

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, 2008 to December 31, 2008



FILED
11/06/2009

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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	01-01-08 to 05-03-09
	Richard Robertson (Interim)	05-04-09 to 05-22-09
	Harold "Huck" Lewis	05-23-09 to 12-31-11
President of the City Council	Richard Robertson	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Lebanon (City), for the period of January 1, 2008 to December 31, 2008. 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, 2008, 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 them.

STATE BOARD OF ACCOUNTS

October 6, 2009

CITY OF LEBANON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 1,117,704	\$ 9,595,749	\$ 7,063,076	\$ 3,650,377
Motor vehicle highway	207,165	582,772	638,948	150,989
Local road and street	28,960	82,748	94,987	16,721
Park and recreation	48,590	636,830	359,120	326,300
Park nonreverting	14,065	15,361	9,732	19,694
Law enforcement continuing education	16,343	3,368	362	19,349
Police fees	19,770	1,948	5,972	15,746
Deferral program	9,541	9,355	-	18,896
County Court Costs	-	1,918	-	1,918
Drug defense	959	-	-	959
Public safety building	12,500	-	-	12,500
Hazardous materials	1,527	-	1,323	204
Fire department federal grants	-	3,895	-	3,895
Police department state grants	34,669	79,386	37,410	76,645
Police department federal grants	2,476	-	-	2,476
State drug investigation	881	-	-	881
DARE program	2,241	-	1,754	487
Fire tower training facility	3,175	-	966	2,209
Fire unrestricted donation	722	1,875	1,455	1,142
Police donations	2,069	100	-	2,169
LPD K-9 Unit	-	4,600	2,500	2,100
Street unrestricted donation	500	-	-	500
City unrestricted donation	200	7,750	607	7,343
Park unrestricted donation	3,738	6,779	5,262	5,255
Sanitation	23,360	572,623	532,938	63,045
Levy excess	383,758	-	302,642	81,116
Economic development	-	1,400	1,400	-
Food and beverage tax	502,584	311,840	274,949	539,475
Stormwater operating	260	53,473	16,840	36,893
Solid waste	522	18,521	15,971	3,072
City court	20,577	152,892	123,479	49,990
Enterprise boulevard TIF	3,669,106	2,229,670	1,346,185	4,552,591
Enterprise boulevard reserve	417,615	-	-	417,615
Stormwater bond and interest	366,810	510,793	463,041	414,562
Cumulative capital improvement	195,320	46,251	-	241,571
Cumulative capital development	107,968	317,728	5,291	420,405
Enterprise boulevard construction	628,582	98,767	-	727,349
COIT capital development	2,754,222	1,524,337	1,868,662	2,409,897
Stormwater expansion - phase II	21,629	-	-	21,629
Stormwater expansion - phase III	623,271	7,139	71,489	558,921
Proprietary Funds:				
Electric Utility:				
Operating	4,287,459	24,617,421	24,481,417	4,423,463
Renewal and replacement	5,193,541	361,636	828,122	4,727,055
Water Utility:				
Operating	1,542,433	2,067,712	2,607,885	1,002,260
Depreciation	4,229,376	477,067	166,126	4,540,317
Availability	632,788	111,507	-	744,295
Wastewater Utility:				
Operating	1,819,975	3,857,943	4,126,490	1,551,428
Bond and interest	212,374	846,984	842,612	216,746
Debt service reserve	755,085	-	-	755,085
Construction	1,098,535	13,688	19,132	1,093,091
Improvement	936,317	822,329	477,156	1,281,490
Availability	98,027	98,493	102,935	93,585
Telecommunication:				
Operating	300,087	297,524	562,041	35,570
Renewal and replacement	53,008	464	53,472	-
Construction	41,334	1,560,838	1,602,172	-
Fiduciary Funds:				
Police pension	239,357	209,227	200,986	247,598
Fire pension	345,473	289,349	313,908	320,914
Payroll	155,047	5,172,535	5,172,200	155,382
Time deposits	-	22,667,312	22,660,014	7,298
Totals	\$ 33,183,595	\$ 80,351,897	\$ 77,463,029	\$ 36,072,463

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, culture and recreation, electric, water, wastewater, telecommunications, 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.

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.

CITY OF LEBANON
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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, 2008

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Enterprise Boulevard	\$ 1,879,184	\$ 393,000
Fire Station 2	252,641	115,000
Municipal Building	5,643,986	488,500
Notes and loans payable	780,000	332,002
General obligation bonds payable:		
1998 Enterprise Boulevard Bonds	2,175,000	409,550
2000 Stormwater Bonds, Series A	1,285,000	250,680
2005 Stormwater Bonds, Series B	<u>3,230,000</u>	<u>210,349</u>
Total governmental activities debt	<u>\$ 15,245,811</u>	<u>\$ 2,199,081</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
1997 Wastewater improvement bonds	\$ 775,000	\$ 336,060
2002 Wastewater improvement bonds	3,520,000	148,925
2005 Wastewater improvement bonds	<u>4,285,000</u>	<u>236,375</u>
Total business-type activities debt	<u>\$ 8,580,000</u>	<u>\$ 721,360</u>

CITY OF LEBANON
EXIT CONFERENCE

The contents of this report were discussed on October 7, 2009, with Deborah Ottinger, Clerk-Treasurer; and Harold "Huck" Lewis, Mayor. Our examination disclosed no material items that warrant comment at this time.