program	10.555	12060-SDE64370-20560-2011 12060-SDE64370-20560-2012	21,332 56,364
School milk program	10.556	12060-SDE64370-20500-2011 12060-SDE64370-20500-2012	280 1,116 <u>94,689</u>
Supplemental nutrition assistance program	10.580	12060-SDE64351-26130-2011	<u>950</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed through the State of Connecticut -			
Department of Economic and Community Development			
Small cities program -			
Housing rehabilitation loan program	14.228	12060-ECD46350-20730-2012	<u>190,434</u>
<b>U.S. Department of Transportation</b>			
Highway Planning and Construction Cluster:			
Passed through the State of Connecticut -			
Department of Transportation			
Highway planning and construction	20.205	12062-DOT57191-22108-2012	<u>1,542</u>
Capital assistance program for elderly persons and persons with disabilities	20.513	12062-DOT57931-21361-2012	<u>40,000</u>
<b>U.S. Department of Energy</b>			
Passed through the State of Connecticut -			
Department of Environmental Protection			
ARRA Energy efficiency and conservation block grant	81.128	12060-DEP44720-29009-2012	<u>20,073</u>
<b>U.S. Department of Education</b>			
Passed through the State of Connecticut -			
Department of Education			
Title I Part A Cluster:			
Title I - Improving basic programs	84.010	12060-SDE64370-20679-2012	<u>54,860</u>

**Town of Lebanon, Connecticut**  
Schedule of expenditures of federal awards (continued)  
For the year ended June 30, 2012

Federal grantor Pass-through grantor Program title	Federal CFDA number	Pass-through grantor number	Federal expenditures
<b>U.S. Department of Education</b>			
Passed through the State of Connecticut -			
Department of Education			
Special Education Cluster			
Idea Part B - Section 611 Disabilities	84.027	12060-SDE64370-20977-2011	\$ 72,351
		12060-SDE64370-20977-2012	112,033
		12060-SDE64370-20977-2012	10,000
Idea Part B - Section 619 Preschool	84.173	12060-SDE64370-20983-2012	10,150
			<u>204,534</u>
Title II Part A - Improving teacher quality	84.367	12060-SDE64370-20858-2011	25,565
		12060-SDE64370-20858-2012	769
			<u>26,334</u>
Education jobs fund	84.410	12060-SDE64370-22405-2012	<u>252,544</u>
Passed through the State of Connecticut -			
Department of Education			
Passed through Eastconn			
Carl D. Perkins vocational & technology education act consortium grant	84.048	-	<u>10,213</u>
<b>U.S. Department of Homeland Security</b>			
Passed through the State of Connecticut -			
Department of Emergency			
Services & Public Protection			
Disaster grants - public assistance	97.036	12060-DPS32985-21891-2011	20,998
		12060-DPS32985-21891-2012	50,323
			<u>71,321</u>
<b>U.S. Department of Homeland Security</b>			
Passed through the State of Connecticut -			
Department of Emergency Management and Homeland Security			
Emergency management performance grant	97.042	12060-DPS32982-21881-2010	<u>2,669</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 970,163</u></u>

**Town of Lebanon, Connecticut**  
Notes to Schedule of expenditures of federal awards  
June 30, 2012

**Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant and contract activity of the Town of Lebanon, Connecticut and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The expenditure amounts shown on the accompanying schedule may include reimbursable expenditures which have been incurred by the Town and therefore included as expenditures but which have not yet been reimbursed and are considered and may be recorded as accounts receivable. In accordance with OMB Circular A-133 section § \_\_.205 (a), the determination of when an award is expended should be based on when the activity related to the award occurs.

# Stephen T. Hopkins, CPA, PC

## Auditing, Accounting, and Consulting Services

214 Holmes Road / Scarborough, Maine 04074 / Phone: (207) 885 - 5038 / Fax: (207) 470 - 5050

### Independent Auditors' Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

Board of Finance  
Board of Selectmen  
Town of Lebanon, Connecticut

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Lebanon, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of Lebanon, Connecticut's financial statements and have issued our report thereon dated January 21, 2013. 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.

#### Internal control over financial reporting

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

Our consideration of internal control over financial reporting 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 financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We do not consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We do consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. These significant deficiencies are noted in the aforementioned schedule as item numbers 12-01 through 12-05.

#### Compliance and other matters

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

The Town of Lebanon, Connecticut's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Lebanon, Connecticut's responses and, accordingly, we express no opinion on them.

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

Stephen T. Hopkins, CPA, PC



January 21, 2013

# Stephen T. Hopkins, CPA, PC

## Auditing, Accounting, and Consulting Services

214 Holmes Road / Scarborough, Maine 04074 / Phone: (207) 885 - 5038 / Fax: (207) 470 - 5050

### Independent Auditors' Report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133

Board of Finance  
Board of Selectmen  
Town of Lebanon, Connecticut

#### Compliance

We have audited the Town of Lebanon, Connecticut's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Town of Lebanon, Connecticut's major federal programs for the year ended June 30, 2012. The Town of Lebanon, Connecticut's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Lebanon, Connecticut's management. Our responsibility is to express an opinion on the Town of Lebanon, Connecticut's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Lebanon, Connecticut'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. Our audit does not provide a legal determination on the Town of Lebanon, Connecticut's compliance with those requirements.

In our opinion, the Town of Lebanon, Connecticut, complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

#### Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purposed described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

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

Stephen T. Hopkins, CPA, PC

A handwritten signature in cursive script that reads "Stephen T. Hopkins, CPA, PC".

January 21, 2013

**Town of Lebanon, Connecticut**  
 Schedule of findings and questioned costs  
 June 30, 2012

Summary of Audit Results

The following is a summary of the results of the audit of the basic financial statements of the Town of Lebanon, Connecticut (the auditee) as of and for the year ended June 30, 2012 as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* §\_\_\_\_.505(d)(1).

- (i) The auditor's report expresses unqualified opinions on the financial statements of the auditee.
- (ii) There were five significant deficiencies in internal control disclosed by the audit of the financial statements of the auditee. These significant deficiencies are referenced in the accompanying schedule of findings and questioned costs as item numbers 12-01 through 12-05. None of these significant deficiencies were considered to be a material weakness.
- (iii) No instances of noncompliance material to the financial statements of the auditee were disclosed during the audit.
- (iv) There were no significant deficiencies in internal control over compliance for major programs disclosed by the audit of the financial statements of the auditee.
- (v) An unqualified opinion was issued on compliance for major programs of the auditee.
- (vi) The following programs (CFDA numbers) were considered major for auditing purposes. Major programs for testing purposes were determined in accordance with §\_\_\_\_.520 (e) (1) and (2) (B). Under these sections, All type A programs must be tested except those identified as low-risk under section (c)(1). The Town did not have any Type A program so therefore a risk assessment on the remaining Type B programs was performed to determine which Type B programs would need to be tested. As a result, four Type B programs were chosen for testing. The following programs were tested in order to meet the required percentage of coverage.

Housing rehabilitation loan program	CFDA # 14.228	\$ 190,434
Capital assistance program for elderly persons and persons with disabilities	CFDA # 20.513	40,000
Education jobs fund	CFDA # 84.410	252,544
ARRA Energy efficiency and conservation block grant	CFDA # 81.128	<u>20,073</u>
		<u>\$ 503,051</u>

- (vii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (viii) The auditee did not qualify as a low-risk auditee under §\_\_\_\_.530. In accordance with section §\_\_\_\_.520 (f) federal programs must be tested that in the aggregate encompass at least 50% of the total federal awards expended by the Town. Total federal awards expended by the Town were \$970,163. The programs and expenditures noted above in item (vii) represent approximately 52% of the total federal awards expended.

Findings Related to Financial Statements

There were five findings relating to the basic financial statements which are required to be reported in accordance with GAGAS and §\_\_\_\_.505(d)(2). These five findings are related to internal control over financial reporting and are referenced in the accompanying schedule of findings and questioned costs as item numbers 12-01 through 12-05.

Findings, Questioned Costs, and Responses for Federal Awards

There were no findings and questioned costs for Federal Awards which shall include audit findings as defined in §\_\_\_\_.510(a) which are required to be reported in accordance with §\_\_\_\_.505(d)(3).

Summary Schedule of Prior Audit Findings

There were three findings and questioned costs related to federal award programs reported in the audit report for the auditee for the year ended June 30, 2011. The status of these three findings are referenced in the accompanying summary schedule of prior audit findings as item numbers 11-05 through 11-07.

Town of Lebanon, Connecticut  
Schedule of findings and questioned costs (continued)  
June 30, 2012

**12-01 - Accounting policies and procedures manual**

Criteria:

The management of the Town is responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

Condition:

During the audit I was provided with a copy of a document labeled the Town of Lebanon - Finance Department - Policies and Procedures Manual. This manual was reviewed to determine that the policies and procedures contained within the manual were approved, when they were approved, the adequacy of the policies and procedures and whether or not it appeared as though the policies and procedures were being followed. In reviewing the manual it showed that a number of seemingly significant sections did not contain an approved date such as the town investment policy section which includes seventeen individual items and portions of the town and board of education reconciliation policies and procedures section. These sections did contain revised dates but normally you would first have the date that a policy or procedure was approved and then a date if and when the item is subsequently revised. Portions of the town and board of education reconciliation policies and procedures section do contain an approval date of 01/13/11, however, in reviewing the provided Board of Finance minutes from this meeting they do not contain a motion and an approval of that motion specifically addressing the town and board of education reconciliation policies and procedures. Though the Town does have a policies and procedures manual, it would appear that in its current form it is incomplete and inadequate in providing a system of internal controls that would allow for the prevention or detection and correction of misstatements on a timely basis. Without an adequately documented and approved system of internal controls in place it cannot be determined that the procedures that are being followed during the day to day accounting activities are adequate to prevent or detect and correct misstatements on a timely basis. We do consider this condition to represent a significant deficiency in internal control over financial reporting.

Context and effect:

This type of manual is used to provide a general description of the general functions and specific duties of all personnel involved in the accounting, cash receipting, and bill paying system of the Town. The manual is also used to document the specific steps to be used in all accounting functions such as the processing of cash disbursements, the recording and deposit of cash receipts, the steps necessary to process payroll and the steps to be followed in reconciling certain accounts of the Town. The two main goals of developing and adequately documenting an effective set of accounting policies and procedures is to provide reasonable assurance that the Town's specific objectives will be achieved and to set up a system of internal controls and checks and balances which safeguard the assets of the Town. Without an adequately documented set of policies and procedures there can be no reasonable assurance present that the Town's specific objective are being achieved or that its' assets are being safeguarded.

Cause:

The reason for this condition would appear to be a lack of available time and available resources within the finance department of the Town.

Recommendation:

It does appear that the Town has made progress towards developing and documenting a system of internal controls and accounting polices and procedures from the prior fiscal year. We recommend that the Town move towards continuing this progress by completing the sections of the manual which appear to be incomplete and to make sure that all of the policies and procedures within the manual are presented to the Board of Finance for their review and approval. In addition, we recommend that all of the policies and procedures within this manual be followed and documented and that periodically a designated individual outside of the finance office review the completion of these procedures to ensure that they are being followed and effectively applied.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we have been working on the completion of this type of a manual over the past year and hope to have the manual completed and approved by the end of the upcoming fiscal year. Due to the small nature of our town, it is sometimes difficult to allocate the necessary amount of time and resources to a project such as this. However, we feel we have made progress and will continue working towards the completion of this accounting policies and procedures manual.

Town of Lebanon, Connecticut  
Schedule of findings and questioned costs (continued)  
June 30, 2012

**12-02 - Capital assets and inventory record keeping**

Criteria:

The Town is required to report capital assets as accurately as possible on its financial statements in accordance with generally accepted accounting principles. As such, annual capital asset additions, deletions and capital asset balances would be reported in the financial statements and disclosed in the notes to the financial statements.

Condition:

The Town does not keep a detailed listing of its' capital assets or other inventory items which may fall below the capitalization threshold of the Town but which may be useful to keep track of for future planning and capital improvement purposes. As such, accurate dollar amounts for annual capital asset additions, deletions and capital asset balances would not be known to the Town during the fiscal year and most likely not until the completion of the annual audit. We do consider this condition to represent a significant deficiency in internal control over financial reporting.

Context:

The Town has established a capital assets capitalization policy that states it will capitalize all expenses for property, plant, and equipment in excess of \$5,000. During the current fiscal year the only items capitalized consisted of town construction projects expenditures and other items noted during the audit. A complete listing of new capital assets was not presented to be capitalized and only a listing of auctioned vehicles was presented as being disposed of. At this time, the only way to record current year additions would be to scan the cash disbursements journal for items in excess of this amount and then select the invoices to determine whether they meet the definition of a capital asset and in turn whether or not they should be capitalized. In addition, the aforementioned process is in many cases unable to determine whether any items have or have not been disposed of during the current fiscal year. This procedure does however fall outside the scope of the current audit. In regard to other inventory items not meeting the \$5,000 capitalization threshold, the Town should have some system in place to keep track of certain items that may need to be replaced at some future point in time.

Effect:

Without these steps being taken and detailed listings being kept it is difficult for the Town to have an accurate financial picture in relation to their current capital assets and inventory and their potential future needs. As a result, there can be no reasonable assurance present that the Town's specific objectives are being achieved both in the short term and in the long term or that its' assets are being safeguarded.

Cause:

The reason for this condition would appear to be a lack of available time and available resources within the finance department of the Town.

Recommendation:

We recommend that the Town implement some type of system to track and record the additions and deletions of capital assets when they are purchased and when they are disposed of. This system should consist of an initial recognition of items being purchased fitting the definition of a capital asset and a periodic inventory of capital assets to ensure that any items being disposed of have been recorded as such.

Views of responsible officials and planned corrective actions:

We have discussed this audit finding with our auditor and we do understand the importance of keeping a detailed listing of our capital assets and other inventory items as described above. We also agree that the main reason that this type of detailed listing has not been completed is due to a lack of available time and available resources within the finance department. We have taken steps towards freeing up available time by hiring a part time accounting individual to assist the department in account reconciliations which should free up more time for either the finance director or the part time accounting individual to address this capital asset record keeping deficiency. We hope that this internal control deficiency will be adequately addressed during the upcoming fiscal year and hope that this finding will no longer be applicable going forward.

Town of Lebanon, Connecticut  
Schedule of findings and questioned costs (continued)  
June 30, 2012

12-03 - Account reconciliations

Criteria:

The management of the Town is responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Condition:

For the current fiscal year there did not appear to be an adequate system of internal controls in place to ensure that all of the asset and liability accounts on the trial balance of the Town were reconciled. In addition, it did not appear that there was an adequate system of internal controls in place to review revenue and expenditure accounts to determine if any transactions had been mis-posted and therefore needed to be corrected. Without an adequate system of internal controls in place to ensure that all asset and liability accounts are being reconciled and documenting that all revenue and expenditure accounts are being reviewed, there is no way to ensure that items that need to be corrected will be prevented or even detected and corrected on a timely basis. We do consider this condition to represent a significant deficiency in internal control over financial reporting.

Context:

It does appear as though monthly bank reconciliations were prepared for the majority of the cash accounts of the Town during the current fiscal year. However, it would appear as though the majority of the remaining balance sheet accounts went unreconciled during the current fiscal year. If reconciliations were prepared on these remaining balance sheet accounts, I was unable to find any documentation of the reconciliation and the results of the reconciliation. As a result of the audit, 64 adjusting journal entries were proposed for the general fund of the Town and another 66 were proposed for the other funds on the trial balance of the Town. Not all of these adjustments were necessarily correcting items that would have been found if reconciliations had been completed but a large number of them should have been found if reconciliations had been completed. In addition, I was unable to find any documentation showing that revenue and expenditure account had been reviewed for mis-postings during the current fiscal year and a number of the aforementioned adjustments were necessary to correct recorded revenue and expenditure account balances on the trial balance of the Town.

Effect:

Without account reconciliations being prepared for all asset and liability accounts as well as periodic documented reviews of the transactions recorded in the revenue and expenditure accounts, it is difficult to have an accurate financial picture of the Town during the fiscal year. Without an accurate financial picture there can be no reasonable assurance present that the Town's specific objectives are being achieved or that its' assets are being safeguarded.

Cause:

The reason for this condition would appear to be a lack of available time and available resources within the finance department of the Town. This would appear to make it difficult to apportion the time needed to effectively reconcile all of the asset and liability accounts as shown on the trial balance and to perform and document the reviews of the revenue and expenditure accounts.

Recommendation:

We recommend that the Town develop an adequate system of internal controls to ensure that all asset and liability accounts are being reconciled and that an adequate system of internal controls are in place to document the revenue and expenditure account reviews and that these reviews are completed and documented at least on a quarterly basis if not a monthly basis.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do agree with his recommendations as described above. We also agree that the main reason that this type of detailed listing has not been completed is due to a lack of available time and available resources within the finance department. We have taken steps towards freeing up available time by hiring a part time accounting individual to assist the department in account reconciliations. We hope that this internal control deficiency will be adequately addressed during the upcoming fiscal year and hope that this finding will no longer be applicable going forward.

Town of Lebanon, Connecticut  
Schedule of findings and questioned costs (continued)  
June 30, 2012

**12-04 - Bank account reconciliations**

Criteria:

The management of the Town is responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Condition:

The Town has two main checking accounts and one main deposit account from which the majority of its day to day activities are accounted. Account reconciliations were prepared on these three accounts during the current fiscal year and for the most part these reconciliations were prepared in a timely manner, initialed and dated by the individual preparing the reconciliation and by the individual reviewing the reconciliation. The reconciliations did, however, contain a large number of reconciling items which had been accumulated during the fiscal year which were never actually corrected. As a result, the actual cash balances as shown on the trial balance of the Town were incorrect for the majority of the fiscal year. We do consider this condition to represent a significant deficiency in internal control over financial reporting.

Context:

One of the main reasons for preparing bank account reconciliations is to make sure that the accounting transactions which show up on the trial balance of the Town are the same as those that show up on the corresponding bank account statements. Items which do not match up between the trial balance and the bank statement are referred to as reconciling items. Normally reconciling items will show up on a given months bank reconciliation in order to balance the reconciliation. Once the reconciliation is complete and more time is available, these items should be researched more thoroughly and the appropriate adjusting journal entries should be prepared, approved and entered into the trial balance to correct the variance. The June bank reconciliation for the general checking account contained 21 reconciling items from the previous July through the month of June and resulted in an ending unexplained variance. In addition, this bank reconciliation had not been signed off on as being prepared and reviewed when it was obtained as part of the audit. The June Board of Education checking account reconciliation contained a \$5,250 reconciling item which had apparently been carried from the previous July through the entire fiscal year without being corrected. The June reconciliation for the Town's main deposit account contained 21 reconciling items from the previous July through the month of June including a \$74,121 item relating to the prior fiscal years audit.

Effect:

Without reconciling items being fully researched and corrected in a timely manner, the bank account balances as shown on the trial balance of the Town are incorrect and therefore it is difficult to have an accurate financial picture of the Town during the fiscal year. Without an accurate financial picture there can be no reasonable assurance present that the Town's specific objectives are being achieved or that its' assets are being safeguarded.

Cause:

The reason for this condition would appear to be a lack of available time and available resources within the finance department of the Town.

Recommendation:

We recommend that all bank account reconciliations be prepared and reviewed in a timely manner and that all reconciling items be fully researched and corrected in a timely manner to ensure that the cash balances as shown on the trial balance are as accurate and up to date as possible throughout the fiscal year.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do agree with his recommendations as described above. We also agree that the main reason that this type of detailed listing has not been completed is due to a lack of available time and available resources within the finance department. We have taken steps towards freeing up available time by hiring a part time accounting individual to assist the department in account reconciliations. We hope that this internal control deficiency will be adequately addressed during the upcoming fiscal year and hope that this finding will no longer be applicable going forward.

Town of Lebanon, Connecticut  
Schedule of findings and questioned costs (continued)  
June 30, 2012

**12-05 - Internal control over the results of operations**

Criteria:

The management of the Town is responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Condition:

As part of the annual audit, revenue and expenditure accounts are either tied out directly to supporting documentation or other analytical procedures are applied to determine if either the increase or decrease in the accounts are reasonable and supported with specific changes in the type or volume of the related activity when they do not appear reasonable. We do recognize that at times there is no discernable reason for the fluctuation in revenue and expenditure accounts from one fiscal year to another. However, during the current fiscal year there was a reduction in a recorded revenue account from the previous fiscal year that by itself was not material but in looking at the decrease in the account over the previous five year period, the account has decreased from approximately \$57,000 during the 2008 fiscal year to approximately \$7,000 during the current fiscal year. During this period an associated account increased in value and appeared to offset the decreases in the account in questions. However, during the current fiscal year, both accounts decreased seemingly dispelling the theory that the decreases in the account in question were being offset by the increases in the associated account. The Town has as of yet been unable to present a reasonable explanation for this material downward trend in this revenue account which has occurred over the aforementioned five year period. We do consider this condition to represent a significant deficiency in internal control over financial reporting.

Context:

We feel that the Town should be able to reasonably explain material fluctuations which occur in revenue and expenditure accounts from one fiscal year to the next as well as material trends which appear to be occurring over an extended period of time. This would allow the Town to determine if budgetary amounts need to be adjusted as well as whether possible mis-posting errors are occurring which may be causing the fluctuations. In addition, the Town should have some type of internal control system in place to recognize these types of material trends and address them in a timely manner.

Effect:

With the Town not being able to provide a reasonable explanation for the material downward trend in this account it is difficult to ensure that an accurate financial picture of the Town's finances is being presented during the fiscal year. Without an accurate financial picture there can be no reasonable assurance present that the Town's specific objectives are being achieved or that its' assets are being safeguarded.

Cause:

The specific cause for the material downward trend in this revenue account is unknown at this time. It would appear that the Town does not have an adequate system of internal controls in place to identify this type of situation so that the cause can be researched and identified and corrected, if necessary, in a timely manner.

Recommendation:

We recommend that the Town continue to research this situation to determine if a reasonable explanation can be found and if any corrections are necessary they should be prepared in a timely manner. We also recommend that a system of internal controls be developed and implemented in the hopes of identifying and addressing this type of situation in a more timely manner.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do agree with his recommendations. We are continuing to research this item and we believe that there is a reasonable explanation for the material downward trend in this revenue account. We will address any necessary adjustments or corrections once our research has been completed. We also plan to more closely monitor the fluctuations in material revenue accounts so that they can be addressed, if necessary, in a more timely manner.

**Town of Lebanon, Connecticut**  
Summary schedule of prior audit findings  
June 30, 2012

**11-05 - Internal control over compliance reporting**

Federal program: State Fiscal Stabilization Fund (SFSF) - Education Grants, Recovery Act  
Federal CFDA #: 84.394  
Pass-through entity: State of Connecticut - Department of Education  
Grant period: 07/01/10 - 06/30/11

Condition:

As part of the auditing tests performed on this grant, copies of the quarterly reports which were submitted by the Board of Education for these funds were requested for review. The review of these quarterly reports consisted of, in part, a determination that the reports were filed in a timely manner and that there is adequate documentation supporting the FTE created and retained amounts being reported as well as any vendor information. A file full of information relating to ARRA reporting during the fiscal year was made available for review. I was unable to find copies of the reports submitted by the Board of Education for the first and second quarter of the fiscal year as well as any backup documentation for the amount of FTE created and retained amounts which would have been reported for those two quarters. I was able to find copies of the reports submitted by the Board of Education for the third and fourth quarters of the fiscal year, however, I was unable to find any backup documentation for the amount of FTE created and retained amounts which were reported on these reports. We do consider this condition to represent a significant deficiency in internal control over compliance reporting.

Status:

It would appear as though the finance department of the Board of Education did review its system of internal controls relating to the completion and retention of all required grant filings as well as ensuring that adequate backup documentation is attached to copies of all required grant filings. All of the grant related reports requested during the current fiscal year were made available and did appear to contain adequate backup documentation. Therefore, this audit finding would appear to have been fully corrected as it relates to the current fiscal year testing of this type of compliance requirement and the related internal controls.

**11-06 - Internal control over allowable costs**

Federal program: Special Education Cluster (IDEA)  
Federal CFDA #: 84.027, 84.173, 84.391 and 84.392  
Pass-through entity: State of Connecticut - Department of Education  
Grant period: 07/01/10 - 06/30/11

Condition:

The special education department of the Board of Education uses these semi-annual certifications for the salary and wage amounts of individuals performing special education services and whose salaries and wages are charged in whole or in part to federal special education grants. The first completed and signed semi-annual certifications were produced during the early stages of the audit but could not be produced for review near the completion of the audit. The second semi annual certifications could not be produced for review. We do consider this condition to represent a significant deficiency in internal control over allowable costs.

Status:

It would appear as though the special education department of the Board of Education did review its system of internal controls relating to the collection and retention of these two semi-annual salary and wage certifications to ensure that they can adequately document their compliance with the applicable cost principles regarding salaries and wages. These two semi-annual wage certifications were made available during the current fiscal year audit. Therefore, this audit finding would appear to have been fully corrected as it relates to the current fiscal year testing of this type of compliance requirement and the related internal controls.

**Town of Lebanon, Connecticut**  
Summary schedule of prior audit findings (continued)  
June 30, 2012

**11-07 - Questioned costs**

Federal program: Special Education - Grants to States (IDEA, Part B), Recovery Act  
Federal CFDA #: 84.391  
Pass-through entity: State of Connecticut - Department of Education  
Grant period: 07/01/09 - 06/30/11

Condition and questioned costs:

During the testing of expenditures for this grant, it was found that two invoices were paid on 06/28/11 relating to what appears to be initial setup and purchase amounts of \$500 and \$8,375 for software and license and support services through June 2012 amounts of \$300 and \$8,528. The total of these two invoices which were paid on 06/28/11 was \$17,703. Through a discussion with a member of the Board of Education it was conveyed that the initial setup and purchase of these two items occurred prior to 06/30/11, however, the invoices do not indicate any particular dates for the initial setup and purchase of this software they are simply dated as 06/20/11 and 06/01/11, respectively. If the initial setup and purchase of this software did occur prior to the end of the grant period and it could be determined that a reasonable amount of benefit was received for the performance of this grant prior to the end of the grant period, it would seem reasonable to determine that the \$500 and \$8,375 portion of these payments was allowable to be charged to the grant. However, the license and support services which run through June 2012 would appear not to provide any reasonable benefit for the performance of the grant prior to the end of the grant period, and therefore it would seem unreasonable to determine that the \$300 and \$8,528 portion of these invoices would be allowable to be charged to the grant.

Status:

No information regarding any communications received by the Town or the Board of Education from either the federal awarding agency or the pass-through agency were disclosed during the current fiscal year audit. The status of this finding will be reviewed and reported on as part of the upcoming fiscal years audit.

# Stephen T. Hopkins, CPA, PC

## Auditing, Accounting, and Consulting Services

214 Holmes Road / Scarborough, Maine 04074 / Phone: (207) 885 - 5038 / Fax: (207) 470 - 5050

Independent Auditors Report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the State Single Audit Act

Board of Finance  
Board of Selectmen  
Town of Lebanon, Connecticut

### Compliance

We have audited the Town of Lebanon, Connecticut's compliance with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of the Town of Lebanon, Connecticut's major state programs for the year ended June 30, 2012. The major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Lebanon, Connecticut's management. Our responsibility is to express an opinion on the Town of Lebanon, Connecticut's compliance based on our audit.

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 State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining, on a test basis, evidence about the Town of Lebanon, Connecticut'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. Our audit does not provide a legal determination on the Town of Lebanon, Connecticut's compliance with those requirements.

In our opinion, the Town of Lebanon, Connecticut complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012.

### Internal Control Over Compliance

Management of the Town of Lebanon, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Lebanon, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Lebanon, Connecticut'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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Lebanon, Connecticut, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 21, 2013, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Lebanon, Connecticut's financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Board of Finance, the Board of Selectmen, the Board of Education, others within the entity, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stephen T. Hopkins, CPA, PC



January 21, 2013

**Town of Lebanon, Connecticut**  
 Schedule of expenditures of state financial assistance  
 For the year ended June 30, 2012

<u>State grantor/pass through Grantor/program title</u>	<u>State grant program Core-CT number</u>	<u>Expenditures</u>
<b><u>Office of Policy and Management:</u></b>		
Payment in lieu of taxes (PILOT) on state owned property	11000-OPM20600-17004-2012	\$ 32,032
Disabled program	11000-OPM20600-17011-2012	616
Property tax relief for elderly and totally disabled homeowners	11000-OPM20600-17018-2012	28,988
Property tax relief for veterans	11000-OPM20600-17024-2012	2,410
Local capital improvement program	12050-OPM20600-40254-2012	266,121
<b><u>Department of Education:</u></b>		
Healthy food initiative	11000-SDE64370-16212-2012	9,979
Child nutrition program state match	11000-SDE64370-16211-2012	4,592
Vocational Agriculture	11000-SDE64370-17017-2012	138,492
Adult education	11000-SDE64370-17030-2012	7,532
School readiness	11000-SDE64370-12113-2012	107,000
School readiness quality enhancement	11000-SDE64370-17097-2012	3,971
School breakfast program	11000-SDE64370-17046-2012	9,628
<b><u>Connecticut State Library:</u></b>		
Historic documents preservation grant	12060-CSL66094-35150-2012	3,500
Grants to public libraries	11000-CSL66051-17003-2012	1,218
Connecticard payments	11000-CSL66051-17010-2012	1,000
<b><u>Department of Transportation:</u></b>		
Town aid road grants	12001-DOT57131-17036-2012	154,180
Bus operations	12001-DOT57931-12175-2012	23,831
Fix-it-first bridge repairs	13033-DOT57151-43123-2012	17,697
Pay as you go	12001-DOT57124-12518-2012	32
<b><u>Department of Environmental Protection:</u></b>		
Small town economic assistance program (STEAP)	12052-DEP43153-40531-2012	162,427
<b><u>Department of Agriculture:</u></b>		
Agriculture viability grant	12060-DAG42710-90456-2010	24,808
Farmland preservation	12060-DAG42720-90460-2007	10
<b><u>Department of Economic and Community Development:</u></b>		
Historic preservation activities	12060-ECD46840-90455-2012	19,771

Town of Lebanon, Connecticut  
Schedule of expenditures of state financial assistance (continued)  
For the year ended June 30, 2012

State grantor/ pass through Grantor/ program title	State grant program Core-CT number	Expenditures
<b><u>Other Departments and miscellaneous awards:</u></b>		
Non-budgeted operating appropriations	34001-JUD95162-40001-2012	\$ 7,980
Siting council	12008-CSC38000-40009-2012	150
Other expenses	11000-DRS16312-10020-2012	10
Other expenses	11000-DRS16324-10020-2012	52
Other expenses	11000-DSS60760-10020-2012	10
Total State Financial Assistance before exempt programs		<u>1,028,037</u>
Exempt Programs		
<b><u>State Department of Education:</u></b>		
Transportation of school children	11000-SDE64370-17027-2012	100,059
Transportation of school children	11000-SDE64370-17047-2012	69,781
Education equalization grants	11000-SDE64370-17041-2012	5,467,511
Special education excess costs	11000-SDE64370-17047-2012	332,167
<b><u>Department of Public Works:</u></b>		
School construction principal - prior projects	13010-DPW27610-40901-2012	381,672
<b><u>Office of Policy and Management:</u></b>		
Mashantucket Pequot Grant	12009-OPM20600-17005-2012	32,541
Municipal video competition	12060-OPM20600-35362-2011	119
Municipal revenue sharing quarterly payments	12060-OPM20600-35458-2012	24,147
Municipal revenue sharing annual payment	12060-OPM20600-35458-2012	69,222
Total exempt programs		<u>6,477,219</u>
Total expenditures of State Financial Assistance		<u>\$ 7,505,256</u>

**Town of Lebanon, Connecticut**  
Notes to Schedule of expenditures of state financial assistance  
For the year ended June 30, 2012

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Lebanon, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including but not limited to education, transportation, tax relief, and library programs.

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Lebanon, Connecticut conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

There are two sets of basic financial statements contained in the Town of Lebanon, Connecticut's annual report as required by GASB Statement No. 34. The government-wide financial statements are prepared on the accrual basis of accounting, whereas, the fund financial statements are prepared on the modified accrual basis of accounting. The following is a summary of such bases:

Accrual Basis - Government-wide financial statements:

- Revenues are recognized when they are earned.
- Expenses are recorded when they are incurred.

Modified Accrual Basis - Fund financial statements:

- Revenues are recognized when they become measurable and available. Available includes those property tax receivables expected to be collected within sixty days after year end. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenues, and interest income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.
- Expenditures are recorded generally when the related fund liability is incurred. This includes reimbursable expenditures which have been incurred by the Town and therefore included in the accompanying schedule of expenditures of state financial assistance but which have not yet been reimbursed and are considered and recorded as accounts receivable. The determination of when an award is expended should be based on when the activity related to the award occurs. Exceptions to this general rule include principal and interest on general long-term debt which is recorded when due.

The Schedule of expenditures of state financial assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of expenditures of state financial assistance.

**Town of Lebanon, Connecticut**  
 Schedule of findings and questioned costs  
 For the year ended June 30, 2012

**I. Summary of Audit Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- |   |                 |     |                 |               |
|---|-----------------|-----|-----------------|---------------|
| • Material weakness (es) identified?                        | <u>        </u> | yes | <u>  X  </u>    | no            |
| • Significant deficiency (ies) identified?                  | <u>  X  </u>    | yes | <u>        </u> | none reported |
| • Noncompliance material to the financial statements noted? | <u>        </u> | yes | <u>  X  </u>    | no            |

**State Financial Assistance**

Type of auditors' report issued on compliance for major programs Unqualified

Internal control over major programs:

- |   |                 |     |              |               |
|---|-----------------|-----|--------------|---------------|
| • Material weakness (es) identified?  | <u>        </u> | yes | <u>  X  </u> | no            |
| • Significant deficiency (ies) identified?  | <u>        </u> | yes | <u>  X  </u> | none reported |
| • Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? | <u>        </u> | yes | <u>  X  </u> | no            |

**Major State Programs and percentage of coverage**

- The following schedule reflects the major programs included in the audit. Sec. 4-230 of the Connecticut General Statutes states that a "major state program means any program, excluding an exempt program, determined to be a major state program by the independent auditor pursuant to the requirements of the risk based approach". Under step two of this process all Type A programs must be identified. Based on the Town of Lebanon, Connecticut's non-exempt expenditures of state financial assistance amount of \$1,028,037, a Type A program shall be considered a non-exempt state program for which the amount of state financial assistance expended under the program for the audit period equals or exceeds the larger of \$200,000 or two percent (2%) of the nonstate entity's total nonexempt state financial assistance program expenditures. The Town of Lebanon has one Type A program for the current fiscal year based on the \$200,000 dollar threshold and therefore all of its remaining programs would be considered Type B programs. The Town has six Type B programs for which a risk assessment must be performed considering the Type B programs with expenditures in excess of \$25,000.
- In accordance with Subpart A of the risk assessment procedures, the following considerations have been applied to the Type A programs of the Town to determine whether they should be considered high risk: The dollar value of the applicable transactions, the complexity of the requirements of the program and as compared to other programs of the Town, whether the program has been tested as major during at least one of the two most recent audit periods and an assessment based on professional judgement. The Town's Type A program was determined to be high-risk and therefore will be audited as a major program. In addition, two of the Type B programs for which a risk assessment was required were determined to be high-risk and will also be audited as major programs. The total non-exempt state financial assistance expended by the Town for the current audit period was \$1,028,037. The programs tested as major and shown below represent approximately 57% of this total.

<u>State grantor and program</u>	<u>State grant program Core-CT number</u>	<u>Expenditures</u>
Local capital improvement program	12050-OPM20600-40254-2012	\$ 266,121
Town aid road grants	12001-DOT57131-17036-2012	154,180
Small town economic assistance program (STEAP)	12052-DEP43153-40531-2012	162,427
		<u>\$ 582,728</u>

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 200,000

**Town of Lebanon, Connecticut**  
Schedule of findings and questioned costs (continued)  
For the year ended June 30, 2012

**II. Financial Statement Findings**

- We issued our report, dated January 21, 2013, on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.
- Our report on internal control over financial reporting indicated five significant deficiencies. The details of these significant deficiencies can be found in the schedule of findings and questioned costs within the federal compliance section of these financial statements and are labeled as item numbers 12-01 through 12-05 starting on page 69. We do not consider any of these significant deficiencies to be a material weakness.
- Our report on compliance indicated no reportable instances of noncompliance.

**III. State Financial Assistance Findings and Questioned Costs**

- No findings or questioned costs are being reported relating to State financial assistance programs.