

CITY OF LEBANON, OHIO

Audit Reports Required by

Government Auditing Standards

December 31, 2002



**Auditor of State
Betty Montgomery**

Mayor and Members of Council
City of Lebanon
50 S. Broadway
Lebanon, Ohio 45036

We have reviewed the Independent Auditor's Report of the City of Lebanon, Warren County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2002 to December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Lebanon is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 30, 2003

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CITY OF LEBANON, OHIO

Lebanon, Ohio

Financial Statements

For the Year Ended December 31, 2002

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

City Council
City of Lebanon, Ohio
50 S. Broadway
Lebanon, Ohio 45036

We have audited the financial statements of the City of Lebanon, Ohio (the City) as of and for the year ended December 31, 2002 and have issued our report thereon dated June 11, 2003. We conducted our audit in accordance with accounting 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted other matters involving compliance that we have reported to management of the City in a separate letter dated June 11, 2003.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to management of the City in a separate letter dated June 11, 2003.

This report is intended for the information and use of the audit committee, management, and council and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Middletown, Ohio
June 11, 2003

CITY OF LEBANON, OHIO

Schedule of Prior Findings and Questioned Costs

December 31, 2002

Findings:

None

Questioned Costs:

None

Comprehensive Annual Financial Report



City of Lebanon, Ohio

For the Year Ended December 31, 2002

**CITY OF LEBANON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2002**

Issued by:
Office of the Auditor

Sharee C. Dick
City Auditor

INTRODUCTORY SECTION



CITY OF LEBANON, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2002

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THE CITY OF LEBANON, OHIO

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Telephone # (513) 932-3060 • Fax # (513) 932-2493 • www.ci.lebanon.oh.us.

June 11, 2003

Citizens of Lebanon
Mayor
Members of Council
City of Lebanon, Ohio

We are pleased to present the sixteenth Comprehensive Annual Financial Report (CAFR) for the City of Lebanon. This report, for the year ended December 31, 2002, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Lebanon ("the City"). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the City, specifically the City Auditor's office.

This CAFR is divided into three sections as follows:

1. The Introductory Section contains the table of contents, letter of transmittal, GFOA Certificate of Achievement, a list of principal officials, and an organization chart of the City.
2. The Financial Section begins with the Independent Auditor's Report and includes the General Purpose Financial Statements and Notes which provide an overview of the City's financial position and operating results, and the Combining, Individual Fund and Account Group Statements and Schedules which provide detailed information relative to the General Purpose Financial Statements.
3. The Statistical Section presents social and economic data and financial trend information, and demonstrates the fiscal capacity of the City.

CITY OVERVIEW

The City of Lebanon is located in Southwestern Ohio, approximately halfway between the cities of Cincinnati and Dayton. The first settlers came to Lebanon in 1796; the town was platted in 1802 and was incorporated as a village in 1803. Centrally located in Warren County, the City has served as the county seat since 1806. Lebanon grew large enough to become a City in 1960 and, pursuant to Section 7 of Article XVIII of the Ohio Constitution, adopted a charter form of government in 1961.

CITY ORGANIZATION AND REPORTING ENTITY

A current Charter provides for a Council/Manager form of government. The voters elect a seven member council, who, in turn, elects a Mayor and Vice Mayor from its members. Council appoints the City Manager, City Auditor and City Attorney.

A reporting entity is comprised of the primary government. The primary government of the City consists of all funds, departments and activities which are not legally separate from the City. They provide various services including police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, community development, public health and welfare, water, sewer, electric, telecommunications and refuse collection. Council and the City Manager have direct responsibility for these activities.

The City considered potential component units for inclusion in the reporting entity. Component units are organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. The City has no component units.

The City participates in the Warren County General Health District, a jointly governed organization, for which the City has no financial responsibility or interest. Information regarding this entity may be found in the notes to the general purpose financial statements.

ITEMS OF LOCAL INTEREST

Parks and Recreation

The City has a large one hundred fifty acre park and fourteen smaller neighborhood parks. The Caesars Creek State Park near Waynesville offers recreational facilities, including swimming and boating.

Fort Ancient, the oldest state park in Ohio and home of the historic Hopewell Indians, is located approximately seven miles southeast of Lebanon on the east bank of the Little Miami River.

The federal government has designated the Little Miami River a Scenic River Area. The river, fifty miles of which flows mainly in Warren County and through the Lebanon City limits, is being developed for boating, hiking and other recreational purposes. In addition, an old-style railroad tours the scenic area.

The Paramount Kings Island Amusement Center, a nationally known facility, is located on 1,600 acres near Lebanon. It has more than one hundred individual attractions, including rides, shows, restaurants, shops, and a water park. Several inns, with more than seven hundred rooms, and a 35-acre campground, with tennis and swimming facilities, are available to accommodate visitors.

The Golf Center at Kings Island, formerly known as Jack Nicklaus Golf Center, opposite Paramount Kings Island on Interstate 71, offers thirty-six holes of play.

Located in the City at the Warren County Fairgrounds, Lebanon Raceway has spring and fall harness racing with pari-mutuel wagering.

The City also hosts one of the largest YMCAs in the world which offers many forms of indoor and outdoor athletic facilities. The one hundred twenty-five acre site includes meeting rooms, pools, gyms, tennis courts, health club facilities and outdoor sports fields.

Culture and Education

Lebanon has many nearby educational facilities, churches, cultural resources, parks and playgrounds. The numerous colleges and universities in the surrounding metropolitan area provide excellent opportunities and facilities for higher educational study to citizens of Lebanon.

The Lebanon Public Library has been serving Lebanon as well as Union and Turtlecreek Township since its dedication in December of 1907. With its over one million dollar addition in 1988, the library's 19,000 square feet hold over 60,000 volumes.

The Warren County Joint Vocational School District offers various areas of study, primarily to provide education in the industrial and commercial field. In addition, an Adult Education Program offers courses in a wide variety of subjects.

Several hospitals within a fifteen mile radius serve the area and are close to Interstate Highways 75, 71 and 275.

Places of historic interest in the City include:

Glendower State Museum – A Greek Revival mansion constructed in the early nineteenth century and showcasing elegant Empire and Victorian furnishings.

Warren County Museum - Acclaimed as one of the nation's outstanding county museums with displays of early life in the area, Shaker exhibits, and a library with a large collection of genealogical information.

Golden Lamb Inn - The oldest hotel in Ohio, dating from 1803 and boasting an extraordinary guest list of many famous people, including Henry Clay, Mark Twain, Charles Dickens, and ten Presidents of the United States.

Transportation

The nearest public airports are the Cincinnati - Northern Kentucky Airport and the Dayton International Airport at Vandalia. Both offer full commercial air passenger and freight service by many major airlines. The Warren County Airport northwest of Lebanon accommodates smaller aircraft.

ECONOMIC CONDITION AND OUTLOOK

Lebanon grew moderately in the year 2002 with the construction of 262 new housing units. This number was up from the year 2001. There has also been a lot of commercial and industrial activity with the start of a new Walgreen's, completion of a new Burger King restaurant, completion of a new LaRosa's restaurant, completion of another addition to SEI Brakes in the Kingsview Industrial Park, one of Lebanon's largest employers, and completion of a new Home Depot on Deerfield Road. JBM Envelope completed their third addition since 1994 and Collins Ink added an addition to their Henkle Drive facility. Pax Corrugated and JIT Packaging both added major additions to their facilities in the Kingsview Industrial Park.

Columbia Business Park, developed by the City of Lebanon, has been very successful since its start in 2000. Franklin Brazing & Metal Treating, Doran Racing, Quantum Metals, 4 Sands Industries, and G/C Contracting have completed and occupied their new buildings. ZHW, Inc. and Superior Walls are erecting the steel superstructures on their buildings. Contemporary Image Labeling and Star Packaging are preparing to start new buildings in Columbia Business Park and several other companies are showing interest in the Park. There are six (6) industrial parks in the City of Lebanon with available developed sites. Kingsview Industrial Park, Lebanon Commerce Center, Norgal Industrial Park, Columbia Business Park, Lebanon Commerce Center North, and Commerce Center West are all experiencing activity.

The commercial, industrial, and residential construction valuation for 2002 added in excess of \$40,000,000 to the local property tax base per building permit records.

MAJOR INITIATIVES

The City is currently working with ODOT and ODNR to construct a bike trail from the existing Little Miami Scenic bike trail to downtown Lebanon. This trail would traverse the north side of the Countryside YMCA property and serve as a convenient staging area and add another recreational activity to the community.

The Central Business District continues to reflect the economic vitality and importance of the historic core of downtown. The quaint stores reflect a healthy mix of retail, restaurants, office, and service businesses. Tourism remains strong with antique and specialty shops, the Turtlecreek Valley Railroad, and the Golden Lamb.

The Community Development Block Grant program is earmarked for the first phase of the Jameson Lane Reconstruction Project. The reconstruction activities will include street widening, curbs, gutters, and a new storm water system. The project is programmed in three phases with Phase 1 being completed in 2003 and the remaining phases in 2004 and 2005.

A new comprehensive master plan has been completed with consulting assistance from Pflum, Klausmeier & Gehrum, Inc. Several public meetings were held and base data regarding the rapid growth of the community was collected. The plan should be adopted in 2003.

DEPARTMENTAL HIGHLIGHT

The Department of Service is responsible for the oversight and coordination of the operations of the city services and utilities including roadway maintenance, refuse collection, sanitary sewer service, water service, electric service, telecommunication services, parks and recreation, building maintenance, engineering services, and information technology. These services are provided by a total of 59 full time employees.

In addition to the oversight of the services provided above, the Department of Service handles all of the utility accounts and billing for our utilities. These functions include utility account set-up and closure, meter reading, monthly bill generation, and utility disconnection notices. The Service Department is fortunate to have a staff of 6 employees with an average length of service with the City of 17 years. The Service Department staff handles each customer in a professional and customer service orientated manner.

The Service Department staff is also responsible for all construction and building permitting in the City of Lebanon. In 2002, this constituted over \$40 million dollars in new construction activity in a City that is growing at a rate of 5% a year.

FINANCIAL INFORMATION

Basis of Accounting

The City's records are maintained on a cash basis for all fund types. Prior to the year end closing, adjusting entries are prepared for the various funds to convert the cash basis records to the modified accrual basis for all governmental, expendable trust and agency funds and the accrual basis for the proprietary and nonexpendable trust funds. The modified accrual basis of accounting requires that revenues be recognized when they are both measurable and available. Expenditures are generally recorded when liabilities are incurred. The accrual basis of accounting recognizes revenues when earned and expenses when incurred.

Internal Control Structure and Budgetary Controls

Development of the City's accounting system included consideration of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance states that internal controls should be evaluated to insure that the expense associated with providing internal controls does not exceed the benefit expected to be derived from their implementation. This evaluation involves estimates and judgment by the City administration and

members of the finance department. The administrative and financial management personnel believe that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary control is maintained by the encumbrance of appropriations for the purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the encumbrance of the amount of the purchase. Each department head is furnished with a monthly report showing the month's transactions and summarizing the balances available to be spent from the appropriations for goods and services.

Governmental Funds - Revenues and Expenditures

The following schedule presents a summary of the General, Special Revenue, Capital Projects and Debt Service funds revenues for the year ended December 31, 2002 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenue Sources</u>	<u>2001</u>	<u>2002</u>	<u>Percent of Total</u>	<u>Difference from 2001</u>	<u>Percent of Change</u>
Property Taxes and Other Local Taxes	\$2,505,797	\$3,005,663	23%	\$499,866	20%
Income Taxes	4,045,915	4,199,589	33%	153,674	4%
Payments in Lieu of Taxes	479,483	603,785	5%	124,302	26%
Intergovernmental	2,279,515	1,845,069	14%	(434,446)	-19%
Charges for Services	1,002,206	1,448,712	11%	446,506	45%
Fines, Licenses and Permits	1,175,845	1,220,332	9%	44,487	4%
Special Assessments	174,865	179,774	1%	4,909	3%
Interest	642,946	256,176	2%	(386,770)	-60%
Other	289,332	148,918	1%	(140,414)	-49%
Total	\$12,595,904	\$12,908,018	100%	\$312,114	

Other local tax revenue increased due to a full year of Kilowatt Hour Tax received from the Electric Fund.

Income tax revenue increased due to additional job opportunities in the community.

Intergovernmental revenues decreased due to the ODRC grant for railroad track upgrades in 2001 that we did not receive in 2002. Also, the COPS FAST grant program ended which decreased the intergovernmental revenue in Special Revenue.

Payment in lieu of taxes increased due to the increased activity in the Columbia Business Park. The industries in the industrial park lease tax abated land from the City and are required to make a payment in lieu of real property taxes.

Charges for services increased due to the Electric Fund paying administrative recovery in 2002 that was not paid in 2001. The City has instituted an administrative recovery policy that was in effect in 2001 and this reflects an increase administrative recovery overall.

Interest revenue decreased due to low interest rates.

Other revenue decreased due to a decline in activities related to miscellaneous receipt transactions.

Expenditures for the General, Special Revenue, Capital Projects, and Debt Service funds' operations totaled \$15,033,896. Expenditures for major functions of the City, the percentage of the total and comparisons to last year are shown in the following table:

<u>Function</u>	<u>2001</u>	<u>2002</u>	<u>Percent of Total</u>	<u>Difference from 2001</u>	<u>Percent of Change</u>
Security of Persons and Property	\$3,790,927	\$4,243,831	28%	\$452,904	12%
Public Health Services	122,120	129,133	1%	7,013	6%
Leisure Time Activities	621,077	597,933	4%	(23,144)	-4%
Community Environment	914,721	1,160,779	8%	246,058	27%
Transportation	728,214	781,166	5%	52,952	7%
General Government	4,351,860	4,178,598	28%	(173,262)	-4%
Capital Outlay	3,394,993	3,282,802	22%	(112,191)	-3%
Debt Service:					
Principal Retirement	750,301	300,313	2%	(449,988)	-60%
Interest and Fiscal Charges	451,750	359,341	2%	(92,409)	-20%
Total	\$15,125,963	\$15,033,896	100%	(\$92,067)	-1%

Security of Persons and Property increased in the Fire Fund, Special Revenue, due to an engine replacement in a pumper. The General Fund increased due to the addition of two police officers.

Leisure Time activities expenditures decreased due to loss of personnel and cancellation of the summer recreation program.

Community Environment increased due to Bicentennial activities. In addition, alley, street paving and street lighting projects were paid for in the Community Development Fund.

Debt Service, both principal and interest payments, decreased in 2002 due to the paying off the Kingsview/Fujitec Note in Special Assessment and GO Bond Funds in 2001.

Enterprise Funds

The City's Enterprise Funds consist of the electric, sanitation, sewer, telecommunications and water operating funds. The enterprise funds are user fee supported.

	<u>Total Assets</u>	<u>Total Equity</u>	<u>Net Income (Loss)</u>	<u>Return on Assets</u>	<u>Return on Equity</u>
Electric	\$31,053,996	\$14,639,960	\$1,083,024	3%	7%
Sanitation	913,859	856,019	23,071	3%	3%
Sewer	25,827,762	16,413,348	227,114	1%	1%
Telecommunications	6,628,726	(3,192,732)	(1,242,578)	-19%	39%
Water	\$26,259,035	\$16,923,347	\$720,792	3%	4%

Internal Service Funds

The City's Internal Service Funds consist of automotive maintenance and self-insurance funds. The internal service funds are supported by charges to other funds for services.

	Total <u>Assets</u>	Total Equity <u>(Deficit)</u>	Net Income <u>(Loss)</u>	Return on <u>Assets</u>	Return on <u>Equity</u>
Automotive					
Maintenance	\$169,915	\$126,487	(\$19,944)	-12%	-16%
Self-Insurance	160,764	(67,600)	84,323	52%	-125%

Fiduciary Funds

The City uses Fiduciary Funds to hold assets in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The City's Fiduciary Fund types are an Expendable Trust Fund, a Nonexpendable Trust Fund and an Agency Fund.

Debt Administration

The Debt Service Funds relate to the general and special assessment obligations of the City. These funds are used to accumulate resources for the payment of principal and interest on the City's general obligation debt. Revenues for these funds consist primarily of property taxes (real and personal), state shared revenue, special assessments, interest, and municipal income tax.

As of December 31, 2002, the City had a number of debt issues outstanding: \$2,629,188 in general obligation non-voted bonded debt, \$607,810 in general obligation voted debt, \$820,811 in special assessment bonded debt with governmental commitment and \$35,619,786 in mortgage revenue bonded debt.

The City has maintained its AA rating from Standard and Poor's Corporation and an A1 rating from Moody's Investors Service, Inc. on general obligation bond issues. The ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the City's debt position. The City's debt position as of December 31, 2001, was as follows:

Overall Legal Debt Margin	\$31,638,163
Unvoted Legal Debt Margin	\$15,481,316
Net General Bonded Debt	\$388,500
Ratio of Net General Bonded Debt to Assessed Value	.12%
Net General Bonded Debt per Capita	\$22.90

A more complete presentation of the calculations of these figures may be found in the statistical section of this report.

Cash Management

The City pursues an aggressive cash management program by expediting the receipt of revenues and prudently depositing available cash in accounts insured by the Federal Deposit Insurance Corporation. The total interest earned was \$651,336 for the year ended December 31, 2002, and represents an annual interest yield of 1.7 percent of the total receipts for the year. A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of the public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The City regularly reviews the market value of the pool to insure that adequate collateral is being provided.

Risk Management

The City contracts with Hylant MacLean for vehicle, property and general liability insurance. Cincinnati Insurance Company covers boiler and machinery, while police and public officials are protected by the Hylant MacLean. The City has an internal accident review board which analyzes all accidents.

The City is self insured for medical and dental insurance and life benefits. A self-insurance internal service fund receives \$875 per employee each month from the other funds as a "premium." All claims are reviewed by a third party administrator and are paid by the City from money in the self-insurance internal service fund. The City purchases stop-loss insurance that reimburses the fund for claims exceeding \$25,000 per person, per occurrence.

OTHER INFORMATION

Independent Audit


An audit team from Clark, Schaefer, Hackett & Co. has performed this year's audit. The results of the audit are presented in the Report of Independent Accountants.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lebanon for its comprehensive annual financial report for the year ended December 31, 2001. This was the fifteenth year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements; thus, we are submitting it to GFOA for review.

Acknowledgments

A special thanks is extended to my staff for their hard work and dedication in compiling cash reports, accrual information and fixed asset information. I also would like to express appreciation to Ms. Betty Montgomery, Auditor of State, and her Local Government Services Staff for their assistance in preparing this report.


Sharee C. Dick
City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lebanon,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



William Robert Bate
President

Jeffrey R. Emmer
Executive Director

CITY OF LEBANON, OHIO
LIST OF PRINCIPAL OFFICIALS

ELECTED OFFICIALS

MAYOR

Amy Brewer

VICE MAYOR

James T. Reinhard

COUNCIL MEMBERS:

Amy Brewer
James T. Reinhard
Ron Pandorf
Ben Cole
James Hause
Norm Dreyer II
James Norris II

APPOINTED OFFICIALS

CITY MANAGER

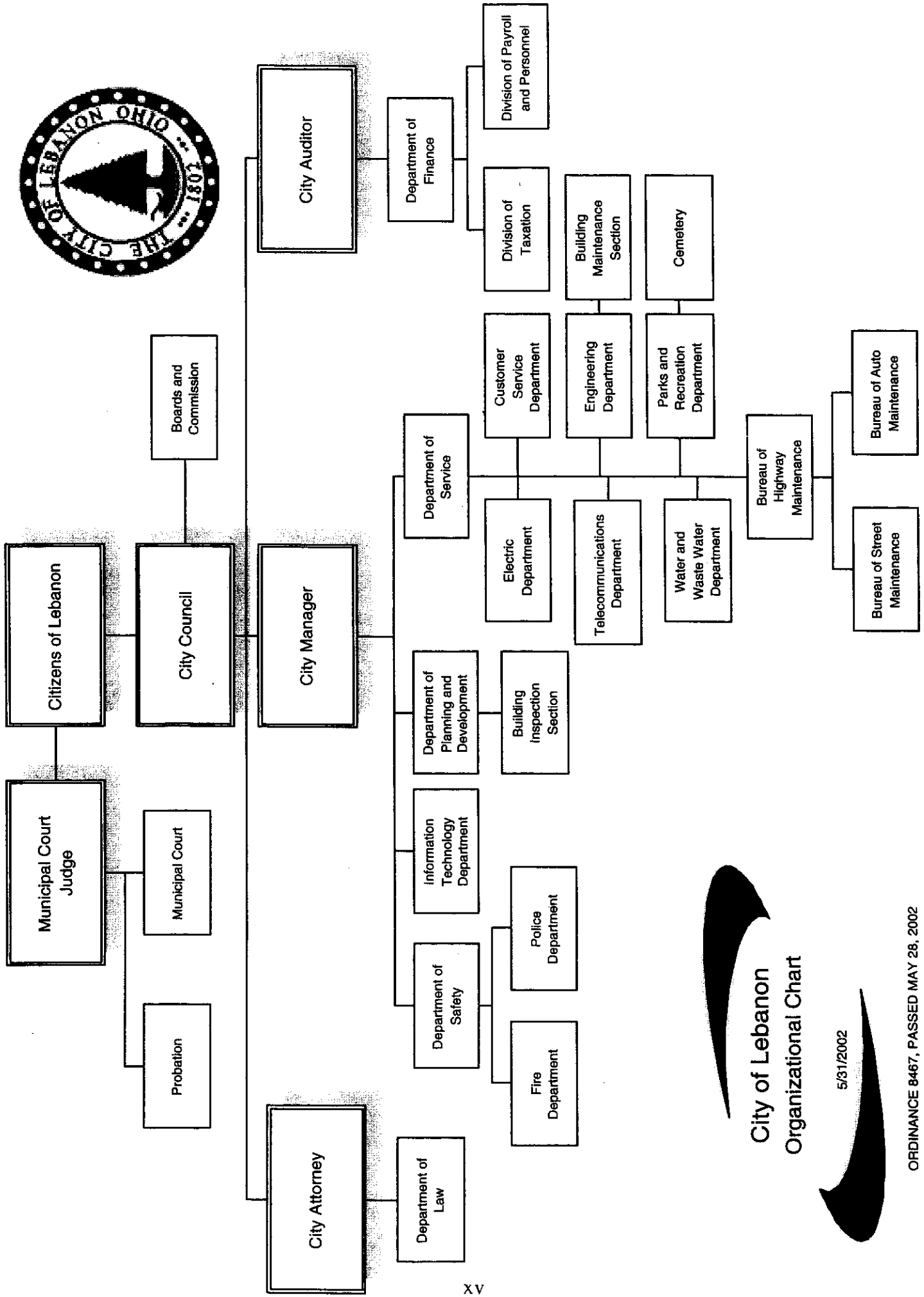
George P. Clements

CITY AUDITOR

Sharee C. Dick

CITY ATTORNEY

Mark S. Yurick

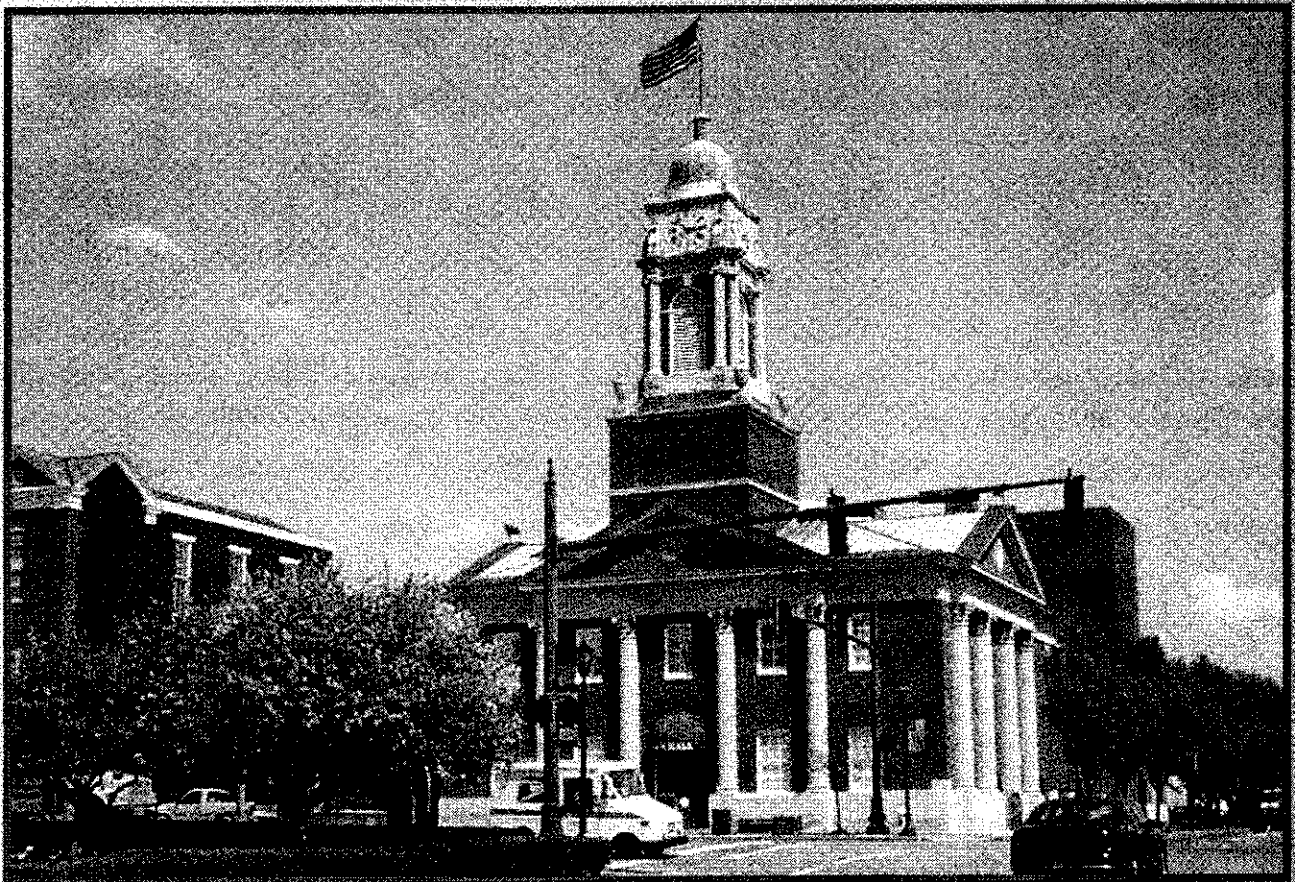


**City of Lebanon
Organizational Chart**

5/31/2002

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FINANCIAL SECTION



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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

City Council
City of Lebanon
50 S. Broadway
Lebanon, Ohio 45036

We have audited the accompanying general purpose financial statements of the City of Lebanon, Ohio (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lebanon, Ohio as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types 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 June 11, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Lebanon, Ohio. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the introductory, supplemental, and statistical information as listed in the accompanying table of contents and, therefore, express no opinion thereon.

Clark, Schaefer, Hackett & Co.

Middletown, Ohio
June 11, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS

The following general purpose financial statements, along with the notes to the general purpose financial statements, present an overview of the City's financial position at December 31, 2002, and the results of operations and cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended.

CITY OF LEBANON, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 2002

GOVERNMENTAL FUND TYPES

	General	Special Revenue	Capital Projects	Debt Service
<u>Assets and Other Debits:</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$652,933	\$2,615,545	\$2,407,608	\$2,866,257
Cash and Cash Equivalents with Fiscal Agents	0	169,756	0	3,309
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	1,615,800	1,346,795	132,636	204,016
Payments in Lieu of Taxes	0	1,568,965	0	0
Accounts	0	0	0	0
Special Assessments	0	0	95,012	1,139,182
Notes	0	21,239	0	0
Due from Other Funds	50,176	4,369	0	0
Due from Other Governments	534,874	436,596	0	6,393
Inventory of Supplies	117,864	126,390	0	0
Prepaid Items	56,792	27,214	0	0
Interfund Receivables	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	0	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0
Deferred Charges - Mortgage				
Revenue Bond Issuance Costs	0	0	0	0
Advances to Other Funds	1,945,034	0	0	0
Capital Lease Receivable	0	0	57,791	0
Fixed Assets:				
Land	0	0	0	0
Land Improvements	0	0	0	0
Improvements Other than Buildings	0	0	0	0
Buildings	0	0	0	0
Equipment	0	0	0	0
Vehicles	0	0	0	0
Infrastructure	0	0	0	0
Construction in Progress	0	0	0	0
Less: Accumulated Depreciation	0	0	0	0
Other Debits:				
Amount Available in General				
Obligation Debt Retirement Fund	0	0	0	0
Amount Available in Special Assessment				
Bond Retirement Fund	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided for Retirement of Special Assessment Bonds Payable	0	0	0	0
Total Assets and Other Debits	\$4,973,473	\$6,316,869	\$2,693,047	\$4,219,157

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$20,800,858	\$220,079	\$734,455	\$0	\$0	\$30,297,736
0	0	0	0	0	173,065
0	0	122,327	0	0	122,327
0	0	0	0	0	3,299,247
0	0	0	0	0	1,568,965
2,823,298	0	0	0	0	2,823,298
64,352	0	0	0	0	1,298,546
0	0	0	0	0	21,239
0	24,948	0	0	0	79,493
22,021	0	0	0	0	999,884
1,239,174	2,397	0	0	0	1,485,825
33,495	719	0	0	0	118,220
152,961	0	0	0	0	152,961
1,191,424	0	0	0	0	1,191,424
3,308,330	0	0	0	0	3,308,330
669,313	0	0	0	0	669,313
2,349,186	0	0	0	0	4,294,220
0	0	0	0	0	57,791
5,265,787	64,666	0	10,222,881	0	15,553,334
31,535	0	0	0	0	31,535
1,806,513	0	0	878,160	0	2,684,673
13,146,046	0	0	4,176,938	0	17,322,984
5,303,182	22,910	0	1,538,156	0	6,864,248
1,892,108	31,429	0	3,116,521	0	5,040,058
41,681,231	0	0	0	0	41,681,231
12,996,773	0	0	621,397	0	13,618,170
(24,094,209)	(36,469)	0	0	0	(24,130,678)
0	0	0	0	2,426,594	2,426,594
0	0	0	0	502,373	502,373
0	0	0	0	2,081,808	2,081,808
0	0	0	0	318,438	318,438
<u>\$90,683,378</u>	<u>\$330,679</u>	<u>\$856,782</u>	<u>\$20,554,053</u>	<u>\$5,329,213</u>	<u>\$135,956,652</u>

(Continued)

CITY OF LEBANON, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 2002
 (Continued)

GOVERNMENTAL FUND TYPES

	General	Special Revenue	Capital Projects	Debt Service
<u>Liabilities, Fund Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$92,747	\$157,797	\$74,427	\$0
Claims Payable	0	0	0	0
Contracts Payable	0	0	244,633	0
Contracts Payable Retainage	0	0	5,000	0
Accrued Salaries Payable	75,818	17,204	0	0
Accrued Interest Payable	0	0	51,310	0
Due to Other Funds	6,874	13,076	0	0
Due to Other Governments	17,566	63,788	0	0
Interfund Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Matured Bonds Payable	0	0	0	10,000
Matured Interest Payable	0	0	0	3,309
Payable from Restricted Assets:				
Refundable Deposits	0	0	0	0
Mortgage Revenue Bonds Payable	0	0	0	0
Accrued Interest Payable	0	0	0	0
Undistributed Money	0	0	0	0
Deferred Revenue	1,717,810	3,291,884	152,803	1,276,881
Notes Payable	0	0	3,870,000	0
Advances From Other Funds	0	0	1,945,034	0
Compensated Absences Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
Mortgage Revenue Bonds Payable (Net of Unamortized Premium/Discount)	0	0	0	0
Police Pension Liability	0	0	0	0
Total Liabilities	1,910,815	3,543,749	6,343,207	1,290,190
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved for Revenue Bonds Replacement and Improvement	0	0	0	0
Reserved for Revenue Bond Current Debt Service	0	0	0	0
Unreserved (Deficit)	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	159,781	93,333	655,753	0
Reserved for Inventory	117,864	126,390	0	0
Reserved for Restricted Principal	0	0	0	0
Reserved for Notes Receivable	0	21,239	0	0
Reserved for Advances Receivable	1,945,034	0	0	0
Unreserved, (Deficit)	839,979	2,532,158	(4,305,913)	2,928,967
Total Fund Equity (Deficit) and Other Credits	3,062,658	2,773,120	(3,650,160)	2,928,967
Total Liabilities, Fund Equity and Other Credits	\$4,973,473	\$6,316,869	\$2,693,047	\$4,219,157

See accompanying notes to the general purpose financial statements

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$982,943	\$10,879	\$0	\$0	\$0	\$1,318,793
0	228,364	0	0	0	228,364
72,991	0	0	0	0	317,624
157,421	0	0	0	0	162,421
38,155	1,450	0	0	0	132,627
23,137	0	0	0	0	74,447
4,998	0	54,545	0	0	79,493
81,228	3,380	33,419	0	196,039	395,420
152,961	0	0	0	0	152,961
0	0	0	0	73,547	73,547
0	0	0	0	0	10,000
0	0	0	0	0	3,309
258,924	0	0	0	0	258,924
1,371,238	0	0	0	0	1,371,238
148,184	0	0	0	0	148,184
0	0	34,363	0	0	34,363
0	0	0	0	0	6,439,378
5,000,000	0	0	0	240,000	9,110,000
2,349,186	0	0	0	0	4,294,220
153,522	27,719	0	0	739,648	920,889
0	0	0	0	3,236,998	3,236,998
0	0	0	0	820,811	820,811
34,248,548	0	0	0	0	34,248,548
0	0	0	0	22,170	22,170
<u>45,043,436</u>	<u>271,792</u>	<u>122,327</u>	<u>0</u>	<u>5,329,213</u>	<u>63,854,729</u>
0	0	0	20,554,053	0	20,554,053
19,513,354	64,666	0	0	0	19,578,020
932,500	0	0	0	0	932,500
2,588,130	0	0	0	0	2,588,130
22,605,958	(5,779)	0	0	0	22,600,179
0	0	0	0	0	908,867
0	0	0	0	0	244,254
0	0	49,658	0	0	49,658
0	0	0	0	0	21,239
0	0	0	0	0	1,945,034
0	0	684,797	0	0	2,679,989
<u>45,639,942</u>	<u>58,887</u>	<u>734,455</u>	<u>20,554,053</u>	<u>0</u>	<u>72,101,923</u>
<u>\$90,683,378</u>	<u>\$330,679</u>	<u>\$856,782</u>	<u>\$20,554,053</u>	<u>\$5,329,213</u>	<u>\$135,956,652</u>

CITY OF LEBANON, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
Revenues:			
Property Taxes	\$843,540	\$1,187,442	\$0
Income Taxes	1,798,198	0	1,600,924
Other Local Taxes	732,812	121,958	0
Payments in Lieu of Taxes	0	603,785	0
Intergovernmental	841,750	832,444	151,873
Charges for Services	1,275,100	173,612	0
Fines, Licenses and Permits	1,101,576	118,756	0
Special Assessments	0	0	0
Interest	182,527	5,901	3,868
Other	43,734	85,482	19,702
Total Revenues	6,819,237	3,129,380	1,776,367
Expenditures:			
Current:			
Security of Persons and Property	2,687,735	1,556,096	0
Public Health Services	1,731	127,402	0
Leisure Time Activities	597,933	0	0
Community Environment	723,743	423,015	14,021
Transportation	0	781,166	0
General Government	4,110,790	0	67,808
Capital Outlay	39,086	73,547	3,170,169
Debt Service:			
Principal Retirement	313	0	0
Interest and Fiscal Charges	2,627	7,274	130,585
Total Expenditures	8,163,958	2,968,500	3,382,583
Excess of Revenues Over (Under) Expenditures	(1,344,721)	160,880	(1,606,216)
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	283,425	5,742	0
Proceeds from Sale of Notes	0	240,000	0
Inception of Capital Lease	0	73,547	0
Operating Transfers - In	447,495	295,528	1,743,185
Operating Transfers - Out	(380,272)	(989,846)	(368,833)
Total Other Financing Sources (Uses)	350,648	(375,029)	1,374,352
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(994,073)	(214,149)	(231,864)
Fund Balances (Deficit) at Beginning of Year - (Restated Note 3)	4,052,082	2,962,868	(3,418,296)
Increase in Reserve for Inventory	4,649	24,401	0
Fund Balances (Deficit) at End of Year	\$3,062,658	\$2,773,120	(\$3,650,160)

See accompanying notes to the general purpose financial statements

	FIDUCIARY FUND TYPE		
Debt Service	Expendable Trust	Total (Memorandum Only)	
\$119,911	\$0	\$2,150,893	
800,467	0	4,199,589	
0	0	854,770	
0	0	603,785	
19,002	0	1,845,069	
0	0	1,448,712	
0	0	1,220,332	
179,774	0	179,774	
63,880	0	256,176	
0	11,909	160,827	
<u>1,183,034</u>	<u>11,909</u>	<u>12,919,927</u>	
0	0	4,243,831	
0	0	129,133	
0	0	597,933	
0	0	1,160,779	
0	0	781,166	
0	0	4,178,598	
0	163,327	3,446,129	
300,000	0	300,313	
218,855	0	359,341	
<u>518,855</u>	<u>163,327</u>	<u>15,197,223</u>	
<u>664,179</u>	<u>(151,418)</u>	<u>(2,277,296)</u>	
0	0	289,167	
0	0	240,000	
0	0	73,547	
0	84,559	2,570,767	
(850,000)	0	(2,588,951)	
<u>(850,000)</u>	<u>84,559</u>	<u>584,530</u>	
(185,821)	(66,859)	(1,692,766)	
3,114,788	619,190	7,330,632	
0	0	29,050	
<u>\$2,928,967</u>	<u>\$552,331</u>	<u>\$5,666,916</u>	

CITY OF LEBANON, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$761,550	\$843,540	\$81,990
Income Taxes	1,854,000	1,812,699	(41,301)
Other Local Taxes	799,500	733,488	(66,012)
Payments in Lieu of Taxes	0	0	0
Intergovernmental	1,092,342	773,321	(319,021)
Charges for Services	1,284,959	1,275,100	(9,859)
Fines, Licenses and Permits	864,480	1,090,631	226,151
Special Assessments	0	0	0
Interest	551,500	181,405	(370,095)
Other	750,746	727,159	(23,587)
Total Revenues	7,959,077	7,437,343	(521,734)
Expenditures:			
Current:			
Security of Persons and Property	2,738,969	2,705,888	33,081
Public Health Services	1,750	1,731	19
Leisure Time Activities	744,387	627,300	117,087
Community Environment	835,885	732,469	103,416
Transportation	0	0	0
General Government	4,557,048	4,283,424	273,624
Capital Outlay	46,490	44,455	2,035
Debt Service:			
Principal Retirement	300,000	300,000	0
Interest and Fiscal Charges	8,000	1,726	6,274
Total Expenditures	9,232,529	8,696,993	535,536
Excess of Revenues Over (Under) Expenditures	(1,273,452)	(1,259,650)	13,802
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	0	0	0
Proceeds from Sale of Notes	0	300,000	300,000
Advance - In	121,282	121,282	0
Advance - Out	0	0	0
Operating Transfers - In	47,495	47,495	0
Operating Transfers - Out	(402,668)	(380,272)	22,396
Total Other Financing Sources (Uses)	(233,891)	88,505	322,396
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,507,343)	(1,171,145)	336,198
Fund Balances at Beginning of Year	1,379,786	1,379,786	0
Prior Year Encumbrances Appropriated	216,470	216,470	0
Fund Balances at End of Year	\$88,913	\$425,111	\$336,198

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,160,960	\$1,187,442	\$26,482	\$0	\$0	\$0
0	0	0	1,854,000	1,599,767	(254,233)
120,000	120,878	878	0	0	0
597,545	603,785	6,240	0	0	0
950,468	805,714	(144,754)	185,800	151,873	(33,927)
138,150	173,612	35,462	0	0	0
223,300	118,613	(104,687)	0	0	0
0	0	0	0	0	0
5,000	3,787	(1,213)	20,000	3,868	(16,132)
75,483	85,261	9,778	84,598	29,730	(54,868)
<u>3,270,906</u>	<u>3,099,092</u>	<u>(171,814)</u>	<u>2,144,398</u>	<u>1,785,238</u>	<u>(359,160)</u>
1,798,073	1,607,619	190,454	0	0	0
151,584	134,423	17,161	0	0	0
0	0	0	0	0	0
412,975	379,278	33,697	76,122	39,943	36,179
887,044	801,860	85,184	0	0	0
0	0	0	67,808	67,808	0
400,000	400,000	0	4,793,341	4,175,453	617,888
360,000	360,000	0	5,370,000	5,370,000	0
14,400	12,424	1,976	196,918	187,529	9,389
<u>4,024,076</u>	<u>3,695,604</u>	<u>328,472</u>	<u>10,504,189</u>	<u>9,840,733</u>	<u>663,456</u>
<u>(753,170)</u>	<u>(596,512)</u>	<u>156,658</u>	<u>(8,359,791)</u>	<u>(8,055,495)</u>	<u>304,296</u>
0	5,742	5,742	0	0	0
0	240,000	240,000	3,870,000	3,870,000	0
0	0	0	47,495	0	(47,495)
0	0	0	(121,823)	(121,282)	541
48,000	295,528	247,528	2,005,141	1,743,185	(261,956)
(784,803)	(589,846)	194,957	(368,833)	(368,833)	0
<u>(736,803)</u>	<u>(48,576)</u>	<u>688,227</u>	<u>5,431,980</u>	<u>5,123,070</u>	<u>(308,910)</u>
(1,489,973)	(645,088)	844,885	(2,927,811)	(2,932,425)	(4,614)
2,853,234	2,853,234	0	1,759,981	1,759,981	0
158,525	158,525	0	2,669,564	2,669,564	0
<u>\$1,521,786</u>	<u>\$2,366,671</u>	<u>\$844,885</u>	<u>\$1,501,734</u>	<u>\$1,497,120</u>	<u>(\$4,614)</u>

(Continued)

CITY OF LEBANON, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Continued)

	DEBT SERVICE FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$119,624	\$119,911	\$287
Income Taxes	742,000	799,890	57,890
Other Local Taxes	0	0	0
Payments in Lieu of Taxes	0	0	0
Intergovernmental	12,000	12,609	609
Charges for Services	0	0	0
Fines, Licenses and Permits	0	0	0
Special Assessments	190,000	179,774	(10,226)
Interest	200,000	63,880	(136,120)
Other	0	0	0
Total Revenues	1,263,624	1,176,064	(87,560)
Expenditures:			
Current:			
Security of Persons and Property	0	0	0
Public Health Services	0	0	0
Leisure Time Activities	0	0	0
Community Environment	0	0	0
Transportation	0	0	0
General Government	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	300,000	290,000	10,000
Interest and Fiscal Charges	232,808	219,321	13,487
Total Expenditures	532,808	509,321	23,487
Excess of Revenues Over (Under)			
Expenditures	730,816	666,743	(64,073)
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	0	0	0
Proceeds from Sale of Notes	0	0	0
Advance - In	0	0	0
Advance - Out	0	0	0
Operating Transfers - In	135,000	0	(135,000)
Operating Transfers - Out	(850,000)	(850,000)	0
Total Other Financing Sources (Uses)	(715,000)	(850,000)	(135,000)
Excess of Revenues and Other Financing			
Sources Over (Under) Expenditures and			
Other Financing Uses	15,816	(183,257)	(199,073)
Fund Balances at Beginning of Year	3,048,274	3,048,274	0
Prior Year Encumbrances Appropriated	1,240	1,240	0
Fund Balances (Deficit) at End of Year	\$3,065,330	\$2,866,257	(\$199,073)

See accompanying notes to the general purpose financial statements

EXPENDABLE TRUST FUND			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,042,134	\$2,150,893	\$108,759
0	0	0	4,450,000	4,212,356	(237,644)
0	0	0	919,500	854,366	(65,134)
0	0	0	597,545	603,785	6,240
0	0	0	2,240,610	1,743,517	(497,093)
0	0	0	1,423,109	1,448,712	25,603
0	0	0	1,087,780	1,209,244	121,464
0	0	0	190,000	179,774	(10,226)
0	0	0	776,500	252,940	(523,560)
510	11,909	11,399	911,337	854,059	(57,278)
510	11,909	11,399	14,638,515	13,509,646	(1,128,869)
0	0	0	4,537,042	4,313,507	223,535
0	0	0	153,334	136,154	17,180
0	0	0	744,387	627,300	117,087
0	0	0	1,324,982	1,151,690	173,292
0	0	0	887,044	801,860	85,184
0	0	0	4,624,856	4,351,232	273,624
363,531	246,319	117,212	5,603,362	4,866,227	737,135
0	0	0	6,330,000	6,320,000	10,000
0	0	0	452,126	421,000	31,126
363,531	246,319	117,212	24,657,133	22,988,970	1,668,163
(363,021)	(234,410)	128,611	(10,018,618)	(9,479,324)	539,294
0	0	0	0	5,742	5,742
0	0	0	3,870,000	4,410,000	540,000
0	0	0	168,777	121,282	(47,495)
0	0	0	(121,823)	(121,282)	541
75,000	84,559	9,559	2,310,636	2,170,767	(139,869)
0	0	0	(2,406,304)	(2,188,951)	217,353
75,000	84,559	9,559	3,821,286	4,397,558	576,272
(288,021)	(149,851)	138,170	(6,197,332)	(5,081,766)	1,115,566
518,357	518,357	0	9,559,632	9,559,632	0
105,663	105,663	0	3,151,462	3,151,462	0
\$335,999	\$474,169	\$138,170	\$6,513,762	\$7,629,328	\$1,115,566

CITY OF LEBANON, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating Revenues:				
Charges for Services	\$20,867,832	\$1,918,534	\$18,491	\$22,804,857
Fines, Licenses and Permits	293,331	0	0	293,331
Other	177,527	399,866	0	577,393
Interest	0	0	790	790
Total Operating Revenues	<u>21,338,690</u>	<u>2,318,400</u>	<u>19,281</u>	<u>23,676,371</u>
Operating Expenses:				
Personal Services	2,513,745	111,972	0	2,625,717
Travel Transportation	12,568	0	0	12,568
Contractual Services	4,383,788	734,161	0	5,117,949
Supplies and Materials	2,149,219	140,688	0	2,289,907
Purchased Power	8,109,242	0	0	8,109,242
Other	12,838	0	0	12,838
Claims	0	1,267,174	0	1,267,174
Depreciation	2,385,674	3,559	0	2,389,233
Total Operating Expenses	<u>19,567,074</u>	<u>2,257,554</u>	<u>0</u>	<u>21,824,628</u>
Operating Income	<u>1,771,616</u>	<u>60,846</u>	<u>19,281</u>	<u>1,851,743</u>
Non-Operating Revenues (Expenses):				
Interest	390,837	3,533	0	394,370
Loss on Disposal of Fixed Assets	(3,796)	0	0	(3,796)
Donated Assets	702,756	0	0	702,756
Interest and Fiscal Charges	(2,068,174)	0	0	(2,068,174)
Total Non-Operating Revenues (Expenses)	<u>(978,377)</u>	<u>3,533</u>	<u>0</u>	<u>(974,844)</u>
Net Income Before Transfers	793,239	64,379	19,281	876,899
Operating Transfer - In	301,787	0	0	301,787
Operating Transfer - Out	(283,603)	0	0	(283,603)
Net Income	811,423	64,379	19,281	895,083
Retained Earnings (Deficit)/Fund Balance Beginning of Year (Restated Note 3)	<u>25,315,165</u>	<u>(70,158)</u>	<u>162,843</u>	<u>25,407,850</u>
Retained Earnings(Deficit)/ Fund Balance End of Year	<u>26,126,588</u>	<u>(5,779)</u>	<u>182,124</u>	<u>26,302,933</u>
Contributed Capital at Beginning of Year	19,501,186	64,666	0	19,565,852
Contributions:				
Other Funds	12,168	0	0	12,168
Contributed Capital at End of Year	<u>19,513,354</u>	<u>64,666</u>	<u>0</u>	<u>19,578,020</u>
Total Fund Equity at End of Year	<u>\$45,639,942</u>	<u>\$58,887</u>	<u>\$182,124</u>	<u>\$45,880,953</u>

See accompanying notes to the general purpose financial statements

CITY OF LEBANON, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	ENTERPRISE FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$21,221,505	\$20,766,857	(\$454,648)
Fines, Licenses and Permits	293,331	293,331	0
Other	673,580	177,705	(495,875)
Interest	610,491	390,837	(219,654)
Special Assessments	6,000	7,335	1,335
Proceeds From Sale of Notes	7,497,630	5,000,000	(2,497,630)
Sale of Fixed Assets	2,225	2,225	0
Utility Deposits Received	88,300	88,300	0
Total Revenues	30,393,062	26,726,590	(3,666,472)
Expenses:			
Personal Services	2,526,637	2,466,540	60,097
Travel Transportation	49,532	15,198	34,334
Contractual Services	4,939,420	4,558,598	380,822
Supplies and Materials	411,282	304,074	107,208
Purchased Power	9,330,194	8,109,242	1,220,952
Other	16,050	13,042	3,008
Utility Deposits Returned	110,000	93,565	16,435
Claims	0	0	0
Capital Outlay	12,063,811	9,611,063	2,452,748
Debt Service:			
Principal Retirement	5,765,000	5,590,000	175,000
Interest and Fiscal Charges	2,244,652	1,959,652	285,000
Total Expenses	37,456,578	32,720,974	4,735,604
Excess of Revenues Over (Under) Expenses	(7,063,516)	(5,994,384)	1,069,132
Operating Transfers - In	(652,639)	1,301,787	1,954,426
Operating Transfers - Out	(1,736,086)	(1,283,603)	452,483
Advance - In	574,404	452,483	(121,921)
Advance - Out	(452,483)	(452,483)	0
Excess of Revenues Over (Under) Expenses, Transfers and Advances	(9,330,320)	(5,976,200)	3,354,120
Fund Equity at Beginning of Year	22,998,374	22,998,374	0
Prior Year Encumbrances Appropriated	6,367,876	6,367,876	0
Fund Equity at End of Year	\$20,035,930	\$23,390,050	\$3,354,120

(Continued)

CITY OF LEBANON, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Continued)

	INTERNAL SERVICE FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$1,993,150	\$1,905,566	(\$87,584)
Fines, Licenses and Permits	0	0	0
Other	398,896	399,866	970
Interest	3,533	3,533	0
Special Assessments	0	0	0
Proceeds From Sale of Notes	0	0	0
Sale of Fixed Assets	0	0	0
Utility Deposits Received	0	0	0
Total Revenues	2,395,579	2,308,965	(86,614)
Expenses:			
Personal Services	114,758	108,554	6,204
Travel Transportation	500	0	500
Contractual Services	791,991	823,965	(31,974)
Supplies and Materials	175,657	168,426	7,231
Purchased Power	0	0	0
Other	0	0	0
Utility Deposits Returned	0	0	0
Claims	1,391,416	1,358,707	32,709
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenses	2,474,322	2,459,652	14,670
Excess of Revenues Over (Under) Expenses	(78,743)	(150,687)	(71,944)
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	0	0
Advance - In	0	0	0
Advance - Out	0	0	0
Excess of Revenues Over (Under) Expenses, Transfers and Advances	(78,743)	(150,687)	(71,944)
Fund Equity at Beginning of Year	76,876	76,876	0
Prior Year Encumbrances Appropriated	113,583	113,583	0
Fund Equity at End of Year	\$111,716	\$39,772	(\$71,944)

See accompanying notes to the general purpose financial statements

NONEXPENDABLE TRUST FUND

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$10,300	\$18,491	\$8,191	\$23,224,955	\$22,690,914	(\$534,041)
0	0	0	293,331	293,331	0
0	0	0	1,072,476	577,571	(494,905)
2,100	790	(1,310)	616,124	395,160	(220,964)
0	0	0	6,000	7,335	1,335
0	0	0	7,497,630	5,000,000	(2,497,630)
0	0	0	2,225	2,225	0
0	0	0	88,300	88,300	0
<u>12,400</u>	<u>19,281</u>	<u>6,881</u>	<u>32,801,041</u>	<u>29,054,836</u>	<u>(3,746,205)</u>
0	0	0	2,641,395	2,575,094	66,301
0	0	0	50,032	15,198	34,834
0	0	0	5,731,411	5,382,563	348,848
0	0	0	586,939	472,500	114,439
0	0	0	9,330,194	8,109,242	1,220,952
0	0	0	16,050	13,042	3,008
0	0	0	110,000	93,565	16,435
0	0	0	1,391,416	1,358,707	32,709
0	0	0	12,063,811	9,611,063	2,452,748
0	0	0	5,765,000	5,590,000	175,000
0	0	0	2,244,652	1,959,652	285,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>39,930,900</u>	<u>35,180,626</u>	<u>4,750,274</u>
12,400	19,281	6,881	(7,129,859)	(6,125,790)	(8,496,479)
0	0	0	(652,639)	1,301,787	(1,954,426)
0	0	0	(1,736,086)	(1,283,603)	(452,483)
0	0	0	574,404	452,483	121,921
0	0	0	(452,483)	(452,483)	0
<u>12,400</u>	<u>19,281</u>	<u>6,881</u>	<u>(9,396,663)</u>	<u>(6,107,606)</u>	<u>(10,781,467)</u>
162,843	162,843	0	23,238,093	23,238,093	0
0	0	0	6,481,459	6,481,459	0
<u>\$175,243</u>	<u>\$182,124</u>	<u>\$6,881</u>	<u>\$20,322,889</u>	<u>\$23,611,946</u>	<u>(\$10,781,467)</u>

CITY OF LEBANON, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>PROPRIETARY FUND TYPES</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$21,060,188	\$0
Cash Received from Quasi-External Operating Transactions with Other Funds	0	1,905,566
Cash Payments for Employee Services and Benefits	(2,466,540)	(108,554)
Cash Payments to Suppliers for Goods and Services	(14,653,055)	(872,084)
Cash Payments for Employee Medical, Dental and Life Insurance Claims	0	(1,298,707)
Other Operating Revenues	177,705	399,866
Other Operating Expenses	(4,328)	0
Utility Deposits Received	88,300	0
Utility Deposits Returned	(93,565)	0
Net Cash Provided by Operating Activities	4,108,705	26,087
Cash Flows from Noncapital Financing Activities:		
Short-Term Advance to Another Fund	(452,483)	0
Short-Term Advance From Another Fund	452,483	0
Operating Transfers In	1,301,787	0
Operating Transfers Out	(1,283,603)	0
Net Cash Provided by Noncapital financing Activities	18,184	0
Cash Flows from Capital and Related Financing Activities:		
Cash Received from Special Assessments	7,335	0
Proceeds from the Sale of Fixed Assets	2,225	0
Acquisition of Capital Assets	(6,044,257)	0
Proceeds from Sale of Notes	5,000,000	0
Principal Paid on Notes	(4,250,000)	0
Interest Paid on Notes	(123,203)	0
Principal Paid on Mortgage Revenue Bonds	(1,340,000)	0
Interest and Fiscal Charges Paid on Mortgage Revenue Bonds	(1,835,464)	0
Net Cash Used for Capital and Related Financing Activities	(8,583,364)	0
Cash Flows from Investing Activities:		
Interest	390,837	3,533
Net Cash Provided by Investing Activities	390,837	3,533
Net Increase (Decrease) in Cash and Cash Equivalents	(4,065,638)	29,620
Cash and Cash Equivalents Beginning of Year	29,366,250	190,459
Cash and Cash Equivalents End of Year	\$25,300,612	\$220,079

FIDUCIARY FUND TYPE	Total (Memorandum Only)
Nonexpendable Trust	
\$18,491	\$21,078,679
0	1,905,566
0	(2,575,094)
0	(15,525,139)
0	(1,298,707)
0	577,571
0	(4,328)
0	88,300
0	(93,565)
<u>18,491</u>	<u>4,153,283</u>
0	(452,483)
0	452,483
0	1,301,787
0	(1,283,603)
<u>0</u>	<u>18,184</u>
0	7,335
0	2,225
0	(6,044,257)
0	5,000,000
0	(4,250,000)
0	(123,203)
0	(1,340,000)
0	(1,835,464)
<u>0</u>	<u>(8,583,364)</u>
<u>790</u>	<u>395,160</u>
<u>790</u>	<u>395,160</u>
19,281	(4,016,737)
162,843	29,719,552
<u>\$182,124</u>	<u>\$25,702,815</u>

(Continued)

CITY OF LEBANON, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Continued)

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Reconciliation of Operating Income to Net Cash		
<u>Provided by Operating Activities:</u>		
Operating Income	\$1,771,616	\$60,846
Adjustments to Reconcile Operating Income to Net Cash		
<u>Provided by Operating Activities:</u>		
Depreciation	2,385,674	3,559
Interest Received by Nonexpendable Trust Funds	0	0
Changes in Assets and Liabilities:		
Increase in Accounts Receivable	(106,481)	0
Increase in Due from Other Funds	0	(12,968)
Decrease in Due from Other Governments	5,506	0
Increase in Inventory of Supplies	(92,363)	(782)
(Increase) Decrease in Prepaids Items	13,634	(216)
Increase in Accounts Payable	42,693	3,763
Decrease in Contracts Payable	(12,812)	0
Increase in Contracts Payable Retainage	56,759	0
Decrease in Claims Payable	0	(31,533)
Increase in Accrued Salaries Payable	11,168	290
Increase in Due to Other Funds	2,297	0
Increase in Due to Other Governments	7,810	286
Decrease in Liabilities Payable from Restricted Assets	(5,087)	0
Increase in Compensated Absences Payable	28,291	2,842
Net Cash Provided by Operating Activities	<u>\$4,108,705</u>	<u>\$26,087</u>

Noncash Capital Financing Activities:

During 2002, the Electric Enterprise Fund received from the General Fixed Assets Account Group fixed assets with a fair market value of \$12,168.
 During 2002, the Sewer and Water Enterprise Funds received sewer and water lines from developers with a fair market value of \$383,250 and \$319,506 respectively.

Reconciliation of Nonexpendable Trust Fund to Balance Sheet:

Cash and Cash Equivalents - All Fiduciary Funds
 Cash and Cash Equivalents - Expendable Trust and Agency Fund

 Cash and Cash Equivalents - Nonexpendable Trust Fund

See accompanying notes to general purpose financial statements

<u>FIDUCIARY FUND TYPE</u>	<u>Total (Memorandum Only)</u>
<u>Nonexpendable Trust</u>	
\$19,281	\$1,851,743
0	2,389,233
(790)	(790)
0	(106,481)
0	(12,968)
0	5,506
0	(93,145)
0	13,418
0	46,456
0	(12,812)
0	56,759
0	(31,533)
0	11,458
0	2,297
0	8,096
0	(5,087)
0	31,133
<u>\$18,491</u>	<u>\$4,153,283</u>

\$856,782
(674,658)
\$182,124

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

The City of Lebanon (the "City") is a home rule municipal corporation organized under the laws of the State of Ohio, which operates under its own charter. The current Charter, which provides for a Council/Manager form of government, was adopted in 1961. The seven-member Council is elected to four-year terms. Biennially, Council selects one of its members to serve as Mayor and one of its members to serve as Vice Mayor. Council appoints the City Manager, City Auditor and City Attorney.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments, which comprise the legal entity of the City. They provide various services including police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, community development, public health and welfare, water, sewer, electric, telecommunications and refuse collection. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt or the levying of their taxes. The City has no component units.

The Lebanon Municipal Court has been included in the City's financial statements as an agency fund. The City clerk of courts has a fiduciary responsibility for the collection and distribution of court fees and fines.

The City is associated with one organization, which is defined as a jointly governed organization. This organization, The Warren County General Health District, is presented in Note 22 of the General Purpose Financial Statements.

Basis of Presentation - Fund Accounting

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

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording 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 special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and fiduciary funds) are accounted for through governmental funds. The following are the City's governmental fund types.

General Fund - This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal, interest and related costs.

Proprietary Fund Types

The proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered or financed primarily through user charges, or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

Internal Service Funds - These funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. These include expendable trust, nonexpendable trust and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. The agency fund is purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City other than those accounted for in proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is used to account for all unmatured general long-term indebtedness of the City that is not a specific liability of the proprietary funds or trust funds, including special assessment debt for which the City is obligated in some manner.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued before November 30, 1989, to its proprietary activities, provided that they do not conflict with or contradict GASB pronouncements.

Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All proprietary fund types and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary funds and nonexpendable trust fund.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Notes 6 and 8.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income taxes, accounts, and intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance).

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental or expendable trust funds.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. A budgetary statement has not been presented for the Federal Asset Forfeiture Special Revenue Fund because the City did not anticipate any revenues or expenditures in 2002. No revenues or expenditures occurred for this fund in 2002. The legal level of budgetary control is at the object level (personal services, contractual services, supplies and materials etc.) within each department and fund. For the proprietary funds, the City has elected to present the budgetary statements with more detail within the object level. Budgetary modifications may only be made by resolution of the City Council.

Tax Budget

A tax budget of estimated revenues and expenditures for all budgeted funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenues of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines that the revenue to be collected is greater or less than the current estimates. The amounts set forth in the financial statements represent estimates from the amended certificate in force at the time the final appropriations were passed by City Council.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. During the year, twenty-four supplemental appropriation measures were passed. The budget figures, which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all modifications.

Advances are not required to be budgeted since they represent a temporary cash flow resource that will be repaid.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures for governmental and expendable trust funds and are reported in the notes to the financial statements for proprietary and nonexpendable trust funds.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding calendar year and is not re-appropriated.

Cash and Cash Equivalents

Cash balances of the City's funds, except cash held by fiscal agent, are pooled and invested in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During 2002, investments were limited to STAR Ohio, City issued debt and open-end mutual funds. Investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price.

STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2002.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less and investments of the cash management pool are considered to be cash equivalents.

The City utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts". In addition, cash maintained with the Municipal Court is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent". Monies maintained by the Lebanon Housing Services Corporation to administer the Community Development Block Grant are presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

Interest income is distributed to the funds according to Ohio statutory requirements and the City charter. Interest revenue credited to the General Fund during 2002 amounted to \$182,527, which includes \$175,646 assigned from other City funds.

Inventory of Supplies

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at cost or market value, whichever is lower. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. The inventory in the electric enterprise fund consists of poles, transformers, lines and switch gears not yet put into service.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Restricted Assets

Restricted assets in the enterprise funds represent cash and cash equivalents and cash and cash equivalents with fiscal agents set aside to satisfy bond indenture requirements for current debt payments and for the replacement and improvement of fixed assets originally acquired with bond proceeds. In addition, electric customer deposits are presented as a restricted cash and cash equivalents.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost when historical records are available and at estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The City capitalized assets in excess of five thousand dollars.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets. Interest incurred during the construction of general fixed assets is not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs, gutters, sidewalks, and drainage systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation in the proprietary fund types is computed using the straight-line method over the following useful lives:

Improvements Other Than Buildings	20 years
Buildings	45 years
Equipment	5 – 15 years
Vehicles	5 – 20 years
Electric Lines, Poles Transformers and Switch Gears	20 – 30 years
Sewer Lines	65 years
Water Lines	40 – 65 years
Telecommunications Lines and Equipment	10 years

Compensated Absences

Vacation benefits and holiday pay are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated, unused vacation time when earned for all employees with more than one year of service.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated, unused sick leave for employees after ten years of current service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

The remainder is reported in the General Long-Term Obligations Account Group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year-end are generally considered not to have been paid with current available financial resources. Bonds, police pension and capital leases are recognized as a liability of the General Long-Term Obligations Account Group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Capitalization of Interest

The City's policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2002, no material interest costs were incurred on construction projects in proprietary funds.

Contributed Capital

Contributed capital represents resources from other funds, federal and state grants, other governments, and private sources provided to the City's proprietary funds which are not subject to repayment.

Because prior to 1987 the City had not prepared its financial statements in accordance with generally accepted accounting principles, the exact amount of contributed capital pertaining to years prior to 1987 cannot be determined. Only those amounts that could be specifically identified have been classified as contributed capital in the accompanying general purpose financial statements. All other fund equity amounts pertaining to the enterprise funds have been classified as retained earnings.

Capital contributions received after 2000 from other governments and private sources are now recorded as retained earnings. Contributions from other funds continue to be recorded as contributed capital.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reservations of Fund Equity

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances, inventory, restricted principal (the nonexpendable contributions to the nonexpendable trust fund), notes receivable and advances receivable.

Retained earnings have been reserved as a result of bond covenants for replacement and improvement (accumulations of resources for unforeseen repairs and replacements of assets originally acquired with bond proceeds) and for current debt service for revenue bonds.

Bond Discounts, Premiums/Issuance Costs

Bond discounts, premiums and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

The accounting loss on the refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is being amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Interfund Transactions

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due From Other Funds" or "Due to Other Funds" on the balance sheet. Short-term interfund loans are classified as "Interfund Receivables/Payables." Long-term interfund loan receivables are reported as "Advances to Other Funds" or "Advances from Other Funds" and are equally offset by a fund balance reserve in the funds making the advances, which indicates that they do not constitute available expendable resources.

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as operating transfers.

Self-Insurance Fund

The City has created a self-insurance internal service fund for the purpose of paying employee health and life benefits. Contributions to the fund are made in lieu of insurance premium payments.

Estimates

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

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Total Columns on General Purpose Financial Statements

Total columns on the General Purpose Financial Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - RESTATEMENT OF FUND BALANCE/RETAINED EARNINGS/ACCOUNT GROUP BALANCES

In the prior year the City overstated Interfund Receivables and Interfund Payables. In addition, the threshold for fixed assets was increased from \$500 to \$5000. The restatement of these amounts had the following affect on Fund Balance, Retained Earnings and the General Fixed Asset Account Group Balance.

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>	<u>General Fixed Assets Account Group</u>
Fund Balance/Retained Earnings/General Fixed Asset Account Group Balance as previously reported December 31, 2001	\$4,617,082	\$2,689,868	(\$3,710,296)	\$26,235,103	\$20,519,315
Interfund Receivables	(565,000)	0	(63,000)	0	0
Interfund Payables	0	273,000	355,000	0	0
Fixed Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>(919,938)</u>	<u>(1,055,023)</u>
Fund Balance/Retained Earnings/General Fixed Asset Account Group Balance, Restated, December 31, 2001	<u>\$4,052,082</u>	<u>\$2,962,868</u>	<u>(\$3,418,296)</u>	<u>\$25,315,165</u>	<u>\$19,464,292</u>

NOTE 4 - BUDGET TO GAAP RECONCILIATION

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, appropriations and encumbrances.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, All Governmental Fund Types and Expendable Trust Fund, Budget Basis, and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual, All Proprietary Fund Types and Nonexpendable Trust Fund, Budget Basis are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 4 - BUDGET TO GAAP RECONCILIATION (continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types or note disclosure for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Receipt and payment of year-end interfund loans are treated as other sources or uses (budget basis) rather than an increase or decrease in an asset or liability account (GAAP basis).
6. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types and Expendable Trust Fund					
	General	Special Revenue	Capital Projects	Debt Service	Expendable Trust
GAAP Basis	(\$994,073)	(\$214,149)	(\$231,864)	(\$185,821)	(\$66,859)
Revenue Accruals	334,681	(30,288)	8,871	(6,970)	0
Expenditure Accruals	(6,335)	(191,777)	(177,662)	(466)	(4,830)
Encumbrances	(226,700)	(248,874)	(910,488)	0	(78,162)
Debt Principal Retirement	(300,000)	(360,000)	(5,370,000)	10,000	0
Proceeds from Sale of Notes	300,000	0	3,870,000	0	0
Advances	121,282	0	(121,282)	0	0
Transfers	(400,000)	400,000	0	0	0
Budget Basis	(\$1,171,145)	(\$645,088)	(\$2,932,425)	(\$183,257)	(\$149,851)

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 4 – BUDGET TO GAAP RECONCILIATION (continued)

	Net Income (Loss)/Excess of Revenues Over (Under) Expenses and Advances Proprietary Fund Types and Nonexpendable Trust Fund		
	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	\$811,423	\$64,379	\$19,281
Revenue Accruals	(793,993)	(12,968)	0
Deposits	(5,265)	0	0
Expense Accruals	166,984	(25,350)	0
Encumbrances	(1,910,562)	(180,307)	0
Debt Principal Payment	(5,590,000)	0	0
Debt Proceeds	0	0	0
Capital Outlay	(6,044,257)	0	0
Depreciation	2,385,674	3,559	0
Loss on Disposal of Fixed Assets	3,796	0	0
Proceeds from Sale of Notes	5,000,000	0	0
Transfers - In	1,000,000	0	0
Transfers - Out	(1,000,000)	0	0
Budget Basis	<u>(\$5,976,200)</u>	<u>(\$150,687)</u>	<u>\$19,281</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

The City is a charter City and has adopted an investment policy through City ordinance. The policy classifies monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit, maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Auditor by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Interim monies can be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Commercial paper;
5. Bankers acceptances;
6. No-load money market mutual funds investing exclusively in United States Treasury obligations provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township or other political subdivision of this State, as to which there is no default of principal, interest or coupons; or
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Auditor or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Deposits

At year-end, the carrying amount of the City's deposits was \$1,713,430 and the bank balance was \$2,442,402. Of the bank balance, \$103,330 was covered by federal deposit insurance. The remaining amounts were uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the City's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. STAR Ohio, an investment fund operated by the Ohio State Treasurer, and investments in open-end mutual funds made by the trustee who is managing the enterprise funds' restricted assets are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	Category 1	Fair Value
STAR Ohio	\$0	\$29,951,122
Mutual Funds	0	3,308,330
City Bonds	120,000	120,000
Total	\$120,000	\$33,379,452

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 (See Note 2). A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$35,092,882	\$0
Investments:		
STAR Ohio	(29,951,122)	29,951,122
Mutual Funds	(3,308,330)	3,308,330
City Bonds	(120,000)	120,000
GASB Statement 3	\$1,713,430	\$33,379,452

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2002 for real and public utility property taxes represents collections of 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) is for 2002 taxes.

2002 real property taxes are levied after October 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after October 1, 2001 on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2002, was \$7.72 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	198,936,450
Public Utility Real Property	71,077,030
Public Utility Tangible Personal Property	4,005,040
Tangible Personal Property	49,118,420
Total	\$323,136,940

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Lebanon. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2002 operations. The receivable is offset by deferred revenue.

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 7 - PAYMENTS IN LIEU OF TAXES

The City acquired property that is leased to twenty-nine companies, Amtex Inc., Lucas Sumitomo Brakes Inc., Bunnell Hill, Ghent Manufacturing, Cinmar, JBM, E-Beam Services, Knauf USA, OPW, Portman Equipment Co., Service Wholesale, Eastgate Graphics, Flint Ink, J & N Distribution, R & I Enterprises, Quantum Metals, Dorn Enterprises, Franklin Brazing, Tomak Precision, Trim Parts, Collins Ink, Contemporary Image Labeling, 4 Sands Industries, G.C. Contracting, J.I.T. Packaging, Keland Steel Erectors, Superior Walls of Cincinnati, Unitherm, and ZHW. The corporations have built or are in the process of building factories on the land leased from the City. To encourage development, the companies have been granted an exemption from paying any property taxes on the new construction; however, payments in lieu of taxes are made to the City in an amount equal to the real property taxes that otherwise would have been due. These payments are being used for costs associated with promoting and improving the industrial park. Payments will continue over the thirty-year life of the lease.

A receivable for the amount of the payments has been recorded in the Tax Increment Financing Special Revenue Fund with a corresponding credit to deferred revenue. At the conclusion of the lease term, the companies may purchase the leased property for \$1. See Note 14.

NOTE 8 - INCOME TAX

The City levies a municipal income tax of one percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2002, the proceeds were allocated to the General Fund, the Capital Improvements Capital Projects Fund and the General Obligation Debt Retirement Debt Service Fund. Income tax revenue for 2002 was \$4,199,589.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2002, consisted of property, income and other local taxes, payments in lieu of taxes, utility accounts, special assessments, notes, intergovernmental receivables arising from grants, entitlements and shared revenues, interfund, and capital leases. All receivables are considered fully collectible except utility accounts.

Accounts Receivable	Estimated Uncollectible	Net Receivable
\$3,019,330	\$196,032	\$2,823,298

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 9 – RECEIVABLES (continued)

A summary of due from other governments:

<u>General Fund</u>	
Local Government Assistance	\$345,447
Inheritance Tax	58,602
City of Franklin	80,952
Bailiff	4,818
Homestead & Rollback	45,055
Total General Fund	<u>534,874</u>
<u>Special Revenue Funds</u>	
<u>Cemetery Fund</u>	
Pari-Mutual Tax	15,000
<u>Fire & Life Squad</u>	
Homestead & Rollback	59,233
<u>Tax Increment Financing</u>	
Homestead & Rollback	44,999
<u>State Highway Fund</u>	
Motor Vehicle Tax	6,736
Gasoline Tax	12,608
Total State Highway Fund	<u>19,344</u>
<u>Street Maintenance and Repair Fund</u>	
Permissive Tax	59,445
Motor Vehicle Tax	83,116
Gasoline Tax	155,459
Total Street Maintenance and Repair Fund	<u>298,020</u>
Total Special Revenue Funds	<u>436,596</u>
<u>Debt Services</u>	
<u>Bond Retirement Fund</u>	
Homestead & Rollback	6,393
Total Debt Services	<u>6,393</u>
<u>Enterprise Fund</u>	
<u>Sewer Fund</u>	
Village of Morrow	10,900
Village of South Lebanon	11,121
Total Enterprise Funds	<u>22,021</u>
Total All Funds	<u>\$999,884</u>

The City is involved in a home rehabilitation program that was begun with Community Development Block Grant monies. The Notes Receivable reflected on the balance sheet represents amounts that individuals owe the City on these loans.

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 10 - FIXED ASSETS

Changes in general fixed assets during the year ended December 31, 2002, were as follows:

<u>Asset Category</u>	Balance at January 1, 2002, Restated	Additions	Deletions	Balance at December 31, 2002
Land	\$10,222,881	\$0	\$0	\$10,222,881
Improvements Other than Buildings	658,374	219,786	0	878,160
Buildings	3,627,989	550,055	1,106	4,176,938
Equipment	1,520,162	358,792	340,798	1,538,156
Vehicles	2,847,618	457,211	188,308	3,116,521
Construction in Progress	587,268	578,024	543,895	621,397
Totals	<u>\$19,464,292</u>	<u>\$2,163,868</u>	<u>\$1,074,107</u>	<u>\$20,554,053</u>

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System of Ohio (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer pension contribution rate for the City was 8.55 percent of covered payroll, decreased from 9.25 percent in 2001. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$403,416, \$522,267, and \$229,170, respectively. The full amount has been contributed for 2001 and 2000. The amount contributed for 2002 was 71.10 percent with the remainder being reported as a fund liability and within the General Long-Term Obligation Account Group.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215 - 5164.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police and 16.25 percent for firefighters. For 2001, the City contributions were 12.00 percent for police and 16.5 percent for firefighters. The City's contributions to the OP&F for police and firefighters were \$175,992 and \$21,296 for the year ended December 31, 2002, \$164,480 and \$18,944 for the year ended December 31, 2001, and \$142,286 and \$10,793 for the year ended December 31, 2000. The full amount has been contributed for 2001 and 2000. 68.7 percent for police and 67.7 percent for firefighters has been contributed for 2002 with the remainder being reported as a liability within the general long-term obligations account group.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 2002, the unfunded liability of the City was \$22,170, payable in semiannual installments through the year 2030. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2002 employer contribution rate was 13.55 percent of covered payroll; 5.0 percent was the portion that was used to fund health care for 2002. For 2001, the contribution rate was 13.55 percent of covered payroll, 4.30 percent was the portion that was used to fund healthcare.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 402,041. The City's actual contributions for 2002 which were used to fund postemployment benefits were \$235,916. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggest, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

OHIO POLICE AND FIRE PENSION FUND

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2002. For 2001 the percent used to fund healthcare was 7.5 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2002 that were used to fund postemployment benefits were \$116,080 for police and \$10,157 for fire. The OP&F's total health care expense for the year ended December 31, 2001, (the latest information available) was \$122,298,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. In the past, vacation leave was permitted to accumulate with no limit. Currently, vacation leave earned in one year must be used in the next year. If the employee has not used the vacation earned for one year, the vacation accrual stops. When an employee terminates employment, he is paid for his unused vacation leave. The total obligation for vacation accrual for the City as a whole amounted to \$371,321 at December 31, 2002.

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 13 - OTHER EMPLOYEE BENEFITS (continued)

Accumulated Unpaid Sick Leave

City employees earn sick leave at the rate of four and six tenths hours per eighty hours of service. Sick leave is cumulative without limit. In the case of death or retirement, an employee (or his estate) is paid 50% of accumulated sick leave up to 1040 hours and 10% for accumulated hours in excess of 1,040. The total obligation for sick leave accrual for the City as a whole as of December 31, 2002, was \$519,507.

Accumulated Unpaid Holiday Pay

Under contract, police personnel who work a holiday receive holiday time in addition to four hours pay. Accumulated unpaid holiday time is paid to employees upon separation or death. At December 31, 2002, the accrual for unpaid holiday time amounted to \$30,061.

NOTE 14 - CAPITAL LEASE RECEIVABLE

City-owned land within the following Industrial Parks were leased to twenty-nine companies: Kingsview Industrial Park: Amtex Inc., J.I.T. Packaging, Lucas Sumitomo Brakes Inc., R & I Enterprises, Unitherm, Lebanon Commerce Center: Bunnell Hill, Cinmar L.P., Collins Ink, Dover/OPW, E-Beam Services, Flint Ink, Ghent Manufacturing, JBM Envelope, J & N Distribution, Knauf USA, Portman Equipment, Service Wholesale, Tomak Precision, Lebanon Commerce Center North: Trim Parts, Columbia Business Park: Contemporary Image Labeling, Doran Enterprises, 4 Sands Industries, Franklin Brazing, G.C. Contracting, Quantum Metals, Star Packaging, Superior Walls of Cincinnati, ZHW Inc., Norgal Industrial Park: Eastgate Graphics. The companies are developing the land. The new construction has been granted a tax exemption, although payments in lieu of taxes will be made to the City. See Note 7.

The lease period is thirty years. At the conclusion of the lease period, the companies may purchase the leased properties for \$1. The City has classified these agreements as direct financing capital leases. The lease payments to the City are paid into the Industrial Development Capital Projects Fund and will be used for improvements to the industrial park.

The City has recognized the future minimum lease payments, less unearned interest income, as leases receivable in the capital projects fund type. That portion (other than unearned interest income) which is not available at year-end is classified as deferred revenue.

Total Minimum Lease Payments to be Received	\$97,568
Less: Unearned Interest	(39,777)
Net Investment in Direct Financing Leases	<u>\$57,791</u>

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2002, the City contracted with Hylant MacLean for vehicle, property and general liability insurance. Cincinnati Insurance Company covers boiler and machinery, while police liability and public officials are protected by Hylant MacLean.

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 15 - RISK MANAGEMENT (continued)

Boiler and machinery deductible levels vary with equipment. EDT equipment has a \$1,000 deductible for computer equipment. Vehicles hold a \$250 to \$500 deductible, general liability has a \$0 deductible, and property has a \$1,000 deductible. The City carries a \$2,500 deductible for both police professional and public officials liability insurance. The City has an internal accident review board which analyzes all vehicle accidents. The City also contracts with Hylant MacLean, who reviews each accident claim.

Settled claims have not exceeded this commercial coverage in any of the past five years and there have been no significant reductions in coverage from last year.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The City has elected to provide employee medical, dental and life insurance benefits through a self insured program. The City maintains a Self-Insurance Internal Service Fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical plan with a \$50 single and \$50 per person family deductible for City employees. The City also provides a dental plan with a \$50 deductible, and \$30,000 in accidental life insurance. A third party administrator reviews all claims which the City then pays. Klais & Company, located in Akron, was the third party administrator for the year. The City purchases stop-loss coverage for claims in excess of \$25,000 per employee, per occurrence.

The City pays into the Self-Insurance Internal Service Fund \$875 per employee per month. The fund that pays the salary for the employee pays this premium which is based on historic cost information. The claims liability of \$228,364 reported in the fund at December 31, 2002, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. Estimates were calculated by using actual claims reports for several months following the balance sheet date. This estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for the past two years were:

	Balance at January 1,	Current Year Claims	Claim Payments	Balance at December 31,
2001	\$270,825	\$1,397,758	\$1,408,686	\$259,897
2002	259,897	1,267,174	1,298,707	228,364

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - LONG-TERM OBLIGATIONS

Changes in general long-term obligations during 2002 were as follows:

	Balance at January 1, 2002	Increases	Decreases	Balance at December 31, 2002
<u>Special Assessment Bonds:</u>				
1990 - 7.00% \$438,150 Kingsview/Henkle Drive Improvement	\$217,350	\$0	\$24,150	\$193,200
1991 - 6.45% \$731,080 Deerfield Road Improvement	514,740	0	37,300	477,440
1993 - 5.75% \$200,000 Henkle Drive Extension	120,000	0	10,000	110,000
1994 - 5.00% \$54,372 Pleasant Street Improvement	42,535	0	2,364	40,171
TOTAL - Special Assessment Bonds Payable	<u>894,625</u>	<u>0</u>	<u>73,814</u>	<u>820,811</u>
<u>Voted General Obligation Bonds:</u>				
1997 - 4.0 to 13.5% \$1,039,224 Library Improvement	681,439	21,371	95,000	607,810
TOTAL - Voted General Obligation Bonds Payable	<u>681,439</u>	<u>21,371</u>	<u>95,000</u>	<u>607,810</u>
<u>Unvoted General Obligation Bonds:</u>				
1990 - 7.00% \$196,850 Kingsview/Henkle Drive Improvement	97,650	0	10,850	86,800
1991 - 6.450% \$248,920 Deerfield Road Improvement	175,260	0	12,700	162,560

(continued)

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

	Balance at January 1, 2002	Increases	Decreases	Balance at December 31, 2002
<u>Unvoted General Obligation Bonds: (continued)</u>				
1994 - 5.50%				
Pleasant Street Improvement	\$137,464	\$0	\$7,636	\$129,828
1997 - 3.90 to 5.25%				
Miller Road	2,350,000	0	100,000	2,250,000
TOTAL - Unvoted General Obligation Bonds Payable	<u>2,760,374</u>	<u>0</u>	<u>131,186</u>	<u>2,629,188</u>
<u>Other Long-Term Obligations</u>				
Fire Improvement Note 3.28%	360,000	240,000	360,000	240,000
Due to Other Governments - (Pension Obligation)	199,669	196,039	199,669	196,039
Capital Lease Payable	0	73,547	0	73,547
Compensated Absences Payable	705,149	34,499	0	739,648
Police Pension	22,483	0	313	22,170
TOTAL - General Long-Term Obligations	<u>\$5,623,739</u>	<u>\$565,456</u>	<u>\$859,982</u>	<u>\$5,329,213</u>

The Kingsview/Henkle special assessment/general obligation bond was issued to finance the construction and improvement of roads near the industrial park area. The City owns some of the land that borders these roads and is therefore paying a portion of this debt with payments in lieu of tax revenue generated from Bunnell Hill, Ghent Manufacturing, Cinmar, JBM, E-Beam Services, Knauf USA, OPW, Portman Equipment Co., Service Wholesale, Flint Ink, J & N Distribution, Tomak Precision, and Trim Parts. The debt is being paid from the General Obligation Debt Retirement Debt Service Fund with income tax revenue. The remainder is being assessed to the property owners.

The Deerfield Road Improvement special assessment/general obligation bonds were issued to finance the construction and improvement of a road. The City is responsible for paying for the costs of intersections, rights of way and some additional costs as determined by legal counsel. This is being paid through the General Obligation Debt Retirement Debt Service Fund with income tax revenue. The remainder is being assessed.

The Henkle Drive Extension special assessment bonds were issued to finance the construction of a road in the industrial park.

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

The Pleasant Street Improvement special assessment/general obligation bonds were issued to finance the construction and improvement of a road and new storm sewer. The City is responsible for paying for the costs of the intersections, rights of way, storm sewer and some additional costs as determined by legal counsel. This is being paid through the General Obligation Debt Retirement Debt Service Fund with income tax revenue. The remainder is being assessed.

The Miller Road general obligation bonds will be paid through the General Obligation Debt Retirement Debt Service Fund with City income tax revenue.

The Special Assessment Bond issues are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

The Library Improvement general obligation bonds included serial and capital appreciation bonds in the amounts of \$950,000 and \$89,224, respectively, with interest rates ranging from 4.0% to 13.5%. The capital appreciation bonds will mature in 2007, 2008 and 2009. The maturity amount of the capital appreciation bonds is \$125,000 in 2007, \$125,000 in 2008 and \$130,000 in 2009, for a total of \$380,000. For 2002, the capital appreciation bonds were accreted \$21,371. The Library Improvement Bond will be paid through the Library Bond Retirement Debt Service Fund with property tax revenue.

On May 23, 2002, the City issued \$240,000 in bond anticipation notes to refinance a \$360,000 bond anticipation note that was used for the purpose of acquiring land and a building for use by the fire department. The note will be paid from the Fire and Life Squad special revenue fund.

Compensated absences and due to other governments, which represent contractually required pension contributions, will be paid from the funds from which the employees' salaries are paid. The capital lease liability will be paid from the street maintenance and repair fund. The police pension liability is paid from the general fund from general property tax revenue.

Changes during 2002 in the City's long-term enterprise fund obligations were as follows:

	Balance at January 1, 2002	Increases	Decreases	Balance at December 31, 2002
<u>Mortgage Revenue Bonds</u>				
1999 - 4.9 to 5.35% Sanitary Sewer	\$8,425,000	\$0	\$215,000	\$8,210,000
1999 - 3.75 to 5.3% Water System Improvement and Refunding	9,515,000	0	350,000	9,165,000
Discount on Debt Issue	(57,096)	0	(8,157)	(48,939)
				(continued)

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

	Balance at January 1, 2002	Increases	Decreases	Balance at December 31, 2002
<u>Mortgage Revenue Bonds (continued)</u>				
1997 - 4.0 to 4.8%				
Sanitary Sewer	\$1,235,000	\$0	\$155,000	\$1,080,000
Discount on Debt Issue	(134,264)	0	(19,180)	(115,084)
1996 - 3.7%				
Electric System	4,090,000	0	190,000	3,900,000
Discount on Debt Issue	(36,935)	0	(2,463)	(34,472)
2001 - 4.0 to 5.75% \$8,125,000				
Electric System	8,125,000	0	255,000	7,870,000
Premium on Debt Issue	126,939	0	6,538	120,401
2001 - 4.0 to 5.75% \$5,565,000				
Telecommunications System	5,565,000	0	175,000	5,390,000
Premium on Debt Issue	87,380	0	4,500	82,880
TOTAL - Mortgage Revenue Bonds Payable	36,941,024	0	1,321,238	35,619,786
Compensated Absences Payable	125,231	28,291	0	153,522
TOTAL - Enterprise Funds	<u>\$37,066,255</u>	<u>\$28,291</u>	<u>\$1,321,238</u>	<u>\$35,773,308</u>

During 1999, the City issued sanitary sewer mortgage revenue bonds in the amount of \$8,830,000. The proceeds were used to pay for sewer system improvements. A portion of the proceeds were used to pay off a \$500,000 note.

During 1999, the City issued \$10,180,000 in water system improvement mortgage revenue bonds. A portion of the proceeds were used to advance refund the 1991 water system improvement bonds in the amount of \$1,315,000. The average rate on the refunded bonds was 6.93% while the average rate on the refunded portion of the new debt was 4.05%. The net proceeds of \$1,388,410 (after payment of \$281,848 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 bonds. As a result, the 1991 bonds are considered defeased and the liability for those bonds has been removed from the balance sheet. A portion of the proceeds were used to pay off a \$3,500,000 note.

On October 17, 1997, the City issued \$1,915,000 in Sewer System Mortgage Revenue Bonds to advance refund \$1,811,956 of outstanding 1988 Revenue Bonds. The City contributed an additional \$135,896 from cash and cash equivalents with fiscal agents. The net proceeds of \$1,979,354 (after payment of \$71,542 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1988 revenue bonds. As a result, the 1988 revenue bonds are considered to be defeased and the liability for those bonds has been removed from the sewer fund.

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

During 1996, the City issued electric system mortgage bonds in the amount of \$4,925,000 for making improvements to the electric system.

On May 24, 2001, the City issued \$13,690,000 in mortgage revenue bonds for making improvements to the electric and telecommunications systems. The interest rate on the bonds is ranges from 4.0% to 5.75%, and final maturity is December 2021.

The Mortgage Revenue Bonds are being repaid from charges for services in the respective enterprise funds, with the exception of the Telecommunications Fund. Telecommunication debt is being repaid from advances from the Electric Fund.

Compensated absences will be paid from the funds from which the employees' salaries are paid.

In prior years, the City defeased Water System Improvement Mortgage Revenue Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and the liability of the defeased bonds are not included in the City's financial statements. As of December 31, 2002, \$9,165,000 of the bonds were unmatured and unpaid.

The Enterprise Funds' related bond indentures have certain restrictive covenants, which require that bond reserve funds be maintained and charges for fees to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties in good condition.

As of December 31, 2002, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$31,638,163 and the unvoted debt margin was \$15,481,316.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2002, were:

	Special Assessment Bonds	General Obligation Bonds	Police Pension Liability	Mortgage Revenue Bonds	Long-Term Notes	Total
2003	\$164,936	\$425,754	\$1,264	\$3,164,608	\$247,872	\$4,004,434
2004	160,988	430,549	1,264	3,170,691	0	3,763,492
2005	160,586	425,606	1,264	3,174,988	0	3,762,444
2006	159,757	425,017	1,264	3,180,693	0	3,766,731
2007	157,103	429,998	1,264	3,172,148	0	3,760,513
2008-12	520,078	1,631,022	6,320	14,291,805	0	16,449,225
2013-17	10,307	1,126,330	6,320	13,498,785	0	14,641,742
2018-41	0	0	20,888	13,290,315	0	13,311,203
TOTAL	\$1,333,755	\$4,894,276	\$39,848	\$56,944,033	\$247,872	\$63,459,784

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 17 - SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year ended December 31, 2002, follows:

<u>Fund Type/Fund/Issue</u>	<u>Balance at January 1, 2002</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2002</u>
General Fund				
Real Estate Acquisition 3.82%	\$0	\$300,000	\$300,000	\$0
Total General Fund	0	300,000	300,000	0
Capital Projects				
Industrial Development Fund				
Columbia Business Park Bluebird Farms, 3.15%	1,200,000	0	1,200,000	0
Capital Improvements Fund				
Road Improvement, 2.15%	3,870,000	3,870,000	3,870,000	3,870,000
Main Street Improvement, 2.35%	300,000	0	300,000	0
Total Capital Projects Funds	5,370,000	3,870,000	5,370,000	3,870,000
Enterprise				
Electric Fund				
Electric Systems Improvement, 2.5%	3,250,000	3,250,000	3,250,000	3,250,000
Telecommunications Fund				
Telecommunications, 1.89%	0	750,000	0	750,000
Telephone System, 2.61%	1,000,000	1,000,000	1,000,000	1,000,000
Total Enterprise Funds	4,250,000	5,000,000	4,250,000	5,000,000
Grand Total	\$9,620,000	\$9,170,000	\$9,920,000	\$8,870,000

The notes are issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. They are backed by the full faith and credit of the City and will mature within one year. The liability for the notes is presented in the fund that received the note proceeds.

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 18 - INTERFUND ASSETS/LIABILITIES

Individual fund interfund asset and liability balances at December 31, 2002, were as follows:

Due From/To Other Funds

	<u>Due From</u>	<u>Due To</u>
<u>General Fund</u>	<u>\$50,176</u>	<u>\$6,874</u>
<u>Special Revenue Funds</u>		
Cemetery	0	705
Computer Improvement	2,774	0
Computerized Legal Research	913	0
DARE	496	0
Fire and Life Squad	0	2,016
Indigent Drivers' Alcohol Treatment	186	0
State Highway	0	4,142
Street Maintenance and Repair	0	6,213
Total Special Revenue Funds	<u>\$4,369</u>	<u>\$13,076</u>
<u>Enterprise Funds</u>		
Electric	\$0	\$2,003
Sewer	0	1,227
Telecommunications	0	910
Water	0	858
Total Enterprise Funds	<u>0</u>	<u>4,998</u>
<u>Internal Service Fund</u>		
Auto Maintenance	<u>24,948</u>	<u>0</u>
<u>Agency Fund</u>		
Municipal Court	<u>0</u>	<u>54,545</u>
Total All Funds	<u>\$79,493</u>	<u>\$79,493</u>

Interfund Receivable/Payable

	<u>Receivable</u>	<u>Payable</u>
<u>Enterprise Funds</u>		
Electric	\$0	\$152,961
Telecommunications	152,961	0
Total Enterprise Funds	<u>152,961</u>	<u>152,961</u>
Total All Funds	<u>\$152,961</u>	<u>\$152,961</u>

CITY OF LEBANON, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 18 - INTERFUND ASSETS/LIABILITIES (continued)

Advances From/To Other Funds

	Receivable	Payable
<u>General Fund</u>	\$1,945,034	\$0
<u>Capital Projects Funds</u>		
Industrial Development	0	1,945,034
<u>Enterprise Funds</u>		
Electric	2,349,186	0
Telecommunications	0	2,349,186
Total Enterprise Funds	2,349,186	2,349,186
Total All Funds	\$4,294,220	\$4,294,220

NOTE 19 - SIGNIFICANT CONTRACTUAL OBLIGATIONS

The City of Lebanon has entered into the following contracts as of December 31, 2002:

	Purpose	Amount Remaining
MU Net	Utility Monitoring System	\$302,228
PreLoad	1.0MG Clearwell	196,928
ICS	Glosser Road Pumping Station Improv.	185,275
SK Construction	North Broadway Road Widening	179,806
FPS	Glosser Rd. Equalization Basin Engineering	110,237
Pyper Construction	Dave Avenue Sanitary Sewer Extension	76,590
WG Stang	Deerfield Road Reconstruction	60,175
CCI	Purchase/Install Fiber Optic Cable	57,458
DLZ	Right-of-Way Acquisition Services	56,190
GPD	Monroe Rd. Substation	54,805
JGK Testing & Supply	2002 Sanitary Sewer Cleaning & Testing	47,587
HD Water Service	Groundwater Exploration	45,188
ELASCO	Overhead North Loop Conductor	33,860
Virginia Transformer	Monroe Substation	29,472
Northwest Consultants	Engineering North Fork Sanitary Sewer Ext.	28,560
Dixon Engineering	Logo Water Tower	25,905

NOTE 20 - SEGMENT INFORMATION

The City's enterprise funds account for the provision of electric, sanitation, sewer, telecommunication and water services. Key financial information as of and for the year ended December 31, 2002, for each enterprise fund is as follows:

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 20 - SEGMENT INFORMATION (continued)

	Electric	Sanitation	Sewer	Tele- Communications	Water	Total
Operating Revenues	\$13,426,533	\$824,496	\$2,309,101	\$2,177,154	\$2,601,406	\$21,338,690
Depreciation Expense	970,729	3,333	390,601	709,739	311,272	2,385,674
Operating Income (Loss)	1,713,043	23,071	311,144	(1,166,870)	891,228	1,771,616
Donated Assets	0	0	383,250	0	319,506	702,756
Operating Transfers In (Out)	(53,921)	0	(53,341)	228,787	(103,341)	18,184
Net Income (Loss)	1,659,122	23,071	641,053	(938,083)	720,792	2,105,955
Net Working Capital	8,494,459	754,921	4,419,548	(909,777)	8,212,360	20,971,511
Increase to Contributed Capital	12,168	0	0	0	0	12,168
Fixed Assets Additions	3,612,075	0	829,061	443,360	1,159,761	6,044,257
Fixed Assets Deletions	202,295	0	252,413	1,345	165,336	621,389
Total Assets	31,053,996	913,859	25,827,762	6,628,726	26,259,035	90,683,378
Bonds and Other Long-Term Liabilities Payable from						
Revenues	11,467,909	0	8,838,366	7,649,956	8,795,025	36,751,256
Total Fund Equity (Deficit)	14,639,960	856,019	16,413,348	(3,192,732)	16,923,347	45,639,942
Encumbrances at						
December 31, 2002	505,309	49,940	761,200	174,395	419,718	1,910,562

NOTE 21 - CAPITAL LEASES - LESSEE DISCLOSURE

During 2002, the City entered into a capital lease for equipment. By the terms of the agreement, ownership of the equipment is transferred to the City by the end of five year lease term. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The equipment acquired by lease has been capitalized in the general fixed asset account group in the amount of \$73,547 which equals the present value of the future minimum lease payments at the of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

Year Ending <u>December 31,</u>	General Long-Term Obligations
2003	\$16,959
2004	16,959
2005	16,959
2006	16,959
2007	16,959
Subtotal	84,795
Less: Amount Representing Interest	(11,248)
Present Value of Minimum Lease Payments	<u>\$73,547</u>

CITY OF LEBANON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 22 - JOINTLY GOVERNED ORGANIZATION

Warren County General Health District

The Warren County General Health District, a jointly governed organization, provides health services to the citizens within the County. The Board of Health, which consists of a representative from each of the participating governments, including the City, oversees the operation of the District. The City contributed \$1,731 during 2002 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers. You may obtain financial information from Kathy Stephenson at the Warren County General Health District, 416 S. East Street, Lebanon, Ohio 45036.

NOTE 23 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability - Fund Equity Deficits

The Capital Improvements and Industrial Development Capital Projects Funds have deficit fund balances of \$2,148,198 and \$1,919,182, respectively. The deficit fund balances are a result of the application of generally accepted accounting principles to the financial reporting of these funds. Advances (long term and current) from other funds and proceeds of notes used to finance these projects are not recognized as other financing sources, but rather as a fund liability. The deficits will be eliminated when the advances and notes are repaid. The Telecommunications Enterprise Fund and the Self-Insurance Internal Service Fund have deficit retained earnings of \$4,494,234 and \$67,600, respectively. The City is currently monitoring the Telecommunications and Self-Insurance Funds to find a way to alleviate these deficits.

B. Compliance

The Self Insurance Internal Service Fund had expenditures in excess of appropriations in Contractual Services of \$32,320. The Water Enterprise Fund had expenditures in excess of appropriations in Interest and Fiscal Charges of \$985.

NOTE 24 - CONTINGENT LIABILITIES

Litigation

The City is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

For the period January 1, 2002, to December 31, 2002, the City received state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 25 - SUBSEQUENT EVENT

On May 23, 2003, the City re-issued the Fire Improvement Bond Anticipation for the amount of \$240,000. The note will mature on May 23, 2004.

**COMBINING, INDIVIDUAL FUND
AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES**

GENERAL FUND

To account for governmental resources which are not required to be accounted for in any other fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of Ohio.

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$761,550	\$843,540	\$81,990
Income Taxes	1,854,000	1,812,699	(41,301)
Other Local Taxes	799,500	733,488	(66,012)
Intergovernmental	1,092,342	773,321	(319,021)
Charges for Services	1,284,959	1,275,100	(9,859)
Fines, Licenses and Permits	864,480	1,090,631	226,151
Interest	551,500	181,405	(370,095)
Other	750,746	727,159	(23,587)
Total Revenues	7,959,077	7,437,343	(521,734)
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	2,323,039	2,291,202	31,837
Travel Transportation	37,454	36,612	842
Contractual Services	289,606	289,254	352
Supplies and Materials	88,870	88,820	50
Total Security of Persons and Property	2,738,969	2,705,888	33,081
Public Health Services			
Contractual Services	1,750	1,731	19
Total Public Health Services	1,750	1,731	19
Leisure Time Activities			
Recreation Programs			
Personal Services	525,461	435,993	89,468
Travel Transportation	6,800	2,405	4,395
Contractual Services	94,971	89,596	5,375
Supplies and Materials	115,155	99,221	15,934
Refunds/ Reimbursement	2,000	85	1,915
Total Leisure Time Activities	744,387	627,300	117,087
Community Environment			
Planning and Development			
Personal Services	255,100	229,421	25,679
Travel Transportation	500	262	238
Contractual Services	7,528	6,149	1,379
Supplies and Materials	3,553	2,473	1,080
Building and Zoning			
Personal Services	133,187	127,185	6,002
Travel Transportation	2,000	301	1,699
Contractual Services	107,411	98,569	8,842
Supplies and Materials	2,350	605	1,745

(Continued)

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Engineer Services			
Personal Services	284,319	230,772	53,547
Travel Transportation	5,100	2,158	2,942
Contractual Services	28,727	28,506	221
Supplies and Materials	6,110	6,068	42
Total Community Environment	835,885	732,469	103,416
General Government			
Legislative			
Personal Services	117,130	109,886	7,244
Travel Transportation	1,000	30	970
Contractual Services	435,430	415,440	19,990
Supplies and Materials	31,218	27,310	3,908
City Manager			
Personal Services	282,273	265,716	16,557
Travel Transportation	6,000	4,096	1,904
Contractual Services	26,396	22,534	3,862
Supplies and Materials	7,268	4,370	2,898
Human Resources			
Personal Services	43,281	39,112	4,169
Travel Transportation	3,750	2,725	1,025
Contractual Services	88,641	68,528	20,113
Supplies and Materials	3,000	1,858	1,142
Department of Service			
Personal Services	455,511	448,274	7,237
Travel Transportation	2,500	456	2,044
Contractual Services	51,900	50,454	1,446
Supplies and Materials	5,500	5,330	170
Bureau-Computer Services			
Personal Services	225,834	206,999	18,835
Travel Transportation	23,920	23,072	848
Contractual Services	149,195	137,709	11,486
Supplies and Materials	10,039	3,770	6,269
Finance			
Personal Services	375,881	352,910	22,971
Travel Transportation	20,900	17,738	3,162
Contractual Services	78,850	67,432	11,418
Supplies and Materials	1,453	1,399	54
Income Tax			
Personal Services	\$143,694	\$143,660	\$34
Travel Transportation	1,300	1,277	23
Contractual Services	8,350	5,576	2,774
Supplies and Materials	14,350	14,138	212
Refunds	100,000	95,482	4,518
Law			
Personal Services	238,138	228,015	10,123
Travel Transportation	2,100	1,004	1,096
Contractual Services	318,564	304,143	14,421
Supplies and Materials	2,400	2,283	117

(Continued)

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Municipal Court			
Personal Services	375,078	374,147	931
Travel Transportation	1,800	224	1,576
Contractual Services	122,220	121,474	746
Supplies and Materials	11,000	8,143	2,857
Probation			
Personal Services	154,372	146,593	7,779
Travel Transportation	5,000	1,977	3,023
Contractual Services	6,900	5,946	954
Supplies and Materials	3,500	3,482	18
Building Maintenance			
Personal Services	206,533	178,468	28,065
Travel Transportation	550	0	550
Contractual Services	21,305	20,041	1,264
Supplies and Materials	17,587	16,642	945
Other General Government			
Travel Transportation	250	0	250
Contractual Services	332,502	319,982	12,520
Supplies and Materials	22,685	13,579	9,106
Total General Government	4,557,048	4,283,424	273,624
Capital Outlay	46,490	44,455	2,035
Principal Retirement	300,000	300,000	0
Interest and Fiscal Charges	8,000	1,726	6,274
Total Debt Service	308,000	301,726	6,274
Total Expenditures	9,232,529	8,696,993	535,536
Excess of Revenues Over (Under) Expenditures	(1,273,452)	(1,259,650)	13,802
Other Financing Sources (Uses):			
Proceeds of Notes	0	300,000	300,000
Advance - In	121,282	121,282	0
Operating Transfers - In	47,495	47,495	0
Operating Transfers - Out	(402,668)	(380,272)	22,396
Total Other Financing Sources (Uses):	(233,891)	88,505	322,396
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,507,343)	(1,171,145)	336,198
Fund Balance at Beginning of Year	1,379,786	1,379,786	0
Prior Year Encumbrances Appropriated	216,470	216,470	0
Fund Balance at End of Year	\$88,913	\$425,111	\$336,198

SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than expendable trust or for major capital projects) that are legally restricted to expenditure for specific purposes.

Bi-Centennial Celebration

To account for monies received for the celebration of the bi-centennial of the City.

Cemetery

To account for monies received for the operation and maintenance of the cemeteries.

Community Development

To account for monies received from the federal government under the Community Development Block Grant Program

Computer Improvement

To account for an additional court cost that will be used to computerize the clerk of court's office.

Computerized Legal Research

To account for an additional court cost that will be used to purchase and maintain computer equipment used in legal research.

COPS FAST

To account for monies received from the federal government for the COPS FAST Grant, a program of the U.S. Department of Justice, established for the hiring of an additional police officer.

DARE

To account for donations and fund raising proceeds that are used to operate the Drug Abuse Resistance Education program.

Drug Law Enforcement

To account for fines generated from the prosecution of illegal drug usage and sales.

Enforcement and Education

To account for a portion of fines collected in DUI cases to be used to enforce DUI laws and teach the public about the dangers of driving under the influence.

Federal Asset Forfeiture

To account for monies received from federal forfeitures to be used for law enforcement. Budgetary information has not been presented for this fund because the City did not anticipate any activity and no revenues or expenditures occurred in 2002. The budgetary fund balance was \$1,357 at December 31, 2002.

Fire and Life Squad

To account for revenues to be used for the operation of the fire and life squad.

(Continued)

SPECIAL REVENUE FUNDS (Continued)

Indigent Drivers' Alcohol Treatment

To account for a portion of fines collected in DUI cases to be used to pay for the treatment of indigent persons convicted of DUI offenses.

Law Enforcement

To account for proceeds from the sale of confiscated contraband.

Parking

To account for the monies collected from the City's parking meters used for the maintenance of parking meters and parking lots.

Park Recreation Impact Fee

To account for monies received from all sources for the purpose of purchasing land for open space.

State Highway

To account for gasoline tax and motor vehicle license fees used for routine maintenance of state highways within the City.

Street Maintenance and Repair

To account for gasoline tax and motor vehicle license fees remitted to the City for routine street maintenance.

Tax Increment Financing

To account for payments received in lieu of taxes on property granted a tax exemption by the City.

Urban Redevelopment

To account for monies received, primarily debt, for the housing redevelopment projects in the North Mechanic Street area.

CITY OF LEBANON, OHIO
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 DECEMBER 31, 2002

	<u>Bi-Centennial Celebration</u>	<u>Cemetery</u>	<u>Community Development</u>	<u>Computer Improvement</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$12,252	\$129,227	\$6,491	\$158,731
Cash and Cash Equivalents with Fiscal Agents	0	0	169,756	0
Receivables:				
Taxes	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0
Notes	0	0	21,239	0
Due from Other Funds	0	0	0	2,774
Due from Other Governments	0	15,000	0	0
Inventory of Supplies	0	16,636	0	0
Prepaid Items	0	0	0	0
Total Assets	<u>\$12,252</u>	<u>\$160,863</u>	<u>\$197,486</u>	<u>\$161,505</u>
Liabilities:				
Accounts Payable	\$0	\$472	\$0	\$1,260
Accrued Salaries Payable	0	1,243	0	0
Due to Other Funds	0	705	0	0
Due to Other Governments	0	265	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	<u>0</u>	<u>2,685</u>	<u>0</u>	<u>1,260</u>
Fund Equity:				
Fund Balances:				
Reserved for Encumbrances	0	8,059	0	2,483
Reserved for Inventory	0	16,636	0	0
Reserved for Notes Receivable	0	0	21,239	0
Unreserved, Undesignated	12,252	133,483	176,247	157,762
Total Fund Equity	<u>12,252</u>	<u>158,178</u>	<u>197,486</u>	<u>160,245</u>
Total Liabilities and Fund Equity	<u>\$12,252</u>	<u>\$160,863</u>	<u>\$197,486</u>	<u>\$161,505</u>

<u>Computerized Legal Research</u>	<u>COPS FAST</u>	<u>DARE</u>	<u>Drug Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Federal Asset Forfeiture</u>	<u>Fire and Life Squad</u>
\$79,546	\$29,069	\$8,709	\$15,325	\$31,819	\$1,357	\$643,572
0	0	0	0	0	0	0
0	0	0	0	0	0	1,337,908
0	0	0	0	0	0	0
0	0	0	0	0	0	0
913	0	496	0	0	0	0
0	0	0	0	0	0	59,233
0	0	0	0	0	0	90,809
0	0	0	0	0	0	19,627
<u>\$80,459</u>	<u>\$29,069</u>	<u>\$9,205</u>	<u>\$15,325</u>	<u>\$31,819</u>	<u>\$1,357</u>	<u>\$2,151,149</u>
\$260	\$0	\$0	\$0	\$0	\$0	\$6,114
0	0	0	0	0	0	8,225
0	0	0	0	0	0	2,016
0	434	0	0	0	0	1,889
0	0	0	0	0	0	1,397,141
<u>260</u>	<u>434</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,415,385</u>
0	0	0	0	0	0	54,636
0	0	0	0	0	0	90,809
0	0	0	0	0	0	0
<u>80,199</u>	<u>28,635</u>	<u>9,205</u>	<u>15,325</u>	<u>31,819</u>	<u>1,357</u>	<u>590,319</u>
<u>80,199</u>	<u>28,635</u>	<u>9,205</u>	<u>15,325</u>	<u>31,819</u>	<u>1,357</u>	<u>735,764</u>
<u>\$80,459</u>	<u>\$29,069</u>	<u>\$9,205</u>	<u>\$15,325</u>	<u>\$31,819</u>	<u>\$1,357</u>	<u>\$2,151,149</u>

(Continued)

CITY OF LEBANON, OHIO
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 DECEMBER 31, 2002
 (Continued)

	Indigent Drivers' Alcohol Treatment	Law Enforcement	Parking	Park Recreation Impact Fee
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$49,494	\$10,877	\$70,058	\$284,019
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0
Receivables:				
Taxes	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0
Notes	0	0	0	0
Due from Other Funds	186	0	0	0
Due from Other Governments	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$49,680	\$10,877	\$70,058	\$284,019
Liabilities:				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Salaries Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Due to Other Governments	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	0	0	0	0
Fund Equity:				
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Reserved for Inventory	0	0	0	0
Reserved for Notes Receivable	0	0	0	0
Unreserved, Undesignated	49,680	10,877	70,058	284,019
Total Fund Equity	49,680	10,877	70,058	284,019
Total Liabilities and Fund Equity	\$49,680	\$10,877	\$70,058	\$284,019

<u>State Highway</u>	<u>Street Maintenance and Repair</u>	<u>Tax Increment Financing</u>	<u>Urban Redevelopment</u>	<u>Total</u>
\$20,406	\$654,335	\$380,254	\$30,004	\$2,615,545
0	0	0	0	169,756
0	8,887	0	0	1,346,795
0	0	1,568,965	0	1,568,965
0	0	0	0	21,239
0	0	0	0	4,369
19,344	298,020	44,999	0	436,596
0	18,945	0	0	126,390
0	7,587	0	0	27,214
<u>\$39,750</u>	<u>\$987,774</u>	<u>\$1,994,218</u>	<u>\$30,004</u>	<u>\$6,316,869</u>
\$1,820	\$1,337	\$146,534	\$0	\$157,797
0	7,736	0	0	17,204
4,142	6,213	0	0	13,076
0	1,488	59,712	0	63,788
16,600	264,179	1,613,964	0	3,291,884
<u>22,562</u>	<u>280,953</u>	<u>1,820,210</u>	<u>0</u>	<u>3,543,749</u>
1,282	26,873	0	0	93,333
0	18,945	0	0	126,390
0	0	0	0	21,239
15,906	661,003	174,008	30,004	2,532,158
<u>17,188</u>	<u>706,821</u>	<u>174,008</u>	<u>30,004</u>	<u>2,773,120</u>
<u>\$39,750</u>	<u>\$987,774</u>	<u>\$1,994,218</u>	<u>\$30,004</u>	<u>\$6,316,869</u>

CITY OF LEBANON, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Bi-Centennial Celebration	Cemetery	Community Development	Computer Improvement
Revenues:				
Property Taxes	\$0	\$0	\$0	\$0
Other Local Taxes	0	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Intergovernmental	0	45,000	61,000	0
Charges for Services	0	52,409	0	0
Fines, Licenses and Permits	0	0	0	42,004
Interest	0	3,162	2,114	0
Other	54,392	313	0	0
Total Revenues	54,392	100,884	63,114	42,004
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	18,137
Public Health Services	0	127,402	0	0
Community Environment	72,814	0	84,886	0
Transportation	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	72,814	127,402	84,886	18,137
Excess of Revenues Over (Under) Expenditures	(18,422)	(26,518)	(21,772)	23,867
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	0	0	0	0
Proceeds from Sale of Notes	0	0	0	0
Inception of Capital Lease	0	0	0	0
Operating Transfers - In	13,000	30,000	0	0
Operating Transfers - Out	0	0	0	0
Total Other Financing Sources (Uses)	13,000	30,000	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,422)	3,482	(21,772)	23,867
Fund Balances at Beginning of Year	17,674	144,847	219,258	136,378
Increase (Decrease) in Reserve for Inventory	0	9,849	0	0
Fund Balances at End of Year	\$12,252	\$158,178	\$197,486	\$160,245

Computerized Legal Research	COPS FAST	DARE	Drug Law Enforcement	Enforcement and Education	Federal Asset Forfeiture	Fire and Life Squad
\$0	\$0	\$0	\$0	\$0	\$0	\$1,187,442
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	50,172	0	0	0	0	122,924
0	0	0	0	5,506	0	115,697
11,679	0	0	0	4,698	0	0
0	625	0	0	0	0	0
0	0	420	7,292	0	0	1,683
<u>11,679</u>	<u>50,797</u>	<u>420</u>	<u>7,292</u>	<u>10,204</u>	<u>0</u>	<u>1,427,746</u>
3,120	193,057	0	0	8,768	0	1,319,910
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	7,274
<u>3,120</u>	<u>193,057</u>	<u>0</u>	<u>0</u>	<u>8,768</u>	<u>0</u>	<u>1,327,184</u>
<u>8,559</u>	<u>(142,260)</u>	<u>420</u>	<u>7,292</u>	<u>1,436</u>	<u>0</u>	<u>100,562</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	240,000
0	0	0	0	0	0	0
0	167,969	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>167,969</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>240,000</u>
8,559	25,709	420	7,292	1,436	0	340,562
71,640	2,926	8,785	8,033	30,383	1,357	348,282
0	0	0	0	0	0	46,920
<u>\$80,199</u>	<u>\$28,635</u>	<u>\$9,205</u>	<u>\$15,325</u>	<u>\$31,819</u>	<u>\$1,357</u>	<u>\$735,764</u>

(Continued)

CITY OF LEBANON, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (Continued)

	Indigent Drivers' Alcohol Treatment	Law Enforcement	Parking	Park Recreation Impact Fee
Revenues:				
Property Taxes	\$0	\$0	\$0	\$0
Other Local Taxes	0	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Intergovernmental	0	0	0	0
Charges for Services	0	0	0	0
Fines, Licenses and Permits	2,529	0	46,683	11,163
Interest	0	0	0	0
Other	6,237	2,041	0	0
Total Revenues	8,766	2,041	46,683	11,163
Expenditures:				
Current:				
Security of Persons and Property	13,104	0	0	0
Public Health Services	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	41,864	0
Capital Outlay	0	0	0	0
Debt Service:				
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	13,104	0	41,864	0
Excess of Revenues Over (Under) Expenditures	(4,338)	2,041	4,819	11,163
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	0	0	0	0
Proceeds from Sale of Notes	0	0	0	0
Inception of Capital Lease	0	0	0	0
Operating Transfers - In	0	0	0	84,559
Operating Transfers - Out	0	0	0	(400,000)
Total Other Financing Sources (Uses)	0	0	0	(315,441)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,338)	2,041	4,819	(304,278)
Fund Balances at Beginning of Year	54,018	8,836	65,239	588,297
Increase (Decrease) in Reserve for Inventory	0	0	0	0
Fund Balances at End of Year	\$49,680	\$10,877	\$70,058	\$284,019

<u>State Highway</u>	<u>Street Maintenance and Repair</u>	<u>Tax Increment Financing</u>	<u>Urban Redevelopment</u>	<u>Total</u>
\$0	\$0	\$0	\$0	\$1,187,442
0	121,958	0	0	121,958
0	0	603,785	0	603,785
36,437	449,388	67,523	0	832,444
0	0	0	0	173,612
0	0	0	0	118,756
0	0	0	0	5,901
0	13,104	0	0	85,482
<u>36,437</u>	<u>584,450</u>	<u>671,308</u>	<u>0</u>	<u>3,129,380</u>
0	0	0	0	1,556,096
0	0	0	0	127,402
0	0	265,315	0	423,015
32,723	706,579	0	0	781,166
0	73,547	0	0	73,547
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,274</u>
<u>32,723</u>	<u>780,126</u>	<u>265,315</u>	<u>0</u>	<u>2,968,500</u>
<u>3,714</u>	<u>(195,676)</u>	<u>405,993</u>	<u>0</u>	<u>160,880</u>
0	5,742	0	0	5,742
0	0	0	0	240,000
0	73,547	0	0	73,547
0	0	0	0	295,528
0	0	(589,846)	0	(989,846)
<u>0</u>	<u>79,289</u>	<u>(589,846)</u>	<u>0</u>	<u>(375,029)</u>
3,714	(116,387)	(183,853)	0	(214,149)
13,474	855,576	357,861	30,004	2,962,868
<u>0</u>	<u>(32,368)</u>	<u>0</u>	<u>0</u>	<u>24,401</u>
<u>\$17,188</u>	<u>\$706,821</u>	<u>\$174,008</u>	<u>\$30,004</u>	<u>\$2,773,120</u>

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 BI-CENTENNIAL CELEBRATION FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other	\$41,000	\$54,392	\$13,392
Total Revenues	41,000	54,392	13,392
Expenditures:			
Current:			
Community Environment			
Contractual Services	74,050	72,814	1,236
Total Community Environment	74,050	72,814	1,236
Total Expenditures	74,050	72,814	1,236
Excess of Revenues Under Expenditures	(33,050)	(18,422)	14,628
Other Financing Sources:			
Operating Transfers - In	18,000	13,000	(5,000)
Total Other Financing Sources	18,000	13,000	(5,000)
Excess of Revenues and Other Financing Sources Under Expenditures	(15,050)	(5,422)	9,628
Fund Balance at Beginning of Year	17,674	17,674	0
Fund Balance at End of Year	\$2,624	\$12,252	\$9,628

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CEMETERY FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$30,000	\$30,000	\$0
Charges for Services	53,100	52,409	(691)
Interest	5,000	3,162	(1,838)
Other	0	313	313
Total Revenues	88,100	85,884	(2,216)
Expenditures:			
Current:			
Public Health Services			
Cemetery			
Personal Services	108,049	94,003	14,046
Travel Transportation	625	0	625
Contractual Services	35,902	33,455	2,447
Supplies and Materials	7,008	6,965	43
Total Public Health Services	151,584	134,423	17,161
Total Expenditures	151,584	134,423	17,161
Excess of Revenues Under Expenditures	(63,484)	(48,539)	14,945
Other Financing Sources:			
Operating Transfers - In	30,000	30,000	0
Total Other Financing Sources	30,000	30,000	0
Excess of Revenues and Other Financing Sources Under Expenditures	(33,484)	(18,539)	14,945
Fund Balance at Beginning of Year	135,753	135,753	0
Prior Year Encumbrances Appropriated	3,482	3,482	0
Fund Balance at End of Year	\$105,751	\$120,696	\$14,945

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 COMMUNITY DEVELOPMENT FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$65,000	\$61,000	(\$4,000)
Total Revenues	<u>65,000</u>	<u>61,000</u>	<u>(4,000)</u>
Expenditures:			
Current:			
Community Environment			
Community Development			
Capital Outlay	87,387	84,930	2,457
Total Community Environment	<u>87,387</u>	<u>84,930</u>	<u>2,457</u>
Total Expenditures	<u>87,387</u>	<u>84,930</u>	<u>2,457</u>
Excess of Revenues Under Expenditures	(22,387)	(23,930)	(1,543)
Fund Balance at Beginning of Year	9,928	9,928	0
Prior Year Encumbrances Appropriated	<u>20,493</u>	<u>20,493</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$8,034</u></u>	<u><u>\$6,491</u></u>	<u><u>(\$1,543)</u></u>

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 COMPUTER IMPROVEMENT FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines, Licenses and Permits	\$33,000	\$41,888	\$8,888
Total Revenues	33,000	41,888	8,888
Expenditures:			
Current:			
Security of Persons and Property			
Contractual Services	15,385	9,285	6,100
Supplies and Materials	6,500	179	6,321
Capital Outlay	37,500	11,156	26,344
Total Security of Persons and Property	59,385	20,620	38,765
Total Expenditures	59,385	20,620	38,765
Excess of Revenues Over (Under) Expenditures	(26,385)	21,268	47,653
Fund Balance at Beginning of Year	126,817	126,817	0
Prior Year Encumbrances Appropriated	6,903	6,903	0
Fund Balance at End of Year	\$107,335	\$154,988	\$47,653

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMPUTERIZED LEGAL RESEARCH FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Fines, Licenses and Permits	<u>\$11,000</u>	<u>\$11,663</u>	<u>\$663</u>
Total Revenues	<u>11,000</u>	<u>11,663</u>	<u>663</u>
Expenditures:			
Current:			
Security of Persons and Property			
Contractual Services	5,000	3,120	1,880
Supplies and Materials	5,500	0	5,500
Capital Outlay	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Security of Persons and Property	<u>15,500</u>	<u>3,120</u>	<u>12,380</u>
Total Expenditures	<u>15,500</u>	<u>3,120</u>	<u>12,380</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,500)</u>	<u>8,543</u>	<u>13,043</u>
Fund Balance at Beginning of Year	<u>71,003</u>	<u>71,003</u>	<u>0</u>
Fund Balance at End of Year	<u>\$66,503</u>	<u>\$79,546</u>	<u>\$13,043</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COPS FAST FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$268,968	\$50,172	(\$218,796)
Interest	0	625	625
Total Revenues	268,968	50,797	(218,171)
Expenditures:			
Current:			
Security of Persons and Property			
Cops Fast			
Personal Services	268,968	194,932	74,036
Total Security Persons and Property	268,968	194,932	74,036
Total Expenditures	268,968	194,932	74,036
Excess of Revenues Over (Under) Expenditures	0	(144,135)	(144,135)
Other Financing Sources:			
Operating Transfers - In	0	167,969	167,969
Total Other Financing Sources	0	167,969	167,969
Excess of Revenues and Other Financing Sources Over Expenditures	0	23,834	23,834
Fund Balance at Beginning of Year	5,235	5,235	0
Fund Balance at End of Year	\$5,235	\$29,069	\$23,834

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 DARE FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other	\$3,100	\$199	(\$2,901)
Total Revenues	3,100	199	(2,901)
Expenditures:			
Current:			
Security of Persons and Property			
DARE Program			
Supplies and Materials	2,470	0	2,470
Total Security of Persons and Property	2,470	0	2,470
Total Expenditures	2,470	0	2,470
Excess of Revenues Over Expenditures	630	199	(431)
Fund Balance at Beginning of Year	8,510	8,510	0
Fund Balance at End of Year	\$9,140	\$8,709	(\$431)

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 DRUG LAW ENFORCEMENT FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other	\$2,700	\$7,292	\$4,592
Total Revenues	2,700	7,292	4,592
Total Expenditures	0	0	0
Excess of Revenues Over Expenditures	2,700	7,292	4,592
Fund Balance at Beginning of Year	8,033	8,033	0
Fund Balance at End of Year	<u>\$10,733</u>	<u>\$15,325</u>	<u>\$4,592</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ENFORCEMENT AND EDUCATION FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Charges for Services	\$5,000	\$5,506	\$506
Fines, Licenses and Permits	<u>2,500</u>	<u>4,698</u>	<u>2,198</u>
Total Revenues	<u>7,500</u>	<u>10,204</u>	<u>2,704</u>
Expenditures:			
Current:			
Supplies and Materials	<u>10,439</u>	<u>8,768</u>	<u>1,671</u>
Total Security of Persons and Property	<u>10,439</u>	<u>8,768</u>	<u>1,671</u>
Total Expenditures	<u>10,439</u>	<u>8,768</u>	<u>1,671</u>
Excess of Revenues Over (Under) Expenditures	(2,939)	1,436	4,375
Fund Balance at Beginning of Year	<u>30,383</u>	<u>30,383</u>	<u>0</u>
Fund Balance at End of Year	<u>\$27,444</u>	<u>\$31,819</u>	<u>\$4,375</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE AND LIFE SQUAD FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$1,160,960	\$1,187,442	\$26,482
Intergovernmental	125,000	122,924	(2,076)
Charges for Services	80,000	115,697	35,697
Other	1,683	1,683	0
Total Revenues	1,367,643	1,427,746	60,103
Expenditures:			
Current:			
Security of Persons and Property			
Fire Fighting, Prevention and Inspection			
Personal Services	589,708	543,374	46,334
Travel Transportation	28,000	27,758	242
Contractual Services	242,675	230,884	11,791
Supplies and Materials	50,235	49,820	415
Capital Outlay	516,143	515,239	904
Total Security of Persons and Property	1,426,761	1,367,075	59,686
Debt Service:			
Principal Retirement	360,000	360,000	0
Interest and Fiscal Charges	14,400	12,424	1,976
Total Debt Service	374,400	372,424	1,976
Total Expenditures	1,801,161	1,739,499	61,662
Excess of Revenues Under Expenditures	(433,518)	(311,753)	121,765
Other Financing Sources:			
Proceeds from Sale of Notes	0	240,000	240,000
Total Other Financing Sources	0	240,000	240,000
Excess of Revenue and Other Financing Sources Under Expenditures	(433,518)	(71,753)	361,765
Fund Balance at Beginning of Year	574,027	574,027	0
Prior Year Encumbrances Appropriated	82,544	82,544	0
Fund Balance at End of Year	\$223,053	\$584,818	\$361,765

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 INDIGENT DRIVERS' ALCOHOL TREATMENT FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines, Licenses and Permits	\$2,000	\$2,518	\$518
Other	2,500	6,237	3,737
Total Revenues	4,500	8,755	4,255
Expenditures:			
Current:			
Supplies and Materials	14,550	13,104	1,446
Total Security of Persons and Property	14,550	13,104	1,446
Total Expenditures	14,550	13,104	1,446
Excess of Revenues Under Expenditures	(10,050)	(4,349)	5,701
Fund Balance at Beginning of Year	53,843	53,843	0
Fund Balance at End of Year	\$43,793	\$49,494	\$5,701

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 LAW ENFORCEMENT FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Other	<u>\$2,500</u>	<u>\$2,041</u>	<u>(\$459)</u>
Total Revenues	<u>2,500</u>	<u>2,041</u>	<u>(459)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	2,500	2,041	(459)
Fund Balance at Beginning of Year	<u>8,836</u>	<u>8,836</u>	<u>0</u>
Fund Balance at End of Year	<u>\$11,336</u>	<u>\$10,877</u>	<u>(\$459)</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKING FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines, Licenses and Permits	\$49,800	\$46,683	(\$3,117)
Total Revenues	49,800	46,683	(3,117)
Expenditures:			
Current:			
Transportation			
Contractual Services	5,875	2,654	3,221
Supplies and Materials	2,500	0	2,500
Reimbursements	24,150	24,150	0
Capital Outlay	31,944	15,060	16,884
Total Transportation	64,469	41,864	22,605
Total Expenditures	64,469	41,864	22,605
Excess of Revenues Over (Under) Expenditures	(14,669)	4,819	19,488
Fund Balance at Beginning of Year	50,179	50,179	0
Prior Year Encumbrances Appropriated	15,060	15,060	0
Fund Balance at End of Year	\$50,570	\$70,058	\$19,488

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 PARK RECREATION IMPACT FEE FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines, Licenses and Permits	\$125,000	\$11,163	(\$113,837)
Total Revenues	125,000	11,163	(113,837)
Expenditures:			
Current:			
Community Environment			
Capital Outlay	400,000	400,000	0
Total Community Environment	400,000	400,000	0
Total Expenditures	400,000	400,000	0
Excess of Revenues Under Expenditures	(275,000)	(388,837)	(113,837)
Other Financing Sources:			
Operating Transfers - In	0	84,559	84,559
Total Other Financing Sources	0	84,559	84,559
Excess of Revenues and Other Financing Sources Under Expenditures	(275,000)	(304,278)	(29,278)
Fund Balance at Beginning of Year	588,297	588,297	0
Fund Balance at End of Year	\$313,297	\$284,019	(\$29,278)

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 STATE HIGHWAY FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$31,500	\$35,557	\$4,057
Total Revenues	31,500	35,557	4,057
Expenditures:			
Current:			
Transportation			
Contractual Services	19,000	18,985	15
Supplies and Materials	13,072	11,638	1,434
Total Transportation	32,072	30,623	1,449
Total Expenditures	32,072	30,623	1,449
Excess of Revenues Over (Under) Expenditures	(572)	4,934	5,506
Fund Balance at Beginning of Year	11,798	11,798	0
Prior Year Encumbrances Appropriated	572	572	0
Fund Balance at End of Year	\$11,798	\$17,304	\$5,506

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET MAINTENANCE AND REPAIR FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other Local Taxes	\$120,000	\$120,878	\$878
Intergovernmental	395,000	438,538	43,538
Charges for Services	50	0	(50)
Other	22,000	13,104	(8,896)
Total Revenues	537,050	572,520	35,470
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	555,779	512,496	43,283
Travel Transportation	2,200	955	1,245
Contractual Services	110,246	96,706	13,540
Supplies and Materials	81,078	78,823	2,255
Capital Outlay	41,200	40,393	807
Total Transportation	790,503	729,373	61,130
Total Expenditures	790,503	729,373	61,130
Excess of Revenues Under Expenditures	(253,453)	(156,853)	96,600
Other Financing Sources:			
Proceeds from Sale of Fixed Assets	0	5,742	5,742
Total Other Financing Sources	0	5,742	5,742
Excess of Revenue and Other Financing Sources Under Expenditures	(253,453)	(151,111)	102,342
Fund Balance at Beginning of Year	747,765	747,765	0
Prior Year Encumbrances Appropriated	29,471	29,471	0
Fund Balance at End of Year	\$523,783	\$626,125	\$102,342

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAX INCREMENT FINANCING FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Payments in Lien of Taxes	\$597,545	\$603,785	\$6,240
Intergovernmental	35,000	67,523	32,523
Total Revenues	632,545	671,308	38,763
Expenditures:			
Current:			
Supplies and Materials	221,534	221,534	0
Total Community Environment	221,534	221,534	0
Total Expenditures	221,534	221,534	0
Excess of Revenues Over Expenditures	411,011	449,774	38,763
Other Financing Uses:			
Operating Transfers - Out	(784,803)	(589,846)	194,957
Total Other Financing Uses	(784,803)	(589,846)	194,957
Excess of Revenues Under Expenditures and Other Financing Uses	(373,792)	(140,072)	233,720
Fund Balance at Beginning of Year	373,792	373,792	0
Fund Balance at End of Year	\$0	\$233,720	\$233,720

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
URBAN REDEVELOPMENT FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Current:			
Community Environment			
Expenditures:			
Contractual Services	<u>30,004</u>	<u>0</u>	<u>30,004</u>
Total Community Environment	<u>30,004</u>	<u>0</u>	<u>30,004</u>
Total Expenditures	<u>30,004</u>	<u>0</u>	<u>30,004</u>
Excess of Revenues Under Expenditures	<u>(30,004)</u>	<u>0</u>	<u>30,004</u>
Fund Balance at Beginning of Year	<u>30,004</u>	<u>30,004</u>	<u>0</u>
Fund Balance at End of Year	<u>\$0</u>	<u>\$30,004</u>	<u>\$30,004</u>

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, AND EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Favorable (Unfavorable)
Revenues:			
Property Taxes	\$1,160,960	\$1,187,442	\$26,482
Other Local Taxes	120,000	120,878	878
Payments in Lieu of Taxes	597,545	603,785	6,240
Intergovernmental	950,468	805,714	(144,754)
Charges for Services	138,150	173,612	35,462
Fines, Licenses and Permits	223,300	118,613	(104,687)
Interest	5,000	3,787	(1,213)
Other	75,483	85,261	9,778
Total Revenues	3,270,906	3,099,092	(171,814)
Expenditures:			
Current:			
Security of Persons and Property			
DARE Program			
Supplies and Materials	2,470	0	2,470
Indigent Driver's Alcohol Treatment			
Supplies and Materials	14,550	13,104	1,446
Enforcement and Education			
Supplies and Materials	10,439	8,768	1,671
Fire Fighting, Prevention and Inspection			
Personal Services	589,708	543,374	46,334
Travel Transportation	28,000	27,758	242
Contractual Services	242,675	230,884	11,791
Supplies and Materials	50,235	49,820	415
Capital Outlay	516,143	515,239	904
Computer Improvement			
Contractual Services	15,385	9,285	6,100
Supplies and Materials	6,500	179	6,321
Capital Outlay	37,500	11,156	26,344
Computerized Legal Research			
Contractual Services	5,000	3,120	1,880
Supplies and Materials	5,500	0	5,500
Capital Outlay	5,000	0	5,000
COPS FAST			
Personal Services	268,968	194,932	74,036
Total Security of Persons and Property	1,798,073	1,607,619	190,454
Public Health Services			
Cemetery			
Personal Services	108,049	94,003	14,046
Travel Transportation	625	0	625
Contractual Services	35,902	33,455	2,447
Supplies and Materials	7,008	6,965	43
Total Public Health Services	\$151,584	\$134,423	\$17,161
Community Environment			
Bi-Centennial Celebration			
Contractual Services	74,050	72,814	1,236
Community Development			
Capital Outlay	\$87,387	\$84,930	\$2,457

(Continued)

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, AND EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Tax Increment Financing			
Supplies and Materials	\$221,534	\$221,534	\$0
Planning and Development			
Contractual Services	30,004	0	30,004
Total Community Environment	412,975	379,278	33,697
Transportation			
Street Maintenance and Repair			
Personal Services	555,779	512,496	43,283
Travel Transportation	2,200	955	1,245
Contractual Services	110,246	96,706	13,540
Supplies and Materials	81,078	78,823	2,255
Capital Outlay	41,200	40,393	807
State Highway Maintenance			
Contractual Services	19,000	18,985	15
Supplies and Materials	13,072	11,638	1,434
Parking Facilities			
Contractual Services	5,875	2,654	3,221
Supplies and Materials	2,500	0	2,500
Reimbursements	24,150	24,150	0
Capital Outlay	31,944	15,060	16,884
Total Transportation	887,044	801,860	85,184
Capital Outlay	400,000	400,000	0
Debt Service			
Principal Retirement	360,000	360,000	0
Interest and Fiscal Charges	14,400	12,424	1,976
Total Debt Service	374,400	372,424	1,976
Total Expenditures	4,024,076	3,695,604	328,472
Excess of Revenues Under Expenditures	(753,170)	(596,512)	156,658
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	0	5,742	5,742
Proceeds from Sale Notes	0	240,000	240,000
Operating Transfers - In	48,000	295,528	247,528
Operating Transfers - Out	(784,803)	(589,846)	194,957
Total Other Financing Sources (Uses)	(736,803)	(48,576)	688,227
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(1,489,973)	(645,088)	844,885
Fund Balances at Beginning of Year	2,853,234	2,853,234	0
Prior Year Encumbrances Appropriated	158,525	158,525	0
Fund Balances at End of Year	\$1,521,786	\$2,366,671	\$844,885

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CAPITAL PROJECTS FUNDS

To account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Capital Improvements

To account for capital acquisitions purchased from City municipal income tax revenue.

Cemetery Improvement

To account for monies received from all sources for cemetery improvements.

Community Center

To account for monies received from all sources for the Community Center.

Industrial Development

To account for capital expenditures connected with the development of the Kingsview Industrial Park.

State Issue II

To account for Issue II funds received from the State of Ohio for each project awarded through this program and local matching funds.

**CITY OF LEBANON, OHIO
 COMBINING BALANCE SHEET
 ALL CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2002**

	<u>Capital Improvements</u>	<u>Cemetery Improvement</u>	<u>Community Center</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,959,536	\$135,312	\$16,908
Receivables:			
Taxes	132,636	0	0
Special Assessments	95,012	0	0
Capital Lease Receivable	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$2,187,184</u>	<u>\$135,312</u>	<u>\$16,908</u>
Liabilities:			
Accounts Payable	\$74,427	\$0	\$0
Contracts Payable	244,633	0	0
Contracts Payable Retainage	0	5,000	0
Accrued Interest Payable	51,310	0	0
Deferred Revenue	95,012	0	0
Notes Payable	3,870,000	0	0
Advances From Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>4,335,382</u>	<u>5,000</u>	<u>0</u>
Fund Equity:			
Fund Balances:			
Reserved for Encumbrances	466,614	7,833	0
Unreserved, (Deficit)	<u>(2,614,812)</u>	<u>122,479</u>	<u>16,908</u>
Total Fund Equity (Deficit)	<u>(2,148,198)</u>	<u>130,312</u>	<u>16,908</u>
Total Liabilities and Fund Equity	<u>\$2,187,184</u>	<u>\$135,312</u>	<u>\$16,908</u>

<u>Industrial Development</u>	<u>State Issue II</u>	<u>Total</u>
\$25,852	\$270,000	\$2,407,608
0	0	132,636
0	0	95,012
<u>57,791</u>	<u>0</u>	<u>57,791</u>
<u>\$83,643</u>	<u>\$270,000</u>	<u>\$2,693,047</u>
\$0	\$0	\$74,427
0	0	244,633
0	0	5,000
0	0	51,310
57,791	0	152,803
0	0	3,870,000
<u>1,945,034</u>	<u>0</u>	<u>1,945,034</u>
<u>2,002,825</u>	<u>0</u>	<u>6,343,207</u>
0	181,306	655,753
<u>(1,919,182)</u>	<u>88,694</u>	<u>(4,305,913)</u>
<u>(1,919,182)</u>	<u>270,000</u>	<u>(3,650,160)</u>
<u>\$83,643</u>	<u>\$270,000</u>	<u>\$2,693,047</u>

CITY OF LEBANON, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 ALL CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Capital Improvements</u>	<u>Cemetery Improvement</u>	<u>Community Center</u>
Revenues:			
Income Taxes	\$1,600,924	\$0	\$0
Intergovernmental	151,873	0	0
Interest	0	3,059	384
Other	13,604	0	0
Total Revenues	<u>1,766,401</u>	<u>3,059</u>	<u>384</u>
Expenditures:			
Current:			
Community Environment	0	0	0
General Government	67,808	0	0
Capital Outlay	2,956,417	213,751	0
Debt Service:			
Interest and Fiscal Charges	115,745	0	0
Total Expenditures	<u>3,139,970</u>	<u>213,751</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,373,569)</u>	<u>(210,692)</u>	<u>384</u>
Other Financing Sources (Uses):			
Operating Transfers - In	180,000	0	0
Operating Transfers - Out	(368,833)	0	0
Total Other Financing Sources (Uses)	<u>(188,833)</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,562,402)</u>	<u>(210,692)</u>	<u>384</u>
Fund Balances (Deficit) at Beginning of Year	<u>(585,796)</u>	<u>341,004</u>	<u>16,524</u>
Fund Balances (Deficit) at End of Year	<u>(\$2,148,198)</u>	<u>\$130,312</u>	<u>\$16,908</u>

<u>Industrial Development</u>	<u>State Issue II</u>	<u>Total</u>
\$0	\$0	\$1,600,924
0	0	151,873
424	0	3,868
<u>6,098</u>	<u>0</u>	<u>19,702</u>
<u>6,522</u>	<u>0</u>	<u>1,776,367</u>
14,021	0	14,021
0	0	67,808
0	0	3,170,169
<u>14,840</u>	<u>0</u>	<u>130,585</u>
<u>28,861</u>	<u>0</u>	<u>3,382,583</u>
<u>(22,339)</u>	<u>0</u>	<u>(1,606,216)</u>
1,374,352	188,833	1,743,185
<u>0</u>	<u>0</u>	<u>(368,833)</u>
<u>1,374,352</u>	<u>188,833</u>	<u>1,374,352</u>
1,352,013	188,833	(231,864)
<u>(3,271,195)</u>	<u>81,167</u>	<u>(3,418,296)</u>
<u>(\$1,919,182)</u>	<u>\$270,000</u>	<u>(\$3,650,160)</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Income Taxes	\$1,854,000	\$1,599,767	(\$254,233)
Intergovernmental	0	151,873	151,873
Other	78,500	23,632	(54,868)
Total Revenues	1,932,500	1,775,272	(157,228)
Expenditures:			
Current:			
General Government			
Contractual Services	67,808	67,808	0
Total General Government	67,808	67,808	0
Capital Outlay	4,240,266	3,772,562	467,704
Debt Service:			
Principal Retirement	4,170,000	4,170,000	0
Interest and Fiscal Charges	158,873	149,484	9,389
Total Debt Service	4,328,873	4,319,484	9,389
Total Expenditures	8,636,947	8,159,854	477,093
Excess of Revenues Under Expenditures	(6,704,447)	(6,384,582)	319,865
Other Financing Sources (Uses):			
Proceeds from Sale of Notes	3,870,000	3,870,000	0
Operating Transfers - In	480,000	180,000	(300,000)
Operating Transfers - Out	(368,833)	(368,833)	0
Total Other Financing Sources (Uses)	3,981,167	3,681,167	(300,000)
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(2,723,280)	(2,703,415)	19,865
Fund Balance at Beginning of Year	1,512,431	1,512,431	0
Prior Year Encumbrances Appropriated	2,438,143	2,438,143	0
Fund Balance at End of Year	\$1,227,294	\$1,247,159	\$19,865

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CEMETERY IMPROVEMENT FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Interest	<u>\$15,000</u>	<u>\$3,059</u>	<u>(\$11,941)</u>
Total Revenues	<u>15,000</u>	<u>3,059</u>	<u>(11,941)</u>
Expenditures:			
Capital Outlay	<u>283,075</u>	<u>221,585</u>	<u>61,490</u>
Total Expenditures	<u>283,075</u>	<u>221,585</u>	<u>61,490</u>
Excess of Revenues Under Expenditures	(268,075)	(218,526)	49,549
Fund Balance at Beginning of Year	143,260	143,260	0
Prior Year Encumbrances Appropriated	<u>202,744</u>	<u>202,744</u>	<u>0</u>
Fund Balance at End of Year	<u>\$77,929</u>	<u>\$127,478</u>	<u>\$49,549</u>

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 COMMUNITY CENTER FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$0	\$384	\$384
Total Revenues	<u>0</u>	<u>384</u>	<u>384</u>
Expenditures:			
Current:			
Leisure Time Activities			
Community Center			
Contractual Services	<u>0</u>	<u>0</u>	<u>0</u>
Total Leisure Time Activities	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	0	384	384
Fund Balance at Beginning of Year	<u>16,524</u>	<u>16,524</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$16,524</u></u>	<u><u>\$16,908</u></u>	<u><u>\$384</u></u>

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INDUSTRIAL DEVELOPMENT FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Favorable)
Revenues:			
Interest	\$5,000	\$424	(\$4,576)
Intergovernmental	53,500	0	(53,500)
Other	6,098	6,098	0
Total Revenues	64,598	6,522	(58,076)
Expenditures:			
Current:			
Community Environment			
Contractual Services	59,172	22,993	36,179
Total Community Environment	59,172	22,993	36,179
Capital Outlay	16,950	16,950	0
Debt Service:			
Principal Retirement	1,200,000	1,200,000	0
Interest and Fiscal Charges	38,045	38,045	0
Total Debt Service	1,238,045	1,238,045	0
Total Expenditures	1,314,167	1,277,988	36,179
Excess of Revenues Under Expenditures	(1,249,569)	(1,271,466)	(21,897)
Other Financing Sources (Uses):			
Advance - In	47,495	0	(47,495)
Advance - Out	(121,823)	(121,282)	541
Operating Transfers - In	1,336,308	1,374,352	38,044
Total Other Financing Sources (Uses)	1,261,980	1,253,070	(8,910)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	12,411	(18,396)	(30,807)
Fund Balance at Beginning of Year	6,599	6,599	0
Prior Year Encumbrances Appropriated	28,677	28,677	0
Fund Balance at End of Year	\$47,687	\$16,880	(\$30,807)

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STATE ISSUE II FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$132,300	\$0	(\$132,300)
Total Revenues	132,300	0	(\$132,300)
Expenditures:			
Capital Outlay	270,000	181,306	88,694
Total Expenditures	270,000	181,306	88,694
Other Financing Sources:			
Operating Transfers In	188,833	188,833	0
Total Other Sources	188,833	188,833	0
Excess of Revenues and Other Financing Sources Over Expenditures	51,133	7,527	(43,606)
Fund Balance at Beginning of Year	81,167	81,167	0
Fund Balance at End of Year	\$132,300	\$88,694	(\$43,606)

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Income Taxes	\$1,854,000	\$1,599,767	(\$254,233)
Intergovernmental	185,800	151,873	(33,927)
Interest	20,000	3,868	(16,132)
Other	84,598	29,730	(54,868)
Total Revenues	2,144,398	1,785,238	(359,160)
Expenditures:			
Current:			
Community Environment			
Contractual Services	59,172	22,993	36,179
Capital Outlay	16,950	16,950	0
Total Community Environment	76,122	39,943	36,179
General Government			
Contractual Services	67,808	67,808	0
Total General Government	67,808	67,808	0
Capital Outlay	4,793,341	4,175,453	617,888
Debt Service:			
Principal Retirement	5,370,000	5,370,000	0
Interest and Fiscal Charges	196,918	187,529	9,389
Total Debt Service	5,566,918	5,557,529	9,389
Total Expenditures	10,504,189	9,840,733	663,456
Excess of Revenues Under Expenditures	(\$8,359,791)	(\$8,055,495)	\$304,296

(Continued)

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Notes	\$3,870,000	\$3,870,000	\$0
Advance - In	47,495	0	(47,495)
Advance - Out	(121,823)	(121,282)	541
Operating Transfers - In	2,005,141	1,743,185	(261,956)
Operating Transfers - Out	(368,833)	(368,833)	0
Total Other Financing Sources (Uses)	<u>5,431,980</u>	<u>5,123,070</u>	<u>(308,910)</u>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(2,927,811)	(2,932,425)	(4,614)
Fund Balances at Beginning of Year	1,759,981	1,759,981	0
Prior Year Encumbrances Appropriated	<u>2,669,564</u>	<u>2,669,564</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$1,501,734</u></u>	<u><u>\$1,497,120</u></u>	<u><u>(\$4,614)</u></u>

DEBT SERVICE FUNDS

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

General Obligation Debt Retirement

To account for income taxes collected for the payment of general obligation bonded debt.

Library Bond Retirement

To account for property taxes collected for the payment of the library bond.

Special Assessment Bond Retirement

To account for special assessments collected for the payment of special assessment bonded debt with governmental commitment.

**CITY OF LEBANON, OHIO
 COMBINING BALANCE SHEET
 ALL DEBT SERVICE FUNDS
 DECEMBER 31, 2002**

	General Obligation Debt Retirement	Library Bond Retirement	Special Assessment Bond Retirement	Total
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,150,967	\$212,917	\$502,373	\$2,866,257
Cash and Cash Equivalents with Fiscal Agents	105	0	3,204	3,309
Receivables:				
Taxes	66,317	137,699	0	204,016
Special Assessments	0	0	1,139,182	1,139,182
Due from Other Governments	0	6,393	0	6,393
Total Assets	\$2,217,389	\$357,009	\$1,644,759	\$4,219,157
Liabilities:				
Matured Bonds Payable	10,000	0	0	10,000
Matured Interest Payable	105	0	3,204	3,309
Deferred Revenue	0	137,699	1,139,182	1,276,881
Total Liabilities	10,105	137,699	1,142,386	1,290,190
Fund Equity:				
Fund Balances:				
Unreserved	2,207,284	219,310	502,373	2,928,967
Total Fund Equity	2,207,284	219,310	502,373	2,928,967
Total Liabilities and Fund Equity	\$2,217,389	\$357,009	\$1,644,759	\$4,219,157

**CITY OF LEBANON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL DEBT SERVICES FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General Obligation Debt Retirement	Library Bond Retirement	Special Assessment Bond Retirement	Total
Revenues:				
Property Taxes	\$0	\$119,911	\$0	\$119,911
Income Taxes	800,467	0	0	800,467
Intergovernmental	0	19,002	0	19,002
Special Assessments	0	0	179,774	179,774
Interest	63,880	0	0	63,880
Total Revenues	864,347	138,913	179,774	1,183,034
Expenditures:				
Debt Service:				
Principal Retirement	141,186	95,000	63,814	300,000
Interest and Fiscal Charges	143,282	24,205	51,368	218,855
Total Expenditures	284,468	119,205	115,182	518,855
Excess of Revenues Over Expenditures	579,879	19,708	64,592	664,179
Other Financing Uses:				
Operating Transfers - Out	(850,000)	0	0	(850,000)
Total Other Financing Uses	(850,000)	0	0	(850,000)
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(270,121)	19,708	64,592	(185,821)
Fund Balances at Beginning of Year	2,477,405	199,602	437,781	3,114,788
Fund Balances at End of Year	\$2,207,284	\$219,310	\$502,373	\$2,928,967

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL OBLIGATION DEBT RETIREMENT FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Income Taxes	\$742,000	\$799,890	\$57,890
Interest	200,000	63,880	(136,120)
Total Revenues	<u>942,000</u>	<u>863,770</u>	<u>(78,230)</u>
Expenditures:			
Debt Service:			
Principal Retirement	131,186	131,186	0
Interest and Fiscal Charges	147,233	143,747	3,486
Total Debt Service	<u>278,419</u>	<u>274,933</u>	<u>3,486</u>
Total Expenditures	<u>278,419</u>	<u>274,933</u>	<u>3,486</u>
Excess of Revenues Over Expenditures	<u>663,581</u>	<u>588,837</u>	<u>(74,744)</u>
Other Financing Sources (Uses):			
Operating Transfers - In	55,000	0	(55,000)
Operating Transfers - Out	(850,000)	(850,000)	0
Total Other Financing Sources (Uses)	<u>(795,000)</u>	<u>(850,000)</u>	<u>(55,000)</u>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(131,419)	(261,163)	(129,744)
Fund Balance at Beginning of Year	2,410,891	2,410,891	0
Prior Year Encumbrances Appropriated	1,240	1,240	0
Fund Balance at End of Year	<u>\$2,280,712</u>	<u>\$2,150,968</u>	<u>(\$129,744)</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY BOND RETIREMENT FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$119,624	\$119,911	\$287
Intergovernmental	12,000	12,609	609
Total Revenues	<u>131,624</u>	<u>132,520</u>	<u>896</u>
Expenditures:			
Debt Service:			
Principal Retirement	95,000	95,000	0
Interest and Fiscal Charges	26,205	24,205	2,000
Total Debt Service	<u>121,205</u>	<u>119,205</u>	<u>2,000</u>
Total Expenditures	<u>121,205</u>	<u>119,205</u>	<u>2,000</u>
Excess of Revenues Over Expenditures	10,419	13,315	2,896
Fund Balance at Beginning of Year	<u>199,602</u>	<u>199,602</u>	<u>0</u>
Fund Balance at End of Year	<u>\$210,021</u>	<u>\$212,917</u>	<u>\$2,896</u>

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL ASSESSMENT BOND RETIREMENT FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special Assessments	\$190,000	\$179,774	(\$10,226)
Total Revenues	<u>190,000</u>	<u>179,774</u>	<u>(10,226)</u>
Expenditures:			
Debt Service:			
Principal Retirement	73,814	63,814	10,000
Interest and Fiscal Charges	59,370	51,368	8,002
Total Debt Service	<u>133,184</u>	<u>115,182</u>	<u>18,002</u>
Total Expenditures	<u>133,184</u>	<u>115,182</u>	<u>18,002</u>
Excess of Revenues Over Expenditures	<u>56,816</u>	<u>64,592</u>	<u>7,776</u>
Other Financing Sources:			
Operating Transfers - In	80,000	0	(80,000)
Total Other Financing Sources	<u>80,000</u>	<u>0</u>	<u>(80,000)</u>
Excess of Revenues and Other Financing Sources Over Expenditures	136,816	64,592	(72,224)
Fund Balance at Beginning of Year	<u>437,781</u>	<u>437,781</u>	<u>0</u>
Fund Balance at End of Year	<u>\$574,597</u>	<u>\$502,373</u>	<u>(\$72,224)</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$119,624	\$119,911	\$287
Income Taxes	742,000	799,890	57,890
Intergovernmental	12,000	12,609	609
Special Assessments	190,000	179,774	(10,226)
Interest	200,000	63,880	(136,120)
Total Revenues	1,263,624	1,176,064	(87,560)
Expenditures:			
Debt Service:			
Principal Retirement	300,000	290,000	10,000
Interest and Fiscal Charges	232,808	219,321	13,487
Total Debt Service	532,808	509,321	23,487
Total Expenditures	532,808	509,321	23,487
Excess of Revenues Over Expenditures	730,816	666,743	(64,073)
Other Financing Sources (Uses):			
Operating Transfers - In	135,000	0	(135,000)
Operating Transfers - Out	(850,000)	(850,000)	0
Total Other Financing Sources (Uses)	(715,000)	(850,000)	(135,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	15,816	(183,257)	(199,073)
Fund Balance at Beginning of Year	3,048,274	3,048,274	0
Prior Year Encumbrance Appropriated	1,240	1,240	0
Fund Balance at End of Year	\$3,065,330	\$2,866,257	(\$199,073)

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ENTERPRISE FUNDS

To account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Electric

To account for the provision of electricity operations to residential and commercial users living within the City.

Sanitation

To account for the provision of refuse collection service to residential and commercial users living within the City.

Sewer

To account for the provision of sanitary sewer service to residential and commercial users living within the City.

Telecommunications

To account for the provision of cable, high-speed internet and various telephone services that the City provides.

Water

To account for the provision of water treatment and distribution to residential and commercial users living within the City.

CITY OF LEBANON, OHIO
 COMBINING BALANCE SHEET
 ALL ENTERPRISE FUNDS
 DECEMBER 31, 2002

	<u>Electric</u>	<u>Sanitation</u>	<u>Sewer</u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$7,285,869	\$718,629	\$4,257,713
Accounts Receivable	2,175,818	94,132	273,410
Special Assessments Receivable	0	0	64,352
Due from Other Governments	0	0	22,021
Inventory of Supplies	870,869	0	23,056
Prepaid Items	11,664	0	4,674
Interfund Receivables	0	0	0
Advances to Other Funds	2,349,186	0	0
Total Current Assets	<u>12,693,406</u>	<u>812,761</u>	<u>4,645,226</u>
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	720,502	0	240,000
Cash and Cash Equivalents with Fiscal Agents	899,732	0	816,871
Total Restricted Assets	<u>1,620,234</u>	<u>0</u>	<u>1,056,871</u>
Deferred Charges - Mortgage Revenue Bond Issuance Costs			
	<u>304,084</u>	<u>0</u>	<u>39,746</u>
Fixed Assets:			
Land	889,301	54,000	676,677
Land Improvements	0	0	0
Improvements Other than Buildings	440,537	0	31,574
Buildings	1,544,622	100,000	8,819,503
Equipment	4,639,119	0	157,147
Vehicles	901,407	56,600	558,872
Infrastructure	16,966,463	0	8,306,687
Construction In Progress	4,299,522	0	6,232,785
Less: Accumulated Depreciation	<u>(13,244,699)</u>	<u>(109,502)</u>	<u>(4,697,326)</u>
Total Fixed Assets	<u>16,436,272</u>	<u>101,098</u>	<u>20,085,919</u>
Total Assets	<u>\$31,053,996</u>	<u>\$913,859</u>	<u>\$25,827,762</u>

<u>Telecommunications</u>	<u>Water</u>	<u>Total</u>
\$1,044,552	\$8,214,295	\$21,521,058
0	279,938	2,823,298
0	0	64,352
0	0	22,021
210,389	134,860	1,239,174
12,128	5,029	33,495
152,961	0	152,961
0	0	2,349,186
<u>1,420,030</u>	<u>8,634,122</u>	<u>28,205,545</u>
0	200,000	1,160,502
<u>315,241</u>	<u>587,208</u>	<u>2,619,052</u>
<u>315,241</u>	<u>787,208</u>	<u>3,779,554</u>
<u>160,031</u>	<u>165,452</u>	<u>669,313</u>
0	3,645,809	5,265,787
0	31,535	31,535
327,067	1,007,335	1,806,513
204,878	2,477,043	13,146,046
249,056	257,860	5,303,182
227,695	147,534	1,892,108
6,221,624	10,186,457	41,681,231
0	2,464,466	12,996,773
<u>(2,496,896)</u>	<u>(3,545,786)</u>	<u>(24,094,209)</u>
<u>4,733,424</u>	<u>16,672,253</u>	<u>58,028,966</u>
<u>\$6,628,726</u>	<u>\$26,259,035</u>	<u>\$90,683,378</u>

(Continued)

CITY OF LEBANON, OHIO
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 2002
(Continued)

	<u>Electric</u>	<u>Sanitation</u>	<u>Sewer</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$631,559	\$57,840	\$89,394
Contracts Payable	8,399	0	56,222
Contracts Payable Retainage	52,673	0	11,539
Accrued Salaries Payable	17,667	0	5,544
Accrued Interest Payable	13,993	0	0
Due to Other Funds	2,003	0	1,227
Due to Other Governments	38,770	0	12,796
Interfund Payable	152,961	0	0
Notes Payable	3,250,000	0	0
Total Current Liabilities	<u>4,168,025</u>	<u>57,840</u>	<u>176,722</u>
Liabilities Payable from Restricted Assets:			
Refundable Deposits	258,924	0	0
Mortgage Revenue Bonds Payable	469,075	0	360,820
Accrued Interest Payable	50,103	0	38,506
Total Liabilities Payable from Restricted Assets	<u>778,102</u>	<u>0</u>	<u>399,326</u>
Long-Term Liabilities:			
Compensated Absences Payable	81,055	0	24,270
Mortgage Revenue Bonds Payable (Net of Unamortized Premium/Discount)	11,386,854	0	8,814,096
Advances from Other Funds	0	0	0
Total Long-Term Liabilities	<u>11,467,909</u>	<u>0</u>	<u>8,838,366</u>
Total Liabilities	<u>16,414,036</u>	<u>57,840</u>	<u>9,414,414</u>
Fund Equity:			
Contributed Capital	123,163	347,887	11,934,674
Retained Earnings:			
Reserved for Revenue Bonds Replacement and Improvement	492,500	0	240,000
Reserved for Revenue Bonds Current Debt Service	868,810	0	816,871
Unreserved (Deficit)	13,155,487	508,132	3,421,803
Total Fund Equity (Deficit)	<u>14,639,960</u>	<u>856,019</u>	<u>16,413,348</u>
Total Liabilities and Fund Equity	<u>\$31,053,996</u>	<u>\$913,859</u>	<u>\$25,827,762</u>

<u>Telecommunications</u>	<u>Water</u>	<u>Total</u>
\$176,536	\$27,614	\$982,943
0	8,370	72,991
0	93,209	157,421
9,582	5,362	38,155
9,144	0	23,137
910	858	4,998
18,290	11,372	81,228
0	0	152,961
1,750,000	0	5,000,000
<u>1,964,462</u>	<u>146,785</u>	<u>6,513,834</u>
0	0	258,924
184,500	356,843	1,371,238
22,540	37,035	148,184
<u>207,040</u>	<u>393,878</u>	<u>1,778,346</u>
12,390	35,807	153,522
5,288,380	8,759,218	34,248,548
2,349,186	0	2,349,186
<u>7,649,956</u>	<u>8,795,025</u>	<u>36,751,256</u>
<u>9,821,458</u>	<u>9,335,688</u>	<u>45,043,436</u>
1,301,502	5,806,128	19,513,354
0	200,000	932,500
315,241	587,208	2,588,130
(4,809,475)	10,330,011	22,605,958
<u>(3,192,732)</u>	<u>16,923,347</u>	<u>45,639,942</u>
<u>\$6,628,726</u>	<u>\$26,259,035</u>	<u>\$90,683,378</u>

**CITY OF LEBANON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Electric</u>	<u>Sanitation</u>	<u>Sewer</u>
Operating Revenues:			
Charges for Services	\$13,236,792	\$815,938	\$2,308,742
Fines, Licenses and Permits	75,364	0	0
Other	114,377	8,558	359
Total Operating Revenues	13,426,533	824,496	2,309,101
Operating Expenses:			
Personal Services	1,196,363	0	379,112
Travel Transportation	1,914	0	3,278
Contractual Services	847,882	725,962	769,871
Supplies and Materials	583,587	71,959	454,245
Purchased Power	8,109,242	0	0
Other	3,773	171	850
Depreciation	970,729	3,333	390,601
Total Operating Expenses	11,713,490	801,425	1,997,957
Operating Income (Loss)	1,713,043	23,071	311,144
Non-Operating Revenues (Expenses):			
Interest	134,999	0	95,333
Gain (Loss) on Disposal of Fixed Assets	2,225	0	(4,973)
Donated Assets	0	0	383,250
Interest and Fiscal Charges	(713,322)	0	(504,299)
Total Non-Operating Revenues (Expenses)	(576,098)	0	(30,689)
Net Income (Loss) Before Transfers	1,136,945	23,071	280,455
Operating Transfers - In	68,000	0	0
Operating Transfers - Out	(121,921)	0	(53,341)
Net Income (Loss)	1,083,024	23,071	227,114
Retained Earnings (Deficit) at Beginning of Year	13,433,773	485,061	4,251,560
Retained Earnings (Deficit) at End of Year	14,516,797	508,132	4,478,674
Contributed Capital at Beginning of Year	110,995	347,887	11,934,674
Contributions:			
Other Funds	12,168	0	0
Contributed Capital at End of Year	123,163	347,887	11,934,674
Total Fund Equity at End of Year	\$14,639,960	\$856,019	\$16,413,348

<u>Telecommunications</u>	<u>Water</u>	<u>Total</u>
\$1,921,280	\$2,585,080	\$20,867,832
217,967	0	293,331
37,907	16,326	177,527
<u>2,177,154</u>	<u>2,601,406</u>	<u>21,338,690</u>
545,852	392,418	2,513,745
4,164	3,212	12,568
1,436,901	603,172	4,383,788
639,879	399,549	2,149,219
0	0	8,109,242
7,489	555	12,838
709,739	311,272	2,385,674
<u>3,344,024</u>	<u>1,710,178</u>	<u>19,567,074</u>
<u>(1,166,870)</u>	<u>891,228</u>	<u>1,771,616</u>
15,097	145,408	390,837
(538)	(510)	(3,796)
0	319,506	702,756
<u>(319,054)</u>	<u>(531,499)</u>	<u>(2,068,174)</u>
<u>(304,495)</u>	<u>(67,095)</u>	<u>(978,377)</u>
(1,471,365)	824,133	793,239
233,787	0	301,787
<u>(5,000)</u>	<u>(103,341)</u>	<u>(283,603)</u>
(1,242,578)	720,792	811,423
<u>(3,251,656)</u>	<u>10,396,427</u>	<u>25,315,165</u>
<u>(4,494,234)</u>	<u>11,117,219</u>	<u>26,126,588</u>
1,301,502	5,806,128	19,501,186
0	0	12,168
<u>1,301,502</u>	<u>5,806,128</u>	<u>19,513,354</u>
<u>(\$3,192,732)</u>	<u>\$16,923,347</u>	<u>\$45,639,942</u>

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
ELECTRIC FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$13,872,185	\$13,226,838	(\$645,347)
Fines, Licenses and Permits	75,364	75,364	0
Other	97,395	114,555	17,160
Interest	138,653	134,999	(3,654)
Utility Deposits Received	88,300	88,300	0
Sale of Fixed Assets	2,225	2,225	0
Proceeds from Sale of Notes	3,267,160	3,250,000	(17,160)
Total Revenues	17,541,282	16,892,281	(649,001)
Expenses:			
Personal Services			
Administration	156,987	153,670	3,317
Customer Account Expense	61,708	60,564	1,144
Distribution	843,016	842,991	25
Power Production-Maintenance	130,975	117,219	13,756
Total Personal Services	1,192,686	1,174,444	18,242
Travel Transportation			
Administration	5,000	1,429	3,571
Customer Account Expense	4,000	0	4,000
Distribution	7,500	485	7,015
Power Production-Maintenance	7,500	0	7,500
Total Travel Transportation	24,000	1,914	22,086
Contractual Services			
Administration	450,345	415,852	34,493
Customer Account Expense	94,190	92,758	1,432
Distribution	324,855	243,557	81,298
Power Production-Maintenance	166,385	147,614	18,771
Total Contractual Services	\$1,035,775	\$899,781	\$135,994

(Continued)

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
ELECTRIC FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Supplies and Materials			
Administration	\$13,799	\$4,919	\$8,880
Customer Account Expense	5,862	5,656	206
Distribution	66,861	51,139	15,722
Power Production-Maintenance	88,959	45,123	43,836
	<u>175,481</u>	<u>106,837</u>	<u>68,644</u>
Total Supplies and Materials			
Purchased Power			
Power Production-Operation	9,330,194	8,109,242	1,220,952
	<u>9,330,194</u>	<u>8,109,242</u>	<u>1,220,952</u>
Other	6,250	3,955	2,295
Utility Deposits Returned	110,000	93,565	16,435
Capital Outlay	5,215,691	4,606,628	609,063
Debt Service:			
Principal Retirement	3,870,000	3,695,000	175,000
Interest and Fiscal Charges	980,943	699,964	280,979
	<u>3,870,000</u>	<u>3,695,000</u>	<u>175,000</u>
	<u>980,943</u>	<u>699,964</u>	<u>280,979</u>
Total Expenses	<u>21,941,020</u>	<u>19,391,330</u>	<u>2,549,690</u>
Excess of Revenues Under Expenses	(4,399,738)	(2,499,049)	1,900,689
Advances - Out	(452,483)	(452,483)	0
Operating Transfers - In	(1,144,568)	68,000	1,212,568
Operating Transfers - Out	(121,921)	(121,921)	0
	<u>(452,483)</u>	<u>(452,483)</u>	<u>0</u>
	<u>(1,144,568)</u>	<u>68,000</u>	<u>1,212,568</u>
	<u>(121,921)</u>	<u>(121,921)</u>	<u>0</u>
Excess of Revenues Under Expenses, Advances and Operating Transfers	(6,118,710)	(3,005,453)	3,113,257
Fund Equity at Beginning of Year	7,111,942	7,111,942	0
Prior Year Encumbrances Appropriated	4,294,305	4,294,305	0
	<u>7,111,942</u>	<u>7,111,942</u>	<u>0</u>
	<u>4,294,305</u>	<u>4,294,305</u>	<u>0</u>
Fund Equity at End of Year	<u>\$5,287,537</u>	<u>\$8,400,794</u>	<u>\$3,113,257</u>

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
SANITATION FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$809,300	\$818,090	\$8,790
Other	6,500	8,558	2,058
Total Revenues	815,800	826,648	10,848
Expenses:			
Contractual Services	833,473	771,168	62,305
Supplies and Materials	29,953	29,953	0
Reimbursements	300	193	107
Capital Outlay	5,000	0	5,000
Total Expenses	868,726	801,314	67,412
Excess of Revenue Over (Under) Expenses	(52,926)	25,334	78,260
Fund Equity at Beginning of Year	560,349	560,349	0
Prior Year Encumbrances Appropriated	83,006	83,006	0
Fund Equity at End of Year	\$590,429	\$668,689	\$78,260

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 SEWER FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$2,084,420	\$2,266,329	\$181,909
Other	2,000	359	(1,641)
Interest	320,000	95,333	(224,667)
Special Assessments	6,000	7,335	1,335
Total Revenues	2,412,420	2,369,356	(43,064)
Expenses:			
Personal Services			
Administration	64,608	63,949	659
Maintenance	118,663	104,487	14,176
Treatment - Upper Turtlecreek	209,767	205,068	4,699
Total Personal Services	393,038	373,504	19,534
Travel Transportation			
Treatment Plant	8,120	5,405	2,715
Total Travel Transportation	8,120	5,405	2,715
Contractual Services			
Administration	370,471	363,972	6,499
Maintenance	44,000	23,880	20,120
Treatment Plant	469,918	469,876	42
Total Contractual Services	\$884,389	\$857,728	\$26,661

(Continued)

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
SEWER FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Supplies and Materials			
Administration	\$9,419	\$5,874	\$3,545
Maintenance	4,039	3,720	319
Sewer Plant	99,010	73,576	25,434
	<hr/>	<hr/>	<hr/>
Total Supplies and Materials	112,468	83,170	29,298
Other	1,000	850	150
Capital Outlay	2,255,887	1,788,154	467,733
Debt Service:			
Principal Retirement	370,000	370,000	0
Interest and Fiscal Charges	480,026	479,825	201
	<hr/>	<hr/>	<hr/>
Total Expenses	4,504,928	3,958,636	546,292
Excess of Revenues Under Expenses	(2,092,508)	(1,589,280)	503,228
Operating Transfers - In	(72,420)	0	72,420
Operating Transfers - Out	(1,053,341)	(1,053,341)	0
	<hr/>	<hr/>	<hr/>
Excess of Revenues Under Expenses and Operating Transfers	(3,218,269)	(2,642,621)	575,648
Fund Equity at Beginning of Year	6,359,274	6,359,274	0
Prior Year Encumbrances Appropriated	836,731	836,731	0
	<hr/>	<hr/>	<hr/>
Fund Equity at End of Year	\$3,977,736	\$4,553,384	\$575,648

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
TELECOMMUNICATIONS FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$1,921,280	\$1,921,280	\$0
Fines, Licenses and Permits	217,967	217,967	0
Other	37,907	37,907	0
Interest	6,430	15,097	8,667
Proceeds from Sale of Notes	4,230,470	1,750,000	(2,480,470)
Total Revenues	6,414,054	3,942,251	(2,471,803)
Expenses:			
Personal Services	547,566	535,389	12,177
Travel Transportation	9,000	4,164	4,836
Contractual Services	1,368,801	1,352,136	16,665
Supplies and Materials	42,181	33,828	8,353
Other	7,500	7,489	11
Capital Outlay	1,501,809	1,447,420	54,389
Debt Service:			
Principal Retirement	1,175,000	1,175,000	0
Interest and Fiscal Charges	325,615	320,810	4,805
Total Expenses	4,977,472	4,876,236	101,236
Excess of Revenues Over (Under) Expenses	1,436,582	(933,985)	(2,370,567)
Advances In	574,404	452,483	(121,921)
Operating Transfers - In	564,349	233,787	(330,562)
Operating Transfers - Out	(457,483)	(5,000)	452,483
Excess of Revenues Over (Under) Expenses, Advances and Operating Transfers	2,117,852	(252,715)	(2,370,567)
Fund Equity at Beginning of Year	1,198,192	1,198,192	0
Prior Year Encumbrances Appropriated	239,921	239,921	0
Fund Balance at End of Year	\$3,555,965	\$1,185,398	(\$2,370,567)

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
WATER FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$2,534,320	\$2,534,320	\$0
Other	529,778	16,326	(513,452)
Interest	145,408	145,408	0
Total Revenues	3,209,506	2,696,054	(513,452)
Expenses:			
Personal Services			
Administration	139,513	135,261	4,252
Water System Maintenance	194,157	191,670	2,487
Supply and Treatment	59,677	56,272	3,405
Total Personal Services	393,347	383,203	10,144
Travel Transportation			
Supply and Treatment	8,412	3,715	4,697
Total Travel Transportation	8,412	3,715	4,697
Contractual Services			
Administration	405,247	392,004	13,243
Water System Maintenance	85,022	41,416	43,606
Supply and Treatment	326,713	244,365	82,348
Total Contractual Services	\$816,982	\$677,785	\$139,197

(Continued)

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
WATER FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Supplies and Materials			
Administration	\$16,129	\$15,546	\$583
Water System Maintenance	12,425	12,226	199
Supply and Treatment	22,645	22,514	131
Total Supplies and Materials	51,199	50,286	913
Other	1,000	555	445
Capital Outlay	3,085,424	1,768,861	1,316,563
Debt Service:			
Principal Retirement	350,000	350,000	0
Interest and Fiscal Charges	458,068	459,053	(985)
Total Expenses	5,164,432	3,693,458	1,470,974
Excess of Revenues Under Expenses	(1,954,926)	(997,404)	957,522
Operating Transfers - In	0	1,000,000	1,000,000
Operating Transfers - Out	(103,341)	(103,341)	0
Excess of Revenues Under Expenses and Operating Transfers	(2,058,267)	(100,745)	1,957,522
Fund Equity at Beginning of Year	7,768,617	7,768,617	0
Prior Year Encumbrances Appropriated	913,913	913,913	0
Fund Equity at End of Year	\$6,624,263	\$8,581,785	\$1,957,522

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
ALL ENTERPRISE FUNDS
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$21,221,505	\$20,766,857	(\$454,648)
Fines, Licenses and Permits	293,331	293,331	0
Other	673,580	177,705	(495,875)
Interest	610,491	390,837	(219,654)
Special Assessments	6,000	7,335	1,335
Proceeds From Sale of Notes	7,497,630	5,000,000	(2,497,630)
Sale of Fixed Assets	2,225	2,225	0
Utility Deposits Received	88,300	88,300	0
Total Revenues	30,393,062	26,726,590	(3,666,472)
Expenses:			
Personal Services			
Electric Administration	156,987	153,670	3,317
Electric Customer Account Expense	61,708	60,564	1,144
Electric Distribution	843,016	842,991	25
Telecommunications	547,566	535,389	12,177
Electric Power Production - Maintenance	130,975	117,219	13,756
Sewer Administration	64,608	63,949	659
Sewer Maintenance	118,663	104,487	14,176
Treatment - Upper Turtlecreek	209,767	205,068	4,699
Water Administration	139,513	135,261	4,252
Water System Maintenance	194,157	191,670	2,487
Water Supply and Treatment	59,677	56,272	3,405
Total Personal Services	2,526,637	2,466,540	60,097
Travel Transportation			
Electric Administration	5,000	1,429	3,571
Electric Customer Account Expense	4,000	0	4,000
Electric Distribution	7,500	485	7,015
Electric Power Production - Maintenance	7,500	0	7,500
Treatment Plant	8,120	5,405	2,715
Telecommunications	9,000	4,164	4,836
Water Supply and Treatment	8,412	3,715	4,697
Total Travel Transportation	\$49,532	\$15,198	\$34,334

(Continued)

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
ALL ENTERPRISE FUNDS
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Contractual Services			
Electric Administration	\$450,345	\$415,852	\$34,493
Electric Customer Account Expense	94,190	92,758	1,432
Electric Distribution	324,855	243,557	81,298
Electric Power Production - Maintenance	166,385	147,614	18,771
Sanitation Operations	833,473	771,168	62,305
Sewer Administration	370,471	363,972	6,499
Sewer Maintenance	44,000	23,880	20,120
Sewer Treatment - Plant	469,918	469,876	42
Telecommunications	1,368,801	1,352,136	16,665
Water Administration	405,247	392,004	13,243
Water System Maintenance	85,022	41,416	43,606
Water Supply and Treatment	326,713	244,365	82,348
Total Contractual Services	4,939,420	4,558,598	380,822
Supplies and Materials			
Electric Administration	13,799	4,919	8,880
Electric Customer Account Expense	5,862	5,656	206
Electric Distribution	66,861	51,139	15,722
Electric Power Production - Maintenance	88,959	45,123	43,836
Sanitation Operations	29,953	29,953	0
Sewer Administration	9,419	5,874	3,545
Sewer Maintenance	4,039	3,720	319
Sewer Treatment - Plant	99,010	73,576	25,434
Telecommunications	42,181	33,828	8,353
Water Administration	16,129	15,546	583
Water System Maintenance	12,425	12,226	199
Water Supply and Treatment	22,645	22,514	131
Total Supplies and Materials	\$411,282	\$304,074	\$107,208

(Continued)

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
ALL ENTERPRISE FUNDS
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Purchased Power	\$9,330,194	\$8,109,242	\$1,220,952
Total Purchased Power	9,330,194	8,109,242	1,220,952
Other	16,050	13,042	3,008
Utility Deposits Returned	110,000	93,565	16,435
Capital Outlay	12,063,811	9,611,063	2,452,748
Debt Service:			
Principal Retirement	5,765,000	5,590,000	175,000
Interest and Fiscal Charges	2,244,652	1,959,652	285,000
Total Expenses	37,456,578	32,720,974	4,735,604
Excess of Revenues Over (Under) Expenses	(7,063,516)	(5,994,384)	1,069,132
Operating Transfers - In	(652,639)	1,301,787	1,954,426
Operating Transfers - Out	(1,736,086)	(1,283,603)	452,483
Advances In	574,404	452,483	(121,921)
Advances Out	(452,483)	(452,483)	0
Excess of Revenues Under Expenses			
Operating Transfers and Advances	(9,330,320)	(5,976,200)	3,354,120
Fund Equity at Beginning of Year	22,998,374	22,998,374	0
Prior Year Encumbrances Appropriated	6,367,876	6,367,876	0
Fund Equity at End of Year	\$20,035,930	\$23,390,050	\$3,354,120

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CITY OF LEBANON, OHIO
COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Electric</u>	<u>Sanitation</u>	<u>Sewer</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$13,302,202	\$818,090	\$2,266,329
Cash Payments for Employee Services and Benefits	(1,174,444)	0	(373,504)
Cash Payments to Suppliers for Goods and Services	(9,607,200)	(751,374)	(1,145,046)
Other Operating Revenues	114,555	8,558	359
Other Operating Expenses	(3,773)	0	0
Utility Deposits Received	88,300	0	0
Utility Deposits Returned	(93,565)	0	0
Net Cash Provided by (Used for) Operating Activities	<u>2,626,075</u>	<u>75,274</u>	<u>748,138</u>
Cash Flows from Noncapital Financing Activities:			
Short-Term Advance to Another Fund	(452,483)	0	0
Short-Term Advance From Another Fund	0	0	0
Operating Transfers In	68,000	0	0
Operating Transfers Out	(121,921)	0	(1,053,341)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(506,404)</u>	<u>0</u>	<u>(1,053,341)</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Received from Special Assessments	0	0	7,335
Proceeds from Sale of Fixed Assets	2,225	0	0
Acquisition of Capital Assets	(3,612,075)	0	(829,061)
Proceeds from Sale of Notes	3,250,000	0	0
Principal Paid on Notes	(3,250,000)	0	0
Interest Paid on Notes	(79,879)	0	0
Principal Paid on Mortgage Revenue Bonds	(445,000)	0	(370,000)
Interest and Fiscal Charges Paid on Mortgage Revenue Bonds	(620,085)	0	(479,825)
Net Cash Used for Capital and Related Financing Activities	<u>(4,754,814)</u>	<u>0</u>	<u>(1,671,551)</u>
Cash Flows from Investing Activities:			
Interest	134,999	0	95,333
Net Cash Provided by Investing Activities	<u>134,999</u>	<u>0</u>	<u>95,333</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,500,144)	75,274	(1,881,421)
Cash and Cash Equivalents Beginning of Year	<u>11,406,247</u>	<u>643,355</u>	<u>7,196,005</u>
Cash and Cash Equivalents End of Year	<u>\$8,906,103</u>	<u>\$718,629</u>	<u>\$5,314,584</u>

<u>Telecommunications</u>	<u>Water</u>	<u>Total</u>
\$2,139,247	\$2,534,320	\$21,060,188
(535,389)	(383,203)	(2,466,540)
(2,227,282)	(922,153)	(14,653,055)
37,907	16,326	177,705
0	(555)	(4,328)
0	0	88,300
0	0	(93,565)
<u>(585,517)</u>	<u>1,244,735</u>	<u>4,108,705</u>
0	0	(452,483)
452,483	0	452,483
233,787	1,000,000	1,301,787
(5,000)	(103,341)	(1,283,603)
<u>681,270</u>	<u>896,659</u>	<u>18,184</u>
0	0	7,335
0	0	2,225
(443,360)	(1,159,761)	(6,044,257)
1,750,000	0	5,000,000
(1,000,000)	0	(4,250,000)
(43,324)	0	(123,203)
(175,000)	(350,000)	(1,340,000)
(277,486)	(458,068)	(1,835,464)
<u>(189,170)</u>	<u>(1,967,829)</u>	<u>(8,583,364)</u>
<u>15,097</u>	<u>145,408</u>	<u>390,837</u>
<u>15,097</u>	<u>145,408</u>	<u>390,837</u>
(78,320)	318,973	(4,065,638)
<u>1,438,113</u>	<u>8,682,530</u>	<u>29,366,250</u>
<u>\$1,359,793</u>	<u>\$9,001,503</u>	<u>\$25,300,612</u>

(Continued)

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)

	<u>Electric</u>	<u>Sanitation</u>	<u>Sewer</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided <u>by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$1,713,043	\$23,071	\$311,144
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities			
Depreciation	970,729	3,333	390,601
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(9,954)	2,152	(47,919)
Decrease in Due from Other Governments	0	0	5,506
(Increase) Decrease in Inventory of Supplies	55,115	42,006	(986)
(Increase) Decrease in Prepaids Items	4,692	0	4,297
Increase (Decrease) in Accounts Payable	(89,056)	4,712	65,597
Increase (Decrease) in Contracts Payable	(31,610)	0	33,745
Increase (Decrease) in Contracts Payable Retainage	(4,648)	0	(19,913)
Increase in Accrued Salaries Payable	4,608	0	1,510
Increase in Due to Other Funds	932	0	394
Increase in Due to Other Governments	763	0	1,400
Decrease in Liabilities Payable from Restricted Assets	(5,087)	0	0
Increase in Compensated Absences Payable	16,548	0	2,762
Net Cash Provided by (Used For) Operating Activities	<u>\$2,626,075</u>	<u>\$75,274</u>	<u>\$748,138</u>

Noncash Capital Financing Activities:

During 2002, the Electric Enterprise Fund received from the General Fixed Asset Account Group fixed assets with a fair market value of \$12,168.

During 2002, the Sewer and Water Enterprise Funds received sewer and water lines from developers with a fair market value of \$383,250 and \$319,506 respectively.

<u>Telecommunications</u>	<u>Water</u>	<u>Total</u>
(\$1,166,870)	\$891,228	\$1,771,616
709,739	311,272	2,385,674
0	(50,760)	(106,481)
0	0	5,506
(180,914)	(7,584)	(92,363)
(2,506)	7,151	13,634
44,063	17,377	42,693
0	(14,947)	(12,812)
0	81,320	56,759
3,887	1,163	11,168
508	463	2,297
3,496	2,151	7,810
0	0	(5,087)
3,080	5,901	28,291
<u>(\$585,517)</u>	<u>\$1,244,735</u>	<u>\$4,108,705</u>

INTERNAL SERVICE FUNDS

To account for the financing of goods and services provided by one department to other departments within the City.

Automotive Maintenance

To account for the operation of the municipal vehicle repair garage for work performed for all departments within the City.

Self-Insurance

To account for the payment of all City employees' medical, dental and life insurance claims.

**CITY OF LEBANON, OHIO
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 2002**

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$59,315	\$160,764	\$220,079
Due from Other Funds	24,948	0	24,948
Inventory of Supplies	2,397	0	2,397
Prepaid Items	719	0	719
Total Current Assets	<u>87,379</u>	<u>160,764</u>	<u>248,143</u>
Fixed Assets:			
Land	64,666	0	64,666
Equipment	22,910	0	22,910
Vehicles	31,429	0	31,429
Less: Accumulated Depreciation	(36,469)	0	(36,469)
Total Fixed Assets	<u>82,536</u>	<u>0</u>	<u>82,536</u>
Total Assets	<u>\$169,915</u>	<u>\$160,764</u>	<u>\$330,679</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$10,879	\$0	\$10,879
Claims Payable	0	228,364	228,364
Accrued Salaries Payable	1,450	0	1,450
Due to Other Governments	3,380	0	3,380
Total Current Liabilities	<u>15,709</u>	<u>228,364</u>	<u>244,073</u>
Long-Term Liabilities:			
Compensated Absences Payable	27,719	0	27,719
Total Long-Term Liabilities	<u>27,719</u>	<u>0</u>	<u>27,719</u>
Total Liabilities	<u>43,428</u>	<u>228,364</u>	<u>271,792</u>
Fund Equity:			
Contributed Capital	64,666	0	64,666
Retained Earnings: Unreserved (Deficit)	61,821	(67,600)	(5,779)
Total Fund Equity (Deficit)	<u>126,487</u>	<u>(67,600)</u>	<u>58,887</u>
Total Liabilities and Fund Equity	<u>\$169,915</u>	<u>\$160,764</u>	<u>\$330,679</u>

CITY OF LEBANON, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 ALL INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$238,839	\$1,679,695	\$1,918,534
Other	77	399,789	399,866
	<u>238,916</u>	<u>2,079,484</u>	<u>2,318,400</u>
Total Operating Revenues			
Operating Expenses:			
Personal Services	111,972	0	111,972
Contractual Services	2,641	731,520	734,161
Supplies and Materials	140,688	0	140,688
Claims	0	1,267,174	1,267,174
Depreciation	3,559	0	3,559
	<u>258,860</u>	<u>1,998,694</u>	<u>2,257,554</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(19,944)</u>	<u>80,790</u>	<u>60,846</u>
Non-Operating Revenues:			
Interest	0	3,533	3,533
	<u>0</u>	<u>3,533</u>	<u>3,533</u>
Total Non-Operating Revenues			
Net Income (Loss)	(19,944)	84,323	64,379
Retained Earnings (Deficit) at Beginning of Year	<u>81,765</u>	<u>(151,923)</u>	<u>(70,158)</u>
Retained Earnings (Deficit) at End of Year	<u>\$61,821</u>	<u>(\$67,600)</u>	<u>(\$5,779)</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
AUTOMOTIVE MAINTENANCE FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$316,900	\$225,871	(\$91,029)
Other	900	77	(823)
Total Revenues	<u>317,800</u>	<u>225,948</u>	<u>(91,852)</u>
Expenses:			
Personal Services	114,758	108,554	6,204
Travel Transportation	500	0	500
Contractual Services	3,662	3,316	346
Supplies and Materials	175,657	168,426	7,231
Total Expenses	<u>294,577</u>	<u>280,296</u>	<u>14,281</u>
Excess of Revenues Over (Under) Expenses	23,223	(54,348)	(77,571)
Fund Equity at Beginning of Year	68,405	68,405	0
Prior Year Encumbrances Appropriated	<u>14,080</u>	<u>14,080</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$105,708</u></u>	<u><u>\$28,137</u></u>	<u><u>(\$77,571)</u></u>

CITY OF LEBANON, OHIO
 SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 SELF-INSURANCE FUND
 BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$1,676,250	\$1,679,695	\$3,445
Other	397,996	399,789	1,793
Interest Income	3,533	3,533	0
Total Revenues	<u>2,077,779</u>	<u>2,083,017</u>	<u>5,238</u>
Expenses:			
Contractual Services	788,329	820,649	(32,320)
Claims	1,391,416	1,358,707	32,709
Total Expenses	<u>2,179,745</u>	<u>2,179,356</u>	<u>389</u>
Excess of Revenues Under Expenses	(101,966)	(96,339)	5,627
Fund Equity at Beginning of Year	8,471	8,471	0
Prior Year Encumbrances Appropriated	99,503	99,503	0
Fund Equity at End of Year	<u>\$6,008</u>	<u>\$11,635</u>	<u>\$5,627</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
ALL INTERNAL SERVICE FUNDS
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Charges for Services	\$1,993,150	\$1,905,566	(\$87,584)
Other	398,896	399,866	970
Interest	3,533	3,533	0
Total Revenues	<u>2,395,579</u>	<u>2,308,965</u>	<u>(86,614)</u>
Expenses:			
Personal Services	114,758	108,554	6,204
Travel Transportation	500	0	500
Contractual Services	791,991	823,965	(31,974)
Supplies and Materials	175,657	168,426	7,231
Claims	1,391,416	1,358,707	32,709
Total Expenses	<u>2,474,322</u>	<u>2,459,652</u>	<u>14,670</u>
Excess of Revenues Under Expenses	(78,743)	(150,687)	(71,944)
Fund Equity at Beginning of Year	76,876	76,876	0
Prior Year Encumbrances Appropriated	<u>113,583</u>	<u>113,583</u>	<u>0</u>
Fund Equity at End of Year	<u>\$111,716</u>	<u>\$39,772</u>	<u>(\$71,944)</u>

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Automotive Maintenance	Self- Insurance	Total
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Quasi-External Operating Transactions with Other Funds	\$225,871	\$1,679,695	\$1,905,566
Cash Payments for Employee Services and Benefits	(108,554)	0	(108,554)
Cash Payments to Suppliers for Goods and Services	(140,564)	(731,520)	(872,084)
Cash Payments for Employee Medical, Dental and Life Insurance Claims	0	(1,298,707)	(1,298,707)
Other Operating Revenues	77	399,789	399,866
Net Cash Provided by (Used for) Operating Activities	<u>(23,170)</u>	<u>49,257</u>	<u>26,087</u>
Cash Flows from Investing Activities:			
Interest	0	3,533	3,533
Net Cash Provided by Investing Activities	<u>0</u>	<u>3,533</u>	<u>3,533</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(23,170)	52,790	29,620
Cash and Cash Equivalents Beginning of Year	<u>82,485</u>	<u>107,974</u>	<u>190,459</u>
Cash and Cash Equivalents End of Year	<u>\$59,315</u>	<u>\$160,764</u>	<u>\$220,079</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	(\$19,944)	\$80,790	\$60,846
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	3,559	0	3,559
Changes in Assets and Liabilities:			
Increase in Due from Other Funds	(12,968)	0	(12,968)
Increase in Inventory of Supplies	(782)	0	(782)
Increase in Prepaids Items	(216)	0	(216)
Increase in Accounts Payable	3,763	0	3,763
Decrease in Claims Payable	0	(31,533)	(31,533)
Increase in Accrued Salaries Payable	290	0	290
Increase in Due to Other Governments	286	0	286
Increase in Compensated Absences Payable	2,842	0	2,842
Net Cash Provided by (Used for) Operating Activities	<u>(\$23,170)</u>	<u>\$49,257</u>	<u>\$26,087</u>

FIDUCIARY FUNDS

To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has one expendable trust fund and one nonexpendable trust fund, and the level of budgetary control is the same as that presented in the general purpose financial statements.

EXPENDABLE TRUST FUND

Donation

To account for donations for fire, police, life squad and parks and recreation.

NONEXPENDABLE TRUST FUND

Cemetery Perpetual Care

To account for a portion of all plot sales and the opening and closing of graves. The interest will be spent to maintain the cemetery.

AGENCY FUND

Municipal Court

To account for monies that flow through the Clerk of Courts Office.

**CITY OF LEBANON, OHIO
 COMBINING BALANCE SHEET
 ALL FIDUCIARY FUNDS
 DECEMBER 31, 2002**

	<u>Expendable Trust</u>	<u>Non- Expendable Trust</u>	<u>Agency Fund</u>	
	<u>Donation</u>	<u>Cemetery Perpetual Care</u>	<u>Municipal Court</u>	<u>Total</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$552,331	\$182,124	\$0	\$734,455
Cash and Cash Equivalents in Segregated Accounts	<u>0</u>	<u>0</u>	<u>122,327</u>	<u>122,327</u>
Total Assets	<u><u>\$552,331</u></u>	<u><u>\$182,124</u></u>	<u><u>\$122,327</u></u>	<u><u>\$856,782</u></u>
Liabilities:				
Due to Other Funds	0	0	54,545	54,545
Due to Other Governments	0	0	33,419	33,419
Undistributed Money	<u>0</u>	<u>0</u>	<u>34,363</u>	<u>34,363</u>
Total Liabilities	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>122,327</u></u>	<u><u>122,327</u></u>
Fund Equity:				
Fund Balances:				
Reserved for Restricted Principal	0	49,658	0	49,658
Unreserved, Undesignated	<u>552,331</u>	<u>132,466</u>	<u>0</u>	<u>684,797</u>
Total Fund Equity	<u><u>552,331</u></u>	<u><u>182,124</u></u>	<u><u>0</u></u>	<u><u>734,455</u></u>
Total Liabilities and Fund Equity	<u><u>\$552,331</u></u>	<u><u>\$182,124</u></u>	<u><u>\$122,327</u></u>	<u><u>\$856,782</u></u>

**CITY OF LEBANON, OHIO
 COMBINING STATEMENT OF CHANGES
 IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Balance 1/1/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/02</u>
MUNICIPAL COURT				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$110,453	\$1,098,440	\$1,086,566	\$122,327
Total Assets	<u>\$110,453</u>	<u>\$1,098,440</u>	<u>\$1,086,566</u>	<u>\$122,327</u>
Liabilities:				
Due to Other Funds	\$43,236	\$657,715	\$646,406	\$54,545
Due to Other Governments	30,809	437,831	435,221	33,419
Undistributed Money	36,408	2,894	4,939	34,363
Total Liabilities	<u>\$110,453</u>	<u>\$1,098,440</u>	<u>\$1,086,566</u>	<u>\$122,327</u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets other than those accounted for in the proprietary funds or trust funds.

**CITY OF LEBANON, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2002**

General Fixed Assets:

Land	\$10,222,881
Improvements Other than Buildings	878,160
Buildings	4,176,938
Equipment	1,538,156
Vehicles	3,116,521
Construction in Progress	<u>621,397</u>
Total General Fixed Assets	<u>\$20,554,053</u>

Investment in General Fixed Assets From:

General Fund Revenues	\$2,341,487
Special Revenue Fund Revenues	4,425,765
Capital Projects Fund Revenues	9,620,410
Enterprise Fund	28,759
Expendable Trust Fund	205,997
Donations	4,875
Acquired before 12/31/86	<u>3,926,760</u>
Total Investment in General Fixed Assets	<u>\$20,554,053</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002**

<u>FUNCTION AND ACTIVITY</u>	<u>General Fixed Assets 1/1/2002 Restated</u>	<u>Additions</u>	<u>Deductions</u>	<u>General Fixed Assets 12-31-02</u>
Security of Persons and Property:				
Police Law Enforcement	\$904,322	\$75,224	\$157,927	\$821,619
Fire	2,990,857	318,896	121,350	3,188,403
Total Security of Persons and Property	3,895,179	394,120	279,277	4,010,022
Leisure Time Activities:				
Recreation	272,064	0	0	272,064
Parks	2,228,867	369,022	11,891	2,585,998
Total Leisure Time Activities	2,500,931	369,022	11,891	2,858,062
Community Environment:				
Community Planning and Zoning	536,104	21,917	25,160	532,861
Community Development	64,499	112,490	0	176,989
Urban Redevelopment	668,030	0	0	668,030
Industrial Development	6,452,232	0	0	6,452,232
Total Community Environment	7,720,865	134,407	25,160	7,830,112
General Government:				
Administration	1,739,893	369,941	74,184	2,035,650
Legislative	0	54,443	0	54,443
Judicial	109,668	0	29,829	79,839
Finance	73,820	0	26,182	47,638
Total General Government	1,923,381	424,384	130,195	2,217,570
Transportation:				
Street	1,516,252	86,281	83,689	1,518,844
Parking	466,937	0	0	466,937
Total Transportation	1,983,189	86,281	83,689	1,985,781
Public Health:				
Cemetery	313,985	28,430	0	342,415
Cemetery Improvement	539,494	149,200	0	688,694
Total Public Health	853,479	177,630	0	1,031,109
Construction in Progress	587,268	578,024	543,895	621,397
Total General Fixed Assets	\$19,464,292	\$2,163,868	\$1,074,107	\$20,554,053

CITY OF LEBANON, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
DECEMBER 31, 2002

FUNCTION AND ACTIVITY	Land	Improvements Other than Buildings	Buildings
Security of Persons and Property:			
Police Law Enforcement	\$11,478	\$13,900	\$280,513
Fire	122,944	7,240	916,342
Total Security of Persons and Property	134,422	21,140	1,196,855
Leisure Time Activities:			
Recreation	0	112,939	157,391
Parks	839,199	573,743	587,412
Total Leisure Time Activities	839,199	686,682	744,803
Community Environment:			
Community Planning and Zoning	375,000	7,028	0
Community Development	0	0	176,989
Urban Redevelopment	649,330	18,700	0
Industrial Development	6,452,232	0	0
Total Community Environment	7,476,562	25,728	176,989
General Government:			
Administration	384,348	14,602	1,465,947
Legislative	0	0	0
Judicial	0	0	0
Finance	0	6,084	0
Total General Government	384,348	20,686	1,465,947
Transportation:			
Street	598,442	21,379	72,333
Parking	466,937	0	0
Total Transportation	1,065,379	21,379	72,333
Public Health:			
Cemetery	137,071	95,469	24,293
Cemetery Improvement	185,900	7,076	495,718
Total Public Health	322,971	102,545	520,011
Construction in Progress	0	0	0
Total General Fixed Assets	\$10,222,881	\$878,160	\$4,176,938

<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
\$98,844	\$416,884	\$821,619
<u>353,074</u>	<u>1,788,803</u>	<u>3,188,403</u>
451,918	2,205,687	4,010,022
1,734	0	272,064
<u>485,179</u>	<u>100,465</u>	<u>2,585,998</u>
486,913	100,465	2,858,062
43,391	107,442	532,861
0	0	176,989
0	0	668,030
<u>0</u>	<u>0</u>	<u>6,452,232</u>
43,391	107,442	7,830,112
61,415	109,338	2,035,650
54,443	0	54,443
79,839	0	79,839
<u>20,400</u>	<u>21,154</u>	<u>47,638</u>
216,097	130,492	2,217,570
273,232	553,458	1,518,844
<u>0</u>	<u>0</u>	<u>466,937</u>
273,232	553,458	1,985,781
66,605	18,977	342,415
<u>0</u>	<u>0</u>	<u>688,694</u>
66,605	18,977	1,031,109
0	0	621,397
<u>\$1,538,156</u>	<u>\$3,116,521</u>	<u>\$20,554,053</u>

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STATISTICAL SECTION



STATISTICAL SECTION

THE FOLLOWING UNAUDITED STATISTICAL TABLES
REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND
FISCAL CAPACITY OF THE CITY

**CITY OF LEBANON, OHIO
GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS**

<u>Year</u>	<u>Security of Persons and Property</u>	<u>Public Health Services</u>	<u>Leisure Time Activities</u>	<u>Community Environment</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1993	\$1,436,423	\$8,527	\$192,663	\$244,177	\$1,291,379	\$217,949	\$980	\$3,392,098
1994	1,528,382	12,533	261,703	261,465	1,356,555	7,483	1,732	3,429,853
1995	1,634,120	13,072	220,279	287,736	1,497,249	75,000	2,078	3,729,534
1996	1,764,566	14,196	227,566	367,154	1,650,029	0	3,341	4,026,852
1997	1,774,054	15,023	250,297	410,198	1,783,627	1,444,437	3,354	5,680,990
1998	1,773,810	15,457	279,607	530,552	1,924,845	220,000	1,600	4,745,871
1999	1,966,318	15,635	305,079	553,989	2,347,009	896,474	1,265	6,085,769
2000	2,185,853	3,000	467,741	597,677	2,464,768	236,601	1,265	5,956,905
2001	2,502,557	8,354	621,077	781,920	3,661,030	172,196	1,266	7,748,400
2002	2,687,735	1,731	597,933	723,743	4,110,790	39,086	2,940	8,163,958

Source: Auditor's Office, City of Lebanon

**CITY OF LEBANON, OHIO
GENERAL FUND REVENUES BY SOURCE
LAST TEN YEARS**

Year	Taxes (1)	Inter- Governmental	Charges for Services	Fines, Licenses and Permits	Interest	Other	Total
1993	\$1,148,937	\$512,644	\$1,115,616	\$366,603	\$285,171	\$104,600	\$3,533,571
1994	1,339,393	430,046	1,153,363	418,296	473,194	81,041	3,895,333
1995	1,481,067	450,664	1,254,152	536,348	740,529	83,369	4,546,129
1996	1,592,286	802,504	1,391,847	545,310	700,202	117,543	5,149,692
1997	1,824,987	649,136	1,645,823	639,621	306,340	96,893	5,162,800
1998	2,036,108	833,989	1,620,326	690,722	530,313	229,889	5,941,347
1999	2,178,720	2,686,894	1,701,739	759,406	591,843	163,740	8,082,342
2000	2,351,219	1,175,908	1,737,321	841,541	708,963	32,159	6,847,111
2001	2,940,169	1,015,795	848,168	926,473	444,752	156,171	6,331,528
2002	3,374,550	841,750	1,275,100	1,101,576	182,527	43,734	6,819,237

(1) Includes property, income and other local taxes

**CITY OF LEBANON, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent Of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage Of Accumulated Delinquent Taxes To Total Tax Levy</u>
1993	\$922,922	\$857,536	\$33,846	\$891,382	96.0%	\$55,752	6 %
1994	937,998	876,675	25,180	901,855	96.0	36,846	3
1995	1,017,680	988,868	29,990	1,018,858	100.0	45,929	5
1996	1,089,315	1,059,258	36,634	1,095,892	101.0	43,428	3
1997	1,159,680	1,125,618	31,339	1,156,957	100.0	43,046	4
1998	1,282,020	1,243,653	49,891	1,293,544	100.9	49,403	4
1999	1,383,551	1,333,675	61,504	1,395,179	100.8	32,864	2
2000	2,075,061	2,020,900	84,292	2,105,192	101.4	30,949	2
2001	2,122,809	2,059,485	50,434	2,109,919	99.4	48,072	2
2002	2,326,865	2,255,365	108,197	2,363,562	101.6	53,526	2

Source: County Auditor; Warren County, Ohio

CITY OF LEBANON, OHIO
 ASSESSED VALUE AND ESTIMATED
 TRUE VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS

Year	Assessed Real		Assessed Public Utility		Assessed Tangible Personal	Total	Estimated True Value (1)	Percentage Of Assessed Value To Estimated True Value
	Real	Real	Real	Tangible Personal				
1993	\$71,372,180	\$36,982,110	\$6,004,660	\$18,568,531	\$132,927,481	\$387,824,590	34	
1994	75,480,990	37,114,340	6,335,910	18,890,296	137,821,536	404,462,025	34	
1995	91,821,240	40,488,290	6,443,330	22,988,515	161,741,375	477,303,254	34	
1996	98,719,800	40,954,260	6,273,910	24,803,624	170,751,594	498,344,769	34	
1997	107,688,450	45,256,790	6,421,460	28,826,299	188,192,999	559,588,710	34	
1998	132,550,330	48,844,300	6,393,050	32,506,594	220,294,274	655,561,576	34	
1999	143,105,080	55,025,060	6,413,020	38,071,619	242,614,779	725,660,100	33	
2000	151,321,540	59,396,390	5,765,920	41,357,405	257,841,255	774,033,030	33	
2001	187,009,730	67,328,970	6,378,020	48,143,491	308,860,211	926,503,714	33	
2002	198,936,450	71,077,030	4,005,040	49,118,420	323,136,940	972,494,950	33	

Source: County Auditor; Warren County, Ohio

(1) This is calculated by dividing the Assessed value by the assessment percentage. The percentages for 2002 were 35 percent for real property and public utility real, 88 percent public utility tangible, 25 percent for capital assets and 24 percent of true value of inventory.

**CITY OF LEBANON, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS**

Collection Year	General Fund	Fire and Life Squad Fund	Library Bond Retirement Fund	Total City (1)	Lebanon City Schools (2)	Warren County (2)	Mental Health (2)	Warren Co JVS (2)
1993	2.80	3.00	0.90	6.70	44.62	7.10	1.00	0.00
1994	2.80	3.00	0.90	6.70	44.62	7.10	1.00	0.00
1995	2.82	3.00	0.80	6.62	51.13	7.07	1.00	4.50
1996	2.82	3.00	0.80	6.62	51.13	7.07	1.00	4.50
1997	2.82	3.00	0.50	6.32	51.13	5.00	1.50	4.50
1998	2.82	3.00	0.50	6.32	50.03	4.75	1.00	4.50
1999	2.82	3.00	0.50	6.32	50.03	4.75	1.00	4.50
2000	2.82	4.50	0.50	7.82	50.63	4.50	1.00	4.50
2001	2.82	4.50	0.40	7.72	50.63	4.50	1.00	4.50
2002	2.82	4.50	0.40	7.72	55.63	4.96	1.00	4.50

Source: (1) City of Lebanon's Operating Budget.

(2) County Auditor, Warren County, Ohio

**CITY OF LEBANON, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

<u>Collection Year</u>	<u>Amount Billed (1)</u>	<u>Amount Collected (2)</u>	<u>Percent Collected</u>
1993	\$229,985	\$219,824	96 %
1994	203,785	194,987	96
1995	227,638	218,731	96
1996	241,876	209,249	87
1997	247,320	216,130	87
1998	204,068	166,284	81
1999	237,258	202,679	85
2000	231,377	197,895	86
2001	208,737	174,865	84
2002	206,496	187,109	94

Source: (1) County Auditor; Warren County, Ohio

(2) City's Tax Settlement Sheets

Note: Additions and remitters were not included in calculations

Unless otherwise noted, this table reflects only those special assessments collected through the County Auditor's office.

CITY OF LEBANON, OHIO
 RATIO OF NET GENERAL BONDED DEBT
 TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
 LAST TEN YEARS

Year	Population	Assessed Value (in Thousands)	Gross Bonded Debt (1)	Debt Service Monies Available (2)	Debt Payable From City Income Tax	Debt Payable From Payments In Lieu Of Taxes	Debt Payable From Enterprise Revenues (3)	Net General Bonded Debt	Ratio Of Net General Bonded Debt To Assessed Value	Net General Bonded Debt Per Capita
1993	10,423	\$132,927	\$6,030,082	\$144,706	\$388,920	\$506,162	\$3,965,000	\$1,025,294	0.77	98.37
1994	10,423	137,822	5,893,323	145,178	511,945	484,096	3,767,282	984,822	0.71	94.49
1995	10,423	161,741	5,609,739	148,351	460,507	459,613	3,599,619	941,649	0.58	90.34
1996	10,423	170,752	10,171,905	164,784	394,068	435,131	8,297,706	880,216	0.52	84.45
1997	10,423	188,193	12,279,881	180,019	381,360	408,232	7,826,065	3,484,205	1.85	334.28
1998	10,423	220,294	11,732,691	170,383	368,652	381,333	7,455,790	3,356,533	1.52	322.03
1999	10,423	242,615	29,051,589	173,646	350,856	354,434	24,980,000	3,192,653	1.32	306.31
2000	16,962	257,841	27,999,619	191,652	2,781,790	325,118	24,140,000	561,059	0.21	33.07
2001	16,962	308,860	40,396,813	199,602	2,662,724	97,650	36,955,000	481,837	0.16	28.41
2002	16,962	323,136	38,851,998	219,310	2,542,388	86,800	35,615,000	388,500	0.12	22.90

(1) Excludes special assessment general obligation debt.

(2) Includes only money available in the Library Bond Retirement Debt Service Fund.

(3) Excludes discount on revenue bonds

Source: 1990 and 2000 Census and Auditor's Office, City of Lebanon

**CITY OF LEBANON, OHIO
 COMPUTATION OF OVERALL LEGAL DEBT MARGIN
 DECEMBER 31, 2002**

Assessed Value		<u>\$323,136,940</u>
Overall Debt Limit (10 1/2% of the Assessed Value)		\$33,929,379
Total Voted and Unvoted Debt Outstanding at December 31, 2002	\$48,782,809	
Less: Exempt Debt		
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Special Assessments	820,811	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully Available Municipal Income Tax and Payments in Lieu of Taxes to be Applied to Debt Service	2,629,188	
Unvoted Mortgage Revenue Bonds to be Paid from Enterprise Fund Revenues	35,615,000	
Unvoted General Obligation Notes to be Paid from Enterprise Fund Revenues	<u>5,000,000</u>	
Total	4,717,810	
Less: Amount Available to Pay Non-Exempt Debt	<u>2,426,594</u>	
Net Subject to 10 1/2 percent Limitation		<u>2,291,216</u>
Legal debt Margin within 10 1/2 percent Limitation		<u>\$31,638,163</u>

Source: Auditor's Office, City of Lebanon

**CITY OF LEBANON, OHIO
 COMPUTATION OF UNVOTED LEGAL DEBT MARGIN
 DECEMBER 31, 2002**

Assessed Value		<u>\$323,136,940</u>
Overall Debt Limit (5 1/2% of the Assessed Value)		\$17,772,532
Total Unvoted Debt Outstanding at December 31, 2002	\$48,782,809	
Less: Exempt Debt		
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Special Assessments	820,811	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully Available Municipal Income Tax and Payments in Lieu of Taxes to be Applied to Debt Service	2,629,188	
Unvoted Mortgage Revenue Bonds to be Paid from Enterprise Fund Revenues	35,615,000	
Unvoted General Obligation Notes to be Paid from Enterprise Fund Revenues	<u>5,000,000</u>	
Total	4,717,810	
Less: Amount Available to Pay Non-Exempt Debt	<u>2,426,594</u>	
Net Subject to 5 1/2 percent Limitation		<u>2,291,216</u>
Legal debt Margin within 5 1/2 percent Limitation		<u>\$15,481,316</u>

Source: Auditor's Office, City of Lebanon

**CITY OF LEBANON, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL BONDED DEBT
 DECEMBER 31, 2002**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To City Of Lebanon</u>	<u>Amount Applicable To City Of Lebanon</u>
City of Lebanon	\$388,500	100.00%	\$388,500
Warren County	38,150,224	11.30%	<u>43,110</u>
Total			<u>\$431,610</u>

Source: Ohio Municipal Advisory Service

Note: The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed value within the City by the subdivision's total assessed valuation.

CITY OF LEBANON, OHIO
 RATIO OF ANNUAL DEBT PRINCIPAL AND INTEREST EXPENDITURES
 FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL
 GENERAL FUND EXPENDITURES
 LAST TEN YEARS

<u>Year</u>	<u>Debt Principal And Interest (1)</u>	<u>General Fund Expenditures</u>	<u>Ratio Of Debt Principal And Interest To General Fund Expenditures</u>
1993	\$125,192	\$3,392,098	3.7 %
1994	127,815	3,429,853	3.7
1995	125,201	3,729,534	3.4
1996	126,733	4,026,852	3.2
1997	165,161	5,680,990	2.9
1998	123,702	4,745,871	2.6
1999	120,218	6,085,769	2.0
2000	116,690	5,956,905	2.0
2001	118,120	7,748,400	2.0
2002	119,205	8,163,958	1.5

Source: Auditor's Office, City of Lebanon

(1) Includes only General Obligation Debt payable from property taxes.

CITY OF LEBANON, OHIO
REVENUE BOND COVERAGE
LAST TEN YEARS

Year	Operating Revenues	Operating Expenses (1)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
ELECTRIC/TELECOMMUNICATIONS							
1993	\$6,225,321	\$5,697,213	\$528,108	\$25,000	\$1,312	\$26,312	20.1
1994	6,553,126	4,798,695	1,754,431	0	0	0	0.0
1995	6,798,142	6,673,997	124,145	0	0	0	0.0
1996	7,014,943	5,860,330	1,154,613	0	0	0	0.0
1997	7,217,373	6,013,800	1,203,573	155,000	249,795	404,795	3.0
1998	7,733,375	8,682,967	(949,592)	160,000	244,060	404,060	(2.4)
1999	8,695,819	7,004,633	1,691,186	165,000	237,660	402,660	4.2
2000	11,015,754	10,839,189	176,565	175,000	228,185	403,185	0.4
2001	14,076,889	11,846,689	2,230,200	180,000	515,133	695,133	3.2
2002	15,603,687	13,377,046	2,226,641	620,000	897,571	1,517,571	1.5
SEWER							
1993	1,176,878	662,423	514,455	80,000	155,913	235,913	2.2
1994	1,313,550	746,084	567,466	82,663	162,950	245,613	2.3
1995	1,467,877	823,588	644,289	90,000	148,057	238,057	2.7
1996	1,548,851	1,177,153	371,698	95,000	139,538	234,538	1.6
1997	1,719,824	1,116,893	602,931	125,000	80,868	205,868	2.9
1998	1,582,869	994,573	588,296	130,000	80,550	210,550	2.8
1999	1,817,875	1,224,270	593,605	135,000	329,561	464,561	1.3
2000	1,935,006	1,464,746	470,260	340,000	507,541	847,541	0.5
2001	1,840,462	606,494	1,233,968	355,000	492,750	847,750	1.5
2002	2,309,101	1,607,356	701,745	370,000	479,825	849,825	0.8
WATER							
1993	1,423,710	684,485	739,225	75,000	126,945	201,945	3.7
1994	1,493,615	745,773	747,842	80,000	120,800	200,800	3.7
1995	1,784,680	707,200	1,077,480	80,000	116,480	196,480	5.5
1996	1,877,081	1,260,381	616,700	85,000	111,836	196,836	3.1
1997	2,058,358	1,347,491	710,867	90,000	108,737	198,737	3.6
1998	1,903,230	725,699	1,177,531	100,000	101,082	201,082	5.9
1999	2,203,332	848,868	1,354,464	105,000	281,951	386,951	3.5
2000	2,264,674	1,139,469	1,125,205	325,000	500,109	825,109	1.4
2001	2,117,782	1,347,618	770,164	340,000	471,485	811,485	0.9
2002	2,601,406	1,398,906	1,202,500	350,000	458,068	808,068	1.5

Source: Auditor's Office, City of Lebanon

(1) Does not include depreciation

**CITY OF LEBANON, OHIO
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Warren County (3)</u>
1993	10,423	3,632	5.7 %
1994	10,423	3,842	4.9
1995	10,423	3,842	4.2
1996	10,423	4,214	3.9
1997	10,423	4,354	3.2
1998	10,423	4,405	2.9
1999	10,423	4,462	3.0
2000	16,962	4,496	3.0
2001	16,962	4,525	3.3
2002	16,962	4,659	3.7

Sources: (1) 1990 Census and 2000 Census

(2) Lebanon City School District Board of Education

(3) Ohio Bureau of Employment Services

**CITY OF LEBANON, OHIO
 PRINCIPAL TAXPAYERS
 DECEMBER 31, 2002**

	<u>Taxpayer</u>	<u>2002 Real Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation Real Property</u>
1.	SEI Brakes, Inc.	\$15,302,920	7.69 %
2.	Fujitec America	9,550,930	4.80
3.	Johnson & Hardin	6,538,280	3.29
4.	Amtex, Inc.	4,670,150	2.35
5.	PAC Manufacturing	2,487,450	1.25
6.	United Telephone	2,377,730	1.20
7.	Sumitomo	2,210,150	1.11
8.	Eastern Retail Holdings	1,980,220	1.00
9.	Lebanon Park Towne Homes	1,873,010	0.94
10.	Southern Ohio Gun Distributors	<u>1,710,970</u>	<u>0.86</u>
	Total Principal Taxpayers	<u>\$48,701,810</u>	<u>24.48 %</u>
	Total City	<u>\$198,936,450</u>	

Source: County Auditor, Warren County, Ohio

**CITY OF LEBANON, OHIO
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
LAST TEN YEARS**

<u>Year</u>	<u>Property Values (2)</u>	<u>Residential Construction (1)</u>		<u>Commercial Construction (1)</u>		<u>City Bank Deposits (3)</u>	<u>County Bank Deposits (3)</u>
		<u>Number Of Permits</u>	<u>Value</u>	<u>Number Of Permits</u>	<u>Value</u>		
1993	\$203,920,514	228	\$10,892,924	32	\$2,374,595	\$333,849,000	\$411,164,000
1994	215,659,971	192	8,573,264	49	22,151,935	346,078,000	422,581,000
1995	262,346,400	284	17,677,894	82	11,362,500	370,414,000	460,950,000
1996	282,056,571	351	20,637,230	78	6,356,055	379,213,000	465,584,000
1997	307,681,286	291	19,110,569	80	13,093,658	427,736,000	523,595,000
1998	378,715,229	267	15,298,503	82	16,028,448	437,918,000	521,795,000
1999	408,871,657	321	20,556,607	89	22,130,622	445,370,000	533,873,000
2000	432,347,257	268	18,796,587	87	17,792,980	453,127,000	548,623,000
2001	534,313,514	329	24,378,196	106	11,813,007	482,767,000	618,781,000
2002	568,389,857	229	26,861,699	83	13,275,492	509,111,000	612,603,000

Sources: (1) City of Lebanon Building Department

(2) Estimated true values for real property from County Auditor, Warren County, Ohio

(3) Federal Reserve Bank of Cleveland

**CITY OF LEBANON, OHIO
 MISCELLANEOUS STATISTICS
 DECEMBER 31, 2002**

Year of Incorporation	1960
Form of Government	Charter - Council/Manager
Area	12.1712 Square Miles
Miles of Streets	83.438
Number of Street Lights	1,835
Police Protection:	
Number of Stations	1
Number of Police Officers	27
Hospitals	1 Emergency Treatment Center
Education (K-12) (Public only)	
Attendance Centers	6
Number of Classrooms	222
Number of Teachers	332
Number of Students	4,659
Municipal Water Department	
Miles of Water Main	81.87
Sewers:	
Sanitary Sewers	77.107
Storm Sewer	36.663
Building Permits Issued	435
Recreation and Culture:	
Number of Parks	15
Number of Libraries	1
Employees (includes part-time firefighters)	194

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**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

CITY OF LEBANON

WARREN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 13, 2003**