

**CITY OF LEBANON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008**

**Issued by:
Office of the Auditor**

**Sharee C. Dick
City Auditor**



Mary Taylor, CPA
Auditor of State

City Council
City of Lebanon
50 South Broadway
Lebanon, OH 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, 2008 through December 31, 2008. 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

July 2, 2009

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City of Lebanon
Comprehensive Annual Financial Report
For the Year Ended December 31, 2008

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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

May 22, 2009

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, 2008, 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, 2008. 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.

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 continues an aggressive roadway reconstruction program to address roadway improvement needs, with over \$3.5 million being allocated in 2008 for roadway and public right of way improvement and projects. These projects include the reconstruction of Cook Road, Miller Road, and improvements to the sidewalks, curb, and other amenities in downtown Lebanon, in addition to the City's annual pavement resurfacing program. The roadway reconstruction projects included the complete removal and replacement of concrete curb and gutter, as well as the asphalt pavement. In conjunction with many of these roadway improvement projects, aging water, sanitary, and storm sewer systems were upgraded as well.

In 2008, the City extended Janet Way in the Lebanon Commerce Center to support additional business development in this area. This roadway and utility extension will open up significant acreage that can now be marketed to potential users. The City continues to focus on projects and efforts that will expand the tax base and provide jobs in the community.

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 and meet the necessary fire flow requirements. The City replaced the old water mains along Monroe Road, Broadway Avenue and Mulberry Avenue in the downtown area. These project costs totaled in excess of \$500,000. Additionally, the City 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 2008, the City completed a major upgrade to the Warren Electrical Substation. This substation is a critical component of the electric system, and supports not only the industrial businesses in the southern portion of the City, but the entire customer base as well. The expansion of this substation will ensure that future electrical demands can be met by the City. The project cost for the expansion of the Warren Substation is \$1.2 million dollars.

LOCAL ECONOMY

All of the major TV networks and several independent facilities, including several educational television channels totaling thirteen stations, are available to the City from Dayton and Cincinnati as well as Miami University in Oxford. In addition, thirteen AM and seventeen 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 decline continued to have an impact in 2008 on Lebanon housing construction. In 2008, new home construction was below average with 76 new housing units built in 2008. The total residential construction value for 2008 was \$7.8 million. The growth rate in 2008 was 0.96%. The City anticipates an average growth rate of one-percent (1%) annually over the next five years with residential construction valuation averaging between \$5-15 million.

Commercial and Industrial

The economic environment for Lebanon’s business community, notwithstanding the economic recession, continued to be relatively stable during 2008. Our largest private sector employers are Advics, Inc., Kroger Limited Partnership, Inc. and Qubecor, Inc., each company employing over 500 employees. In rounding out the top five private sector employers, the Countryside YMCA employs over 895 people with the commercial retail operation of Wal-Mart employing over 500 workers.

The retail and service commercial sectors experienced moderate contraction in 2008 with limited development and expansion. In 2008, new commercial development consisted of a Goodwill Industries retail store and an infill office building in downtown. In addition to new development, several renovation projects to existing commercial buildings were completed.

The industrial sector had moderate expansion in the 2008. The initial phase of the Mane, Inc. facility in Lebanon Commerce Center was completed in early 2008 and a 26,000 S.F. expansion to the facility began in late 2008. The Fecon, Inc. manufacturing operation in Columbia Business Park completed a 55,000 square foot expansion to their facility. The former Fujitec facility was purchased by Cincinnati Bell Technology Solutions in 2008 and a substantial renovation to the facility began in June to accommodate their business technology operations.

A significant amount of private and public investment within Lebanon’s Historic Downtown has been the focus in recent years and continued in 2008. The Golden Lamb Inn underwent major renovations to the restaurant and hotel operations, with a total investment of over \$5 million. The City also completed the West Silver Street (State Route 123) reconstruction project at a cost of \$1.9 million. West Silver Street serves as a major thoroughfare into downtown.

The new commercial and industrial construction valuation for 2008 totaled \$25.3 million, up \$17.3 million from 2007.

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, 2007. This was the twentieth 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, 2007

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

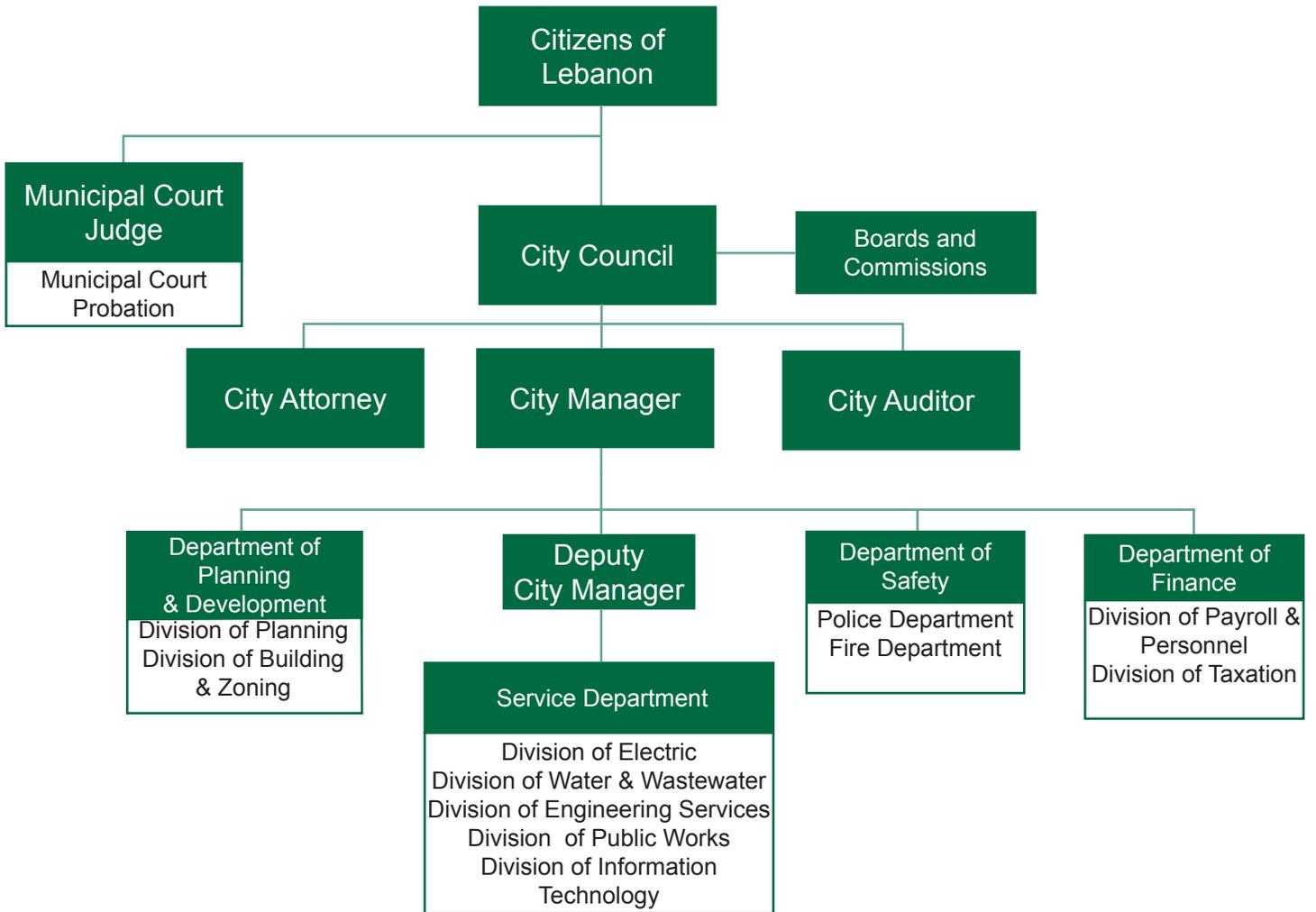
ELECTED OFFICIALS

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



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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, 2008, 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, 2008, 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 May 22, 2009, 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
May 22, 2009

City of Lebanon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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, 2008. 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 \$6,166,520. Revenues of governmental activities exceeded expenses by \$3,277,772. As in 2007, 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, and a staff hiring freeze. 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 2009.

General revenues of governmental activities accounted for \$13,128,790 or 69 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$5,826,313, or 31 percent of the revenue.

The City had \$15,559,692 in expenses related to governmental activities; \$5,826,313 of these expenses were offset by program specific charges for services, grants, contributions or interest. General revenues (primarily income taxes) of \$13,128,790 were more than adequate to support these programs. The City had \$34,708,968 in expenses related to business-type activities. \$36,757,685 of program specific charges for services and sales, and operating and capital grants, contributions and interest together with \$722,392 in general revenues more than offset the expenses.

The City's Enterprise Funds reflected a total operating income of \$3,579,800 as follows: Electric Fund \$2,419,329, Sewer Fund \$356,767, Water Fund \$634,741 and the Storm Water Utility Fund \$273,928. The Sanitation Fund and the Telecommunications Fund showed operating losses of \$83,606 and \$21,359, 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, Tax Increment Financing, 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 2008 compared to 2007.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007		2007		2007	
	2008	Restated	2008	2007	2008	Restated
Assets:						
Current and Other Assets	\$44,582,700	\$43,678,331	\$38,059,430	\$38,875,693	\$82,642,130	\$82,554,024
Nondepreciable Capital Assets	14,278,593	13,014,142	6,857,143	6,497,771	21,135,736	19,511,913
Depreciable Capital Assets, Net	29,770,599	29,786,344	74,144,397	73,114,890	103,914,996	102,901,234
Total Assets	88,631,892	86,478,817	119,060,970	118,488,354	207,692,862	204,967,171
Liabilities:						
Current and Other Liabilities	5,426,648	5,619,345	2,335,157	3,064,072	7,761,805	8,683,417
Long-Term Liabilities:						
Due Within One Year	1,166,054	1,037,244	1,987,545	2,135,891	3,153,599	3,173,135
Due in More Than One Year	11,849,896	12,910,706	34,284,007	35,722,878	46,133,903	48,633,584
Total Liabilities	18,442,598	19,567,295	38,606,709	40,922,841	57,049,307	60,490,136
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	35,598,684	34,628,876	44,388,792	40,865,125	79,987,476	75,494,001
Restricted	28,548,570	27,512,176	7,782,930	8,083,620	36,331,500	35,595,796
Unrestricted	6,042,040	4,770,470	28,282,539	28,616,768	34,324,579	33,387,238
Total Net Assets	\$70,189,294	\$66,911,522	\$80,454,261	\$77,565,513	\$150,643,555	\$144,477,035

Total net assets increased \$6,166,520. Net assets of the City's governmental activities increased \$3,277,772. Of this increase, \$1,271,570 was in unrestricted net assets. Invested in capital assets (net of related debt issued to acquire the assets) increased by \$969,808. Additions of capital assets in the amount of \$4,152,493 were enough to cover depreciation of \$2,882,065. Capital assets are used to provide services to the public and do not represent assets that may be used for future spending. Restricted net assets increased by \$1,036,394 due primarily to revenues exceeding expenses. Current and other assets increased \$904,369 mainly due to increases in cash and cash equivalents related to reimbursements of prior year expenditures for Ohio Department of Transportation road paving projects, as well as increases in the number of companies participating in the City's tax increment financing programs.

The net assets of the City's business-type activities increased by \$2,888,748. This is primarily due to an increase in the customer base for utilities including the purchase of the industrial park grid, and the continued restructuring of utility rates. 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. The Council and Administration are diligent in keeping the City fiscally strong as is evident 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.

Table 2 shows the changes in net assets for the year ended December 31, 2008.

Table 2
Changes in Net Assets

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2008	2007 Restated	2008	2007	2008	2007 Restated
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$3,093,073	\$3,045,870	\$36,494,080	\$36,875,608	\$39,587,153	\$39,921,478
Operating Grants, Contributions and Interest	1,102,214	1,351,201	0	0	1,102,214	1,351,201
Capital Grants, Contributions and Interest	1,631,026	667,331	263,605	0	1,894,631	667,331
Total Program Revenues	<u>5,826,313</u>	<u>5,064,402</u>	<u>36,757,685</u>	<u>36,875,608</u>	<u>42,583,998</u>	<u>41,940,010</u>
General Revenues:						
Property Taxes	3,724,266	3,541,818	0	0	3,724,266	3,541,818
Income Taxes	6,260,249	5,888,391	0	0	6,260,249	5,888,391
Other Taxes	1,468,021	1,229,554	0	0	1,468,021	1,229,554
Grants and Entitlements Not Restricted to Specific Programs	684,035	1,082,225	0	0	684,035	1,082,225
Unrestricted Contributions	7,494	10,345	0	0	7,494	10,345
Investment Earnings	781,418	1,353,237	447,260	693,586	1,228,678	2,046,823
Gain on Sale of Capital Assets	17,828	8,172	0	0	17,828	8,172
Other	185,479	403,496	275,132	88,918	460,611	492,414
Total General Revenues	<u>13,128,790</u>	<u>13,517,238</u>	<u>722,392</u>	<u>782,504</u>	<u>13,851,182</u>	<u>14,299,742</u>
Total Revenues	<u>18,955,103</u>	<u>18,581,640</u>	<u>37,480,077</u>	<u>37,658,112</u>	<u>56,435,180</u>	<u>56,239,752</u>
Program Expenses:						
General Government	4,125,692	4,678,341	0	0	4,125,692	4,678,341
Security of Persons and Property:						
Police	3,861,017	3,662,803	0	0	3,861,017	3,662,803
Fire	2,631,887	2,687,928	0	0	2,631,887	2,687,928
Public Health	195,983	204,228	0	0	195,983	204,228
Leisure Time Services	498,379	526,995	0	0	498,379	526,995
Community and Economic Development	802,169	843,839	0	0	802,169	843,839
Transportation	3,090,437	3,866,183	0	0	3,090,437	3,866,183
Interest and Fiscal Charges	354,128	386,205	0	0	354,128	386,205
Electric	0	0	26,754,920	25,617,652	26,754,920	25,617,652
Sanitation	0	0	1,327,449	1,285,576	1,327,449	1,285,576
Sewer	0	0	3,386,470	3,214,858	3,386,470	3,214,858
Telecommunications	0	0	222,847	180,577	222,847	180,577
Water	0	0	2,526,916	2,553,235	2,526,916	2,553,235
Storm Water Utility	0	0	490,366	422,249	490,366	422,249
Total Expenses	<u>15,559,692</u>	<u>16,856,522</u>	<u>34,708,968</u>	<u>33,274,147</u>	<u>50,268,660</u>	<u>50,130,669</u>
Increase in Net Assets Before Transfers	3,395,411	1,725,118	2,771,109	4,383,965	6,166,520	6,109,083
Transfers	(117,639)	(478,040)	117,639	12,320	0	(465,720)
Loss From Discontinued Segments Of Telecommunications Operations	0	0	0	(328,948)	0	(328,948)
Gain on Disposal of Segments of Telecommunications Operations	0	0	0	2,742,921	0	2,742,921
Increase in Net Assets	<u>3,277,772</u>	<u>1,247,078</u>	<u>2,888,748</u>	<u>6,810,258</u>	<u>6,166,520</u>	<u>8,057,336</u>
Net Assets, January 1	<u>66,911,522</u>	<u>65,664,444</u>	<u>77,565,513</u>	<u>70,755,255</u>	<u>144,477,035</u>	<u>136,419,699</u>
Net Assets, December 31	<u>\$70,189,294</u>	<u>\$66,911,522</u>	<u>\$80,454,261</u>	<u>\$77,565,513</u>	<u>\$150,643,555</u>	<u>\$144,477,035</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 76 percent of the revenue received in 2008 with business earnings contributing 7 percent and individuals 17 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 increased by \$371,858, related to Income Taxes receivable in 2009 that were recognized as revenues in 2008. Despite the declining economy, income tax revenues expected to be collected in the early portion of 2009 appear to be rising moderately.

Operating Grants, Contributions and Interest decreased by \$248,987. The operating grants decline is due to overlapping timing issues related to reimbursing grants. Investment earnings decreased by \$571,819 due to the economic downturn and declining interest rates. Capital Grants, Contributions and Interest in the Governmental Activities increased by \$963,695. This was the result of the City receiving several State grants including funding from the Ohio Public Works Commission and the Ohio Department of Transportation Urban Paving program.

Table 3
Governmental Activities

	Total Cost Of Services 2008	Net Cost of Services 2008	Total Cost Of Services 2007	Net Cost of Services 2007
General Government	\$4,125,692	(\$1,894,897)	\$4,678,341	(\$2,581,319)
Security of Persons and Property:				
Police	3,861,017	(3,287,191)	3,662,803	(3,130,095)
Fire	2,631,887	(2,102,997)	2,687,928	(2,280,081)
Public Health	195,983	(50,667)	204,228	(32,377)
Leisure Time Services	498,379	(294,144)	526,995	(431,210)
Community and Economic Development	802,169	(801,291)	843,839	(842,970)
Transportation	3,090,437	(948,064)	3,866,183	(2,107,863)
Interest and Fiscal charges	354,128	(354,128)	386,205	(386,205)
Total Expenses	<u>\$15,559,692</u>	<u>(\$9,733,379)</u>	<u>\$16,856,522</u>	<u>(\$11,792,120)</u>

When looking at the sources of income to support governmental activities, it should be noted that total program revenues are 31 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 decreased \$1,296,830 due to a decrease in personnel administration costs including decreased staffing, decreased legal settlement fees and the general cost containment.

Transportation expenses decreased \$775,746. In 2007, the City issued a \$2 million roadway improvement note to support several critical projects that were completed in late 2007 and early 2008. The 2008 transportation program reflects a transition back to our normal operating level.

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.

Sanitation operations generate fees from citizens for the collection of residential garbage. The City out sources the actual collection by bidding the contract for services every three years. Expenses exceeded revenues causing an overall decrease in net assets for 2008.

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 \$282,149, while operating expenses increased by \$204,187. 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 four 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. 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. The City will continue to bill for Cincinnati Bell Territories telecommunication services on the City's utility bill for a maximum period of two years from the purchase date.

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 maintains five water towers within its jurisdiction. 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 increased by \$37,972, while expenses increased by \$11,407.

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 \$19,227,271 and expenditures of \$20,261,774. The General Fund balance increased by \$33,754.

Despite the economic downturn in 2008, Lebanon experienced a 66 percent increase in new commercial development investment in the area. Investment in residential development, however, dropped nearly 36 percent from last year. The commercial growth occurring in 2008 is attributed in part to new investments made by Cincinnati Bell Technology Solutions (CBTS), an information technology service provider, establishing a new data center in a 180,000 square foot facility formerly occupied by Fujitec in the Lebanon Commerce Center. This major renovation project accounted for 33 percent of new commercial investment in Lebanon. Mane, Inc. a flavor and fragrance manufacturer, completed construction of 59,000 square feet of its planned 120,000+ square foot facility accounting for approximately 19 percent in new investment. These two projects alone accounted for more than half the new commercial investment in the area during the period.

Other new construction and expansion activity in Lebanon was the construction of a 38,400 square foot speculative building in Kingsview Industrial Park, which will accommodate a single-occupant industrial user. Fecon, Inc., a manufacturer and international supplier of vegetation management equipment, completed construction of a 54,000 square foot addition to accommodate its new R&D operations in the Columbia Business Park.

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 approved a \$2 million downtown streetscape enhancement project which will commence in 2009. The project will be partially funded with a \$660,000 federal grant.

The Fire and Life Squad Fund balance decreased \$98,123 due to lower homestead and rollback collections related to reassessed property values. In 2008, the Fire Department successfully renewed its 5.5 mill operating levy which will begin collections in 2009. Monies from this new levy 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 Tax Increment Financing Fund balance increased \$709,067 due to the addition of new industrial users coming online in early 2008. These facilities include Addison McKee, Mane, Inc. and a building expansion to Fecon.

The Capital Improvement Fund balance increased by \$561,822 due to a Community Development Block Grant, and Ohio Public Works Commission and Ohio Department of Transportation Urban Paving reimbursement grants.

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 \$9,808,613. Final General Fund budgeted revenues and other financing sources were \$9,980,000. Original appropriations and other financing uses were \$9,541,769 and final appropriations and other financing uses were \$10,265,260. The variance between original and final budgeted revenues was \$171,387. This was primarily due to slight increases in property taxes, intergovernmental revenues and contributions and donations. The variance between original and final appropriations was \$723,491, due mainly to increases in general government expenditures, as well as overall increases in all other expenditure line items. Actual revenues were \$601,157 less than final budgeted revenues due to the general deterioration of the economy. Actual expenditures were \$741,011 less than final appropriations. This is mainly attributed to careful cost containment and a hiring lag.

CAPITAL ASSETS

Table 4 presents the net book value of the City's capital assets for governmental and business-type activities for 2008, compared to 2007:

Table 4
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$12,433,717	\$11,961,032	\$4,689,384	\$4,689,384	\$17,123,101	\$16,650,416
Construction in Progress	1,844,876	1,053,110	2,167,759	1,808,387	4,012,635	2,861,497
Land Improvements	490,237	525,152	0	0	490,237	525,152
Buildings and Improvements	3,349,717	3,408,513	18,060,156	18,878,667	21,409,873	22,287,180
Equipment	439,365	435,204	1,075,231	1,104,274	1,514,596	1,539,478
Vehicles	1,221,423	1,101,037	739,935	579,217	1,961,358	1,680,254
Infrastructure	24,269,857	24,316,438	54,269,075	52,552,732	78,538,932	76,869,170
Totals	\$44,049,192	\$42,800,486	\$81,001,540	\$79,612,661	\$125,050,732	\$122,413,147

Administration and Council have a quality of life commitment to the citizens and businesses located in Lebanon. With this in mind, the City Council authorized \$2,300,014 for roadway

improvement projects. These projects included the reconstruction of Cook Road, Miller Road, and the resurfacing and concrete repair of various City streets. The City expended \$365,122 towards the replacement of fleet vehicles in 2008.

The City executed several storm water system improvement projects totaling \$566,978. These projects included the installation of a new drainage system on Dave Avenue and Walnut Street, and the replacement of deteriorated curb and gutter throughout the City. The City's sanitary sewer and water master plans continue to guide infrastructure improvement projects in these utilities. In 2008, the City expended \$473,980 replacing deteriorated sanitary sewer conduit. The City executed several major water system improvement projects including the replacement of existing water mains on Monroe Road, Broadway Avenue, Mulberry Street, and Silver Street. The total expenditures for water main improvement projects in 2008 was \$1,256,723.

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, 2008 and 2007:

*Table 5
Outstanding Debt at Year-End*

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Special Assessment Bonds	\$315,883	\$409,529	\$0	\$0	\$315,883	\$409,529
General Obligation Bonds	7,048,239	5,456,426	0	0	7,048,239	5,456,426
Mortgage Revenue Bonds	0	0	36,030,824	33,632,086	36,030,824	33,632,086
Bond Anticipation Notes	1,280,000	2,560,000	1,250,000	5,750,000	2,530,000	8,310,000
	<u>\$8,644,122</u>	<u>\$8,425,955</u>	<u>\$37,280,824</u>	<u>\$39,382,086</u>	<u>\$45,924,946</u>	<u>\$47,808,041</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, 2008

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$20,731,584	\$19,204,316	\$39,935,900
Accounts Receivable, net	0	8,608,615	8,608,615
Intergovernmental Receivable	963,143	30,314	993,457
Accrued Interest Receivable	66,735	31,702	98,437
Prepaid Items	70,692	45,554	116,246
Internal Balances	(526,790)	526,790	0
Materials and Supplies Inventory	351,571	1,941,914	2,293,485
Income Taxes Receivable	2,214,719	0	2,214,719
Property Taxes Receivable	3,113,176	0	3,113,176
Other Local Taxes Receivable	2,670	0	2,670
Revenue in Lieu of Taxes Receivable	16,814,848	0	16,814,848
Capital Leases Receivable	40,804	0	40,804
Special Assessments Receivable	403,730	20,805	424,535
Cash and Cash Equivalents with Fiscal Agents	195,768	6,984,207	7,179,975
Deferred Charges	140,050	668,076	808,126
Nondepreciable Capital Assets	14,278,593	6,857,143	21,135,736
Depreciable Capital Assets, Net	29,770,599	74,144,397	103,914,996
Total Assets	<u>88,631,892</u>	<u>119,063,833</u>	<u>207,695,725</u>
LIABILITIES			
Accounts Payable	170,719	283,816	454,535
Accrued Wages Payable	275,617	84,662	360,279
Intergovernmental Payable	355,655	55,839	411,494
Contracts Payable	2,600	0	2,600
Retainage Payable	141,867	37,030	178,897
Deferred Revenue	2,965,956	0	2,965,956
Accrued Interest Payable	55,129	149,734	204,863
Claims Payable	179,000	0	179,000
Notes Payable	1,280,000	1,250,000	2,530,000
Matured Interest Payable	105	0	105
Refundable Deposits	0	474,076	474,076
Long-Term Liabilities:			
Due Within One Year	1,166,054	1,987,545	3,153,599
Due in More Than One Year	11,849,896	34,284,007	46,133,903
Total Liabilities	<u>18,442,598</u>	<u>38,606,709</u>	<u>57,049,307</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	35,598,684	44,388,792	79,987,476
Restricted for:			
Debt Service	5,533,239	0	5,533,239
Capital Outlay	19,266,375	0	19,266,375
Security of Persons and Property	1,220,218	0	1,220,218
Leisure Time Services	80,424	0	80,424
Community and Economic Development	197,787	0	197,787
Transportation	1,398,165	0	1,398,165
Other Purposes	852,362	0	852,362
Revenue Bonds Replacement and Improvement	0	932,500	932,500
Revenue Bonds Current Debt Service	0	6,850,430	6,850,430
Unrestricted	6,042,040	28,282,539	34,324,579
Total Net Assets	<u>\$70,189,294</u>	<u>\$80,454,261</u>	<u>\$150,643,555</u>

See accompanying notes to the basic financial statements

**CITY OF LEBANON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities				
General Government	\$4,125,692	\$2,083,300	\$3,938	\$143,557
Security of Persons and Property:				
Police	3,861,017	573,826	0	0
Fire	2,631,887	245,713	97,633	185,544
Public Health	195,983	102,754	42,562	0
Leisure Time Services	498,379	59,555	0	144,680
Community and Economic Development	802,169	0	878	0
Transportation	3,090,437	27,925	957,203	1,157,245
Interest and Fiscal Charges	354,128	0	0	0
Total Governmental Activities	<u>15,559,692</u>	<u>3,093,073</u>	<u>1,102,214</u>	<u>1,631,026</u>
Business-Type Activities				
Electric	26,754,920	28,332,284	0	0
Sanitation	1,327,449	1,250,052	0	0
Sewer	3,386,470	3,247,959	0	130,531
Telecommunications	222,847	98,749	0	0
Water	2,526,916	2,794,469	0	50,008
Storm Water Utility	490,366	770,567	0	83,066
Total Business-Type Activities	<u>34,708,968</u>	<u>36,494,080</u>	<u>0</u>	<u>263,605</u>
Total Activities	<u>\$50,268,660</u>	<u>\$39,587,153</u>	<u>\$1,102,214</u>	<u>\$1,894,631</u>

General Revenues and Transfers:

Taxes

Property Taxes Levied For:

General Purposes

Fire and Life Squad

Debt Service

Income Taxes

Other 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>
(\$1,894,897)	\$0	(\$1,894,897)
(3,287,191)	0	(3,287,191)
(2,102,997)	0	(2,102,997)
(50,667)	0	(50,667)
(294,144)	0	(294,144)
(801,291)	0	(801,291)
(948,064)	0	(948,064)
(354,128)	0	(354,128)
<u>(9,733,379)</u>	<u>0</u>	<u>(9,733,379)</u>
0	1,577,364	1,577,364
0	(77,397)	(77,397)
0	(7,980)	(7,980)
0	(124,098)	(124,098)
0	317,561	317,561
0	363,267	363,267
<u>0</u>	<u>2,048,717</u>	<u>2,048,717</u>
<u>(9,733,379)</u>	<u>2,048,717</u>	<u>(7,684,662)</u>
1,353,504	0	1,353,504
2,327,576	0	2,327,576
43,186	0	43,186
6,260,249	0	6,260,249
1,468,021	0	1,468,021
684,035	0	684,035
7,494	0	7,494
781,418	447,260	1,228,678
17,828	0	17,828
185,479	275,132	460,611
(117,639)	117,639	0
<u>13,011,151</u>	<u>840,031</u>	<u>13,851,182</u>
3,277,772	2,888,748	6,166,520
<u>66,911,522</u>	<u>77,565,513</u>	<u>144,477,035</u>
<u>\$70,189,294</u>	<u>\$80,454,261</u>	<u>\$150,643,555</u>

**CITY OF LEBANON, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	GENERAL	FIRE AND LIFE SQUAD	TAX INCREMENT FINANCING
ASSETS:			
Equity in Pooled Cash and			
Cash Equivalents	\$3,577,530	\$1,229,942	\$2,383,855
Cash and Cash Equivalents with Fiscal Agents	0	0	0
Materials and Supplies Inventory	59,261	24,574	0
Intergovernmental Receivable	337,599	95,634	0
Prepaid Items	45,338	13,386	0
Income Taxes Receivable	1,487,709	0	0
Property Taxes Receivable	1,144,844	1,944,826	0
Other Local Taxes Receivable	2,670	0	0
Revenue in Lieu of Taxes Receivable	0	0	16,814,848
Accrued Interest Receivable	39,373	0	0
Special Assessments Receivable	0	0	0
Capital Lease Receivable	0	0	0
Advances to Other Funds	1,216,587	0	0
	<u>\$7,910,911</u>	<u>\$3,308,362</u>	<u>\$19,198,703</u>
Total Assets	<u>\$7,910,911</u>	<u>\$3,308,362</u>	<u>\$19,198,703</u>
LIABILITIES:			
Accounts Payable	\$65,029	\$19,376	\$0
Accrued Wages Payable	193,941	57,839	0
Contracts Payable	0	0	2,600
Intergovernmental Payable	229,527	72,699	37,124
Matured Interest Payable	0	0	0
Accrued Interest Payable	0	6,804	0
Interfund Payable	4,713	698	0
Retainage Payable	0	0	0
Deferred Revenue	2,490,225	2,040,460	16,814,848
Notes Payable	0	280,000	0
Advances From Other Funds	0	0	0
	<u>2,983,435</u>	<u>2,477,876</u>	<u>16,854,572</u>
Total Liabilities	<u>2,983,435</u>	<u>2,477,876</u>	<u>16,854,572</u>
FUND BALANCES:			
Reserved:			
Reserved for Encumbrances	281,433	145,321	448,910
Reserved for Advances	1,216,587	0	0
Unreserved, Undesignated, Reported in:			
General Fund	3,429,456	0	0
Special Revenue Funds	0	685,165	0
Debt Service Fund	0	0	0
Capital Projects Funds (Deficit)	0	0	1,895,221
	<u>4,927,476</u>	<u>830,486</u>	<u>2,344,131</u>
Total Fund Balances	<u>4,927,476</u>	<u>830,486</u>	<u>2,344,131</u>
Total Liabilities and Fund Balances	<u>\$7,910,911</u>	<u>\$3,308,362</u>	<u>\$19,198,703</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>ALL OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$3,271,918	\$7,957,519	\$18,420,764
0	195,768	195,768
0	265,423	349,258
0	527,047	960,280
0	10,120	68,844
581,608	145,402	2,214,719
0	23,506	3,113,176
0	0	2,670
0	0	16,814,848
8,063	13,323	60,759
46,646	357,084	403,730
0	40,804	40,804
0	0	1,216,587
<u>\$3,908,235</u>	<u>\$9,535,996</u>	<u>\$43,862,207</u>
\$77,412	\$8,902	\$170,719
0	19,947	271,727
0	0	2,600
0	13,213	352,563
0	105	105
15,833	0	22,637
0	3,713	9,124
141,867	0	141,867
552,782	978,282	22,876,597
1,000,000	0	1,280,000
0	1,216,587	1,216,587
<u>1,787,894</u>	<u>2,240,749</u>	<u>26,344,526</u>
2,029,392	93,844	2,998,900
0	0	1,216,587
0	0	3,429,456
0	2,140,674	2,825,839
0	5,078,023	5,078,023
90,949	(17,294)	1,968,876
<u>2,120,341</u>	<u>7,295,247</u>	<u>17,517,681</u>
<u>\$3,908,235</u>	<u>\$9,535,996</u>	<u>\$43,862,207</u>

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CITY OF LEBANON, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008

Total Governmental Fund Balances \$17,517,681

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	41,092,661	
Construction in progress	1,844,876	
Other capital assets	11,325,500	
Accumulated depreciation	<u>(22,647,562)</u>	
Total capital assets		44,049,192

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.

2,146,962

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

(526,790)

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	147,220	
Special Assessments	403,730	
Revenue in Lieu of Taxes	16,814,848	
Due From Other Governments		
Charges for Services	6,435	
Shared Taxes and Local Government Revenue Assistance	818,932	
Income Taxes	1,678,672	
Capital Leases	<u>40,804</u>	
		19,910,641

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

140,050

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

(32,492)

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	12,578	
Premium on bonds	(87,809)	
Loss on Refunding	60,033	
Capital leases	(60,361)	
Bonds	(7,348,924)	
Intergovernmental Payable	(4,638,189)	
Police Pension	(19,988)	
Compensated absences	<u>(933,290)</u>	
Total liabilities		<u>(13,015,950)</u>

Net Assets of Governmental Activities

\$70,189,294

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, 2008

	<u>GENERAL</u>	<u>FIRE AND LIFE SQUAD</u>	<u>TAX INCREMENT FINANCING</u>
REVENUES:			
Property Taxes	\$1,364,977	\$2,349,861	\$0
Income Taxes	2,732,396	0	0
Other Local Taxes	1,389,678	0	0
Payments in Lieu of Taxes	0	0	1,269,275
Special Assessments	0	0	0
Charges for Services	1,769,931	245,713	0
Fines, Licenses and Permits	874,984	0	0
Intergovernmental	633,234	95,563	0
Interest	394,564	0	71,080
Contributions and Donations	7,494	0	0
Other	48,203	24,619	0
Total Revenues	<u>9,215,461</u>	<u>2,715,756</u>	<u>1,340,355</u>
EXPENDITURES:			
Current:			
General Government	4,289,949	5,602	0
Security of Persons and Property:			
Police	3,839,011	0	0
Fire	0	2,513,055	0
Public Health Services	0	0	0
Leisure Time Services	367,954	0	0
Community and Economic Development	689,244	0	110,088
Transportation	0	0	0
Intergovernmental	0	0	244,657
Capital Outlay	159	0	2,600
Debt Service:			
Principal Retirement	403	280,000	0
Interest and Fiscal Charges	862	23,272	10,754
Interest Paid on Capital Appreciation Bonds	0	0	0
Issuance Costs	0	0	0
Total Expenditures	<u>9,187,582</u>	<u>2,821,929</u>	<u>368,099</u>
Excess of Revenues Over (Under)			
Expenditures	<u>27,879</u>	<u>(106,173)</u>	<u>972,256</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from Sale of Capital Assets	24,500	8,050	0
Transfers In	57,495	0	0
Inception of Capital Lease	0	0	0
Premium on Debt Issued	0	0	0
General Obligation Bonds Issued	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0
Transfers Out	(76,120)	0	(263,189)
Total Other Financing Sources (Uses)	<u>5,875</u>	<u>8,050</u>	<u>(263,189)</u>
Net Change in Fund Balances	33,754	(98,123)	709,067
Fund Balances at Beginning of Year	4,893,722	928,609	1,635,064
Fund Balances at End of Year	<u>\$4,927,476</u>	<u>\$830,486</u>	<u>\$2,344,131</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>ALL OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$0	\$43,563	\$3,758,401
2,388,323	598,597	5,719,316
0	76,858	1,466,536
0	0	1,269,275
13,479	81,199	94,678
0	107,178	2,122,822
0	94,456	969,440
1,157,245	1,011,751	2,897,793
64,598	202,509	732,751
0	0	7,494
88,624	27,319	188,765
<u>3,712,269</u>	<u>2,243,430</u>	<u>19,227,271</u>
280,036	19,336	4,594,923
22,514	113,980	3,975,505
0	0	2,513,055
0	175,878	175,878
8,031	59,000	434,985
57,511	6,562	863,405
70,349	805,361	875,710
0	0	244,657
1,422,609	1,769,051	3,194,419
2,000,000	539,233	2,819,636
100,643	234,827	370,358
0	95,767	95,767
103,476	0	103,476
<u>4,065,169</u>	<u>3,818,995</u>	<u>20,261,774</u>
<u>(352,900)</u>	<u>(1,575,565)</u>	<u>(1,034,503)</u>
0	7,000	39,550
0	1,518,063	1,575,558
60,361	0	60,361
92,821	0	92,821
3,750,000	0	3,750,000
(1,738,460)	0	(1,738,460)
(1,250,000)	0	(1,589,309)
<u>914,722</u>	<u>1,525,063</u>	<u>2,190,521</u>
561,822	(50,502)	1,156,018
1,558,519	7,345,749	16,361,663
<u>\$2,120,341</u>	<u>\$7,295,247</u>	<u>\$17,517,681</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, 2008**

Net Change in Fund Balances - Total Governmental Funds		\$1,156,018
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	3,678,712	
Current Year Depreciation	<u>(2,882,065)</u>	796,647
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	(39,550)	
Gain on Disposal of Capital Assets	<u>17,828</u>	(21,722)
Assets donated by outside developers		
Capital Assets		473,781
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	(34,135)	
Other Local Taxes	1,485	
Special Assessments	(94,678)	
Revenue in Lieu of Taxes	(1,269,275)	
Due From Other Governments		
Charges for Services	811	
Shared Taxes and Local Government Revenue Assistance	30,345	
Income Taxes	540,933	
Other Revenue	<u>(3,286)</u>	(827,800)
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	445,587	
Note principal retirement	2,280,000	
Special assessment principal retirement	93,646	
Police pension principal retirement	403	
Payment to refunded bond escrow agent	<u>1,738,460</u>	4,558,096
Total long-term obligation repayment		
Governmental funds report issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities.		103,476
In the statement of activities, interest accrued on outstanding bonds and bond accretion, bond premium, 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	(29,553)	
Payment of accretion on capital appreciation bonds	95,767	
Amortization of bond issuance costs	(8,399)	
Amortization of bond discount	(838)	
Amortization of bond premium	5,012	
Amortization of loss on refunding	(3,427)	
Accrued Interest	<u>53,435</u>	111,997
Debt Proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		
Bond Proceeds	(3,750,000)	
Premium on Bonds	(92,821)	
Capital Lease Proceeds	<u>(60,361)</u>	(3,903,182)
Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable (which represents amounts due to school districts under tax increment financing agreements) do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(34,532)	
Intergovernmental payable reduction	<u>244,657</u>	210,125
Total additional expenditures		
Internal service funds used by management to charge the costs of insurance and automotive 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.		
		<u>620,336</u>
Change in Net Assets of Governmental Activities		<u><u>\$3,277,772</u></u>
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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$1,420,025	\$1,485,681	\$1,364,977	(\$120,704)
Income Taxes	2,900,000	2,900,000	2,784,333	(115,667)
Other Local Taxes	1,352,475	1,352,475	1,390,897	38,422
Charges for Services	1,760,200	1,769,931	1,769,931	0
Fines, Licenses and Permits	846,010	846,010	861,473	15,463
Intergovernmental	830,500	890,500	633,720	(256,780)
Interest	450,000	450,000	314,412	(135,588)
Contributions and Donations	5,000	21,500	7,494	(14,006)
Other	60,500	60,500	48,203	(12,297)
Total Revenues	9,624,710	9,776,597	9,175,440	(601,157)
Expenditures:				
Current:				
General Government	4,226,557	4,712,947	4,308,684	404,263
Security of Persons and Property:				
Police	4,257,859	4,320,329	4,056,056	264,273
Leisure Time Services	342,566	390,977	375,324	15,653
Community and Economic Development	633,667	752,387	700,565	51,822
Capital Outlay	5,000	12,500	7,500	5,000
Total Expenditures	9,465,649	10,189,140	9,448,129	741,011
Excess of Revenues Over (Under) Expenditures	159,061	(412,543)	(272,689)	139,854
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,000	24,500	24,500	0
Transfers In	57,495	57,495	57,495	0
Advances In	121,408	121,408	121,408	0
Transfers Out	(76,120)	(76,120)	(76,120)	0
Total Other Financing Sources (Uses)	107,783	127,283	127,283	0
Net Change in Fund Balance	266,844	(285,260)	(145,406)	139,854
Fund Balance at Beginning of Year	2,651,827	2,651,827	2,651,827	0
Prior Year Encumbrances Appropriated	342,688	342,688	342,688	0
Fund Balance at End of Year	\$3,261,359	\$2,709,255	\$2,849,109	\$139,854

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,370,650	\$2,534,850	\$2,349,861	(\$184,989)
Charges for Services	210,000	210,000	245,713	35,713
Intergovernmental	125,000	125,000	95,563	(29,437)
Other	2,000	2,000	24,619	22,619
Total Revenues	<u>2,707,650</u>	<u>2,871,850</u>	<u>2,715,756</u>	<u>(156,094)</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>2,395,525</u>	<u>2,672,405</u>	<u>2,646,342</u>	<u>26,063</u>
Debt Service:				
Principal Retirement	560,000	560,000	560,000	0
Interest and Fiscal Charges	<u>25,800</u>	<u>25,800</u>	<u>23,542</u>	<u>2,258</u>
Total Debt Service	<u>585,800</u>	<u>585,800</u>	<u>583,542</u>	<u>2,258</u>
Total Expenditures	<u>2,981,325</u>	<u>3,258,205</u>	<u>3,229,884</u>	<u>28,321</u>
Excess of Revenues Under Expenditures	<u>(273,675)</u>	<u>(386,355)</u>	<u>(514,128)</u>	<u>(127,773)</u>
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	0	8,050	8,050
Notes Issued	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	<u>0</u>
Total Other Financing Sources	<u>280,000</u>	<u>280,000</u>	<u>288,050</u>	<u>8,050</u>
Net Change in Fund Balance	6,325	(106,355)	(226,078)	(119,723)
Fund Balance at Beginning of Year	1,182,449	1,182,449	1,182,449	0
Prior Year Encumbrances Appropriated	<u>113,865</u>	<u>113,865</u>	<u>113,865</u>	<u>0</u>
Fund Balance at End of Year	<u>\$1,302,639</u>	<u>\$1,189,959</u>	<u>\$1,070,236</u>	<u>(\$119,723)</u>

See accompanying notes to the basic financial statements

CITY OF LEBANON, OHIO
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008

	BUSINESS -TYPE ACTIVITIES				ENTERPRISE
	ELECTRIC	SANITATION	SEWER	TELECOMMUNICATIONS	WATER
ASSETS:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$10,124,354	\$337,215	\$3,301,789	\$340,464	\$3,024,823
Materials and Supplies Inventory	1,706,796	0	18,061	115,624	101,433
Accrued Interest Receivable	15,615	847	7,413	0	6,242
Accounts Receivable, net	4,183,769	150,413	436,971	3,250,000	509,331
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable	0	0	30,314	0	0
Prepaid Items	38,109	257	6,469	249	0
Special Assessments Receivable	0	0	20,805	0	0
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agents	1,246,921	0	503,281	0	313,575
Total Current Assets	17,315,564	488,732	4,325,103	3,706,337	3,955,404
Noncurrent Assets:					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents with Fiscal Agents	929,326	0	240,000	0	237,250
Deferred Charges	3,975,079	0	433,522	0	511,829
Nondepreciable Capital Assets	438,723	0	229,353	0	0
Depreciable Capital Assets, Net	1,763,632	54,000	1,159,277	0	3,796,613
Total Noncurrent Assets	13,324,946	124,677	25,341,417	5,319	21,929,202
Total Assets	37,747,270	667,409	31,728,672	3,711,656	30,430,298
LIABILITIES:					
Current Liabilities:					
Accounts Payable	133,942	91,155	36,662	196	21,125
Accrued Wages Payable	48,434	3,525	16,250	2,721	12,660
Intergovernmental Payable	32,463	2,292	10,451	1,726	8,126
Accrued Interest Payable	66,921	0	38,281	15,957	28,575
Retainage Payable	2,323	0	10,099	0	24,608
Interfund Payable	774	465	903	0	525
Claims Payable	0	0	0	0	0
Notes Payable	0	0	0	1,250,000	0
Compensated Absences Payable	33,447	3,473	7,710	2,237	10,678
Mortgage Revenue Bonds Payable	1,180,000	0	465,000	0	285,000
Total Current Liabilities	1,498,304	100,910	585,356	1,272,837	391,297
Long-term Liabilities:					
Refundable Deposits	436,826	0	0	0	37,250
Compensated Absences Payable	95,363	16,938	51,580	3,705	14,057
Mortgage Revenue Bonds Payable	17,730,729	0	9,925,095	0	6,445,000
Total Long-term Liabilities	18,262,918	16,938	9,976,675	3,705	6,496,307
Total Liabilities	19,761,222	117,848	10,562,031	1,276,542	6,887,604
NET ASSETS:					
Invested in Capital Assets, Net of Related Debt (Deficit)	(3,383,428)	178,677	16,339,952	(1,244,681)	18,995,815
Restricted for:					
Revenue Bonds					
Replacement and Improvement	492,500	0	240,000	0	200,000
Revenue Bonds					
Current Debt Service	5,155,079	0	898,522	0	796,829
Unrestricted	15,721,897	370,884	3,688,167	3,679,795	3,550,050
Total Net Assets	\$17,986,048	\$549,561	\$21,166,641	\$2,435,114	\$23,542,694

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
\$669,095	\$17,797,740	\$2,310,820
0	1,941,914	2,313
1,585	31,702	5,976
78,131	8,608,615	0
0	0	11,987
0	30,314	0
470	45,554	1,848
0	20,805	0
0	2,063,777	0
749,281	30,540,421	2,332,944
0	1,406,576	0
0	4,920,430	0
0	668,076	0
83,621	6,857,143	64,666
13,418,836	74,144,397	0
13,502,457	87,996,622	64,666
14,251,738	118,537,043	2,397,610
736	283,816	0
1,072	84,662	3,890
781	55,839	3,092
0	149,734	0
0	37,030	0
196	2,863	0
0	0	179,000
0	1,250,000	0
0	57,545	2,223
0	1,930,000	0
2,785	3,851,489	188,205
0	474,076	0
1,540	183,183	3,086
0	34,100,824	0
1,540	34,758,083	3,086
4,325	38,609,572	191,291
13,502,457	44,388,792	64,666
0	932,500	0
0	6,850,430	0
744,956	27,755,749	2,141,653
\$14,247,413	79,927,471	\$2,206,319
	526,790	
	<u>\$80,454,261</u>	

CITY OF LEBANON, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUSINESS -TYPE ACTIVITIES		
	ELECTRIC	SANITATION	SEWER
OPERATING REVENUES:			
Charges for Services	\$28,332,284	\$1,250,052	\$3,247,959
Other	5,241	5,520	0
Total Operating Revenues	<u>28,337,525</u>	<u>1,255,572</u>	<u>3,247,959</u>
OPERATING EXPENSES:			
Personal Services	1,744,744	131,587	619,433
Contractual Services	1,154,506	1,189,544	1,156,218
Purchased Power	21,728,725	0	0
Supplies and Materials	295,735	0	147,350
Claims	0	0	0
Depreciation	986,504	17,810	967,476
Other	7,982	237	715
Total Operating Expenses	<u>25,918,196</u>	<u>1,339,178</u>	<u>2,891,192</u>
Operating Income (Loss)	<u>2,419,329</u>	<u>(83,606)</u>	<u>356,767</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest	253,238	7,671	99,715
Other Non-Operating Revenues	244,974	0	5,892
Loss on Sale of Capital Assets	(22,464)	0	(13,000)
Interest and Fiscal Charges	(921,484)	0	(529,849)
Total Non-Operating Revenues (Expenses)	<u>(445,736)</u>	<u>7,671</u>	<u>(437,242)</u>
Income (Loss) Before Contributions and Transfers	1,973,593	(75,935)	(80,475)
Capital Contributions	0	0	130,531
Transfers In	16,055	0	0
Transfers Out	(3,546,158)	0	0
Change in Net Assets	(1,556,510)	(75,935)	50,056
Net Assets (Deficit) at Beginning of Year	<u>19,542,558</u>	<u>625,496</u>	<u>21,116,585</u>
Net Assets at End of Year	<u>\$17,986,048</u>	<u>\$549,561</u>	<u>\$21,166,641</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

TELECOMMUNICATIONS	ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATER	STORM WATER UTILITY	TOTAL	
\$98,749	\$2,794,469	\$770,567	\$36,494,080	\$2,443,255
<u>0</u>	<u>6,565</u>	<u>0</u>	<u>17,326</u>	<u>147,041</u>
98,749	2,801,034	770,567	36,511,406	2,590,296
92,806	418,164	52,311	3,059,045	146,900
22,814	786,837	168,418	4,478,337	256,349
0	0	0	21,728,725	0
4,045	228,686	1,685	677,501	3,240
0	0	0	0	1,391,555
443	731,708	274,181	2,978,122	0
<u>0</u>	<u>898</u>	<u>44</u>	<u>9,876</u>	<u>0</u>
120,108	2,166,293	496,639	32,931,606	1,798,044
<u>(21,359)</u>	<u>634,741</u>	<u>273,928</u>	<u>3,579,800</u>	<u>792,252</u>
0	70,384	16,252	447,260	64,023
6,940	0	0	257,806	0
0	0	0	(35,464)	0
<u>(108,546)</u>	<u>(396,579)</u>	<u>0</u>	<u>(1,956,458)</u>	<u>0</u>
(101,606)	(326,195)	16,252	(1,286,856)	64,023
(122,965)	308,546	290,180	2,292,944	856,275
0	50,008	186,954	367,493	0
3,546,158	0	0	3,562,213	0
<u>0</u>	<u>(2,304)</u>	<u>0</u>	<u>(3,548,462)</u>	<u>0</u>
3,423,193	356,250	477,134	2,674,188	856,275
<u>(988,079)</u>	<u>23,186,444</u>	<u>13,770,279</u>		<u>1,350,044</u>
<u>\$2,435,114</u>	<u>\$23,542,694</u>	<u>\$14,247,413</u>		<u>\$2,206,319</u>
			<u>214,560</u>	
			<u>\$2,888,748</u>	

**CITY OF LEBANON, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Business-type Activities -		
	Electric	Sanitation	Sewer
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$28,384,448	\$1,256,102	\$3,240,855
Cash Payments for Employee Services and Benefits	(1,720,708)	(129,860)	(575,728)
Cash Payments to Suppliers for Goods and Services	(23,434,244)	(1,186,486)	(1,307,469)
Cash Payments for Employee Medical, Dental, and Life Insurance Claims	0	0	0
Cash Received from Interfund Services Provided	0	0	0
Other Operating Revenues	5,241	5,520	0
Other Non-Operating Revenues	244,974	0	23,192
Utility Deposits Received	187,200	0	0
Utility Deposits Returned	(191,447)	0	0
Net Cash Provided by (Used for) Operating Activities	<u>3,475,464</u>	<u>(54,724)</u>	<u>1,380,850</u>
Cash Flows from Noncapital Financing Activities:			
Repayment of Advances from Another Fund	3,546,158	0	0
Transfers In	0	0	0
Transfers Out	(3,532,407)	0	0
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>13,751</u>	<u>0</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Received from Special Assessments	0	0	6,630
Collection of Accounts Receivable Related to the Sale of Discontinued Segments of Telecommunications Operation	0	0	0
Proceeds from Sale of Capital Assets	1,828	0	0
Acquisition of Capital Assets	(1,550,844)	0	(484,956)
Proceeds from Sale of Notes	0	0	0
Principal Paid on Notes	(4,000,000)	0	0
Interest Paid on Notes	(169,742)	0	0
Proceeds from Sale of Revenue Bonds	4,465,000	0	0
Discount on Bonds Issued	(7,741)	0	0
Principal Paid on Mortgage Revenue Bonds	(1,070,000)	0	(645,000)
Interest and Fiscal Charges Paid on Mortgage Revenue Bonds	(752,988)	0	(475,766)
Bond issuance costs on Mortgage Revenue Bonds	(110,944)	0	0
Net Cash Used for Capital and Related Financing Activities	<u>(3,195,431)</u>	<u>0</u>	<u>(1,599,092)</u>
Cash Flows from Investing Activities:			
Interest	252,246	7,934	97,021
Net Increase (Decrease) in Cash and Cash Equivalents	546,030	(46,790)	(121,221)
Cash and Cash Equivalents at Beginning of Year	<u>15,729,650</u>	<u>384,005</u>	<u>4,599,813</u>
Cash and Cash Equivalents at End of Year	<u>\$16,275,680</u>	<u>\$337,215</u>	<u>\$4,478,592</u>

Enterprise Funds				Governmental
Telecommunications	Water	Storm Water Utility	Total	Activities- Internal Service Funds
\$98,749	\$2,626,258	\$806,150	\$36,412,562	\$0
(92,688)	(447,786)	(51,330)	(3,018,100)	(166,007)
(27,296)	(924,519)	(183,884)	(27,063,898)	(260,626)
0	0	0	0	(1,386,454)
0	0	0	0	2,435,246
0	6,565	0	17,326	147,041
6,940	0	0	275,106	0
0	14,850	0	202,050	0
0	(12,675)	0	(204,122)	0
<u>(14,295)</u>	<u>1,262,693</u>	<u>570,936</u>	<u>6,620,924</u>	<u>769,200</u>
(3,546,158)	0	0	0	0
3,546,158	0	0	3,546,158	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,532,407)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>13,751</u>	<u>0</u>
0	0	0	6,630	0
750,000	0	0	750,000	0
0	0	0	1,828	0
0	(1,447,130)	(516,840)	(3,999,770)	0
1,250,000	0	0	1,250,000	0
(1,750,000)	0	0	(5,750,000)	0
(122,047)	0	0	(291,789)	0
0	0	0	4,465,000	0
0	0	0	(7,741)	0
0	(445,000)	0	(2,160,000)	0
0	(362,480)	0	(1,591,234)	0
0	0	0	(110,944)	0
<u>127,953</u>	<u>(2,254,610)</u>	<u>(516,840)</u>	<u>(7,438,020)</u>	<u>0</u>
<u>0</u>	<u>72,672</u>	<u>16,231</u>	<u>446,104</u>	<u>62,533</u>
113,658	(919,245)	70,327	(357,241)	831,733
<u>226,806</u>	<u>5,006,722</u>	<u>598,768</u>	<u>26,545,764</u>	<u>1,479,087</u>
<u>\$340,464</u>	<u>\$4,087,477</u>	<u>\$669,095</u>	<u>\$26,188,523</u>	<u>\$2,310,820</u>

(Continued)

CITY OF LEBANON, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)

	Business-type Activities -		
	Electric	Sanitation	Sewer
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$2,419,329	(\$83,606)	\$356,767
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	986,504	17,810	967,476
Other Non-Operating Revenues	244,974	0	23,192
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	52,164	6,050	(3,527)
Increase in Interfund Receivable	0	0	0
Increase in Intergovernmental Receivable	0	0	(3,577)
(Increase) Decrease in Materials and Supplies Inventory	(117,583)	0	(3,431)
(Increase) Decrease in Prepaids Items	(25,359)	149	(1,991)
Increase (Decrease) in Accounts Payable	(104,101)	2,681	16,832
Increase in Claims Payable	0	0	0
Decrease in Contracts Payable Retainage	0	0	(15,308)
Increase (Decrease) in Accrued Wages Payable	7,284	942	1,930
Increase (Decrease) in Interfund Payable	(253)	465	712
Increase (Decrease) in Intergovernmental Payable	10,713	739	2,727
Increase (Decrease) in Liabilities Payable from Restricted Assets	(4,247)	0	0
Increase (Decrease) in Compensated Absences Payable	6,039	46	39,048
Net Cash Provided by (Used for) Operating Activities	<u>\$3,475,464</u>	<u>(\$54,724)</u>	<u>\$1,380,850</u>

Noncash Capital Financing Activities:

The Water Fund transferred capital assets in the amount of \$2,304 to the Electric Fund.

The Storm Water Utility Fund received capital assets in the amount \$103,888, from governmental funds.

The Sewer, Water and Storm Water Utility Funds received \$130,531, \$50,008 and \$83,066 in capital contributions from developers.

See accompanying notes to the basic financial statements

Enterprise Funds				Governmental
Telecommunications	Water	Storm Water Utility	Total	Activities- Internal Service Funds
(\$21,359)	\$634,741	\$273,928	\$3,579,800	\$792,252
443	731,708	274,181	2,978,122	0
6,940	0	0	275,106	0
0	(168,211)	35,583	(77,941)	0
0	0	0	0	(8,009)
0	0	0	(3,577)	0
0	167,813	0	46,799	(517)
(39)	12,079	(75)	(15,236)	(339)
(398)	(32,480)	634	(116,832)	(181)
0	0	0	0	5,101
0	(38,687)	(14,484)	(68,479)	0
566	1,944	(470)	12,196	923
0	(16,823)	188	(15,711)	0
(1,525)	2,139	(89)	14,704	1,349
0	2,175	0	(2,072)	0
1,077	(33,705)	1,540	14,045	(21,379)
(\$14,295)	\$1,262,693	\$570,936	\$6,620,924	\$769,200

CITY OF LEBANON, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2008

ASSETS:

Equity in Pooled Cash and Cash Equivalents	\$21,000
Cash and Cash Equivalents in Segregated Accounts	<u>42,647</u>
Total Assets	<u><u>\$63,647</u></u>

LIABILITIES:

Intergovernmental Payable	\$42,647
Undistributed Monies	<u>21,000</u>
Total Liabilities	<u><u>\$63,647</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, 2008

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 one organization, which is defined as a jointly governed organization. This organization, the Warren County Combined Health District, is presented in Note 21.

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 policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued 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, 2008

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, 2008

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

Fire and Life Squad Fund - This fund is used to account for monies received from a property tax levy for the operation of the fire department and life squad.

Tax Increment Financing Fund - This fund is used to account for payments received in lieu of taxes on property granted a tax exemption by the City. These monies must be used for 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.

Capital Improvement Fund - This fund is used to account for capital acquisitions purchased from City municipal income tax revenue and state and federal revenues.

The other governmental funds of the City account for grants and other resources whose use is restricted for 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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.

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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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 three 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 Cincinnati Bell Fund is used to account for monies received from billings that are collected on behalf of Cincinnati Bell and disbursed to Cincinnati Bell monthly. The Court Agency Fund is used to account for municipal court collections that are distributed to various other governments.

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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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.

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 thirty-one days of year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the year for which the taxes are levied or would have been levied. (See Notes 6, 7, and 8.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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, 2008, but which were levied to finance 2009 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.

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 City did not anticipate any activity in the Community Development Special Revenue Fund and none occurred. Therefore, no budgetary statement is presented for this fund. 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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.

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 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 2008, investments were limited to STAROhio, money market mutual funds and U.S. Treasury Notes and Bills. 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, 2008.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

Interest income is distributed to the funds according to Ohio statutory requirements and the City charter. Interest revenue credited to the General Fund during 2008 amounted to \$394,564, which includes \$362,788 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.

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, 2008, 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 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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.

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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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.

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, notes, police pension liability, long term intergovernmental payables 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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 long-term liability for the Library Improvement General Obligation Bonds is not related to governmental activities because the proceeds were not used to construct a capital asset reported by the City. This liability is included in the calculation of unrestricted net assets. 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.

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.

The government wide statement of net assets reports \$36,331,500 of restricted net assets, none of which are restricted by enabling legislation.

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.

Reserves of Fund Balance

Reserves of fund balance in governmental funds indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for encumbrances and advances.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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.

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

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, 2008

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 are reported as "Advances to Other Funds" or "Advances from Other Funds" and are equally offset by a fund balance reserve in the funds making the advances, which indicates that they do not constitute available expendable resources. 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 PRINCIPLE/CORRECTION OF AN ERROR

Change in Accounting Principle

For 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The implementation of this statement did not result in any change to the financial statements.

Correction of an Error

It was determined that the City should have recognized a Payment in Lieu of Taxes Receivable and a related long-term obligation. Accordingly, the City changed the accounting treatment applied to payment in lieu of taxes transactions related to tax increment financing agreements, wherein the City has agreed to construct infrastructure in exchange for payments in lieu of taxes from developers. The City views these transactions as exchange transactions and has recognized revenue and the related receivable in the year the exchange takes place. In previous years, the City viewed these transactions as non-exchange transactions. The City has also recognized the long term intergovernmental payable (amounts due to surrounding School Districts to reimburse them for the loss of tax revenues) associated with these agreements. The restatement had the following effect on net assets at December 31, 2007 as previously reported.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE/CORRECTION OF AN ERROR
 (continued)

	<i>Governmental Activities</i>
Net Assets, December 31, 2007 as Previously Reported	\$53,710,245
Adjustment for Payment in Lieu of Taxes Receivable	18,084,123
Adjustment for Long Term Intergovernmental Payable	(4,882,846)
Net Assets, December 31, 2007 as Restated	\$66,911,522

NOTE 4 - 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).
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 as a reservation of fund balance (GAAP basis).
4. Proceeds from/payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. 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.
7. 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.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - BUDGET TO GAAP RECONCILIATION (continued)

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	Fire and Life Squad
	<u>Fund</u>	<u>Fund</u>
GAAP Basis	\$33,754	(\$98,123)
Revenue Accruals	381,247	0
Expenditure Accruals	46,606	31,751
Encumbrances	(307,153)	(159,706)
Principal Retirement	0	(280,000)
Note Proceeds	0	280,000
Advances	121,408	0
Unrecorded Cash	(418,574)	0
Net Increase in Fair Value of Investments - 2007	13,430	0
Net Increase in Fair Value of Investments - 2008	(16,124)	0
Budget Basis	<u>(\$145,406)</u>	<u>(\$226,078)</u>

NOTE 5 - 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.

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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
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).

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.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2008, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$15,605,351	Average 54.7 Days
Fifth Third Institutional Money Market Mutual Fund	10,270	Average 90 Days
Dreyfus Government Prime Cash Management Money Market Mutual Fund	6,984,206	Average 90 Days
U.S. Treasury Notes	8,779,440	Less than one year
U.S. Treasury Bills	2,146,560	Less than one year
Total Investments	<u>\$33,525,827</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.

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. The Fifth Third Institutional Money Market Mutual Fund carries a rating of Aaa by Moody'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 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 6 - PROPERTY TAXES (continued)

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. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007 on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. 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 at September 20.

The full tax rate for all City operations for the year ended December 31, 2008, was \$8.39 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$333,735,890
Public Utility Real Property	106,651,230
Public Utility Tangible Personal Property	2,371,710
Tangible Personal Property	978,150
Total	\$443,736,980

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, 2008, 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 2008 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 7 - 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. On a full accrual basis, the entire amount of the receivable is recorded as revenue in the year of the exchange.

NOTE 8 - INCOME TAX

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

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

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2008, the proceeds were allocated to the General Fund, the Capital Improvement Capital Projects Fund and the Debt Service Fund.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 9 - RECEIVABLES

Receivables at December 31, 2008, 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 \$3,250,000 accounts receivable in the telecommunications fund relates to the sale of the telecommunications system to Cincinnati Bell that occurred in 2007. Of this amount, \$2,500,000 is expected to be collected in more than one year. Revenue in lieu of taxes and special assessments expected to be collected in more than one year for the City amount to \$15,474,493 and \$255,311, respectively. The City has \$9,037 in delinquent special assessments at December 31, 2008. 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 Receivable	Uncollectible	Utility Accounts Receivable
\$5,750,032	\$391,417	\$5,358,615

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	
Local Government Assistance	\$261,907
Warren County Reimbursement for Baliff Services	6,435
Homestead & Rollback	166,228
Para-Mutual Tax	15,000
Permissive Tax	101,328
Motor Vehicle Tax	185,810
Gasoline Tax	222,764
Miscellaneous	808
Total Governmental Activities	960,280
 <u>Business-Type Activities:</u>	
Village of South Lebanon Sewage Processing Fees	30,314
Total Intergovernmental Receivables	\$990,594

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance at 12/31/07	Additions	Deductions	Balance at 12/31/08
<u>Governmental Activities</u>				
<i>Capital Assets, Not being Depreciated</i>				
Land	\$11,961,032	\$476,765	(\$4,080)	\$12,433,717
Construction in Progress	1,053,110	1,605,813	(814,047)	1,844,876
Total Capital Assets, Not Being Depreciated	<u>13,014,142</u>	<u>2,082,578</u>	<u>(818,127)</u>	<u>14,278,593</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	823,465	0	0	823,465
Buildings and Improvements	5,484,161	133,557	0	5,617,718
Equipment	1,299,969	85,269	(38,910)	1,346,328
Vehicles	3,352,532	365,122	(179,665)	3,537,989
Infrastructure	38,792,647	2,300,014	0	41,092,661
Total Capital Assets, Being Depreciated	<u>49,752,774</u>	<u>2,883,962</u>	<u>(218,575)</u>	<u>52,418,161</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(298,313)	(34,915)	0	(333,228)
Buildings and Improvements	(2,075,648)	(192,353)	0	(2,268,001)
Equipment	(864,765)	(75,966)	33,768	(906,963)
Vehicles	(2,251,495)	(232,236)	167,165	(2,316,566)
Infrastructure	(14,476,209)	(2,346,595)	0	(16,822,804)
Total Accumulated Depreciation	<u>(19,966,430)</u>	<u>(2,882,065) *</u>	<u>200,933</u>	<u>(22,647,562)</u>
Total Capital Assets, Being Depreciated, Net	<u>29,786,344</u>	<u>1,897</u>	<u>(17,642)</u>	<u>29,770,599</u>
Governmental Activities Capital Assets, Net	<u>\$42,800,486</u>	<u>\$2,084,475</u>	<u>(\$835,769)</u>	<u>\$44,049,192</u>

Additions to capital assets include \$473,781 in assets donated by outside entities, such as property developers.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 – CAPITAL ASSETS (continued)

	Balance at 12/31/07	Additions	Deductions	Balance at 12/31/08
<u>Business-Type Activities</u>				
<i>Capital Assets, Not being Depreciated</i>				
Land	\$4,689,384	\$0	\$0	\$4,689,384
Construction in Progress	1,808,387	1,807,921	(1,448,549)	2,167,759
Total Capital Assets, Not Being Depreciated	<u>6,497,771</u>	<u>1,807,921</u>	<u>(1,448,549)</u>	<u>6,857,143</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	27,467,825	24,740	(13,700)	27,478,865
Equipment	6,184,540	120,760	(109,049)	6,196,251
Vehicles	2,148,436	293,150	(138,430)	2,303,156
Infrastructure	68,787,236	3,606,271	(26,208)	72,367,299
Total Capital Assets, Being Depreciated	<u>104,588,037</u>	<u>4,044,921</u>	<u>(287,387)</u>	<u>108,345,571</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(8,589,158)	(836,401)	6,850	(9,418,709)
Equipment	(5,080,266)	(143,653)	102,899	(5,121,020)
Vehicles	(1,569,219)	(132,432)	138,430	(1,563,221)
Infrastructure	(16,234,504)	(1,865,636)	1,916	(18,098,224)
Total Accumulated Depreciation	<u>(31,473,147)</u>	<u>(2,978,122)</u>	<u>250,095</u>	<u>(34,201,174)</u>
Total Capital Assets, Being Depreciated, Net	<u>73,114,890</u>	<u>1,066,799</u>	<u>(37,292)</u>	<u>74,144,397</u>
Business-Type Activities Capital Assets, Net	<u>\$79,612,661</u>	<u>\$2,874,720</u>	<u>(\$1,485,841)</u>	<u>\$81,001,540</u>

Additions to capital assets being depreciated include \$103,888 in assets transferred from governmental activities and \$263,605 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	\$58,057
Fire	180,554
Community and Economic Development	16,165
Leisure Time Activities	160,188
Transportation	2,402,855
Public Health	31,913
General Government	32,333
Total Depreciation Expense	<u>\$2,882,065</u>

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 11 - 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, 2008, 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 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the year ended December 31, 2008, 2007, and 2006 were \$368,799, \$422,974, and \$489,996, respectively; 95.80 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$2,940 made by the City and \$2,100 made by plan members.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 11 - 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 to fund pension obligations. The City’s contribution was 19.5 percent for police officers and 24.0 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the City’s contributions equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City’s contributions to OP&F for police and firefighters were \$247,214 and \$94,979 for the year ended December 31, 2008, \$224,652 and \$79,375 for the year ended December 31, 2007, and \$197,748 and \$47,413 for the year ended December 31, 2006. 73.03 percent for police and 74.79 percent for firefighters has been contributed for 2008. The full amount has been contributed for 2007 and 2006.

NOTE 12 - 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 and combined pension 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.

To qualify for post-employment health care coverage, age-and-service retirees under the traditional and combined plans must have ten 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 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
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 12 - 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 the traditional and combined plans 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 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement). 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. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$368,799, \$278,515, and \$239,672, respectively; 96.80 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

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 as of January 1, 2006, January 1, 2007, and January 1, 2008, which 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.

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 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 12 - POST-EMPLOYMENT BENEFITS (continued)

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 – OP&F’s post-employment health care plan was established and is administered as an Internal Revenue Code 410(h) account within the defined benefit plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, 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 Section 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.

The City’s contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$130,878 and \$37,166 for the year ended December 31, 2008, \$118,933 and \$31,060 for the year ended December 31, 2007, and \$130,430 and \$22,612 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 70.89 percent has been contributed for police and 73.28 percent has been contributed for firefighters for 2008.

NOTE 13 - 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.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - OTHER EMPLOYEE BENEFITS (continued)

Accumulated Unpaid Sick Leave

City employees earn sick leave at the rate of four and six tenths hours per eighty hours of service. Sick leave is cumulative without limit. In the case of death or retirement, an employee (or his estate) is paid 50% of accumulated sick leave up to 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.

NOTE 14 - 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>
2009	6,098
2010	6,098
2011	6,098
2012	6,098
2013	6,098
2014-2017	<u>24,392</u>
Total Minimum Lease Payments to be Received	54,882
Less: Amount Representing Unearned Interest	<u>(14,078)</u>
Net Investment in Direct Financing Leases	<u><u>\$40,804</u></u>

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2008, 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.

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 five years and there have been no significant reductions in coverage from last year.

The City pays the State Workers' Compensation System a premium based on 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, 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.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 15 - RISK MANAGEMENT (continued)

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 \$179,000 reported in the fund at December 31, 2008, 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,
2007	\$133,253	\$1,170,636	\$1,129,990	\$173,899
2008	173,899	1,391,555	1,386,454	179,000

NOTE 16 - SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year ended December 31, 2008, follows:

	Balance at January 1, 2008	Increases	Decreases	Balance at December 31, 2008
<u>Governmental Activities</u>				
Special Revenue				
Fire and Life Squad Fund				
Fire Department Improvement, 4.25 %	\$280,000	\$0	\$280,000	\$0
Fire Department Improvement, 4.05 %	0	280,000	0	280,000
Capital Projects				
Road Improvement, 3.00 %	0	1,000,000	0	1,000,000
Total Governmental	280,000	1,280,000	280,000	1,280,000
<u>Business-Type Activities</u>				
Telecommunications Fund				
Telecommunications, 6.00 %	750,000	0	750,000	0
Telephone system, 6.00 %	1,000,000	0	1,000,000	0
Telecom System Improvement, 4.55 %	0	1,250,000	0	1,250,000
Total Business-Type Activities	1,750,000	1,250,000	1,750,000	1,250,000
Total Governmental and Business-Type Activities	\$2,030,000	\$2,530,000	\$2,030,000	\$2,530,000

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 16 - SHORT-TERM OBLIGATIONS (continued)

The notes are issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. They are backed by the full faith and credit of the City and will mature within one year. The liability for the notes is presented in the fund that received the note proceeds. All proceeds of the short-term notes had been spent as of December 31, 2008.

NOTE 17 - LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2008 follows:

	Restated Balance at January 1, 2008	Increases	Decreases	Balance at December 31, 2008	Amount Due in One Year
<u>Special Assessment Bonds with Governmental Commitment:</u>					
1990 - 7.00% \$438,150 Kingsview/Henkle Drive	\$72,450	\$0	\$24,150	\$48,300	\$24,150
1991 - 6.45% \$731,080 Deerfield Road Improvement	249,910	0	55,950	193,960	59,680
1993 - 5.75% \$200,000 Henkle Drive Extension	60,000	0	10,000	50,000	10,000
1994 - 5.00% \$54,372 Pleasant Street Improvement	27,169	0	3,546	23,623	3,546
TOTAL - Special Assessment Bonds Payable	<u>409,529</u>	<u>0</u>	<u>93,646</u>	<u>315,883</u>	<u>97,376</u>
<u>Voted General Obligation Bonds:</u>					
1997 - 4.0 to 13.5% \$1,039,224 Library Improvement					
Capital Appreciation Bonds - 13.5%	55,911	0	29,233	26,678	26,678
Accretion on Capital Appreciation Bonds	153,461	29,553	95,767	87,247	103,322
TOTAL - Voted General Obligation Bonds Payable	<u>209,372</u>	<u>29,553</u>	<u>125,000</u>	<u>113,925</u>	<u>130,000</u>
<u>Unvoted General Obligation Bonds:</u>					
1990 - 7.00% \$196,850 Kingsview/Henkle Drive Improvement	32,550	0	10,850	21,700	10,850
1991 - 6.450% \$248,920 Deerfield Road Improvement	85,090	0	19,050	66,040	20,320

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

	Restated Balance at January 1, 2008	Increases	Decreases	Balance at December 31, 2008	Amount Due in One Year
1994 - 5.50% \$175,628 Pleasant Street Improvement	\$87,830	\$0	\$11,454	\$76,376	11,454
1997 - 3.90 to 5.25% \$2,700,000 Miller Road	1,675,000	0	1,675,000	0	0
2003 - 2.0 to 4.15% \$4,005,000 Road Improvement	3,380,000	0	165,000	3,215,000	170,000
Discount on Debt Issue	(13,416)	0	(838)	(12,578)	0
2008 - 3.5 to 4.75% \$3,750,000 Road Improvement Refunding	0	3,750,000	210,000	3,540,000	225,000
Premium on Debt Issue	0	92,821	5,012	87,809	0
Deferred Loss on Refunding	0	(63,460)	(3,427)	(60,033)	0
TOTAL - Unvoted General Obligation Bonds Payable	<u>5,247,054</u>	<u>3,779,361</u>	<u>2,092,101</u>	<u>6,934,314</u>	<u>437,624</u>
<u>Other Long-Term Obligations</u>					
2007 - 4.25 % Fire Department Improvement Bond Anticipation Notes \$560,000	280,000	0	280,000	0	0
2007 - 4.25 % Road Improvement Bond Anticipation Notes \$2,000,000	2,000,000	0	2,000,000	0	0
Intergovernmental Payable	4,882,846	0	244,657	4,638,189	249,024
Capital Lease Payable	0	60,361	0	60,361	14,046
Compensated Absences Payable	898,758	421,043	386,511	933,290	237,564
Police Pension	20,391	0	403	19,988	420
TOTAL -Other Long-Term Obligations	<u>8,081,995</u>	<u>481,404</u>	<u>2,911,571</u>	<u>5,651,828</u>	<u>501,054</u>
TOTAL - General Long-Term Obligations	<u><u>\$13,947,950</u></u>	<u><u>\$4,290,318</u></u>	<u><u>\$5,222,318</u></u>	<u><u>\$13,015,950</u></u>	<u><u>\$1,166,054</u></u>

The Kingsview/Henkle special assessment/general obligation bond was issued to finance the construction and improvement of roads near the industrial park area. The general obligation bond is being paid from the Debt Service Fund with income tax revenue. The remainder is being assessed to the property owners.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

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.

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 2008 in the amount of \$125,000. The remaining capital appreciation bonds will mature in 2009 at \$130,000. For 2008, the capital appreciation bonds were accreted \$29,553. The Library Improvement Bond will be 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.

On May 29, 2008, the City issued \$3,750,000 in Road Improvement refunding general obligation bonds. A portion of the proceeds were used to advance refund the 1997 Miller Road general obligation bonds in the amount of \$1,675,000. The average rate on the refunded bonds was 4.9% while the average rate on the refunded portion of the new debt was 4.4%. The net proceeds of \$1,738,460 (after payment of \$103,476 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 bonds. As a result the 1997 bonds are considered defeased and the liability for those bonds has been removed from the balance sheet. A portion of the proceeds was used to pay off a \$2,000,000 note.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$63,460. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through 2017 using the straight line method. The advance refunding decreased total debt service payments by \$98,855 and incurred an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$85,414. As of December 31, 2008, all of the refunded bonds were matured and paid.

On May 28, 2008, the City paid \$280,000 toward the Fire Department Improvement note.

On May 31, 2007, the City issued a \$2,000,000 bond anticipation note for the purpose of making road improvements. The note matured May 30, 2008.

The City has entered into agreements with Kings Local School District and Lebanon City School District for reimbursement for a portion of taxes lost by the School Districts as a result of Tax Increment Financing agreements with developers. The City is allowed to grant an exemption from taxation for real or tangible personal property improvements. Pursuant to Section 5709.40 of the Ohio Revised Code, the City may negotiate and enter into agreements with the School Districts to compensate the School Districts for tax revenue the School Districts would have received had the property comprising the projects not been exempted from taxation by the City. The liability to the School Districts under these agreements was \$4,638,189 at December 31, 2008.

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.

Changes in the long-term obligations reported in business-type activities of the City during 2008 were as follows:

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

	Balance at January 1, 2008	Increases	Decreases	Balance at December 31, 2008	Amounts Due in One Year
<u>Mortgage Revenue Bonds</u>					
1999 - 4.9 to 5.35% \$8,830,000					
Sanitary Sewer	\$560,000	\$0	\$275,000	\$285,000	\$285,000
2006 - 4.00 to 5.00% \$10,690,000					
Sewer System Improvement					
Refunding	10,520,000	0	170,000	10,350,000	180,000
Premium on Debt Issue	55,195	0	3,247	51,948	
Deferred Loss on Refunding	(315,406)	0	(18,553)	(296,853)	
1997 - 4.0 to 4.8% \$1,915,000					
Sanitary Sewer	200,000	0	200,000	0	0
Deferred Loss on Refunding	(19,184)	0	(19,184)	0	
1999 - 3.75 to 5.3% \$10,180,000					
Water System Improvement					
Refunding	7,175,000	0	445,000	6,730,000	285,000
Deferred Loss on Refunding	(8,154)	0	(8,154)	0	
2006 - 3.75 to 4.50% \$18,170,000					
Electric System Refunding	16,285,000	0	990,000	15,295,000	1,025,000
Premium on Debt Issue	135,519	0	9,680	125,839	
Deferred Loss on Refunding	(955,884)	0	(68,277)	(887,607)	
2008 - 4.0 to 4.50% \$4,465,000					
Electric System Improvement	0	4,465,000	80,000	4,385,000	155,000
Discount on Debt Issue	0	(7,741)	(238)	(7,503)	
TOTAL - Mortgage Revenue					
Bonds Payable	33,632,086	4,457,259	2,058,521	36,030,824	1,930,000
Electric System Improvement, 4.25%					
Bond Anticipation Notes	4,000,000	0	4,000,000	0	0
Compensated Absences Payable	226,683	104,136	90,091	240,728	57,545
TOTAL - Enterprise Funds	<u>\$37,858,769</u>	<u>\$4,561,395</u>	<u>\$6,148,612</u>	<u>\$36,271,552</u>	<u>\$1,987,545</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.

On October 17, 1997, the City issued \$1,915,000 in sewer system mortgage revenue bonds to advance refund \$1,811,956 of outstanding 1988 Revenue Bonds.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 17 - 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 79 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$15,335,544. Principal and interest paid for the current year were \$1,120,766. Total net revenues were \$1,423,958.

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 56 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$10,077,046. Principal and interest paid for the current year were \$807,480. Total net revenues were \$1,430,268.

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 bonds were issued at discount of \$7,741 and incurred issuance costs of \$110,944.

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 49 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$26,208,662. Principal and interest paid for the current year were \$1,822,988. Total net revenues were \$3,653,830.

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

On May 31, 2007, the City issued a \$4,000,000 bond anticipation note for the purpose of making improvements to the electric system. The note matured May 30, 2008.

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

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

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, 2008, \$10,825,000 and \$6,450,000 of the electric and sewer bonds were unmaturred 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, 2008, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$45,388,885 and the unvoted debt margin was \$23,098,856.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2008, were:

Year	Governmental Activities						Business-Type Activities	
	Special Assessment Bonds		General Obligation Bonds		Capital Appreciation Bonds		Mortgage Revenue	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$97,376	\$20,185	\$437,625	\$266,398	\$26,678	\$103,322	\$1,930,000	\$1,928,631
2010	101,106	13,857	443,895	251,260	0	0	2,015,000	1,507,624
2011	84,416	7,289	450,585	235,471	0	0	2,090,000	1,425,374
2012	13,546	1,930	446,455	218,247	0	0	2,180,000	1,342,514
2013	14,728	1,142	460,277	201,733	0	0	2,270,000	1,255,751
2014-2018	4,711	284	2,290,279	736,196	0	0	12,150,000	4,766,039
2019-2023	0	0	1,845,000	332,625	0	0	11,205,000	2,085,431
2024-2026	0	0	545,000	55,600	0	0	3,205,000	264,888
Totals	<u>\$315,883</u>	<u>\$44,687</u>	<u>\$6,919,116</u>	<u>\$2,297,530</u>	<u>\$26,678</u>	<u>\$103,322</u>	<u>\$37,045,000</u>	<u>\$14,576,252</u>

NOTE 18 - 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, 2008

NOTE 18 - INTERFUND ASSETS/LIABILITIES (continued)

		Receivable
		Governmental Activities Internal Service
		Service
Payable	General	\$4,713
	Fire and Life Squad	698
	All Other Governmental Funds	3,713
	Electric	774
	Sanitation	465
	Sewer	903
	Water	525
	Storm Water Utility	196
	Total	\$11,987

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; 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, All Other Governmental and Electric Funds from the Tax Increment Financing Fund are related to the transfer of tax increment financing revenues to reimburse funds that initially funded project costs. Transfers from the General Fund to All Other Governmental Funds were made according to a City ordinance, which requires matching of revenues in these funds and for principal and interest payments for required debt service payments. Transfers from the Capital Improvement Fund to All Other Governmental Funds were for State Issue II construction projects. Transfers to the Telecommunications Fund from the Electric Fund were made in accordance with a court order. The monies transferred in were then used for the repayment of short term loans made in previous years to the Telecommunications Fund from the Electric Fund.

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.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 18 - INTERFUND ASSETS/LIABILITIES (continued)

		Advances From				
		General				
	Advances To	All Other Governmental Funds	<u>\$1,216,587</u>			
		Transfers To				
		General	All Other Governmental	Electric	Tele- communications	Total
	Transfers From	\$0	\$76,120	\$0	\$0	\$76,120
	General					
	Tax Increment					
	Financing	57,495	191,943	13,751	0	263,189
	Capital					
	Improvement	0	1,250,000	0	0	1,250,000
	Electric		0	0	3,546,158	3,546,158
	Water	0	0	2,304	0	2,304
	Total	<u>\$57,495</u>	<u>\$1,518,063</u>	<u>\$16,055</u>	<u>\$3,546,158</u>	<u>\$5,137,771</u>

NOTE 19 – SIGNIFICANT CONTRACTUAL OBLIGATIONS

The City of Lebanon has entered into the following contracts as of December 31, 2008:

Contractor	Purpose	Amount Remaining
Prus Construction	Concrete Repair and Replacement	\$11,358
John R. Jurgensen	Street Resurfacing and Pavement Repair	20,388
Holden Excavating	Sanitary Sewer Replacement	35,035
SK Construction	Cook Road Improvements	19,823
Kelchner	Janet Way Extension	398,800
Larry Smith Contractors	Monroe Road Water Main Replacement	19,781
Trend Construction	Downtown Streetscape/Mulberry & Broadway	1,973,136
Midwest Electric	Warren Substation Expansion	247,682
Necamp Constnution	Wastewater Vacuum Truck Disposal Station	130,800
Northwest Consultants, Inc.	Roadway Design-Janet Way Extension	12,435
Northwest Consultants, Inc.	Roadway Design-Burt Road Reconstruction	45,902
M-E Companies, Inc.	Roadway Design-East Warren Street	33,105
GPD Associates	Roadway Design-Maple Street	42,550
Barge, Waggoner, Sumner & Cannon, Inc.	Roadway Design-Cook Road	66,523
EMH&T, Inc.	DeSales Avenue Water Main Design Services	10,225
Stantec Consulting	West Street Water Main Design Services	13,805
Bayer & Becker, inc.	Deerfield Road Water Main Design Services	4,355
Azteca Systems, Inc.	Computer Maintenance Management System	10,879

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 20 – CAPITAL LEASES – LESSEE DISCLOSURE

In 2008 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.

	Governmental Activities
Asset: Equipment	\$133,908
Less: Accumulated depreciation	(59,760)
Total	\$74,148

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, 2008:

Year Ending December 31,	Governmental Activities
2009	\$16,943
2010	16,943
2011	16,943
2012	16,943
Subtotal	67,772
Less: Amount Representing Interest	(7,411)
Present Value of Minimum Lease Payments	\$60,361

NOTE 21 - JOINTLY GOVERNED ORGANIZATION

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 \$13,696 during 2008 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, 2008

NOTE 22 – ACCOUNTABILITY AND COMPLIANCE

Accountability

At year end, the Industrial Development Capital Projects Fund had a deficit fund balance of \$1,016,609. The deficit fund balance is a result of the application of generally accepted accounting principles to the financial reporting of this fund. Advances (long term and current) from other funds are not recognized as other financing sources, but rather as a fund liability. The deficit will be eliminated when the advance is repaid.

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, 2008 to December 31, 2008, 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

The City issued \$4,000,000 in Water System Improvement Notes on April 7, 2009 at the rate of 2.125%. This issuance is for the purpose of constructing, installing and equipping improvements to the municipal water system, including an interconnect with the Greater Cincinnati Water Works System that will occur in 2013.

CITY OF LEBANON, OHIO

NONMAJOR FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specific purposes. The following are descriptions of the City's Nonmajor Special Revenue Funds.

NONMAJOR SPECIAL REVENUE FUNDS

Cemetery

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

Community Development

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

Court

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

Park/Recreation Impact Fee

To account for monies received from park facility rental fees for the purpose of purchasing land for open space.

Parks and Recreation

To account for donations for parks and recreation.

Transportation

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

NONMAJOR DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the City is obligated for the payment. The City has only one Debt Service Fund.

(Continued)

CITY OF LEBANON, OHIO

NONMAJOR FUND DESCRIPTIONS
(Continued)

CAPITAL PROJECTS FUNDS

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

NONMAJOR CAPITAL PROJECTS FUNDS

Cemetery Improvement

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

State Issue II

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

Industrial Development

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

**CITY OF LEBANON, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,634,630	\$5,047,163	\$1,275,726	\$7,957,519
Cash and Cash Equivalents with Fiscal Agents	195,663	105	0	195,768
Materials and Supplies Inventory	265,423	0	0	265,423
Intergovernmental Receivable	524,902	2,145	0	527,047
Prepaid Items	10,120	0	0	10,120
Income Taxes Receivable	0	145,402	0	145,402
Property Taxes Receivable	0	23,506	0	23,506
Accrued Interest Receivable	1,331	11,992	0	13,323
Special Assessments Receivable	0	357,084	0	357,084
Capital Lease Receivable	0	0	40,804	40,804
Total Assets	\$2,632,069	\$5,587,397	\$1,316,530	\$9,535,996
Liabilities:				
Accounts Payable	\$8,902	\$0	\$0	\$8,902
Accrued Wages Payable	19,947	0	0	19,947
Intergovernmental Payable	13,213	0	0	13,213
Matured Interest Payable	0	105	0	105
Interfund Payable	3,713	0	0	3,713
Deferred Revenue	428,209	509,269	40,804	978,282
Advances From Other Funds	0	0	1,216,587	1,216,587
Total Liabilities	473,984	509,374	1,257,391	2,240,749
Fund Balances:				
Reserved:				
Reserved for Encumbrances	17,411	0	76,433	93,844
Unreserved, Undesignated Reported in:				
Special Revenue Funds	2,140,674	0	0	2,140,674
Debt Service Fund	0	5,078,023	0	5,078,023
Capital Projects Funds (Deficit)	0	0	(17,294)	(17,294)
Total Fund Balances	2,158,085	5,078,023	59,139	7,295,247
Total Liabilities and Fund Balances	\$2,632,069	\$5,587,397	\$1,316,530	\$9,535,996

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$0	\$43,563	\$0	\$43,563
Income Taxes	0	598,597	0	598,597
Other Local Taxes	76,858	0	0	76,858
Special Assessments	0	81,199	0	81,199
Charges for Services	100,168	0	7,010	107,178
Fines, Licenses and Permits	94,456	0	0	94,456
Intergovernmental	1,009,438	2,313	0	1,011,751
Interest	15,356	183,703	3,450	202,509
Other	21,221	0	6,098	27,319
Total Revenues	1,317,497	909,375	16,558	2,243,430
Expenditures:				
Current:				
General Government	19,336	0	0	19,336
Security of Persons and Property:				
Police	113,980	0	0	113,980
Public Health Services	173,110	0	2,768	175,878
Leisure Time Services	59,000	0	0	59,000
Community and Economic Development	6,313	0	249	6,562
Transportation	805,361	0	0	805,361
Capital Outlay	231,412	0	1,537,639	1,769,051
Debt Service:				
Principal Retirement	0	539,233	0	539,233
Interest and Fiscal Charges	0	234,827	0	234,827
Interest Paid on Capital Appreciation Bonds	0	95,767	0	95,767
Total Expenditures	1,408,512	869,827	1,540,656	3,818,995
Excess of Revenues Over (Under) Expenditures	(91,015)	39,548	(1,524,098)	(1,575,565)
Other Financing Sources:				
Proceeds from Sale of Capital Assets	7,000	0	0	7,000
Transfers In	66,120	42,500	1,409,443	1,518,063
Total Other Financing Sources	73,120	42,500	1,409,443	1,525,063
Net Change in Fund Balances	(17,895)	82,048	(114,655)	(50,502)
Fund Balances at Beginning of Year	2,175,980	4,995,975	173,794	7,345,749
Fund Balances at End of Year	\$2,158,085	\$5,078,023	\$59,139	\$7,295,247

**CITY OF LEBANON, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2008**

	<u>Cemetery</u>	<u>Community Development</u>	<u>Court</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$495,517	\$2,124	\$349,214
Cash and Cash Equivalents with Fiscal Agents	0	195,663	0
Materials and Supplies Inventory	1,897	0	765
Intergovernmental Receivable	15,000	0	0
Prepaid Items	1,682	0	0
Accrued Interest Receivable	1,230	0	0
Total Assets	<u>\$515,326</u>	<u>\$197,787</u>	<u>\$349,979</u>
Liabilities:			
Accounts Payable	\$905	\$0	\$2,495
Accrued Wages Payable	3,230	0	0
Intergovernmental Payable	2,017	0	0
Interfund Payable	838	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>6,990</u>	<u>0</u>	<u>2,495</u>
Fund Balances:			
Reserved:			
Reserved for Encumbrances	0	0	4,306
Unreserved, Undesignated	508,336	197,787	343,178
Total Fund Balances	<u>508,336</u>	<u>197,787</u>	<u>347,484</u>
Total Liabilities and Fund Balances	<u>\$515,326</u>	<u>\$197,787</u>	<u>\$349,979</u>

<u>Park/Recreation Impact Fee</u>	<u>Parks and Recreation</u>	<u>Transportation</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$74,860	\$5,564	\$707,351	\$1,634,630
0	0	0	195,663
0	0	262,761	265,423
0	0	509,902	524,902
0	0	8,438	10,120
0	0	101	1,331
<u>\$74,860</u>	<u>\$5,564</u>	<u>\$1,488,553</u>	<u>\$2,632,069</u>
\$0	\$0	\$5,502	\$8,902
0	0	16,717	19,947
0	0	11,196	13,213
0	0	2,875	3,713
0	0	428,209	428,209
<u>0</u>	<u>0</u>	<u>464,499</u>	<u>473,984</u>
0	0	13,105	17,411
<u>74,860</u>	<u>5,564</u>	<u>1,010,949</u>	<u>2,140,674</u>
<u>74,860</u>	<u>5,564</u>	<u>1,024,054</u>	<u>2,158,085</u>
<u>\$74,860</u>	<u>\$5,564</u>	<u>\$1,488,553</u>	<u>\$2,632,069</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, 2008**

	Cemetery	Community Development	Court	Park/Recreation Impact Fee
Revenues:				
Other Local Taxes	\$0	\$0	\$0	\$0
Charges for Services	95,744	0	4,424	0
Fines, Licenses and Permits	0	0	61,730	4,801
Intergovernmental	30,000	0	3,938	0
Interest	12,562	878	0	0
Other	0	0	16,013	0
Total Revenues	138,306	878	86,105	4,801
Expenditures:				
Current:				
General Government	0	0	19,336	0
Security of Persons and Property:				
Police	0	0	113,980	0
Public Health Services	173,110	0	0	0
Leisure Time Services	0	0	0	59,000
Community and Economic Development	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	0	0	22,514	0
Total Expenditures	173,110	0	155,830	59,000
Excess of Revenues Over (Under) Expenditures	(34,804)	878	(69,725)	(54,199)
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	0	0	0
Transfers In	56,120	0	0	0
Total Other Financing Sources	56,120	0	0	0
Net Change in Fund Balances	21,316	878	(69,725)	(54,199)
Fund Balances at Beginning of Year	487,020	196,909	417,209	129,059
Fund Balances at End of Year	\$508,336	\$197,787	\$347,484	\$74,860

Parks and Recreation	Transportation	Total Nonmajor Special Revenue Funds
\$0	\$76,858	\$76,858
0	0	100,168
0	27,925	94,456
0	975,500	1,009,438
0	1,916	15,356
0	5,208	21,221
<u>0</u>	<u>1,087,407</u>	<u>1,317,497</u>
0	0	19,336
0	0	113,980
0	0	173,110
0	0	59,000
0	6,313	6,313
0	805,361	805,361
4,017	204,881	231,412
<u>4,017</u>	<u>1,016,555</u>	<u>1,408,512</u>
<u>(4,017)</u>	<u>70,852</u>	<u>(91,015)</u>
0	7,000	7,000
0	10,000	66,120
<u>0</u>	<u>17,000</u>	<u>73,120</u>
(4,017)	87,852	(17,895)
<u>9,581</u>	<u>936,202</u>	<u>2,175,980</u>
<u>\$5,564</u>	<u>\$1,024,054</u>	<u>\$2,158,085</u>

**CITY OF LEBANON, OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2008**

	Cemetery Improvement	State Issue II	Industrial Development	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$63,220	\$1,012,528	\$199,978	\$1,275,726
Capital Lease Receivable	0	0	40,804	40,804
Total Assets	\$63,220	\$1,012,528	\$240,782	\$1,316,530
Liabilities:				
Deferred Revenue	\$0	\$0	\$40,804	\$40,804
Advances From Other Funds	0	0	1,216,587	1,216,587
Total Liabilities	0	0	1,257,391	1,257,391
Fund Balances:				
Reserved:				
Reserved for Encumbrances	0	76,433	0	76,433
Unreserved, Undesignated (Deficit)	63,220	936,095	(1,016,609)	(17,294)
Total Fund Balances (Deficit)	63,220	1,012,528	(1,016,609)	59,139
Total Liabilities and Fund Balances	\$63,220	\$1,012,528	\$240,782	\$1,316,530

**CITY OF LEBANON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Cemetery Improvement	State Issue II	Industrial Development	Total Nonmajor Capital Projects Funds
Revenues:				
Charges for Services	\$7,010	\$0	\$0	\$7,010
Interest	0	0	3,450	3,450
Other	0	0	6,098	6,098
Total Revenues	<u>7,010</u>	<u>0</u>	<u>9,548</u>	<u>16,558</u>
Expenditures:				
Current:				
Public Health Services	2,768	0	0	2,768
Community and Economic Development	0	0	249	249
Capital Outlay	0	1,537,639	0	1,537,639
Total Expenditures	<u>2,768</u>	<u>1,537,639</u>	<u>249</u>	<u>1,540,656</u>
Excess of Revenues Over (Under) Expenditures	4,242	(1,537,639)	9,299	(1,524,098)
Other Financing Sources:				
Transfers In	0	1,250,000	159,443	1,409,443
Net Change in Fund Balances	4,242	(287,639)	168,742	(114,655)
Fund Balances (Deficit) at Beginning of Year	<u>58,978</u>	<u>1,300,167</u>	<u>(1,185,351)</u>	<u>173,794</u>
Fund Balances (Deficit) at End of Year	<u><u>\$63,220</u></u>	<u><u>\$1,012,528</u></u>	<u><u>(\$1,016,609)</u></u>	<u><u>\$59,139</u></u>

INTERNAL SERVICE FUNDS

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

Automotive Maintenance

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

Self-Insurance

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

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2008

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$55,722	\$2,255,098	\$2,310,820
Materials and Supplies Inventory	2,313	0	2,313
Accrued Interest Receivable	0	5,976	5,976
Interfund Receivable	11,987	0	11,987
Prepaid Items	1,848	0	1,848
 Total Current Assets	 71,870	 2,261,074	 2,332,944
Noncurrent Assets:			
Nondepreciable Capital Assets	64,666	0	64,666
 Total Assets	 136,536	 2,261,074	 2,397,610
Liabilities:			
Current Liabilities:			
Accrued Wages Payable	3,890	0	3,890
Intergovernmental Payable	3,092	0	3,092
Claims Payable	0	179,000	179,000
Compensated Absences Payable	2,223	0	2,223
 Total Current Liabilities	 9,205	 179,000	 188,205
Long-term Liabilities:			
Compensated Absences Payable	3,086	0	3,086
 Total Liabilities	 12,291	 179,000	 191,291
Net Assets:			
Invested in Capital Assets	64,666	0	64,666
Unrestricted	59,579	2,082,074	2,141,653
 Total Net Assets	 \$124,245	 \$2,082,074	 \$2,206,319

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$171,880	\$2,271,375	\$2,443,255
Other	<u>175</u>	<u>146,866</u>	<u>147,041</u>
Total Operating Revenues	<u>172,055</u>	<u>2,418,241</u>	<u>2,590,296</u>
Operating Expenses:			
Personal Services	146,900	0	146,900
Contractual Services	4,957	251,392	256,349
Supplies and Materials	3,240	0	3,240
Claims	<u>0</u>	<u>1,391,555</u>	<u>1,391,555</u>
Total Operating Expenses	<u>155,097</u>	<u>1,642,947</u>	<u>1,798,044</u>
Operating Income	16,958	775,294	792,252
Non-Operating Revenues:			
Interest	<u>0</u>	<u>64,023</u>	<u>64,023</u>
Change in Net Assets	16,958	839,317	856,275
Net Asset at Beginning of Year	<u>107,287</u>	<u>1,242,757</u>	<u>1,350,044</u>
Net Assets at End of Year	<u><u>\$124,245</u></u>	<u><u>\$2,082,074</u></u>	<u><u>\$2,206,319</u></u>

**CITY OF LEBANON, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<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 Payments for Employee Services and Benefits	(\$166,007)	\$0	(\$166,007)
Cash Payments to Suppliers for Goods and Services	(9,234)	(251,392)	(260,626)
Cash Payments for Employee Medical, Dental and Life Insurance Claims	0	(1,386,454)	(1,386,454)
Cash Received from Interfund Services Provided	163,871	2,271,375	2,435,246
Other Operating Revenues	175	146,866	147,041
Net Cash Provided by (Used for) Operating Activities	(11,195)	780,395	769,200
Cash Flows from Investing Activities:			
Interest	0	62,533	62,533
Net Increase (Decrease) in Cash and Cash Equivalents	(11,195)	842,928	831,733
Cash and Cash Equivalents at Beginning of Year	66,917	1,412,170	1,479,087
Cash and Cash Equivalents at End of Year	\$55,722	\$2,255,098	\$2,310,820
Reconciliation of Operating Income to <u>Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$16,958	\$775,294	\$792,252
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Changes in Assets and Liabilities:			
Increase in Interfund Receivable	(8,009)	0	(8,009)
Increase in Materials and Supplies Inventory	(517)	0	(517)
Increase in Prepaids Items	(339)	0	(339)
Decrease in Accounts Payable	(181)	0	(181)
Increase in Claims Payable	0	5,101	5,101
Increase in Accrued Wages Payable	923	0	923
Increase in Intergovernmental Payable	1,349	0	1,349
Decrease in Compensated Absences Payable	(21,379)	0	(21,379)
Net Cash Provided by (Used for) Operating Activities	(11,195)	780,395	769,200

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.

Cincinnati Bell

To account for monies received from billings that are collected on behalf of Cincinnati Bell and disbursed to Cincinnati Bell monthly.

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, 2008**

	Fire Insurance Collection	Municipal Court	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$21,000	\$0	\$21,000
Cash and Cash Equivalents in Segregated Accounts	<u>0</u>	<u>42,647</u>	<u>42,647</u>
Total Assets	<u><u>\$21,000</u></u>	<u><u>\$42,647</u></u>	<u><u>\$63,647</u></u>
Liabilities:			
Intergovernmental Payable	\$0	\$42,647	\$42,647
Undistributed Monies	<u>21,000</u>	<u>0</u>	<u>21,000</u>
Total Liabilities	<u><u>\$21,000</u></u>	<u><u>\$42,647</u></u>	<u><u>\$63,647</u></u>

**CITY OF LEBANON, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Balance 1/1/08	Additions	Reductions	Balance 12/31/08
FIRE INSURANCE COLLECTION				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$21,000	\$36,000	\$36,000	\$21,000
Liabilities:				
Undistributed Monies	\$21,000	\$0	\$0	\$21,000
CINCINNATI BELL				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$33,866	\$2,501,977	\$2,535,843	\$0
Liabilities:				
Undistributed Monies	\$33,866	\$2,501,977	\$2,535,843	\$0
MUNICIPAL COURT				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$44,257	\$42,647	\$44,257	\$42,647
Liabilities:				
Intergovernmental Payable	\$20,774	\$42,647	\$20,774	\$42,647
Undistributed Monies	23,483	0	23,483	0
Total Liabilities	\$44,257	\$42,647	\$44,257	\$42,647
TOTAL - ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$54,866	\$2,537,977	\$2,571,843	\$21,000
Cash and Cash Equivalents in Segregated Accounts	44,257	42,647	44,257	42,647
Total Assets	\$99,123	\$2,580,624	\$2,616,100	\$63,647
Liabilities:				
Intergovernmental Payable	\$20,774	\$42,647	\$20,774	\$42,647
Undistributed Monies	78,349	2,501,977	2,559,326	21,000
Total Liabilities	\$99,123	\$2,544,624	\$2,580,100	\$63,647

**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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$1,420,025	\$1,485,681	\$1,364,977	(\$120,704)
Income Taxes	2,900,000	2,900,000	2,784,333	(115,667)
Other Local Taxes	1,352,475	1,352,475	1,390,897	38,422
Charges for Services	1,760,200	1,769,931	1,769,931	0
Fines, Licenses and Permits	846,010	846,010	861,473	15,463
Intergovernmental	830,500	890,500	633,720	(256,780)
Interest	450,000	450,000	314,412	(135,588)
Contributions and Donations	5,000	21,500	7,494	(14,006)
Other	60,500	60,500	48,203	(12,297)
Total Revenues	9,624,710	9,776,597	9,175,440	(601,157)
Expenditures:				
Current:				
General Government				
Legislative				
Personal Services	53,310	53,310	52,355	955
Contractual Services	49,000	54,000	51,201	2,799
Supplies and Materials	750	763	454	309
Capital Outlay	0	350,000	342,085	7,915
Total Legislative	103,060	458,073	446,095	11,978
City Manager				
Personal Services	546,764	548,852	538,932	9,920
Contractual Services	100,982	100,369	70,770	29,599
Supplies and Materials	11,000	10,714	4,519	6,195
Total City Manager	658,746	659,935	614,221	45,714
Personnel				
Personal Services	134,302	134,302	131,006	3,296
Contractual Services	52,500	57,801	26,875	30,926
Supplies and Materials	2,750	2,460	1,034	1,426
Total Personnel	189,552	194,563	158,915	35,648
Department of Service				
Personal Services	344,235	344,235	326,223	18,012
Contractual Services	205,980	286,181	284,156	2,025
Supplies and Materials	4,000	4,070	3,655	415
Total Department of Service	554,215	634,486	614,034	20,452
Information Technology				
Personal Services	173,044	173,044	168,748	4,296
Contractual Services	105,930	127,085	124,210	2,875
Supplies and Materials	11,200	11,200	2,214	8,986
Total Information Technology	290,174	311,329	295,172	16,157
Finance				
Personal Services	451,112	451,112	443,295	7,817
Contractual Services	98,738	100,610	94,136	6,474
Supplies and Materials	4,000	5,000	4,501	499
Total Finance	553,850	556,722	541,932	14,790
Income Tax				
Personal Services	179,137	179,137	177,355	1,782
Contractual Services	10,250	10,250	5,996	4,254
Supplies and Materials	15,450	17,095	10,099	6,996
Refunds	80,000	80,000	79,501	499
Total Income Tax	\$284,837	\$286,482	\$272,951	\$13,531

(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, 2008
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Law				
Personal Services	\$34,206	\$34,206	\$26,920	\$7,286
Contractual Services	161,200	152,967	121,681	31,286
Supplies and Materials	500	500	451	49
Total Law	<u>195,906</u>	<u>187,673</u>	<u>149,052</u>	<u>38,621</u>
Municipal Court				
Personal Services	600,871	600,871	540,099	60,772
Contractual Services	148,550	155,064	106,166	48,898
Supplies and Materials	15,000	12,787	10,737	2,050
Total Municipal Court	<u>764,421</u>	<u>768,722</u>	<u>657,002</u>	<u>111,720</u>
Parking System				
Contractual Services	7,000	7,552	3,985	3,567
Supplies and Materials	1,500	1,500	92	1,408
Total Parking System	<u>8,500</u>	<u>9,052</u>	<u>4,077</u>	<u>4,975</u>
Planning				
Personal Services	<u>3,000</u>	<u>3,256</u>	<u>1,525</u>	<u>1,731</u>
Probation				
Personal Services	160,805	160,805	131,961	28,844
Contractual Services	11,050	11,050	7,220	3,830
Supplies and Materials	3,600	4,051	2,905	1,146
Total Probation	<u>175,455</u>	<u>175,906</u>	<u>142,086</u>	<u>33,820</u>
Building Maintenance				
Personal Services	217,451	218,451	218,213	238
Contractual Services	99,990	101,685	94,636	7,049
Supplies and Materials	11,400	17,417	17,295	122
Total Building Maintenance	<u>328,841</u>	<u>337,553</u>	<u>330,144</u>	<u>7,409</u>
Other General Government				
Contractual Services	111,000	124,195	77,450	46,745
Supplies and Materials	5,000	5,000	4,028	972
Total Other General Government	<u>116,000</u>	<u>129,195</u>	<u>81,478</u>	<u>47,717</u>
Total General Government	<u>4,226,557</u>	<u>4,712,947</u>	<u>4,308,684</u>	<u>404,263</u>
Security of Persons and Property				
Police				
Personal Services	3,583,380	3,661,520	3,528,391	133,129
Contractual Services	447,124	415,294	325,596	89,698
Supplies and Materials	127,355	128,945	119,040	9,905
Capital Outlay	100,000	114,570	83,029	31,541
Total Security of Persons and Property	<u>4,257,859</u>	<u>4,320,329</u>	<u>4,056,056</u>	<u>264,273</u>
Leisure Time Services				
Recreation Programs				
Personal Services	133,773	133,773	129,756	4,017
Contractual Services	118,593	163,745	156,214	7,531
Supplies and Materials	90,000	93,259	89,259	4,000
Refunds	200	200	95	105
Total Leisure Time Services	<u>342,566</u>	<u>390,977</u>	<u>375,324</u>	<u>15,653</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, 2008
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Community and Economic Development				
Planning and Development				
Personal Services	\$176,753	\$176,753	\$174,464	\$2,289
Contractual Services	20,630	131,110	115,818	15,292
Supplies and Materials	6,000	6,000	3,861	2,139
Total Planning and Development	<u>203,383</u>	<u>313,863</u>	<u>294,143</u>	<u>19,720</u>
Engineer Services				
Personal Services	374,716	378,739	359,998	18,741
Contractual Services	44,068	47,745	36,532	11,213
Supplies and Materials	11,500	12,040	9,892	2,148
Total Engineer Services	<u>430,284</u>	<u>438,524</u>	<u>406,422</u>	<u>32,102</u>
Total Community and Economic Development	<u>633,667</u>	<u>752,387</u>	<u>700,565</u>	<u>51,822</u>
Capital Outlay	<u>5,000</u>	<u>12,500</u>	<u>7,500</u>	<u>5,000</u>
Total Expenditures	<u>9,465,649</u>	<u>10,189,140</u>	<u>9,448,129</u>	<u>741,011</u>
Excess of Revenues Over (Under) Expenditures	<u>159,061</u>	<u>(412,543)</u>	<u>(272,689)</u>	<u>139,854</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,000	24,500	24,500	0
Transfers In	57,495	57,495	57,495	0
Advances In	121,408	121,408	121,408	0
Transfers Out	(76,120)	(76,120)	(76,120)	0
Total Other Financing Sources (Uses)	<u>107,783</u>	<u>127,283</u>	<u>127,283</u>	<u>0</u>
Net Change in Fund Balance	266,844	(285,260)	(145,406)	139,854
Fund Balance at Beginning of Year	2,651,827	2,651,827	2,651,827	0
Prior Year Encumbrances Appropriated	<u>342,688</u>	<u>342,688</u>	<u>342,688</u>	<u>0</u>
Fund Balance at End of Year	<u>\$3,261,359</u>	<u>\$2,709,255</u>	<u>\$2,849,109</u>	<u>\$139,854</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,370,650	\$2,534,850	\$2,349,861	(\$184,989)
Charges for Services	210,000	210,000	245,713	35,713
Intergovernmental	125,000	125,000	95,563	(29,437)
Other	2,000	2,000	24,619	22,619
Total Revenues	<u>2,707,650</u>	<u>2,871,850</u>	<u>2,715,756</u>	<u>(156,094)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Personal Services	1,675,802	1,752,158	1,750,067	2,091
Contractual Services	483,723	557,476	538,233	19,243
Supplies and Materials	51,000	78,344	78,296	48
Capital Outlay	185,000	284,427	279,746	4,681
Total Security of Persons and Property	<u>2,395,525</u>	<u>2,672,405</u>	<u>2,646,342</u>	<u>26,063</u>
Debt Service:				
Principal Retirement	560,000	560,000	560,000	0
Interest and Fiscal Charges	25,800	25,800	23,542	2,258
Total Debt Service	<u>585,800</u>	<u>585,800</u>	<u>583,542</u>	<u>2,258</u>
Total Expenditures	<u>2,981,325</u>	<u>3,258,205</u>	<u>3,229,884</u>	<u>28,321</u>
Excess of Revenues Under Expenditures	<u>(273,675)</u>	<u>(386,355)</u>	<u>(514,128)</u>	<u>(127,773)</u>
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	0	8,050	8,050
Notes Issued	280,000	280,000	280,000	0
Total Other Financing Sources	<u>280,000</u>	<u>280,000</u>	<u>288,050</u>	<u>8,050</u>
Net Change in Fund Balance	6,325	(106,355)	(226,078)	(119,723)
Fund Balance at Beginning of Year	1,182,449	1,182,449	1,182,449	0
Prior Year Encumbrances Appropriated	113,865	113,865	113,865	0
Fund Balance at End of Year	<u>\$1,302,639</u>	<u>\$1,189,959</u>	<u>\$1,070,236</u>	<u>(\$119,723)</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Payments in Lieu of Taxes	\$1,325,000	\$1,325,000	\$1,340,355	\$15,355
Expenditures:				
Current:				
Community and Economic Development				
Supplies and Materials	100,000	100,000	75,024	24,976
Capital Outlay	0	491,200	491,200	0
Reimbursements	325,000	325,000	255,411	69,589
Total Expenditures	425,000	916,200	821,635	94,565
Excess of Revenues Over Expenditures	900,000	408,800	518,720	109,920
Other Financing Uses:				
Transfers Out	(263,191)	(263,191)	(263,189)	2
Net Change in Fund Balance	636,809	145,609	255,531	109,922
Fund Balance at Beginning of Year	1,676,813	1,676,813	1,676,813	0
Fund Balance at End of Year	\$2,313,622	\$1,822,422	\$1,932,344	\$109,922

**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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Income Taxes	\$2,784,300	\$2,784,300	\$2,449,346	(\$334,954)
Intergovernmental	1,719,000	1,719,000	1,157,245	(561,755)
Interest	0	0	53,189	53,189
Other	23,700	23,700	102,103	78,403
Total Revenues	<u>4,527,000</u>	<u>4,527,000</u>	<u>3,761,883</u>	<u>(765,117)</u>
Expenditures:				
Capital Outlay	3,259,000	4,134,765	3,774,517	360,248
Debt Service:				
Principal Retirement	2,000,000	2,000,000	2,000,000	0
Interest and Fiscal Charges	85,885	85,885	85,627	258
Bond Issuance Costs	103,476	103,476	103,476	0
Total Debt Service	<u>2,189,361</u>	<u>2,189,361</u>	<u>2,189,103</u>	<u>258</u>
Total Expenditures	<u>5,448,361</u>	<u>6,324,126</u>	<u>5,963,620</u>	<u>360,506</u>
Excess of Revenues Over Expenditures	<u>(921,361)</u>	<u>(1,797,126)</u>	<u>(2,201,737)</u>	<u>(404,611)</u>
Other Financing Sources (Uses):				
Premium on Debt Issued	92,821	92,821	93,638	817
General Obligation Bonds Issued	0	3,750,000	3,750,000	0
Payment to Refunded Bond Escrow Agent	(1,738,460)	(1,738,460)	(1,738,460)	0
Notes Issued	2,000,000	0	1,000,000	1,000,000
Advances In	500,000	500,000	0	(500,000)
Transfers Out	(1,250,000)	(1,250,000)	(1,250,000)	0
Total Other Financing Sources (Uses)	<u>(395,639)</u>	<u>1,354,361</u>	<u>1,855,178</u>	<u>500,817</u>
Net Change in Fund Balance	(1,317,000)	(442,765)	(346,559)	96,206
Fund Balance at Beginning of Year	675,271	675,271	675,271	0
Prior Year Encumbrances Appropriated	<u>779,766</u>	<u>779,766</u>	<u>779,766</u>	<u>0</u>
Fund Balance at End of Year	<u>\$138,037</u>	<u>\$1,012,272</u>	<u>\$1,108,478</u>	<u>\$96,206</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$30,563,790	\$31,028,790	\$28,384,448	(\$2,644,342)
Other	39,000	39,000	250,215	211,215
Interest	272,000	370,390	197,506	(172,884)
Utility Deposits Received	225,000	225,000	187,200	(37,800)
Proceeds from Sale of Capital Assets	0	0	1,828	1,828
Revenue Bonds Issued	4,118,685	4,465,000	4,465,000	0
Total Revenues	35,218,475	36,128,180	33,486,197	(2,641,983)
Expenses:				
Personal Services	1,756,010	1,756,010	1,723,786	32,224
Contractual Services	1,661,342	1,748,618	1,445,964	302,654
Purchased Power	22,080,000	22,081,023	21,728,725	352,298
Supplies and Materials	191,050	210,315	103,996	106,319
Other	8,000	8,000	7,982	18
Utility Deposits Returned	226,325	226,325	191,447	34,878
Capital Outlay	5,442,500	6,388,471	4,154,146	2,234,325
Debt Service:				
Principal Retirement	4,738,300	5,070,023	5,070,000	23
Interest and Fiscal Charges	660,700	1,073,445	927,730	145,715
Bond Issuance Costs	110,944	110,944	110,944	0
Discount on Debt Issued	7,741	7,741	7,741	0
Total Expenses	36,882,912	38,680,915	35,472,461	3,208,454
Excess of Revenues Over (Under) Expenses	(1,664,437)	(2,552,735)	(1,986,264)	566,471
Advances In	0	0	2,702,415	2,702,415
Transfers In	1,984,230	4,487,331	13,751	(4,473,580)
Transfers Out	(1,970,479)	(2,857,895)	(2,702,415)	155,480
Net Change in Fund Equity	(1,650,686)	(923,299)	(1,972,513)	(1,049,214)
Fund Equity at Beginning of Year	9,193,957	9,193,957	9,193,957	0
Prior Year Encumbrances Appropriated	1,821,868	1,821,868	1,821,868	0
Fund Equity at End of Year	\$9,365,139	\$10,092,526	\$9,043,312	(\$1,049,214)

**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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$1,293,706	\$1,354,480	\$1,256,102	(\$98,378)
Other	5,520	5,520	5,520	0
Interest	0	0	6,988	6,988
Total Revenues	<u>1,299,226</u>	<u>1,360,000</u>	<u>1,268,610</u>	<u>(91,390)</u>
Expenses:				
Personal Services	132,654	132,654	129,860	2,794
Contractual Services	1,218,500	1,219,128	1,186,249	32,879
Supplies and Materials	500	500	0	500
Other	750	750	237	513
Total Expenses	<u>1,352,404</u>	<u>1,353,032</u>	<u>1,316,346</u>	<u>36,686</u>
Net Change in Fund Equity	(53,178)	6,968	(47,736)	(54,704)
Fund Equity at Beginning of Year	376,767	376,767	376,767	0
Prior Year Encumbrances Appropriated	131	131	131	0
Fund Equity at End of Year	<u><u>\$323,720</u></u>	<u><u>\$383,866</u></u>	<u><u>\$329,162</u></u>	<u><u>(\$54,704)</u></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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$3,038,267	\$3,451,000	\$3,240,855	(\$210,145)
Other	0	0	23,192	23,192
Interest	180,000	180,000	75,093	(104,907)
Special Assessments	0	0	6,630	6,630
Total Revenues	<u>3,218,267</u>	<u>3,631,000</u>	<u>3,345,770</u>	<u>(285,230)</u>
Expenses:				
Personal Services	591,421	591,421	575,728	15,693
Contractual Services	1,235,237	1,264,338	1,136,996	127,342
Supplies and Materials	155,000	169,474	131,805	37,669
Capital Outlay	436,500	999,800	758,340	241,460
Other	1,500	1,500	715	785
Debt Service:				
Principal Retirement	645,000	645,000	645,000	0
Interest and Fiscal Charges	475,766	475,766	475,766	0
Total Expenses	<u>3,540,424</u>	<u>4,147,299</u>	<u>3,724,350</u>	<u>422,949</u>
Net Change in Fund Equity	(322,157)	(516,299)	(378,580)	137,719
Fund Equity at Beginning of Year	4,110,397	4,110,397	4,110,397	0
Prior Year Encumbrances Appropriated	<u>440,845</u>	<u>440,845</u>	<u>440,845</u>	<u>0</u>
Fund Equity at End of Year	<u>\$4,229,085</u>	<u>\$4,034,943</u>	<u>\$4,172,662</u>	<u>\$137,719</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$130,000	\$130,000	\$98,749	(\$31,251)
Other	750,200	750,200	756,940	6,740
Notes Issued	1,250,000	1,250,000	1,250,000	0
Total Revenues	2,130,200	2,130,200	2,105,689	(24,511)
Expenses:				
Personal Services	92,981	96,081	92,688	3,393
Contractual Services	20,800	25,553	23,998	1,555
Supplies and Materials	1,000	1,000	320	680
Capital Outlay	4,800	5,341	3,888	1,453
Reimbursements	10,000	10,000	0	10,000
Debt Service:				
Principal Retirement	1,750,000	1,750,000	1,750,000	0
Interest and Fiscal Charges	124,000	127,800	122,047	5,753
Total Expenses	2,003,581	2,015,775	1,992,941	22,834
Excess of Revenues Over (Under) Expenses	126,619	114,425	112,748	(1,677)
Advances Out	0	(2,702,415)	(2,702,415)	0
Transfers In	0	2,582,000	2,702,415	120,415
Net Change in Fund Equity	126,619	(5,990)	112,748	118,738
Fund Equity at Beginning of Year	4,836,611	4,836,611	4,836,611	0
Prior Year Encumbrances Appropriated	10,198	10,198	10,198	0
Fund Equity at End of Year	\$4,973,428	\$4,840,819	\$4,959,557	\$118,738

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$2,395,000	\$3,217,000	\$2,626,258	(\$590,742)
Other	5,000	5,000	6,565	1,565
Interest	225,000	225,000	68,043	(156,957)
Utility Deposits Received	17,500	17,500	14,850	(2,650)
Total Revenues	2,642,500	3,464,500	2,715,716	(748,784)
Expenses:				
Personal Services	455,912	460,912	447,786	13,126
Contractual Services	879,086	897,386	818,858	78,528
Supplies and Materials	60,500	61,115	35,223	25,892
Other	2,000	19,300	18,198	1,102
Utility Deposits Returned	12,675	12,675	12,675	0
Capital Outlay	1,288,500	1,850,242	1,568,063	282,179
Debt Service:				
Principal Retirement	445,000	445,000	445,000	0
Interest and Fiscal Charges	362,480	362,480	362,480	0
Total Expenses	3,506,153	4,109,110	3,708,283	400,827
Excess of Revenues Under Expenses	(863,653)	(644,610)	(992,567)	(347,957)
Transfers In	0	311,000	0	(311,000)
Net Change in Fund Equity	(863,653)	(333,610)	(992,567)	(658,957)
Fund Equity at Beginning of Year	4,348,105	4,348,105	4,348,105	0
Prior Year Encumbrances Appropriated	603,889	603,889	603,889	0
Fund Equity at End of Year	\$4,088,341	\$4,618,384	\$3,959,427	(\$658,957)

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$816,000	\$816,000	\$806,150	(\$9,850)
Interest	20,000	20,000	11,162	(8,838)
Total Revenues	836,000	836,000	817,312	(18,688)
Expenses:				
Personal Services	48,764	52,264	51,330	934
Contractual Services	146,900	147,053	132,766	14,287
Supplies and Materials	5,000	5,068	1,685	3,383
Capital Outlay	600,000	984,981	691,479	293,502
Other	1,000	1,000	44	956
Total Expenses	801,664	1,190,366	877,304	313,062
Net Change in Fund Equity	34,336	(354,366)	(59,992)	294,374
Fund Equity at Beginning of Year	201,360	201,360	201,360	0
Prior Year Encumbrances Appropriated	387,404	387,404	387,404	0
Fund Equity at End of Year	\$623,100	\$234,398	\$528,772	\$294,374

**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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$92,250	\$92,250	\$95,744	\$3,494
Intergovernmental	30,000	38,500	30,000	(8,500)
Interest	18,000	18,000	9,679	(8,321)
Total Revenues	140,250	148,750	135,423	(13,327)
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Personal Services	127,169	127,169	124,248	2,921
Contractual Services	42,550	44,838	42,832	2,006
Supplies and Materials	3,650	4,250	4,200	50
Total Expenditures	173,369	176,257	171,280	4,977
Excess of Revenues Under Expenditures	(33,119)	(27,507)	(35,857)	(8,350)
Other Financing Sources:				
Transfers In	56,120	56,120	56,120	0
Net Change in Fund Balance	23,001	28,613	20,263	(8,350)
Fund Balance at Beginning of Year	460,412	460,412	460,412	0
Prior Year Encumbrances Appropriated	2,865	2,865	2,865	0
Fund Balance at End of Year	\$486,278	\$491,890	\$483,540	(\$8,350)

**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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$0	\$4,424	\$4,424	\$0
Fines, Licenses and Permits	44,500	217,576	61,695	(155,881)
Intergovernmental	5,000	5,000	3,938	(1,062)
Other	10,000	78,000	16,013	(61,987)
Total Revenues	59,500	305,000	86,070	(218,930)
Expenditures:				
Current:				
General Government				
Municipal Court Special Project				
Contractual Services	15,000	1,427	1,043	384
Capital Outlay	0	20,000	20,000	0
Total General Government	15,000	21,427	21,043	384
Security of Persons and Property				
Indigent Drivers Alcohol				
Materials and Supplies	10,000	10,000	10,000	0
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	10,000	31,045	28,550	2,495
Materials and Supplies	10,000	10,000	9,912	88
Capital Outlay	25,000	25,000	16,002	8,998
Total Computer Improvement	45,000	66,045	54,464	11,581
Division of Probation				
Materials and Supplies	10,000	60,000	51,327	8,673
Total Security of Persons and Property	80,000	151,045	115,791	35,254
Capital Outlay	10,000	34,000	22,514	11,486
Total Expenditures	105,000	206,472	159,348	47,124
Net Change in Fund Balance	(45,500)	98,528	(73,278)	(171,806)
Fund Balance at Beginning of Year	414,052	414,052	414,052	0
Prior Year Encumbrances Appropriated	2,735	2,735	2,735	0
Fund Balance at End of Year	\$371,287	\$515,315	\$343,509	(\$171,806)

**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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Fines, Licenses and Permits	\$85,650	\$85,650	\$4,801	(\$80,849)
Expenditures:				
Current:				
Leisure Time Services				
Capital Outlay	60,000	60,000	59,000	1,000
Net Change in Fund Balance	25,650	25,650	(54,199)	(79,849)
Fund Balance at Beginning of Year	129,057	129,057	129,057	0
Fund Balance at End of Year	<u>\$154,707</u>	<u>\$154,707</u>	<u>\$74,858</u>	<u>(\$79,849)</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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Leisure Time Services				
Contractual Services	0	82	82	0
Capital Outlay	0	5,449	5,449	0
Total Expenditures	0	5,531	5,531	0
Net Change in Fund Balance	0	(5,531)	(5,531)	0
Fund Balance at Beginning of Year	3,413	3,413	3,413	0
Prior Year Encumbrances Appropriated	7,680	7,680	7,680	0
Fund Balance at End of Year	\$11,093	\$5,562	\$5,562	\$0

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Other Local Taxes	\$56,000	\$100,000	\$76,858	(\$23,142)
Fines, Licenses and Permits	62,500	62,500	27,925	(34,575)
Intergovernmental	890,000	1,014,600	978,844	(35,756)
Interest	0	0	691	691
Other	0	0	5,208	5,208
Total Revenues	1,008,500	1,177,100	1,089,526	(87,574)
Expenditures:				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	611,606	622,356	613,533	8,823
Contractual Services	145,946	160,293	156,370	3,923
Supplies and Materials	101,800	158,994	135,192	23,802
Capital Outlay	120,000	216,176	211,194	4,982
Total Street Maintenance and Repair	979,352	1,157,819	1,116,289	41,530
Division Highway Maintenance				
Contractual Services	37,000	41,390	40,975	415
Supplies and Materials	59,000	62,928	43,603	19,325
Total Division Highway Maintenance	96,000	104,318	84,578	19,740
Total Expenditures	1,075,352	1,262,137	1,200,867	61,270
Excess of Revenues Under Expenditures	(66,852)	(85,037)	(111,341)	(26,304)
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	0	7,000	7,000
Transfers In	18,000	18,000	10,000	(8,000)
Total Other Financing Sources	18,000	18,000	17,000	(1,000)
Net Change in Fund Balance	(48,852)	(67,037)	(94,341)	(27,304)
Fund Balance at Beginning of Year	656,431	656,431	656,431	0
Prior Year Encumbrances Appropriated	130,237	130,237	130,237	0
Fund Balance at End of Year	\$737,816	\$719,631	\$692,327	(\$27,304)

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$45,800	\$121,000	\$43,563	(\$77,437)
Income Taxes	1,025,000	1,025,000	613,853	(411,147)
Special Assessments	135,000	135,000	142,454	7,454
Intergovernmental	5,000	5,000	2,313	(2,687)
Interest	200,000	200,000	97,533	(102,467)
Total Revenues	<u>1,410,800</u>	<u>1,486,000</u>	<u>899,716</u>	<u>(586,284)</u>
Expenditures:				
Debt Service:				
Principal Retirement	464,233	539,233	539,233	0
Interest and Fiscal Charges	343,894	343,894	330,594	13,300
Total Expenditures	<u>808,127</u>	<u>883,127</u>	<u>869,827</u>	<u>13,300</u>
Excess of Revenues Over (Under) Expenditures	<u>602,673</u>	<u>602,873</u>	<u>29,889</u>	<u>(572,984)</u>
Other Financing Sources (Uses):				
Advances Out	(500,000)	0	0	0
Transfers In	42,500	42,500	42,500	0
Total Other Financing Sources (Uses)	<u>(457,500)</u>	<u>42,500</u>	<u>42,500</u>	<u>0</u>
Net Change in Fund Balance	145,173	645,373	72,389	(572,984)
Fund Balance at Beginning of Year	<u>4,860,679</u>	<u>4,860,679</u>	<u>4,860,679</u>	<u>0</u>
Fund Balance at End of Year	<u>\$5,005,852</u>	<u>\$5,506,052</u>	<u>\$4,933,068</u>	<u>(\$572,984)</u>

**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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$8,200	\$8,200	\$7,010	(\$1,190)
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Capital Outlay	8,200	8,200	2,768	5,432
Net Change in Fund Balance	0	0	4,242	4,242
Fund Balance at Beginning of Year	57,839	57,839	57,839	0
Prior Year Encumbrances Appropriated	1,137	1,137	1,137	0
Fund Balance at End of Year	<u>\$58,976</u>	<u>\$58,976</u>	<u>\$63,218</u>	<u>\$4,242</u>

**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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	\$1,250,000	\$2,438,284	\$1,614,072	\$824,212
Excess of Revenues Over (Under) Expenditures	(1,250,000)	(2,438,284)	(1,614,072)	824,212
Other Financing Sources:				
Transfers In	1,250,000	1,250,000	1,250,000	0
Net Change in Fund Balance	0	(1,188,284)	(364,072)	824,212
Fund Balance at Beginning of Year	111,883	111,883	111,883	0
Prior Year Encumbrances Appropriated	1,188,284	1,188,284	1,188,284	0
Fund Balance (Deficit) at End of Year	\$1,300,167	\$111,883	\$936,095	\$824,212

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INDUSTRIAL DEVELOPMENT CAPITAL PROJECTS FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Interest	\$3,450	\$3,450	\$3,450	\$0
Other	6,098	6,098	6,098	0
Total Revenues	9,548	9,548	9,548	0
Expenditures:				
Current:				
Community Environment				
Contractual Services	40,000	40,000	249	39,751
Excess of Revenues Over (Under) Expenditures	(30,452)	(30,452)	9,299	39,751
Other Financing Sources (Uses):				
Advances Out	(121,408)	(121,408)	(121,408)	0
Transfers In	159,443	159,443	159,443	0
Total Other Financing Sources (Uses)	38,035	38,035	38,035	0
Net Change in Fund Balance	7,583	7,583	47,334	39,751
Fund Balance at Beginning of Year	152,644	152,644	152,644	0
Fund Balance at End of Year	\$160,227	\$160,227	\$199,978	\$39,751

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$163,871	\$190,771	\$163,871	(\$26,900)
Other	0	0	175	175
Total Revenues	163,871	190,771	164,046	(26,725)
Expenses:				
Personal Services	141,949	168,949	166,007	2,942
Contractual Services	7,300	7,368	5,296	2,072
Supplies and Materials	14,500	16,702	6,938	9,764
Total Expenses	163,749	193,019	178,241	14,778
Net Change in Fund Equity	122	(2,248)	(14,195)	(11,947)
Fund Equity at Beginning of Year	61,437	61,437	61,437	0
Prior Year Encumbrances Appropriated	5,479	5,479	5,479	0
Fund Equity at End of Year	\$67,038	\$64,668	\$52,721	(\$11,947)

**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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$2,269,600	\$2,269,600	\$2,271,375	\$1,775
Other	101,700	101,700	146,866	45,166
Interest	25,000	25,000	34,482	9,482
Total Revenues	<u>2,396,300</u>	<u>2,396,300</u>	<u>2,452,723</u>	<u>56,423</u>
Expenses:				
Contractual Services	434,000	519,747	273,485	246,262
Claims	1,960,000	2,162,578	2,005,005	157,573
Total Expenses	<u>2,394,000</u>	<u>2,682,325</u>	<u>2,278,490</u>	<u>403,835</u>
Net Change in Fund Equity	2,300	(286,025)	174,233	460,258
Fund Equity at Beginning of Year	1,085,163	1,085,163	1,085,163	0
Prior Year Encumbrances Appropriated	<u>298,225</u>	<u>298,225</u>	<u>298,225</u>	<u>0</u>
Fund Equity at End of Year	<u>\$1,385,688</u>	<u>\$1,097,363</u>	<u>\$1,557,621</u>	<u>\$460,258</u>

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STATISTICAL TABLES

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-S9
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	S10-S14
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	S16-S25
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	S26-S28
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	S29-S33
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 Seven Years
(Accrual Basis of Accounting)

	2002	2003	2004	2005 (1)	2006	2007	2008
Governmental Activities							
Invested in Capital Assets, Net of Related Debt	\$8,881,270	\$14,799,049	\$26,334,143	\$34,147,382	\$36,430,129	\$34,628,876	\$35,598,684
Restricted:							
Debt Service	4,075,248	4,511,772	4,836,043	5,281,347	5,988,697	5,446,441	5,533,239
Capital Outlay	1,787,972	2,259,906	1,865,713	623,201	3,008,531	18,182,179	19,266,375
Security of Persons and Property	0	0	0	1,532,411	1,578,248	1,045,516	1,220,218
Leisure Time Services	0	0	0	1,196,004	150,255	138,640	80,424
Community and Economic Development	0	0	0	818,787	1,158,696	196,909	197,787
Transportation	0	0	0	1,397,403	1,576,731	1,321,189	1,398,165
Other Purposes	3,459,206	3,848,713	3,842,391	288,647	(72,786)	1,181,302	852,362
Unrestricted	2,895,441	2,395,552	2,818,372	2,759,921	4,074,569	4,770,470	6,042,040
<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>	<u>53,893,070</u>	<u>66,911,522</u>	<u>70,189,294</u>
Business Type - Activities							
Invested in Capital Assets, Net of Related Debt	17,553,638	18,011,398	34,340,402	42,195,263	44,045,119	40,865,125	44,388,792
Restricted:							
Revenue Bonds Replacement and Improvement	932,500	932,500	932,500	932,500	932,500	932,500	932,500
Revenue Bonds Current Debt Service	2,588,130	2,373,447	2,401,824	3,029,565	2,765,699	7,151,120	6,850,430
Unrestricted	24,056,603	26,198,493	22,139,380	20,867,518	22,492,317	28,616,768	28,282,539
<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>	<u>70,235,635</u>	<u>77,565,513</u>	<u>80,454,261</u>
Primary Government							
Invested in Capital Assets, Net of Related Debt	26,434,908	32,810,447	60,674,545	76,342,645	80,475,248	75,494,001	79,987,476
Restricted	12,843,056	13,926,338	13,878,471	15,099,865	17,086,571	35,595,796	35,051,500
Unrestricted	26,952,044	28,594,045	24,957,752	23,627,439	26,566,886	33,387,238	34,324,579
<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>\$124,128,705</u>	<u>\$144,477,035</u>	<u>\$149,363,555</u>

(1) 2005 was the first year other purposes was further classified.

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

	2003	2004	2005	2006	2007	2008 (1)
Program Revenues						
Governmental Activities:						
Charges for Services and Sales:						
General Government	\$849,596	\$2,732,173	\$2,286,061	\$2,371,502	\$2,094,209	\$2,083,300
Security of Persons and Property:						
Police	140,849	180,689	480,320	537,467	532,708	573,826
Fire	157,172	145,950	180,894	129,802	197,057	245,713
Public Health	77,103	89,641	96,059	105,554	117,795	102,754
Leisure Time Services	96,608	164,464	39,450	65,125	79,680	59,555
Community and Economic Development	371,820	143,383	28,575	0	0	0
Transportation	0	0	0	50	24,421	27,925
Subtotal - Charges for Services	<u>1,693,148</u>	<u>3,456,300</u>	<u>3,111,359</u>	<u>3,209,500</u>	<u>3,045,870</u>	<u>3,093,073</u>
Operating Grants, Contributions and Interest:						
General Government	0	0	7,065	2,611	2,813	3,938
Security of Persons and Property:						
Police	6,763	0	0	107,769	0	0
Fire	139,815	134,841	244,621	0	210,790	97,633
Public Health	119,884	63,794	76,424	30,000	54,056	42,562
Leisure Time Services	0	0	0	0	16,105	0
Community and Economic Development	113,975	74,403	128,279	895	869	878
Transportation	290,169	779,525	825,052	896,955	1,066,568	957,203
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>	<u>1,351,201</u>	<u>1,102,214</u>
Capital Grants, Contributions and Interest:						
General Government	0	0	0	0	0	143,557
Security of Persons and Property:						
Fire	0	0	0	0	0	185,544
Public Health	1,846	0	0	0	0	0
Leisure Time Services	0	0	0	0	0	144,680
Community and Economic Development	13,731	0	2,151,306	0	0	0
Transportation	4,761,461	2,848,219	3,267,180	1,038,941	667,331	1,157,245
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>	<u>667,331</u>	<u>1,631,026</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>	<u>5,064,402</u>	<u>5,826,313</u>
Business-Type Activities:						
Charges for Services:						
Electric	12,702,888	13,079,140	16,216,563	17,737,799	28,405,280	28,332,284
Sanitation	770,531	865,618	908,611	1,107,928	1,189,868	1,250,052
Sewer	2,683,478	2,798,610	3,184,630	3,208,346	3,520,108	3,247,959
Telecommunications	3,913,328	5,409,918	5,520,109	5,940,724	169,831	98,749
Water	2,942,050	2,943,454	2,858,864	2,600,842	2,753,207	2,794,469
Storm Water Utility	0	611,372	748,930	779,837	837,314	770,567
Capital Grants, Contributions and Interest						
Sanitation	0	1,109,904	0	0	0	0
Sewer	948,722	804,971	2,147,795	264,491	0	130,531
Telecommunications	0	0	0	0	0	0
Water	160,751	1,004,213	948,226	216,081	0	50,008
Storm Water Utility	0	651,811	1,580,447	144,060	0	83,066
<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>	<u>36,875,608</u>	<u>36,757,685</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>	<u>\$41,940,010</u>	<u>\$42,583,998</u>

(continued)

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

	2003	2004	2005	2006	2007	2008 (1)
Expenses						
Governmental Activities:						
General Government	\$2,096,191	\$3,524,592	\$3,431,266	\$3,606,717	\$4,678,341	\$4,125,692
Security of Persons and Property:						
Police	2,872,414	3,056,648	3,265,548	3,258,125	3,662,803	3,861,017
Fire	1,284,146	2,019,372	1,767,049	1,985,638	2,687,928	2,631,887
Public Health	192,335	255,918	213,152	201,838	204,228	195,983
Leisure Time Services	820,253	415,275	265,241	440,546	526,995	498,379
Community and Economic Development	990,158	1,264,165	1,192,677	1,157,580	843,839	802,169
Transportation	744,214	744,796	2,117,570	2,077,765	3,866,183	3,090,437
Interest and Fiscal Charges	407,376	375,493	376,665	373,156	386,205	354,128
<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>	<u>16,856,522</u>	<u>15,559,692</u>
Business-Type Activities:						
Electric	11,827,260	11,619,684	15,918,475	16,433,153	25,617,652	26,750,424
Sanitation	763,404	904,097	943,265	1,213,352	1,285,576	1,327,449
Sewer	2,898,432	3,056,641	3,144,530	3,389,076	3,214,858	3,386,470
Telecommunications	4,401,577	5,550,469	6,040,320	5,799,642	180,577	222,847
Water	2,364,501	2,147,822	2,106,086	2,969,131	2,553,235	2,526,916
Storm Water Utility	0	268,757	406,202	416,054	422,249	490,366
<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>	<u>33,274,147</u>	<u>34,704,472</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>	<u>50,130,669</u>	<u>50,264,164</u>
Net (Expense)/Revenue						
Governmental Activities	(2,266,295)	(4,299,177)	(2,817,882)	(7,814,694)	(11,792,120)	(9,733,379)
Business-Type Activities	1,866,574	5,731,541	5,555,297	1,779,700	3,601,461	2,053,213
<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>	<u>(8,190,659)</u>	<u>(7,680,166)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities						
Taxes:						
Property and Other Local Taxes Levied For:						
General Purposes	2,199,757	2,428,646	3,418,309	1,085,029	1,281,491	1,353,504
Fire and Life Squad	0	0	0	2,107,551	2,222,553	2,327,576
Debt Service	0	0	0	121,488	37,774	43,186
Income Taxes	4,577,825	4,682,034	5,319,437	6,509,453	5,888,391	6,260,249
Other Taxes	855,204	791,589	855,499	858,253	1,229,554	1,468,021
Payments in Lieu of Taxes	40,322	43,237	872,934	1,181,361	1,235,888	0
Grants and Entitlements not Restricted to						
Specific Programs	987,605	865,966	849,811	603,496	1,082,225	684,035
Unrestricted Contributions	1,500	6,654	29,500	3,119	10,345	7,494
Investment Earnings	144,603	210,049	486,315	822,519	1,353,237	781,418
Gain on Sale of Capital Assets	0	623	0	27,760	8,172	17,828
Other	60,836	194,352	154,434	356,384	403,496	185,479
Transfers	114,498	(430,541)	(819,916)	(13,752)	(478,040)	(117,639)
<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>\$14,275,086</u>	<u>\$13,011,151</u>

(continued)

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

	2003	2004	2005	2006	2007	2008 (1)
General Revenues and Other Changes in Net Assets (continued)						
<i>Business-Type Activities</i>						
Investment Earnings	\$224,627	\$235,160	\$530,302	\$942,160	\$693,586	\$447,260
Gain on Sale of Capital Assets	0	1,150	0	17,300	0	0
Loss from Discontinued Segments of Telecommunications Operations	0	0	0	0	(328,948)	0
Gain on Disposal of Segments of Telecommunications Operations	0	0	0	0	2,742,921	0
Other	408,264	466,399	305,225	457,877	88,918	275,132
Transfers	(114,498)	430,541	819,916	13,752	12,320	117,639
<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>	<u>3,208,797</u>	<u>840,031</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>	<u>17,483,883</u>	<u>13,851,182</u>
Change in Net Assets						
Governmental Activities	6,715,855	11,881,670	8,348,441	5,847,967	2,482,966	3,277,772
Business-Type Activities	<u>2,384,967</u>	<u>12,298,268</u>	<u>7,210,740</u>	<u>3,210,789</u>	<u>6,810,258</u>	<u>2,893,244</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>\$9,058,756</u></u>	<u><u>\$9,293,224</u></u>	<u><u>\$6,171,016</u></u>

(1) In 2008, the City changed the accounting treatment applied to payment in lieu of taxes transactions. The City now views these transactions as exchange transaction, whereas in prior years, they were viewed as non-exchange transactions.

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

	<u>1999</u>	<u>2000</u>	<u>2001 (1)</u>	<u>2002</u>	<u>2003</u>
General Fund					
Reserved	\$2,028,756	\$2,350,855	\$2,336,419	\$2,104,815	\$1,871,373
Unreserved	<u>3,234,616</u>	<u>3,654,894</u>	<u>1,715,663</u>	<u>1,120,890</u>	<u>1,156,280</u>
Total General Fund	<u>5,263,372</u>	<u>6,005,749</u>	<u>4,052,082</u>	<u>3,225,705</u>	<u>3,027,653</u>
All Other Governmental Funds					
Reserved	1,311,445	967,614	2,589,430	770,325	637,553
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	1,304,067	1,766,316	2,331,619	3,072,083	3,296,989
Debt Service Funds	3,086,854	3,576,110	3,114,013	2,928,967	3,547,913
Capital Projects Funds (Deficit)	<u>(2,015,169)</u>	<u>(3,053,483)</u>	<u>(5,369,702)</u>	<u>(4,148,813)</u>	<u>847,950</u>
Total All Other Governmental Funds	<u>3,687,197</u>	<u>3,256,557</u>	<u>2,665,360</u>	<u>2,622,562</u>	<u>8,330,405</u>
Prior Year Restatement of Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Governmental Funds	<u><u>\$8,950,569</u></u>	<u><u>\$9,262,306</u></u>	<u><u>\$6,717,442</u></u>	<u><u>\$5,848,267</u></u>	<u><u>\$11,358,058</u></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.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$1,790,633	\$1,696,873	\$1,788,814	\$1,586,780	\$1,498,020
<u>1,634,323</u>	<u>2,392,657</u>	<u>3,418,537</u>	<u>3,306,942</u>	<u>3,429,456</u>
<u>3,424,956</u>	<u>4,089,530</u>	<u>5,207,351</u>	<u>4,893,722</u>	<u>4,927,476</u>
1,666,092	656,568	1,330,635	2,168,634	2,717,467
1,697,762	3,168,101	2,902,779	2,896,180	2,825,839
4,025,444	4,617,027	5,484,816	4,995,975	5,078,023
<u>1,192,800</u>	<u>(582,137)</u>	<u>502,409</u>	<u>1,407,152</u>	<u>1,968,876</u>
<u>8,582,098</u>	<u>7,859,559</u>	<u>10,220,639</u>	<u>11,467,941</u>	<u>12,590,205</u>
<u>0</u>	<u>0</u>	<u>(798,704)</u>	<u>0</u>	<u>0</u>
<u>\$12,007,054</u>	<u>\$11,949,089</u>	<u>\$14,629,286</u>	<u>\$16,361,663</u>	<u>\$17,517,681</u>

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

	1999	2000	2001	2002	2003
Revenues					
Property Taxes	\$1,277,600	1,899,774	1,977,509	2,150,893	2,249,030
Municipal Income Taxes	3,571,178	3,786,105	4,045,915	4,199,589	4,565,520
Other Local Taxes	204,566	219,868	528,288	854,770	855,204
Payments in Lieu of Taxes	304,260	383,995	479,483	603,785	766,298
Special Assessments	190,612	197,895	174,865	179,774	159,732
Charges for Services	1,820,288	1,811,072	1,002,206	1,448,712	450,005
Fines, Licenses and Permits	980,019	1,063,989	1,175,845	1,220,332	1,128,354
Intergovernmental	3,634,545	1,892,082	2,279,515	1,845,069	6,173,724
Interest	849,336	1,065,810	642,946	256,176	163,479
Contributions and Donations	0	0	0	0	89,217
Other	316,974	101,702	289,332	148,918	71,279
<i>Total Revenues</i>	<u>13,149,378</u>	<u>12,422,292</u>	<u>12,595,904</u>	<u>12,908,018</u>	<u>16,671,842</u>
Expenditures					
Current:					
General Government	2,403,479	2,520,600	4,327,967	4,173,949	2,015,128
Security of Persons and Property:					
Police	1,966,318	2,185,853	2,502,557	2,687,735	2,788,823
Fire	1,257,078	1,569,920	1,296,561	1,531,695	1,109,834
Public Health	128,508	114,230	122,120	129,133	145,004
Leisure Time Services	305,079	467,741	621,077	597,933	680,463
Community and Economic Development	837,088	781,818	914,721	1,160,779	609,463
Transportation	534,387	596,798	728,214	781,166	679,456
Intergovernmental	0	0	0	0	264,482
Capital Outlay	3,900,571	3,116,609	3,394,993	3,282,802	5,951,931
Debt Service:					
Principal Retirement	315,276	330,287	750,301	300,313	568,652
Interest and Fiscal Charges	418,459	426,699	451,750	359,341	380,551
Interest on Capital Appreciation Bonds	0	0	0	0	0
Bond Issuance Costs	0	0	0	0	57,972
<i>Total Expenditures</i>	<u>12,066,243</u>	<u>12,110,555</u>	<u>15,110,261</u>	<u>15,004,846</u>	<u>15,251,759</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,083,135</u>	<u>311,737</u>	<u>(2,514,357)</u>	<u>(2,096,828)</u>	<u>1,420,083</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	220,000	0	1,676	289,167	0
Transfers In	2,163,536	440,593	2,033,782	2,486,208	411,253
Inception of Capital Lease	0	0	0	73,547	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	(2,221,985)	(440,593)	(2,071,965)	(2,588,951)	(429,253)
Proceeds from Sale of Notes	0	0	0	240,000	120,000
Discount on Debt Issued	0	0	0	0	(17,292)
<i>Total Other Financing Sources (Uses)</i>	<u>161,551</u>	<u>0</u>	<u>(36,507)</u>	<u>499,971</u>	<u>4,089,708</u>
<i>Net Change in Fund Balances</i>	<u>\$1,244,686</u>	<u>\$311,737</u>	<u>(\$2,550,864)</u>	<u>(\$1,596,857)</u>	<u>\$5,509,791</u>
Debt Service as a Percentage of Noncapital Expenditures	9.0%	8.4%	10.3%	5.6%	10.8%

2004	2005	2006	2007	2008
\$2,404,009	\$3,314,607	\$3,344,659	\$3,536,738	\$3,758,401
4,698,641	5,244,581	6,437,444	5,988,089	5,719,316
791,589	855,499	857,100	1,230,707	1,466,536
848,321	910,839	1,181,361	1,235,888	1,269,275
154,965	151,277	152,172	89,412	94,678
2,199,776	2,111,196	2,113,406	2,154,757	2,122,822
1,255,552	1,108,910	1,090,009	891,574	969,440
4,037,285	3,017,163	2,650,427	3,042,013	2,897,793
210,017	483,990	796,824	1,316,866	732,751
40,448	29,500	3,119	10,345	7,494
209,643	164,843	366,095	406,585	188,765
<u>16,850,246</u>	<u>17,392,405</u>	<u>18,992,616</u>	<u>19,902,974</u>	<u>19,227,271</u>
3,417,840	3,424,490	3,823,519	4,936,788	4,594,923
3,010,437	3,188,715	3,432,462	3,760,488	3,975,505
2,409,771	2,316,185	2,022,690	2,552,853	2,513,055
219,357	167,028	175,691	188,855	175,878
308,656	201,642	967,844	485,810	434,985
1,166,589	1,854,563	1,102,447	719,007	863,405
829,360	739,947	769,950	1,622,542	875,710
92,219	160,373	212,289	229,308	244,657
3,774,983	4,774,592	2,184,601	4,540,579	3,194,419
614,325	510,030	530,771	464,861	2,819,636
346,936	342,982	327,457	286,716	370,358
0	0	0	91,687	95,767
0	0	0	0	103,476
<u>16,190,473</u>	<u>17,680,547</u>	<u>15,549,721</u>	<u>19,879,494</u>	<u>20,261,774</u>
659,773	(288,142)	3,442,895	23,480	(1,034,503)
2,204	174,400	49,758	20,436	39,550
622,866	887,746	1,445,692	2,551,127	1,575,558
0	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)
(635,847)	(831,969)	(1,459,444)	(3,144,659)	(1,589,309)
0	0	0	2,280,000	0
0	0	0	0	0
<u>(10,777)</u>	<u>230,177</u>	<u>36,006</u>	<u>1,708,897</u>	<u>2,190,521</u>
<u>\$648,996</u>	<u>(\$57,965)</u>	<u>\$3,478,901</u>	<u>\$1,732,377</u>	<u>\$1,156,018</u>
7.7%	6.6%	6.4%	5.5%	20.4%

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>
1999	1.00	\$3,571,178	\$2,692,311	75.39 %	\$253,554	7.10 %	\$625,313	17.51 %
2000	1.00	3,786,105	2,873,654	75.90	281,686	7.44	630,765	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

(1) 2003 through 2008 are on an Accrual Basis and 1999 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 2007 and 2000 (1)

Tax Year 2007 (2)

Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	937	15.64 %	\$136,615,935	41.18 %
75,001-100,000	732	12.22	63,524,294	19.15
50,001-75,000	957	15.98	59,320,720	17.88
25,000-50,000	1,399	23.36	51,067,462	15.39
Under 25,000	1,965	32.80	21,255,615	6.41
Total	<u>5,990</u>	<u>100.00</u>	<u>\$331,784,026</u>	<u>100.00</u>

Tax Year 2000

Income Range	Number of Filers	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 2008 information is not available. Information prior to 2000 is not available.
(2) Includes individuals who live within the corporation limits

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

Type of Customer:	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (3)</u>	<u>2008</u>
Residential	\$6,096,870	\$5,949,470	\$6,181,266	\$7,508,220	\$8,611,965	\$9,608,478	\$9,699,900
Industrial	1,213,113	1,177,842	1,202,978	1,371,063	1,526,030	1,694,059	8,487,261
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>10,804,054</u>
Total	<u><u>\$13,111,416</u></u>	<u><u>\$12,540,203</u></u>	<u><u>\$12,938,112</u></u>	<u><u>\$15,628,576</u></u>	<u><u>\$17,865,219</u></u>	<u><u>\$27,551,880</u></u>	<u><u>\$28,991,215</u></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
2008 and 1999

2008		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Advics Mfg.	\$2,289,705	7.90 %
Quebecor World MS	1,773,515	6.12
Amtex Inc.	1,091,074	3.76
Wal-Mart	435,745	1.50
Kroger Limited Partnership Inc.	348,351	1.20
Inna Tech	314,593	1.09
Bethesda Hospital Arrow Springs	305,388	1.05
Flint Ink	292,991	1.01
JBM Envelope	285,048	0.98
Warren County Fair Board	281,808	0.97
	\$7,418,218	25.59 %
	\$28,991,215	
1999		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Lebanon Plastics Inc.	\$268,343	3.24 %
Kroger Limited Partnership Inc.	203,182	2.45
Warren County Fair Board	160,093	1.93
Countryside YMCA	155,078	1.87
Big Bear Plus	150,167	1.81
Pac Products	90,782	1.09
Warren County Commissioners	85,018	1.03
Wal-Mart	76,199	0.92
Lebanon Properties	64,438	0.78
Board of Education-Jr. High	54,664	0.66
	\$1,307,964	15.78 %
	\$8,290,645	

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

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

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

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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
1999	\$4,071,589	\$1,309,709	\$0	\$23,071	\$3,150,000
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

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

Business-Type Activities

<u>Mortgage Revenue Bonds</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Total Debt</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$24,692,105	\$0	\$8,250,000	\$41,496,474	11.71%	\$2,446
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

City of Lebanon, Ohio
 Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2008

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
Direct - City of Lebanon			
General Obligation Notes	\$1,280,000	100.00 %	\$1,280,000
Special Assessment Bonds	315,883	100.00	315,883
General Obligation Bonds	7,048,239	100.00	7,048,239
Capital Leases	60,361	100.00	60,361
Police Pension	19,988	100.00	19,988
	<hr/>		<hr/>
<i>Total Direct Debt</i>	<u>8,724,471</u>		<u>8,724,471</u>
Overlapping			
Lebanon City School District			
General Obligation Bonds	43,944,951	100.00	43,944,951
Tax Anticipation Notes	725,000	100.00	725,000
Capital Leases	5,287,000	100.00	5,287,000
Kings Local School District			
General Obligation Bonds	60,164,501	1.79	1,074,794
Capital Leases	3,887,420	1.79	69,446
County			
General Obligation Bonds	4,205,000	7.35	309,068
Special Assessment Bonds	14,896,999	7.35	1,094,929
Loans Payable	7,664,095	7.35	563,311
	<hr/>		<hr/>
<i>Total Overlapping Debt</i>	<u>140,774,966</u>		<u>51,410,258</u>
Total	<u><u>\$149,499,437</u></u>		<u><u>\$60,134,729</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 Assessed
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
1999	10,423	a	\$725,660,100	\$4,071,589	0.56 %	\$390.64
2000	16,962	b	774,033,030	3,859,619	0.50	227.55
2001	16,962	b	926,503,714	3,441,813	0.37	202.91
2002	16,962	b	972,494,950	3,236,998	0.33	190.84
2003	16,962	b	1,045,016,700	7,012,161	0.67	413.40
2004	16,962	b	1,216,973,482	6,638,372	0.55	391.37
2005	16,962	b	1,219,371,199	6,257,240	0.51	368.90
2006	16,962	b	1,330,955,444	5,864,320	0.44	345.73
2007	16,962	b	1,525,874,800	5,456,426	0.36	321.69
2008	16,962	b	1,276,594,439	7,048,239	0.55	415.53

Sources:

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

(a) 1990 Federal Census

(b) 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

	1999	2000	2001	2002	2003
Total Assessed Property Value	<u>\$257,841,255</u>	<u>\$308,860,211</u>	<u>\$323,136,940</u>	<u>\$345,571,960</u>	<u>\$382,962,510</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>27,073,332</u>	<u>32,430,322</u>	<u>33,929,379</u>	<u>36,285,056</u>	<u>40,211,064</u>
Debt Outstanding:					
General Obligation Bonds	4,071,589	3,859,619	3,441,813	3,153,412	6,920,956
Mortgage Revenue Bonds	24,980,000	24,140,000	36,955,000	35,615,000	34,225,000
Special Assessment Bonds	1,309,709	1,208,091	894,625	820,811	743,267
Bond Anticipation Notes	<u>11,400,000</u>	<u>11,030,000</u>	<u>9,980,000</u>	<u>9,110,000</u>	<u>8,620,000</u>
Total Gross Indebtedness	41,761,298	40,237,710	51,271,438	48,699,223	50,509,223
Less:					
General Obligation Bonds	(3,250,290)	(3,106,908)	(2,760,374)	(2,629,188)	(6,496,732)
Mortgage Revenue Bonds	(24,980,000)	(24,140,000)	(36,955,000)	(35,615,000)	(34,225,000)
Special Assessment Bonds	(1,309,709)	(1,208,091)	(894,625)	(820,811)	(743,267)
Bond Anticipation Notes	(8,250,000)	(8,250,000)	(4,250,000)	(5,000,000)	(8,500,000)
General Obligation Bond Retirement Fund Balance	<u>(2,820,737)</u>	<u>(3,227,742)</u>	<u>(2,676,232)</u>	<u>(2,426,594)</u>	<u>(238,478)</u>
Total Net Debt Applicable to Debt Limit	<u>1,150,562</u>	<u>304,969</u>	<u>3,735,207</u>	<u>2,207,630</u>	<u>305,746</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$25,922,770</u>	<u>\$32,125,353</u>	<u>\$30,194,172</u>	<u>\$34,077,426</u>	<u>\$39,905,318</u>
Legal Debt Margin as a Percentage of the Debt Limit	95.75%	99.06%	88.99%	93.92%	99.24%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$13,343,813</u>	<u>\$16,987,312</u>	<u>\$17,772,532</u>	<u>\$19,006,458</u>	<u>\$21,062,938</u>
Total Gross Indebtedness	41,761,298	40,237,710	51,271,438	48,699,223	50,509,223
Less:					
General Obligation Bonds	(3,250,290)	(3,106,908)	(2,760,374)	(2,629,188)	(6,496,732)
Mortgage Revenue Bonds	(24,980,000)	(24,140,000)	(36,955,000)	(35,615,000)	(34,225,000)
Special Assessment Bonds	(1,309,709)	(1,208,091)	(894,625)	(820,811)	(743,267)
Bond Anticipation Notes	<u>(8,250,000)</u>	<u>(8,250,000)</u>	<u>(4,250,000)</u>	<u>(5,000,000)</u>	<u>(8,500,000)</u>
Net Debt Within 5 ½ % Limitations	<u>1,150,562</u>	<u>304,969</u>	<u>3,735,207</u>	<u>2,207,630</u>	<u>305,746</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$12,193,251</u>	<u>\$16,682,343</u>	<u>\$14,037,325</u>	<u>\$16,798,828</u>	<u>\$20,757,192</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	91.38%	98.20%	78.98%	88.38%	98.55%

Source: City Financial Records

2004	2005	2006	2007	2008
<u>\$402,731,560</u>	<u>\$409,173,949</u>	<u>\$454,976,445</u>	<u>\$451,956,350</u>	<u>\$443,736,980</u>
42,286,814	42,963,265	47,772,527	47,455,417	46,592,383
6,518,500	6,104,774	5,674,778	5,316,381	6,945,794
32,775,000	31,260,000	36,740,000	34,740,000	37,045,000
665,723	584,449	449,445	409,529	315,883
9,400,000	9,120,000	2,590,000	8,310,000	2,530,000
49,359,223	47,069,223	45,454,223	48,775,910	46,836,677
(6,204,276)	(5,900,550)	(5,585,554)	(5,260,470)	(6,919,116)
(32,775,000)	(31,260,000)	(36,740,000)	(34,740,000)	(37,045,000)
(665,723)	(584,449)	(449,445)	(409,529)	(315,883)
(8,000,000)	(8,000,000)	(1,750,000)	(5,750,000)	(1,250,000)
(234,744)	(247,839)	(261,135)	(182,304)	(103,180)
1,479,480	1,076,385	668,089	2,433,607	1,203,498
<u>\$40,807,334</u>	<u>\$41,886,880</u>	<u>\$47,104,438</u>	<u>\$45,021,810</u>	<u>\$45,388,885</u>
96.50%	97.49%	98.60%	94.87%	97.42%
<u>\$22,150,236</u>	<u>\$22,504,567</u>	<u>\$25,023,704</u>	<u>\$24,857,599</u>	<u>\$24,405,534</u>
49,359,223	47,069,223	45,454,223	48,775,910	46,836,677
(6,204,276)	(5,900,550)	(5,585,554)	(5,260,470)	(6,919,116)
(32,775,000)	(31,260,000)	(36,740,000)	(34,740,000)	(37,045,000)
(665,723)	(584,449)	(449,445)	(409,529)	(315,883)
(8,000,000)	(8,000,000)	(1,750,000)	(5,750,000)	(1,250,000)
1,479,480	1,076,385	668,089	2,615,911	1,306,678
<u>\$20,670,756</u>	<u>\$21,428,182</u>	<u>\$24,355,615</u>	<u>\$22,241,688</u>	<u>\$23,098,856</u>
93.32%	95.22%	97.33%	89.48%	94.65%

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	
1999	\$8,695,819	\$7,004,633	\$1,691,186	\$165,000	\$237,660	4.20
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

(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	
1999	\$2,203,332	\$848,868	\$1,354,464	\$105,000	\$281,951	3.50
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

(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	
1999	\$1,817,875	\$1,224,270	\$593,605	\$135,000	\$329,561	1.28
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

(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	
1999	\$181,781	\$100,305	\$93,487	0.94
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

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (4)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
1999	10,423	\$129,912,272	\$12,464	\$27,095	31.5
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

(1) Source: U. S. Census

(a) Years 2000 through 2008 - 2000 Federal Census

(b) Year 1999 - 1990 Federal Census

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

(3) Source: Ohio Department of Jobs and Family Services

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

<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>	<u>School Enrollment (2)</u>	<u>Warren County Unemployment Rate (3)</u>
16.1	4,405	3.0%
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	6.2

City of Lebanon, Ohio
Principal Employers
2008 and Eight Years Ago (1)

2008

Employer	Employees
Warren County	1,277
YMCA	895
Lebanon City School District	846
Advics Mfg.	711
Kroger Limited Partnership Inc.	559
Quebecor World MS	527
Wal-Mart	522
Amtex Inc.	335
JBM Envelope	272
City of Lebanon	230
Total	6,174

2000 (2)

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
Total	4,168

- (1) Information on total employment within the City is not available.
(2) Information prior to 2000 is not available

Source: Number of employees obtained from the W2's
from the City Tax Department

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

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

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 Seven Years (1)

Function/Program	2002	2003	2004	2005	2006	2007	2008
General Government							
<i>Council and Clerk</i>							
Number of Ordinances and Resolutions Passed	246	265	201	178	191	190	163
Number of Planning Commission docket items	44	66	74	80	44	46	24
Zoning Board of Appeals docket items	6	6	3	3	8	9	6
<i>Finance Department (2)</i>							
Number of checks issued	5,357	4,848	4,886	5,274	5,393	4,788	4,952
Number of Purchase Orders issued	3,220	3,035	2,932	2,921	3,136	2,507	1,106
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
Interest earnings for fiscal year (cash basis)	\$534,334	\$360,088	\$419,007	\$655,602	\$1,098,245	\$1,631,436	\$729,505
Number of Supplementals issued	49	55	49	51	49	65	46
Agency Ratings - Moody's Financial Services	Aaa						
Health Insurance Costs vs General Fund Expenditures %	11.65%	13.06%	12.01%	11.86%	14.61%	12.86%	14.46%
General Fund Receipts (cash basis in thousands)	\$7,941	\$7,212	\$7,708	\$8,242	\$8,789	\$10,325	\$9,354
General Fund Expenditures (cash basis in thousands)	\$8,850	\$7,235	\$7,036	\$7,538	\$7,986	\$10,260	\$9,185
General Fund (unexpended) Cash Balances (in thousands)	\$651	\$628	\$1,300	\$2,004	\$2,807	\$2,873	\$3,042
<i>Income Tax Department</i>							
Number of Individual Returns	Not Avail.	Not Avail.	6,093	7,424	8,202	8,679	9,202
Number of Business Returns	Not Avail.	Not Avail.	759	1,401	1,014	1,408	1,506
Number of business withholding accounts	Not Avail.	Not Avail.	1,245	1,245	1,244	1,305	1,496
Annual number of Corporate withholding forms processed	Not Avail.	Not Avail.	5,846	6,364	6,823	6,900	7,936
Annual number of balance due statements forms processed	Not Avail.	Not Avail.	1,200	1,300	1,520	2,160	500
Annual number of estimated payment forms processed	Not Avail.	Not Avail.	1,461	1,650	1,706	5,345	2,000
Annual number of reconciliations of withholdings processed	Not Avail.	Not Avail.	1,300	1,331	1,329	1,517	1,346
<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
<i>Municipal Court</i>							
Number of Civil Cases	845	890	1,226	1,233	1,212	1,275	1,321
Number of Criminal Cases	1,396	1,249	1,476	1,500	1,471	1,540	1,597
<i>Civil Service</i>							
Number of police entry tests administered	0	0	1	1	0	151	153
Number of police promotional tests administered	1	0	0	0	0	0	8
Number of hires of Police Officers from certified lists	0	0	5	2	0	0	3
Number of promotions from police certified lists	2	0	0	0	0	0	1

(continued)

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

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

(continued)

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

Function/Program	2002	2003	2004	2005	2006	2007	2008
Leisure Time Services							
<i>Recreation Receipts</i>							
Football	\$20,135	\$9,049	\$16,730	\$1,095	\$0	\$0	\$0
Softball Leagues	3,540	3,835	4,550	4,500	0	0	0
Adult Basketball	1,710	1,800	4,650	3,975	0	0	0
Farmer's Market	0	0	0	0	1,250	1,000	850
Recreation Programs	2,651	420	3,776	3,545	15,030	26,864	27,680
Field Usage Fees	0	0	7,581	18,458	15,930	20,790	26,223
Summer Camp	14,925	0	0	0	0	0	0
Concession Stand	9,392	0	0	0	0	0	0
Total Recreation Department Receipts	\$52,353	\$15,104	\$37,287	\$31,573	\$32,210	\$48,654	\$54,753
Transportation							
Crackseal Coating Program (Miles)	4.00	4.00	4.00	3.00	2.50	4.00	3.50
Street Repair (Curbs, aprons, berms, asphalt) (hours)	1,000	1,000	1,200	1,500	1,950	2,080	2,175
Street Sweeper (hours)	864	11,542	1,152	1,440	1,440	1,400	1,906
Cold Patch (hours)	60	100	100	180	210	65	96
After hours Sewer and Water Calls	No Data	No Data	141	180	224	150	111
Sewer Cleaning (feet)	61,804	10,596	22,700	40,460	51,030	32,313	27,557
Sewer jet, Vac-all, video (feet)	11,274	17,511	26,574	15,907	45,681	26,050	23,299
Landscaping Stump-Chipper service (hours)	100	100	120	160	200	168	128
Leaf collection (hours)	1,800	2,100	2,200	2,800	3,000	3,696	3,696
Downtown Square Repair after events (hours)	25	25	25	25	25	352	410
Equipment repair/body shop (hours)	4,160	4,160	4,160	4,160	4,160	4,475	4,160
Sign department (hours)	174	350	395	416	500	200	350
Tons of snow melting salt purchased (Nov-Mar)	262	1,687	1,123	3,427	542	2,200	500
Cost of salt purchased	\$11,228	\$52,780	\$36,022	\$115,441	\$22,927	\$95,700	\$93,992
Water Department							
Water Rates per 1st 2500 gallons of water used	\$6.09	\$8.10	\$8.50	\$8.92	\$9.19	\$9.74	\$10.03
Avg. number of water accounts billed monthly	6,200	6,400	6,600	6,800	7,000	7,125	7,179
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
Wastewater Department							
Wastewater Rates per 1st 2500 gallons used	\$8.00	\$10.64	\$10.96	\$11.29	\$14.28	\$14.99	\$14.99
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
Average daily flow (Millions of gallons per day)	2.900	2.800	2.700	2.800	2.800	2.900	2.900
Tons of dry sludge removed	293.00	225.00	584.00	498.00	461.00	460.25	473.18

(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 Seven Years (1)

Function/Program	2002	2003	2004	2005	2006	2007	2008
General Government							
Square Footage Occupied	12,226	12,226	12,226	12,226	12,226	12,226	12,226
Administrative Vehicles	12	12	10	9	9	8	7
Inspection Vehicles	5	5	6	7	7	6	4
Information Technology	1	1	1	1	1	2	2
Cemetery							
Square Footage of Building	4,126	4,126	4,126	4,126	4,126	4,126	4,126
Vehicles	1	2	2	2	2	2	2
Police							
Stations	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
Vehicles	20	22	17	21	21	17	17
Fire							
Stations	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
Vehicles	18	18	18	21	21	20	21
Recreation							
Number of Parks	15	15	15	15	15	15	15
Number of Tennis Courts	6	6	6	6	6	6	6
Number of Baseball Diamonds	11	11	11	11	11	11	11
Number of Soccer Fields	20	22	24	24	27	27	27
Number of Community Access Buildings (2)	4	4	4	4	4	4	4
Other Public Works							
Streets (miles)	83.438	83.598	91.668	94.132	94.724	94.813	94.813
Service Vehicles	17	17	17	17	17	19	18
Auto Maintenance Internal Service	2	2	2	2	2	2	2
Electric							
Vehicles	18	18	18	21	20	21	22
Sanitation							
Vehicles	1	1	1	0	0	1	1
Telecommunications							
Vehicles	6	7	7	7	7	1	1
Wastewater							
Sanitary Sewers (miles)	77.107	80.694	77.243	80.877	81.744	81.744	113.457
Storm Sewers (miles)	36.663	37.311	39.520	46.224	47.598	48.288	83.439
Vehicles	10	9	9	9	9	8	7
Water Department							
Water Lines (miles)	81.870	82.742	81.597	84.100	84.870	85.628	109.305
Vehicles	7	8	8	8	9	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, 2008, which collectively comprise the City of Lebanon, Ohio's basic financial statements, and have issued our report thereon dated May 22, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Lebanon, Ohio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Lebanon, Ohio's financial statements that is more than inconsequential will not be prevented or detected by the City of Lebanon, Ohio's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Lebanon, Ohio's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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*.

This report is intended solely for the information and use of management and City Council, 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
May 22, 2009



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 16, 2009**