

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

EXAMINATION REPORT
OF
CITY OF LEBANON
BOONE COUNTY, INDIANA
January 1, 2009 to December 31, 2009



FILED
11/30/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah Ottinger	01-01-08 to 12-31-11
Mayor	John Lasley Richard Robertson (Interim) Harold "Huck" Lewis	01-01-08 to 05-03-09 05-04-09 to 05-22-09 05-23-09 to 12-31-11
President of the City Council	Richard Robertson Jeremy Lamar	01-01-09 to 12-31-09 01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

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

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 31, 2010

CITY OF LEBANON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 3,650,377	\$ 6,349,129	\$ 8,075,036	\$ 1,924,470
Motor Vehicle Highway	150,989	540,116	615,286	75,819
Local Road and Street	16,721	80,196	95,692	1,225
Park and Recreation	326,300	333,056	513,594	145,762
Park Nonreverting	19,693	22,075	24,984	16,784
Law Enforcement Cont Ed	19,349	17,208	94	36,463
Police Fees	15,746	712	16,458	-
Clerks Records Perpetuation	-	662	-	662
Deferral Program	18,896	6,092	4,788	20,200
Drug Defense	959	-	959	-
Hazardous Materials	204	68	35	237
Fire - Federal Grants	-	72,082	72,082	-
Fire - State Grants	3,895	-	-	3,895
Police - State Grants	76,645	55,663	34,212	98,096
Police - Federal Grants	2,476	960	-	3,436
State Drug Investigation	881	-	-	881
DARE Program	487	1,350	1,722	115
LPD K-9 Unit	2,100	-	-	2,100
Fire Tower Training Facility	2,209	-	1,033	1,176
Fire Unrestricted Donation	1,142	1,760	1,395	1,507
Police Donations	2,169	200	959	1,410
Fire Nonreverting	-	4,155	3,258	897
Street Unrestricted Donation	500	-	-	500
City Unrestricted Donation	7,343	-	5,220	2,123
Park Unrestricted Donation	5,255	6,385	5,421	6,219
Sanitation	63,045	638,781	532,392	169,434
Levy Excess	81,116	-	81,116	-
Economic Development	-	1,000	750	250
Stormwater Operating	44,191	1,075,675	263,573	856,293
Solid Waste	3,072	16,316	15,958	3,430
City Court	49,990	124,918	156,667	18,241
Enterprise Blvd TIF Allocation	4,552,591	2,009,077	1,508,183	5,053,485
Enterprise Blvd Reserve	417,615	-	-	417,615
Stormwater Bond and Interest	414,562	584,752	530,620	468,694
Cumulative Cap Improvement	241,571	43,609	-	285,180
Cumulative Cap Development	420,405	198,973	50,497	568,881
Nonreverting Capital - Food & Bev	539,475	304,819	207,376	636,918
Public Safety Bldg Gen	12,500	-	-	12,500
Enterprise Blvd Construction	727,349	39,995	-	767,344
COIT Capital Development	2,409,897	411,700	468,443	2,353,154
Stormwater Expansion - Phase II	21,629	-	-	21,629
Stormwater Expansion - Phase III	558,921	-	21,884	537,037
Proprietary Funds:				
Electric Utility:				
Operating	4,423,463	18,502,577	18,543,184	4,382,856
Renewal and replacement	4,727,055	498,774	2,081,737	3,144,092
Water Utility:				
Operating	1,002,260	1,712,673	2,023,235	691,698
Depreciation	4,540,317	1,117,081	1,079,178	4,578,220
Availability	744,295	34,068	7,230	771,133
Wastewater Utility:				
Operating	1,551,428	3,272,875	3,431,507	1,392,796
Bond and interest	216,746	783,876	903,905	96,717
Debt service reserve	755,085	-	-	755,085
Construction	1,093,091	5,769	-	1,098,860
Improvement	1,281,490	635,684	441,641	1,475,533
Availability	93,585	306,238	393,365	6,458
Telecommunication:				
Operating	35,570	590,004	579,292	46,282
Fiduciary Funds:				
Police Officers' Pension	247,598	215,301	211,645	251,254
Firefighters' Pension	320,914	324,864	332,029	313,749
Payroll	155,382	5,346,347	5,342,687	159,042
County Court Costs	1,918	32,800	27,970	6,748
Totals	<u>\$ 36,072,462</u>	<u>\$ 46,320,415</u>	<u>\$ 48,708,292</u>	<u>\$ 33,684,585</u>

The accompanying notes are an integral part of the financial information.

CITY OF LEBANON
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF LEBANON
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

CITY OF LEBANON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Municipal building	\$ 5,376,735	\$ 491,000
Fire station 2	158,155	115,000
Notes and loans payable	475,000	330,224
Bonds payable:		
General obligation bonds:		
Enterprise boulevard	1,880,000	414,653
Stormwater, series 2000A	1,100,000	241,153
Stormwater, series 2000B	<u>3,145,000</u>	<u>222,193</u>
Total governmental activities debt	<u>\$ 12,134,890</u>	<u>\$ 1,814,223</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Wastewater improvements	\$ 480,000	\$ 336,860
2002 wastewater expansion	3,520,000	148,925
2005 wastewater expansion	<u>4,225,000</u>	<u>239,125</u>
Total Wastewater Utility	<u>8,225,000</u>	<u>724,910</u>
Total business-type activities debt	<u>\$ 8,225,000</u>	<u>\$ 724,910</u>

CITY OF LEBANON
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2010, with Deborah Ottinger, Clerk-Treasurer; Harold "Huck" Lewis, Mayor; and Jeremy Lamar, President of the City Council. Our audit disclosed no material items that warrant comment at this time.