

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



For the Fiscal Year Ended December 31, 2009





Mary Taylor, CPA  
Auditor of State

City Council  
City of Lebanon  
50 South Broadway  
Lebanon, Ohio 45036

We have reviewed the *Independent Auditors' Report* of the City of Lebanon, Warren County, prepared by Bastin & Company, LLC, for the audit period January 1, 2009 through December 31, 2009. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 30, 2010

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# INTRODUCTORY SECTION



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**CITY OF LEBANON, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Issued by:  
Office of the Auditor**

**Sharee C. Dick  
City Auditor**

*City of Lebanon*  
**Comprehensive Annual Financial Report**  
*For the Year Ended December 31, 2009*

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*"Dedicated to Excellence in Public Service"*

City Building ♦ 50 South Broadway ♦ Lebanon ♦ Ohio ♦ 45036 ♦ Phone: 513-932-3060 ♦ Fax: 513-932-2493

June 9, 2010

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

We are pleased to present the twenty-first Comprehensive Annual Financial Report (CAFR) for the City of Lebanon. This report for the year ended December 31, 2009, contains the financial statements and other financial and statistical information and conforms to generally accepted accounting principles as applicable to governmental entities. It provides complete and full disclosure of all material financial aspects of the City of Lebanon ("the City").

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38, which requires that cities reporting on a GAAP basis file an unaudited annual report with the Auditor of State within 150 days of year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The accounting firm of Bastin & Company, LLC has issued an unqualified ("clean") opinion of the City of Lebanon's financial statements for the year ended December 31, 2009. The Independent Auditors' Report is located at the front of the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

#### PROFILE OF THE GOVERNMENT AND REPORTING ENTITY

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.

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.

[www.lebanonohio.ws](http://www.lebanonohio.ws)

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, storm water management 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 Combined 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 basic financial statements.

Council is required to adopt an initial budget by no later than April 1. Council may adopt a temporary budget to cover the first three months of the year. Upon presentation by the City Manager of a proposed budget document to Council, Council calls and publicizes a public hearing. Council will subsequently adopt such budget, as it may have been amended, as the City's annual budget effective April 1, for the remainder of the year.

The budget represents the City's financial plan and operations guide for the next operating year. It is a communications tool to inform Lebanon residents of how the City plans to allocate resources to address the needs of the community and improve the overall strength of the government.

## MAJOR INITIATIVES

Lebanon was fortunate enough to secure several State grants for roadway improvement projects for 2009. In 2009, the City allocated \$3.8 million towards roadway improvement projects. These projects include the reconstruction of Burt Road, reconstructing a portion of Cook Road, and the completion of Miller Road. This is in addition to the City's annual pavement resurfacing and concrete program which totaled \$650,000. The roadway reconstruction projects included the complete removal and replacement of concrete curbs and gutters, as well as the asphalt pavement. In conjunction with many of these roadway improvement projects, aging water, sanitary, and storm sewers were upgraded as well.

In 2009, the City completed the \$1.6 million Downtown Streetscape Improvement project which included replacement of all underground utilities, new curbs and gutters, new brick sidewalks, enhanced lighting, and other streetscape amenities throughout the Central Business District. Lebanon's downtown is widely considered to be one of the best in Southwest Ohio, and this project will ensure that this tradition continues for many years to come.

Over the past several years, the City has focused on replacing aging and undersized water mains. This initiative is being undertaken to ensure our ability to deliver quality water while meeting the necessary fire flow requirements. The City replaced the old water mains along Desales Avenue and West Street. Additionally, the City executed an \$800,000 project that includes the installation of a new 16" water main that will improve the delivery of water throughout the City's water distribution system. The City has entered into an agreement with Greater Cincinnati Water Works to purchase all of the City's wholesale water needs by January 1, 2013. This will ensure that the City of Lebanon will be able to meet future water demands in the growing region.

In 2009, the City completed a major upgrade to a section of the Electric Transmission System that feeds the City's Industrial Parks. Improvements to this electric transmission system enhance the redundancy and reliability of the system while accommodating the future electrical demand growth in this critical area.

## LOCAL ECONOMY

All of the major TV networks and several independent facilities, including several educational television channels totaling 13 stations, are available to the City from Dayton and Cincinnati as well as Miami University in Oxford. In addition, 13 AM and 17 FM radio stations are available in the area, as well as cable television. Major daily and Sunday newspapers from Cincinnati and Dayton are available in the City. In addition, the City is served by *The Western Star*, a weekly newspaper. The City also owns and operates "The Lebanon Channel". The channel broadcasts programming that is relevant to the Lebanon community. Programming includes City Council and Planning Commission meetings, "The City Show", and local events.

### Housing

The housing market made significant improvements in 2009 with new home construction at a three year high with 112 new housing units. The total residential construction value for 2009 was \$9.6 million. The growth rate in 2009 was 1.40 percent. The City anticipates an average growth rate of one percent annually over the next five years with residential construction valuation averaging between \$5-15 million.

### Commercial and Industrial

The Lebanon business community continued to recover in 2009 as development activity improved and positive signs of the economic recovery were evident. Our largest private sector employers are Advics Manufacturing, Qubecor and Johnson & Hardin, each company employing over 500 employees. Other major employers include the Countryside YMCA, which employs over 450 people and the commercial retail operations of Wal0Mart and Kroger employing over 300 workers each.

In 2009, the retail and service commercial sectors continued to experience moderate contraction with limited development and expansion. The retail and service commercial development activity consisted of new construction (Aldi Store) and redevelopment (McDonalds restaurant) along the Columbus Avenue and East Main Street corridors respectively.

The industrial sector continued to have moderate expansion in 2009. The second phase of the Mane, Inc. facility in the Lebanon Commerce Center was completed in mid-2009. The NIBCO Corp. completed renovations of a 122,000 S.F. building (formerly Aero Fulfillment) in Lebanon Commerce Center and began its flow control products operation at the site in February 2009. CBTS completed the renovation of approximately 90,000 S.F. of the former Fujitec facility in the Lebanon Commerce Center and began data center operations in the first quarter of 2009.

A significant amount of private and public investment within Lebanon's Historic Downtown has been the focus in recent years and continued in 2009. Several small and mid-sized businesses continued improvements to building facades as well as interior renovations. The City also completed the Downtown Streetscape reconstruction project at a cost of \$1.5 million.

The new commercial and industrial construction valuation for 2009 totaled \$4.9 million, down \$20.4 million from 2008. In comparative terms, it's important to note that two major projects accounted for approximately 52 percent, or \$13 million, of the total construction valuation for commercial and industrial development in 2008.

## FINANCIAL TRENDS

The City continues to benefit from its location within the Cincinnati – Dayton growth corridor, and has experienced sustained moderate tax base expansion. City government has renewed its focus on the delivery of core services, reduced or eliminated non-essential programs, and focused on the creation of increased General Fund reserves. Through the elimination of lower priority programs and the aggressive use of state and federal grants, the City has been able to sustain an effective capital improvement program to address the community's infrastructure improvement requirements.

## FINANCIAL PLANNING AND POLICIES

It is the mission of the City to develop, maintain and implement financial accounting policies and procedures and protect and optimize the financial resources of the City. The City provides a sound accounting system for safeguarding the City's assets through the recording and reporting of financial transactions according to mandated laws and guidelines of Federal law, Ohio Revised Code, Generally Accepted Accounting Principles (GAAP), and the City of Lebanon Codified Ordinances. The departmental goals are to develop sound fiscal policies, provide solid fiscal management for the City, maintain reserves and fiscal integrity, and protect the assets of the Citizens of Lebanon.

The City has established a five year capital improvement plan which drives the City's annual operating budget; a fiscal policy on cash reserves for the General Fund, the Capital Improvement Fund and the General Obligation Bond Fund; and a conservative investment policy for the safe-guarding of investment income.

## OTHER INFORMATION

### Independent Audit

An audit team from Bastin & Company, LLC has performed this year's audit. The results of the audit are presented in the Independent Auditors' Report.

## AWARDS AND ACKNOWLEDGEMENTS

### 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, 2008. This was the twenty-first 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. The 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 our staff for their hard work and dedication in compiling cash reports, accrual information and capital assets information. We also would like to express appreciation to Ms. Mary Taylor, Auditor of State of Ohio, and her Local Government Services Staff for their assistance in preparing this report.



Sharee C. Dick  
City Auditor



Amy Brewer  
Mayor

# 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, 2008

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.



President

Executive Director



CITY OF LEBANON, OHIO  
LIST OF PRINCIPAL OFFICIALS

ELECTED OFFICIALS

MAYOR

Amy Brewer

VICE MAYOR

James Norris II

COUNCIL MEMBERS:

Amy Brewer  
Jeffrey Monroe  
J. Matthew Rodriguez  
Ben Cole  
Charleen Mahaffie Flick  
Jeffrey Aylor  
James Norris II

APPOINTED OFFICIALS

CITY MANAGER

George P. Clements

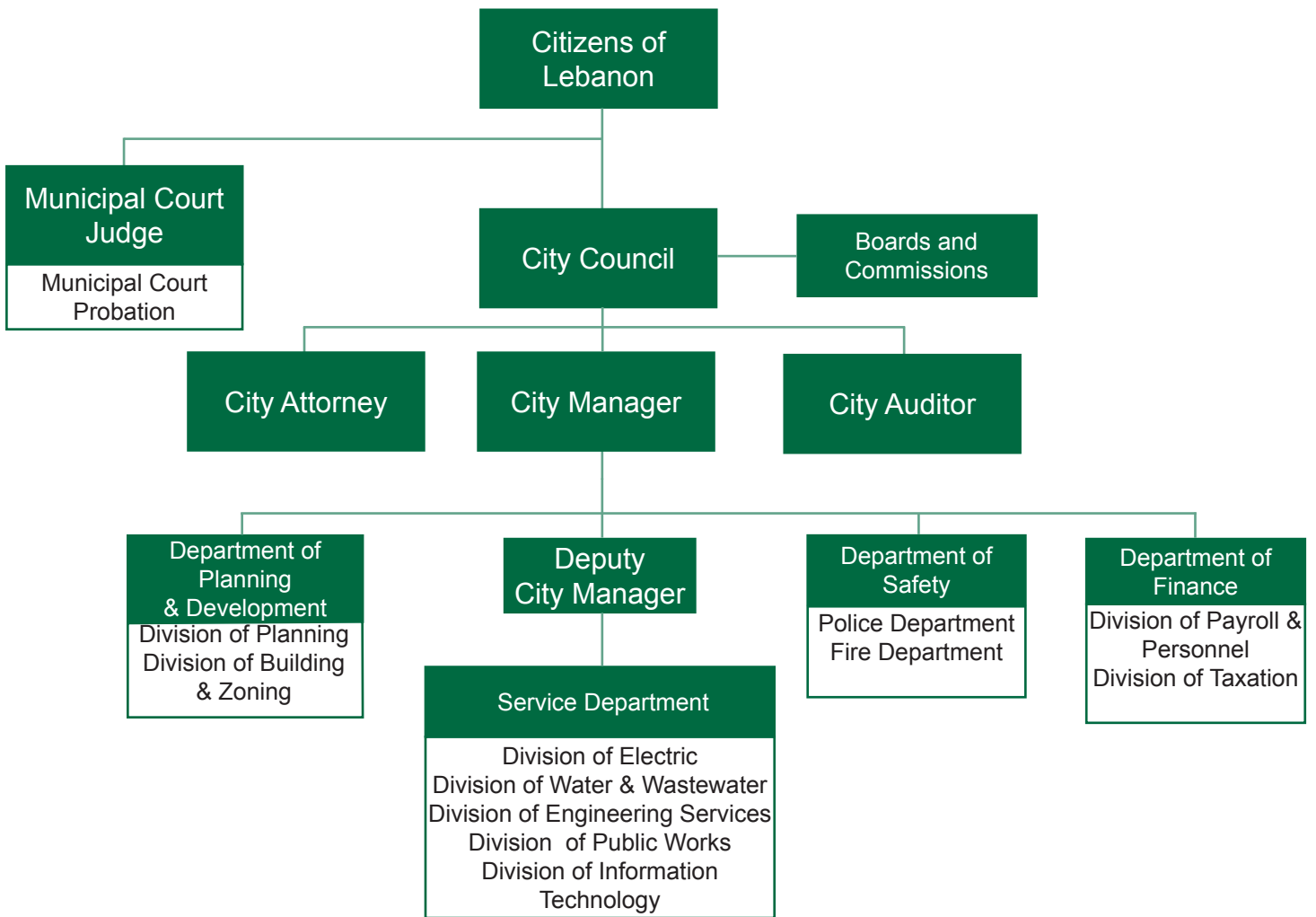
CITY AUDITOR

Sharee C. Dick

CITY ATTORNEY

Mark S. Yurick

# City of Lebanon Organizational Chart



# FINANCIAL SECTION



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# Bastin & Company, LLC

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

The Honorable Members of City Council  
City of Lebanon, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lebanon, Ohio as of and for the year ended December 31, 2009, which collectively comprise the City of Lebanon, Ohio's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lebanon, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lebanon, Ohio, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General Fund and the Fire and Life Squad Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2010, on our consideration of the City of Lebanon, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lebanon, Ohio's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
June 9, 2010

*City of Lebanon, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited*

**Management's Discussion and Analysis**

Management's Discussion and Analysis (MD&A) of the City of Lebanon's financial performance provides an overview of the City's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole, and readers are encouraged to review the transmittal letter and the basic financial statements and notes to enhance their understanding of the City's overall financial performance.

**Financial Highlights**

The City's total net assets increased \$6,887,133. Revenues of governmental activities exceeded expenses by \$1,346,758. As in 2008, the City continues to evaluate and increase its service fees, and charges for services, which include building, engineering and plumbing inspections fees, permit fees, police special services and EMS. While income taxes have begun to decrease due to the sluggish economy, the City is still optimistic about future employment growth and job creation within the corporate limits due to our proximity to I-75 and I-71. The City began to experience reductions of tax revenue in late 2008 as a result of the ongoing economic contraction. The impact of the loss of tax revenue was mitigated by aggressive cost control actions focusing on the General Fund and General Capital Improvement Fund. These actions included the cancellation or delay of new code enforcement programs, position elimination and hiring lags. The City Administration and City Council remain committed to ensuring that service levels are adjusted in response to declines in revenue so that sufficient cash reserves are maintained in compliance with the City's Fiscal Policy. Additional cost control measures, including the delay of several street resurfacing projects, will continue into 2010.

General revenues of governmental activities accounted for \$13,689,791 or 70 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$5,774,518, or 30 percent of the revenue.

The City had \$16,581,096 in expenses related to governmental activities; \$5,774,518 of these expenses were offset by program specific charges for services, grants, contributions or interest. General revenues (primarily income taxes) of \$13,689,791 were more than adequate to support these programs. The City had \$33,951,603 in expenses related to business-type activities. \$37,124,959 of program specific charges for services and sales, and operating and capital grants, contributions and interest together with \$830,564 in general revenues more than offset the expenses.

The City's Enterprise Funds reflected a total operating income of \$4,968,223 as follows: Electric Fund \$3,628,769, Sewer Fund \$527,726, Water Fund \$549,111 and the Storm Water Utility Fund \$303,069. The Sanitation Fund and the Telecommunications Fund showed operating losses of \$13,194 and \$27,258, respectively.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements which are presented to allow readers to understand the City's general financial situation, as well as provide a detailed view of the City's fiscal condition.

The statement of net assets and the statement of activities provide information about the activities of the City and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements indicate how services were financed in the short-term as well as the amount of funds available for future requirements. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

## REPORTING THE CITY AS A WHOLE

### *Statement of net assets and the Statement of activities*

The analysis of the City as a whole begins with the statement of net assets and the statement of activities. These statements provide information that will help the reader to determine if the City is financially stable or if its financial situation has deteriorated from the previous year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or disbursed.

The purpose of these two statements is to report the City's net assets and any changes that have occurred to those net assets. These changes inform the reader whether the City's financial position, as a whole, has changed or diminished. In evaluating the overall financial health, the readers of these financial statements should take into consideration non-financial factors that may impact the City's financial stability. These factors include the City's tax structure, the condition of its infrastructure, as well as other capital asset needs.

In the statement of net assets and the statement of activities, the City is divided into two types of activities.

**Governmental Activities** – These services include police, fire, leisure time activities, community and economic development, public health, transportation, and general government.

**Business-Type Activities** – These services include electric, sanitation, sewer, telecommunications, water and storm water. Service fees for electric, sanitation, sewer and water operations are charged based upon the amounts of usage. The storm water utility service fee is based on a calculation of impervious area for businesses and a flat fee for residential usage which will allow the City to address the backlog of storm water infrastructure requirements to support Ohio Environmental Protection Agency mandates associated with storm water management.



## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### ***Fund Financial Statements***

Information about the City's major funds begins on page 10. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants while other funds may be established by Council at the suggestion of the City Manager or City Auditor. These funds help management control, manage, and report money received for a particular purpose or to show that the City is meeting its legal obligations. The City's major funds are General, Fire and Life Squad, Capital Improvement, Electric, Sanitation, Sewer, Telecommunications, Water and Storm Water Utility.

**Governmental Funds** – The City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for expenditures. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be expended in the near future on services provided to our residents. The relationship (or differences) between governmental activities that is reported in the statement of net assets and the statement of activities is explained in the reconciliations in the governmental fund financial statements on pages 19 and 23.

**Enterprise Funds** – When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in enterprise funds. Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

### **THE CITY AS A WHOLE**

As stated previously, the statement of net assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2009 compared to 2008.

*Table 1*  
*Net Assets*

	Governmental Activities		Business-Type Activities		Total	
	2008		2009	2008	2008	
	2009	Restated			2009	Restated
<b>Assets:</b>						
Current and Other Assets	\$26,923,441	\$27,767,852	\$42,193,496	\$38,059,430	\$69,116,937	\$65,827,282
Nondepreciable Capital Assets	14,260,291	14,278,593	5,953,636	6,857,143	20,213,927	21,135,736
Depreciable Capital Assets, Net	31,444,042	29,770,599	78,296,656	74,144,397	109,740,698	103,914,996
<b>Total Assets</b>	<b>72,627,774</b>	<b>71,817,044</b>	<b>126,443,788</b>	<b>119,060,970</b>	<b>199,071,562</b>	<b>190,878,014</b>
<b>Liabilities:</b>						
Current and Other Liabilities	5,399,169	5,426,648	2,008,441	2,335,157	7,407,610	7,761,805
<b>Long-Term Liabilities:</b>						
Due Within One Year	821,716	917,030	2,074,607	1,987,545	2,896,323	2,904,575
Due in More Than One Year	7,047,496	7,460,731	36,366,104	34,284,007	43,413,600	41,744,738
<b>Total Liabilities</b>	<b>13,268,381</b>	<b>13,804,409</b>	<b>40,449,152</b>	<b>38,606,709</b>	<b>53,717,533</b>	<b>52,411,118</b>
<b>Net Assets:</b>						
<b>Invested in Capital Assets,</b>						
Net of Related Debt	39,072,022	35,598,684	46,697,775	44,388,792	85,769,797	79,987,476
Restricted	12,685,486	16,371,911	6,844,532	7,782,930	19,530,018	24,154,841
Unrestricted	7,601,885	6,042,040	32,452,329	28,282,539	40,054,214	34,324,579
<b>Total Net Assets</b>	<b>\$59,359,393</b>	<b>\$58,012,635</b>	<b>\$85,994,636</b>	<b>\$80,454,261</b>	<b>\$145,354,029</b>	<b>\$138,466,896</b>

Total net assets increased \$6,887,133. Net assets of the City's governmental activities increased \$1,346,758. Invested in capital assets, net of related debt increased \$3,473,338, due to decreases in debt obligations and increases in infrastructure assets, offset by depreciation on capital assets. Capital assets are used to provide services to the public and do not represent assets that may be used for future spending. In addition, unrestricted net assets of governmental activities increased by \$1,559,845, due to increases in cash and cash equivalents accumulated for the payment of future health insurance claims for business-type activities that are accounted for in the governmental activities, as well as the elimination of negative net assets related to industrial development projects. Current and other assets decreased \$844,411 mainly due to a decrease in equity in pooled cash and cash equivalents. This was mainly due to the City's retirement of \$1,000,000 in road improvement bond anticipation notes during 2009.

The net assets of the City's business-type activities increased by \$5,540,375. This can be attributed to an increase in customer base but, more importantly, the purchase of the industrial park grid which has had a sufficient positive effect on the electric utility. The City strives to control operational expenses for business-type activities in order to maintain stability in charges for services and closely monitors the trends of the growing community in order to adjust for changes in City policy where necessary. City Council and administration are diligent in keeping the City fiscally strong, as indicated by the continued effort to achieve the goals set forth in the City's fiscal policy. Our administration has developed a strategic planning process that utilizes a five year capital improvement plan which drives our operating budget and department superintendents are all involved in the entire process. Our budget is developed from the bottom up with emphasis of good stewardship of our ratepayers' and taxpayers' money. In addition, transfers of infrastructure additions that were funded by governmental activities caused a large increase in storm water utility activities.

Table 2 shows the changes in net assets for the year ended December 31, 2009.

**Table 2**  
**Changes in Net Assets**

	<i>Governmental</i>		<i>Business-Type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	2009	2008 Restated	2009	2008	2009	2008 Restated
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$2,917,603	\$3,093,073	\$37,091,239	\$36,494,080	\$40,008,842	\$39,587,153
Operating Grants, Contributions and Interest	1,911,481	1,102,214	0	0	1,911,481	1,102,214
Capital Grants, Contributions and Interest	945,434	1,631,026	33,720	263,605	979,154	1,894,631
Total Program Revenues	<u>5,774,518</u>	<u>5,826,313</u>	<u>37,124,959</u>	<u>36,757,685</u>	<u>42,899,477</u>	<u>42,583,998</u>
General Revenues:						
Property Taxes	3,627,916	3,724,266	0	0	3,627,916	3,724,266
Income Taxes	5,409,147	6,260,249	0	0	5,409,147	6,260,249
Other Taxes	1,318,586	1,468,021	0	0	1,318,586	1,468,021
Payments in Lieu of Taxes	1,269,899	1,269,275	0	0	1,269,899	1,269,275
Grants and Entitlements Not Restricted to Specific Programs	818,872	684,035	0	0	818,872	684,035
Unrestricted Contributions	7,375	7,494	0	0	7,375	7,494
Investment Earnings	1,063,750	781,418	700,087	447,260	1,763,837	1,228,678
Gain on Sale of Capital Assets	14,168	17,828	2,310	0	16,478	17,828
Other	160,078	185,479	128,167	275,132	288,245	460,611
Total General Revenues	<u>13,689,791</u>	<u>14,398,065</u>	<u>830,564</u>	<u>722,392</u>	<u>14,520,355</u>	<u>15,120,457</u>
Total Revenues	<u>19,464,309</u>	<u>20,224,378</u>	<u>37,955,523</u>	<u>37,480,077</u>	<u>57,419,832</u>	<u>57,704,455</u>
Program Expenses:						
General Government	3,812,972	4,125,692	0	0	3,812,972	4,125,692
Security of Persons and Property:						
Police	4,218,030	3,861,017	0	0	4,218,030	3,861,017
Fire	2,735,622	2,631,887	0	0	2,735,622	2,631,887
Public Health	181,562	195,983	0	0	181,562	195,983
Leisure Time Services	588,970	498,379	0	0	588,970	498,379
Community and Economic Development	868,309	802,169	0	0	868,309	802,169
Transportation	3,591,609	3,090,437	0	0	3,591,609	3,090,437
Intergovernmental	257,623	244,657	0	0	257,623	244,657
Interest and Fiscal Charges	326,399	354,128	0	0	326,399	354,128
Electric	0	0	26,164,717	26,754,920	26,164,717	26,754,920
Sanitation	0	0	1,363,001	1,327,449	1,363,001	1,327,449
Sewer	0	0	3,166,397	3,386,470	3,166,397	3,386,470
Telecommunications	0	0	210,102	222,847	210,102	222,847
Water	0	0	2,534,870	2,526,916	2,534,870	2,526,916
Storm Water Utility	0	0	512,516	490,366	512,516	490,366
Total Expenses	<u>16,581,096</u>	<u>15,804,349</u>	<u>33,951,603</u>	<u>34,708,968</u>	<u>50,532,699</u>	<u>50,513,317</u>
Increase in Net Assets Before Transfers	2,883,213	4,420,029	4,003,920	2,771,109	6,887,133	7,191,138
Transfers	<u>(1,536,455)</u>	<u>(117,639)</u>	<u>1,536,455</u>	<u>117,639</u>	<u>0</u>	<u>0</u>
Increase in Net Assets	1,346,758	4,302,390	5,540,375	2,888,748	6,887,133	7,191,138
Net Assets, January 1	<u>58,012,635</u>	<u>53,710,245</u>	<u>80,454,261</u>	<u>77,565,513</u>	<u>138,466,896</u>	<u>131,275,758</u>
Net Assets, December 31	<u>\$59,359,393</u>	<u>\$58,012,635</u>	<u>\$85,994,636</u>	<u>\$80,454,261</u>	<u>\$145,354,029</u>	<u>\$138,466,896</u>

### ***Governmental Activities***

The City's income tax was established in 1970 at a rate of one percent. The rate has not been increased even though this rate is much lower than the State average for municipalities. The City

provides tax relief in the form of a full tax credit for taxes paid to another municipality. The City's income tax is the largest source of revenue for the City's General Fund. Employee withholding contributed 75.9 percent of the revenue received in 2009 with business earnings contributing 7.44 percent and individuals 16.66 percent. The City has mandatory filing for all residents that work regardless of their age. The revenues are allocated in the following manner: 45 percent General Fund, 44 percent Capital Improvement Fund and 11 percent to the General Obligation Bond Fund. This allocation begins after administration costs for the Division of Taxation have been obtained for the current operating year. Income Taxes in the Governmental Activities decreased by \$851,102. This is due to unemployment and the effects of recession on the economy. Income tax revenues expected to be collected in the early portion of 2010 appear to be decreasing as anticipated.

Operating Grants, Contributions and Interest increased by \$809,267. In 2009, the City received a reimbursement grant from FEMA, related to a major windstorm that struck the Tri-State in 2008. In addition, the City received a large Roadwork Improvement grant from the Ohio Department of Development in the Tax Increment Financing Fund for the extension of Janet Way Drive in Columbia Business Park. Capital Grants, Contributions and Interest decreased by \$685,592, which was attributable to grants received in 2008 from the Ohio Public Works Commission and Ohio Department of Transportation Urban Paving Program that were not repeated in 2009. Investment earnings increased by \$282,332 due to the maturing of some longer term investments with higher interest yields than the current market.

*Table 3  
Governmental Activities*

	Total Cost Of Services 2009	Net Cost of Services 2009	Total Cost Of Services 2008	Net Cost of Services 2008
General Government	\$3,812,972	\$1,956,886	\$4,125,692	\$1,894,897
Security of Persons and Property:				
Police	4,218,030	3,633,976	3,861,017	3,287,191
Fire	2,735,622	2,245,401	2,631,887	2,102,997
Public Health	181,562	26,431	195,983	50,667
Leisure Time Services	588,970	492,046	498,379	294,144
Community and Economic Development	868,309	864,808	802,169	801,291
Transportation	3,591,609	1,003,008	3,090,437	948,064
Intergovernmental	257,623	257,623	244,657	244,657
Interest and Fiscal charges	326,399	326,399	354,128	354,128
Total Expenses	<u>\$16,581,096</u>	<u>\$10,806,578</u>	<u>\$15,804,349</u>	<u>\$9,978,036</u>

When looking at the sources of income to support governmental activities, it should be noted that total program revenues are 30 percent of total revenues. The remaining revenues are primarily generated locally through property taxes, City income taxes, State distributions, grants and other miscellaneous income. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they have always been committed.

Governmental activities expenses increased \$776,747.

General government expenses decreased \$312,720 due mainly to retirements of staff that were not replaced and general cost containment. Security of persons and property police expenses increased \$357,013 due mainly to contract negotiations, which included salary and benefit increases of 4.5%. Transportation expenses increased \$501,172. This was due to increases in staff overtime and supplies related to snow removal after two large storms during 2009, as well

as increases in salaries and benefits. Intergovernmental expenses increased by \$12,966, due to the City making payments to the local school districts according to the tax increment financing agreements.

### ***Business-Type Activities***

The City's business-type activities include Electric, Sanitation, Sewer, Telecommunications, Water, and Storm Water Utility operations.

Electric operations generate fees associated with the sale and delivery of electricity within Lebanon. Various electric service charges, not associated with the sale and delivery of electricity, are also generated by these operations. The fees collected are then used to purchase power, maintain and operate the electric generation, transmission, and distribution systems of the City, fund capital improvements projects and pay off debt service. Legislation increases electric rates by one percent annually. Electric operating revenues increased \$538,183, while operating expenses decreased \$671,257.

Sanitation operations generate fees from citizens for the collection of residential garbage. The City outsources the actual collection by bidding the contract for services every three years. Expenses exceeded revenues causing an overall decrease in net assets for 2009.

Sewer operations provide the City's wastewater collection and treatment system; this includes the Regional Wastewater Treatment Facility. Money that is collected from the fees which are billed, based upon number of gallons of water used, are used in the maintenance of the collection system, improvements to the Treatment Plant and the payment of the debt incurred for the expansion of the facility. An important aspect of this fund's mission is to maintain the quality of the environment. As such, it is the policy of the City Council, carried out by this operation, that all Ohio Environmental Protection Agency standards be met or exceeded. Sewer operating revenues decreased by \$6,153, and operating expenses decreased by \$177,112. The City continues to monitor the costs associated with wastewater treatment. Changes in expenses are due to continued growth in the area. Annual legislation increases sewer rates by three percent, combined with contributions of assets from outside developers and other governments help to maintain the enterprise. For five consecutive years this department has received the National Associations of Clear Water Agencies Silver Award, given to facilities that have less than five National Pollutant Discharge Elimination System violations in a calendar year.

On March 1, 2007, the City successfully transitioned all telecommunications related assets to Cincinnati Bell as part of the executed sale agreement. The terms of the purchase agreement stipulated an initial payment from Cincinnati Bell Territories to the City in the amount of \$4.62 million, on the first anniversary the City received \$750 thousand, on the second anniversary of the agreement \$500 thousand, and for 22 years thereafter a payment of \$125 thousand. The City is leasing office space in the electric administration building to Cincinnati Bell Territories to support their operations for a period of five years for \$1 per year. In 2009, the City ceased to provide billing services to Cincinnati Bell Territories.

Water operations generate the fees charged for the sale of water within Lebanon and in several subdivisions in Turtlecreek and Union Townships. Those fees are then used to maintain lines for delivery and to treat water for further consumption. The City of Lebanon draws its water supplies from four well fields; one at the water treatment plant on Main Street, the second is on the western edge of the community between State Route 63 and McClure Road, the third is

located along I-71 Kingsview Industrial Park and the fourth is just south of Mason-Morrow Road. The City Council adopted legislation in 2009 to build a connection and begin purchasing water from the Greater Cincinnati Water Works in 2013. The City maintains five water towers within its jurisdiction and will continue to service all its infrastructure needs for distribution. This fund's mission from the City Council is to maintain a high level of service while meeting all applicable OEPA standards. Water operating revenues decreased by \$105,835, while expenses decreased by \$20,205.

Storm Water Utility operations manage the backlog of storm water infrastructure requirements as well as to provide a funding mechanism to support unfunded Ohio Environmental Protection Agency mandates associated with storm water management. Each residential dwelling unit is billed at a flat fee of \$3.50 per month. For all other nonresidential properties the rate is computed based on total impervious area of property divided by the average impervious area of an equivalent residential unit. In conjunction with the implementation of the Storm Water Utility, the City is programmed to take over responsibility for the repair and replacement of defective curbs and gutters along public streets.

## **THE CITY'S FUNDS**

Information about the City's governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$19,349,457 and expenditures of \$20,478,390. The General Fund balance increased by \$72,642.

The local economy showed signs of improvement in 2009, and the beginning of the economic recovery was evident in increases in development activity. In 2009, the commercial sectors continued to experience limited contraction with moderate development and expansion. The retail and service commercial development activity consisted of new construction and redevelopment along the Columbus Avenue and East Main Street corridors, respectively. The industrial sector continued to have moderate growth in 2009, with facility expansions and renovations within the Lebanon Commerce Center. The new commercial and industrial construction valuation for 2009 totaled \$4.9 million, down \$20.4 million from 2008. In comparative terms, it's important to note that two major projects accounted for approximately 52 percent, or \$13 million, of the total construction valuation for commercial and industrial development in 2008.

The industrial sector continued to have moderate expansion in 2009. The second phase of the Mane, Inc. facility in the Lebanon Commerce Center was completed in mid-2009. The NIBCO Corp. completed renovations of a 122,000 S.F. building (formerly Aero Fulfillment) in Lebanon Commerce Center and began its flow control products operation at the site in February 2009. CBTS completed the renovation of approximately 90,000 S.F. of the former Fujitec facility in the Lebanon Commerce Center and began data center operations in the first quarter of 2009.

Lebanon's historic downtown continues to have a bright outlook as evidenced by the completion of a \$5 million renovation of the Golden Lamb, which is a key anchor for the downtown commercial district. Additionally, the City Council completed its \$2 million downtown streetscape enhancement project in 2009. The project will was partially funded with a \$660,000 federal grant. A significant amount of private and public investment within Lebanon's Historic Downtown has been the focus in recent years and continued in 2009. Several small and mid-sized businesses continued improvements to building facades as well interior renovations.

The Fire and Life Squad Fund balance increased \$41,113 due to an increase EMS payments. The Fire department operates on monies from its 5.5 mill levy which has allowed the Fire Department to expand its current operations at its new facility on Lebanon Road including additional staff requirements. Lebanon Fire Division now hosts two stations, one on Silver Street in Lebanon's central business district while station 42 is located near State Route 48 close to Interstate I-71 and the surrounding industrial parks.

The Capital Improvement Fund balance decreased by \$375,335 due to several ongoing projects that will have reimbursing grants that will not be received until 2010.

### ***General Fund Budgeting Highlights***

The City's budget is prepared according to the provision of the City Charter and State law, and is based on accounting for certain transactions on a basis of receipts, disbursements, and encumbrances. The City's budget is adopted on an object level basis by City Council in the form of an Appropriation Ordinance. It is the mission of this City to enhance the quality of life in our community by providing high quality and cost effective services, while maintaining the public trust through sound stewardship of our resources.

Original General Fund budgeted revenues and other financing sources were \$9,924,381. Final General Fund budgeted revenues and other financing sources were \$10,235,840. Original appropriations and other financing uses were \$10,293,494 and final appropriations and other financing uses were \$10,474,251. The variance between original and final budgeted revenues was \$311,459. This was primarily due to slight increases in property taxes, charges for services, intergovernmental revenues, contributions and donations, and other revenues. The variance between original and final appropriations was \$180,757, due mainly to increases in police, leisure time services, community and economic development and capital outlay offset by a slight decrease in general government expenditures. Actual revenues were \$1,362,034 less than final budgeted revenues due to the general deterioration of the economy. Actual expenditures were \$1,103,506 less than final appropriations. This is mainly attributed to careful cost containment and hiring lags for positions related to recent retirements.

### **CAPITAL ASSETS**

Table 4 presents the net book value of the City's capital assets for governmental and business-type activities for 2009, compared to 2008:

**Table 4**  
**Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$12,433,717	\$12,433,717	\$4,689,384	\$4,689,384	\$17,123,101	\$17,123,101
Construction in Progress	1,826,574	1,844,876	1,264,252	2,167,759	3,090,826	4,012,635
Land Improvements	476,695	490,237	0	0	476,695	490,237
Buildings and Improvements	3,226,849	3,349,717	17,462,689	18,060,156	20,689,538	21,409,873
Equipment	589,465	439,365	940,076	1,075,231	1,529,541	1,514,596
Vehicles	1,116,163	1,221,423	745,346	739,935	1,861,509	1,961,358
Infrastructure	26,034,870	24,269,857	59,148,545	54,269,075	85,183,415	78,538,932
Totals	\$45,704,333	\$44,049,192	\$84,250,292	\$81,001,540	\$129,954,625	\$125,050,732

Administration and Council have a quality of life commitment to the citizens and businesses located in Lebanon. With this in mind, the City continued roadway improvement projects, including the completion of the reconstruction of Cook, Burt and Miller Roads, and the resurfacing and concrete repair of various City streets. The City expended \$292,548 towards the replacement of fleet vehicles in 2009.

The City executed several storm water system improvement projects totaling \$645,000 in 2009. These projects included the installation of a new drainage system on Glenview Avenue, and the replacement of a deteriorated metal culvert under Carson Drive with a new concrete structure. The City's sanitary sewer and water master plans continue to guide infrastructure improvement projects for these utilities. In 2009, the City expended \$200,000 replacing deteriorated sanitary sewer conduit in conjunction with the City's roadway improvement program. The City executed several major water system improvement projects including the replacement of existing water mains on Desales Avenue and West Street. Additionally, a new 16" water main was installed along Deerfield Road in support of the planned purchase of wholesale finished water from Greater Cincinnati Water Works by the year 2013. Expenditures for water main improvement projects in 2009 totaled \$1,330,000.

For more information on capital assets, refer to note 10 of the notes to the basic financial statements.

## DEBT

Table 5 summarizes bonds and notes outstanding at December 31, 2009 and 2008:

*Table 5  
Outstanding Debt at Year-End*

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Special Assessment Bonds	\$218,507	\$315,883	\$0	\$0	\$218,507	\$315,883
General Obligation Bonds	6,499,576	7,048,239	0	0	6,499,576	7,048,239
Mortgage Revenue Bonds	0	0	34,175,122	36,030,824	34,175,122	36,030,824
Bond Anticipation Notes	0	1,280,000	4,900,000	1,250,000	4,900,000	2,530,000
	<u>\$6,718,083</u>	<u>\$8,644,122</u>	<u>\$39,075,122</u>	<u>\$37,280,824</u>	<u>\$45,793,205</u>	<u>\$45,924,946</u>

Special assessment bonds will be paid with special assessment revenue. All general obligation bond issues will be paid through the Debt Service Fund with income tax and property tax revenues while mortgage revenue bonds will be paid from their respective enterprise funds.

For more information regarding long-term obligations and short-term bond anticipation notes, refer to notes 16 and 17 of the notes to the basic financial statements.

## CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Auditor, 50 South Broadway, Lebanon, Ohio 45036.



**CITY OF LEBANON, OHIO**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2009**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$18,931,416	\$23,980,698	\$42,912,114
Accounts Receivable, net	0	8,500,974	8,500,974
Intergovernmental Receivable	1,038,426	22,063	1,060,489
Accrued Interest Receivable	154,293	89,333	243,626
Prepaid Items	67,516	70,436	137,952
Internal Balances	(621,793)	621,793	0
Materials and Supplies Inventory	290,407	2,230,747	2,521,154
Income Taxes Receivable	2,123,904	0	2,123,904
Property Taxes Receivable	2,964,637	0	2,964,637
Other Local Taxes Receivable	3,024	0	3,024
Revenue in Lieu of Taxes Receivable	1,305,122	0	1,305,122
Capital Leases Receivable	37,308	0	37,308
Special Assessments Receivable	300,700	17,158	317,858
Cash and Cash Equivalents with Fiscal Agents	196,394	6,037,689	6,234,083
Deferred Charges	132,087	622,605	754,692
Nondepreciable Capital Assets	14,260,291	5,953,636	20,213,927
Depreciable Capital Assets, Net	31,444,042	78,296,656	109,740,698
Total Assets	<u>72,627,774</u>	<u>126,443,788</u>	<u>199,071,562</u>
<b>LIABILITIES</b>			
Accounts Payable	201,578	219,070	420,648
Accrued Wages Payable	311,412	95,304	406,716
Intergovernmental Payable	437,661	88,082	525,743
Retainage Payable	107,496	21,286	128,782
Deferred Revenue	4,089,100	0	4,089,100
Accrued Interest Payable	22,094	202,947	225,041
Claims Payable	229,723	0	229,723
Notes Payable	0	900,000	900,000
Matured Interest Payable	105	0	105
Refundable Deposits	0	481,752	481,752
Long-Term Liabilities:			
Due Within One Year	821,716	2,074,607	2,896,323
Due in More Than One Year	7,047,496	36,366,104	43,413,600
Total Liabilities	<u>13,268,381</u>	<u>40,449,152</u>	<u>53,717,533</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	39,072,022	46,697,775	85,769,797
Restricted for:			
Debt Service	4,384,903	0	4,384,903
Capital Outlay	4,627,636	0	4,627,636
Security of Persons and Property	978,143	0	978,143
Public Health	557,590	0	557,590
Leisure Time Services	38,608	0	38,608
Community and Economic Development	196,289	0	196,289
Transportation	1,528,419	0	1,528,419
Other Purposes	373,898	0	373,898
Revenue Bonds Replacement and Improvement	0	932,500	932,500
Revenue Bonds Current Debt Service	0	5,912,032	5,912,032
Unrestricted	7,601,885	32,452,329	40,054,214
Total Net Assets	<u>\$59,359,393</u>	<u>\$85,994,636</u>	<u>\$145,354,029</u>

See accompanying notes to the basic financial statements

**CITY OF LEBANON, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
<b>Governmental Activities</b>				
General Government	\$3,812,972	\$1,855,435	\$651	\$0
Security of Persons and Property:				
Police	4,218,030	578,197	5,857	0
Fire	2,735,622	245,743	244,478	0
Public Health	181,562	104,390	50,741	0
Leisure Time Services	588,970	96,924	0	0
Community and Economic Development	868,309	0	3,501	0
Transportation	3,591,609	36,914	1,606,253	945,434
Intergovernmental	257,623	0	0	0
Interest and Fiscal Charges	326,399	0	0	0
Total Governmental Activities	<u>16,581,096</u>	<u>2,917,603</u>	<u>1,911,481</u>	<u>945,434</u>
<b>Business-Type Activities</b>				
Electric	26,164,717	28,867,568	0	0
Sanitation	1,363,001	1,349,490	0	0
Sewer	3,166,397	3,241,806	0	0
Telecommunications	210,102	126,404	0	0
Water	2,534,870	2,687,619	0	0
Storm Water Utility	512,516	818,352	0	33,720
Total Business-Type Activities	<u>33,951,603</u>	<u>37,091,239</u>	<u>0</u>	<u>33,720</u>
Total Activities	<u>\$50,532,699</u>	<u>\$40,008,842</u>	<u>\$1,911,481</u>	<u>\$979,154</u>

General Revenues and Transfers:

Taxes

Property Taxes Levied For:

    General Purposes

    Fire and Life Squad

    Debt Service

Income Taxes

Other Taxes

Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Contributions

Investment Earnings

Gain on Sale of Capital Assets

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense)Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$1,956,886)	\$0	(\$1,956,886)
(3,633,976)	0	(3,633,976)
(2,245,401)	0	(2,245,401)
(26,431)	0	(26,431)
(492,046)	0	(492,046)
(864,808)	0	(864,808)
(1,003,008)	0	(1,003,008)
(257,623)	0	(257,623)
(326,399)	0	(326,399)
<u>(10,806,578)</u>	<u>0</u>	<u>(10,806,578)</u>
0	2,702,851	2,702,851
0	(13,511)	(13,511)
0	75,409	75,409
0	(83,698)	(83,698)
0	152,749	152,749
0	339,556	339,556
<u>0</u>	<u>3,173,356</u>	<u>3,173,356</u>
<u>(10,806,578)</u>	<u>3,173,356</u>	<u>(7,633,222)</u>
1,375,734	0	1,375,734
2,224,683	0	2,224,683
27,499	0	27,499
5,409,147	0	5,409,147
1,318,586	0	1,318,586
1,269,899	0	1,269,899
818,872	0	818,872
7,375	0	7,375
1,063,750	700,087	1,763,837
14,168	2,310	16,478
160,078	128,167	288,245
<u>(1,536,455)</u>	<u>1,536,455</u>	<u>0</u>
<u>12,153,336</u>	<u>2,367,019</u>	<u>14,520,355</u>
1,346,758	5,540,375	6,887,133
<u>58,012,635</u>	<u>80,454,261</u>	<u>138,466,896</u>
<u><u>\$59,359,393</u></u>	<u><u>\$85,994,636</u></u>	<u><u>\$145,354,029</u></u>

**CITY OF LEBANON, OHIO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2009**

	General	Fire and Life Squad	Capital Improvement
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,845,277	\$991,610	\$1,883,275
Cash and Cash Equivalents with Fiscal Agents	0	0	0
Materials and Supplies Inventory	50,572	34,496	0
Intergovernmental Receivable	342,220	105,006	0
Prepaid Items	38,643	14,066	0
Income Taxes Receivable	1,586,621	0	402,962
Property Taxes Receivable	1,067,331	1,895,647	0
Other Local Taxes Receivable	3,024	0	0
Revenue in Lieu of Taxes Receivable	0	0	0
Accrued Interest Receivable	102,592	0	13,618
Special Assessments Receivable	0	0	23,836
Capital Lease Receivable	0	0	0
Advances to Other Funds	1,095,087	0	0
<b>Total Assets</b>	<b>\$8,131,367</b>	<b>\$3,040,825</b>	<b>\$2,323,691</b>
<b>LIABILITIES:</b>			
Accounts Payable	\$74,860	\$12,334	\$96,072
Accrued Wages Payable	219,641	70,329	0
Intergovernmental Payable	291,186	85,054	0
Matured Interest Payable	0	0	0
Interfund Payable	3,420	856	0
Retainage Payable	0	0	107,496
Deferred Revenue	2,542,142	2,000,653	375,117
Advances From Other Funds	0	0	0
<b>Total Liabilities</b>	<b>3,131,249</b>	<b>2,169,226</b>	<b>578,685</b>
<b>FUND BALANCES:</b>			
Nonspendable	1,184,302	48,562	0
Restricted	0	823,037	1,745,006
Committed	15,190	0	0
Unassigned	3,800,626	0	0
<b>Total Fund Balances</b>	<b>5,000,118</b>	<b>871,599</b>	<b>1,745,006</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$8,131,367</b>	<b>\$3,040,825</b>	<b>\$2,323,691</b>

See accompanying notes to the basic financial statements

<u>All Other Governmental</u>	<u>Total Governmental Funds</u>
\$9,375,865	\$16,096,027
196,394	196,394
202,971	288,039
591,200	1,038,426
11,207	63,916
134,321	2,123,904
1,659	2,964,637
0	3,024
1,305,122	1,305,122
24,971	141,181
276,864	300,700
37,308	37,308
0	1,095,087
<u>\$12,157,882</u>	<u>\$25,653,765</u>
\$14,199	\$197,465
16,781	306,751
57,009	433,249
105	105
2,818	7,094
0	107,496
2,234,464	7,152,376
<u>1,095,087</u>	<u>1,095,087</u>
<u>3,420,463</u>	<u>9,299,623</u>
214,178	1,447,042
5,401,332	7,969,375
3,121,909	3,137,099
<u>0</u>	<u>3,800,626</u>
<u>8,737,419</u>	<u>16,354,142</u>
<u>\$12,157,882</u>	<u>\$25,653,765</u>

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**CITY OF LEBANON, OHIO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO**  
**NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2009**

Total Governmental Fund Balances \$16,354,142

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	12,433,717	
Infrastructure	45,411,307	
Construction in progress	1,826,574	
Other capital assets	11,448,531	
Accumulated depreciation	<u>(25,415,796)</u>	
Total capital assets		45,704,333

Internal service funds are used by management to charge the costs of insurance and automotive maintenance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

2,620,909

Adjustment to reflect the consolidation of internal service fund activities related to enterprise activity.

(624,048)

Some of the City's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds:

Property Taxes	180,659	
Special Assessments	300,700	
Due From Other Governments		
Charges for Services	15,427	
Shared Taxes and Local Government Revenue Assistance	879,359	
Income Taxes	1,577,158	
Other Local Taxes	244	
Capital Leases	37,308	
Interest Revenue	<u>72,421</u>	
		3,063,276

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis

132,087

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

(22,094)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Discount on bonds	11,740	
Premium on bonds	(83,187)	
Loss on Refunding	53,363	
Capital leases	(46,315)	
Bonds	(6,699,999)	
Police Pension	(19,568)	
Compensated absences	<u>(1,085,246)</u>	
Total liabilities		<u>(7,869,212)</u>

Net Assets of Governmental Activities

\$59,359,393

See accompanying notes to the basic financial statements

**CITY OF LEBANON, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Fire and Life Squad</u>	<u>Capital Improvement</u>
<b>REVENUES:</b>			
Property Taxes	\$1,363,104	\$2,203,588	\$0
Income Taxes	2,650,985	0	2,283,763
Other Local Taxes	1,258,925	0	0
Payments in Lieu of Taxes	0	0	0
Special Assessments	0	0	22,810
Charges for Services	1,759,274	245,743	0
Fines, Licenses and Permits	676,777	0	0
Intergovernmental	774,962	235,106	921,174
Interest	653,229	0	58,539
Contributions and Donations	4,375	0	0
Other	35,279	22,958	69,801
<b>Total Revenues</b>	<u>9,176,910</u>	<u>2,707,395</u>	<u>3,356,087</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General Government	3,850,433	0	0
Security of Persons and Property:			
Police	4,094,481	0	0
Fire	0	2,540,690	0
Public Health Services	0	0	0
Leisure Time Services	384,341	0	0
Community and Economic Development	773,588	0	0
Transportation	0	0	0
Intergovernmental	0	0	0
Capital Outlay	37,218	121,216	3,655,169
Debt Service:			
Principal Retirement	420	0	14,046
Interest and Fiscal Charges	845	4,505	16,981
Interest Paid on Capital Appreciation Bonds	0	0	0
<b>Total Expenditures</b>	<u>9,141,326</u>	<u>2,666,411</u>	<u>3,686,196</u>
Excess of Revenues Over (Under)			
Expenditures	<u>35,584</u>	<u>40,984</u>	<u>(330,109)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Sale of Capital Assets	6,251	0	7,107
Transfers In	106,927	129	1,033,667
Transfers Out	(76,120)	0	(1,086,000)
<b>Total Other Financing Sources (Uses)</b>	<u>37,058</u>	<u>129</u>	<u>(45,226)</u>
<b>Net Change in Fund Balances</b>	<u>72,642</u>	<u>41,113</u>	<u>(375,335)</u>
<b>Fund Balances at Beginning of Year</b>	<u>4,927,476</u>	<u>830,486</u>	<u>2,120,341</u>
<b>Fund Balances at End of Year</b>	<u>\$5,000,118</u>	<u>\$871,599</u>	<u>\$1,745,006</u>

See accompanying notes to the basic financial statements



<u>All Other Governmental</u>	<u>Total Governmental Funds</u>
\$27,785	\$3,594,477
575,913	5,510,661
60,902	1,319,827
1,269,899	1,269,899
80,220	103,030
108,487	2,113,504
118,330	795,107
1,632,077	3,563,319
199,916	911,684
0	4,375
<u>35,536</u>	<u>163,574</u>
<u>4,109,065</u>	<u>19,349,457</u>
7,636	3,858,069
71,009	4,165,490
0	2,540,690
159,879	159,879
39,703	424,044
77,773	851,361
1,000,611	1,000,611
257,623	257,623
2,417,681	6,231,284
561,678	576,144
287,542	309,873
<u>103,322</u>	<u>103,322</u>
<u>4,984,457</u>	<u>20,478,390</u>
<u>(875,392)</u>	<u>(1,128,933)</u>
810	14,168
1,434,894	2,575,617
<u>(1,462,271)</u>	<u>(2,624,391)</u>
<u>(26,567)</u>	<u>(34,606)</u>
(901,959)	(1,163,539)
<u>9,639,378</u>	<u>17,517,681</u>
<u>\$8,737,419</u>	<u>\$16,354,142</u>

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**CITY OF LEBANON, OHIO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Net Change in Fund Balances - Total Governmental Funds (\$1,163,539)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Asset Additions	6,236,583	
Current Year Depreciation	<u>(3,121,021)</u>	3,115,562

When capital assets are disposed of, the cost of the capital assets is removed from the capital asset account in the statement of net assets resulting in a gain on sale of capital assets in the statement of activities.

Proceeds from Sale of Capital Assets	14,168	
Gain on Disposal of Capital Assets	<u>(14,168)</u>	0

Assets donated by outside developers  
Capital Assets 27,260

Assets transferred from governmental activities during the year to enterprise funds  
Capital Assets (1,487,681)

Because some revenues will not be collected for several months after the City's year end, they are not considered "available" revenues and are deferred in the governmental funds.

Property Taxes	33,439	
Other Local Taxes	(1,241)	
Special Assessments	(103,030)	
Due From Other Governments		
Charges for Services	8,992	
Shared Taxes and Local Government Revenue Assistance	61,912	
Income Taxes	(101,514)	
Capital Leases	(3,496)	
Interest Revenue	<u>72,421</u>	(32,517)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Bond principal retirement	464,302	
Special assessment principal retirement	97,376	
Police pension principal retirement	420	
Capital lease payment	<u>14,046</u>	
Total long-term obligation repayment		576,144

In the statement of activities, interest accrued on outstanding bonds and bond accretion, bond premium/discount, bond issuance costs and gain/loss on refunding are amortized over the terms of the bonds, whereas in the governmental funds the expenditure is reported when the bonds are issued.

Accretion on Library Bonds	(16,075)	
Payment of accretion on capital appreciation bonds	103,322	
Amortization of bond issuance costs	(7,963)	
Amortization of bond discount	(838)	
Amortization of bond premium	4,622	
Amortization of loss on refunding	(6,670)	
Accrued Interest	<u>10,398</u>	86,796

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences		(151,956)
----------------------	--	-----------

Internal service funds used by management to charge the costs of insurance and automative maintenance to individual funds are not reported in the entity-wide statement of activities. The net income of the internal service funds is reported with governmental activities, net of the adjustment to reflect the consolidation of internal service fund activities related to business type activities.

376,689

Change in Net Assets of Governmental Activities \$1,346,758

See accompanying notes to the basic financial statements

**CITY OF LEBANON, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$1,450,025	\$1,540,025	\$1,363,104	(\$176,921)
Income Taxes	3,015,000	3,015,000	2,624,169	(390,831)
Other Local Taxes	1,375,000	1,375,000	1,257,330	(117,670)
Charges for Services	1,693,800	1,759,274	1,759,274	0
Fines, Licenses and Permits	852,000	852,000	679,715	(172,285)
Intergovernmental	833,000	930,744	775,485	(155,259)
Interest	450,500	450,500	184,268	(266,232)
Contributions and Donations	5,000	15,000	4,375	(10,625)
Other	60,500	107,490	35,279	(72,211)
<b>Total Revenues</b>	<b>9,734,825</b>	<b>10,045,033</b>	<b>8,682,999</b>	<b>(1,362,034)</b>
Expenditures:				
Current:				
General Government	4,396,822	4,377,902	3,827,640	550,262
Security of Persons and Property:				
Police	4,554,503	4,714,671	4,270,891	443,780
Leisure Time Services	363,298	410,886	386,229	24,657
Community and Economic Development	790,410	849,731	772,647	77,084
Capital Outlay	7,341	44,941	37,218	7,723
<b>Total Expenditures</b>	<b>10,112,374</b>	<b>10,398,131</b>	<b>9,294,625</b>	<b>1,103,506</b>
Excess of Revenues Under Expenditures	(377,549)	(353,098)	(611,626)	(258,528)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,000	6,251	6,251	0
Transfers In	63,056	63,056	85,104	22,048
Advances In	121,500	121,500	121,500	0
Transfers Out	(181,120)	(76,120)	(76,120)	0
<b>Total Other Financing Sources (Uses)</b>	<b>8,436</b>	<b>114,687</b>	<b>136,735</b>	<b>22,048</b>
Net Change in Fund Balance	(369,113)	(238,411)	(474,891)	(236,480)
Fund Balance at Beginning of Year	2,849,109	2,849,109	2,849,109	0
Prior Year Encumbrances Appropriated	307,151	307,151	307,151	0
<b>Fund Balance at End of Year</b>	<b>\$2,787,147</b>	<b>\$2,917,849</b>	<b>\$2,681,369</b>	<b>(\$236,480)</b>

See accompanying notes to the basic financial statements

**CITY OF LEBANON, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FIRE AND LIFE SQUAD SPECIAL REVENUE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,419,950	\$2,050,000	\$2,203,588	\$153,588
Charges for Services	250,000	250,000	245,743	(4,257)
Intergovernmental	175,050	861,294	235,106	(626,188)
Other	2,000	2,000	22,958	20,958
Total Revenues	<u>2,847,000</u>	<u>3,163,294</u>	<u>2,707,395</u>	<u>(455,899)</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>2,854,661</u>	<u>2,995,201</u>	<u>2,931,543</u>	<u>63,658</u>
Debt Service:				
Principal Retirement	280,000	280,000	280,000	0
Interest and Fiscal Charges	<u>13,340</u>	<u>13,340</u>	<u>11,309</u>	<u>2,031</u>
Total Debt Service	<u>293,340</u>	<u>293,340</u>	<u>291,309</u>	<u>2,031</u>
Total Expenditures	<u>3,148,001</u>	<u>3,288,541</u>	<u>3,222,852</u>	<u>65,689</u>
Excess of Revenues Under Expenditures	<u>(301,001)</u>	<u>(125,247)</u>	<u>(515,457)</u>	<u>(390,210)</u>
Other Financing Sources:				
Transfers In	<u>0</u>	<u>0</u>	<u>129</u>	<u>129</u>
Net Change in Fund Balance	(301,001)	(125,247)	(515,328)	(390,081)
Fund Balance at Beginning of Year	1,070,236	1,070,236	1,070,236	0
Prior Year Encumbrances Appropriated	<u>159,706</u>	<u>159,706</u>	<u>159,706</u>	<u>0</u>
Fund Balance at End of Year	<u>\$928,941</u>	<u>\$1,104,695</u>	<u>\$714,614</u>	<u>(\$390,081)</u>

See accompanying notes to the basic financial statements

**CITY OF LEBANON, OHIO  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2009**

	Business-Type Activities				Enterprise
	Electric	Sanitation	Sewer	Telecommunications	Water
<b>ASSETS:</b>					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$10,828,479	\$326,331	\$3,877,379	\$418,841	\$6,709,621
Materials and Supplies Inventory	1,983,031	0	18,061	115,624	114,031
Accrued Interest Receivable	46,265	4,673	19,636	0	16,347
Accounts Receivable, net	4,629,395	166,502	452,614	2,750,000	421,705
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable	0	0	22,063	0	0
Prepaid Items	45,613	148	7,708	248	16,499
Special Assessments Receivable	0	0	17,158	0	0
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agents	1,297,582	0	515,557	0	327,518
<b>Total Current Assets</b>	<b>18,830,365</b>	<b>497,654</b>	<b>4,930,176</b>	<b>3,284,713</b>	<b>7,605,721</b>
Noncurrent Assets:					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents with Fiscal Agents	935,702	0	240,000	0	238,550
Deferred Charges	3,452,965	0	109,598	0	334,469
Nondepreciable Capital Assets	407,587	0	215,018	0	0
Depreciable Capital Assets, Net	1,401,672	54,000	925,661	0	3,195,153
	14,933,473	106,867	25,057,754	15,001	23,232,441
<b>Total Noncurrent Assets</b>	<b>21,131,399</b>	<b>160,867</b>	<b>26,548,031</b>	<b>15,001</b>	<b>27,000,613</b>
<b>Total Assets</b>	<b>39,961,764</b>	<b>658,521</b>	<b>31,478,207</b>	<b>3,299,714</b>	<b>34,606,334</b>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable	93,743	97,332	13,029	487	8,979
Accrued Wages Payable	57,666	2,137	16,345	3,099	14,301
Intergovernmental Payable	52,228	2,859	15,768	2,908	13,457
Accrued Interest Payable	62,582	0	35,557	14,100	90,708
Retainage Payable	0	0	11,593	0	592
Interfund Payable	300	325	300	426	38
Claims Payable	0	0	0	0	0
Notes Payable	0	0	0	900,000	0
Compensated Absences Payable	39,380	326	6,321	2,724	10,856
Mortgage Revenue Bonds Payable	1,235,000	0	480,000	0	300,000
<b>Total Current Liabilities</b>	<b>1,540,899</b>	<b>102,979</b>	<b>578,913</b>	<b>923,744</b>	<b>438,931</b>
Long-term Liabilities:					
Refundable Deposits	443,202	0	0	0	38,550
Compensated Absences Payable	109,291	0	25,938	21,324	49,429
Notes Payable	0	0	0	0	4,000,000
Mortgage Revenue Bonds Payable	16,554,721	0	9,460,401	0	6,145,000
<b>Total Long-term Liabilities</b>	<b>17,107,214</b>	<b>0</b>	<b>9,486,339</b>	<b>21,324</b>	<b>10,232,979</b>
<b>Total Liabilities</b>	<b>18,648,113</b>	<b>102,979</b>	<b>10,065,252</b>	<b>945,068</b>	<b>10,671,910</b>
<b>NET ASSETS:</b>					
Invested in Capital Assets, Net of Related Debt (Deficit)	(1,046,989)	160,867	16,258,032	15,001	15,982,594
Restricted for:					
Revenue Bonds Replacement and Improvement	492,500	0	240,000	0	200,000
Revenue Bonds Current Debt Service	4,687,965	0	589,598	0	634,469
Unrestricted	17,180,175	394,675	4,325,325	2,339,645	7,117,361
<b>Total Net Assets</b>	<b>\$21,313,651</b>	<b>\$555,542</b>	<b>\$21,412,955</b>	<b>\$2,354,646</b>	<b>\$23,934,424</b>

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds  
Net assets of business-type activities

See accompanying notes to the basic financial statements

Funds		Governmental
Storm Water	Totals	Activities
Utility		Internal
		Service Funds
\$405,795	\$22,566,446	\$2,835,389
0	2,230,747	2,368
2,412	89,333	13,112
80,758	8,500,974	0
0	0	9,349
0	22,063	0
220	70,436	3,600
0	17,158	0
0	2,140,657	0
489,185	35,637,814	2,863,818
0	1,414,252	0
0	3,897,032	0
0	622,605	0
377,150	5,953,636	64,666
14,951,120	78,296,656	42,642
15,328,270	90,184,181	107,308
15,817,455	125,821,995	2,971,126
5,500	219,070	4,113
1,756	95,304	4,661
862	88,082	4,412
0	202,947	0
9,101	21,286	0
866	2,255	0
0	0	229,723
0	900,000	0
0	59,607	5,531
0	2,015,000	0
18,085	3,603,551	248,440
0	481,752	0
0	205,982	7,828
0	4,000,000	0
0	32,160,122	0
0	36,847,856	7,828
18,085	40,451,407	256,268
15,328,270	46,697,775	107,308
0	932,500	0
0	5,912,032	0
471,100	31,828,281	2,607,550
\$15,799,370	85,370,588	\$2,714,858
	624,048	
	<u>\$85,994,636</u>	

**CITY OF LEBANON, OHIO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Business-Type Activities		
	Electric	Sanitation	Sewer
<b>OPERATING REVENUES:</b>			
Charges for Services	\$28,867,568	\$1,349,490	\$3,241,806
Other	8,140	5,681	0
Total Operating Revenues	<u>28,875,708</u>	<u>1,355,171</u>	<u>3,241,806</u>
<b>OPERATING EXPENSES:</b>			
Personal Services	1,713,606	113,571	530,183
Contractual Services	1,411,498	1,236,630	1,107,845
Purchased Power	20,511,495	0	0
Supplies and Materials	435,750	300	75,747
Claims	0	0	0
Depreciation	1,167,311	17,810	985,010
Other	7,279	54	15,295
Total Operating Expenses	<u>25,246,939</u>	<u>1,368,365</u>	<u>2,714,080</u>
Operating Income (Loss)	<u>3,628,769</u>	<u>(13,194)</u>	<u>527,726</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest	417,954	13,928	140,353
Other Non-Operating Revenues	100,091	0	0
Gain on Sale of Capital Assets	2,310	0	0
Interest and Fiscal Charges	(966,393)	0	(473,908)
Total Non-Operating Revenues (Expenses)	<u>(446,038)</u>	<u>13,928</u>	<u>(333,555)</u>
Income (Loss) Before Contributions and Transfers	3,182,731	734	194,171
Capital Contributions	105,649	0	49,423
Transfers In	61,043	5,247	2,720
Transfers Out	(21,820)	0	0
Change in Net Assets	3,327,603	5,981	246,314
Net Assets at Beginning of Year	<u>17,986,048</u>	<u>549,561</u>	<u>21,166,641</u>
Net Assets at End of Year	<u>\$21,313,651</u>	<u>\$555,542</u>	<u>\$21,412,955</u>

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds  
Change in Net Assets of business-type activities

See accompanying notes to the basic financial statements



Enterprise Funds				Governmental Activities Internal Service Funds
Telecommunications	Water	Storm Water Utility	Total	
\$126,404	\$2,687,619	\$818,352	\$37,091,239	\$2,071,999
0	7,580	0	21,401	193,376
126,404	2,695,199	818,352	37,112,640	2,265,375
111,897	487,883	39,750	2,996,890	156,380
25,297	771,819	167,936	4,721,025	302,494
0	0	0	20,511,495	0
14,900	88,141	5,707	620,545	6,898
0	0	0	0	1,439,647
1,568	785,061	301,880	3,258,640	2,384
0	13,184	10	35,822	0
153,662	2,146,088	515,283	32,144,417	1,907,803
(27,258)	549,111	303,069	4,968,223	357,572
0	114,054	13,798	700,087	105,941
5,900	775	0	106,766	0
0	0	0	2,310	0
(59,110)	(405,033)	0	(1,904,444)	0
(53,210)	(290,204)	13,798	(1,095,281)	105,941
(80,468)	258,907	316,867	3,872,942	463,513
0	132,823	1,233,506	1,521,401	45,026
0	0	1,584	70,594	0
0	0	0	(21,820)	0
(80,468)	391,730	1,551,957	5,443,117	508,539
2,435,114	23,542,694	14,247,413		2,206,319
\$2,354,646	\$23,934,424	\$15,799,370		\$2,714,858
			97,258	
			\$5,540,375	

**CITY OF LEBANON, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Business-type Activities -		
	Electric	Sanitation	Sewer
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$28,421,942	\$1,333,401	\$3,234,414
Cash Received from Interfund Services Provided	0	0	0
Cash Payments for Employee Services and Benefits	(1,664,748)	(134,477)	(551,802)
Cash Payments to Suppliers for Goods and Services	(22,707,298)	(1,230,784)	(1,219,166)
Cash Payments for Employee Medical, Dental, and Life Insurance Claims	0	0	0
Other Operating Revenues	8,140	5,681	0
Other Operating Expenses	(7,279)	(54)	(15,295)
Other Non-Operating Revenues	100,091	0	0
Utility Deposits Received	178,810	0	0
Utility Deposits Returned	(172,434)	0	0
Net Cash Provided by (Used for) Operating Activities	<u>4,157,224</u>	<u>(26,233)</u>	<u>1,448,151</u>
Cash Flows from Noncapital Financing Activities:			
Repayment of Advances from Another Fund	0	0	0
Transfers In	61,043	5,247	2,720
Net Cash Provided by Noncapital Financing Activities	<u>61,043</u>	<u>5,247</u>	<u>2,720</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Received from Special Assessments	0	0	6,398
Collection of Accounts Receivable Related to the Sale of Discontinued Segments of Telecommunications Operation	0	0	0
Proceeds from Sale of Capital Assets	2,310	0	0
Acquisition of Capital Assets	(2,308,229)	0	(406,715)
Proceeds from Sale of Notes	0	0	0
Principal Paid on Notes	0	0	0
Interest Paid on Notes	0	0	0
Principal Paid on Mortgage Revenue Bonds	(1,180,000)	0	(465,000)
Interest and Fiscal Charges Paid on Mortgage Revenue Bonds	(880,604)	0	(446,991)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(4,366,523)</u>	<u>0</u>	<u>(1,312,308)</u>
Cash Flows from Investing Activities:			
Interest	387,304	10,102	125,379
Net Increase (Decrease) in Cash and Cash Equivalents	239,048	(10,884)	263,942
Cash and Cash Equivalents at Beginning of Year	<u>16,275,680</u>	<u>337,215</u>	<u>4,478,592</u>
Cash and Cash Equivalents at End of Year	<u>\$16,514,728</u>	<u>\$326,331</u>	<u>\$4,742,534</u>

Enterprise Funds				Governmental Activities- Internal Service Funds
Telecommunications	Water	Storm Water Utility	Total	
\$126,404	\$2,775,245	\$815,725	\$36,707,131	\$0
0	0	0	0	2,074,637
(92,231)	(445,361)	(40,525)	(2,929,144)	(146,239)
(39,479)	(925,706)	(173,459)	(26,295,892)	(307,086)
0	0	0	0	(1,388,924)
0	7,580	0	21,401	193,376
0	(13,184)	(10)	(35,822)	0
5,900	775	0	106,766	0
0	14,750	0	193,560	0
0	(13,450)	0	(185,884)	0
<u>594</u>	<u>1,400,649</u>	<u>601,731</u>	<u>7,582,116</u>	<u>425,764</u>
0	0	0	0	0
0	0	1,584	70,594	0
<u>0</u>	<u>0</u>	<u>1,584</u>	<u>70,594</u>	<u>0</u>
0	0	0	6,398	0
500,000	0	0	500,000	0
0	0	0	2,310	0
(11,250)	(1,354,017)	(879,586)	(4,959,797)	0
900,000	4,000,000	0	4,900,000	0
(1,250,000)	0	0	(1,250,000)	0
(60,967)	0	0	(60,967)	0
0	(285,000)	0	(1,930,000)	0
0	(342,900)	0	(1,670,495)	0
<u>77,783</u>	<u>2,018,083</u>	<u>(879,586)</u>	<u>(4,462,551)</u>	<u>0</u>
0	103,949	12,971	639,705	98,805
78,377	3,522,681	(263,300)	3,829,864	524,569
340,464	4,087,477	669,095	26,188,523	2,310,820
<u>\$418,841</u>	<u>\$7,610,158</u>	<u>\$405,795</u>	<u>\$30,018,387</u>	<u>\$2,835,389</u>

(Continued)

**CITY OF LEBANON, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
(Continued)

	Business-type Activities -		
	Electric	Sanitation	Sewer
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$3,628,769	(\$13,194)	\$527,726
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	1,167,311	17,810	985,010
Other Non-Operating Revenues	100,091	0	0
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(445,626)	(16,089)	(15,643)
Decrease in Interfund Receivable	0	0	0
Decrease in Intergovernmental Receivable	0	0	8,251
(Increase) in Materials and Supplies Inventory	(298,055)	0	0
(Increase) Decrease in Prepaids Items	(7,504)	109	(1,239)
Increase (Decrease) in Accounts Payable	(40,199)	6,177	(23,633)
Increase in Claims Payable	0	0	0
Decrease in Contracts Payable Retainage	(2,323)	0	(10,099)
Increase (Decrease) in Accrued Wages Payable	9,232	(1,388)	95
Increase (Decrease) in Interfund Payable	(474)	(140)	(603)
Increase in Intergovernmental Payable	19,765	567	5,317
Increase in Liabilities Payable from Restricted Assets	6,376	0	0
Increase (Decrease) in Compensated Absences Payable	19,861	(20,085)	(27,031)
Net Cash Provided by (Used for) Operating Activities	<u>\$4,157,224</u>	<u>(\$26,233)</u>	<u>\$1,448,151</u>

Noncash Capital Financing Activities:

The Electric, Sewer, Water and Storm Water Utility Funds received capital assets in the amounts \$105,649, \$49,423, \$132,823, and \$1,199,786, respectively, from governmental funds.

The Storm Water Utility Fund received capital assets in the amount of \$33,720 in capital contributions from developers.

The Internal Service Fund received capital assets in the amount of \$45,026 from governmental funds.

See accompanying notes to the basic financial statements

Telecommunications	Enterprise Funds			Governmental Activities- Internal Service Funds
	Water	Storm Water Utility	Total	
(\$27,258)	\$549,111	\$303,069	\$4,968,223	\$357,572
1,568	785,061	301,880	3,258,640	2,384
5,900	775	0	106,766	0
0				
0	87,626	(2,627)	(392,359)	0
0	0	0	0	2,638
0	0	0	8,251	0
0	(12,598)	0	(310,653)	(55)
1	(16,499)	250	(24,882)	(1,752)
291	(12,146)	(736)	(70,246)	4,113
0	0	0	0	50,723
0	(24,016)	0	(36,438)	0
378	1,641	684	10,642	771
426	(487)	670	(608)	0
1,182	5,331	81	32,243	1,320
0	1,300	0	7,676	0
18,106	35,550	(1,540)	24,861	8,050
<u>\$594</u>	<u>\$1,400,649</u>	<u>\$601,731</u>	<u>\$7,582,116</u>	<u>\$425,764</u>

**CITY OF LEBANON, OHIO**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**DECEMBER 31, 2009**

**ASSETS:**

Equity in Pooled Cash and Cash Equivalents	\$35,512
Cash and Cash Equivalents in Segregated Accounts	<u>38,681</u>
Total Assets	<u><u>\$74,193</u></u>

**LIABILITIES:**

Intergovernmental Payable	\$19,922
Undistributed Monies	<u>54,271</u>
Total Liabilities	<u><u>\$74,193</u></u>

See accompanying notes to the basic financial statements

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - REPORTING ENTITY

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, refuse collection and storm water management. 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 City is associated with two organizations, which are defined as jointly governed organizations. These organizations, the Warren County Combined Health District and the Warren County Fire Response and Life Safety Council of Governments, are presented in Note 22.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The significant accounting policies followed in the preparation of these financial statements are summarized below. These polices 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 on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds, provided that they do not conflict with or contradict GASB pronouncements.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

The City has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for the City's fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operation or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business segment is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.



CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - The General Fund is used to account for and report all financial resources not accounted and reported 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.

Fire and Life Squad Fund - This fund is used to account for and report voted property taxes restricted to the operation of the fire department and life squad.

Capital Improvement Fund - This fund is used to account for and report income tax and state and federal revenues restricted to the expenditure for capital outlays, including acquisition or construction of capital facilities and other capital assets.

The other governmental funds of the City account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Proprietary Fund Types

Proprietary funds focus on the determination of operating income, changes in net assets, financial position and cash flows. The City's proprietary funds are enterprise and internal service funds.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Electric Fund – This fund is used to account for the provision of electricity to residential and commercial users living within the City.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Sanitation Fund – This fund is used to account for the provision of refuse collection service to residential and commercial users living within the City.

Sewer Fund – This fund is used to account for the provision of sanitary sewer service to residential and commercial users living within the City.

Telecommunications Fund – This fund is used to account for the operation of the City’s community access cable channel.

Water Fund – This fund is used to account for the provision of water treatment and distribution to residential and commercial users living within the City.

Storm Water Utility Fund – This fund is used to account for the provision of storm water management within the City.

Internal Service Funds

Internal service funds 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. The City’s internal service funds report on self-insurance programs for employee medical benefits and automotive maintenance services for City vehicles.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The three types of trust funds should be used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has two agency funds. The Fire Insurance Collection Fund is used to account for money received from fire insurance settlements held on behalf of individuals and private organizations that is paid out when the fire damaged structure is repaired. The Court Agency Fund is used to account for municipal court collections that are distributed to various other governments.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Revenues – Exchange and Non-exchange Transactions

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 31 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, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the exchange on which the tax is imposed takes place and revenue from property taxes/revenue in lieu of taxes is recognized in the year for which the taxes are levied or would have been levied. (See Notes 7, 8, and 9.) 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: intergovernmental revenues (including motor vehicle license tax, gasoline tax, permissive tax, homestead and rollback, para-mutual taxes and local government assistance), interest, and income taxes.

Deferred Revenue

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, 2009, but which were levied to finance 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Expenses/Expenditures

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

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 the governmental funds.

Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that Council may appropriate. The appropriation resolution is Council's authorization to spend resources and sets annual limits on the expenditures plus encumbrances at a level of control selected by Council. The legal level of control has been established by Council at the object level (personal services, contractual services, supplies and materials, etc.) within each department and fund. Budgetary modifications may only be made by resolution of Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate that was in effect at the time the final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year including all supplemental appropriations.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

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. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The City's Municipal Court has its own checking accounts for collection and distribution of court fines and forfeitures which are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts."

The City utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented 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 as "Cash and Cash Equivalents with Fiscal Agent".

During 2009, investments were limited to STAROhio, a Fifth Third Institutional Money Market Mutual Fund, U.S. Treasury Notes and Bills and a Federal Home Loan Mortgage Corporation Discount Note. Investments are reported at fair value which is based on quoted market prices. For investments in money market mutual funds, the fair value is determined by the fund's current share price.

STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2009.

Interest income is distributed to the funds according to Ohio statutory requirements and the City charter. Interest revenue credited to the General Fund during 2009 amounted to \$653,229, which includes \$605,737 assigned from other City funds.

Investments with original maturities of three months or less and investments of the cash management pool are reported as cash equivalents on the financial statements.

Inventory of Supplies

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures/expenses when used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, 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 Equity in Pooled 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 capital assets originally acquired with bond proceeds. In addition, electric and water customer deposits are presented as Restricted Assets, Equity in Pooled Cash and Cash Equivalents.

Capital Assets and Depreciation

General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net assets and in the respective funds. Capital assets used by the internal service funds are reported in both the governmental activities column of the government-wide statement of net assets and in the respective funds.

All purchased capital assets are valued at cost when historical records are available and estimated historical cost where no historical records exist. For certain assets, estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are recorded at their fair market values on the date donated. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset, or do not materially extend the useful life of the asset are expensed.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

All capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements.

Depreciation 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
Roads	10-20 years
Bridges	20-50 years
Curbs, Gutters and Sidewalks	15 years
Traffic Lights and Signals	15-35 years
Electric Lines, Poles, Transformers and Switch Gears	20-30 years
Sewer Lines	65 years
Water Lines	40-65 years
Storm Water Drainage	50 years
Telecommunications Equipment	10 years

The City's infrastructure consists of roads, bridges, curbs, gutters, sidewalks, traffic lights and signals, electric lines, poles, transformers and switch gears, sewer lines, water lines and storm water drainage systems. The City only reports infrastructure acquired after 1980 for its governmental activities.

Capitalization of Interest

It is the City's policy 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 investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset.

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 BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, police pension liability, and capital leases are recognized as a liability on the governmental fund financial statements when due.

Contributions of Capital

Contributions of capital arise from outside contributions of capital assets and grants, or outside contributions of resources restricted to capital acquisition and construction or transfers of governmental capital assets financed by governmental funds to enterprise funds.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The liability for the notes payable in the Telecommunications Fund is included in the calculation of unrestricted net assets because the proceeds were not used to construct a capital asset reported by the City. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include funds for the operation of court programs and the operation and maintenance of the City's cemeteries.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

The City's electric, sewer, and water enterprise funds have restricted net assets relative to those resources necessary to comply with various covenants of bond financing agreements and customer deposits.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for electric, sanitation, sewer, telecommunications, water services and storm water, automotive maintenance services provided to other City departments, and self-insurance programs. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as nonoperating.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Bond Discounts, Premiums/Issuance Costs

On the government-wide financial statements (and in the enterprise funds), bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line (bonds outstanding) method, which approximates the effective interest method. Bond premiums/discounts are presented as additions/reductions to the face amount of bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges. Capital appreciation bonds are accreted each year for the compounded interest accrued during the year.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

On the governmental fund financial statements, issuance costs and bond premiums and discounts are recognized in the period when the debt is issued.

As permitted by State statute, the City paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance cost which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

Loss on Advance Refunding

On the government-wide financial statements (and in the enterprise funds), an advance refunding resulting in the defeasance of debt generates an accounting loss calculated by comparing the reacquisition price and the net carrying amount of the old debt. This accounting loss is amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a reduction of the face amount of the new debt.

Interfund Transactions/Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivables/Payables." Long-term interfund loan receivables, reported as "Advances to Other Funds" or "Advances from Other Funds", are classified as nonspendable fund balance which indicate that they are not in spendable form even though it is a component of net current assets. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT OF NET ASSETS

Change in Accounting Principles

For 2009, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the City's financial statements.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT OF NET ASSETS  
(continued)

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the City's financial statements.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT OF NET ASSETS  
(continued)

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the City’s financial statements.

Restatement of Net Assets

During 2009, the City changed the accounting treatment applied to payments in lieu of taxes receivable transactions related to the tax increment financing districts and tax increment financing agreements. The City, based on additional guidance from GASB, views these transactions as non-exchange transactions and has recognized a one year payment in lieu of taxes receivable and deferred revenue. In previous years, the City viewed these transactions as exchange transactions. As a result, the long term liabilities associated with school district compensation agreements were removed from the statement of net assets.

The change in restatement related to the change in accounting treatment had the following effect on net assets at December 31, 2008, as previously reported.

	Governmental Activities
Net Assets, December 31, 2008	\$70,189,294
Payments in Lieu of Taxes Receivable	(16,814,848)
Intergovernmental Payable	4,638,189
Net Assets, December 31, 2008, as Restated	\$58,012,635

The restatement had an effect of \$1,024,618 on the change in net assets as was previously reported for the year ended December 31, 2008.

NOTE 4 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented on the following page.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 – FUND BALANCES (continued)

Fund Balances	General	Fire and Life Squad	Capital Improvement	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>					
Interfund Loans	\$1,095,087	\$0	\$0	\$0	\$1,095,087
Prepays	38,643	14,066	0	11,207	63,916
Inventory	50,572	34,496	0	202,971	288,039
<i>Total Nonspendable</i>	<u>1,184,302</u>	<u>48,562</u>	<u>0</u>	<u>214,178</u>	<u>1,447,042</u>
<u>Restricted for:</u>					
Road Improvements	0	0	0	886,379	886,379
Fire and Life Squad	0	823,037	0	0	823,037
Law Enforcement	0	0	0	373,850	373,850
Leisure Time Services	0	0	0	38,608	38,608
Public Health	0	0	0	557,995	557,995
Community Development	0	0	0	196,289	196,289
Capital Improvements	0	0	1,745,006	2,236,260	3,981,266
Debt Service Payments	0	0	0	878,708	878,708
Issue II Improvements	0	0	0	233,243	233,243
<i>Total Restricted</i>	<u>0</u>	<u>823,037</u>	<u>1,745,006</u>	<u>5,401,332</u>	<u>7,969,375</u>
<u>Committed to:</u>					
Debt Service Payments	0	0	0	3,121,909	3,121,909
Other purposes	15,190	0	0	0	15,190
<i>Total Committed</i>	<u>\$15,190</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,121,909</u>	<u>\$3,137,099</u>
Unassigned:	<u>3,800,626</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,800,626</u>
<b>Total Fund Balances</b>	<b><u><u>\$5,000,118</u></u></b>	<b><u><u>\$871,599</u></u></b>	<b><u><u>\$1,745,006</u></u></b>	<b><u><u>\$8,737,419</u></u></b>	<b><u><u>\$16,354,142</u></u></b>

NOTE 5 - BUDGET TO GAAP RECONCILIATION

While reporting financial position, results of operations, and changes in fund balance 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 and encumbrances.

The statement of revenues, expenditures, and changes in fund balance - budget and actual for the General Fund and Fire and Life Squad major special revenue fund 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).



CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 - BUDGET TO GAAP RECONCILIATION (continued)

2. Expenditures 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 (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.
6. The change in fair value of investments is not included on the budget basis operating statement. This amount is included on the GAAP basis operating statement.

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

Net Change in Fund Balance		
	General Fund	Fire and Life Squad Fund
	<u>          </u>	<u>          </u>
GAAP Basis	\$72,642	\$41,113
Revenue Accruals	308,294	0
Expenditure Accruals	133,101	555
Encumbrances	(286,405)	(276,996)
Principal Retirement	0	(280,000)
Advances	121,500	0
Transfers	(21,823)	0
Unrecorded Cash	(839,854)	0
Net Increase in Fair Value of Investments - 2008	16,124	0
Net Decrease in Fair Value of Investments - 2009	21,525	0
Budget Basis	<u><u>(\$474,896)</u></u>	<u><u>(\$515,328)</u></u>

NOTE 6 - DEPOSITS AND INVESTMENTS

The City is a charter City and has adopted an investment policy through City ordinance. The City has elected to follow the provisions of State statute. State statutes classify monies held by the City into three categories.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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.

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;
4. Commercial paper and bankers acceptances if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio).

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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. Investments may only be made through specified dealers and institutions.

Investments

As of December 31, 2009, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>	<u>Moody's Rating</u>	<u>Percent of Total Investments</u>
STAROhio	\$6,600,024	Average 61.2 Days	N/A	N/A
Fifth Third Institutional Money				
Market Mutal Fund	251,694	Average 90 Days	Aaa	N/A
U.S. Treasury Notes	4,886,833	Less than one year	N/A	N/A
U.S. Treasury Bills	449,906	Less than one year	N/A	N/A
Federal Home Loan Mortgage Corporation Discount Notes	<u>1,374,450</u>	Less than one year	Aaa	10.13%
Total Investments	<u>\$13,562,907</u>			

Interest Rate Risk

The City has no investment policy that addresses interest rate risk beyond State statute requirements. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

NOTE 7 - 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 2009 for real and public utility property taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

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.

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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments 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 by September 20.

The full tax rate for all City operations for the year ended December 31, 2009, was \$8.32 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 7 - PROPERTY TAXES (continued)

Category	Assessed Value
Real Property	\$302,012,030
Public Utility Real Property	110,718,910
Public Utility Tangible Personal Property	2,769,040
Tangible Personal Property	619,890
Total	\$416,119,870

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 represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2009, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2009 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 8 - PAYMENTS IN LIEU OF TAXES

The City acquired property that is leased to a number of companies. The companies 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 on any improvements subsequent to year the exemption was granted. These payments are being used for costs associated with improving the industrial park. Payments will continue over the life of the lease. At the conclusion of the lease term, the companies may purchase the leased property for \$1.

A receivable for the amount of the payments has been recorded in the Tax Increment Financing Capital Project Fund with a corresponding credit to deferred revenue.

NOTE 9 - 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.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - INCOME TAX (continued)

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 2009, the proceeds were allocated to the General Fund, the Capital Improvement Capital Projects Fund and the Debt Service Fund.

NOTE 10 - RECEIVABLES

Receivables at December 31, 2009, consisted of intergovernmental receivables, income, property and other local taxes, revenue in lieu of taxes, accrued interest, interfund, special assessments, utility accounts, amounts due from the sale of the telecommunications system, and capital leases. The \$2,750,000 accounts receivable in the telecommunications fund relates to the sale of the telecommunications system to Cincinnati Bell that occurred in 2007. Of this amount, \$1,250,000 is expected to be collected in more than one year. Special assessments expected to be collected in more than one year for the City amount to \$197,670. The City has \$11,470 in delinquent special assessments at December 31, 2009. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. All receivables are considered fully collectible except utility accounts.

Utility Accounts		Utility Accounts
<u>Receivable</u>	<u>Uncollectible</u>	<u>Receivable</u>
\$6,008,454	\$257,480	\$5,750,974

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	
Local Government Assistance	\$252,650
Warren County Reimbursement for Baliff Services	15,427
Homestead & Rollback	181,843
Para-Mutual Tax	15,000
Permissive Tax	113,171
Motor Vehicle Tax	231,271
Gasoline Tax	<u>229,064</u>
Total Governmental Activities	<u>1,038,426</u>
 <u>Business-Type Activities:</u>	
Village of South Lebanon Sewage Processing Fees	<u>22,063</u>
Total Intergovernmental Receivables	<u><u>\$1,060,489</u></u>

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 11 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance at 12/31/08	Additions	Deductions	Balance at 12/31/09
<b><u>Governmental Activities</u></b>				
<i>Capital Assets, Not being Depreciated</i>				
Land	\$12,433,717	\$0	\$0	\$12,433,717
Construction in Progress	1,844,876	5,715,741	(5,734,043)	1,826,574
Total Capital Assets, Not Being Depreciated	<u>14,278,593</u>	<u>5,715,741</u>	<u>(5,734,043)</u>	<u>14,260,291</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	823,465	22,498	(7,028)	838,935
Buildings and Improvements	5,617,718	72,211	(37,442)	5,652,487
Equipment	1,346,328	247,554	(126,412)	1,467,470
Vehicles	3,537,989	133,555	(181,905)	3,489,639
Infrastructure	41,092,661	5,806,327	(1,487,681)	45,411,307
Total Capital Assets, Being Depreciated	<u>52,418,161</u>	<u>6,282,145</u>	<u>(1,840,468)</u>	<u>56,859,838</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(333,228)	(36,040)	7,028	(362,240)
Buildings and Improvements	(2,268,001)	(195,079)	37,442	(2,425,638)
Equipment	(906,963)	(97,454)	126,412	(878,005)
Vehicles	(2,316,566)	(238,815)	181,905	(2,373,476)
Infrastructure	(16,822,804)	(2,553,633)	0	(19,376,437)
Total Accumulated Depreciation	<u>(22,647,562)</u>	<u>(3,121,021) *</u>	<u>352,787</u>	<u>(25,415,796)</u>
Total Capital Assets, Being Depreciated, Net	<u>29,770,599</u>	<u>3,161,124</u>	<u>(1,487,681)</u>	<u>31,444,042</u>
Governmental Activities Capital Assets, Net	<u>\$44,049,192</u>	<u>\$8,876,865</u>	<u>(\$7,221,724)</u>	<u>\$45,704,333</u>

Additions to capital assets include \$27,260 in assets donated by outside entities, such as property developers. Deductions of capital assets being depreciated include \$1,487,681 transferred from governmental activities to business-type activities.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

**NOTE 11 – CAPITAL ASSETS (continued)**

	Balance at 12/31/08	Additions	Deductions	Balance at 12/31/09
<b><u>Business-Type Activities</u></b>				
<i>Capital Assets, Not being Depreciated</i>				
Land	\$4,689,384	\$0	\$0	\$4,689,384
Construction in Progress	2,167,759	4,447,543	(5,351,050)	1,264,252
Total Capital Assets, Not Being Depreciated	<u>6,857,143</u>	<u>4,447,543</u>	<u>(5,351,050)</u>	<u>5,953,636</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	27,478,865	244,437	0	27,723,302
Equipment	6,196,251	25,250	(419,107)	5,802,394
Vehicles	2,303,156	158,993	(8,851)	2,453,298
Infrastructure	72,367,299	7,014,237	0	79,381,536
Total Capital Assets, Being Depreciated	<u>108,345,571</u>	<u>7,442,917</u>	<u>(427,958)</u>	<u>115,360,530</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(9,418,709)	(841,904)	0	(10,260,613)
Equipment	(5,121,020)	(160,405)	419,107	(4,862,318)
Vehicles	(1,563,221)	(153,582)	8,851	(1,707,952)
Infrastructure	(18,098,224)	(2,134,767)	0	(20,232,991)
Total Accumulated Depreciation	<u>(34,201,174)</u>	<u>(3,290,658)</u>	<u>427,958</u>	<u>(37,063,874)</u>
Total Capital Assets, Being Depreciated, Net	<u>74,144,397</u>	<u>4,152,259</u>	<u>0</u>	<u>78,296,656</u>
Business-Type Activities Capital Assets, Net	<u>\$81,001,540</u>	<u>\$8,599,802</u>	<u>(\$5,351,050)</u>	<u>\$84,250,292</u>

Additions to capital assets being depreciated include \$1,487,681 in assets transferred from governmental activities and \$33,720 in assets donated by outside entities, such as property developers.

\* Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property:	
Police	\$73,536
Fire	182,636
Community and Economic Development	16,165
Leisure Time Activities	170,143
Transportation	2,618,388
Public Health	26,399
General Government	33,754
Total Depreciation Expense	<u>\$3,121,021</u>



CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 – DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2009 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.63 percent of covered payroll. For the period January 1 through March 31, a portion of the City's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007 were \$480,024, \$368,799, and \$422,974, respectively; 85.53 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions to the Member-Directed Plan for 2009 were \$3,124 made by the City and \$2,232 made by plan members.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 – DEFINED BENEFIT PENSION PLANS (continued)

B. Ohio Police and Fire Pension Fund

Plan Description – 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City’s contributions to OP&F for police and firefighters were \$242,502 and \$93,331 for the year ended December 31, 2009, \$247,214 and \$94,979 for the year ended December 31, 2008, and \$224,652 and \$79,375 for the year ended December 31, 2007. 71.06 percent has been contributed for police and 71.47 percent has been contributed for firefighters for 2009. The full amount has been contributed for 2008 and 2007.

NOTE 13 – POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 13 – POST-EMPLOYMENT BENEFITS (continued)

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local government employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$347,094, \$368,799, and \$278,515, respectively; 85.53 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 – POST-EMPLOYMENT BENEFITS (continued)

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 13 – POST-EMPLOYMENT BENEFITS (continued)

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$128,383 and \$36,521 for the year ended December 31, 2009, \$130,878 and \$37,166 for the year ended December 31, 2008, and \$118,933 and \$31,060 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 71.06 percent has been contributed for police and 71.47 percent has been contributed for firefighters for 2009.

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, 2009, the unfunded liability of the City was \$19,568, payable in semiannual installments through the year 2030. This is an accounting liability of the City which will not vary. The liability is reported on the government-wide financial statements.

NOTE 14 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. Vacation leave up to a maximum of two times the individual employee's annual accrual may be carried forward. When an employee terminates employment, he/she is paid for unused vacation leave.

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 1,040 hours and 10% for accumulated hours in excess of 1,040.

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.

CITY OF LEBANON, OHIO  
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 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 15 - CAPITAL LEASE RECEIVABLE

City-owned land within the Kingsview Industrial Park was leased to Lucas Sumitomo Brakes Inc. The company is developing the land. 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 on the fund financial statements. On the government-wide financial statements, anticipated payments related to leases receivable is classified as revenue.

<u>December 31,</u>	<u>Amount</u>
2010	\$6,098
2011	6,098
2012	6,098
2013	6,098
2014	6,098
2015-2017	<u>18,294</u>
Total Minimum Lease Payments to be Received	48,784
Less: Amount Representing Unearned Interest	<u>(11,476)</u>
Net Investment in Direct Financing Leases	<u><u>\$37,308</u></u>

NOTE 16 - 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 2009, the City contracted with Hylant MacLean for vehicle, property, general liability, multi media, boiler and machinery, police liability and public officials liability insurance.

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 \$5,000 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.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 16 - RISK MANAGEMENT (continued)

Coverage provided by the insurance follows:

General Liability - Each Occurrence	\$5,000,000
Police Professionals Liability - Each Occurrence	5,000,000
Public Officials Liability - Each Occurrence	5,000,000
Vehicle Liability - Each Accident	5,000,000
Vehicle Physical Damage	Replacement Cost
Property Coverage (Maximum \$5,000,000)	Replacement Cost

Settled claims have not exceeded this commercial coverage in any of the past three 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 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 \$200 single and \$400 cap per family deductible for City employees. The City also provides a dental plan with a \$50 deductible and \$1,500 cap, a vision plan with a \$500 cap per family, per year, and \$40,000 in life insurance. A third party administrator reviews all claims which the City then pays. The City purchases stop-loss coverage for claims in excess of \$60,000 per employee, per occurrence. Klais & Co. was the third party administrator for the year.

The City pays into the Self-Insurance Internal Service Fund \$1,350 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 \$229,723 reported in the fund at December 31, 2009, 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. The claims liability was based on an estimate provided by an actuary. 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,
2008	\$173,899	\$1,391,555	\$1,386,454	\$179,000
2009	179,000	1,439,647	1,388,924	229,723

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 17 - SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year ended December 31, 2009, follows:

	Balance at January 1, 2009	Increases	Decreases	Balance at December 31, 2009
<u>Governmental Activities</u>				
Special Revenue				
Fire and Life Squad Fund				
Fire Department Improvement, 4.05 %	\$280,000	\$0	\$280,000	\$0
Capital Projects				
Road Improvement, 3.00 %	1,000,000	0	1,000,000	0
Total Governmental	<u>1,280,000</u>	<u>0</u>	<u>1,280,000</u>	<u>0</u>
<u>Business-Type Activities</u>				
Telecommunications Fund				
Telecom System Improvement, 4.70 %	0	900,000	0	900,000
Telecom System Improvement, 4.55 %	1,250,000	0	1,250,000	0
Total Business-Type Activities	<u>1,250,000</u>	<u>900,000</u>	<u>1,250,000</u>	<u>900,000</u>
Total Governmental and Business-Type Activities	<u><u>\$2,530,000</u></u>	<u><u>\$900,000</u></u>	<u><u>\$2,530,000</u></u>	<u><u>\$900,000</u></u>

The notes are issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. The notes 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. All proceeds of the short-term notes had been spent as of December 31, 2009.

NOTE 18 - LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2009 follows:



CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Restated Balance at January 1, 2009	Increases	Decreases	Balance at December 31, 2009	Amount Due in One Year
<u>Special Assessment Bonds with Governmental Commitment:</u>					
1990 - 7.00% \$438,150 Kingsview/Henkle Drive	\$48,300	\$0	\$24,150	\$24,150	\$24,150
1991 - 6.45% \$731,080 Deerfield Road Improvement	193,960	0	59,680	134,280	63,410
1993 - 5.75% \$200,000 Henkle Drive Extension	50,000	0	10,000	40,000	10,000
1994 - 5.00% \$54,372 Pleasant Street Improvement	23,623	0	3,546	20,077	3,546
TOTAL - Special Assessment Bonds Payable	<u>315,883</u>	<u>0</u>	<u>97,376</u>	<u>218,507</u>	<u>101,106</u>
<u>Voted General Obligation Bonds:</u>					
1997 - 4.0 to 13.5% \$1,039,224 Library Improvement					
Capital Appreciation Bonds - 13.5%	26,678	0	26,678	0	0
Accretion on Capital Appreciation Bonds	87,247	16,075	103,322	0	0
TOTAL - Voted General Obligation Bonds Payable	<u>113,925</u>	<u>16,075</u>	<u>130,000</u>	<u>0</u>	<u>0</u>
<u>Unvoted General Obligation Bonds:</u>					
1990 - 7.00% \$196,850 Kingsview/Henkle Drive Improvement	21,700	0	10,850	10,850	10,850
1991 - 6.450% \$248,920 Deerfield Road Improvement	66,040	0	20,320	45,720	21,590

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Restated Balance at January 1, 2009	Increases	Decreases	Balance at December 31, 2009	Amount Due in One Year
1994 - 5.50% \$175,628 Pleasant Street Improvement	\$76,376	\$0	\$11,454	\$64,922	\$11,454
2003 - 2.0 to 4.15% \$4,005,000 Road Improvement	3,215,000	0	170,000	3,045,000	175,000
Discount on Debt Issue	(12,578)	0	(838)	(11,740)	
2008 - 3.5 to 4.75% \$3,750,000 Road Improvement Refunding	3,540,000	0	225,000	3,315,000	225,000
Premium on Debt Issue	87,809	0	4,622	83,187	
Deferred Loss on Refunding	(60,033)	0	(6,670)	(53,363)	
<b>TOTAL - Unvoted General Obligation Bonds Payable</b>	<b>6,934,314</b>	<b>0</b>	<b>434,738</b>	<b>6,499,576</b>	<b>443,894</b>
<u>Other Long-Term Obligations</u>					
Capital Lease Payable	60,361	0	14,046	46,315	14,720
Compensated Absences Payable	933,290	560,486	408,530	1,085,246	261,558
Police Pension	19,988	0	420	19,568	438
<b>TOTAL -Other Long-Term Obligations</b>	<b>1,013,639</b>	<b>560,486</b>	<b>422,996</b>	<b>1,151,129</b>	<b>276,716</b>
<b>TOTAL - General Long-Term Obligations</b>	<b>\$8,377,761</b>	<b>\$576,561</b>	<b>\$1,085,110</b>	<b>\$7,869,212</b>	<b>\$821,716</b>

The Kingsview/Henkle special assessment/general obligation bond was issued to finance the construction and improvement of roads near the industrial park area. The general obligation bond is being paid from the 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 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. This is being paid through the Debt Service Fund with special assessments revenue.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 18 - 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 Debt Service Fund with income tax revenue. The remainder is being assessed.

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%. Capital appreciation bonds matured in 2009 in the amount of \$130,000. For 2009, the capital appreciation bonds were accreted \$16,075. The Library Improvement Bond was paid through the Debt Service Fund with property tax revenue.

The \$4,005,000 Road Improvement unvoted general obligation bonds were issued for the purpose of making road improvements. The bonds were issued for a twenty year period, with final maturity in December, 2023. The bonds will be paid through the Debt Service Fund with City income tax revenue.

The \$3,750,000 Road Improvement refunding general obligation bonds were used to advance refund the 1997 Miller Road general obligation bonds in the amount of \$1,675,000. A portion of the proceeds was used to pay off a \$2,000,000 note.

Compensated absences will be paid from the General, Transportation, Cemetery, and Fire and Life Squad Funds. The capital lease liability will be paid from the Capital Improvement Capital Projects Fund. The police pension liability is paid from the General Fund from general property tax revenue.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

Changes in the long-term obligations reported in business-type activities of the City during 2009 were as follows:

	Balance at January 1, 2009	Increases	Decreases	Balance at December 31, 2009	Amounts Due in One Year
<u>Mortgage Revenue Bonds</u>					
1999 - 4.9 to 5.35% \$8,830,000 Sanitary Sewer	\$285,000	\$0	\$285,000	\$0	\$0
2006 - 4.00 to 5.00% \$10,690,000 Sewer System Improvement					
Refunding	10,350,000	0	180,000	10,170,000	480,000
Premium on Debt Issue	51,948	0	3,247	48,701	
Deferred Loss on Refunding	(296,853)	0	(18,553)	(278,300)	
1999 - 3.75 to 5.3% \$10,180,000 Water System Improvement					
Refunding	6,730,000	0	285,000	6,445,000	300,000
2006 - 3.75 to 4.50% \$18,170,000 Electric System Refunding	15,295,000	0	1,025,000	14,270,000	1,070,000
Premium on Debt Issue	125,839	0	9,680	116,159	
Deferred Loss on Refunding	(887,607)	0	(68,277)	(819,330)	
2008 - 4.0 to 4.50% \$4,465,000 Electric System Improvement	4,385,000	0	155,000	4,230,000	165,000
Discount on Debt Issue	(7,503)		(395)	(7,108)	
TOTAL - Mortgage Revenue Bonds Payable	36,030,824	0	1,855,702	34,175,122	2,015,000
Water System Improvement, 2.125% Bond Anticipation Notes	0	4,000,000	0	4,000,000	0
Compensated Absences Payable	240,728	130,293	105,432	265,589	59,607
TOTAL - Enterprise Funds	<u>\$36,271,552</u>	<u>\$4,130,293</u>	<u>\$1,961,134</u>	<u>\$38,440,711</u>	<u>\$2,074,607</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.

In August of 2006, the City issued \$10,690,000 in sewer system improvement mortgage revenue refunding bonds. A portion of the proceeds were used to advance refund the 1999 sanitary sewer bonds in the amount of \$6,450,000.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

The City has pledged future revenues, net of operating expenses, to repay the sewer system mortgage revenue bonds in the City Sewer fund. The debt is payable solely from net revenues and is payable through 2026. Annual principal and interest payments on the debt issues are expected to require 55 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$14,087,866. Principal and interest paid for the current year were \$911,991. Total net revenues were 1,653,089.

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 City has pledged future revenues, net of operating expenses, to repay the water system mortgage revenue bonds in the City Water fund. The debt is payable solely from net revenues and is payable through 2024. Annual principal and interest payments on the debt issues are expected to require 44 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$9,449,146. Principal and interest paid for the current year were \$627,900. Total net revenues were \$1,440,646.

On September 21, 2006, the City issued \$18,170,000 in electric system mortgage revenue refunding bonds. A portion of the proceeds were used to advance refund the 2001 electric and telecommunications systems bonds in the amounts of \$7,040,000 and \$4,825,000, respectively.

On May 29, 2008, the City issued \$4,465,000 in electric system mortgage revenue bonds. The bonds were issued to pay off a \$4,000,000 note and making other improvements to the electric system.

The City has pledged future revenues, net of operating expenses, to repay the electric system mortgage revenue bonds in the City Electric fund. The debt is payable solely from net revenues and is payable through 2021. Annual principal and interest payments on the debt issues are expected to require 40 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$24,225,613. Principal and interest paid for the current year were \$2,060,604. Total net revenues were \$5,205,894.

The Mortgage Revenue Bonds are being repaid from charges for services in the respective enterprise funds.

On March 29, 2009, the City issued a \$4,000,000 bond anticipation note for the purpose of making improvements to the water system. The note will mature March 23, 2010.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

Compensated absences will be paid from the Electric, Sanitation, Sewer, Telecommunications, Water, Storm Water Utility, and Auto Maintenance Funds.

In prior years, the City has defeased Electric and Sewer 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 for the defeased bonds are not included in the City's financial statements. As of December 31, 2009, \$9,705,000 of the electric 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, 2009, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$43,692,586 and the unvoted debt margin was \$22,886,593.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2009, were:

Year	Governmental Activities				Business-Type Activities	
	Special Assessment Bonds		General Obligation Bonds		Mortgage Revenue	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$101,106	\$13,857	\$443,894	\$251,260	\$2,015,000	\$1,507,624
2011	84,416	7,289	450,585	235,471	2,090,000	1,425,374
2012	13,546	1,930	446,455	218,247	2,180,000	1,342,517
2013	14,728	1,142	460,278	201,733	2,270,000	1,255,751
2014	4,711	284	475,280	184,441	2,360,000	1,165,204
2015-2019	0	0	2,160,000	645,800	12,335,000	4,235,314
2020-2024	0	0	1,630,000	260,380	10,385,000	1,595,478
2025-2026	0	0	415,000	33,800	1,480,000	120,363
Totals	<u>\$218,507</u>	<u>\$24,502</u>	<u>\$6,481,492</u>	<u>\$2,031,132</u>	<u>\$35,115,000</u>	<u>\$12,647,625</u>

NOTE 19 - INTERFUND ASSETS/LIABILITIES

Interfund Receivable/Payable

The Auto Maintenance Internal Service Fund had interfund receivables for services provided to those funds. These monies are expected to be repaid within one year.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 19 - INTERFUND ASSETS/LIABILITIES (continued)

		Receivable
		Governmental Activities Internal Service
		Service
Payable	General	\$3,420
	Fire and Life Squad	856
	All Other Governmental Funds	2,818
	Electric	300
	Sanitation	325
	Sewer	300
	Telecommunications	426
	Water	38
	Storm Water Utility	866
	Total	\$9,349

Advances From/To Other Funds

The General Fund advanced monies to the Industrial Development nonmajor Capital Projects Fund for the purchase of property for use as an industrial park. The property is being developed and used by several corporations, who are leasing the property from the City. The advance is being repaid over time, with lease payments received by the participating companies.

Transfers From/To Other Funds

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and/or to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers to the General Fund from the All Other Governmental Funds were for reimbursements of expenditures made in 2008, related to a FEMA grant received in 2009. Transfers to the General fund from the Electric Fund were for materials and supplies. Transfers to the Fire and Life Squad fund from the All Other Governmental Funds were for the FEMA reimbursements. Transfers to the Capital Improvement Fund from the All Other Governmental Funds were related to principal and interest paid on capital improvement notes that were paid from the Debt Service Fund, as well as for FEMA reimbursements. Transfers to the All Other Governmental Funds from the General Fund were operating expenditures. Transfers to the All Other Governmental Funds from the Capital Improvement Fund were for State Issue II construction projects. Transfers between All Other Governmental Funds were related to the FEMA grant. Transfers to the Electric, Sanitation, Sewer and Storm Water Utility Funds from the All Other Governmental Funds were for reimbursements of expenditures made in 2008, related to the FEMA grant.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 19 - INTERFUND ASSETS/LIABILITIES (continued)

		Advances To				
		All Other				
		<u>Governmental</u>				
		Advances From				
		General				
			<u>\$1,095,087</u>			
		Transfers From				
		General	Capital Improvement	All Other Governmental	Electric	Total
Transfers To	General	\$0	\$0	\$85,107	\$21,820	\$106,927
	Fire and Life Squad	0	0	129	0	129
	Capital					
	Improvement	0	0	1,033,667	0	1,033,667
	All Other					
	Governmental	76,120	1,086,000	272,774	0	1,434,894
	Electric	0	0	61,043	0	61,043
	Sanitation	0	0	5,247	0	5,247
	Sewer	0	0	2,720	0	2,720
	Storm Water Utility	0	0	1,584	0	1,584
	<b>Total</b>	<u>\$76,120</u>	<u>\$1,086,000</u>	<u>\$1,462,271</u>	<u>\$21,820</u>	<u>\$2,646,211</u>



CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 20 – SIGNIFICANT CONTRACTUAL OBLIGATIONS

The City of Lebanon has entered into the following contracts as of December 31, 2009:

Contractor	Purpose	Amount Remaining
Triton Sevcies Inc.	Cook Road Improvements	\$256,279
Kinnison Excavating	West Street Water Main	16,910
WG Stang	Glenview Avenue Storm Sewer	227,864
Trend Construction	Carson Drive Culvert Replacement	37,144
Associated Railroad Contractors	Rail Line Bridge Rehabilitation	48,119
Strand Associates Inc.	Wastewater Treatment Plant Screen Replacement	1,700
Kleingers and Associates	Glenview Avenue Storm Sewer Design Services	1,650
LJB Engineers	Carson Drive Culvert Replacement Design Services	2,823
M-E Companies, Inc.	East Street Reconstruction Design Services	66,355
Northwest Consultants, Inc.	West Park Reconstruction Design Services	43,929
Schrudde & Zimmerman	Police Dispatch Center Renovation	102,359
Northwest Consultants, Inc.	Janet Way Extension Design Services	8,024
Northwest Consultants, Inc.	Burt Road Reconstruction Design Services	11,251
M-E Companies, Inc.	East Warren Street Design Services	4,729
GPD Associates	Maple Street Design Services	23,562
Barge Waggoner	Cook Road Design Services	15,708
Bayer & Becker Inc.	Deerfield Road Water Main Design Services	1,155
MK Power	Electric Department Engineering Services	764
GPD Group	AEP Interconnect Engineering Services	41,648
FTC&H	Miller Road Improvements Design Services	100
FTC&H	Cook Road Improvements Design Services	100
Northwest Consultants, Inc.	West Silver Street Reconstruction	487
Brandstetter Carroll	Broadway and Mulberry Streetscape	4,537

NOTE 21 – CAPITAL LEASES – LESSEE DISCLOSURE

In previous years, the City entered into capital leases for equipment. By the terms of the agreement, ownership of the equipment is transferred to the City by the end of the four year lease term. The leases meet 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. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$133,908 in the governmental activities.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 21 – CAPITAL LEASES – LESSEE DISCLOSURE (continued)

	Governmental Activities
Asset: Equipment	\$133,908
Less: Accumulated depreciation	(74,750)
Total	\$59,158

The following is a schedule of the future long-term minimum lease payments required under the capital lease, and the present value of the minimum lease payments as of December 31, 2009:

Year Ending December 31,	Governmental Activities
2010	\$16,943
2011	16,943
2012	16,943
Subtotal	50,829
Less: Amount Representing Interest	(4,514)
Present Value of Minimum Lease Payments	\$46,315

NOTE 22 - JOINTLY GOVERNED ORGANIZATIONS

Warren County Combined Health District

The Warren County Combined 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 \$13,306 during 2009 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 Brenda Jacobs at the Warren County Combined Health District, 416 S. East Street, Lebanon, Ohio 45036.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 22 - JOINTLY GOVERNED ORGANIZATIONS (continued)

Warren County Fire Response and Life Safety Council of Governments

The Warren County Fire Response and Life Safety Council of Governments (the COG) is a jointly governed organization, consisting of cities, villages and townships in Warren County. The COG, which consists of a representative from each of the participating governments, including the City, contracts with the Greater Cincinnati Hazardous Materials Unit, Inc. for hazardous materials response services to each of the participating governments. The City contributed \$1,823 during 2009 for the operation of the COG. The City does not have any financial interest or responsibility for the COG. Nick Nelson acts as fiscal agent for the organization. Financial information may be obtained from Nick Nelson, 406 Justice Drive, Lebanon, Ohio 45036.

NOTE 23 - 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, 2009 to December 31, 2009, 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 24 – SUBSEQUENT EVENT

On March 23, 2010, the City refinanced the \$4,000,000 Water System Improvement bond anticipation notes, and issued an additional \$1,500,000 in bond anticipation notes, which were included with the refinancing.

CITY OF LEBANON, OHIO

NONMAJOR FUND DESCRIPTIONS

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The following are descriptions of the City's Nonmajor Special Revenue Funds.

**NONMAJOR SPECIAL REVENUE FUNDS**

Cemetery

To account for fees restricted for the operation and maintenance of the City's cemeteries.

Community Development

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

FEMA

To account for grants from the federal government for damage caused by a major windstorm that hit Ohio in 2008.

Court

To account for fines, forfeitures and donations that are received by the Municipal Court and restricted for expenditures related to activities of the court and law enforcement.

Park/Recreation Impact Fee

To account for fees received from new housing construction committed to purchasing land.

Parks and Recreation

To account for donations restricted to expenditures for parks and recreation.

Transportation

To account for state gasoline taxes and motor vehicle license fees restricted to routine maintenance of streets and State highways within the City.

**NONMAJOR DEBT SERVICE FUND**

The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The City has only one Debt Service Fund.

(Continued)

CITY OF LEBANON, OHIO

NONMAJOR FUND DESCRIPTIONS  
(Continued)

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

**NONMAJOR CAPITAL PROJECTS FUNDS**

Cemetery Improvement

To account for fees restricted for cemetery improvements.

State Issue II

To account for State Issue II grants restricted to infrastructure improvement projects throughout the City.

Tax Increment Financing

To account for payments in lieu of taxes on property granted a tax exemption by the City. This revenue is restricted to land purchases or infrastructure improvements as well as reimbursing Kings Local and Lebanon City School Districts for a portion of the taxes lost as a result of the exemptions.

**CITY OF LEBANON, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,801,557	\$3,970,527	\$3,603,781	\$9,375,865
Cash and Cash Equivalents with Fiscal Agents	196,289	105	0	196,394
Materials and Supplies Inventory	202,971	0	0	202,971
Intergovernmental Receivable	588,506	1,992	702	591,200
Prepaid Items	11,207	0	0	11,207
Income Taxes Receivable	0	134,321	0	134,321
Property Taxes Receivable	0	1,659	0	1,659
Revenue in Lieu of Taxes Receivable	0	0	1,305,122	1,305,122
Accrued Interest Receivable	3,337	21,634	0	24,971
Special Assessments Receivable	0	276,864	0	276,864
Capital Lease Receivable	0	0	37,308	37,308
<b>Total Assets</b>	<b>\$2,803,867</b>	<b>\$4,407,102</b>	<b>\$4,946,913</b>	<b>\$12,157,882</b>
<b>Liabilities:</b>				
Accounts Payable	\$14,199	\$0	\$0	\$14,199
Accrued Wages Payable	16,781	0	0	16,781
Intergovernmental Payable	17,818	0	39,191	57,009
Matured Interest Payable	0	105	0	105
Interfund Payable	2,818	0	0	2,818
Deferred Revenue	484,952	406,380	1,343,132	2,234,464
Advances From Other Funds	0	0	1,095,087	1,095,087
<b>Total Liabilities</b>	<b>536,568</b>	<b>406,485</b>	<b>2,477,410</b>	<b>3,420,463</b>
<b>Fund Balances:</b>				
Nonspendable	214,178	0	0	214,178
Restricted	2,053,121	878,708	2,469,503	5,401,332
Committed	0	3,121,909	0	3,121,909
<b>Total Fund Balances</b>	<b>2,267,299</b>	<b>4,000,617</b>	<b>2,469,503</b>	<b>8,737,419</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,803,867</b>	<b>\$4,407,102</b>	<b>\$4,946,913</b>	<b>\$12,157,882</b>

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$0	\$27,785	\$0	\$27,785
Income Taxes	0	575,913	0	575,913
Other Local Taxes	60,902	0	0	60,902
Payments in Lieu of Taxes	0	0	1,269,899	1,269,899
Special Assessments	0	80,220	0	80,220
Charges for Services	101,087	0	7,400	108,487
Fines, Licenses and Permits	118,330	0	0	118,330
Intergovernmental	1,185,676	3,303	443,098	1,632,077
Interest	21,709	175,332	2,875	199,916
Other	29,438	0	6,098	35,536
<b>Total Revenues</b>	<b>1,517,142</b>	<b>862,553</b>	<b>1,729,370</b>	<b>4,109,065</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	7,636	0	0	7,636
<b>Security of Persons and Property:</b>				
Police	71,009	0	0	71,009
Public Health Services	155,502	0	4,377	159,879
Leisure Time Services	39,703	0	0	39,703
Community and Economic Development	0	0	77,773	77,773
Transportation	1,000,611	0	0	1,000,611
Intergovernmental	0	0	257,623	257,623
Capital Outlay	227,064	0	2,190,617	2,417,681
<b>Debt Service:</b>				
Principal Retirement	0	561,678	0	561,678
Interest and Fiscal Charges	0	287,542	0	287,542
Interest Paid on Capital Appreciation Bonds	0	103,322	0	103,322
<b>Total Expenditures</b>	<b>1,501,525</b>	<b>952,542</b>	<b>2,530,390</b>	<b>4,984,457</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>15,617</b>	<b>(89,989)</b>	<b>(801,020)</b>	<b>(875,392)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	810	0	0	810
Transfers In	261,923	42,500	1,130,471	1,434,894
Transfers Out	(169,136)	(1,029,917)	(263,218)	(1,462,271)
<b>Total Other Financing Sources (Uses)</b>	<b>93,597</b>	<b>(987,417)</b>	<b>867,253</b>	<b>(26,567)</b>
<b>Net Change in Fund Balances</b>	<b>109,214</b>	<b>(1,077,406)</b>	<b>66,233</b>	<b>(901,959)</b>
<b>Fund Balances at Beginning of Year</b>	<b>2,158,085</b>	<b>5,078,023</b>	<b>2,403,270</b>	<b>9,639,378</b>
<b>Fund Balances at End of Year</b>	<b>\$2,267,299</b>	<b>\$4,000,617</b>	<b>\$2,469,503</b>	<b>\$8,737,419</b>

**CITY OF LEBANON, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2009**

	<u>Cemetery</u>	<u>Community Development</u>	<u>Court</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$549,540	\$0	\$375,866
Cash and Cash Equivalents with Fiscal Agents	0	196,289	0
Materials and Supplies Inventory	1,795	0	0
Intergovernmental Receivable	15,000	0	0
Prepaid Items	318	0	48
Accrued Interest Receivable	3,045	0	0
<b>Total Assets</b>	<u>\$569,698</u>	<u>\$196,289</u>	<u>\$375,914</u>
<b>Liabilities:</b>			
Accounts Payable	\$508	\$0	\$2,016
Accrued Wages Payable	3,820	0	0
Intergovernmental Payable	3,585	0	0
Interfund Payable	114	0	0
Deferred Revenue	1,563	0	0
<b>Total Liabilities</b>	<u>9,590</u>	<u>0</u>	<u>2,016</u>
<b>Fund Balances:</b>			
Nonspendable	2,113	0	48
Restricted	557,995	196,289	373,850
<b>Total Fund Balances</b>	<u>560,108</u>	<u>196,289</u>	<u>373,898</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$569,698</u>	<u>\$196,289</u>	<u>\$375,914</u>



<u>Park/Recreation Impact Fee</u>	<u>Transportation</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$38,608	\$837,543	\$1,801,557
0	0	196,289
0	201,176	202,971
0	573,506	588,506
0	10,841	11,207
0	292	3,337
<u>\$38,608</u>	<u>\$1,623,358</u>	<u>\$2,803,867</u>
\$0	\$11,675	\$14,199
0	12,961	16,781
0	14,233	17,818
0	2,704	2,818
0	483,389	484,952
<u>0</u>	<u>524,962</u>	<u>536,568</u>
0	212,017	214,178
<u>38,608</u>	<u>886,379</u>	<u>2,053,121</u>
<u>38,608</u>	<u>1,098,396</u>	<u>2,267,299</u>
<u>\$38,608</u>	<u>\$1,623,358</u>	<u>\$2,803,867</u>

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Cemetery	Community Development	FEMA	Court
Revenues:				
Other Local Taxes	\$0	\$0	\$0	\$0
Charges for Services	96,990	0	0	4,097
Fines, Licenses and Permits	0	0	0	77,990
Intergovernmental	30,000	0	163,572	6,508
Interest	19,178	626	0	0
Other	0	0	0	16,464
Total Revenues	<u>146,168</u>	<u>626</u>	<u>163,572</u>	<u>105,059</u>
Expenditures:				
Current:				
General Government	0	0	0	7,636
Security of Persons and Property:				
Police	0	0	0	71,009
Public Health Services	155,502	0	0	0
Leisure Time Services	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	0	117,124	0	0
Total Expenditures	<u>155,502</u>	<u>117,124</u>	<u>0</u>	<u>78,645</u>
Excess of Revenues Over (Under) Expenditures	<u>(9,334)</u>	<u>(116,498)</u>	<u>163,572</u>	<u>26,414</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	0	0
Transfers In	61,106	115,000	0	0
Transfers Out	0	0	(163,572)	0
Total Other Financing Sources (Uses)	<u>61,106</u>	<u>115,000</u>	<u>(163,572)</u>	<u>0</u>
Net Change in Fund Balances	51,772	(1,498)	0	26,414
Fund Balances at Beginning of Year	<u>508,336</u>	<u>197,787</u>	<u>0</u>	<u>347,484</u>
Fund Balances at End of Year	<u><u>\$560,108</u></u>	<u><u>\$196,289</u></u>	<u><u>\$0</u></u>	<u><u>\$373,898</u></u>

Park/Recreation Impact Fee	Parks and Recreation	Transportation	Total Nonmajor Special Revenue Funds
\$0	\$0	\$60,902	\$60,902
0	0	0	101,087
3,426	0	36,914	118,330
0	0	985,596	1,185,676
0	0	1,905	21,709
25	0	12,949	29,438
<u>3,451</u>	<u>0</u>	<u>1,098,266</u>	<u>1,517,142</u>
0	0	0	7,636
0	0	0	71,009
0	0	0	155,502
39,703	0	0	39,703
0	0	1,000,611	1,000,611
0	0	109,940	227,064
<u>39,703</u>	<u>0</u>	<u>1,110,551</u>	<u>1,501,525</u>
<u>(36,252)</u>	<u>0</u>	<u>(12,285)</u>	<u>15,617</u>
0	0	810	810
0	0	85,817	261,923
0	(5,564)	0	(169,136)
<u>0</u>	<u>(5,564)</u>	<u>86,627</u>	<u>93,597</u>
(36,252)	(5,564)	74,342	109,214
<u>74,860</u>	<u>5,564</u>	<u>1,024,054</u>	<u>2,158,085</u>
<u>\$38,608</u>	<u>\$0</u>	<u>\$1,098,396</u>	<u>\$2,267,299</u>

**CITY OF LEBANON, OHIO  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2009**

	Cemetery Improvement	State Issue II	Tax Increment Financing	Total Nonmajor Capital Projects Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$66,243	\$233,243	\$3,304,295	\$3,603,781
Intergovernmental Receivable	0	0	702	702
Revenue in Lieu of Taxes Receivable	0	0	1,305,122	1,305,122
Capital Lease Receivable	0	0	37,308	37,308
<b>Total Assets</b>	<b>\$66,243</b>	<b>\$233,243</b>	<b>\$4,647,427</b>	<b>\$4,946,913</b>
<b>Liabilities:</b>				
Intergovernmental Payable	\$0	\$0	\$39,191	\$39,191
Deferred Revenue	0	0	1,343,132	1,343,132
Advances From Other Funds	0	0	1,095,087	1,095,087
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>2,477,410</b>	<b>2,477,410</b>
<b>Fund Balances:</b>				
Restricted	66,243	233,243	2,170,017	2,469,503
<b>Total Liabilities and Fund Balances</b>	<b>\$66,243</b>	<b>\$233,243</b>	<b>\$4,647,427</b>	<b>\$4,946,913</b>

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Cemetery Improvement	State Issue II	Tax Increment Financing	Total Nonmajor Capital Projects Funds
Revenues:				
Payments in Lieu of Taxes	\$0	\$0	\$1,269,899	\$1,269,899
Charges for Services	7,400	0	0	7,400
Intergovernmental	0	0	443,098	443,098
Interest	0	0	2,875	2,875
Other	0	0	6,098	6,098
<b>Total Revenues</b>	<b>7,400</b>	<b>0</b>	<b>1,721,970</b>	<b>1,729,370</b>
Expenditures:				
Current:				
Public Health Services	4,377	0	0	4,377
Community and Economic Development	0	0	77,773	77,773
Intergovernmental	0	0	257,623	257,623
Capital Outlay	0	1,750,285	440,332	2,190,617
<b>Total Expenditures</b>	<b>4,377</b>	<b>1,750,285</b>	<b>775,728</b>	<b>2,530,390</b>
Excess of Revenues Over (Under) Expenditures	3,023	(1,750,285)	946,242	(801,020)
Other Financing Sources (Uses):				
Transfers In	0	971,000	159,471	1,130,471
Transfers Out	0	0	(263,218)	(263,218)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>971,000</b>	<b>(103,747)</b>	<b>867,253</b>
<b>Net Change in Fund Balances</b>	<b>3,023</b>	<b>(779,285)</b>	<b>842,495</b>	<b>66,233</b>
<b>Fund Balances at Beginning of Year</b>	<b>63,220</b>	<b>1,012,528</b>	<b>1,327,522</b>	<b>2,403,270</b>
<b>Fund Balances at End of Year</b>	<b>\$66,243</b>	<b>\$233,243</b>	<b>\$2,170,017</b>	<b>\$2,469,503</b>

CITY OF LEBANON, OHIO

**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 STATEMENT OF FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2009**

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$72,062	\$2,763,327	\$2,835,389
Materials and Supplies Inventory	2,368	0	2,368
Accrued Interest Receivable	0	13,112	13,112
Interfund Receivable	9,349	0	9,349
Prepaid Items	3,600	0	3,600
<b>Total Current Assets</b>	<u>87,379</u>	<u>2,776,439</u>	<u>2,863,818</u>
Noncurrent Assets:			
Nondepreciable Capital Assets	64,666	0	64,666
Depreciable Capital Assets, Net	42,642	0	42,642
<b>Total Noncurrent Assets</b>	<u>107,308</u>	<u>0</u>	<u>107,308</u>
<b>Total Assets</b>	<u>194,687</u>	<u>2,776,439</u>	<u>2,971,126</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	1,832	2,281	4,113
Accrued Wages Payable	4,661	0	4,661
Intergovernmental Payable	4,412	0	4,412
Claims Payable	0	229,723	229,723
Compensated Absences Payable	5,531	0	5,531
<b>Total Current Liabilities</b>	<u>16,436</u>	<u>232,004</u>	<u>248,440</u>
Long-term Liabilities:			
Compensated Absences Payable	7,828	0	7,828
<b>Total Liabilities</b>	<u>24,264</u>	<u>232,004</u>	<u>256,268</u>
Net Assets:			
Invested in Capital Assets	107,308	0	107,308
Unrestricted	63,115	2,544,435	2,607,550
<b>Total Net Assets</b>	<u>\$170,423</u>	<u>\$2,544,435</u>	<u>\$2,714,858</u>

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$173,957	\$1,898,042	\$2,071,999
Other	<u>34</u>	<u>193,342</u>	<u>193,376</u>
Total Operating Revenues	<u>173,991</u>	<u>2,091,384</u>	<u>2,265,375</u>
Operating Expenses:			
Personal Services	156,380	0	156,380
Contractual Services	7,177	295,317	302,494
Supplies and Materials	6,898	0	6,898
Claims	0	1,439,647	1,439,647
Depreciation	<u>2,384</u>	<u>0</u>	<u>2,384</u>
Total Operating Expenses	<u>172,839</u>	<u>1,734,964</u>	<u>1,907,803</u>
Operating Income	1,152	356,420	357,572
Non-Operating Revenues:			
Interest	<u>0</u>	<u>105,941</u>	<u>105,941</u>
Income Before Contributions	1,152	462,361	463,513
Capital Contributions	<u>45,026</u>	<u>0</u>	<u>45,026</u>
Change in Net Assets	46,178	462,361	508,539
Net Asset at Beginning of Year	<u>124,245</u>	<u>2,082,074</u>	<u>2,206,319</u>
Net Assets at End of Year	<u><u>\$170,423</u></u>	<u><u>\$2,544,435</u></u>	<u><u>\$2,714,858</u></u>



**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Interfund Services Provided	\$176,595	\$1,898,042	\$2,074,637
Cash Payments for Employee Services and Benefits	(146,239)	0	(146,239)
Cash Payments to Suppliers for Goods and Services	(14,050)	(293,036)	(307,086)
Cash Payments for Employee Medical, Dental and Life Insurance Claims	0	(1,388,924)	(1,388,924)
Other Operating Revenues	34	193,342	193,376
Net Cash Provided by Operating Activities	16,340	409,424	425,764
Cash Flows from Investing Activities:			
Interest	0	98,805	98,805
Net Increase in Cash and Cash Equivalents	16,340	508,229	524,569
Cash and Cash Equivalents at Beginning of Year	55,722	2,255,098	2,310,820
Cash and Cash Equivalents at End of Year	<u>\$72,062</u>	<u>\$2,763,327</u>	<u>\$2,835,389</u>
Reconciliation of Operating Income to			
<u>Net Cash Provided by Operating Activities:</u>			
Operating Income	\$1,152	\$356,420	\$357,572
Adjustments to Reconcile Operating Income to			
<u>Net Cash Provided by Operating Activities:</u>			
Depreciation	2,384	0	2,384
Changes in Assets and Liabilities:			
Decrease in Interfund Receivable	2,638	0	2,638
Increase in Materials and Supplies Inventory	(55)	0	(55)
Increase in Prepaids Items	(1,752)	0	(1,752)
Increase in Accounts Payable	1,832	2,281	4,113
Increase in Claims Payable	0	50,723	50,723
Increase in Accrued Wages Payable	771	0	771
Increase in Intergovernmental Payable	1,320	0	1,320
Increase in Compensated Absences Payable	8,050	0	8,050
Net Cash Provided by Operating Activities	<u>\$16,340</u>	<u>\$409,424</u>	<u>\$425,764</u>

The Internal Service Fund received capital assets in the amount of \$45,026 from governmental funds.

CITY OF LEBANON, OHIO

**AGENCY FUNDS**

To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governmental units.

Fire Insurance Collection

To account for money received from fire insurance settlements held on behalf of individuals and private organizations that is paid out when the fire damaged structure is repaired.

Municipal Court

To account for monies that are disbursed to other governments through the Clerk of Courts Office.

**CITY OF LEBANON, OHIO  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 DECEMBER 31, 2009**

	<u>Fire Insurance Collection</u>	<u>Municipal Court</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$35,512	\$0	\$35,512
Cash and Cash Equivalents in Segregated Accounts	<u>0</u>	<u>38,681</u>	<u>38,681</u>
Total Assets	<u>\$35,512</u>	<u>\$38,681</u>	<u>\$74,193</u>
Liabilities:			
Intergovernmental Payable	\$0	\$19,922	\$19,922
Undistributed Monies	<u>35,512</u>	<u>18,759</u>	<u>54,271</u>
Total Liabilities	<u>\$35,512</u>	<u>\$38,681</u>	<u>\$74,193</u>

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Balance 1/1/09	Additions	Reductions	Balance 12/31/09
<b>FIRE INSURANCE COLLECTION</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$21,000	\$35,512	\$21,000	\$35,512
Liabilities:				
Undistributed Monies	\$21,000	\$35,512	\$21,000	\$35,512
<b>MUNICIPAL COURT</b>				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$42,647	\$38,681	\$42,647	\$38,681
Liabilities:				
Intergovernmental Payable	\$42,647	\$19,922	\$42,647	\$19,922
Undistributed Monies	0	18,759	0	18,759
Total Liabilities	\$42,647	\$38,681	\$42,647	\$38,681
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$21,000	\$35,512	\$21,000	\$35,512
Cash and Cash Equivalents in Segregated Accounts	42,647	38,681	42,647	38,681
Total Assets	\$63,647	\$74,193	\$63,647	\$74,193
Liabilities:				
Intergovernmental Payable	\$42,647	\$19,922	\$42,647	\$19,922
Undistributed Monies	21,000	54,271	21,000	54,271
Total Liabilities	\$63,647	\$74,193	\$63,647	\$74,193

**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, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>Revenues:</b>				
Property Taxes	\$1,450,025	\$1,540,025	\$1,363,104	(\$176,921)
Income Taxes	3,015,000	3,015,000	2,624,169	(390,831)
Other Local Taxes	1,375,000	1,375,000	1,257,330	(117,670)
Charges for Services	1,693,800	1,759,274	1,759,274	0
Fines, Licenses and Permits	852,000	852,000	679,715	(172,285)
Intergovernmental	833,000	930,744	775,485	(155,259)
Interest	450,500	450,500	184,268	(266,232)
Contributions and Donations	5,000	15,000	4,375	(10,625)
Other	60,500	107,490	35,279	(72,211)
<b>Total Revenues</b>	<b>9,734,825</b>	<b>10,045,033</b>	<b>8,682,999</b>	<b>(1,362,034)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government</b>				
<b>Legislative</b>				
Personal Services	53,175	53,725	53,700	25
Contractual Services	49,000	59,156	55,046	4,110
Supplies and Materials	700	1,600	1,174	426
<b>Total Legislative</b>	<b>102,875</b>	<b>114,481</b>	<b>109,920</b>	<b>4,561</b>
<b>City Manager</b>				
Personal Services	562,015	491,194	477,772	13,422
Contractual Services	106,016	103,519	45,533	57,986
Supplies and Materials	11,000	10,080	5,993	4,087
<b>Total City Manager</b>	<b>679,031</b>	<b>604,793</b>	<b>529,298</b>	<b>75,495</b>
<b>Personnel</b>				
Personal Services	137,478	137,478	132,272	5,206
Contractual Services	278,469	272,317	188,281	84,036
Supplies and Materials	2,500	2,520	2,507	13
<b>Total Personnel</b>	<b>418,447</b>	<b>412,315</b>	<b>323,060</b>	<b>89,255</b>
<b>Department of Service</b>				
Personal Services	295,075	295,075	284,088	10,987
Contractual Services	4,462	0	0	0
Supplies and Materials	4,900	4,900	4,814	86
<b>Total Department of Service</b>	<b>304,437</b>	<b>299,975</b>	<b>288,902</b>	<b>11,073</b>
<b>Information Technology</b>				
Personal Services	177,554	177,554	170,688	6,866
Contractual Services	167,905	188,905	188,361	544
Supplies and Materials	5,200	6,200	5,951	249
<b>Total Information Technology</b>	<b>350,659</b>	<b>372,659</b>	<b>365,000</b>	<b>7,659</b>
<b>Finance</b>				
Personal Services	464,876	464,251	449,684	14,567
Contractual Services	103,193	102,193	91,727	10,466
Supplies and Materials	4,000	4,000	3,343	657
<b>Total Finance</b>	<b>572,069</b>	<b>570,444</b>	<b>544,754</b>	<b>25,690</b>
<b>Income Tax</b>				
Personal Services	182,997	182,997	180,528	2,469
Contractual Services	18,805	18,805	14,435	4,370
Supplies and Materials	22,515	22,515	15,524	6,991
Refunds	80,000	124,000	119,411	4,589
<b>Total Income Tax</b>	<b>\$304,317</b>	<b>\$348,317</b>	<b>\$329,898</b>	<b>\$18,419</b>

(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, 2009**  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Law				
Personal Services	\$36,787	\$36,787	\$30,382	\$6,405
Contractual Services	161,200	161,200	108,843	52,357
Supplies and Materials	500	500	0	500
Total Law	<u>198,487</u>	<u>198,487</u>	<u>139,225</u>	<u>59,262</u>
Municipal Court				
Personal Services	629,081	629,081	518,615	110,466
Contractual Services	127,950	127,950	98,631	29,319
Supplies and Materials	15,000	11,225	6,542	4,683
Total Municipal Court	<u>772,031</u>	<u>768,256</u>	<u>623,788</u>	<u>144,468</u>
Parking System				
Contractual Services	2,000	2,000	789	1,211
Supplies and Materials	1,500	1,500	671	829
Total Parking System	<u>3,500</u>	<u>3,500</u>	<u>1,460</u>	<u>2,040</u>
Probation				
Personal Services	162,323	162,323	151,989	10,334
Contractual Services	5,188	4,806	3,130	1,676
Supplies and Materials	10,100	6,325	4,428	1,897
Total Probation	<u>177,611</u>	<u>173,454</u>	<u>159,547</u>	<u>13,907</u>
Building Maintenance				
Personal Services	234,199	234,199	214,927	19,272
Contractual Services	114,323	114,285	98,317	15,968
Supplies and Materials	32,000	35,000	34,133	867
Total Building Maintenance	<u>380,522</u>	<u>383,484</u>	<u>347,377</u>	<u>36,107</u>
Other General Government				
Contractual Services	127,836	122,737	63,609	59,128
Supplies and Materials	5,000	5,000	1,802	3,198
Total Other General Government	<u>132,836</u>	<u>127,737</u>	<u>65,411</u>	<u>62,326</u>
Total General Government	<u>4,396,822</u>	<u>4,377,902</u>	<u>3,827,640</u>	<u>550,262</u>
Security of Persons and Property				
Police				
Personal Services	3,856,676	3,822,615	3,568,780	253,835
Contractual Services	442,652	420,556	276,211	144,345
Supplies and Materials	148,067	145,492	127,129	18,363
Capital Outlay	107,108	326,008	298,771	27,237
Total Security of Persons and Property	<u>4,554,503</u>	<u>4,714,671</u>	<u>4,270,891</u>	<u>443,780</u>
Leisure Time Services				
Recreation Programs				
Personal Services	139,284	139,284	123,120	16,164
Contractual Services	123,876	123,876	117,561	6,315
Supplies and Materials	79,938	84,026	82,415	1,611
Capital Outlay	20,000	63,500	63,133	367
Refunds	200	200	0	200
Total Leisure Time Services	<u>\$363,298</u>	<u>\$410,886</u>	<u>\$386,229</u>	<u>\$24,657</u>

(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, 2009**  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Community and Economic Development				
Planning and Development				
Personal Services	\$184,706	\$254,156	\$246,823	\$7,333
Contractual Services	42,036	21,727	4,044	17,683
Supplies and Materials	6,000	6,000	3,954	2,046
Total Planning and Development	<u>232,742</u>	<u>281,883</u>	<u>254,821</u>	<u>27,062</u>
Building and Zoning				
Personal Services	61,911	61,911	51,171	10,740
Contractual Services	26,910	27,735	19,480	8,255
Supplies and Materials	1,000	1,000	936	64
Refunds	25,000	25,000	22,433	2,567
Total Building and Zoning	<u>114,821</u>	<u>115,646</u>	<u>94,020</u>	<u>21,626</u>
Engineer Services				
Personal Services	382,098	382,098	366,114	15,984
Contractual Services	47,214	56,688	47,536	9,152
Supplies and Materials	13,535	13,416	10,156	3,260
Total Engineer Services	<u>442,847</u>	<u>452,202</u>	<u>423,806</u>	<u>28,396</u>
Total Community and Economic Development	<u>790,410</u>	<u>849,731</u>	<u>772,647</u>	<u>77,084</u>
Capital Outlay	<u>7,341</u>	<u>44,941</u>	<u>37,218</u>	<u>7,723</u>
Total Expenditures	<u>10,112,374</u>	<u>10,398,131</u>	<u>9,294,625</u>	<u>1,103,506</u>
Excess of Revenues Under Expenditures	<u>(377,549)</u>	<u>(353,098)</u>	<u>(611,626)</u>	<u>(258,528)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,000	6,251	6,251	0
Transfers In	63,056	63,056	85,104	22,048
Advances In	121,500	121,500	121,500	0
Transfers Out	<u>(181,120)</u>	<u>(76,120)</u>	<u>(76,120)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>8,436</u>	<u>114,687</u>	<u>136,735</u>	<u>22,048</u>
Net Change in Fund Balance	(369,113)	(238,411)	(474,891)	(236,480)
Fund Balance at Beginning of Year	2,849,109	2,849,109	2,849,109	0
Prior Year Encumbrances Appropriated	<u>307,151</u>	<u>307,151</u>	<u>307,151</u>	<u>0</u>
Fund Balance at End of Year	<u>\$2,787,147</u>	<u>\$2,917,849</u>	<u>\$2,681,369</u>	<u>(\$236,480)</u>

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FIRE AND LIFE SQUAD SPECIAL REVENUE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,419,950	\$2,050,000	\$2,203,588	\$153,588
Charges for Services	250,000	250,000	245,743	(4,257)
Intergovernmental	175,050	861,294	235,106	(626,188)
Other	2,000	2,000	22,958	20,958
Total Revenues	<u>2,847,000</u>	<u>3,163,294</u>	<u>2,707,395</u>	<u>(455,899)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Personal Services	1,862,989	1,986,268	1,932,652	53,616
Contractual Services	557,648	554,182	549,066	5,116
Supplies and Materials	73,000	73,000	71,763	1,237
Capital Outlay	361,024	381,751	378,062	3,689
Total Security of Persons and Property	<u>2,854,661</u>	<u>2,995,201</u>	<u>2,931,543</u>	<u>63,658</u>
Debt Service:				
Principal Retirement	280,000	280,000	280,000	0
Interest and Fiscal Charges	13,340	13,340	11,309	2,031
Total Debt Service	<u>293,340</u>	<u>293,340</u>	<u>291,309</u>	<u>2,031</u>
Total Expenditures	<u>3,148,001</u>	<u>3,288,541</u>	<u>3,222,852</u>	<u>65,689</u>
Excess of Revenues Under Expenditures	<u>(301,001)</u>	<u>(125,247)</u>	<u>(515,457)</u>	<u>(390,210)</u>
Other Financing Sources:				
Transfers In	<u>0</u>	<u>0</u>	<u>129</u>	<u>129</u>
Net Change in Fund Balance	<u>(301,001)</u>	<u>(125,247)</u>	<u>(515,328)</u>	<u>(390,081)</u>
Fund Balance at Beginning of Year	1,070,236	1,070,236	1,070,236	0
Prior Year Encumbrances Appropriated	<u>159,706</u>	<u>159,706</u>	<u>159,706</u>	<u>0</u>
Fund Balance at End of Year	<u>\$928,941</u>	<u>\$1,104,695</u>	<u>\$714,614</u>	<u>(\$390,081)</u>



**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Income Taxes	\$2,800,000	\$2,800,000	\$2,300,568	(\$499,432)
Special Assessments	0	0	22,810	22,810
Intergovernmental	1,430,600	1,116,500	921,174	(195,326)
Interest	20,000	20,000	35,077	15,077
Other	44,150	44,150	69,801	25,651
Total Revenues	4,294,750	3,980,650	3,349,430	(631,220)
Expenditures:				
Capital Outlay	3,971,758	4,255,432	4,170,270	85,162
Total Expenditures	3,971,758	4,255,432	4,170,270	85,162
Excess of Revenues Over (Under) Expenditures	322,992	(274,782)	(820,840)	(546,058)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	7,107	7,107
Transfers In	220,000	220,000	3,750	(216,250)
Transfers Out	(1,820,650)	(1,915,650)	(1,086,000)	829,650
Total Other Financing Sources (Uses)	(1,600,650)	(1,695,650)	(1,075,143)	620,507
Net Change in Fund Balance	(1,277,658)	(1,970,432)	(1,895,983)	74,449
Fund Balance at Beginning of Year	1,108,478	1,108,478	1,108,478	0
Prior Year Encumbrances Appropriated	2,086,758	2,086,758	2,086,758	0
Fund Balance at End of Year	\$1,917,578	\$1,224,804	\$1,299,253	\$74,449

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN FUND EQUITY - BUDGET AND ACTUAL  
ELECTRIC ENTERPRISE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$31,719,780	\$31,375,838	\$28,421,942	(\$2,953,896)
Other	59,000	59,000	108,231	49,231
Interest	195,000	105,761	160,235	54,474
Utility Deposits Received	210,000	194,250	178,810	(15,440)
Proceeds from Sale of Capital Assets	0	0	2,310	2,310
<b>Total Revenues</b>	<b>32,183,780</b>	<b>31,734,849</b>	<b>28,871,528</b>	<b>(2,863,321)</b>
Expenses:				
Personal Services	1,786,573	1,795,895	1,679,008	116,887
Contractual Services	1,908,587	1,899,504	1,455,052	444,452
Purchased Power	22,990,566	21,990,566	20,511,495	1,479,071
Supplies and Materials	202,550	201,486	109,915	91,571
Other	7,500	7,500	7,279	221
Utility Deposits Returned	196,550	196,550	172,434	24,116
Capital Outlay	6,775,863	4,692,941	3,324,714	1,368,227
Debt Service:				
Principal Retirement	924,000	924,000	1,180,000	(256,000)
Interest and Fiscal Charges	654,515	649,515	880,604	(231,089)
<b>Total Expenses</b>	<b>35,446,704</b>	<b>32,357,957</b>	<b>29,320,501</b>	<b>3,037,456</b>
Excess of Revenues Over (Under) Expenses	(3,262,924)	(623,108)	(448,973)	174,135
Transfers In	61,043	61,043	61,043	0
Net Change in Fund Equity	(3,201,881)	(562,065)	(387,930)	174,135
Fund Equity at Beginning of Year	13,663,312	13,663,312	13,663,312	0
Prior Year Encumbrances Appropriated	2,463,803	2,463,803	2,463,803	0
<b>Fund Equity at End of Year</b>	<b>\$12,925,234</b>	<b>\$15,565,050</b>	<b>\$15,739,185</b>	<b>\$174,135</b>

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN FUND EQUITY - BUDGET AND ACTUAL  
SANITATION ENTERPRISE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$1,364,220	\$1,392,986	\$1,333,401	(\$59,585)
Other	5,520	5,520	5,681	161
Interest	5,000	5,000	3,912	(1,088)
Total Revenues	<u>1,374,740</u>	<u>1,403,506</u>	<u>1,342,994</u>	<u>(60,512)</u>
Expenses:				
Personal Services	135,296	145,296	135,708	9,588
Contractual Services	1,257,210	1,257,210	1,230,744	26,466
Supplies and Materials	500	500	300	200
Other	500	500	54	446
Total Expenses	<u>1,393,506</u>	<u>1,403,506</u>	<u>1,366,806</u>	<u>36,700</u>
Excess of Revenues Over (Under) Expenses	(18,766)	0	(23,812)	(23,812)
Transfers In	<u>0</u>	<u>0</u>	<u>5,247</u>	<u>5,247</u>
Net Change in Fund Equity	(18,766)	0	(18,565)	(18,565)
Fund Equity at Beginning of Year	<u>329,162</u>	<u>329,162</u>	<u>329,162</u>	<u>0</u>
Fund Equity at End of Year	<u>\$310,396</u>	<u>\$329,162</u>	<u>\$310,597</u>	<u>(\$18,565)</u>

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL  
SEWER ENTERPRISE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$3,143,667	\$3,593,975	\$3,234,414	(\$359,561)
Interest	90,000	90,000	36,448	(53,552)
Special Assessments	0	0	6,398	6,398
Total Revenues	<u>3,233,667</u>	<u>3,683,975</u>	<u>3,277,260</u>	<u>(406,715)</u>
Expenses:				
Personal Services	605,920	605,920	555,792	50,128
Contractual Services	1,320,323	1,318,356	1,173,411	144,945
Supplies and Materials	115,000	115,000	102,098	12,902
Capital Outlay	951,171	967,230	526,269	440,961
Other	1,500	16,375	15,295	1,080
Debt Service:				
Principal Retirement	458,500	458,500	465,000	(6,500)
Interest and Fiscal Charges	447,992	447,992	446,991	1,001
Total Expenses	<u>3,900,406</u>	<u>3,929,373</u>	<u>3,284,856</u>	<u>644,517</u>
Excess of Revenues Over (Under) Expenses	(666,739)	(245,398)	(7,596)	237,802
Transfers In	<u>2,720</u>	<u>2,720</u>	<u>2,720</u>	<u>0</u>
Net Change in Fund Equity	(664,019)	(242,678)	(4,876)	237,802
Fund Equity at Beginning of Year	4,172,662	4,172,662	4,172,662	0
Prior Year Encumbrances Appropriated	<u>235,431</u>	<u>235,431</u>	<u>235,431</u>	<u>0</u>
Fund Equity at End of Year	<u>\$3,744,074</u>	<u>\$4,165,415</u>	<u>\$4,403,217</u>	<u>\$237,802</u>

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL**  
**TELECOMMUNICATIONS ENTERPRISE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$120,000	\$120,000	\$126,404	\$6,404
Other	500,200	374,907	505,900	130,993
Notes Issued	1,000,000	1,000,000	900,000	(100,000)
Total Revenues	1,620,200	1,494,907	1,532,304	37,397
Expenses:				
Personal Services	95,598	96,598	93,000	3,598
Contractual Services	28,557	28,193	25,169	3,024
Supplies and Materials	1,000	1,000	67	933
Capital Outlay	34,163	34,000	26,083	7,917
Other	500	500	0	500
Debt Service:				
Principal Retirement	1,250,000	1,250,000	1,250,000	0
Interest and Fiscal Charges	85,000	85,000	60,967	24,033
Total Expenses	1,494,818	1,495,291	1,455,286	40,005
Net Change in Fund Equity	125,382	(384)	77,018	77,402
Fund Equity at Beginning of Year	339,557	339,557	339,557	0
Prior Year Encumbrances Appropriated	910	910	910	0
Fund Equity at End of Year	\$465,849	\$340,083	\$417,485	\$77,402

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL**  
**WATER ENTERPRISE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$2,891,250	\$3,042,907	\$2,775,245	(\$267,662)
Other	5,000	5,000	8,355	3,355
Interest	175,000	30,444	30,581	137
Utility Deposits Received	16,500	14,750	14,750	0
Notes Issued	4,000,000	917,660	4,000,000	3,082,340
Total Revenues	7,087,750	4,010,761	6,828,931	2,818,170
Expenses:				
Personal Services	466,207	472,207	449,007	23,200
Contractual Services	1,028,550	1,028,706	784,531	244,175
Supplies and Materials	39,000	39,000	36,705	2,295
Other	1,500	14,160	13,184	976
Utility Deposits Returned	13,450	13,450	13,450	0
Capital Outlay	1,868,886	1,888,770	1,538,077	350,693
Debt Service:				
Principal Retirement	285,000	285,000	285,000	0
Interest and Fiscal Charges	343,900	343,900	342,900	1,000
Total Expenses	4,046,493	4,085,193	3,462,854	622,339
Net Change in Fund Equity	3,041,257	(74,432)	3,366,077	3,440,509
Fund Equity at Beginning of Year	3,959,427	3,959,427	3,959,427	0
Prior Year Encumbrances Appropriated	68,693	68,693	68,693	0
Fund Equity at End of Year	\$7,069,377	\$3,953,688	\$7,394,197	\$3,440,509

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL**  
**STORM WATER UTILITY ENTERPRISE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$834,590	\$1,244,060	\$815,725	(\$428,335)
Interest	15,000	8,462	8,462	0
Total Revenues	849,590	1,252,522	824,187	(428,335)
Expenses:				
Personal Services	51,768	51,768	40,525	11,243
Contractual Services	128,379	184,979	167,408	17,571
Supplies and Materials	5,000	5,000	3,269	1,731
Capital Outlay	769,500	1,135,025	1,101,661	33,364
Other	1,000	1,000	10	990
Total Expenses	955,647	1,377,772	1,312,873	64,899
Excess of Revenues Under Expenses	(106,057)	(125,250)	(488,686)	(363,436)
Transfers In	0	0	1,584	1,584
Net Change in Fund Equity	(106,057)	(125,250)	(487,102)	(361,852)
Fund Equity at Beginning of Year	528,772	528,772	528,772	0
Prior Year Encumbrances Appropriated	125,250	125,250	125,250	0
Fund Equity at End of Year	\$547,965	\$528,772	\$166,920	(\$361,852)

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CEMETERY SPECIAL REVENUE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$95,050	\$80,033	\$96,990	\$16,957
Intergovernmental	30,000	30,000	30,000	0
Interest	9,000	9,000	5,903	(3,097)
Total Revenues	134,050	119,033	132,893	13,860
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Personal Services	129,994	129,994	124,996	4,998
Contractual Services	38,682	38,664	31,041	7,623
Supplies and Materials	3,750	3,750	783	2,967
Other	3,000	3,000	0	3,000
Total Expenditures	175,426	175,408	156,820	18,588
Excess of Revenues Over (Under) Expenditures	(41,376)	(56,375)	(23,927)	32,448
Other Financing Sources:				
Transfers In	56,120	56,120	61,106	4,986
Net Change in Fund Balance	14,744	(255)	37,179	37,434
Fund Balance at Beginning of Year	483,540	483,540	483,540	0
Prior Year Encumbrances Appropriated	273	273	273	0
Fund Balance at End of Year	\$498,557	\$483,558	\$520,992	\$37,434



**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Intergovernmental	\$115,000	\$115,000	\$0	(\$115,000)
Expenditures:				
Current:				
Community Environment				
Community Development				
Capital Outlay	250,650	250,650	117,124	133,526
Excess of Revenues Over (Under) Expenditures	(135,650)	(135,650)	(117,124)	18,526
Other Financing Sources:				
Transfers In	135,650	135,650	115,000	(20,650)
Net Change in Fund Balance	0	0	(2,124)	(2,124)
Fund Balance at Beginning of Year	2,124	2,124	2,124	0
Fund Balance at End of Year	\$2,124	\$2,124	\$0	(\$2,124)

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FEMA SPECIAL REVENUE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Intergovernmental	164,775	164,775	163,572	(1,203)
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>164,775</u>	<u>164,775</u>	<u>163,572</u>	<u>(1,203)</u>
Other Financing Uses:				
Transfers Out	<u>(164,775)</u>	<u>(164,775)</u>	<u>(163,572)</u>	<u>1,203</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COURT SPECIAL REVENUE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$5,000	\$5,000	\$4,097	(\$903)
Fines, Licenses and Permits	70,000	133,000	77,960	(55,040)
Intergovernmental	2,500	2,500	6,508	4,008
Other	22,000	42,500	16,464	(26,036)
Total Revenues	99,500	183,000	105,029	(77,971)
Expenditures:				
Current:				
General Government				
Municipal Court Special Project				
Contractual Services	20,000	20,000	6,871	13,129
Security of Persons and Property				
Indigent Drivers Alcohol				
Materials and Supplies	49,306	49,306	24,379	24,927
Computerized Legal Research				
Contractual Services	5,000	5,000	0	5,000
Materials and Supplies	5,000	5,000	0	5,000
Capital Outlay	5,000	5,000	0	5,000
Total Computerized Legal Research	15,000	15,000	0	15,000
Computer Improvement				
Contractual Services	48,000	48,000	40,885	7,115
Materials and Supplies	10,000	10,000	0	10,000
Capital Outlay	6,000	20,000	15,376	4,624
Total Computer Improvement	64,000	78,000	56,261	21,739
Total Security of Persons and Property	128,306	142,306	80,640	61,666
Capital Outlay	25,000	25,000	0	25,000
Total Expenditures	173,306	187,306	87,511	99,795
Net Change in Fund Balance	(73,806)	(4,306)	17,518	21,824
Fund Balance at Beginning of Year	343,509	343,509	343,509	0
Prior Year Encumbrances Appropriated	4,306	4,306	4,306	0
Fund Balance at End of Year	\$274,009	\$343,509	\$365,333	\$21,824

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
PARK/RECREATION IMPACT FEE SPECIAL REVENUE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Fines, Licenses and Permits	\$20,000	\$40,000	\$3,426	(\$36,574)
Other	<u>0</u>	<u>0</u>	<u>25</u>	<u>25</u>
Total Revenues	20,000	40,000	3,451	(36,549)
Expenditures:				
Current:				
Leisure Time Services				
Capital Outlay	<u>40,000</u>	<u>40,000</u>	<u>39,703</u>	<u>297</u>
Net Change in Fund Balance	(20,000)	0	(36,252)	(36,252)
Fund Balance at Beginning of Year	<u>74,860</u>	<u>74,860</u>	<u>74,860</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$54,860</u></u>	<u><u>\$74,860</u></u>	<u><u>\$38,608</u></u>	<u><u>(\$36,252)</u></u>

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
PARKS AND RECREATION SPECIAL REVENUE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$0	\$5,561	\$0	(\$5,561)
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>5,561</u>	<u>0</u>	<u>(5,561)</u>
Other Financing Uses:				
Transfers Out	<u>(5,564)</u>	<u>(5,564)</u>	<u>(5,564)</u>	<u>0</u>
Net Change in Fund Balance	(5,564)	(3)	(5,564)	(5,561)
Fund Balance at Beginning of Year	<u>5,564</u>	<u>5,564</u>	<u>5,564</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$5,561</u></u>	<u><u>\$0</u></u>	<u><u>(\$5,561)</u></u>

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**TRANSPORTATION SPECIAL REVENUE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Other Local Taxes	\$59,000	\$99,000	\$60,902	(\$38,098)
Fines, Licenses and Permits	36,500	81,500	36,914	(44,586)
Intergovernmental	973,000	1,018,433	977,023	(41,410)
Interest	0	0	613	613
Other	2,000	12,949	12,949	0
<b>Total Revenues</b>	<b>1,070,500</b>	<b>1,211,882</b>	<b>1,088,401</b>	<b>(123,481)</b>
Expenditures:				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	645,121	645,121	557,945	87,176
Contractual Services	194,456	238,950	215,767	23,183
Supplies and Materials	119,852	217,568	213,630	3,938
Other	1,500	1,500	0	1,500
Capital Outlay	105,000	109,940	109,940	0
<b>Total Street Maintenance and Repair</b>	<b>1,065,929</b>	<b>1,213,079</b>	<b>1,097,282</b>	<b>115,797</b>
Division Highway Maintenance				
Contractual Services	50,000	50,000	36,923	13,077
Supplies and Materials	51,480	49,000	39,072	9,928
<b>Total Division Highway Maintenance</b>	<b>101,480</b>	<b>99,000</b>	<b>75,995</b>	<b>23,005</b>
<b>Total Expenditures</b>	<b>1,167,409</b>	<b>1,312,079</b>	<b>1,173,277</b>	<b>138,802</b>
Excess of Revenues Over (Under) Expenditures	(96,909)	(100,197)	(84,876)	15,321
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	810	810	0
Transfers In	13,000	85,817	85,817	0
<b>Total Other Financing Sources</b>	<b>13,000</b>	<b>86,627</b>	<b>86,627</b>	<b>0</b>
Net Change in Fund Balance	(83,909)	(13,570)	1,751	15,321
Fund Balance at Beginning of Year	692,327	692,327	692,327	0
Prior Year Encumbrances Appropriated	13,900	13,900	13,900	0
<b>Fund Balance at End of Year</b>	<b>\$622,318</b>	<b>\$692,657</b>	<b>\$707,978</b>	<b>\$15,321</b>

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$20,000	\$24,000	\$27,785	\$3,785
Income Taxes	850,000	1,593,024	575,225	(1,017,799)
Special Assessments	130,000	118,562	140,737	22,175
Intergovernmental	3,500	106,001	3,303	(102,698)
Interest	100,000	100,000	54,715	(45,285)
Total Revenues	1,103,500	1,941,587	801,765	(1,139,822)
Expenditures:				
Debt Service:				
Principal Retirement	1,561,678	1,561,678	1,561,678	0
Interest and Fiscal Charges	422,409	422,409	420,781	1,628
Total Expenditures	1,984,087	1,984,087	1,982,459	1,628
Excess of Revenues Over (Under) Expenditures	(880,587)	(42,500)	(1,180,694)	(1,138,194)
Other Financing Sources:				
Transfers In	42,500	42,500	42,500	0
Net Change in Fund Balance	(838,087)	0	(1,138,194)	(1,138,194)
Fund Balance at Beginning of Year	4,933,068	4,933,068	4,933,068	0
Fund Balance at End of Year	\$4,094,981	\$4,933,068	\$3,794,874	(\$1,138,194)

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CEMETERY IMPROVEMENT CAPITAL PROJECTS FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$8,000	\$5,000	\$7,400	\$2,400
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Capital Outlay	5,000	5,000	4,802	198
Net Change in Fund Balance	3,000	0	2,598	2,598
Fund Balance at Beginning of Year	63,218	63,218	63,218	0
Fund Balance at End of Year	\$66,218	\$63,218	\$65,816	\$2,598



**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
STATE ISSUE II CAPITAL PROJECTS FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	\$1,761,433	\$2,554,714	\$1,981,034	\$573,680
Excess of Revenues Over (Under) Expenditures	(1,761,433)	(2,554,714)	(1,981,034)	573,680
Other Financing Sources:				
Transfers In	1,685,000	2,480,000	971,000	(1,509,000)
Net Change in Fund Balance	(76,433)	(74,714)	(1,010,034)	(935,320)
Fund Balance at Beginning of Year	936,095	936,095	936,095	0
Prior Year Encumbrances Appropriated	76,433	76,433	76,433	0
Fund Balance at End of Year	\$936,095	\$937,814	\$2,494	(\$935,320)

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**TAX INCREMENT FINANCING CAPITAL PROJECTS FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Payments in Lieu of Taxes	\$1,340,000	\$765,746	\$1,269,899	\$504,153
Intergovernmental	0	0	443,098	443,098
Interest	3,381	3,381	2,875	(506)
Other	6,098	6,098	6,098	0
Total Revenues	1,349,479	775,225	1,721,970	946,745
Expenditures:				
Current:				
Community and Economic Development				
Contractual Services	40,000	40,000	0	40,000
Supplies and Materials	100,000	100,000	75,706	24,294
Capital Outlay	451,510	451,510	451,510	0
Reimbursements	400,000	400,000	257,623	142,377
Total Expenditures	991,510	991,510	784,839	206,671
Excess of Revenues Over (Under) Expenditures	357,969	(216,285)	937,131	1,153,416
Other Financing Sources (Uses):				
Transfers In	161,700	152,021	159,471	7,450
Transfers Out	(265,746)	(265,747)	(263,218)	2,529
Advances Out	(121,500)	(121,500)	(121,500)	0
Total Other Financing Sources (Uses)	(225,546)	(235,226)	(225,247)	9,979
Net Change in Fund Balance	132,423	(451,511)	711,884	1,163,395
Fund Balance at Beginning of Year	2,132,322	2,132,322	2,132,322	0
Prior Year Encumbrances Appropriated	451,510	451,510	451,510	0
Fund Balance at End of Year	\$2,716,255	\$2,132,321	\$3,295,716	\$1,163,395

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL**  
**AUTOMOTIVE MAINTENANCE INTERNAL SERVICE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$176,631	\$177,431	\$176,595	(\$836)
Other	0	0	34	34
Total Revenues	176,631	177,431	176,629	(802)
Expenses:				
Personal Services	152,731	152,731	147,459	5,272
Contractual Services	7,000	9,000	7,290	1,710
Supplies and Materials	18,700	18,700	12,440	6,260
Total Expenses	178,431	180,431	167,189	13,242
Net Change in Fund Equity	(1,800)	(3,000)	9,440	12,440
Fund Equity at Beginning of Year	52,721	52,721	52,721	0
Prior Year Encumbrances Appropriated	3,000	3,000	3,000	0
Fund Equity at End of Year	\$53,921	\$52,721	\$65,161	\$12,440

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL  
SELF-INSURANCE INTERNAL SERVICE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$2,212,200	\$2,151,228	\$1,898,042	(\$253,186)
Other	123,772	123,772	193,342	69,570
Interest	25,000	36,000	25,480	(10,520)
Total Revenues	<u>2,360,972</u>	<u>2,311,000</u>	<u>2,116,864</u>	<u>(194,136)</u>
Expenses:				
Contractual Services	364,876	363,718	281,595	82,123
Claims	2,586,768	2,586,768	1,875,654	711,114
Total Expenses	<u>2,951,644</u>	<u>2,950,486</u>	<u>2,157,249</u>	<u>793,237</u>
Net Change in Fund Equity	(590,672)	(639,486)	(40,385)	599,101
Fund Equity at Beginning of Year	1,557,621	1,557,621	1,557,621	0
Prior Year Encumbrances Appropriated	640,644	640,644	640,644	0
Fund Equity at End of Year	<u>\$1,607,593</u>	<u>\$1,558,779</u>	<u>\$2,157,880</u>	<u>\$599,101</u>

# STATISTICAL SECTION



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*STATISTICAL TABLES*

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This part of the City of Lebanon’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	S2-S14
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	S15-S19
These schedules contain information to help the reader assess the City’s most significant local revenue sources, income taxes and charges for services for electricity.	
Debt Capacity	S20-S29
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	S30-S32
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating information	S33-S37
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year and/or City of Lebanon records. The City implemented *GASB Statement No. 34* in 2003. Schedules presenting government-wide information include information beginning in that year.

City of Lebanon, Ohio  
Net Assets By Component  
Last Eight Years  
(Accrual Basis of Accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$8,881,270	\$14,799,049	\$26,334,143	\$34,147,382
Restricted	9,322,426	10,620,391	10,544,147	11,137,800
Unrestricted	<u>2,895,441</u>	<u>2,395,552</u>	<u>2,818,372</u>	<u>2,759,921</u>
<i>Total Governmental Activities Net Assets</i>	<u>21,099,137</u>	<u>27,814,992</u>	<u>39,696,662</u>	<u>48,045,103</u>
<b>Business Type - Activities</b>				
Invested in Capital Assets, Net of Related Debt	17,553,638	18,011,398	34,340,402	42,195,263
Restricted	3,520,630	3,305,947	3,334,324	3,962,065
Unrestricted	<u>24,056,603</u>	<u>26,198,493</u>	<u>22,139,380</u>	<u>20,867,518</u>
<i>Total Business-Type Activities Net Assets</i>	<u>45,130,871</u>	<u>47,515,838</u>	<u>59,814,106</u>	<u>67,024,846</u>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	26,434,908	32,810,447	60,674,545	76,342,645
Restricted	12,843,056	13,926,338	13,878,471	15,099,865
Unrestricted	<u>26,952,044</u>	<u>28,594,045</u>	<u>24,957,752</u>	<u>23,627,439</u>
<i>Total Primary Government Net Assets</i>	<u>\$66,230,008</u>	<u>\$75,330,830</u>	<u>\$99,510,768</u>	<u>\$115,069,949</u>



<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (2)</u>
\$33,764,338	\$34,628,876	\$35,598,684	\$39,072,022
13,388,372	14,310,899	16,371,911	12,685,486
<u>4,074,569</u>	<u>4,770,470</u>	<u>6,042,040</u>	<u>7,601,885</u>
<u>51,227,279</u>	<u>53,710,245</u>	<u>58,012,635</u>	<u>59,359,393</u>
44,463,041	40,865,125	44,388,792	49,797,775
3,698,199	8,083,620	7,782,930	6,844,532
<u>22,594,015</u>	<u>28,616,768</u>	<u>28,282,539</u>	<u>29,352,329</u>
<u>70,755,255</u>	<u>77,565,513</u>	<u>80,454,261</u>	<u>85,994,636</u>
78,227,379	75,494,001	79,987,476	88,869,797
17,086,571	22,394,519	24,154,841	19,530,018
<u>26,668,584</u>	<u>33,387,238</u>	<u>34,324,579</u>	<u>36,954,214</u>
<u>\$121,982,534</u>	<u>\$131,275,758</u>	<u>\$138,466,896</u>	<u>\$145,354,029</u>

City of Lebanon, Ohio  
Changes in Net Assets  
Last Seven Years  
(Accrual Basis of Accounting)

	2003	2004	2005	2006
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$849,596	\$2,732,173	\$2,286,061	\$2,371,502
Security of Persons and Property:				
Police	140,849	180,689	480,320	537,467
Fire	157,172	145,950	180,894	129,802
Public Health	77,103	89,641	96,059	105,554
Leisure Time Services	96,608	164,464	39,450	65,125
Community and Economic Development	371,820	143,383	28,575	0
Transportation	0	0	0	50
Subtotal - Charges for Services	<u>1,693,148</u>	<u>3,456,300</u>	<u>3,111,359</u>	<u>3,209,500</u>
Operating Grants, Contributions and Interest:				
General Government	0	0	7,065	2,611
Security of Persons and Property:				
Police	6,763	0	0	107,769
Fire	139,815	134,841	244,621	0
Public Health	119,884	63,794	76,424	30,000
Leisure Time Services	0	0	0	0
Community and Economic Development	113,975	74,403	128,279	895
Transportation	290,169	779,525	825,052	896,955
Subtotal - Operating Grants, Contributions and Interest	<u>670,606</u>	<u>1,052,563</u>	<u>1,281,441</u>	<u>1,038,230</u>
Capital Grants, Contributions and Interest:				
General Government	0	0	0	0
Security of Persons and Property:				
Fire	0	0	0	0
Public Health	1,846	0	0	0
Leisure Time Services	0	0	0	0
Community and Economic Development	13,731	0	2,151,306	0
Transportation	4,761,461	2,848,219	3,267,180	1,038,941
Subtotal - Capital Grants, Contributions and Interest	<u>4,777,038</u>	<u>2,848,219</u>	<u>5,418,486</u>	<u>1,038,941</u>
<i>Total Governmental Activities Program Revenues</i>	<u>7,140,792</u>	<u>7,357,082</u>	<u>9,811,286</u>	<u>5,286,671</u>
Business-Type Activities:				
Charges for Services:				
Electric	12,702,888	13,079,140	16,216,563	17,737,799
Sanitation	770,531	865,618	908,611	1,107,928
Sewer	2,683,478	2,798,610	3,184,630	3,208,346
Telecommunications	3,913,328	5,409,918	5,520,109	5,940,724
Water	2,942,050	2,943,454	2,858,864	2,600,842
Storm Water Utility	0	611,372	748,930	779,837
Capital Grants, Contributions and Interest				
Sanitation	0	1,109,904	0	0
Sewer	948,722	804,971	2,147,795	264,491
Water	160,751	1,004,213	948,226	216,081
Storm Water Utility	0	651,811	1,580,447	144,060
<i>Total Business-Type Activities Program Revenues</i>	<u>24,121,748</u>	<u>29,279,011</u>	<u>34,114,175</u>	<u>32,000,108</u>
<i>Total Primary Government Program Revenues</i>	<u>\$31,262,540</u>	<u>\$36,636,093</u>	<u>\$43,925,461</u>	<u>\$37,286,779</u>

2007	2008 (1)	2009
\$2,094,209	\$2,083,300	\$1,855,435
532,708	573,826	578,197
197,057	245,713	245,743
117,795	102,754	104,390
79,680	59,555	96,924
0	0	0
24,421	27,925	36,914
<u>3,045,870</u>	<u>3,093,073</u>	<u>2,917,603</u>
2,813	3,938	651
0	0	5,857
210,790	97,633	244,478
54,056	42,562	50,741
16,105	0	0
869	878	3,501
<u>1,066,568</u>	<u>957,203</u>	<u>1,606,253</u>
<u>1,351,201</u>	<u>1,102,214</u>	<u>1,911,481</u>
0	143,557	0
0	185,544	0
0	0	0
0	144,680	0
0	0	0
<u>667,331</u>	<u>1,157,245</u>	<u>945,434</u>
<u>667,331</u>	<u>1,631,026</u>	<u>945,434</u>
<u>5,064,402</u>	<u>5,826,313</u>	<u>5,774,518</u>
28,405,280	28,332,284	28,867,568
1,189,868	1,250,052	1,349,490
3,520,108	3,247,959	3,241,806
169,831	98,749	126,404
2,753,207	2,794,469	2,687,619
837,314	770,567	818,352
0	0	0
0	130,531	0
0	50,008	0
<u>0</u>	<u>83,066</u>	<u>33,720</u>
<u>36,875,608</u>	<u>36,757,685</u>	<u>37,124,959</u>
<u>\$41,940,010</u>	<u>\$42,583,998</u>	<u>\$42,899,477</u>

(continued)

City of Lebanon, Ohio  
Changes in Net Assets  
Last Seven Years  
(Accrual Basis of Accounting)  
(continued)

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
General Government	\$2,096,191	\$3,524,592	\$3,431,266	\$3,606,717
Security of Persons and Property:				
Police	2,872,414	3,056,648	3,265,548	3,258,125
Fire	1,284,146	2,019,372	1,767,049	1,985,638
Public Health	192,335	255,918	213,152	201,838
Leisure Time Services	820,253	415,275	265,241	440,546
Community and Economic Development	990,158	1,264,165	1,192,677	1,157,580
Transportation	744,214	744,796	2,117,570	2,077,765
Intergovernmental	0	0	0	0
Interest and Fiscal Charges	407,376	375,493	376,665	373,156
<i>Total Governmental Activities Expenses</i>	<u>9,407,087</u>	<u>11,656,259</u>	<u>12,629,168</u>	<u>13,101,365</u>
Business-Type Activities:				
Electric	11,827,260	11,619,684	15,918,475	16,433,153
Sanitation	763,404	904,097	943,265	1,213,352
Sewer	2,898,432	3,056,641	3,144,530	3,389,076
Telecommunications	4,401,577	5,550,469	6,040,320	5,799,642
Water	2,364,501	2,147,822	2,106,086	2,969,131
Storm Water Utility	0	268,757	406,202	416,054
<i>Total Business-Type Activities Expenses</i>	<u>22,255,174</u>	<u>23,547,470</u>	<u>28,558,878</u>	<u>30,220,408</u>
<i>Total Primary Government Program Expenses</i>	<u>31,662,261</u>	<u>35,203,729</u>	<u>41,188,046</u>	<u>43,321,773</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(2,266,295)	(4,299,177)	(2,817,882)	(7,814,694)
Business-Type Activities	1,866,574	5,731,541	5,555,297	1,779,700
<i>Total Primary Government Net Expense</i>	<u>(399,721)</u>	<u>1,432,364</u>	<u>2,737,415</u>	<u>(6,034,994)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	2,199,757	2,428,646	3,418,309	1,085,029
Fire and Life Squad	0	0	0	2,107,551
Debt Service	0	0	0	121,488
Income Taxes	4,577,825	4,682,034	5,319,437	6,509,453
Other Taxes	855,204	791,589	855,499	858,253
Payments in Lieu of Taxes	40,322	43,237	872,934	1,181,361
Grants and Entitlements not Restricted to				
Specific Programs	987,605	865,966	849,811	603,496
Unrestricted Contributions	1,500	6,654	29,500	3,119
Investment Earnings	144,603	210,049	486,315	822,519
Gain on Sale of Capital Assets	0	623	0	27,760
Other	60,836	194,352	154,434	356,384
Transfers	114,498	(430,541)	(819,916)	(13,752)
<i>Total Governmental Activities</i>	<u>\$8,982,150</u>	<u>\$8,792,609</u>	<u>\$11,166,323</u>	<u>\$13,662,661</u>

<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>
\$4,678,341	\$4,125,692	\$3,812,972
3,662,803	3,861,017	4,218,030
2,687,928	2,631,887	2,735,622
204,228	195,983	181,562
526,995	498,379	588,970
843,839	802,169	868,309
3,866,183	3,090,437	3,591,609
0	244,657	257,623
386,205	354,128	326,399
<u>16,856,522</u>	<u>15,804,349</u>	<u>16,581,096</u>
25,617,652	26,754,920	26,164,717
1,285,576	1,327,449	1,363,001
3,214,858	3,386,470	3,166,397
180,577	222,847	210,102
2,553,235	2,526,916	2,534,870
422,249	490,366	512,516
<u>33,274,147</u>	<u>34,708,968</u>	<u>33,951,603</u>
<u>50,130,669</u>	<u>50,513,317</u>	<u>50,532,699</u>
(11,792,120)	(9,978,036)	(10,806,578)
3,601,461	2,048,717	3,173,356
<u>(8,190,659)</u>	<u>(7,929,319)</u>	<u>(7,633,222)</u>
1,281,491	1,353,504	1,375,734
2,222,553	2,327,576	2,224,683
37,774	43,186	27,499
5,888,391	6,260,249	5,409,147
1,229,554	1,468,021	1,318,586
1,235,888	1,269,275	1,269,899
1,082,225	684,035	818,872
10,345	7,494	7,375
1,353,237	781,418	1,063,750
8,172	17,828	14,168
403,496	185,479	160,078
(478,040)	(117,639)	(1,536,455)
<u>\$14,275,086</u>	<u>\$14,280,426</u>	<u>\$12,153,336</u>

(continued)

City of Lebanon, Ohio  
Changes in Net Assets  
Last Seven Years  
(Accrual Basis of Accounting)  
(continued)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Revenues and Other Changes in Net Assets (continued)</b>				
<i>Business-Type Activities</i>				
Investment Earnings	\$224,627	\$235,160	\$530,302	\$942,160
Gain on Sale of Capital Assets	0	1,150	0	17,300
Loss from Discontinued Segments of Telecommunications				
Operations	0	0	0	0
Gain on Disposal of Segments of Telecommunications				
Operations	0	0	0	0
Other	408,264	466,399	305,225	457,877
Transfers	(114,498)	430,541	819,916	13,752
<i>Total Business-Type Activities</i>	<u>518,393</u>	<u>1,133,250</u>	<u>1,655,443</u>	<u>1,431,089</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>9,500,543</u>	<u>9,925,859</u>	<u>12,821,766</u>	<u>15,093,750</u>
Prior Year Restatement of Governmental Activities Net Assets	0	0	0	(2,146,171)
<b>Change in Net Assets</b>				
Governmental Activities	6,715,855	11,881,670	8,348,441	3,701,796
Business-Type Activities	<u>2,384,967</u>	<u>12,298,268</u>	<u>7,210,740</u>	<u>3,210,789</u>
<i>Total Primary Government Change in Net Assets</i>	<u><u>\$9,100,822</u></u>	<u><u>\$24,179,938</u></u>	<u><u>\$15,559,181</u></u>	<u><u>\$6,912,585</u></u>

<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>
\$693,586	\$447,260	\$700,087
0	0	2,310
(328,948)	0	0
2,742,921	0	0
88,918	275,132	128,167
<u>12,320</u>	<u>117,639</u>	<u>1,536,455</u>
<u>3,208,797</u>	<u>840,031</u>	<u>2,367,019</u>
<u>17,483,883</u>	<u>15,120,457</u>	<u>14,520,355</u>
0	0	0
2,482,966	4,302,390	1,346,758
<u>6,810,258</u>	<u>2,888,748</u>	<u>5,540,375</u>
<u><u>\$9,293,224</u></u>	<u><u>\$7,191,138</u></u>	<u><u>\$6,887,133</u></u>

City of Lebanon, Ohio  
Fund Balances, Governmental Funds  
Last Eight Years  
(Modified Accrual Basis of Accounting)

	2000	2001 (1)	2002	2003	2004
<b>General Fund</b>					
Reserved	\$2,350,855	\$2,336,419	\$2,104,815	\$1,871,373	\$1,790,633
Unreserved	3,654,894	1,715,663	1,120,890	1,156,280	1,634,323
Total General Fund	<u>6,005,749</u>	<u>4,052,082</u>	<u>3,225,705</u>	<u>3,027,653</u>	<u>3,424,956</u>
<b>All Other Governmental Funds</b>					
Reserved	967,614	2,589,430	770,325	637,553	1,666,092
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	1,766,316	2,331,619	3,072,083	3,296,989	1,697,762
Debt Service Funds	3,576,110	3,114,013	2,928,967	3,547,913	4,025,444
Capital Projects Funds (Deficit)	<u>(3,053,483)</u>	<u>(5,369,702)</u>	<u>(4,148,813)</u>	<u>847,950</u>	<u>1,192,800</u>
Total All Other Governmental Funds	<u>3,256,557</u>	<u>2,665,360</u>	<u>2,622,562</u>	<u>8,330,405</u>	<u>8,582,098</u>
Prior Year Restatement of Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Governmental Funds</b>	<u>\$9,262,306</u>	<u>\$6,717,442</u>	<u>\$5,848,267</u>	<u>\$11,358,058</u>	<u>\$12,007,054</u>

(1) In 2002 fund balances totaling \$163,047 and \$570,635 were reclassified to properly reflect their balances and activities in the general and special revenue funds.

Note: During 2009, the City implemented GASB Statement No. 54.



<u>2005</u>	<u>2006</u>	<u>2007</u>
\$1,696,873	\$1,788,814	\$1,586,780
<u>2,392,657</u>	<u>3,418,537</u>	<u>3,306,942</u>
4,089,530	5,207,351	4,893,722
656,568	1,330,635	2,168,634
3,168,101	2,902,779	2,896,180
4,617,027	5,484,816	4,995,975
<u>(582,137)</u>	<u>502,409</u>	<u>1,407,152</u>
<u>7,859,559</u>	<u>10,220,639</u>	<u>11,467,941</u>
<u>0</u>	<u>(798,704)</u>	<u>0</u>
<u>\$11,949,089</u>	<u>\$14,629,286</u>	<u>\$16,361,663</u>

City of Lebanon, Ohio  
Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(Modified Accrual Basis of Accounting)

	2000	2001	2002	2003	2004
<b>Revenues</b>					
Property Taxes	1,899,774	1,977,509	2,150,893	2,249,030	\$2,404,009
Income Taxes	3,786,105	4,045,915	4,199,589	4,565,520	4,698,641
Other Local Taxes	219,868	528,288	854,770	855,204	791,589
Payments in Lieu of Taxes	383,995	479,483	603,785	766,298	848,321
Special Assessments	197,895	174,865	179,774	159,732	154,965
Charges for Services	1,811,072	1,002,206	1,448,712	450,005	2,199,776
Fines, Licenses and Permits	1,063,989	1,175,845	1,220,332	1,128,354	1,255,552
Intergovernmental	1,892,082	2,279,515	1,845,069	6,173,724	4,037,285
Interest	1,065,810	642,946	256,176	163,479	210,017
Contributions and Donations	0	0	0	89,217	40,448
Other	101,702	289,332	148,918	71,279	209,643
<b>Total Revenues</b>	<b>12,422,292</b>	<b>12,595,904</b>	<b>12,908,018</b>	<b>16,671,842</b>	<b>16,850,246</b>
<b>Expenditures</b>					
Current:					
General Government	2,520,600	4,327,967	4,173,949	2,015,128	3,417,840
Security of Persons and Property:					
Police	2,185,853	2,502,557	2,687,735	2,788,823	3,010,437
Fire	1,569,920	1,296,561	1,531,695	1,109,834	2,409,771
Public Health Services	114,230	122,120	129,133	145,004	219,357
Leisure Time Services	467,741	621,077	597,933	680,463	308,656
Community and Economic Development	781,818	914,721	1,160,779	609,463	1,166,589
Transportation	596,798	728,214	781,166	679,456	829,360
Intergovernmental	0	0	0	264,482	92,219
Capital Outlay	3,116,609	3,394,993	3,282,802	5,951,931	3,774,983
Debt Service:					
Principal Retirement	330,287	750,301	300,313	568,652	614,325
Interest and Fiscal Charges	426,699	451,750	359,341	380,551	346,936
Interest Paid on Capital Appreciation Bonds	0	0	0	0	0
Bond Issuance Costs	0	0	0	57,972	0
<b>Total Expenditures</b>	<b>12,110,555</b>	<b>15,110,261</b>	<b>15,004,846</b>	<b>15,251,759</b>	<b>16,190,473</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<b>311,737</b>	<b>(2,514,357)</b>	<b>(2,096,828)</b>	<b>1,420,083</b>	<b>659,773</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Capital Assets	0	1,676	289,167	0	2,204
Transfers In	440,593	2,033,782	2,486,208	411,253	622,866
Inception of Capital Lease	0	0	73,547	0	0
Premium on Debt Issued	0	0	0	0	0
General Obligation Bonds Issued	0	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
Transfers Out	(440,593)	(2,071,965)	(2,588,951)	(429,253)	(635,847)
Proceeds from Sale of Notes	0	0	240,000	120,000	0
Discount on Debt Issued	0	0	0	(17,292)	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(36,507)</b>	<b>499,971</b>	<b>4,089,708</b>	<b>(10,777)</b>
<b>Net Change in Fund Balances</b>	<b>\$311,737</b>	<b>(\$2,550,864)</b>	<b>(\$1,596,857)</b>	<b>\$5,509,791</b>	<b>\$648,996</b>
Debt Service as a Percentage of Noncapital Expenditures	8.4%	10.3%	5.6%	10.8%	7.7%

2005	2006	2007	2008	2009
\$3,314,607	\$3,344,659	\$3,536,738	\$3,758,401	\$3,594,477
5,244,581	6,437,444	5,988,089	5,719,316	5,510,661
855,499	857,100	1,230,707	1,466,536	1,319,827
910,839	1,181,361	1,235,888	1,269,275	1,269,899
151,277	152,172	89,412	94,678	103,030
2,111,196	2,113,406	2,154,757	2,122,822	2,113,504
1,108,910	1,090,009	891,574	969,440	795,107
3,017,163	2,650,427	3,042,013	2,897,793	3,563,319
483,990	796,824	1,316,866	732,751	911,684
29,500	3,119	10,345	7,494	4,375
164,843	366,095	406,585	188,765	163,574
<u>17,392,405</u>	<u>18,992,616</u>	<u>19,902,974</u>	<u>19,227,271</u>	<u>19,349,457</u>
3,424,490	3,823,519	4,936,788	4,594,923	3,858,069
3,188,715	3,432,462	3,760,488	3,975,505	4,165,490
2,316,185	2,022,690	2,552,853	2,513,055	2,540,690
167,028	175,691	188,855	175,878	159,879
201,642	967,844	485,810	434,985	424,044
1,854,563	1,102,447	719,007	863,405	851,361
739,947	769,950	1,622,542	875,710	1,000,611
160,373	212,289	229,308	244,657	257,623
4,774,592	2,184,601	4,540,579	3,194,419	6,231,284
510,030	530,771	464,861	2,819,636	576,144
342,982	327,457	286,716	370,358	309,873
0	0	91,687	95,767	103,322
0	0	0	103,476	0
<u>17,680,547</u>	<u>15,549,721</u>	<u>19,879,494</u>	<u>20,261,774</u>	<u>20,478,390</u>
<u>(288,142)</u>	<u>3,442,895</u>	<u>23,480</u>	<u>(1,034,503)</u>	<u>(1,128,933)</u>
174,400	49,758	20,436	39,550	14,168
887,746	1,445,692	2,551,127	1,575,558	2,575,617
0	0	0	60,361	0
0	0	1,993	92,821	0
0	0	0	3,750,000	0
0	0	0	(1,738,460)	0
(831,969)	(1,459,444)	(3,144,659)	(1,589,309)	(2,624,391)
0	0	2,280,000	0	0
0	0	0	0	0
<u>230,177</u>	<u>36,006</u>	<u>1,708,897</u>	<u>2,190,521</u>	<u>(34,606)</u>
<u>(\$57,965)</u>	<u>\$3,478,901</u>	<u>\$1,732,377</u>	<u>\$1,156,018</u>	<u>(\$1,163,539)</u>
6.6%	6.4%	5.5%	20.4%	6.9%

City of Lebanon, Ohio  
Fund Balances, Governmental Funds  
Last Two Years  
(Modified Accrual Basis of Accounting)

	2008	2009
General Fund		
Nonspendable	\$1,321,186	\$1,184,302
Committed	0	15,190
Unassigned	3,606,290	3,800,626
Total General Fund	4,927,476	5,000,118
All Other Governmental Funds		
Nonspendable	313,503	262,740
Restricted	8,093,093	7,969,375
Committed	4,183,609	3,121,909
Total All Other Governmental Funds	12,590,205	11,354,024
<b>Total Governmental Funds</b>	<b>\$17,517,681</b>	<b>\$16,354,142</b>

Note: The City implemented GASB 54 in 2009.

City of Lebanon, Ohio  
Income Tax Revenue Base and Collections  
Last Ten Years

<u>Tax Year (1)</u>	<u>Tax Rate</u>	<u>Total Tax Collected</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2000	1.00%	\$3,786,105	\$28,737	75.90%	\$2,817	7.44%	\$6,308	16.66%
2001	1.00	4,045,915	3,086,629	76.29	245,182	6.06	714,104	17.65
2002	1.00	4,199,589	3,259,301	77.61	228,038	5.43	712,250	16.96
2003	1.00	4,577,825	3,442,982	75.21	314,039	6.86	820,804	17.93
2004	1.00	4,682,034	3,586,438	76.60	309,014	6.60	786,582	16.80
2005	1.00	5,319,437	3,907,126	73.45	534,603	10.05	877,707	16.50
2006	1.00	6,509,453	4,658,816	71.57	770,068	11.83	1,080,569	16.60
2007	1.00	5,888,391	4,362,709	74.09	542,910	9.22	982,772	16.69
2008	1.00	6,260,249	4,757,789	76.00	438,217	7.00	1,064,242	17.00
2009	1.00	5,409,147	4,105,542	75.90	402,441	7.44	901,164	16.66

(1) 2003 through 2009 are on an Accrual Basis, and 2000 through 2002 are on a Modified Accrual Basis.

Note: The City is prohibited by statute from presenting information regarding individual taxpayers.

City of Lebanon, Ohio  
Income Tax Filers by Income Level  
Tax Years 2008 and 2000 (1)

Tax Year 2008 (2)

Income Range	Number of Filed Returns	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	1,008	17.34 %	\$149,344,618	44.50 %
75,001-100,000	670	11.52	58,395,131	17.40
50,001-75,000	954	16.41	59,253,949	17.66
25,000-50,000	1,312	22.57	48,415,306	14.43
Under 25,000	1,870	32.16	20,164,765	6.01
Total	<u>5,814</u>	<u>100.00</u>	<u>\$335,573,769</u>	<u>100.00</u>

Tax Year 2000

Income Range	Number of Filed Returns	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	412	8.90 %	\$59,461,634	27.10 %
75,001-100,000	517	11.17	44,320,463	20.20
50,001-75,000	890	19.23	55,200,035	25.15
25,000-50,000	1,121	24.22	41,827,723	19.06
Under 25,000	1,689	36.49	18,630,856	8.49
Total	<u>4,629</u>	<u>100.00</u>	<u>\$219,440,711</u>	<u>100.00</u>

Source: City Income Tax Department

- (1) Tax year 2009 information is not available.
- (2) Includes individuals who live within the corporation limits

City of Lebanon, Ohio  
Electric Sold by Type of Customer  
Last Eight Years (1)

<b>Type of Customer:</b>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (3)</u>	<u>2008</u>	<u>2009</u>
Residential	\$6,096,870	\$5,949,470	\$6,181,266	\$7,508,220	\$8,611,965	\$9,608,478	\$9,716,139	\$9,699,704
Industrial	1,213,113	1,177,842	1,202,978	1,371,063	1,526,030	1,694,059	1,730,682	1,764,978
Commercial (2)	<u>5,801,433</u>	<u>5,412,891</u>	<u>5,553,868</u>	<u>6,749,294</u>	<u>7,727,224</u>	<u>16,249,343</u>	<u>17,957,635</u>	<u>17,065,759</u>
<b>Total</b>	<u>\$13,111,416</u>	<u>\$12,540,203</u>	<u>\$12,938,112</u>	<u>\$15,628,576</u>	<u>\$17,865,219</u>	<u>\$27,551,880</u>	<u>\$29,404,456</u>	<u>\$28,530,441</u>

- (1) Information prior to 2002 not available
- (2) Majority of Government buildings included in this category
- (3) During 2007, the City purchased industrial and commercial customers from Duke Energy

City of Lebanon, Ohio  
Principal Electric Customers  
2009 and 2000

	2009	
Customer	Electric Charges for Services	Percentage of Total Charges for Services
World Color Cincinnati	\$2,030,636	7.12 %
Advics Mfg Ohio Inc.	1,942,126	6.81
CBTS	1,128,839	3.96
Amtex Inc.	939,993	3.29
JBM Envelope	420,646	1.47
Countryside YMCA	419,070	1.47
Wal-Mart	403,315	1.41
Mane Inc.	311,952	1.09
Board of Education	303,472	1.06
Bethesda Hospital Arrowsprings	295,121	1.03
Total	\$8,195,170	28.72 %
Total Electric Charges for Services	\$28,530,441	

	2000	
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Lebanon Plastics Inc.	\$361,667	3.92 %
Warren County	357,179	3.87
Big Bear Plus	235,151	2.55
Kroger	217,914	2.36
Warren County Fair Board	169,562	1.84
Countryside YMCA	161,807	1.75
PAC Products	94,097	1.02
Wal-Mart	77,914	0.84
Rock Hospitality	69,462	0.75
Embarq	61,272	0.66
Total	\$1,806,025	19.58 %
Total Electric Charges for Services	\$9,225,546	



City of Lebanon, Ohio  
Electric Rates Per Year  
Last Eight Years (1)

	2002	2003	2004	2005	2006	2007 (2)	2008	2009
<b>Residential:</b>								
Customer Service Charge	\$4.32	\$4.36	\$4.40	\$4.44	\$4.48	\$4.52	\$4.57	\$4.61
First 1500 KWH	0.04060	0.04100	0.04141	0.04183	0.04225	0.06260	0.06322	0.06385
Above 1500 KWH	0.02470	0.02490	0.02515	0.02540	0.02565	0.04580	0.04625	0.04671
<b>General Service Rates:</b>								
Single Phase Meter	\$7.41	\$7.48	\$7.55	\$7.63	\$7.71	\$7.78	\$7.86	\$7.93
Three Phase Meter	\$12.36	\$12.48	\$12.60	\$12.73	\$12.86	\$12.98	\$13.11	\$13.24
First 2000 KWH	0.04740	0.04780	0.04828	0.04876	0.04925	0.06940	0.07009	0.07079
Next 6000 KWH	0.03350	0.03380	0.03414	0.03448	0.03482	0.05500	0.05555	0.05611
Over 8000 KWH	0.02270	0.02290	0.02313	0.02336	0.02359	0.04370	0.04413	0.04457
Over 100,000 KWH	0.01000	0.01000	0.01010	0.01020	0.01030	0.03040	0.03070	0.03101
<b>Industrial Service Rate:</b>								
Three Phase Meter	N/A	N/A	N/A	N/A	N/A	\$100.00	\$101.00	\$102.01
Energy charge Per KWH	N/A	N/A	N/A	N/A	N/A	0.27200	0.01363	0.02237
<b>Demand Billing Charge:</b>								
First 10 KWD	Free	Free	Free	Free	Free	Free	Free	Free
Next 15 KWD	5.93390	5.99300	6.05931	6.11990	6.11990	6.24290	6.30532	6.36837
Over 25 KWD	5.25400	5.30600	5.35956	5.41316	5.41316	5.52196	5.57717	5.63294

Note: Management presents rate studies and recommends rate changes to City Council. Utility rates can be changed by Legislative Authority.

(1) Information prior to 2002 not available

(2) During 2007, the City purchased industrial and commercial customers from Duke Energy

City of Lebanon, Ohio  
Ratio of Outstanding Debt to  
Total Personal Income and Debt Per Capita  
Last Ten Years

Governmental Activities					
Year	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Police Pension	Notes Payable
2000	\$3,859,619	\$1,208,091	\$0	\$22,784	\$2,780,000
2001	3,441,813	894,625	0	22,483	5,730,000
2002	3,236,998	820,811	73,547	22,170	4,110,000
2003	7,012,161	743,267	60,221	21,844	120,000
2004	6,638,372	665,723	46,237	21,503	1,400,000
2005	6,257,240	584,449	31,562	21,148	1,120,000
2006	5,864,320	499,445	16,162	20,777	840,000
2007	5,456,426	409,529	0	20,391	2,560,000
2008	7,048,239	315,883	60,361	19,988	1,280,000
2009	6,499,576	218,507	46,315	19,568	0

Note: Population and Personal Income data are presented on page S26.

Business-Type Activities					
Mortgage Revenue Bonds	Capital Leases	Notes Payable	Total Debt	Percentage of Personal Income	Per Capita
\$23,881,905	\$0	\$8,250,000	\$40,002,399	11.29 %	\$2,358
36,941,024	0	4,250,000	51,279,945	14.47	3,023
35,619,786	0	5,000,000	48,883,312	13.79	2,882
34,248,548	0	8,500,000	50,706,041	14.31	2,989
32,817,309	0	8,000,000	49,589,144	13.99	2,924
31,321,070	253,111	8,000,000	47,588,580	13.43	2,806
35,530,846	617,607	1,750,000	45,139,157	12.73	2,661
33,632,086	0	5,750,000	47,828,432	13.49	2,820
36,030,824	0	1,250,000	46,005,295	12.98	2,712
34,175,122	0	4,900,000	45,859,088	12.94	2,704

City of Lebanon, Ohio  
 Computation of Direct and Overlapping Governmental Activities Debt  
 December 31, 2009

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
<b>Direct - City of Lebanon</b>			
Special Assessment Bonds	\$218,507	100.00%	\$2,185
General Obligation Bonds	6,499,576	100.00	6,499,576
Capital Leases	46,315	100.00	46,315
Police Pension	19,568	100.00	19,568
<i>Total Direct Debt</i>	<u>6,783,966</u>		<u>6,567,644</u>
<b>Overlapping</b>			
Lebanon City School District			
General Obligation Bonds	41,834,951	100.00	41,834,951
Capital Leases	4,812,000	100.00	4,812,000
Kings Local School District			
General Obligation Bonds	58,165,030	1.79	1,041,154
Capital Leases	2,173,347	1.79	38,903
County			
General Obligation Bonds	9,744,722	7.39	720,135
Special Assessment Bonds	13,657,816	7.39	1,009,313
Loans Payable	5,482,125	7.39	405,129
<i>Total Overlapping Debt</i>	<u>135,869,991</u>		<u>48,447,143</u>
<b>Total</b>	<u><u>\$142,653,957</u></u>		<u><u>\$55,014,787</u></u>

Source: County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

City of Lebanon, Ohio  
Ratio of General Obligation Bonded Debt to Estimated Actual  
Value and Bonded Debt Per Capita  
Last Ten Years

Year	Population (1)	Estimated Actual Value of Taxable Property (2)	General Obligation Bonded Debt (3)	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt Per Capita
2000	16,962	\$774,033,030	\$3,859,619	0.50 %	\$227.55
2001	16,962	926,503,714	3,441,813	0.37	202.91
2002	16,962	972,494,950	3,236,998	0.33	190.84
2003	16,962	1,045,016,700	7,012,161	0.67	413.40
2004	16,962	1,216,973,482	6,638,372	0.55	391.37
2005	16,962	1,219,371,199	6,257,240	0.51	368.90
2006	16,962	1,330,955,444	5,864,320	0.44	345.73
2007	16,962	1,525,874,800	5,456,426	0.36	321.69
2008	16,962	1,276,594,439	7,048,239	0.55	415.53
2009	16,962	1,192,296,133	6,499,576	0.55	383.18

Sources:

(1) U. S. Bureau of Census, Census of Population, 2000 Federal Census

(2) County Auditor

(3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

City of Lebanon, Ohio  
Legal Debt Margin  
Last Ten Years

	2000	2001	2002	2003	2004
Total Assessed Property Value	<u>\$308,860,211</u>	<u>\$323,136,940</u>	<u>\$345,571,960</u>	<u>\$382,962,510</u>	<u>\$402,731,560</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>32,430,322</u>	<u>33,929,379</u>	<u>36,285,056</u>	<u>40,211,064</u>	<u>42,286,814</u>
Debt Outstanding:					
General Obligation Bonds	3,859,619	3,441,813	3,153,412	6,920,956	6,518,500
Mortgage Revenue Bonds	24,140,000	36,955,000	35,615,000	34,225,000	32,775,000
Special Assessment Bonds	1,208,091	894,625	820,811	743,267	665,723
Bond Anticipation Notes	<u>11,030,000</u>	<u>9,980,000</u>	<u>9,110,000</u>	<u>8,620,000</u>	<u>9,400,000</u>
Total Gross Indebtedness	40,237,710	51,271,438	48,699,223	50,509,223	49,359,223
Less:					
General Obligation Bonds	(3,106,908)	(2,760,374)	(2,629,188)	(6,496,732)	(6,204,276)
Mortgage Revenue Bonds	(24,140,000)	(36,955,000)	(35,615,000)	(34,225,000)	(32,775,000)
Special Assessment Bonds	(1,208,091)	(894,625)	(820,811)	(743,267)	(665,723)
Bond Anticipation Notes	(8,250,000)	(4,250,000)	(5,000,000)	(8,500,000)	(8,000,000)
General Obligation Bond Retirement Fund Balance	<u>(3,227,742)</u>	<u>(2,676,232)</u>	<u>(2,426,594)</u>	<u>(238,478)</u>	<u>(234,744)</u>
Total Net Debt Applicable to Debt Limit	<u>304,969</u>	<u>3,735,207</u>	<u>2,207,630</u>	<u>305,746</u>	<u>1,479,480</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$32,125,353</u>	<u>\$30,194,172</u>	<u>\$34,077,426</u>	<u>\$39,905,318</u>	<u>\$40,807,334</u>
Legal Debt Margin as a Percentage of the Debt Limit	99.06%	88.99%	93.92%	99.24%	96.50%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$16,987,312</u>	<u>\$17,772,532</u>	<u>\$19,006,458</u>	<u>\$21,062,938</u>	<u>\$22,150,236</u>
Total Gross Indebtedness	40,237,710	51,271,438	48,699,223	50,509,223	49,359,223
Less:					
General Obligation Bonds	(3,106,908)	(2,760,374)	(2,629,188)	(6,496,732)	(6,204,276)
Mortgage Revenue Bonds	(24,140,000)	(36,955,000)	(35,615,000)	(34,225,000)	(32,775,000)
Special Assessment Bonds	(1,208,091)	(894,625)	(820,811)	(743,267)	(665,723)
Bond Anticipation Notes	<u>(8,250,000)</u>	<u>(4,250,000)</u>	<u>(5,000,000)</u>	<u>(8,500,000)</u>	<u>(8,000,000)</u>
Net Debt Within 5 ½ % Limitations	<u>304,969</u>	<u>3,735,207</u>	<u>2,207,630</u>	<u>305,746</u>	<u>1,479,480</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$16,682,343</u>	<u>\$14,037,325</u>	<u>\$16,798,828</u>	<u>\$20,757,192</u>	<u>\$20,670,756</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	98.20%	78.98%	88.38%	98.55%	93.32%

Source: City Financial Records

2005	2006	2007	2008	2009
<u>\$409,173,949</u>	<u>\$454,976,445</u>	<u>\$451,956,350</u>	<u>\$443,736,980</u>	<u>\$416,119,870</u>
42,963,265	47,772,527	47,455,417	46,592,383	43,692,586
6,104,774	5,674,778	5,316,381	6,945,794	6,481,492
31,260,000	36,740,000	34,740,000	37,045,000	35,115,000
584,449	449,445	409,529	315,883	218,507
9,120,000	2,590,000	8,310,000	2,530,000	4,900,000
47,069,223	45,454,223	48,775,910	46,836,677	46,714,999
(5,900,550)	(5,585,554)	(5,260,470)	(6,919,116)	(6,481,492)
(31,260,000)	(36,740,000)	(34,740,000)	(37,045,000)	(35,115,000)
(584,449)	(449,445)	(409,529)	(315,883)	(218,507)
(8,000,000)	(1,750,000)	(5,750,000)	(1,250,000)	(4,900,000)
(247,839)	(261,135)	(182,304)	(103,180)	0
1,076,385	668,089	2,433,607	1,203,498	0
<u>\$41,886,880</u>	<u>\$47,104,438</u>	<u>\$45,021,810</u>	<u>\$45,388,885</u>	<u>\$43,692,586</u>
97.49%	98.60%	94.87%	97.42%	100.00%
<u>\$22,504,567</u>	<u>\$25,023,704</u>	<u>\$24,857,599</u>	<u>\$24,405,534</u>	<u>\$22,886,593</u>
47,069,223	45,454,223	48,775,910	46,836,677	46,714,999
(5,900,550)	(5,585,554)	(5,260,470)	(6,919,116)	(6,481,492)
(31,260,000)	(36,740,000)	(34,740,000)	(37,045,000)	(35,115,000)
(584,449)	(449,445)	(409,529)	(315,883)	(218,507)
(8,000,000)	(1,750,000)	(5,750,000)	(1,250,000)	(4,900,000)
1,076,385	668,089	2,615,911	1,306,678	0
<u>\$21,428,182</u>	<u>\$24,355,615</u>	<u>\$22,241,688</u>	<u>\$23,098,856</u>	<u>\$22,886,593</u>
95.22%	97.33%	89.48%	94.65%	100.00%

City of Lebanon, Ohio  
Pledged Revenue Coverage  
Electric System Mortgage Revenue Bonds  
Last Ten Years

Year	Electric/ Telecommunications Service Charges and Interest (1)	Direct Operating Expenses (2)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2000	\$11,015,754	\$10,839,189	\$176,565	\$175,000	\$228,185	0.44
2001	14,076,889	11,846,689	2,230,200	180,000	515,133	3.21
2002	15,603,687	13,377,046	2,226,641	620,000	897,571	1.47
2003	16,812,728	13,355,187	3,457,541	645,000	871,723	2.28
2004	18,756,240	14,231,399	4,524,841	670,000	520,850	3.80
2005	21,957,982	18,933,542	3,024,440	700,000	816,284	1.99
2006	24,143,085	19,441,416	4,701,669	730,000	301,463	4.56
2007	28,884,945	23,994,524	4,890,421	950,000	695,938	2.97
2008	28,585,522	24,931,692	3,653,830	1,070,000	752,988	2.00
2009	29,285,522	24,079,628	5,205,894	1,180,000	880,604	2.53

(1) In 2006, the City refunded the electric system mortgage revenue bonds. The new bonds only require that electric system revenues and interest be pledged to repay the debt.

(2) Direct operating expenses do not include depreciation and amortization expense.



City of Lebanon, Ohio  
Pledged Revenue Coverage  
Water System Mortgage Revenue Bonds  
Last Ten Years

Year	Water Service Charges and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2000	\$2,264,674	\$1,139,469	\$1,125,205	\$325,000	\$500,109	1.36
2001	2,117,782	1,347,618	770,164	340,000	471,485	0.95
2002	2,601,406	1,398,906	1,202,500	350,000	458,068	1.49
2003	2,975,106	1,500,918	1,474,188	365,000	444,418	1.82
2004	2,950,110	1,199,936	1,750,174	380,000	430,000	2.16
2005	2,870,825	1,024,742	1,846,083	400,000	414,800	2.27
2006	2,603,513	1,873,634	729,879	415,000	398,400	0.90
2007	2,905,422	1,436,995	1,468,427	430,000	380,970	1.81
2008	2,864,853	1,434,585	1,430,268	445,000	362,480	1.77
2009	2,801,673	1,361,027	1,440,646	285,000	342,900	2.29

(1) Direct operating expenses do not include depreciation and amortization expense.

City of Lebanon, Ohio  
Pledged Revenue Coverage  
Sewer System Mortgage Revenue Bonds  
Last Ten Years

Year	Sewer Service Charges and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2000	\$1,935,006	\$1,464,746	\$470,260	\$340,000	\$507,541	0.55
2001	1,840,462	606,494	1,233,968	355,000	492,750	1.46
2002	2,309,101	1,607,356	701,745	370,000	479,825	0.83
2003	2,685,253	1,892,323	792,930	380,000	462,068	0.94
2004	2,932,406	1,818,503	1,113,903	400,000	446,068	1.32
2005	3,191,967	1,583,313	1,608,654	415,000	428,903	1.91
2006	3,223,609	1,737,309	1,486,300	435,000	522,556	1.55
2007	3,689,432	1,719,657	1,969,775	620,000	503,030	1.75
2008	3,347,674	1,923,716	1,423,958	645,000	475,766	1.27
2009	3,382,159	1,729,070	1,653,089	465,000	446,991	1.81

(1) Direct operating expenses do not include depreciation and amortization expense.

City of Lebanon, Ohio  
Pledged Revenue Coverage  
Special Assessment Bonds  
Last Ten Years

Year	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2000	\$188,970	\$101,618	\$86,756	1.00
2001	166,353	313,466	75,286	0.43
2002	179,774	63,814	51,368	1.56
2003	159,732	87,544	60,354	1.08
2004	154,965	77,544	48,002	1.23
2005	151,277	81,274	42,948	1.22
2006	152,172	85,004	37,653	1.24
2007	147,773	89,916	3,218	1.59
2008	142,454	93,646	26,272	1.19
2009	140,737	97,376	20,185	1.20

City of Lebanon, Ohio  
Demographic and Economic Statistics  
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
2000	16,962	\$354,454,914	\$20,897	\$46,856	31.9
2001	16,962	354,454,914	20,897	46,856	31.9
2002	16,962	354,454,914	20,897	46,856	31.9
2003	16,962	354,454,914	20,897	46,856	31.9
2004	16,962	354,454,914	20,897	46,856	31.9
2005	16,962	354,454,914	20,897	46,856	31.9
2006	16,962	354,454,914	20,897	46,856	31.9
2007	16,962	354,454,914	20,897	46,856	31.9
2008	16,962	354,454,914	20,897	46,856	31.9
2009	16,962	354,454,914	20,897	46,856	31.9

(1) Source: 2000 Federal Census

(2) Computation of per capita personal income multiplied by population

(3) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

(4) Source: Ohio Department of Job and Family Services

<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>	<u>School Enrollment (3)</u>	<u>Warren County Unemployment Rate (4)</u>
25.0%	4,467	3.0%
25.0	4,503	3.3
25.0	4,525	3.7
25.0	4,691	4.4
25.0	4,778	4.3
25.0	4,997	4.4
25.0	5,238	4.2
25.0	5,383	4.7
25.0	5,202	8.5
25.0	5,301	9.3

City of Lebanon, Ohio  
Principal Employers  
2009 and Nine Years Ago (1)

**2009**

Employer	Employees
Warren County	1,276
Countryside YMCA	816
Lebanon City School District	736
Johnson & Hardin	626
Quebecor World MS	600
Advics Mfg.	535
Wal-Mart	424
Kroger Limited Partnership Inc.	368
Amtex Inc.	274
JBM Envelope	159
<b>Total</b>	<b>5,814</b>

**2000**

Employer	Employees
Warren County	912
Lebanon City School District	664
YMCA	522
Kroger	394
Wal-Mart	377
Lebanon Plastics	298
Amtex	275
Golden Lamb	250
Cinmar	240
Fujitec America	236
<b>Total</b>	<b>4,168</b>

(1) Information on total employment within the City is not available.

Source: Number of employees obtained from the W-2's  
from the City Tax Department

City of Lebanon, Ohio  
 Full-Time City Government Employees by Function/Program  
 Last Eight Years (1)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>								
Council (2)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Finance	9.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00
Tax	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Law	3.00	3.00	2.00	2.00	2.00	2.00	0.00	0.00
Administration	4.00	3.00	4.00	4.00	4.00	5.00	5.00	5.00
Building Maintenance	4.00	2.00	3.00	3.00	2.00	3.00	3.00	3.00
Engineer	4.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Information Technology	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Service Department	8.00	7.00	5.00	4.00	4.00	5.00	5.00	5.00
Court	8.00	7.00	8.00	8.00	8.00	7.00	8.00	8.00
Probation	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
<b>Security of Persons and Property</b>								
Police								
Police - Chiefs/Administrative	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Police - Sargeants	5.00	5.00	5.00	5.00	4.00	4.00	5.00	5.00
Police - Officers	21.00	19.00	18.00	18.00	20.00	23.00	22.00	22.00
Police - Dispatchers	9.00	8.00	8.00	8.00	7.00	8.00	8.00	8.00
Fire (3)								
Fire - Chief	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire - Administrative	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire - Captains	1.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Fire - Lieutenants	0.00	0.00	0.00	0.00	0.00	3.00	3.00	3.00
<b>Public Health</b>								
Cemetery	2.00	2.00	2.50	2.50	2.50	3.00	2.00	2.00
<b>Leisure Time Services</b>								
Parks & Recreation (4)	8.00	2.00	0.50	0.50	0.50	2.00	2.00	2.00
<b>Community Development</b>								
Building and Zoning	2.00	2.00	2.00	2.00	3.00	0.00		1.00
Planning and Development	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
<b>Internal Service</b>								
Automotive Maintenance	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
<b>Transportation</b>								
Street M&R (4)	9.00	9.00	9.00	8.00	8.00	8.00	8.00	8.00
<b>Basic Utility Services</b>								
Electric - Administrative	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Electric - Meter Technician	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Electric - Operation & Maintenance (4)	11.00	11.00	11.00	11.00	11.00	13.00	13.00	13.00
Electric - Power Production	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sanitation	0.00	0.00	1.00	1.00	2.00	2.00	2.00	2.00
Storm Water Utility	0.00	0.00	2.00	2.00	1.00	1.00	1.00	1.00
Telecommunications	9.00	11.00	11.00	11.00	12.00	12.00	1.00	1.00
Water - Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Water - Maintenance	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Water - Supply and Treatment	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wastewater - Administration	1.00	1.00	1.00	1.00	1.00	2.00	1.00	1.00
Wastewater - Maintenance	2.50	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Wastewater - Collection and Treatment	3.00	4.00	5.00	5.00	6.00	4.00	5.00	5.00
<b>Totals:</b>	<u>161.00</u>	<u>149.00</u>	<u>149.00</u>	<u>148.00</u>	<u>150.00</u>	<u>158.00</u>	<u>145.00</u>	<u>145.00</u>

**Source:** City of Lebanon Annual Budget

- (1) Information prior to 2002 is not available.
- (2) Elected Officials meet twice a month.
- (3) Fire Department uses approximately 50-60 part-time EMT's, Officers and Firefighters.
- (4) Seasonal employees are used during the summer months.

City of Lebanon, Ohio  
 Operating Indicators by Function/Program  
 Last Eight Years (1)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>								
<i>Council and Clerk</i>								
Number of Ordinances and Resolutions Passed	246	265	201	178	191	190	163	113
Number of Planning Commission docket items	44	66	74	80	44	46	24	30
Zoning Board of Appeals docket items	6	6	3	3	8	9	6	5
<i>Finance Department (2)</i>								
Number of checks issued	5,357	4,848	4,886	5,274	5,393	4,788	4,952	4,477
Number of Purchase Orders issued	3,220	3,035	2,932	2,921	3,136	2,507	1,106	1,016
Amount of checks written (includes interfund transfers)	\$60,991,894	\$55,298,374	\$59,967,100	\$65,681,841	\$64,977,705	\$78,123,022	\$79,454,629	\$67,670,694
Interest earnings for fiscal year (cash basis)	\$534,334	\$360,088	\$419,007	\$655,602	\$1,098,245	\$1,631,436	\$729,505	\$460,240
Number of Supplemental Appropriations issued	49	55	49	51	49	65	46	34
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Health Insurance Costs vs General Fund Expenditures %	11.65%	13.06%	12.01%	11.86%	14.61%	12.86%	14.46%	12.32%
General Fund Receipts (cash basis in thousands)	\$7,941	\$7,212	\$7,708	\$8,242	\$8,789	\$10,325	\$9,354	\$8,883
General Fund Expenditures (cash basis in thousands)	\$8,850	\$7,235	\$7,036	\$7,538	\$7,986	\$10,260	\$9,185	\$9,019
General Fund (unexpended) Cash Balances (in thousands)	\$651	\$628	\$1,300	\$2,004	\$2,807	\$2,873	\$3,042	\$2,906
<i>Income Tax Department</i>								
Number of Individual Returns	Not Avail.	Not Avail.	6,093	7,424	8,202	8,679	9,202	9,827
Number of Business Returns	Not Avail.	Not Avail.	759	1,401	1,014	1,408	1,506	1,507
Number of Business withholding accounts	Not Avail.	Not Avail.	1,245	1,245	1,244	1,305	1,496	1,496
Annual number of Corporate withholding forms processed	Not Avail.	Not Avail.	5,846	6,364	6,823	6,900	7,936	8,514
Annual number of balance due statements forms processed	Not Avail.	Not Avail.	1,200	1,300	1,520	2,160	500	600
Annual number of estimated payment forms processed	Not Avail.	Not Avail.	1,461	1,650	1,706	5,345	2,000	2,000
Annual number of reconciliations of withholdings processed	Not Avail.	Not Avail.	1,300	1,331	1,329	1,517	1,346	1,322
<i>Engineering Department</i>								
Capital Improvement (public & private) overseen by dept.	\$2,862,068	\$3,356,532	\$4,867,448	\$9,043,425	\$5,221,623	\$5,301,116	\$5,010,259	\$7,545,020
<i>Municipal Court</i>								
Number of Civil Cases	845	890	1,226	1,233	1,212	1,275	1,321	1,087
Number of Criminal Cases	1,396	1,249	1,476	1,500	1,471	1,540	1,597	1,393
<i>Civil Service</i>								
Number of police entry tests administered	0	0	1	1	0	151	153	429
Number of police promotional tests administered	1	0	0	0	0	0	8	0
Number of hires of Police Officers from certified lists	0	0	5	2	0	0	3	3
Number of promotions from police certified lists	2	0	0	0	0	0	1	0

(continued)



City of Lebanon, Ohio  
 Operating Indicators by Function/Program (continued)  
 Last Eight Years (1)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009
<b>Building Department Indicators</b>								
Commercial Construction Permits Issued	83	86	78	99	99	93	176	127
Estimated Value of Commercial Construction	\$13,275,492	\$14,063,245	\$11,660,094	\$31,850,725	\$12,249,758	\$15,704,396	\$24,382,169	\$6,017,287
Residential Construction Building Permits Issued	229	197	192	293	92	140	127	137
Estimated Value of Residential Construction	\$26,861,699	\$20,500,400	\$29,516,836	\$24,861,557	\$17,034,844	\$9,761,281	\$8,273,210	\$10,780,028
<b>Security of Persons and Property</b>								
<b>Police</b>								
Total Calls for Services	23,421	23,258	23,038	23,389	25,475	23,823	25,459	23,389
Number of traffic citations issued	2,236	1,737	1,234	1,663	1,841	1,576	1,767	1,373
Number of parking citations issued	3,080	0	0	0	0	235	125	217
Number of criminal arrests	1,137	1,213	1,106	1,237	1,561	1,649	1,794	1,335
Number of accident reports completed	819	892	817	787	835	595	400	392
Part 1 Offenses (major offenses)	583	769	750	715	644	449	480	519
Animal Complaints	355	326	320	334	410	360	322	343
DUI Arrests	116	109	92	121	149	152	165	112
Traffic Crashes	469	495	426	421	440	595	400	392
Crash Injuries	149	124	120	128	143	137	125	97
Crash Deaths	0	2	0	0	0	0	0	1
Prisoners	204	194	192	276	389	118	12	3
Prisoner meal costs	\$1,491	\$2,351	\$2,251	\$3,793	\$7,486	\$1,300	\$63	\$0
Gasoline costs of fleet	\$51,938	\$35,104	\$44,815	\$48,477	\$57,754	\$55,796	\$76,614	\$49,409
<b>Fire</b>								
EMS Calls	1,814	1,947	2,058	2,000	2,037	2,131	2,152	2,235
Ambulance Billing Collections (net)	\$115,698	\$157,172	\$145,950	\$180,894	\$129,802	\$189,844	\$245,713	\$245,743
Fire Calls	Not Avail.	794	739	1,062	1,139	1,535	1,884	1,521
Fires with Loss	Not Avail.	54	48	42	50	42	55	25
Fires with Losses exceeding \$10K	Not Avail.	4	8	5	3	9	12	12
Fire Losses \$	Not Avail.	\$218,350	\$340,101	\$395,500	\$229,275	\$643,967	\$914,225	\$1,357,420
Fire Safety Inspections	Not Avail.	No Data	No Data	305	540	610	650	No Data
Number of times Mutual Aid given to Fire and EMS	Not Avail.	24	28	31	26	54	58	53
Number of times Mutual Aid received for Fire and EMS	Not Avail.	8	15	8	6	42	67	70
<b>Public Health</b>								
Cemetery receipts (includes interfund transfers)	\$115,883	\$211,771	\$151,423	\$124,664	\$163,759	\$168,527	\$156,522	\$160,398

(continued)

City of Lebanon, Ohio  
 Operating Indicators by Function/Program (continued)  
 Last Eight Years (1)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009
<b>Leisure Time Services</b>								
<i>Recreation Receipts</i>								
Football	\$20,135	\$9,049	\$16,730	\$1,095	\$0	\$0	\$0	\$0
Softball Leagues	3,540	3,835	4,550	4,500	0	0	0	0
Adult Basketball	1,710	1,800	4,650	3,975	0	0	0	0
Farmer's Market	0	0	0	0	1,250	1,000	850	800
Recreation Programs	2,651	420	3,776	3,545	15,030	26,864	27,680	66,093
Field Usage Fees	0	0	7,581	18,458	15,930	20,790	26,223	26,605
Summer Camp	14,925	0	0	0	0	0	0	0
Concession Stand	9,392	0	0	0	0	0	0	0
<b>Total Recreation Department Receipts</b>	<b>\$52,353</b>	<b>\$15,104</b>	<b>\$37,287</b>	<b>\$31,573</b>	<b>\$32,210</b>	<b>\$48,654</b>	<b>\$54,753</b>	<b>\$93,498</b>
<b>Transportation</b>								
Crackseal Coating Program (Miles)	4.00	4.00	4.00	3.00	2.50	4.00	3.50	4.10
Street Repair (Curbs, aprons, berms, asphalt) (hours)	1,000	1,000	1,200	1,500	1,950	2,080	2,175	1,975
Street Sweeper (hours)	864	11,542	1,152	1,440	1,440	1,400	1,906	1,706
Cold Patch (hours)	60	100	100	180	210	65	96	102
After hours Sewer and Water Calls	No Data	No Data	141	180	224	150	111	105
Sewer Cleaning (feet)	61,804	10,596	22,700	40,460	51,030	32,313	27,557	29,744
Sewer jet, Vac-all, video (feet)	11,274	17,511	26,574	15,907	45,681	26,050	23,299	13,281
Landscaping Stump-Chipper service (hours)	100	100	120	160	200	168	128	84
Leaf collection (hours)	1,800	2,100	2,200	2,800	3,000	3,696	3,696	3,562
Downtown Square Repair after events (hours)	25	25	25	25	25	352	410	435
Equipment repair/body shop (hours)	4,160	4,160	4,160	4,160	4,160	4,475	4,160	4,160
Sign department (hours)	174	350	395	416	500	200	350	290
Tons of snow melting salt purchased (Nov-Mar)	262	1,687	1,123	3,427	542	2,200	500	1,070
Cost of salt purchased	\$11,228	\$52,780	\$36,022	\$115,441	\$22,927	\$95,700	\$93,992	\$68,309
<b>Water Department</b>								
Water Rates per 1st 2,500 gallons of water used	\$6.09	\$8.10	\$8.50	\$8.92	\$9.19	\$9.74	\$10.03	\$10.63
Avg. number of water accounts billed monthly	6,200	6,400	6,600	6,800	7,000	7,125	7,179	6,902
Total Water Collections Annually	\$2,209,555	\$2,971,340	\$2,942,212	\$2,943,704	\$3,327,223	\$2,753,207	\$2,315,455	\$2,430,625
<b>Wastewater Department</b>								
Wastewater Rates per 1st 2,500 gallons used	\$8.00	\$10.64	\$10.96	\$11.29	\$14.28	\$14.99	\$14.99	\$15.74
Total flow of wastewater treatment plant (MG)	1,060,000	1,012,000	978,000	1,031,000	1,028,000	1,061,000	1,051,670	935,570
Average daily flow (Millions of gallons per day)	2.900	2.800	2.700	2.800	2.800	2.900	2.900	2.600
Tons of dry sludge removed	293.00	225.00	584.00	498.00	461.00	460.25	473.18	481.16

(1) Information prior to 2002 is not available

(2) Receipts and expenditures include interfund transfers

City of Lebanon, Ohio  
Capital Assets Statistics by Function/Program  
Last Eight Years (1)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>								
Square Footage Occupied	12,226	12,226	12,226	12,226	12,226	12,226	12,226	12,226
Administrative Vehicles	12	12	10	9	9	8	7	8
Inspection Vehicles	5	5	6	7	7	6	4	3
Information Technology	1	1	1	1	1	2	2	2
<b>Cemetery</b>								
Square Footage of Building	4,126	4,126	4,126	4,126	4,126	4,126	4,126	4,126
Vehicles	1	2	2	2	2	2	2	1
<b>Police</b>								
Stations	1	1	1	1	1	1	1	1
Square Footage of Building	17,610	17,610	17,610	17,610	17,610	17,610	17,610	17,610
Vehicles	20	22	17	21	21	17	17	18
<b>Fire</b>								
Stations	2	2	2	2	2	2	2	2
Square Footage of Buildings	17,331	17,331	17,331	17,331	17,331	17,331	17,331	17,331
Vehicles	18	18	18	21	21	20	21	21
<b>Recreation</b>								
Number of Parks	15	15	15	15	15	15	15	16
Number of Tennis Courts	6	6	6	6	6	6	6	6
Number of Baseball Diamonds	11	11	11	11	11	11	11	12
Number of Soccer Fields	20	22	24	24	27	27	27	30
Number of Community Access Buildings (2)	4	4	4	4	4	4	4	4
<b>Other Public Works</b>								
Streets (miles)	83.438	83.598	91.668	94.132	94.724	94.813	94.813	94.813
Service Vehicles	17	17	17	17	17	19	18	23
Auto Maintenance Internal Service	2	2	2	2	2	2	2	2
<b>Electric</b>								
Vehicles	18	18	18	21	20	21	22	23
<b>Sanitation</b>								
Vehicles	1	1	1	0	0	1	1	1
<b>Telecommunications</b>								
Vehicles	6	7	7	7	7	1	1	2
<b>Wastewater</b>								
Sanitary Sewers (miles)	77.107	80.694	77.243	80.877	81.744	81.744	113.457	113.591
Storm Sewers (miles)	36.663	37.311	39.520	46.224	47.598	48.288	83.439	84.512
Vehicles	10	9	9	9	9	8	7	7
<b>Water Department</b>								
Water Lines (miles)	81.870	82.742	81.597	84.100	84.870	85.628	109.305	110.425
Vehicles	7	8	8	8	9	10	10	10

(1) Information prior to 2002 is not available

(2) Community Buildings are available for non-profit organizations' meetings, food pantry and free store.

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# Bastin & Company, LLC

*Certified Public Accountants*

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Members of City Council  
City of Lebanon, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lebanon, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the City of Lebanon, Ohio's basic financial statements, and have issued our report thereon dated June 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

We noted certain matters that we have reported to management of the City in a separate letter dated June 9, 2010.

This report is intended solely for the information and use of management, City Council, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
June 9, 2010



Mary Taylor, CPA  
Auditor of State

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  
JULY 13, 2010