

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF LEBANON, OHIO  
FOR THE YEAR ENDED DECEMBER 31, 2011



*"Dedicated to Excellence in Public Service"*





# Dave Yost • Auditor of State

Members of the City Council  
City of Lebanon  
50 S Broadway St  
Lebanon, OH 45036-1777

We have reviewed the *Independent Auditors' Report* of the City of Lebanon, Warren County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2011 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 30, 2012

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# INTRODUCTORY SECTION



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**CITY OF LEBANON, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Issued by:  
Office of the Auditor**

**Sharee C. Dick  
City Auditor**

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City of Lebanon  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2011

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*"Dedicated to Excellence in Public Service"*

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

June 20, 2012

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

We are pleased to present the twenty-fourth Comprehensive Annual Financial Report (CAFR) for the City of Lebanon. This report for the year ended December 31, 2011, contains the financial statements and other financial and statistical information and conforms to accounting principles generally accepted in the United States of America 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.

Wilson, Shannon & Snow, Inc. has issued an unqualified ("clean") opinion of the City of Lebanon's financial statements for the year ended December 31, 2011. 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 and the Warren County Fire Response and Life Safety Council of Governments. Both are jointly governed organizations, for which the City has no financial responsibility or interest. The City also participates in the Ohio Municipal League Group Retrospective Rating Program, an insurance purchasing pool. Information regarding these entities 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 initiated and completed several key roadway improvement projects totaling \$1.1 million in 2011. The City secured a State grant to support the reconstruction and resurfacing of Mound Court from Mound Street to Walnut Street. The roadway improvement total expense for this project was \$400,000. This is in addition to the City's annual pavement resurfacing and concrete program which totaled \$690,000. The roadway reconstruction projects included the complete removal and replacement of concrete curbs and gutters, as well as the asphalt pavement. In conjunction with many of these roadway improvement projects, aging water, sanitary, and storm sewer systems were upgraded as well.

Over the past several years, the City has focused on replacing aging and undersized water mains. This initiative is being undertaken to ensure our ability to deliver quality water while meeting the necessary fire flow requirements. The City replaced the old water mains along Mound Court and Hart Road. The total expense for these projects was \$290,000. Additionally, the City is currently constructing a new 16" water main along Glosser Road at an expense of \$1,950,000 that will improve the delivery of water throughout the City's water distribution system and support the transition to purchasing bulk water from Greater Cincinnati Water Works. The City has entered into an agreement with Greater Cincinnati Water Works to purchase all of the City's wholesale water needs by January 1, 2013. This will ensure that the City of Lebanon will be able to meet future water demands in the growing region.

## LOCAL ECONOMY

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

### Housing

The construction valuation of residential development in 2011 was \$6.1 million. In 2011, there was a slight decrease in housing starts as compared to 2010, which was 73 percent less than 2009. This downward trend in housing starts can be attributed to several factors, including the following: falling sales, increased foreclosures, and tighter mortgage lending rules. Additionally, the small inventory of available platted lots in Lebanon and the expiration of the federal tax credit program have impacted the pace of residential development.

### Commercial and Industrial

Despite the lingering effects of the national economic downturn, the City's tax base continued to expand in a satisfactory manner during 2011, as evidenced by the amount of commercial and industrial development valued at \$18.4 million. The City has remained focused on positioning itself to capitalize on new and expanding business opportunities as the economic environment continues to improve. The recent expansion of Columbia Business Park and the access improvements resulting from the Columbia Road Bridge Replacement Project have enhanced the Park's long-term marketability. The pending addition of 13 acres of interstate frontage industrial property in Kingsview Industrial Park following the closure of the well field in 2013 will provide a significant opportunity for high quality development.

Despite the loss of 420 jobs due to the closure of the Quad/Graphics facility in 2010, the City's income tax revenue remained unchanged in 2011 as compared to 2010. This is a strong indication that the loss of the income tax revenue was made up by new and expanding businesses and those re-hiring previously laid-off workers. Although the former Quad/Graphics facility remains unoccupied, we are encouraged by the significant interest in the facility by several serious prospects.

## FINANCIAL TRENDS

The City continues to benefit from its location within the Cincinnati – Dayton growth corridor, and has experienced 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, accounting principles generally accepted in the United States of America (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 Debt Service Fund; and a conservative investment policy for the safe-guarding of investment income.

## OTHER INFORMATION

### Independent Audit

An audit team from Wilson, Shannon & Snow, Inc. 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, 2010. This was the twenty-third 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.

Acknowledgements

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 Mr. Dave Yost, Auditor of State of Ohio, and his 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, 2010

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.



*Linda C. Danison*

President

*Jeffrey R. Emer*

Executive Director

CITY OF LEBANON, OHIO  
LIST OF PRINCIPAL OFFICIALS

ELECTED OFFICIALS

MAYOR

Amy Brewer

VICE MAYOR

Charleen Mehaffie Flick

COUNCIL MEMBERS:

Jeffrey Monroe

J. Matthew Rodriguez

Jim Dearie

Mark Messer

James Norris II

APPOINTED OFFICIALS

CITY MANAGER

George P. Clements

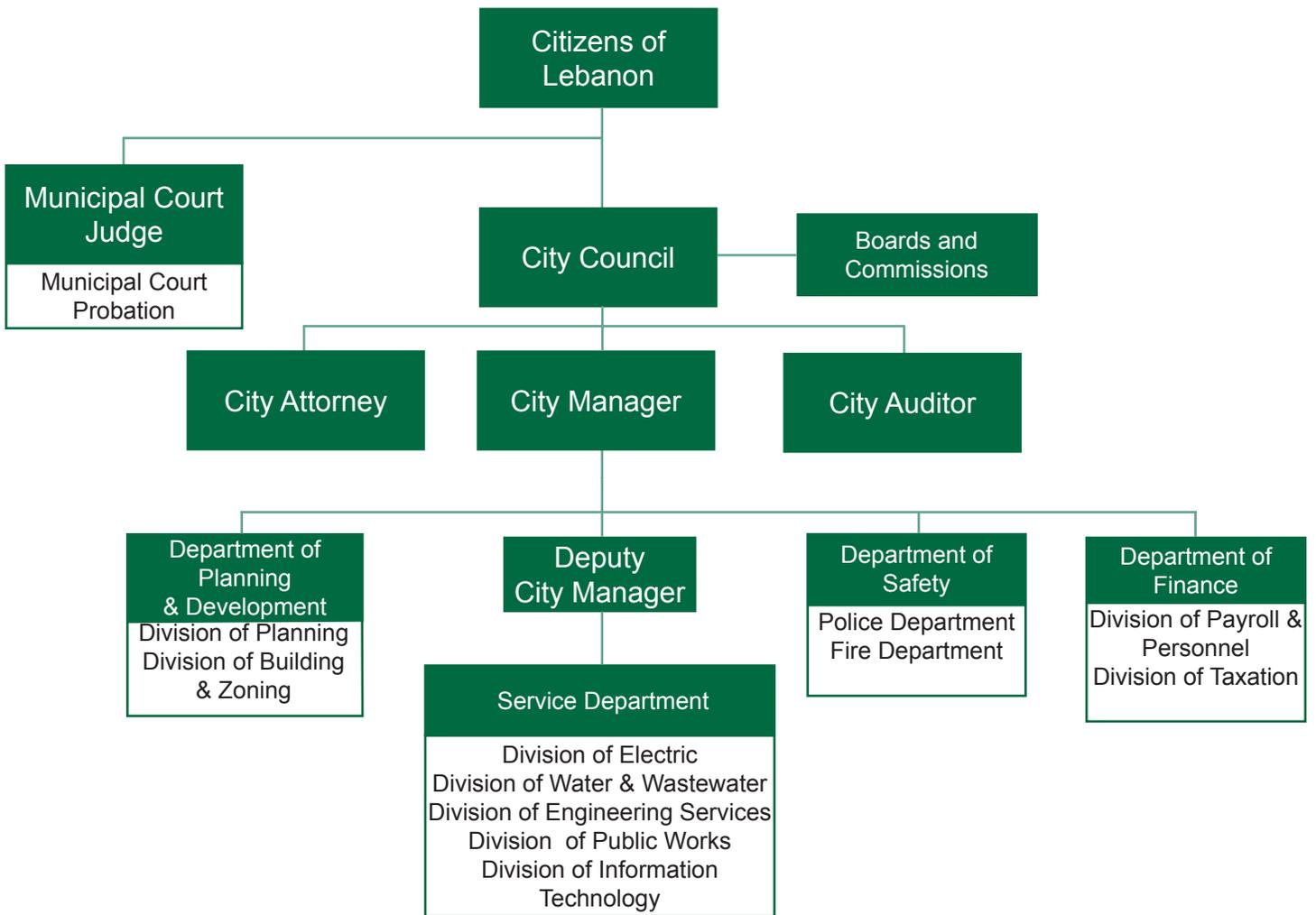
CITY AUDITOR

Sharee C. Dick

CITY ATTORNEY

Mark S. Yurick

# CITY OF LEBANON ORGANIZATIONAL CHART



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# FINANCIAL SECTION



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## INDEPENDENT AUDITORS' REPORT

City of Lebanon  
Warren County  
50 South Broadway  
Lebanon, Ohio 45036

To the City Council:

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, Warren County, Ohio (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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, Warren County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Fire and Life Squad Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the City implemented GASB Statement No. 59, "*Financial Instrument Omnibus*".

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
(740) 345-6611  
1-800-523-6611  
FAX (740) 345-5635

City of Lebanon  
Warren County  
Independent Auditors' Report

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not a part of the basic financial statements, Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with the management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
June 20, 2012

CITY OF LEBANON, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis (MD&A) of the City of Lebanon's (the "City") financial performance provides an overview of the City's financial activities for the year ended December 31, 2011. 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 \$1,090,494. Revenues of governmental activities exceeded expenses by \$471,124, which was primarily the result of the City collecting greater income tax monies and estate tax monies than in the past. Beginning in late 2010, the City began seeing signs of an economic recovery as evidenced by modest gains in earnings tax collections. The City remains optimistic about continued tax base expansion due to the City's close proximity to I-75 and I-71 as well as the large inventory of shovel-ready industrial sites. The City remains 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 measures will continue into 2012.

General revenues of governmental activities accounted for \$12,610,224 of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$5,500,580 of the revenues.

The City had \$17,247,412 in expenses related to governmental activities; \$5,500,580 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily income taxes) of \$12,610,224 were adequate enough to support these programs.

The City had \$34,308,333 in expenses related to business-type activities. \$34,145,891 of program specific charges for services and sales together with \$389,544 in general revenues more than offset the expenses.

The City's Enterprise Funds reflected a total operating income of \$1,777,892 as follows: Electric Fund \$1,215,749, Sanitation Fund \$51,996, Sewer Fund \$177,337, Water Fund \$108,215 and Storm Water Utility Fund \$226,067. The Telecommunications Fund showed an operating loss of \$1,472.

**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 services, community and economic development, public health, transportation, and general government.

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

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

### *Fund Financial Statements*

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

Governmental Funds – Most of 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.

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 2011 compared to 2010.

*Table 1*  
*Net Assets*

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current and Other Assets	\$28,384,029	\$27,244,276	\$43,033,271	\$44,599,364	\$71,417,300	\$71,843,640
Nondepreciable Capital Assets	15,545,376	14,487,958	8,182,772	6,352,845	23,728,148	20,840,803
Depreciable Capital Assets, Net	29,029,615	30,946,289	79,294,203	79,419,793	108,323,818	110,366,082
<b>Total Assets</b>	<b>72,959,020</b>	<b>72,678,523</b>	<b>130,510,246</b>	<b>130,372,002</b>	<b>203,469,266</b>	<b>203,050,525</b>
<b>Liabilities:</b>						
Current and Other Liabilities	5,872,601	5,526,863	2,133,261	2,037,422	8,005,862	7,564,285
<b>Long-Term Liabilities:</b>						
Due Within One Year	739,390	806,771	4,665,253	4,158,264	5,404,643	4,965,035
Due in More Than One Year	6,045,518	6,514,502	36,113,221	37,197,175	42,158,739	43,711,677
<b>Total Liabilities</b>	<b>12,657,509</b>	<b>12,848,136</b>	<b>42,911,735</b>	<b>43,392,861</b>	<b>55,569,244</b>	<b>56,240,997</b>
<b>Net Assets:</b>						
<b>Invested in Capital Assets,</b>						
Net of Related Debt	39,051,129	39,380,807	50,068,883	48,615,352	89,120,012	87,996,159
Restricted *	10,873,564	10,226,109	6,302,061	6,713,271	17,175,625	16,939,380
Unrestricted *	10,376,818	10,223,471	31,227,567	31,650,518	41,604,385	41,873,989
<b>Total Net Assets</b>	<b>\$60,301,511</b>	<b>\$59,830,387</b>	<b>\$87,598,511</b>	<b>\$86,979,141</b>	<b>\$147,900,022</b>	<b>\$146,809,528</b>

\* The 2010 balances reported in these accounts were adjusted from the previous year as a result of the correction of an error relating to the implementation of GASB Statement No. 54.

Total net assets increased \$1,090,494. Net assets of the City’s governmental activities increased \$471,124. Current and other assets increased \$1,139,753 due to an increase in equity in pooled cash and cash equivalents from the City’s collection of estate taxes and an increase in income tax monies collected in 2011. Nondepreciable capital assets increased as a result of continued construction in progress on various road improvements throughout the City. However, depreciable capital assets, net decreased due to the continuance of current year depreciation exceeding current year additions. Long-term liabilities decreased due to the repayment of debt, with no new debt issuances. Restricted net assets increased due primarily to fewer expenses being made in relationship to infrastructure capital improvement projects in 2011.

The net assets of the City’s business-type activities increased \$619,370. Nondepreciable capital assets of the City increased significantly as a result of various outstanding infrastructure projects existing at year-end. Depreciable capital assets, net demonstrated a very minor decrease but had significant additions relating to infrastructure that were offset by current year depreciation. Unrestricted net assets decreased due to the use of unrestricted resources for water main and storm water replacement projects. The City strives to control operational expenses for business-type activities in order to maintain stability in charges for services and closely monitors the trends of the growing community in order to adjust for changes in City policy where necessary. City Council and administration are diligent in keeping the City fiscally strong, as indicated by the continued effort to achieve the goals set forth in the City’s fiscal policy. The City’s 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. The City’s 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 years ended December 31, 2011, and 2010.

*Table 2  
Changes in Net Assets*

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$3,091,423	\$3,070,594	\$34,145,891	\$36,865,183	\$37,237,314	\$39,935,777
Operating Grants, Contributions and Interest	1,656,433	1,348,170	0	0	1,656,433	1,348,170
Capital Grants, Contributions and Interest	752,724	882,601	0	69,410	752,724	952,011
Total Program Revenues	\$5,500,580	\$5,301,365	\$34,145,891	\$36,934,593	\$39,646,471	\$42,235,958

(continued)

**Table 2**  
**Changes in Net Assets**  
**(continued)**

	<i>Governmental</i>		<i>Business-Type</i>		<i>Total</i>	
	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>
	2011	2010	2011	2010	2011	2010
General Revenues:						
Property Taxes	\$3,376,039	\$3,580,250	\$0	\$0	\$3,376,039	\$3,580,250
Income Taxes	5,762,855	5,451,284	0	0	5,762,855	5,451,284
Other Local Taxes	1,245,078	1,371,444	0	0	1,245,078	1,371,444
Payments in Lieu of Taxes	1,395,381	1,259,657	0	0	1,395,381	1,259,657
Grants and Entitlements Not						
Restricted to Specific Programs	814,808	661,125	0	0	814,808	661,125
Unrestricted Contributions	0	2,000	0	0	0	2,000
Investment Earnings	(217,091)	179,250	(288,217)	232,745	(505,308)	411,995
Gain on Sale of Capital Assets	7,414	9,150	12,415	10,200	19,829	19,350
Other	225,740	139,756	665,346	68,458	891,086	208,214
Total General Revenues	12,610,224	12,653,916	389,544	311,403	12,999,768	12,965,319
Total Revenues	18,110,804	17,955,281	34,535,435	37,245,996	52,646,239	55,201,277
Program Expenses:						
General Government	3,881,199	4,068,631	0	0	3,881,199	4,068,631
Security of Persons and Property:						
Police	4,547,632	4,470,394	0	0	4,547,632	4,470,394
Fire	2,866,797	2,832,199	0	0	2,866,797	2,832,199
Public Health Services	220,299	197,806	0	0	220,299	197,806
Leisure Time Services	674,644	382,313	0	0	674,644	382,313
Community and Economic						
Development	930,934	873,466	0	0	930,934	873,466
Transportation	3,561,887	3,790,494	0	0	3,561,887	3,790,494
Intergovernmental	310,704	277,310	0	0	310,704	277,310
Interest and Fiscal Charges	253,316	281,437	0	0	253,316	281,437
Electric	0	0	25,488,085	28,153,003	25,488,085	28,153,003
Sanitation	0	0	1,512,397	1,522,129	1,512,397	1,522,129
Sewer	0	0	3,444,593	3,385,521	3,444,593	3,385,521
Telecommunications	0	0	164,107	171,385	164,107	171,385
Water	0	0	3,086,876	2,767,146	3,086,876	2,767,146
Storm Water Utility	0	0	612,275	572,544	612,275	572,544
Total Expenses	17,247,412	17,174,050	34,308,333	36,571,728	51,555,745	53,745,778
Change in Net Assets						
Before Transfers	863,392	781,231	227,102	674,268	1,090,494	1,455,499
Transfers	(392,268)	(310,237)	392,268	310,237	0	0
Change in Net Assets	471,124	470,994	619,370	984,505	1,090,494	1,455,499
Net Assets, January 1	59,830,387	59,359,393	86,979,141	85,994,636	146,809,528	145,354,029
Net Assets, December 31	\$60,301,511	\$59,830,387	\$87,598,511	\$86,979,141	\$147,900,022	\$146,809,528

**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, Debt Service Fund, and Capital Improvement Fund. Employee withholding contributed 74.9 percent of the revenue received in 2011 with business earnings contributing 7.3 percent and individuals 17.8 percent. The City has mandatory filing for all residents that work regardless of their age. The revenues are allocated in the following manner: 59 percent General Fund, 31 percent Capital Improvement Fund and 10 percent to the Debt Service 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 \$311,571. The City believes the increase in 2011 to be the result of an upswing in the economy.

Charges for services and sales increased insignificantly from 2010. Operating grants and contributions increased \$308,263 as a result of various reimbursements and payments received from other governmental entities. The decrease in capital grants and contributions is related to the City not receiving as many grant monies for its capital needs as it did in the prior year. Investment earnings decreased significantly as a result of the City’s investments being reported at market value.

**Table 3**  
**Governmental Activities**

	Total Cost Of Services 2011	Net Cost of Services 2011	Total Cost Of Services 2010	Net Cost of Services 2010
General Government	\$3,881,199	\$1,997,963	\$4,068,631	\$2,210,564
Security of Persons and Property:				
Police	4,547,632	3,799,881	4,470,394	3,868,364
Fire	2,866,797	2,048,346	2,832,199	2,069,973
Public Health Services	220,299	83,388	197,806	61,584
Leisure Time Services	674,644	619,386	382,313	247,450
Community and				
Economic Development	930,934	906,134	873,466	867,501
Transportation	3,561,887	1,727,714	3,790,494	1,988,502
Intergovernmental	310,704	310,704	277,310	277,310
Interest and Fiscal Charges	253,316	253,316	281,437	281,437
Total Expenses	<u>\$17,247,412</u>	<u>\$11,746,832</u>	<u>\$17,174,050</u>	<u>\$11,872,685</u>

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

Overall, the City's expenses remained comparable to the prior year. Security of persons and property expenses increased \$111,836. This was due to negotiated pay raises for police and fire employees. Expenses for leisure time services increased significantly when compared to the prior year. In 2010, the City cut programs to decrease costs. However, the City still incurred significant expenses related to the maintenance of the parks in 2011. Transportation expenses decreased as fewer projects were commenced in 2011 than in 2010.

### ***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 improvement projects and pay off debt service. Legislation increases electric rates by one percent annually. Electric operating revenues decreased \$2,387,707, as operating expenses decreased \$2,714,978. The primary cause of the decrease in operating revenues was a decline in charges for services for new electric installations, as new construction continued to decline. Operating expenses decreased due to decreases in the cost of purchased power.

Sanitation operations generate fees from citizens for the collection of residential garbage. The City outsources the actual collection by bidding the contract for services every three years. Revenues exceeded expenses causing an overall increase in net assets for 2011 of \$49,554, which is insignificant.

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 City Council, carried out by this operation, that all Ohio Environmental Protection Agency standards be met or exceeded. Sewer operating revenues decreased \$257,224 and operating expenses increased \$84,000. The City continues to monitor the costs associated with wastewater treatment. Changes in expenses are due to continued growth in the area and upgrades to the facility. Sewer service rates, combined with contributions of assets from other governments or other governmental funds help to maintain the enterprise. The City Wastewater Department has a track record of receiving 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.

The Telecommunications Fund accounts for charges collected and utilized for the operation of the community access cable channel. For 2011, the net assets of this fund decreased \$18,439, which is insignificant.

Water operations generate the fees charged for the sale of water within Lebanon and in several subdivisions in Turtlecreek and Union Townships. Those fees are then used to maintain lines for delivery and to treat water for further consumption. The City of Lebanon draws its water supplies from four well fields; one at the water treatment plant on Main Street, the second is on the western edge of the community between State Route 63 and McClure Road, the third is located along I-71 Kingsview Industrial Park and the fourth is just south of Mason-Morrow Road. The City Council adopted legislation in 2009 to build a connection and begin purchasing water from the Greater Cincinnati Water Works in 2013. The City maintains four water towers within its jurisdiction and will continue to service all its infrastructure needs for distribution. This fund's mission from City Council is to maintain a high level of service while meeting all applicable Ohio Environmental Protection Agency standards. Water operating revenues decreased \$162,618, while expenses increased \$429,590, causing a decrease in fund net assets of \$288,798. This was primarily the result of the City incurring significant expenses for materials and supplies that were not capitalized by the City.

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. Storm Water Utility operating revenues remained consistent from 2010.

## **THE CITY'S FUNDS**

Information about the City's governmental funds begins on page 18. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,800,357 and expenditures of \$16,876,226. The General Fund balance increased \$236,454. This was due to a significant increase in intergovernmental revenue as a result of estate tax collections and the collection of Wireless 911 monies. The City also demonstrated a significant savings in the general government expenditure line through various cost saving measures.

In 2011, City's tax base continued to expand in what remains a challenging economic cycle for the country. During this time, the City of Lebanon has remained focused on positioning itself to capitalize on new and emerging business opportunities as the market strengthens through long-term investments in land and infrastructure. The recent expansion of Columbia Business Park and the access improvements resulting from the Columbia Road Bridge Replacement Project have enhanced the Park's long-term marketability.

In 2011, there was a slight decrease in housing starts as compared to 2010, which is likely attributed to falling sales, increased foreclosures, and tighter mortgage lending rules. Also, the lack of available platted lots in the City and the expiration of the federal tax credit program have impacted the pace of residential development.

Despite the loss of 420 jobs with the closure of the Quad/Graphics facility, the City's income tax revenue for 2011 remained consistent when compared to 2010. This is a sign that the loss of income tax revenue from this closure was offset by new and expanding businesses and those re-hiring previously laid-off workers.

The Fire and Life Squad Fund balance increased \$260,373 due to the extensive collection of property taxes and charges for services on fire and emergency medical services runs. The Fire department operates on monies from its 5.5 mill levy which has allowed the Fire Department to expand its current operations at its new facility on Lebanon Road, including additional staff requirements. Lebanon Fire Division now hosts two stations, one on Silver Street in Lebanon's central business district while the other station is located near State Route 48 close to Interstate I-71 and the surrounding industrial parks.

The Capital Improvement Fund balance increased \$557,085 due to a large decrease in transfers made from this fund to provide local matches for other State funded projects.

### ***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 \$9,537,029. Final General Fund budgeted revenues and other financing sources were \$9,716,125. The variance between original and final budgeted revenues was \$179,096. This was primarily due to a conservative estimate originally being made for interest revenue due to the unknown market activity. Actual revenues were \$274,816 less than final budgeted revenues due to the City over estimating property tax revenue and fines, licenses and permits. The variance in fines, licenses and permits is the result of the City overestimating budgeted revenues for building permits. Original appropriations were \$9,708,581 and final appropriations were \$9,851,581. The variance between original and final appropriations was \$143,000, due mainly to a decrease in anticipated police expenditures related to salaries but an increase in general government expenditures related to contractual services for the service department. Actual expenditures were \$933,311 less than final appropriations. This is mainly attributed to careful cost containment and hiring lags for positions related to recent retirements.

## CAPITAL ASSETS

Table 4 presents the net book value of the City's capital assets for governmental and business-type activities for 2011 compared to 2010:

*Table 4*  
*Capital Assets*

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$13,628,469	\$13,497,063	\$4,781,582	\$4,701,384	\$18,410,051	\$18,198,447
Construction in Progress	1,916,907	990,895	3,401,191	1,651,461	5,318,098	2,642,356
Land Improvements	737,831	792,449	0	0	737,831	792,449
Buildings and Improvements	3,230,790	3,397,476	15,778,881	16,620,785	19,009,671	20,018,261
Equipment	669,615	616,708	1,493,518	1,099,984	2,163,133	1,716,692
Vehicles	1,107,978	1,190,370	578,851	690,843	1,686,829	1,881,213
Infrastructure	23,283,401	24,949,286	61,442,952	61,008,181	84,726,353	85,957,467
Totals	<u>\$44,574,991</u>	<u>\$45,434,247</u>	<u>\$87,476,975</u>	<u>\$85,772,638</u>	<u>\$132,051,966</u>	<u>\$131,206,885</u>

Administration and Council have a quality of life commitment to the citizens and businesses located in the City of Lebanon. With this in mind, the City initiated and completed several key road improvements in 2011, including Mound Court from Mound Street to Walnut Street. However, the additions to infrastructure within governmental activities were offset by current year depreciation. The roadway projects included not only the reconstruction and resurfacing of the road but also the replacement of concrete curbs and gutters and the upgrade of water, sanitary, and storm sewer systems.

Over the past several years, the City has focused on replacing aging and undersized water mains in order to ensure the City's ability to deliver quality water while meeting the necessary fire flow. The City also constructed a new 16" water main along Glosser Road. The two projects totaled over \$2 million for the City in 2011.

In 2011, the City initiated an electric and water Automated Metering Infrastructure project. This project replaces and/or modified all of the existing electric and water meters in the City to support automatic meter consumption data retrieval by City. The projects will cost an estimated \$2.2 million and is expected to be completed in 2012. Additionally, the City continued to upgrade its electric transmission and distribution systems in both residential and commercial areas in 2011.

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, 2011, and 2010:

**Table 5**  
**Outstanding Debt at Year-End**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Special Assessment Bonds	\$12,985	\$87,401	\$0	\$0	\$12,985	\$87,401
General Obligation Bonds	5,610,870	6,058,568	0	0	5,610,870	6,058,568
Police Pension	18,673	19,130	0	0	18,673	19,130
Mortgage Revenue Bonds	0	0	30,218,718	32,234,420	30,218,718	32,234,420
Bond Anticipation Notes	0	0	8,150,000	6,300,000	8,150,000	6,300,000
AMP Rate Levelization Loan	0	0	2,752,260	3,360,000	2,752,260	3,360,000
	<u>\$5,642,528</u>	<u>\$6,165,099</u>	<u>\$41,120,978</u>	<u>\$41,894,420</u>	<u>\$46,763,506</u>	<u>\$48,059,519</u>

Special assessment bonds will be paid with special assessment revenues. All general obligation bond issues will be paid through the Debt Service Fund with income tax revenues. The police pension liability will be paid from the General Fund from general property tax revenue. The mortgage revenue bonds and the AMP rate levelization loan will be paid from their respective enterprise funds. The City's other long-term obligations include capital leases and compensated absences.

As of December 31, 2011, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$43,550,232 and the unvoted debt margin was \$22,812,026. For more information regarding long-term obligations and short-term bond anticipation notes, refer to notes 16, 17 and 18 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.

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**CITY OF LEBANON, OHIO**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2011**

	Governmental Activities	Business-Type Activities	Totals
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$20,059,579	\$26,805,672	\$46,865,251
Accounts Receivable, Net	0	7,408,606	7,408,606
Intergovernmental Receivable	1,108,639	32,440	1,141,079
Accrued Interest Receivable	36,317	20,130	56,447
Prepaid Items	64,372	62,123	126,495
Internal Balances	(277,015)	277,015	0
Materials and Supplies Inventory	202,789	2,405,696	2,608,485
Income Taxes Receivable	2,254,557	0	2,254,557
Property Taxes Receivable	3,277,498	0	3,277,498
Other Local Taxes Receivable	3,110	0	3,110
Payment in Lieu of Taxes Receivable	1,412,794	0	1,412,794
Special Assessments Receivable	125,228	8,490	133,718
Cash and Cash Equivalents with Fiscal Agents	0	5,481,436	5,481,436
Deferred Charges	116,161	531,663	647,824
Nondepreciable Capital Assets	15,545,376	8,182,772	23,728,148
Depreciable Capital Assets, Net	29,029,615	79,294,203	108,323,818
<b>Total Assets</b>	<b>72,959,020</b>	<b>130,510,246</b>	<b>203,469,266</b>
<b>Liabilities</b>			
Accounts Payable	85,467	271,699	357,166
Accrued Wages Payable	351,861	107,552	459,413
Intergovernmental Payable	549,442	110,508	659,950
Contracts Payable	31,101	70,213	101,314
Retainage Payable	0	150,824	150,824
Deferred Revenue	4,495,847	0	4,495,847
Accrued Interest Payable	18,252	253,449	271,701
Claims Payable	340,631	0	340,631
Notes Payable	0	650,000	650,000
Refundable Deposits	0	519,016	519,016
Long-Term Liabilities:			
Due Within One Year	739,390	4,665,253	5,404,643
Due in More Than One Year	6,045,518	36,113,221	42,158,739
<b>Total Liabilities</b>	<b>12,657,509</b>	<b>42,911,735</b>	<b>55,569,244</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	39,051,129	50,068,883	89,120,012
Restricted for:			
Debt Service	766,390	0	766,390
Capital Outlay	5,799,869	0	5,799,869
Security of Persons and Property	1,508,151	0	1,508,151
Public Health	589,577	0	589,577
Community and Economic Development	196,504	0	196,504
Transportation	1,528,804	0	1,528,804
Other Purposes	484,269	0	484,269
Revenue Bonds Replacement and Improvement	0	932,500	932,500
Revenue Bonds Current Debt Service	0	5,369,561	5,369,561
Unrestricted	10,376,818	31,227,567	41,604,385
<b>Total Net Assets</b>	<b>\$60,301,511</b>	<b>\$87,598,511</b>	<b>\$147,900,022</b>

See Accompanying Notes to the Basic Financial Statements

**CITY OF LEBANON, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$3,881,199	\$1,883,236	\$0	\$0
Security of Persons and Property:				
Police	4,547,632	556,218	191,533	0
Fire	2,866,797	467,450	351,001	0
Public Health Services	220,299	106,911	30,000	0
Leisure Time Services	674,644	53,410	1,848	0
Community and Economic Development	930,934	0	24,800	0
Transportation	3,561,887	24,198	1,057,251	752,724
Intergovernmental	310,704	0	0	0
Interest and Fiscal Charges	253,316	0	0	0
Total Governmental Activities	<u>17,247,412</u>	<u>3,091,423</u>	<u>1,656,433</u>	<u>752,724</u>
Business-Type Activities				
Electric	25,488,085	25,694,050	0	0
Sanitation	1,512,397	1,549,157	0	0
Sewer	3,444,593	3,139,479	0	0
Telecommunications	164,107	125,060	0	0
Water	3,086,876	2,803,705	0	0
Storm Water Utility	612,275	834,440	0	0
Total Business-Type Activities	<u>34,308,333</u>	<u>34,145,891</u>	<u>0</u>	<u>0</u>
Total Activities	<u>\$51,555,745</u>	<u>\$37,237,314</u>	<u>\$1,656,433</u>	<u>\$752,724</u>

General Revenues and Transfers:

Taxes

  Property Taxes Levied For:

    General Purposes

    Fire and Life Squad

  Income Taxes

  Other Local Taxes

Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Gain on Sale of Capital Assets

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$1,997,963)	\$0	(\$1,997,963)
(3,799,881)	0	(3,799,881)
(2,048,346)	0	(2,048,346)
(83,388)	0	(83,388)
(619,386)	0	(619,386)
(906,134)	0	(906,134)
(1,727,714)	0	(1,727,714)
(310,704)	0	(310,704)
(253,316)	0	(253,316)
<u>(11,746,832)</u>	<u>0</u>	<u>(11,746,832)</u>
0	205,965	205,965
0	36,760	36,760
0	(305,114)	(305,114)
0	(39,047)	(39,047)
0	(283,171)	(283,171)
0	222,165	222,165
<u>0</u>	<u>(162,442)</u>	<u>(162,442)</u>
<u>(11,746,832)</u>	<u>(162,442)</u>	<u>(11,909,274)</u>
1,147,868	0	1,147,868
2,228,171	0	2,228,171
5,762,855	0	5,762,855
1,245,078	0	1,245,078
1,395,381	0	1,395,381
814,808	0	814,808
(217,091)	(288,217)	(505,308)
7,414	12,415	19,829
225,740	665,346	891,086
(392,268)	392,268	0
<u>12,217,956</u>	<u>781,812</u>	<u>12,999,768</u>
471,124	619,370	1,090,494
<u>59,830,387</u>	<u>86,979,141</u>	<u>146,809,528</u>
<u>\$60,301,511</u>	<u>\$87,598,511</u>	<u>\$147,900,022</u>

**CITY OF LEBANON, OHIO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	General	Fire and Life Squad	Capital Improvement
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$4,603,542	\$1,549,605	\$2,329,988
Materials and Supplies Inventory	27,644	32,841	5,744
Prepaid Items	41,994	7,424	0
Income Taxes Receivable	1,734,286	0	390,203
Property Taxes Receivable	1,093,482	2,184,016	0
Other Local Taxes Receivable	3,110	0	0
Payment in Lieu of Taxes Receivable	0	0	0
Accrued Interest Receivable	27,129	0	2,473
Intergovernmental Receivable	348,491	122,843	0
Special Assessments Receivable	0	0	0
Advances to Other Funds	852,271	0	0
<b>Total Assets</b>	<b><u>\$8,731,949</u></b>	<b><u>\$3,896,729</u></b>	<b><u>\$2,728,408</u></b>
Liabilities:			
Accounts Payable	\$59,102	\$10,157	\$4,154
Accrued Wages Payable	252,467	81,378	0
Contracts Payable	0	0	0
Intergovernmental Payable	359,224	115,880	0
Interfund Payable	10,339	3,974	0
Deferred Revenue	2,678,241	2,306,859	376,275
Advances From Other Funds	0	0	0
<b>Total Liabilities</b>	<b><u>3,359,373</u></b>	<b><u>2,518,248</u></b>	<b><u>380,429</u></b>
Fund Balances:			
Nonspendable	921,909	40,265	5,744
Restricted	0	1,338,216	2,342,235
Committed	0	0	0
Assigned	183,215	0	0
Unassigned	4,267,452	0	0
<b>Total Fund Balances</b>	<b><u>5,372,576</u></b>	<b><u>1,378,481</u></b>	<b><u>2,347,979</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$8,731,949</u></b>	<b><u>\$3,896,729</u></b>	<b><u>\$2,728,408</u></b>

See Accompanying Notes to the Basic Financial Statements

<u>All Other Governmental</u>	<u>Total Governmental Funds</u>
\$9,981,140	\$18,464,275
131,136	197,365
12,820	62,238
130,068	2,254,557
0	3,277,498
0	3,110
1,412,794	1,412,794
5,017	34,619
637,305	1,108,639
125,228	125,228
0	852,271
<u>\$12,435,508</u>	<u>\$27,792,594</u>
\$11,999	\$85,412
12,732	346,577
31,101	31,101
68,865	543,969
6,931	21,244
2,301,567	7,662,942
852,271	852,271
<u>3,285,466</u>	<u>9,543,516</u>
143,956	1,111,874
5,809,681	9,490,132
3,196,405	3,196,405
0	183,215
0	4,267,452
<u>9,150,042</u>	<u>18,249,078</u>
<u>\$12,435,508</u>	<u>\$27,792,594</u>

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**CITY OF LEBANON, OHIO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO**  
**NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2011**

Total Governmental Fund Balances		\$18,249,078
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	13,628,469	
Infrastructure	47,756,899	
Construction in Progress	1,916,907	
Other Capital Assets	12,509,454	
Accumulated Depreciation	<u>(31,236,738)</u>	
Total Capital Assets		44,574,991
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.		
Net Assets	1,368,501	
Capital Assets	(102,540)	
Compensated Absences	<u>16,025</u>	
		1,281,986
Adjustment to reflect the consolidation of internal service fund activities related to enterprise activity.		(284,640)
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:		
Income Taxes	1,762,263	
Property Taxes	194,445	
Interest Revenue	6,882	
Intergovernmental	1,078,277	
Special Assessments	<u>125,228</u>	
		3,167,095
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		116,161
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(18,252)
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	10,064	
Premium on Bonds	(73,943)	
Loss on Refunding	40,023	
Capital Leases	(16,168)	
Bonds	(5,599,999)	
Police Pension	(18,673)	
Compensated Absences	<u>(1,126,212)</u>	
Total Liabilities		<u>(6,784,908)</u>
Net Assets of Governmental Activities		<u>\$60,301,511</u>

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, 2011**

	General	Fire and Life Squad	Capital Improvement
Revenues:			
Property Taxes	\$1,148,685	\$2,229,095	\$0
Income Taxes	3,227,658	0	1,677,098
Other Local Taxes	1,245,646	0	0
Payments in Lieu of Taxes	0	0	0
Special Assessments	0	0	37,202
Charges for Services	1,730,653	467,450	0
Fines, Licenses and Permits	649,179	0	0
Intergovernmental	970,552	349,697	629,254
Interest	(76,632)	0	695
Contributions and Donations	1,848	0	0
Other	185,733	12,988	23,330
<b>Total Revenues</b>	<b>9,083,322</b>	<b>3,059,230</b>	<b>2,367,579</b>
Expenditures:			
Current:			
General Government	3,511,332	0	0
Security of Persons and Property:			
Police	4,078,906	0	0
Fire	0	2,538,806	0
Public Health Services	0	0	0
Leisure Time Services	493,220	0	0
Community and Economic Development	711,535	0	0
Transportation	0	0	0
Intergovernmental	0	0	0
Capital Outlay	0	270,152	1,479,560
Debt Service:			
Principal Retirement	457	0	15,427
Interest and Fiscal Charges	808	0	1,516
<b>Total Expenditures</b>	<b>8,796,258</b>	<b>2,808,958</b>	<b>1,496,503</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>287,064</b>	<b>250,272</b>	<b>871,076</b>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	15,510	10,101	11,009
Transfers In	0	0	0
Transfers Out	(66,120)	0	(325,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(50,610)</b>	<b>10,101</b>	<b>(313,991)</b>
<b>Net Change in Fund Balances</b>	<b>236,454</b>	<b>260,373</b>	<b>557,085</b>
<b>Fund Balances at Beginning of Year</b>	<b>5,136,122</b>	<b>1,118,108</b>	<b>1,790,894</b>
<b>Fund Balances at End of Year</b>	<b>\$5,372,576</b>	<b>\$1,378,481</b>	<b>\$2,347,979</b>

See Accompanying Notes to the Basic Financial Statements

<u>All Other Governmental</u>	<u>Total Governmental Funds</u>
\$0	\$3,377,780
559,032	5,463,788
0	1,245,646
1,428,970	1,428,970
75,085	112,287
111,185	2,309,288
139,368	788,547
983,331	2,932,834
(10,434)	(86,371)
0	1,848
3,689	225,740
3,290,226	17,800,357
1,106	3,512,438
59,247	4,138,153
0	2,538,806
175,537	175,537
0	493,220
150,312	861,847
868,916	868,916
296,891	296,891
1,455,502	3,205,214
525,000	540,884
241,996	244,320
3,774,507	16,876,226
(484,281)	924,131
1,205	37,825
433,620	433,620
(83,754)	(474,874)
351,071	(3,429)
(133,210)	920,702
9,283,252	17,328,376
\$9,150,042	\$18,249,078

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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, 2011**

Net Change in Fund Balances - Total Governmental Funds \$920,702

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	2,607,241	
Current Year Depreciation	<u>(3,085,072)</u>	(477,831)

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	(37,825)	
Gain on Disposal of Capital Assets	<u>7,414</u>	(30,411)

Assets transferred from governmental activities during the year to enterprise funds:

Capital Assets		(351,014)
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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	(1,741)	
Income Taxes	299,067	
Other Local Taxes	(568)	
Special Assessments	(88,033)	
Charges for Services	(6,412)	
Intergovernmental	265,029	
Interest Revenue	(66,163)	
Payments in Lieu of Taxes	<u>(33,589)</u>	367,590

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

Bond Principal Retirement	450,584	
Special Assessment Principal Retirement	74,416	
Police Pension Principal Retirement	457	
Capital Lease Payment	<u>15,427</u>	540,884
Total Long-Term Obligation Repayment		

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

Amortization of Bond Issuance Costs	(7,963)	
Amortization of Bond Discount	(838)	
Amortization of Bond Premium	4,622	
Amortization of Loss on Refunding	(6,670)	
Accrued Interest	<u>1,853</u>	(8,996)

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

Compensated Absences		(1,633)
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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.

Change in Net Assets	(492,339)	
Capital Assets	2,384	
Compensated Absences	<u>1,788</u>	(488,167)

Change in Net Assets of Governmental Activities		<u>\$471,124</u>
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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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$1,390,025	\$1,267,950	\$1,148,685	(\$119,265)
Income Taxes	3,128,751	3,229,241	3,229,241	0
Other Local Taxes	1,318,000	1,245,289	1,245,289	0
Charges for Services	1,756,700	1,730,653	1,730,653	0
Fines, Licenses and Permits	713,500	733,834	643,688	(90,146)
Intergovernmental	795,500	968,922	1,008,706	39,784
Interest	200,250	200,250	110,548	(89,702)
Contributions and Donations	5,000	15,000	1,848	(13,152)
Other	55,400	140,573	138,238	(2,335)
<b>Total Revenues</b>	<b>9,363,126</b>	<b>9,531,712</b>	<b>9,256,896</b>	<b>(274,816)</b>
Expenditures:				
Current:				
General Government	3,825,558	4,116,820	3,595,319	521,501
Security of Persons and Property:				
Police	4,702,492	4,475,964	4,113,527	362,437
Leisure Time Services	447,321	536,881	524,984	11,897
Community and Economic Development	733,210	721,916	684,440	37,476
<b>Total Expenditures</b>	<b>9,708,581</b>	<b>9,851,581</b>	<b>8,918,270</b>	<b>933,311</b>
Excess of Revenues Over (Under) Expenditures	(345,455)	(319,869)	338,626	658,495
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,000	15,510	15,510	0
Transfers In	47,495	47,495	47,495	0
Advances In	121,408	121,408	121,408	0
Transfers Out	(66,120)	(66,120)	(66,120)	0
<b>Total Other Financing Sources (Uses)</b>	<b>107,783</b>	<b>118,293</b>	<b>118,293</b>	<b>0</b>
Net Change in Fund Balance	(237,672)	(201,576)	456,919	658,495
Fund Balance at Beginning of Year	3,057,264	3,057,264	3,057,264	0
Prior Year Encumbrances Appropriated	243,322	243,322	243,322	0
<b>Fund Balance at End of Year</b>	<b>\$3,062,914</b>	<b>\$3,099,010</b>	<b>\$3,757,505</b>	<b>\$658,495</b>

See Accompanying Notes to the Basic Financial Statements

**CITY OF LEBANON, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FIRE AND LIFE SQUAD SPECIAL REVENUE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,200,000	\$2,229,095	\$2,229,095	\$0
Charges for Services	450,000	574,501	467,450	(107,051)
Intergovernmental	200,000	349,697	349,697	0
Other	2,000	12,988	12,988	0
Total Revenues	<u>2,852,000</u>	<u>3,166,281</u>	<u>3,059,230</u>	<u>(107,051)</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>2,942,445</u>	<u>3,198,145</u>	<u>2,901,552</u>	<u>296,593</u>
Excess of Revenues Over (Under) Expenditures	(90,445)	(31,864)	157,678	189,542
Other Financing Sources:				
Proceeds from Sale of Capital Assets	<u>0</u>	<u>10,101</u>	<u>10,101</u>	<u>0</u>
Net Change in Fund Balance	(90,445)	(21,763)	167,779	189,542
Fund Balance at Beginning of Year	1,181,282	1,181,282	1,181,282	0
Prior Year Encumbrances Appropriated	<u>94,432</u>	<u>94,432</u>	<u>94,432</u>	<u>0</u>
Fund Balance at End of Year	<u>\$1,185,269</u>	<u>\$1,253,951</u>	<u>\$1,443,493</u>	<u>\$189,542</u>

See Accompanying Notes to the Basic Financial Statements

**CITY OF LEBANON, OHIO**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2011**

	Business-Type Activities		
	Electric	Sanitation	Sewer
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$15,185,374	\$338,478	\$3,325,929
Materials and Supplies Inventory	2,036,678	0	87,754
Accrued Interest Receivable	11,569	375	3,255
Accounts Receivable, Net	3,849,120	217,633	378,887
Interfund Receivable	0	0	0
Intergovernmental Receivable	0	0	32,440
Prepaid Items	32,989	772	15,073
Special Assessments Receivable	0	0	8,490
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agents	1,394,392	0	542,323
<b>Total Current Assets</b>	<b>22,510,122</b>	<b>557,258</b>	<b>4,394,151</b>
Noncurrent Assets:			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	967,966	0	240,000
Cash and Cash Equivalents with Fiscal Agents	2,548,353	0	364,358
Deferred Charges	345,315	0	186,348
Nondepreciable Capital Assets	1,225,823	54,000	841,769
Depreciable Capital Assets, Net	14,027,176	71,247	24,323,711
<b>Total Noncurrent Assets</b>	<b>19,114,633</b>	<b>125,247</b>	<b>25,956,186</b>
<b>Total Assets</b>	<b>\$41,624,755</b>	<b>\$682,505</b>	<b>\$30,350,337</b>

See Accompanying Notes to the Basic Financial Statements

Telecommunications	Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Storm Water Utility	Totals	
\$378,491	\$5,512,133	\$613,751	\$25,354,156	\$1,595,304
115,624	165,640	0	2,405,696	5,424
0	4,076	855	20,130	1,698
2,500,000	369,677	93,289	7,408,606	0
0	0	0	0	28,869
0	0	0	32,440	0
1,399	11,267	623	62,123	2,134
0	0	0	8,490	0
0	355,160	0	2,291,875	0
2,995,514	6,417,953	708,518	37,583,516	1,633,429
0	243,550	0	1,451,516	0
0	276,850	0	3,189,561	0
0	0	0	531,663	0
0	5,727,414	333,766	8,182,772	64,666
11,865	24,782,731	16,077,473	79,294,203	37,874
11,865	31,030,545	16,411,239	92,649,715	102,540
\$3,007,379	\$37,448,498	\$17,119,757	\$130,233,231	\$1,735,969

(continued)

**CITY OF LEBANON, OHIO**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2011**  
**(CONTINUED)**

	Business-Type Activities		
	Electric	Sanitation	Sewer
Liabilities:			
Current Liabilities:			
Accounts Payable	\$34,254	\$103,862	\$55,039
Accrued Wages Payable	61,485	4,661	21,803
Contracts Payable	14,427	0	0
Intergovernmental Payable	62,704	5,114	19,985
Accrued Interest Payable	119,558	0	32,323
Retainage Payable	0	0	4,950
Interfund Payable	3,932	1,067	1,177
Claims Payable	0	0	0
Loans Payable	2,412,970	0	0
Notes Payable	0	0	0
Compensated Absences Payable	43,283	4,223	12,079
Mortgage Revenue Bonds Payable	1,340,000	0	510,000
<b>Total Current Liabilities</b>	<b>4,092,613</b>	<b>118,927</b>	<b>657,356</b>
Long-term Liabilities:			
Refundable Deposits	475,466	0	0
Compensated Absences Payable	128,945	8,762	34,639
Loans Payable	339,290	0	0
Notes Payable	0	0	0
Mortgage Revenue Bonds Payable	14,047,705	0	8,491,013
<b>Total Long-term Liabilities</b>	<b>14,991,406</b>	<b>8,762</b>	<b>8,525,652</b>
<b>Total Liabilities</b>	<b>19,084,019</b>	<b>127,689</b>	<b>9,183,008</b>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	196,182	125,247	16,345,865
Restricted for:			
Revenue Bonds			
Replacement and Improvement	492,500	0	240,000
Revenue Bonds			
Current Debt Service	3,888,353	0	874,358
Unrestricted	17,963,701	429,569	3,707,106
<b>Total Net Assets</b>	<b>\$22,540,736</b>	<b>\$554,816</b>	<b>\$21,167,329</b>

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds  
Net Assets of Business-Type Activities

See Accompanying Notes to the Basic Financial Statements

Enterprise Funds				Governmental Activities Internal Service Funds
Telecommunications	Water	Storm Water Utility	Totals	
\$315	\$77,440	\$789	\$271,699	\$55
3,475	14,346	1,782	107,552	5,284
0	0	55,786	70,213	0
3,534	17,404	1,767	110,508	5,473
10,523	91,045	0	253,449	0
0	138,889	6,985	150,824	0
119	1,277	53	7,625	0
0	0	0	0	340,631
0	0	0	2,412,970	0
650,000	0	0	650,000	0
3,673	8,938	87	72,283	7,092
0	330,000	0	2,180,000	0
<u>671,639</u>	<u>679,339</u>	<u>67,249</u>	<u>6,287,123</u>	<u>358,535</u>
0	43,550	0	519,016	0
21,922	40,945	0	235,213	8,933
0	0	0	339,290	0
0	7,500,000	0	7,500,000	0
0	5,500,000	0	28,038,718	0
<u>21,922</u>	<u>13,084,495</u>	<u>0</u>	<u>36,632,237</u>	<u>8,933</u>
<u>693,561</u>	<u>13,763,834</u>	<u>67,249</u>	<u>42,919,360</u>	<u>367,468</u>
11,865	17,041,256	16,348,468	50,068,883	102,540
0	200,000	0	932,500	0
0	606,850	0	5,369,561	0
<u>2,301,953</u>	<u>5,836,558</u>	<u>704,040</u>	<u>30,942,927</u>	<u>1,265,961</u>
<u>\$2,313,818</u>	<u>\$23,684,664</u>	<u>\$17,052,508</u>	<u>87,313,871</u>	<u>\$1,368,501</u>
			<u>284,640</u>	
			<u>\$87,598,511</u>	

**CITY OF LEBANON, OHIO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Business-Type Activities		
	Electric	Sanitation	Sewer
Operating Revenues:			
Charges for Services	\$25,694,050	\$1,549,157	\$3,139,479
Other	4,555	6,349	12,283
Total Operating Revenues	<u>25,698,605</u>	<u>1,555,506</u>	<u>3,151,762</u>
Operating Expenses:			
Personal Services	1,698,771	136,549	557,902
Contractual Services	1,268,659	1,348,265	1,272,496
Purchased Power	19,949,003	0	0
Supplies and Materials	334,662	0	134,960
Claims	0	0	0
Depreciation	1,226,986	17,810	1,008,548
Other	4,775	886	519
Total Operating Expenses	<u>24,482,856</u>	<u>1,503,510</u>	<u>2,974,425</u>
Operating Income (Loss)	<u>1,215,749</u>	<u>51,996</u>	<u>177,337</u>
Non-Operating Revenues (Expenses):			
Interest	(215,309)	(2,442)	(34,184)
Other Non-Operating Revenues	632,903	0	0
Gain on Sale of Capital Assets	12,415	0	0
Interest and Fiscal Charges	(927,454)	0	(435,489)
Total Non-Operating Revenues (Expenses)	<u>(497,445)</u>	<u>(2,442)</u>	<u>(469,673)</u>
Income (Loss) Before Contributions and Transfers	718,304	49,554	(292,336)
Capital Contributions from Other Funds	0	0	0
Transfers In	41,254	0	0
Change in Net Assets	759,558	49,554	(292,336)
Net Assets at Beginning of Year	<u>21,781,178</u>	<u>505,262</u>	<u>21,459,665</u>
Net Assets at End of Year	<u>\$22,540,736</u>	<u>\$554,816</u>	<u>\$21,167,329</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	
\$125,060	\$2,803,705	\$834,440	\$34,145,891	\$1,584,100
0	3,192	0	26,379	194,077
<u>125,060</u>	<u>2,806,897</u>	<u>834,440</u>	<u>34,172,270</u>	<u>1,778,177</u>
94,725	387,610	49,245	2,924,802	147,651
23,501	928,754	164,814	5,006,489	295,572
0	0	0	19,949,003	0
6,738	507,861	64,517	1,048,738	9,282
0	0	0	0	1,906,473
1,568	871,165	329,770	3,455,847	2,384
0	3,292	27	9,499	0
<u>126,532</u>	<u>2,698,682</u>	<u>608,373</u>	<u>32,394,378</u>	<u>2,361,362</u>
<u>(1,472)</u>	<u>108,215</u>	<u>226,067</u>	<u>1,777,892</u>	<u>(583,185)</u>
0	(44,427)	8,145	(288,217)	(64,557)
4,839	1,225	0	638,967	0
0	0	0	12,415	0
<u>(33,056)</u>	<u>(362,553)</u>	<u>0</u>	<u>(1,758,552)</u>	<u>0</u>
<u>(28,217)</u>	<u>(405,755)</u>	<u>8,145</u>	<u>(1,395,387)</u>	<u>(64,557)</u>
(29,689)	(297,540)	234,212	382,505	(647,742)
11,250	8,742	331,022	351,014	0
0	0	0	41,254	0
<u>(18,439)</u>	<u>(288,798)</u>	<u>565,234</u>	<u>774,773</u>	<u>(647,742)</u>
<u>2,332,257</u>	<u>23,973,462</u>	<u>16,487,274</u>		<u>2,016,243</u>
<u>\$2,313,818</u>	<u>\$23,684,664</u>	<u>\$17,052,508</u>		<u>\$1,368,501</u>
			<u>(155,403)</u>	
			<u>\$619,370</u>	

**CITY OF LEBANON, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Business-type Activities -		
	Electric	Sanitation	Sewer
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$26,457,293	\$1,514,492	\$3,222,964
Cash Received from Interfund Services Provided	0	0	0
Cash Payments for Employee Services and Benefits	(1,635,070)	(133,952)	(535,738)
Cash Payments to Suppliers for Goods and Services	(21,778,289)	(1,349,942)	(1,431,158)
Cash Payments for Employee Medical, Dental, and Life Insurance Claims	0	0	0
Other Operating Revenues	4,555	6,349	12,283
Other Operating Expenses	(4,676)	(886)	(519)
Other Non-Operating Revenues	632,903	0	0
Utility Deposits Received	182,452	0	0
Utility Deposits Returned	(171,985)	0	0
Net Cash Provided by (Used for) Operating Activities	<u>3,687,183</u>	<u>36,061</u>	<u>1,267,832</u>
Cash Flows from Noncapital Financing Activities:			
Proceeds of Loans	1,400,000	0	0
Principal Paid on Loans	(2,007,740)	0	0
Interest and Fiscal Charges Paid on Loans	(129,314)	0	0
Transfers In	41,254	0	0
Net Cash Provided by Noncapital Financing Activities	<u>(695,800)</u>	<u>0</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Received from Special Assessments	0	0	6,106
Collection of Accounts Receivable Related to the Sale of Discontinued Segments of Telecommunications Operation	0	0	0
Proceeds from Sale of Capital Assets	12,415	0	0
Acquisition of Capital Assets	(387,230)	0	(408,003)
Proceeds from Sale of Notes	0	0	0
Principal Paid on Notes	0	0	0
Interest Paid on Notes	0	0	0
Principal Paid on Mortgage Revenue Bonds	(1,285,000)	0	(490,000)
Interest and Fiscal Charges Paid on Mortgage Revenue Bonds	(701,325)	0	(407,482)
Net Cash Used for Capital and Related Financing Activities	<u>(2,361,140)</u>	<u>0</u>	<u>(1,299,379)</u>
Cash Flows from Investing Activities:			
Interest	(152,191)	(1,840)	(29,930)
Net Increase (Decrease) in Cash and Cash Equivalents	478,052	34,221	(61,477)
Cash and Cash Equivalents at Beginning of Year	<u>19,618,033</u>	<u>304,257</u>	<u>4,534,087</u>
Cash and Cash Equivalents at End of Year	<u>\$20,096,085</u>	<u>\$338,478</u>	<u>\$4,472,610</u>

See Accompanying Notes to the Basic Financial Statements

Telecommunications	Enterprise Funds			Governmental Activities- Internal Service Funds
	Water	Storm Water Utility	Total	
\$125,060	\$2,880,369	\$822,404	\$35,022,582	\$0
0	0	0	0	1,583,301
(92,311)	(400,233)	(50,542)	(2,847,846)	(145,627)
(31,862)	(1,273,155)	(167,004)	(26,031,410)	(310,944)
0	0	0	0	(1,779,988)
0	3,192	0	26,379	194,077
0	(3,292)	(27)	(9,400)	0
4,839	1,225	0	638,967	0
0	13,875	0	196,327	0
0	(12,575)	0	(184,560)	0
<u>5,726</u>	<u>1,209,406</u>	<u>604,831</u>	<u>6,811,039</u>	<u>(459,181)</u>
0	0	0	1,400,000	0
0	0	0	(2,007,740)	0
0	0	0	(129,314)	0
0	0	0	41,254	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(695,800)</u>	<u>0</u>
0	0	0	6,106	0
125,000	0	0	125,000	0
0	0	0	12,415	0
0	(3,617,606)	(396,331)	(4,809,170)	0
650,000	7,500,000	0	8,150,000	0
(800,000)	(5,500,000)	0	(6,300,000)	0
(36,000)	(68,559)	0	(104,559)	0
0	(315,000)	0	(2,090,000)	0
0	(316,568)	0	(1,425,375)	0
<u>(61,000)</u>	<u>(2,317,733)</u>	<u>(396,331)</u>	<u>(6,435,583)</u>	<u>0</u>
0	(37,814)	8,496	(213,279)	(45,832)
(55,274)	(1,146,141)	216,996	(533,623)	(505,013)
<u>433,765</u>	<u>7,533,834</u>	<u>396,755</u>	<u>32,820,731</u>	<u>2,100,317</u>
<u>\$378,491</u>	<u>\$6,387,693</u>	<u>\$613,751</u>	<u>\$32,287,108</u>	<u>\$1,595,304</u>

(continued)

**CITY OF LEBANON, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(CONTINUED)**

	Business-type Activities -		
	Electric	Sanitation	Sewer
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$1,215,749	\$51,996	\$177,337
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,226,986	17,810	1,008,548
Other Non-Operating Revenues	632,903	0	0
Changes in Assets and Liabilities:			
Increase in Materials and Supplies Inventory	(173,903)	0	(20,845)
(Increase) Decrease in Accounts Receivable	763,243	(34,665)	89,070
Increase in Interfund Receivable	0	0	0
Increase in Intergovernmental Receivable	0	0	(5,585)
(Increase) Decrease in Prepaids Items	(11,757)	(616)	(3,052)
Increase (Decrease) in Accounts Payable	(55,109)	(1,412)	25,421
Increase (Decrease) in Accrued Wages Payable	4,691	(165)	3,154
Increase in Contracts Payable	14,427	0	0
Increase (Decrease) in Intergovernmental Payable	12,175	820	2,809
Increase (Decrease) in Retainage Payable	0	0	(24,797)
Increase (Decrease) in Interfund Payable	476	351	(429)
Increase in Claims Payable	0	0	0
Increase in Liabilities Payable from Restricted Assets	10,467	0	0
Increase (Decrease) in Compensated Absences Payable	46,835	1,942	16,201
Net Cash Provided by (Used for) Operating Activities	<u>\$3,687,183</u>	<u>\$36,061</u>	<u>\$1,267,832</u>

Noncash Capital Financing Activities:

The Telecommunications Fund received capital assets in the amount of \$11,250 from governmental funds.

The Water Fund received capital assets in the amount of \$8,742 from governmental funds.

The Storm Water Utility Fund received capital assets in the amount of \$331,022 from governmental funds.

See Accompanying Notes to the Basic Financial Statements

Enterprise Funds				Governmental Activities- Internal Service Funds
Telecommunications	Water	Storm Water Utility	Total	
(\$1,472)	\$108,215	\$226,067	\$1,777,892	(\$583,185)
1,568	871,165	329,770	3,455,847	2,384
4,839	1,225	0	638,967	0
0	(41,648)	0	(236,396)	(2,525)
0	76,664	(12,036)	882,276	0
0	0	0	0	(799)
0	0	0	(5,585)	0
(1,146)	1,601	346	(14,624)	1,322
(596)	64,766	(302)	32,768	(3,051)
51	1,569	(516)	8,784	(318)
0	0	55,786	70,213	0
481	5,499	(89)	21,695	554
0	138,889	6,985	121,077	0
119	(148)	(488)	(119)	0
0	0	0	0	124,649
0	1,300	0	11,767	0
1,882	(19,691)	(692)	46,477	1,788
<u>\$5,726</u>	<u>\$1,209,406</u>	<u>\$604,831</u>	<u>\$6,811,039</u>	<u>(\$459,181)</u>

**CITY OF LEBANON, OHIO**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**DECEMBER 31, 2011**

Assets:	
Equity in Pooled Cash and Cash Equivalents	\$29,299
Cash and Cash Equivalents in Segregated Accounts	<u>48,465</u>
Total Assets	<u><u>\$77,764</u></u>
Liabilities:	
Intergovernmental Payable	\$31,727
Undistributed Monies	<u>46,037</u>
Total Liabilities	<u><u>\$77,764</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, 2011

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 three organizations, two of which are defined as jointly governed organizations and one that is defined as an insurance purchasing pool. These organizations, the Warren County Combined Health District, the Warren County Fire Response and Life Safety Council of Governments and the Ohio Municipal League Group Retrospective Rating Program are presented in Notes 22 and 23.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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 accounting principles generally accepted in the United States of America (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.

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.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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.

Fund Accounting

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

Governmental Funds

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

General Fund – The General Fund is used to account for and report all financial resources not accounted and reported for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

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

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

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Proprietary Fund Types

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

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

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

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, 2011

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 two agency funds. The Fire Insurance Collection Fund is used to account for money received from fire insurance settlements held on behalf of individuals and private organizations that is paid out when the fire damaged structure is repaired. The Municipal 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.

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.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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 31 days of year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the exchange on which the tax is imposed takes place and revenue from property taxes/revenue in lieu of taxes is recognized in the year for which the taxes are levied or would have been levied. (See Notes 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.

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.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance 2012 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 major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, 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 ordinance 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 ordinance of Council.

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

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Cash and Cash Equivalents

Cash balances of the City's funds, except cash held by fiscal agent, are pooled and invested in order to provide improved cash management. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The City's Municipal Court has its own checking accounts for collection and distribution of court fines and forfeitures which are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts."

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

During 2011, investments were limited to STAROhio and negotiable certificates of deposit. Investments are reported at fair value which is based on quoted market prices.

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 net asset value per share which is the price the investment could be sold for at December 31, 2011.

Interest income is distributed to the funds according to Ohio statutory requirements and the City charter.

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.

Materials and Supplies Inventory

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.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Restricted Assets

Restricted assets in the enterprise funds represent Equity in Pooled Cash and Cash Equivalents and Cash and Cash Equivalents with Fiscal Agents set aside to satisfy bond indenture requirements for current debt payments and for the replacement and improvement of capital assets originally acquired with bond proceeds. In addition, electric and water customer deposits are presented as Restricted Assets: Equity in Pooled Cash and Cash Equivalents.

Capital Assets and Depreciation

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

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

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.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Depreciation is computed using the straight-line method over the following useful lives:

Land Improvements	20 years
Buildings and Improvements	45 years
Equipment	5-15 years
Vehicles	5-20 years
Infrastructure:	
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 only reports infrastructure acquired after 1980 for its governmental activities.

Capitalization of Interest

It is the City's policy to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset.

Compensated Absences

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

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 10 years of current service.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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, the police pension liability, and capital leases are recognized as a liability on the governmental fund financial statements when due.

Bond Discounts, Premiums and 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.

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

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

Loss on Advance Refunding

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Contributions of Capital

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

Net Assets

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

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

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.

Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. The nonspendable fund balances for the City include the long-term amount of interfund loans, prepaid items, and inventory.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Restricted – The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

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

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

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

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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 non-operating.

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 non-operating 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.

Interfund Balances

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 59, "Financial Instruments Omnibus". GASB Statement No. 59 updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of this statement had no effect on the financial statements of the City.

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 the 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 restricted, committed, or assigned fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - BUDGET TO GAAP RECONCILIATION (continued)

6. The change in fair value of investments is not included on the budget basis operating statement. This amount is included on the GAAP basis operating statement.

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

	Net Change in Fund Balance	
	General Fund	Fire and Life Squad Fund
GAAP Basis	\$236,454	\$260,373
Revenue Accruals	26,995	0
Expenditure Accruals	34,377	13,518
Encumbrances	(156,389)	(106,112)
Advances	121,408	0
Unrecorded Cash - 2010	36,484	0
Unrecorded Cash - 2011	(51,912)	0
Net Increase in Fair Value of Investments - 2010	847,238	0
Net Increase in Fair Value of Investments - 2011	(637,736)	0
Budget Basis	\$456,919	\$167,779

NOTE 5 - DEPOSITS AND INVESTMENTS

The City has adopted an investment policy by City ordinance in which the City has elected to follow the provisions of State statute. State statutes classify monies held by the City into three categories.

Active monies are public monies 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 passbook accounts.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Interim monies may 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 payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. 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; and
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, 2011

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2011, the City had the following investments.

	Fair Value	Investment Maturities (in Years)		S&P Rating	Percent of Total Investments
		Less than 1	1 - 3		
STAROhio	\$3,109,549	\$3,109,549	\$0	AAAm	23.15%
Negotiable Certificates of Deposits	10,320,447	6,319,651	4,000,796	N/A	76.85%
Totals	<u>\$13,429,996</u>	<u>\$9,429,200</u>	<u>\$4,000,796</u>		<u>100.00%</u>

Interest Rate Risk – The City’s investment policy states that the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than two years from the date of purchase.

Credit Risk – Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. As shown above, STAROhio carries a rating of AAAm by Standard and Poor’s. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk – The City’s investment policy states that the City will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50 percent of the City’s total investment portfolio will be invested in a single security type or with a single financial institution. The percentage that each investment represents of total investments is listed in the table above.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes were levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

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. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2011, was \$8.32 per \$1,000 of assessed value. The assessed values of real and public utility tangible property upon which 2011 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$411,502,180
Public Utility Real Property	3,261,930
Total	<u>\$414,764,110</u>

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, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2011, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as revenue while on the modified basis the revenue has been deferred.

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 the 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 estimated to be received in the following year has been recorded in the Tax Increment Financing Capital Projects Fund with a corresponding credit to deferred revenue.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

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 2011, the proceeds were allocated to the General Fund, the Capital Improvement Capital Projects Fund and the Debt Service Fund.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2011, consisted of income, property and other local taxes, revenue in lieu of taxes, accrued interest, intergovernmental, interfund, special assessments, utility accounts and amounts due from the sale of the telecommunications system. The \$2,500,000 accounts receivable in the telecommunications fund relates to the sale of the telecommunications system to Cincinnati Bell that occurred in 2007. Of this amount, \$2,375,000 is expected to be collected in more than one year. Special assessments expected to be collected in more than one year for the City amount to \$111,682. The City has \$29,968 in delinquent special assessments at December 31, 2011. Property taxes, income taxes, and revenue in lieu of 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 and interfund receivable. The full amount of the interfund receivable is not expected to be repaid within one year. The following table provides a summary of business-type activities accounts receivable:

	Accounts Receivable	Uncollectible	Accounts Receivable, Net
Utility	\$4,956,099	\$47,493	\$4,908,606
Telecommunications	2,500,000	0	2,500,000
Total	\$7,456,099	\$47,493	\$7,408,606

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 – RECEIVABLES (continued)

A summary of intergovernmental receivables follows:

Governmental Activities:

Local Government Assistance	\$263,745
Warren County Reimbursement for Baliff Services	5,694
Homestead and Rollback	185,811
OPWC Grant	99,216
Pari-Mutuel Tax	15,000
Permissive Motor Vehicle License Tax	110,020
Motor Vehicle Tax	186,583
Gasoline Tax	226,486
Wireless 911	13,327
Warren County Drug Task Force	2,757
Total Governmental Activities	<u>1,108,639</u>

Business-Type Activities:

Village of South Lebanon Sewage Processing Fees	<u>32,440</u>
Total Intergovernmental Receivables	<u><u>\$1,141,079</u></u>

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 10 - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2011, was as follows:

	Balance at 12/31/10	Additions	Deductions	Balance at 12/31/11
<b><u>Governmental Activities</u></b>				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$13,497,063	\$131,406	\$0	\$13,628,469
Construction in Progress	990,895	926,012	0	1,916,907
Total Capital Assets, Not Being Depreciated	<u>14,487,958</u>	<u>1,057,418</u>	<u>0</u>	<u>15,545,376</u>
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	1,209,308	0	0	1,209,308
Buildings and Improvements	6,022,609	26,913	(56,611)	5,992,911
Equipment	1,538,986	198,811	(50,633)	1,687,164
Vehicles	3,724,123	130,244	(234,296)	3,620,071
Infrastructure	46,902,808	1,193,855	(339,764)	47,756,899
Total Capital Assets, Being Depreciated	<u>59,397,834</u>	<u>1,549,823</u>	<u>(681,304)</u>	<u>60,266,353</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(416,859)	(54,618)	0	(471,477)
Buildings and Improvements	(2,625,133)	(168,124)	31,136	(2,762,121)
Equipment	(922,278)	(129,718)	34,447	(1,017,549)
Vehicles	(2,533,753)	(212,636)	234,296	(2,512,093)
Infrastructure	(21,953,522)	(2,519,976)	0	(24,473,498)
Total Accumulated Depreciation	<u>(28,451,545)</u>	<u>(3,085,072) *</u>	<u>299,879</u>	<u>(31,236,738)</u>
Total Capital Assets, Being Depreciated, Net	<u>30,946,289</u>	<u>(1,535,249)</u>	<u>(381,425)</u>	<u>29,029,615</u>
Governmental Activities Capital Assets, Net	<u>\$45,434,247</u>	<u>(\$477,831)</u>	<u>(\$381,425)</u>	<u>\$44,574,991</u>

Deductions to capital assets being depreciated include \$351,014 transferred from governmental activities to business-type activities.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 10 - CAPITAL ASSETS (continued)

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

General Government	\$37,421
Security of Persons and Property:	
Police	72,358
Fire	182,957
Public Health Services	28,136
Leisure Time Services	136,557
Community and Economic Development	15,090
Transportation	<u>2,612,553</u>
Total Depreciation Expense	<u><u>\$3,085,072</u></u>

	Balance at 12/31/10	Additions	Deductions	Balance at 12/31/11
<b><u>Business-Type Activities</u></b>				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$4,701,384	\$80,198	\$0	\$4,781,582
Construction in Progress	<u>1,651,461</u>	<u>4,526,240</u>	<u>(2,776,510)</u>	<u>3,401,191</u>
Total Capital Assets, Not Being Depreciated	<u>6,352,845</u>	<u>4,606,438</u>	<u>(2,776,510)</u>	<u>8,182,773</u>
<i>Capital Assets, Being Depreciated</i>				
Buildings and Improvements	27,723,302	0	0	27,723,302
Equipment	6,129,406	574,810	0	6,704,216
Vehicles	2,450,315	17,877	(152,321)	2,315,871
Infrastructure	<u>83,467,936</u>	<u>2,737,569</u>	<u>0</u>	<u>86,205,505</u>
Total Capital Assets, Being Depreciated	<u>119,770,959</u>	<u>3,330,256</u>	<u>(152,321)</u>	<u>122,948,894</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(11,102,517)	(841,904)	0	(11,944,421)
Equipment	(5,029,422)	(181,276)	0	(5,210,698)
Vehicles	(1,759,472)	(129,869)	152,321	(1,737,020)
Infrastructure	<u>(22,459,755)</u>	<u>(2,302,798)</u>	<u>0</u>	<u>(24,762,553)</u>
Total Accumulated Depreciation	<u>(40,351,166)</u>	<u>(3,455,847)</u>	<u>152,321</u>	<u>(43,654,692)</u>
Total Capital Assets, Being Depreciated, Net	<u>79,419,793</u>	<u>(125,591)</u>	<u>0</u>	<u>79,294,202</u>
Business-Type Activities Capital Assets, Net	<u><u>\$85,772,638</u></u>	<u><u>\$4,480,847</u></u>	<u><u>(\$2,776,510)</u></u>	<u><u>\$87,476,975</u></u>

Additions to capital assets being depreciated include \$351,014 transferred to business-type activities from governmental activities.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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, but less than, 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 visiting <https://www.opers.org/investments/cafr.shtml>, 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 and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll. For 2011, member and employer contribution rates were consistent across all three plans.

The City's 2011 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$508,153, \$444,725, and \$480,024, respectively. For 2011, 85.58 percent has been contributed with the balance due being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$10,139 made by the City and \$7,242 made by plan members.

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 – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$272,685 and \$118,927 for the year ended December 31, 2011, \$264,448 and \$96,261 for the year ended December 31, 2010, and \$242,502 and \$93,331 for the year ended December 31, 2009, respectively. For 2011, 67.07 percent for police and 61.96 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

NOTE 12 - POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 12 - POST-EMPLOYMENT BENEFITS (continued)

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll. This is the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 12 - POST-EMPLOYMENT BENEFITS (continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$203,261, \$247,069, and \$347,094, respectively. For 2011, 85.58 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

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

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 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 health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 12 - POST-EMPLOYMENT BENEFITS (continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$144,362 and \$46,537 for the year ended December 31, 2011, \$140,002 and \$37,667 for the year ended December 31, 2010, and \$128,383 and \$36,521 for the year ended December 31, 2009, respectively. For 2011, 67.07 percent has been contributed for police and 61.96 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

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.

Accumulated Unpaid Sick Leave – City employees earn sick leave at the rate of four and six tenths hours per 80 hours of service. Sick leave is cumulative without limit. In the case of death or retirement, an employee (or his estate) is paid 50 percent of accumulated sick leave up to 1,040 hours and 10 percent for accumulated hours in excess of 1,040.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - OTHER EMPLOYEE BENEFITS (continued)

Accumulated Unpaid Holiday Pay – Under contract, police personnel who work a holiday receive holiday time in addition to four hours of pay. Accumulated unpaid holiday time is paid to employees upon separation or death.

NOTE 14 - 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 2011, 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. Enterprise Deployment Team 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 Group, 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 three years and there have been no significant reductions in coverage from last year.

For 2011, the City participated in the Ohio Municipal League Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to cities that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 14 - RISK MANAGEMENT (continued)

The City has elected to provide employee medical, dental and life insurance benefits through a self-insured program. The City maintains a Self-Insurance Internal Service Fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical plan with a \$200 single and \$400 cap per family deductible for City employees. The City also provides a dental plan with a \$50 deductible and \$1,500 cap in maximum benefits per year, 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 medical claims in excess of \$60,000 per employee, per occurrence. Klais & Co. was the third party administrator for the year.

The City pays into the Self-Insurance Internal Service Fund \$850 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 \$340,631 reported in the fund at December 31, 2011, 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,
2010	\$229,723	\$2,078,546	\$2,092,287	\$215,982
2011	215,982	1,904,637	1,779,988	340,631

NOTE 15 - CAPITAL LEASES – LESSEE DISCLOSURE

In previous years, the City entered into capital leases for equipment. By the terms of the agreement, ownership of the equipment is transferred to the City by the end of the four year lease term. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 “Accounting for Leases,” which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 15 - CAPITAL LEASES – LESSEE DISCLOSURE (continued)

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	(89,740)
Total	\$44,168

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, 2011:

Year Ending December 31,	Governmental Activities
2012	\$16,943
Less: Amount Representing Interest	(775)
Present Value of Minimum Lease Payments	\$16,168

NOTE 16 - AMERICAN MUNICIPAL POWER RATE LEVELIZATION LOAN

During 2009, the City entered into a master service agreement with American Municipal Power, Inc. (AMP), which includes provisions for a levelized power supply cost from January 1, 2010, through December 31, 2014. As part of the agreement, AMP loaned the City \$280,000, per month from January 1, 2010, through May 31, 2011. The total amount of the loan is \$4,760,000, with an estimated interest rate of 3.5 percent. As of December 31, 2011, the principal outstanding on this loan was \$2,752,260 and was reported as a loan payable in the Electric Enterprise Fund.

Principal and interest payments began in June 2011, with final payment no later than December 31, 2013. The repayment of this loan will be included as part of the monthly power supply cost charged to the City by AMP and will be adjusted as necessary to provide the City with a levelized monthly power supply cost of \$56.23/MWh. If a final loan true-up payment is needed to fully repay AMP, it will be included in the December 2013 payment. This loan will be paid from charges for services revenue in the Electric Enterprise Fund.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 16 - AMERICAN MUNICIPAL POWER RATE LEVELIZATION LOAN (continued)

Principal and interest requirements to retire the loan outstanding at December 31, 2011, were:

Year	Principal	Interest
2012	\$2,412,970	\$114,371
2013	339,290	10,009
Totals	\$2,752,260	\$124,380

NOTE 17 - SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year ended December 31, 2011, follows:

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011
<u>Business-Type Activities</u>				
Telecommunications Fund				
Telecom System Improvement, 4.50 %	\$800,000	\$0	\$800,000	\$0
Telecom System Improvement, 4.70 %	0	650,000	0	650,000
Total Business-Type Activities	\$800,000	\$650,000	\$800,000	\$650,000

The notes are backed by the full faith and credit of the City and will mature within one year. The liability for the notes is presented in the fund that received the note proceeds. All proceeds of the short-term notes had been spent as of December 31, 2011.

NOTE 18 - LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2011 follows:

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011	Amount Due in One Year
<u>Special Assessment Bonds with Governmental Commitment:</u>					
1991 - 6.45% \$731,080					
Deerfield Road Improvement	\$70,870	\$0	\$70,870	\$0	\$0
1994 - 5.00% \$54,372					
Pleasant Street Improvement	16,531	0	3,546	12,985	3,546
Total - Special Assessment Bonds	\$87,401	\$0	\$74,416	\$12,985	\$3,546

(continued)

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011	Amount Due in One Year
<u>Unvoted General Obligation Bonds:</u>					
1991 - 6.450% \$248,920					
Deerfield Road Improvement	\$24,130	\$0	\$24,130	\$0	\$0
1994 - 5.50% \$175,628					
Pleasant Street Improvement	53,468	0	11,454	42,014	11,454
2003 - 2.0 to 4.15% \$4,005,000					
Road Improvement	2,870,000	0	180,000	2,690,000	185,000
Discount on Debt Issue	(10,902)	0	(838)	(10,064)	0
2008 - 3.5 to 4.75% \$3,750,000					
Road Improvement Refunding	3,090,000	0	235,000	2,855,000	250,000
Premium on Debt Issue	78,565	0	4,622	73,943	0
Deferred Loss on Refunding	(46,693)	0	(6,670)	(40,023)	0
Total - Unvoted General Obligation Bonds	<u>6,058,568</u>	<u>0</u>	<u>447,698</u>	<u>5,610,870</u>	<u>446,454</u>
<u>Other Long-Term Obligations</u>					
Capital Leases Payable	31,595	0	15,427	16,168	16,168
Compensated Absences Payable	1,124,579	523,960	522,327	1,126,212	272,745
Police Pension	19,130	0	457	18,673	477
Total - Other Long-Term Obligations	<u>1,175,304</u>	<u>523,960</u>	<u>538,211</u>	<u>1,161,053</u>	<u>289,390</u>
Total - Governmental Activities	<u><u>\$7,321,273</u></u>	<u><u>\$523,960</u></u>	<u><u>\$1,060,325</u></u>	<u><u>\$6,784,908</u></u>	<u><u>\$739,390</u></u>

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 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.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

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 \$4,005,000 Road Improvement unvoted general obligation bonds were issued for the purpose of making road improvements. The bonds were issued for a 20 year period, with final maturity in December, 2023. The bonds will be paid through the Debt Service Fund with City income tax revenue.

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

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. This is an accounting liability of the City which will not vary. The liability is reported on the government-wide financial statements.

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 a fixed long-term obligation, paid from the General Fund from general property tax revenue.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

Changes in the long-term obligations reported in business-type activities of the City during 2011 were as follows:

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011	Amounts Due in One Year
<u>Mortgage Revenue Bonds</u>					
2006 - 4.00 to 5.00%	\$10,690,000				
Sewer System Improvement					
Refunding	\$9,690,000	\$0	\$490,000	\$9,200,000	\$510,000
Premium on Debt Issue	45,454	0	3,247	42,207	0
Deferred Loss on Refunding	(259,747)	0	(18,553)	(241,194)	0
1999 - 3.75 to 5.3%	\$10,180,000				
Water System Improvement					
Refunding	6,145,000	0	315,000	5,830,000	330,000
2006 - 3.75 to 4.50%	\$18,170,000				
Electric System Improvement Refunding					
Premium on Debt Issue	13,200,000	0	1,115,000	12,085,000	1,165,000
Deferred Loss on Refunding	106,479	0	9,680	96,799	0
Deferred Loss on Refunding	(751,053)	0	(68,277)	(682,776)	0
2008 - 4.0 to 4.50%	\$4,465,000				
Electric System Improvement					
Discount on Debt Issue	4,065,000	0	170,000	3,895,000	175,000
Discount on Debt Issue	(6,713)	0	(395)	(6,318)	0
Total - Mortgage Revenue Bonds Payable	<u>32,234,420</u>	<u>0</u>	<u>2,015,702</u>	<u>30,218,718</u>	<u>2,180,000</u>
Water System Improvement, 1.25%					
Bond Anticipation Notes	5,500,000	0	5,500,000	0	0
Water System Improvement, 1.15%					
Bond Anticipation Notes	0	7,500,000	0	7,500,000	0
American Municipal Power, 3.5%					
Rate Levelization Loan	3,360,000	1,400,000	2,007,740	2,752,260	2,412,970
Compensated Absences Payable	261,019	165,895	119,418	307,496	72,283
Total - Enterprise Funds	<u>\$41,355,439</u>	<u>\$9,065,895</u>	<u>\$9,642,860</u>	<u>\$40,778,474</u>	<u>\$4,665,253</u>

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

The City has pledged future revenues, net of operating expenses, to repay the sewer system improvement mortgage revenue bonds in the 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 \$12,283,700. Principal and interest paid for the current year were \$897,482. Total net revenues were \$1,139,418.

During 1999, the City issued \$10,180,000 in water system improvement mortgage revenue bonds. A portion of the proceeds was 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 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 68 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$8,187,360. Principal and interest paid for the current year were \$631,568. Total net revenues were \$931,761.

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

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

The City has pledged future revenues, net of operating expenses, to repay the electric system mortgage revenue bonds in the Electric Fund. The debt is payable solely from net revenues and is payable through 2027. Annual principal and interest payments on the debt issues are expected to require 95 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$20,253,561. Principal and interest paid for the current year were \$1,986,325. Total net revenues were \$2,222,871.

The mortgage revenue bonds are being repaid from charges for services in the respective enterprise funds.

On March 31, 2011, the City issued a \$7,500,000 bond anticipation note for the purpose of making improvements to the water system. A portion of the proceeds was used to retire the 2010 \$5,500,000 note. The note will mature March 30, 2012.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

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

In prior years, the City has defeased Sewer System Improvement, Water System Improvement, and Electric 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, 2011, all of the bonds had matured.

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, 2011, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$43,550,232 and the unvoted debt margin was \$22,812,026.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2011, were:

Year	Governmental Activities						Business-Type Activities	
	Special Assessment Bonds		General Obligation Bonds		Police Pension		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$3,546	\$780	\$446,454	\$218,248	\$477	\$789	\$2,180,000	\$1,342,514
2013	4,728	567	460,272	201,733	497	768	2,270,000	1,255,751
2014	4,711	284	475,288	184,441	519	747	2,360,000	1,165,204
2015	0	0	475,000	166,295	541	724	2,445,000	1,067,564
2016	0	0	495,000	148,422	564	702	2,555,000	959,514
2017-2021	0	0	1,915,000	479,116	3,205	3,120	12,760,000	3,145,640
2022-2026	0	0	1,175,000	140,346	3,954	2,371	6,115,000	763,809
2027-2031	0	0	145,000	5,800	4,882	1,443	325,000	14,625
2032-2035	0	0	0	0	4,034	347	0	0
Totals	\$12,985	\$1,631	\$5,587,014	\$1,544,401	\$18,673	\$11,011	\$31,010,000	\$9,714,621

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 19 - INTERFUND ASSETS/LIABILITIES

Interfund Receivable/Payable

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

		Receivable
		Governmental Activities - Internal Service
Payable	General	\$10,339
	Fire and Life Squad	3,974
	All Other Governmental	6,931
	Electric	3,932
	Sanitation	1,067
	Sewer	1,177
	Telecommunications	119
	Water	1,277
	Storm Water Utility	53
	Total	<u>\$28,869</u>

Advances From/To Other Funds

The General Fund advanced monies to the Tax Increment Financing 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. As of year-end, the outstanding balance of the advance is \$852,271. Of the total amount due to the General Fund at year-end, \$730,862 is not expected to be repaid in 2012.

Transfers From/To Other Funds

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

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 19 - INTERFUND ASSETS/LIABILITIES (continued)

Transfers to the All Other Governmental Funds from the General Fund were operating expenditures and debt service payments. Transfers to the All Other Governmental Funds from the Capital Improvement Fund were for State Issue II construction projects. Transfers between All Other Governmental Funds were related debt service payments. Transfers to the Electric Fund from the All Other Governmental Funds were for Tax Increment Financing activities.

		Transfers From			Total
		General	Capital Improvement	All Other Governmental	
Transfers To	All Other				
	Governmental	\$66,120	\$325,000	\$42,500	\$433,620
	Electric	0	0	41,254	41,254
	Total	<u>\$66,120</u>	<u>\$325,000</u>	<u>\$83,754</u>	<u>\$474,874</u>

NOTE 20 - SIGNIFICANT CONTRACTUAL OBLIGATIONS

The City of Lebanon has entered into the following contracts as of December 31, 2011:

Contractor	Purpose	Amount Remaining
Nelson Stark Company	Glosser Road Water Main - Phase II	\$966,364
Mueller Systems	Utility Automatic Meter Reading Installation	916,640
CK Excavating	Mound Street Reconstruction	322,248
Apex Covantage	Utility Automatic Meter Reading Installation	247,433
Barrett Paving Materials	Street Resurfacing and Pavement Repair	228,113
GPD	Engineering - Power Plant Expansion	125,802
O.R. Colan Associates	Right of Way Acquisition Services	90,740
Mid Miami Roofing	Fire Station Roof Replacement	73,900
HDR Engineering	Engineering - State Route 123/63 Connector	59,827
Prus Construction	Concrete Repair and Replacement	37,996
Northwest Consultants	Engineering - West Mulberry Street Reconstruction	15,056
Heritage Land Services	Right of Way Acquisition Services	12,900
Wells Engineering	Engineering - Mills Road Substation	9,970
Northwest Consultants	Engineering - Glosser Road Water Main	7,382
BME Mechanical	Boiler and Building Automation Replacement	6,610
LJB	Engineering - Mechanic Bridge	4,250
ME Companies	Engineering - Mound Street Reconstruction	3,188
ME Companies	Engineering - Roadway Design	2,545

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 21 - FUND BALANCES

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

Fund Balances	General	Fire and Life Squad	Capital Improvement	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>					
Interfund Loans	\$852,271	\$0	\$0	\$0	\$852,271
Prepays	41,994	7,424	0	12,820	62,238
Inventory	27,644	32,841	5,744	131,136	197,365
<i>Total Nonspendable</i>	<u>921,909</u>	<u>40,265</u>	<u>5,744</u>	<u>143,956</u>	<u>1,111,874</u>
<u>Restricted for:</u>					
Road Improvements	0	0	0	919,218	919,218
Fire and Life Squad	0	1,338,216	0	0	1,338,216
Law Enforcement	0	0	0	483,999	483,999
Public Health Services	0	0	0	574,147	574,147
Community and Economic Development	0	0	0	196,504	196,504
Capital Improvements	0	0	2,342,235	2,694,185	5,036,420
Debt Service Payments	0	0	0	659,414	659,414
Issue II Improvements	0	0	0	282,214	282,214
<i>Total Restricted</i>	<u>0</u>	<u>1,338,216</u>	<u>2,342,235</u>	<u>5,809,681</u>	<u>9,490,132</u>
<u>Committed to:</u>					
Leisure Time Services	0	0	0	49,252	49,252
Debt Service Payments	0	0	0	3,147,153	3,147,153
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,196,405</u>	<u>3,196,405</u>
<u>Assigned to:</u>					
Unpaid Obligations	127,923	0	0	0	127,923
Subsequent Future Budgets	55,292	0	0	0	55,292
<i>Total Assigned</i>	<u>183,215</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>183,215</u>
<u>Unassigned</u>	<u>4,267,452</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,267,452</u>
<b>Total Fund Balances</b>	<u><u>\$5,372,576</u></u>	<u><u>\$1,378,481</u></u>	<u><u>\$2,347,979</u></u>	<u><u>\$9,150,042</u></u>	<u><u>\$18,249,078</u></u>

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 22 - JOINTLY GOVERNED ORGANIZATIONS

Warren County Combined Health District

The Warren County Combined Health District (the 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 \$13,421 during 2011 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 the County Treasurer serve as fiscal officers. You may obtain financial information from Brenda Joseph at the Warren County Combined Health District, 416 S. East Street, Lebanon, Ohio 45036.

Warren County Fire Response and Life Safety Council of Governments

The Warren County Fire Response and Life Safety Council of Governments (the COG) is a jointly governed organization, consisting of cities, villages and townships in Warren County. The COG, which consists of a representative from each of the participating governments, including the City, contracts with the Greater Cincinnati Hazardous Materials Unit, Inc. for hazardous materials response services to each of the participating governments. The City contributed \$2,714 during 2011 for the operation of the COG. The City does not have any financial interest or responsibility for the COG. Nick Nelson acts as fiscal agent for the organization. Financial information may be obtained from Nick Nelson, 406 Justice Drive, Lebanon, Ohio 45036.

NOTE 23 – INSURANCE PURCHASING POOL

Ohio Municipal League Group Retrospective Rating Program

The City participates in the Ohio Municipal League Group Retrospective Rating Program (GRRP), an insurance purchasing pool. The GRRP's business and affairs are conducted by a five member Board of Directors. Each year, the participants pay an enrollment fee to CompManagement, Inc. to cover the costs of administering the program.

NOTE 24 - CONTINGENT LIABILITIES

Litigation

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 24 - CONTINGENT LIABILITIES (continued)

Federal and State Grants

For the period January 1, 2011, to December 31, 2011, the City received state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 25 - SUBSEQUENT EVENT

On March 20, 2012, the City issued 2012 Water System Improvement Refunding Revenue Bonds in the amount of \$13,650,000 for the purpose of refunding the 1999 Water System Improvement Refunding Revenue Bonds and permanently financing the Water System Improvement Bond Anticipation Notes. The 2012 Water System Improvement Refunding Revenue Bonds mature on December 1, 2031.

COMBINING STATEMENTS  
AND  
INDIVIDUAL FUND SCHEDULES

CITY OF LEBANON, OHIO

NONMAJOR FUND DESCRIPTIONS

**SPECIAL REVENUE FUNDS**

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

**NONMAJOR SPECIAL REVENUE FUNDS**

Cemetery

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

Community Development

To account for and report grants received from the federal government restricted for the Community Development Block Grant Program.

Court

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

Park/Recreation Impact Fee

To account for and report fees received from new housing construction committed to leisure time activities.

Transportation

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

**NONMAJOR DEBT SERVICE FUND**

The Debt Service Fund is used to account for and report financial resources that are restricted or committed for payment of special assessment and general obligation principal and interest and fiscal charges. The City has only one Debt Service Fund.

(continued)

CITY OF LEBANON, OHIO

NONMAJOR FUND DESCRIPTIONS  
(Continued)

**CAPITAL PROJECTS FUNDS**

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

**NONMAJOR CAPITAL PROJECTS FUNDS**

Cemetery Improvement

To account for and report fees restricted for cemetery improvements.

State Issue II

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

Tax Increment Financing

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

**CITY OF LEBANON, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,302,669	\$3,798,275	\$3,880,196	\$9,981,140
Materials and Supplies Inventory	131,136	0	0	131,136
Prepaid Items	12,820	0	0	12,820
Income Taxes Receivable	0	130,068	0	130,068
Payment in Lieu of Taxes Receivable	0	0	1,412,794	1,412,794
Accrued Interest Receivable	665	4,352	0	5,017
Intergovernmental Receivable	538,089	0	99,216	637,305
Special Assessments Receivable	0	125,228	0	125,228
<b>Total Assets</b>	<u>\$2,985,379</u>	<u>\$4,057,923</u>	<u>\$5,392,206</u>	<u>\$12,435,508</u>
<b>Liabilities:</b>				
Accounts Payable	\$11,999	\$0	\$0	\$11,999
Accrued Wages Payable	12,732	0	0	12,732
Contracts Payable	31,101	0	0	31,101
Intergovernmental Payable	17,339	0	51,526	68,865
Interfund Payable	6,931	0	0	6,931
Deferred Revenue	538,201	251,356	1,512,010	2,301,567
Advances From Other Funds	0	0	852,271	852,271
<b>Total Liabilities</b>	<u>618,303</u>	<u>251,356</u>	<u>2,415,807</u>	<u>3,285,466</u>
<b>Fund Balances:</b>				
Nonspendable	143,956	0	0	143,956
Restricted	2,173,868	659,414	2,976,399	5,809,681
Committed	49,252	3,147,153	0	3,196,405
<b>Total Fund Balances</b>	<u>2,367,076</u>	<u>3,806,567</u>	<u>2,976,399</u>	<u>9,150,042</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$2,985,379</u>	<u>\$4,057,923</u>	<u>\$5,392,206</u>	<u>\$12,435,508</u>

**CITY OF LEBANON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Income Taxes	\$0	\$559,032	\$0	\$559,032
Payments in Lieu of Taxes	0	0	1,428,970	1,428,970
Special Assessments	0	75,085	0	75,085
Charges for Services	102,485	0	8,700	111,185
Fines, Licenses and Permits	139,368	0	0	139,368
Intergovernmental	983,331	0	0	983,331
Interest	(5,553)	(4,881)	0	(10,434)
Other	3,689	0	0	3,689
<b>Total Revenues</b>	<b>1,223,320</b>	<b>629,236</b>	<b>1,437,670</b>	<b>3,290,226</b>
Expenditures:				
Current:				
General Government	1,106	0	0	1,106
Security of Persons and Property:				
Police	59,247	0	0	59,247
Public Health Services	171,509	0	4,028	175,537
Community and Economic Development	0	0	150,312	150,312
Transportation	868,916	0	0	868,916
Intergovernmental	0	0	296,891	296,891
Capital Outlay	171,309	0	1,284,193	1,455,502
Debt Service:				
Principal Retirement	0	525,000	0	525,000
Interest and Fiscal Charges	0	241,996	0	241,996
<b>Total Expenditures</b>	<b>1,272,087</b>	<b>766,996</b>	<b>1,735,424</b>	<b>3,774,507</b>
<b>Excess of Revenues Under Expenditures</b>	<b>(48,767)</b>	<b>(137,760)</b>	<b>(297,754)</b>	<b>(484,281)</b>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	1,205	0	0	1,205
Transfers In	66,120	42,500	325,000	433,620
Transfers Out	0	0	(83,754)	(83,754)
<b>Total Other Financing Sources (Uses)</b>	<b>67,325</b>	<b>42,500</b>	<b>241,246</b>	<b>351,071</b>
<b>Net Change in Fund Balances</b>	<b>18,558</b>	<b>(95,260)</b>	<b>(56,508)</b>	<b>(133,210)</b>
<b>Fund Balances at Beginning of Year</b>	<b>2,348,518</b>	<b>3,901,827</b>	<b>3,032,907</b>	<b>9,283,252</b>
<b>Fund Balances at End of Year</b>	<b>\$2,367,076</b>	<b>\$3,806,567</b>	<b>\$2,976,399</b>	<b>\$9,150,042</b>

**CITY OF LEBANON, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2011**

	<u>Cemetery</u>	<u>Community Development</u>	<u>Court</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$582,287	\$196,504	\$487,003
Materials and Supplies Inventory	1,609	0	270
Prepaid Items	2,511	0	0
Accrued Interest Receivable	665	0	0
Intergovernmental Receivable	15,000	0	0
<b>Total Assets</b>	<b><u>\$602,072</u></b>	<b><u>\$196,504</u></b>	<b><u>\$487,273</u></b>
<b>Liabilities:</b>			
Accounts Payable	\$88	\$0	\$3,004
Accrued Wages Payable	3,159	0	0
Contracts Payable	0	0	0
Intergovernmental Payable	4,380	0	0
Interfund Payable	1,066	0	0
Deferred Revenue	15,112	0	0
<b>Total Liabilities</b>	<b><u>23,805</u></b>	<b><u>0</u></b>	<b><u>3,004</u></b>
<b>Fund Balances:</b>			
Nonspendable	4,120	0	270
Restricted	574,147	196,504	483,999
Committed	0	0	0
<b>Total Fund Balances</b>	<b><u>578,267</u></b>	<b><u>196,504</u></b>	<b><u>484,269</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$602,072</u></b>	<b><u>\$196,504</u></b>	<b><u>\$487,273</u></b>

<u>Park/Recreation Impact Fee</u>	<u>Transportation</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$49,252	\$987,623	\$2,302,669
0	129,257	131,136
0	10,309	12,820
0	0	665
0	523,089	538,089
<u>\$49,252</u>	<u>\$1,650,278</u>	<u>\$2,985,379</u>
\$0	\$8,907	\$11,999
0	9,573	12,732
0	31,101	31,101
0	12,959	17,339
0	5,865	6,931
0	523,089	538,201
<u>0</u>	<u>591,494</u>	<u>618,303</u>
0	139,566	143,956
0	919,218	2,173,868
49,252	0	49,252
<u>49,252</u>	<u>1,058,784</u>	<u>2,367,076</u>
<u>\$49,252</u>	<u>\$1,650,278</u>	<u>\$2,985,379</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, 2011**

	<u>Cemetery</u>	<u>Community Development</u>	<u>Court</u>
Revenues:			
Charges for Services	\$98,211	\$0	\$4,274
Fines, Licenses and Permits	0	0	115,170
Intergovernmental	15,000	0	4,935
Interest	(5,077)	0	0
Other	0	0	2,165
	<u>108,134</u>	<u>0</u>	<u>126,544</u>
Total Revenues			
Expenditures:			
Current:			
General Government	0	0	1,106
Security of Persons and Property:			
Police	0	0	59,247
Public Health Services	171,509	0	0
Transportation	0	0	0
Capital Outlay	0	0	14,026
	<u>171,509</u>	<u>0</u>	<u>74,379</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	(63,375)	0	52,165
Other Financing Sources:			
Proceeds from Sale of Capital Assets	0	0	0
Transfers In	56,120	0	0
	<u>56,120</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(7,255)	0	52,165
Fund Balances at Beginning of Year	<u>585,522</u>	<u>196,504</u>	<u>432,104</u>
Fund Balances at End of Year	<u><u>\$578,267</u></u>	<u><u>\$196,504</u></u>	<u><u>\$484,269</u></u>

Park/Recreation Impact Fee	Transportation	Total Nonmajor Special Revenue Funds
\$0	\$0	\$102,485
0	24,198	139,368
0	963,396	983,331
0	(476)	(5,553)
0	1,524	3,689
<u>0</u>	<u>988,642</u>	<u>1,223,320</u>
0	0	1,106
0	0	59,247
0	0	171,509
0	868,916	868,916
0	157,283	171,309
<u>0</u>	<u>1,026,199</u>	<u>1,272,087</u>
0	(37,557)	(48,767)
0	1,205	1,205
0	10,000	66,120
<u>0</u>	<u>(26,352)</u>	<u>18,558</u>
<u>49,252</u>	<u>1,085,136</u>	<u>2,348,518</u>
<u><u>\$49,252</u></u>	<u><u>\$1,058,784</u></u>	<u><u>\$2,367,076</u></u>

**CITY OF LEBANON, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2011**

	Cemetery Improvement	State Issue II	Tax Increment Financing	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$73,168	\$282,214	\$3,524,814	\$3,880,196
Payment in Lieu of Taxes Receivable	0	0	1,412,794	1,412,794
Intergovernmental Receivable	0	99,216	0	99,216
	<u>0</u>	<u>99,216</u>	<u>0</u>	<u>99,216</u>
Total Assets	<u>\$73,168</u>	<u>\$381,430</u>	<u>\$4,937,608</u>	<u>\$5,392,206</u>
Liabilities:				
Intergovernmental Payable	\$0	\$0	\$51,526	\$51,526
Deferred Revenue	0	99,216	1,412,794	1,512,010
Advances From Other Funds	0	0	852,271	852,271
	<u>0</u>	<u>99,216</u>	<u>852,271</u>	<u>852,271</u>
Total Liabilities	<u>0</u>	<u>99,216</u>	<u>2,316,591</u>	<u>2,415,807</u>
Fund Balances:				
Restricted	<u>73,168</u>	<u>282,214</u>	<u>2,621,017</u>	<u>2,976,399</u>
Total Liabilities and Fund Balances	<u>\$73,168</u>	<u>\$381,430</u>	<u>\$4,937,608</u>	<u>\$5,392,206</u>

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Cemetery Improvement	State Issue II	Tax Increment Financing	Total Nonmajor Capital Projects Funds
Revenues:				
Payments in Lieu of Taxes	\$0	\$0	\$1,428,970	\$1,428,970
Charges for Services	8,700	0	0	8,700
<b>Total Revenues</b>	<b>8,700</b>	<b>0</b>	<b>1,428,970</b>	<b>1,437,670</b>
Expenditures:				
Current:				
Public Health Services	4,028	0	0	4,028
Community and Economic Development	0	0	150,312	150,312
Intergovernmental	0	0	296,891	296,891
Capital Outlay	0	1,041,351	242,842	1,284,193
<b>Total Expenditures</b>	<b>4,028</b>	<b>1,041,351</b>	<b>690,045</b>	<b>1,735,424</b>
Excess of Revenues Over (Under) Expenditures	4,672	(1,041,351)	738,925	(297,754)
Other Financing Sources (Uses):				
Transfers In	0	325,000	0	325,000
Transfers Out	0	0	(83,754)	(83,754)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>325,000</b>	<b>(83,754)</b>	<b>241,246</b>
<b>Net Change in Fund Balances</b>	<b>4,672</b>	<b>(716,351)</b>	<b>655,171</b>	<b>(56,508)</b>
Fund Balances at Beginning of Year	68,496	998,565	1,965,846	3,032,907
<b>Fund Balances at End of Year</b>	<b>\$73,168</b>	<b>\$282,214</b>	<b>\$2,621,017</b>	<b>\$2,976,399</b>

CITY OF LEBANON, OHIO

**INTERNAL SERVICE FUNDS**

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

Automotive Maintenance

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

Self-Insurance

To account for and report 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, 2011**

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$105,987	\$1,489,317	\$1,595,304
Materials and Supplies Inventory	5,424	0	5,424
Accrued Interest Receivable	0	1,698	1,698
Interfund Receivable	28,869	0	28,869
Prepaid Items	2,134	0	2,134
<b>Total Current Assets</b>	<u>142,414</u>	<u>1,491,015</u>	<u>1,633,429</u>
Noncurrent Assets:			
Nondepreciable Capital Assets	64,666	0	64,666
Depreciable Capital Assets, Net	37,874	0	37,874
<b>Total Noncurrent Assets</b>	<u>102,540</u>	<u>0</u>	<u>102,540</u>
<b>Total Assets</b>	<u>244,954</u>	<u>1,491,015</u>	<u>1,735,969</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	55	0	55
Accrued Wages Payable	5,284	0	5,284
Intergovernmental Payable	5,473	0	5,473
Claims Payable	0	340,631	340,631
Compensated Absences Payable	7,092	0	7,092
<b>Total Current Liabilities</b>	<u>17,904</u>	<u>340,631</u>	<u>358,535</u>
Long-term Liabilities:			
Compensated Absences Payable	8,933	0	8,933
<b>Total Liabilities</b>	<u>26,837</u>	<u>340,631</u>	<u>367,468</u>
Net Assets:			
Invested in Capital Assets	102,540	0	102,540
Unrestricted	115,577	1,150,384	1,265,961
<b>Total Net Assets</b>	<u>\$218,117</u>	<u>\$1,150,384</u>	<u>\$1,368,501</u>

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$183,194	\$1,400,906	\$1,584,100
Other	<u>25</u>	<u>194,052</u>	<u>194,077</u>
Total Operating Revenues	<u>183,219</u>	<u>1,594,958</u>	<u>1,778,177</u>
Operating Expenses:			
Personal Services	147,651	0	147,651
Contractual Services	3,821	291,751	295,572
Supplies and Materials	9,282	0	9,282
Claims	0	1,906,473	1,906,473
Depreciation	<u>2,384</u>	<u>0</u>	<u>2,384</u>
Total Operating Expenses	<u>163,138</u>	<u>2,198,224</u>	<u>2,361,362</u>
Operating Income (Loss)	20,081	(603,266)	(583,185)
Non-Operating Revenues:			
Interest	<u>0</u>	<u>(64,557)</u>	<u>(64,557)</u>
Change in Net Assets	20,081	(667,823)	(647,742)
Net Asset at Beginning of Year	<u>198,036</u>	<u>1,818,207</u>	<u>2,016,243</u>
Net Assets at End of Year	<u><u>\$218,117</u></u>	<u><u>\$1,150,384</u></u>	<u><u>\$1,368,501</u></u>

**CITY OF LEBANON, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Automotive Maintenance	Self- Insurance	Total
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Interfund Services Provided	\$182,395	\$1,400,906	\$1,583,301
Cash Payments for Employee Services and Benefits	(145,627)	0	(145,627)
Cash Payments to Suppliers for Goods and Services	(17,357)	(293,587)	(310,944)
Cash Payments for Employee Medical, Dental, and Life Insurance Claims	0	(1,779,988)	(1,779,988)
Other Operating Revenues	25	194,052	194,077
Net Cash Provided by (Used for) Operating Activities	19,436	(478,617)	(459,181)
Cash Flows from Investing Activities:			
Interest	0	(45,832)	(45,832)
Net Increase (Decrease) in Cash and Cash Equivalents	19,436	(524,449)	(505,013)
Cash and Cash Equivalents at Beginning of Year	86,551	2,013,766	2,100,317
Cash and Cash Equivalents at End of Year	<u>\$105,987</u>	<u>\$1,489,317</u>	<u>\$1,595,304</u>
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$20,081	(\$603,266)	(\$583,185)
Adjustments to Reconcile Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	2,384	0	2,384
Changes in Assets and Liabilities:			
Increase in Materials and Supplies Inventory	(2,525)	0	(2,525)
Increase in Interfund Receivable	(799)	0	(799)
Decrease in Prepaids Items	1,322	0	1,322
Decrease in Accounts Payable	(3,051)	0	(3,051)
Decrease in Accrued Wages Payable	(318)	0	(318)
Increase in Intergovernmental Payable	554	0	554
Increase in Claims Payable	0	124,649	124,649
Increase in Compensated Absences Payable	1,788	0	1,788
Net Cash Provided by (Used for) Operating Activities	<u>\$19,436</u>	<u>(\$478,617)</u>	<u>(\$459,181)</u>

CITY OF LEBANON, OHIO

**AGENCY FUNDS**

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

Municipal Court

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

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Balance 1/1/11	Additions	Reductions	Balance 12/31/11
<b>FIRE INSURANCE COLLECTION</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$108,366	\$79,067	\$29,299
Liabilities:				
Undistributed Monies	\$0	\$108,366	\$79,067	\$29,299
<b>MUNICIPAL COURT</b>				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$41,604	\$48,465	\$41,604	\$48,465
Liabilities:				
Intergovernmental Payable	\$24,224	\$31,727	\$24,224	\$31,727
Undistributed Monies	17,380	16,738	17,380	16,738
Total Liabilities	\$41,604	\$48,465	\$41,604	\$48,465
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$108,366	\$79,067	\$29,299
Cash and Cash Equivalents in Segregated Accounts	41,604	48,465	41,604	48,465
Total Assets	\$41,604	\$156,831	\$120,671	\$77,764
Liabilities:				
Intergovernmental Payable	\$24,224	\$31,727	\$24,224	\$31,727
Undistributed Monies	17,380	125,104	96,447	46,037
Total Liabilities	\$41,604	\$156,831	\$120,671	\$77,764

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$1,390,025	\$1,267,950	\$1,148,685	(\$119,265)
Income Taxes	3,128,751	3,229,241	3,229,241	0
Other Local Taxes	1,318,000	1,245,289	1,245,289	0
Charges for Services	1,756,700	1,730,653	1,730,653	0
Fines, Licenses and Permits	713,500	733,834	643,688	(90,146)
Intergovernmental	795,500	968,922	1,008,706	39,784
Interest	200,250	200,250	110,548	(89,702)
Contributions and Donations	5,000	15,000	1,848	(13,152)
Other	55,400	140,573	138,238	(2,335)
<b>Total Revenues</b>	<b>9,363,126</b>	<b>9,531,712</b>	<b>9,256,896</b>	<b>(274,816)</b>
Expenditures:				
Current:				
General Government				
Legislative				
Personal Services	53,800	77,576	53,375	24,201
Contractual Services	56,053	56,053	25,001	31,052
Supplies and Materials	600	700	698	2
<b>Total Legislative</b>	<b>110,453</b>	<b>134,329</b>	<b>79,074</b>	<b>55,255</b>
City Manager				
Personal Services	456,537	456,736	456,434	302
Contractual Services	73,212	83,126	60,509	22,617
Supplies and Materials	9,000	8,500	4,380	4,120
<b>Total City Manager</b>	<b>538,749</b>	<b>548,362</b>	<b>521,323</b>	<b>27,039</b>
Personnel				
Personal Services	130,561	130,012	129,027	985
Contractual Services	49,070	44,138	16,672	27,466
Supplies and Materials	2,500	3,000	2,548	452
<b>Total Personnel</b>	<b>182,131</b>	<b>177,150</b>	<b>148,247</b>	<b>28,903</b>
Department of Service				
Personal Services	273,752	273,726	238,828	34,898
Contractual Services	0	160,487	42,234	118,253
Supplies and Materials	5,600	4,600	3,980	620
<b>Total Department of Service</b>	<b>279,352</b>	<b>438,813</b>	<b>285,042</b>	<b>153,771</b>
Information Technology				
Personal Services	170,418	170,618	169,817	801
Contractual Services	185,513	185,328	182,089	3,239
Supplies and Materials	5,200	5,200	4,815	385
<b>Total Information Technology</b>	<b>361,131</b>	<b>361,146</b>	<b>356,721</b>	<b>4,425</b>
Finance				
Personal Services	448,547	447,872	444,620	3,252
Contractual Services	96,871	96,871	69,995	26,876
Supplies and Materials	3,000	5,100	4,937	163
<b>Total Finance</b>	<b>548,418</b>	<b>549,843</b>	<b>519,552</b>	<b>30,291</b>
Income Tax				
Personal Services	176,379	177,830	177,469	361
Contractual Services	11,269	11,269	7,880	3,389
Supplies and Materials	15,300	14,600	9,862	4,738
Refunds	90,000	141,000	141,760	(760)
Other	15,000	15,000	13,816	1,184
<b>Total Income Tax</b>	<b>\$307,948</b>	<b>\$359,699</b>	<b>\$350,787</b>	<b>\$8,912</b>

(continued)

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(CONTINUED)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Law				
Personal Services	\$34,420	\$33,670	\$30,689	\$2,981
Contractual Services	128,775	208,775	156,315	52,460
Supplies and Materials	500	500	0	500
Total Law	<u>163,695</u>	<u>242,945</u>	<u>187,004</u>	<u>55,941</u>
Municipal Court				
Personal Services	562,228	561,728	517,986	43,742
Contractual Services	144,550	144,550	100,933	43,617
Supplies and Materials	14,500	14,500	5,618	8,882
Total Municipal Court	<u>721,278</u>	<u>720,778</u>	<u>624,537</u>	<u>96,241</u>
Parking System				
Contractual Services	4,000	4,000	3,961	39
Supplies and Materials	750	750	42	708
Total Parking System	<u>4,750</u>	<u>4,750</u>	<u>4,003</u>	<u>747</u>
Probation				
Personal Services	191,827	166,827	161,222	5,605
Contractual Services	6,150	6,150	3,098	3,052
Supplies and Materials	7,400	7,400	3,697	3,703
Total Probation	<u>205,377</u>	<u>180,377</u>	<u>168,017</u>	<u>12,360</u>
Building Maintenance				
Personal Services	190,506	187,506	179,774	7,732
Contractual Services	105,478	104,748	84,664	20,084
Supplies and Materials	33,300	33,300	29,298	4,002
Total Building Maintenance	<u>329,284</u>	<u>325,554</u>	<u>293,736</u>	<u>31,818</u>
Other General Government				
Contractual Services	59,992	60,074	54,951	5,123
Supplies and Materials	5,000	5,000	2,325	2,675
Other	8,000	8,000	0	8,000
Total Other General Government	<u>72,992</u>	<u>73,074</u>	<u>57,276</u>	<u>15,798</u>
Total General Government	<u>3,825,558</u>	<u>4,116,820</u>	<u>3,595,319</u>	<u>521,501</u>
Security of Persons and Property				
Police				
Personal Services	4,093,453	3,878,188	3,697,400	180,788
Contractual Services	464,534	454,015	315,739	138,276
Supplies and Materials	140,190	132,894	90,374	42,520
Capital Outlay	4,315	10,867	10,014	853
Total Security of Persons and Property	<u>4,702,492</u>	<u>4,475,964</u>	<u>4,113,527</u>	<u>362,437</u>
Leisure Time Services				
Recreation Programs				
Personal Services	164,683	189,783	188,098	1,685
Contractual Services	165,416	211,485	204,956	6,529
Supplies and Materials	89,222	92,613	92,452	161
Capital Outlay	27,800	42,800	39,418	3,382
Refunds	200	200	60	140
Total Leisure Time Services	<u>\$447,321</u>	<u>\$536,881</u>	<u>\$524,984</u>	<u>\$11,897</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, 2011**  
**(CONTINUED)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Community and Economic Development				
Planning and Development				
Personal Services	\$263,677	\$264,425	\$264,341	\$84
Contractual Services	14,801	14,801	8,834	5,967
Supplies and Materials	4,500	4,400	3,340	1,060
Total Planning and Development	<u>282,978</u>	<u>283,626</u>	<u>276,515</u>	<u>7,111</u>
Building and Zoning				
Personal Services	61,448	58,447	57,366	1,081
Contractual Services	31,048	30,848	30,191	657
Supplies and Materials	1,000	1,000	469	531
Refunds	7,000	7,000	1,700	5,300
Total Building and Zoning	<u>100,496</u>	<u>97,295</u>	<u>89,726</u>	<u>7,569</u>
Engineer Services				
Personal Services	234,582	237,582	237,148	434
Contractual Services	79,410	79,160	66,887	12,273
Supplies and Materials	15,744	15,253	7,026	8,227
Refunds	20,000	9,000	7,138	1,862
Total Engineer Services	<u>349,736</u>	<u>340,995</u>	<u>318,199</u>	<u>22,796</u>
Total Community and Economic Development	<u>733,210</u>	<u>721,916</u>	<u>684,440</u>	<u>37,476</u>
Total Expenditures	<u>9,708,581</u>	<u>9,851,581</u>	<u>8,918,270</u>	<u>933,311</u>
Excess of Revenues Over (Under) Expenditures	<u>(345,455)</u>	<u>(319,869)</u>	<u>338,626</u>	<u>658,495</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,000	15,510	15,510	0
Transfers In	47,495	47,495	47,495	0
Advances In	121,408	121,408	121,408	0
Transfers Out	<u>(66,120)</u>	<u>(66,120)</u>	<u>(66,120)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>107,783</u>	<u>118,293</u>	<u>118,293</u>	<u>0</u>
Net Change in Fund Balance	(237,672)	(201,576)	456,919	658,495
Fund Balance at Beginning of Year	3,057,264	3,057,264	3,057,264	0
Prior Year Encumbrances Appropriated	<u>243,322</u>	<u>243,322</u>	<u>243,322</u>	<u>0</u>
Fund Balance at End of Year	<u>\$3,062,914</u>	<u>\$3,099,010</u>	<u>\$3,757,505</u>	<u>\$658,495</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,200,000	\$2,229,095	\$2,229,095	\$0
Charges for Services	450,000	574,501	467,450	(107,051)
Intergovernmental	200,000	349,697	349,697	0
Other	2,000	12,988	12,988	0
Total Revenues	2,852,000	3,166,281	3,059,230	(107,051)
Expenditures:				
Current:				
Security of Persons and Property				
Personal Services	2,193,343	2,197,984	1,961,303	236,681
Contractual Services	588,176	583,989	525,063	58,926
Supplies and Materials	67,155	72,014	71,134	880
Capital Outlay	93,771	344,158	344,052	106
Total Expenditures	2,942,445	3,198,145	2,901,552	296,593
Excess of Revenues Over (Under) Expenditures	(90,445)	(31,864)	157,678	189,542
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	10,101	10,101	0
Net Change in Fund Balance	(90,445)	(21,763)	167,779	189,542
Fund Balance at Beginning of Year	1,181,282	1,181,282	1,181,282	0
Prior Year Encumbrances Appropriated	94,432	94,432	94,432	0
Fund Balance at End of Year	\$1,185,269	\$1,253,951	\$1,443,493	\$189,542

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Income Taxes	\$1,803,000	\$1,734,000	\$1,735,030	\$1,030
Special Assessments	45,000	45,000	46,925	1,925
Intergovernmental	371,000	440,000	629,254	189,254
Interest	40,000	40,000	9,248	(30,752)
Other	24,000	24,000	19,627	(4,373)
Total Revenues	2,283,000	2,283,000	2,440,084	157,084
Expenditures:				
Capital Outlay	1,939,601	2,009,601	1,902,777	106,824
Excess of Revenues Over Expenditures	343,399	273,399	537,307	263,908
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	14,712	14,712
Transfers In	95,000	95,000	0	(95,000)
Transfers Out	(495,000)	(495,000)	(325,000)	170,000
Total Other Financing Sources (Uses)	(400,000)	(400,000)	(310,288)	89,712
Net Change in Fund Balance	(56,601)	(126,601)	227,019	353,620
Fund Balance at Beginning of Year	1,554,132	1,554,132	1,554,132	0
Prior Year Encumbrances Appropriated	151,602	151,602	151,602	0
Fund Balance at End of Year	\$1,649,133	\$1,579,133	\$1,932,753	\$353,620

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$29,645,620	\$29,645,620	\$26,457,293	(\$3,188,327)
Other	1,455,500	2,379,500	637,458	(1,742,042)
Interest	90,000	90,000	53,477	(36,523)
Utility Deposits Received	213,000	213,000	182,452	(30,548)
Proceeds from Sale of Capital Assets	6,000	6,000	12,415	6,415
Proceeds of Loan	0	0	1,400,000	1,400,000
Total Revenues	<u>31,410,120</u>	<u>32,334,120</u>	<u>28,743,095</u>	<u>(3,591,025)</u>
Expenses:				
Personal Services	1,729,730	1,729,731	1,635,070	94,661
Contractual Services	1,992,208	1,992,971	1,423,734	569,237
Purchased Power	21,360,047	22,697,142	20,037,068	2,660,074
Supplies and Materials	218,841	218,726	89,841	128,885
Other	7,500	7,500	4,676	2,824
Utility Deposits Returned	164,850	187,425	171,985	15,440
Capital Outlay	3,365,937	3,275,618	2,108,562	1,167,056
Debt Service:				
Principal Retirement	1,006,250	1,006,250	3,292,740	(2,286,490)
Interest and Fiscal Charges	569,973	569,973	830,639	(260,666)
Total Expenses	<u>30,415,336</u>	<u>31,685,336</u>	<u>29,594,315</u>	<u>2,091,021</u>
Excess of Revenues Over (Under) Expenses Before Transfers	<u>994,784</u>	<u>648,784</u>	<u>(851,220)</u>	<u>(1,500,004)</u>
Transfers In	4,880,478	4,881,478	41,254	(4,840,224)
Transfers Out	<u>(4,839,223)</u>	<u>(4,839,223)</u>	<u>(2,500)</u>	<u>4,836,723</u>
Net Change in Fund Equity	1,036,039	691,039	(812,466)	(1,503,505)
Fund Equity at Beginning of Year	18,712,077	18,712,077	18,712,077	0
Prior Year Encumbrances Appropriated	<u>423,653</u>	<u>423,653</u>	<u>423,653</u>	<u>0</u>
Fund Equity at End of Year	<u>\$20,171,769</u>	<u>\$19,826,769</u>	<u>\$18,323,264</u>	<u>(\$1,503,505)</u>

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$1,535,816	\$1,535,816	\$1,514,492	(\$21,324)
Other	5,520	5,520	6,349	829
Interest	4,000	4,000	1,591	(2,409)
Total Revenues	<u>1,545,336</u>	<u>1,545,336</u>	<u>1,522,432</u>	<u>(22,904)</u>
Expenses:				
Personal Services	132,522	137,521	133,952	3,569
Contractual Services	1,401,019	1,401,020	1,350,838	50,182
Supplies and Materials	500	500	0	500
Other	500	1,500	886	614
Total Expenses	<u>1,534,541</u>	<u>1,540,541</u>	<u>1,485,676</u>	<u>54,865</u>
Net Change in Fund Equity	10,795	4,795	36,756	31,961
Fund Equity at Beginning of Year	290,638	290,638	290,638	0
Prior Year Encumbrances Appropriated	<u>849</u>	<u>849</u>	<u>849</u>	<u>0</u>
Fund Equity at End of Year	<u>\$302,282</u>	<u>\$296,282</u>	<u>\$328,243</u>	<u>\$31,961</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$3,697,303	\$3,696,303	\$3,222,964	(\$473,339)
Interest	40,000	40,000	14,550	(25,450)
Other	2,500	2,500	12,283	9,783
Special Assessments	8,500	8,500	6,106	(2,394)
Total Revenues	<u>3,748,303</u>	<u>3,747,303</u>	<u>3,255,903</u>	<u>(491,400)</u>
Expenses:				
Personal Services	620,676	620,126	535,738	84,388
Contractual Services	1,503,964	1,511,863	1,349,020	162,843
Supplies and Materials	187,347	186,711	168,147	18,564
Capital Outlay	798,970	882,257	424,374	457,883
Other	6,000	6,000	519	5,481
Debt Service:				
Principal Retirement	490,000	490,000	490,000	0
Interest and Fiscal Charges	408,482	408,482	407,482	1,000
Total Expenses	<u>4,015,439</u>	<u>4,105,439</u>	<u>3,375,280</u>	<u>730,159</u>
Excess of Revenues Over (Under) Expenses Before Transfers	<u>(267,136)</u>	<u>(358,136)</u>	<u>(119,377)</u>	<u>238,759</u>
Transfers In	1,437,482	1,519,982	0	(1,519,982)
Transfers Out	<u>(1,437,482)</u>	<u>(1,437,482)</u>	<u>0</u>	<u>1,437,482</u>
Net Change in Fund Equity	(267,136)	(275,636)	(119,377)	156,259
Fund Equity at Beginning of Year	4,126,152	4,126,152	4,126,152	0
Prior Year Encumbrances Appropriated	<u>285,635</u>	<u>285,635</u>	<u>285,635</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$4,144,651</u></u>	<u><u>\$4,136,151</u></u>	<u><u>\$4,292,410</u></u>	<u><u>\$156,259</u></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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$160,364	\$160,364	\$125,060	(\$35,304)
Other	126,100	126,100	129,839	3,739
Notes Issued	700,000	700,000	650,000	(50,000)
Total Revenues	<u>986,464</u>	<u>986,464</u>	<u>904,899</u>	<u>(81,565)</u>
Expenses:				
Personal Services	93,077	94,079	92,311	1,768
Contractual Services	27,773	27,476	26,304	1,172
Supplies and Materials	1,000	1,000	247	753
Capital Outlay	8,705	8,000	6,491	1,509
Debt Service:				
Principal Retirement	800,000	800,000	800,000	0
Interest and Fiscal Charges	58,000	58,000	36,000	22,000
Total Expenses	<u>988,555</u>	<u>988,555</u>	<u>961,353</u>	<u>27,202</u>
Net Change in Fund Equity	(2,091)	(2,091)	(56,454)	(54,363)
Fund Equity at Beginning of Year	431,677	431,677	431,677	0
Prior Year Encumbrances Appropriated	<u>2,088</u>	<u>2,088</u>	<u>2,088</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$431,674</u></u>	<u><u>\$431,674</u></u>	<u><u>\$377,311</u></u>	<u><u>(\$54,363)</u></u>

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$4,253,291	\$3,264,591	\$2,880,369	(\$384,222)
Other	8,000	8,000	4,417	(3,583)
Interest	40,000	40,000	16,816	(23,184)
Utility Deposits Received	14,000	14,000	13,875	(125)
Notes Issued	7,500,000	7,500,000	7,500,000	0
Total Revenues	11,815,291	10,826,591	10,415,477	(411,114)
Expenses:				
Personal Services	431,926	431,526	400,233	31,293
Contractual Services	990,240	982,860	843,078	139,782
Supplies and Materials	186,138	184,750	150,986	33,764
Other	1,500	3,800	3,292	508
Utility Deposits Returned	12,575	12,575	12,575	0
Capital Outlay	5,050,684	5,346,852	5,223,970	122,882
Debt Service:				
Principal Retirement	5,815,000	5,815,000	5,815,000	0
Interest and Fiscal Charges	401,318	401,318	385,127	16,191
Total Expenses	12,889,381	13,178,681	12,834,261	344,420
Excess of Revenues Under Expenses Before Transfers	(1,074,090)	(2,352,090)	(2,418,784)	(66,694)
Transfers In	1,451,568	2,719,568	0	(2,719,568)
Transfers Out	(1,451,568)	(1,451,568)	0	1,451,568
Net Change in Fund Equity	(1,074,090)	(1,084,090)	(2,418,784)	(1,334,694)
Fund Equity at Beginning of Year	6,276,247	6,276,247	6,276,247	0
Prior Year Encumbrances Appropriated	1,105,512	1,105,512	1,105,512	0
Fund Equity at End of Year	\$6,307,669	\$6,297,669	\$4,962,975	(\$1,334,694)

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$816,366	\$816,366	\$822,404	\$6,038
Interest	10,000	10,000	3,010	(6,990)
Total Revenues	<u>826,366</u>	<u>826,366</u>	<u>825,414</u>	<u>(952)</u>
Expenses:				
Personal Services	44,445	56,945	50,542	6,403
Contractual Services	159,846	158,256	156,387	1,869
Supplies and Materials	4,350	4,000	3,848	152
Capital Outlay	457,801	521,741	454,610	67,131
Other	1,000	1,000	27	973
Total Expenses	<u>667,442</u>	<u>741,942</u>	<u>665,414</u>	<u>76,528</u>
Net Change in Fund Equity	158,924	84,424	160,000	75,576
Fund Equity at Beginning of Year	318,191	318,191	318,191	0
Prior Year Encumbrances Appropriated	<u>62,801</u>	<u>62,801</u>	<u>62,801</u>	<u>0</u>
Fund Equity at End of Year	<u>\$539,916</u>	<u>\$465,416</u>	<u>\$540,992</u>	<u>\$75,576</u>

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$117,914	\$120,415	\$98,211	(\$22,204)
Intergovernmental	30,000	30,000	30,000	0
Interest	6,000	6,000	2,911	(3,089)
Total Revenues	<u>153,914</u>	<u>156,415</u>	<u>131,122</u>	<u>(25,293)</u>
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Personal Services	139,549	142,582	135,686	6,896
Contractual Services	36,685	36,453	36,427	26
Supplies and Materials	3,600	3,300	2,734	566
Other	2,000	2,000	930	1,070
Total Expenditures	<u>181,834</u>	<u>184,335</u>	<u>175,777</u>	<u>8,558</u>
Excess of Revenues Under Expenditures	(27,920)	(27,920)	(44,655)	(16,735)
Other Financing Sources:				
Transfers In	56,120	56,120	56,120	0
Net Change in Fund Balance	28,200	28,200	11,465	(16,735)
Fund Balance at Beginning of Year	549,604	549,604	549,604	0
Prior Year Encumbrances Appropriated	<u>1,301</u>	<u>1,301</u>	<u>1,301</u>	<u>0</u>
Fund Balance at End of Year	<u>\$579,105</u>	<u>\$579,105</u>	<u>\$562,370</u>	<u>(\$16,735)</u>

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>196,504</u>	<u>196,504</u>	<u>196,504</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$196,504</u></u>	<u><u>\$196,504</u></u>	<u><u>\$196,504</u></u>	<u><u>\$0</u></u>

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COURT SPECIAL REVENUE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$5,000	\$10,000	\$4,274	(\$5,726)
Fines, Licenses and Permits	180,835	165,835	109,418	(56,417)
Intergovernmental	3,000	3,000	4,935	1,935
Other	500	10,500	602	(9,898)
Total Revenues	<u>189,335</u>	<u>189,335</u>	<u>119,229</u>	<u>(70,106)</u>
Expenditures:				
Current:				
General Government				
Municipal Court Special Project				
Contractual Services	20,000	20,000	3,574	16,426
Federal Asset Forfeiture				
Contractual Services	1,835	1,835	0	1,835
Total General Government	<u>21,835</u>	<u>21,835</u>	<u>3,574</u>	<u>18,261</u>
Security of Persons and Property				
Indigent Drivers Alcohol				
Contractual Services	25,000	25,000	22,825	2,175
Materials and Supplies	32,000	32,000	2,465	29,535
Total Indigent Drivers Alcohol	<u>57,000</u>	<u>57,000</u>	<u>25,290</u>	<u>31,710</u>
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	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
Computer Improvement				
Contractual Services	30,000	30,000	24,575	5,425
Materials and Supplies	5,000	5,000	1,695	3,305
Capital Outlay	15,000	15,000	7,625	7,375
Total Computer Improvement	<u>50,000</u>	<u>50,000</u>	<u>33,895</u>	<u>16,105</u>
Drug Law Enforcement				
Contractual Services	10,000	10,000	0	10,000
Total Security of Persons and Property	<u>132,000</u>	<u>132,000</u>	<u>59,185</u>	<u>72,815</u>
Capital Outlay	<u>48,650</u>	<u>48,650</u>	<u>23,597</u>	<u>25,053</u>
Total Expenditures	<u>202,485</u>	<u>202,485</u>	<u>86,356</u>	<u>116,129</u>
Net Change in Fund Balance	(13,150)	(13,150)	32,873	46,023
Fund Balance at Beginning of Year	418,306	418,306	418,306	0
Prior Year Encumbrances Appropriated	13,152	13,152	13,152	0
Fund Balance at End of Year	<u>\$418,308</u>	<u>\$418,308</u>	<u>\$464,331</u>	<u>\$46,023</u>

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Fines, Licenses and Permits	\$15,000	\$15,000	\$0	(\$15,000)
Expenditures:				
Current:				
Leisure Time Services				
Capital Outlay	15,000	15,000	13,000	2,000
Net Change in Fund Balance	0	0	(13,000)	(13,000)
Fund Balance at Beginning of Year	49,252	49,252	49,252	0
Fund Balance at End of Year	\$49,252	\$49,252	\$36,252	(\$13,000)

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Fines, Licenses and Permits	\$35,000	\$49,500	\$24,198	(\$25,302)
Intergovernmental	1,080,857	1,104,857	1,049,399	(55,458)
Interest	500	500	284	(216)
Other	1,000	1,000	1,524	524
Total Revenues	<u>1,117,357</u>	<u>1,155,857</u>	<u>1,075,405</u>	<u>(80,452)</u>
Expenditures:				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	365,426	391,540	370,170	21,370
Contractual Services	273,913	291,935	261,230	30,705
Supplies and Materials	268,494	267,801	210,134	57,667
Total Street Maintenance and Repair	<u>907,833</u>	<u>951,276</u>	<u>841,534</u>	<u>109,742</u>
Division Highway Maintenance				
Contractual Services	37,093	32,930	30,551	2,379
Supplies and Materials	45,725	45,133	44,811	322
Total Division Highway Maintenance	<u>82,818</u>	<u>78,063</u>	<u>75,362</u>	<u>2,701</u>
Transportation Impact Fee				
Contractual Services	58,980	58,980	58,980	0
Total Transportation	<u>1,049,631</u>	<u>1,088,319</u>	<u>975,876</u>	<u>112,443</u>
Capital Outlay	<u>157,500</u>	<u>157,313</u>	<u>157,283</u>	<u>30</u>
Total Expenditures	<u>1,207,131</u>	<u>1,245,632</u>	<u>1,133,159</u>	<u>112,473</u>
Excess of Revenues Over (Under) Expenditures	<u>(89,774)</u>	<u>(89,775)</u>	<u>(57,754)</u>	<u>32,021</u>
Other Financing Sources:				
Proceeds from Sale of Capital Assets	1,000	1,000	1,205	205
Transfers In	10,000	10,000	10,000	0
Total Other Financing Sources	<u>11,000</u>	<u>11,000</u>	<u>11,205</u>	<u>205</u>
Net Change in Fund Balance	(78,774)	(78,775)	(46,549)	32,226
Fund Balance at Beginning of Year	806,701	806,701	806,701	0
Prior Year Encumbrances Appropriated	<u>78,776</u>	<u>78,776</u>	<u>78,776</u>	<u>0</u>
Fund Balance at End of Year	<u>\$806,703</u>	<u>\$806,702</u>	<u>\$838,928</u>	<u>\$32,226</u>

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Income Taxes	\$600,000	\$600,000	\$578,343	(\$21,657)
Special Assessments	120,000	120,000	107,264	(12,736)
Interest	45,000	45,000	20,036	(24,964)
Total Revenues	<u>765,000</u>	<u>765,000</u>	<u>705,643</u>	<u>(59,357)</u>
Expenditures:				
Debt Service:				
Principal Retirement	525,000	525,000	525,000	0
Interest and Fiscal Charges	243,038	243,038	241,996	1,042
Total Expenditures	<u>768,038</u>	<u>768,038</u>	<u>766,996</u>	<u>1,042</u>
Excess of Revenues Under Expenditures	(3,038)	(3,038)	(61,353)	(58,315)
Other Financing Sources:				
Transfers In	42,500	42,500	42,500	0
Net Change in Fund Balance	39,462	39,462	(18,853)	(58,315)
Fund Balance at Beginning of Year	<u>3,713,051</u>	<u>3,713,051</u>	<u>3,713,051</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$3,752,513</u></u>	<u><u>\$3,752,513</u></u>	<u><u>\$3,694,198</u></u>	<u><u>(\$58,315)</u></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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$7,000	\$7,000	\$8,700	\$1,700
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Capital Outlay	8,233	8,233	5,148	3,085
Net Change in Fund Balance	(1,233)	(1,233)	3,552	4,785
Fund Balance at Beginning of Year	67,262	67,262	67,262	0
Prior Year Encumbrances Appropriated	1,234	1,234	1,234	0
Fund Balance at End of Year	<u>\$67,263</u>	<u>\$67,263</u>	<u>\$72,048</u>	<u>\$4,785</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	1,301,444	1,301,444	1,264,169	37,275
Excess of Revenues Over (Under) Expenditures	(1,301,444)	(1,301,444)	(1,264,169)	37,275
Other Financing Sources:				
Transfers In	400,000	400,000	325,000	(75,000)
Net Change in Fund Balance	(901,444)	(901,444)	(939,169)	(37,725)
Fund Balance at Beginning of Year	97,121	97,121	97,121	0
Prior Year Encumbrances Appropriated	901,444	901,444	901,444	0
Fund Balance at End of Year	<u>\$97,121</u>	<u>\$97,121</u>	<u>\$59,396</u>	<u>(\$37,725)</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Payments in Lieu of Taxes	\$1,285,000	\$1,317,000	\$1,428,970	\$111,970
Other	6,098	6,098	0	(6,098)
Total Revenues	<u>1,291,098</u>	<u>1,323,098</u>	<u>1,428,970</u>	<u>105,872</u>
Expenditures:				
Current:				
Community and Economic Development				
Contractual Services	40,000	40,000	11,003	28,997
Supplies and Materials	100,000	100,000	95,846	4,154
Capital Outlay	350,479	526,480	439,243	87,237
Other	400,000	400,000	296,891	103,109
Total Expenditures	<u>890,479</u>	<u>1,066,480</u>	<u>842,983</u>	<u>223,497</u>
Excess of Revenues Over Expenditures	<u>400,619</u>	<u>256,618</u>	<u>585,987</u>	<u>329,369</u>
Other Financing Sources (Uses):				
Transfers In	159,443	159,443	0	(159,443)
Transfers Out	(290,692)	(290,691)	(131,249)	159,442
Advances Out	(121,408)	(121,408)	(121,408)	0
Total Other Financing Sources (Uses)	<u>(252,657)</u>	<u>(252,656)</u>	<u>(252,657)</u>	<u>(1)</u>
Net Change in Fund Balance	147,962	3,962	333,330	329,368
Fund Balance at Beginning of Year	2,987,607	2,987,607	2,987,607	0
Prior Year Encumbrances Appropriated	480	480	480	0
Fund Balance at End of Year	<u><u>\$3,136,049</u></u>	<u><u>\$2,992,049</u></u>	<u><u>\$3,321,417</u></u>	<u><u>\$329,368</u></u>

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$182,395	\$182,395	\$182,395	\$0
Other	0	0	25	25
Total Revenues	<u>182,395</u>	<u>182,395</u>	<u>182,420</u>	<u>25</u>
Expenses:				
Personal Services	149,644	150,594	145,627	4,967
Contractual Services	12,400	12,400	6,319	6,081
Supplies and Materials	24,700	23,749	13,314	10,435
Total Expenses	<u>186,744</u>	<u>186,743</u>	<u>165,260</u>	<u>21,483</u>
Net Change in Fund Equity	(4,349)	(4,348)	17,160	21,508
Fund Equity at Beginning of Year	81,817	81,817	81,817	0
Prior Year Encumbrances Appropriated	<u>4,734</u>	<u>4,734</u>	<u>4,734</u>	<u>0</u>
Fund Equity at End of Year	<u>\$82,202</u>	<u>\$82,203</u>	<u>\$103,711</u>	<u>\$21,508</u>

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$1,398,450	\$1,398,450	\$1,400,906	\$2,456
Other	607,550	607,550	194,052	(413,498)
Interest	20,000	20,000	9,288	(10,712)
Total Revenues	<u>2,026,000</u>	<u>2,026,000</u>	<u>1,604,246</u>	<u>(421,754)</u>
Expenses:				
Contractual Services	375,831	375,326	374,486	840
Claims	1,967,688	1,968,193	1,856,863	111,330
Total Expenses	<u>2,343,519</u>	<u>2,343,519</u>	<u>2,231,349</u>	<u>112,170</u>
Net Change in Fund Equity	(317,519)	(317,519)	(627,103)	(309,584)
Fund Equity at Beginning of Year	1,600,524	1,600,524	1,600,524	0
Prior Year Encumbrances Appropriated	<u>317,520</u>	<u>317,520</u>	<u>317,520</u>	<u>0</u>
Fund Equity at End of Year	<u>\$1,600,525</u>	<u>\$1,600,525</u>	<u>\$1,290,941</u>	<u>(\$309,584)</u>

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# STATISTICAL SECTION



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*STATISTICAL TABLES*

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

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	S2-S13
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	S14-S23
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	S24-S33
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	S34-S36
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	S37-S44
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 TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$33,764,338	\$34,628,876	\$35,598,684	\$39,072,022	\$39,380,807	\$39,051,129
13,388,372	14,310,899	16,371,911	12,685,486	10,226,109	10,873,564
<u>4,074,569</u>	<u>4,770,470</u>	<u>6,042,040</u>	<u>7,601,885</u>	<u>10,223,471</u>	<u>10,376,818</u>
<u>51,227,279</u>	<u>53,710,245</u>	<u>58,012,635</u>	<u>59,359,393</u>	<u>59,830,387</u>	<u>60,301,511</u>
44,463,041	40,865,125	44,388,792	49,797,775	48,615,352	50,068,883
3,698,199	8,083,620	7,782,930	6,844,532	6,713,271	6,302,061
<u>22,594,015</u>	<u>28,616,768</u>	<u>28,282,539</u>	<u>29,352,329</u>	<u>31,650,518</u>	<u>31,227,567</u>
<u>70,755,255</u>	<u>77,565,513</u>	<u>80,454,261</u>	<u>85,994,636</u>	<u>86,979,141</u>	<u>87,598,511</u>
78,227,379	75,494,001	79,987,476	88,869,797	87,996,159	89,120,012
17,086,571	22,394,519	24,154,841	19,530,018	16,939,380	17,175,625
<u>26,668,584</u>	<u>33,387,238</u>	<u>34,324,579</u>	<u>36,954,214</u>	<u>41,873,989</u>	<u>41,604,385</u>
<u>\$121,982,534</u>	<u>\$131,275,758</u>	<u>\$138,466,896</u>	<u>\$145,354,029</u>	<u>\$146,809,528</u>	<u>\$147,900,022</u>

CITY OF LEBANON, OHIO  
 CHANGES IN NET ASSETS  
 LAST NINE YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

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

2006	2007	2008 (1)	2009	2010	2011
\$2,371,502	\$2,094,209	\$2,083,300	\$1,855,435	\$1,857,748	\$1,883,236
537,467	532,708	573,826	578,197	597,025	556,218
129,802	197,057	245,713	245,743	402,002	467,450
105,554	117,795	102,754	104,390	102,577	106,911
65,125	79,680	59,555	96,924	73,419	53,410
0	0	0	0	0	0
50	24,421	27,925	36,914	37,823	24,198
3,209,500	3,045,870	3,093,073	2,917,603	3,070,594	3,091,423
2,611	2,813	3,938	651	319	0
107,769	0	0	5,857	5,005	191,533
0	210,790	97,633	244,478	360,224	351,001
30,000	54,056	42,562	50,741	33,645	30,000
0	16,105	0	0	0	1,848
895	869	878	3,501	5,965	24,800
896,955	1,066,568	957,203	1,606,253	943,012	1,057,251
1,038,230	1,351,201	1,102,214	1,911,481	1,348,170	1,656,433
0	0	143,557	0	0	0
0	0	185,544	0	0	0
0	0	0	0	0	0
0	0	144,680	0	61,444	0
0	0	0	0	0	0
1,038,941	667,331	1,157,245	945,434	821,157	752,724
1,038,941	667,331	1,631,026	945,434	882,601	752,724
5,286,671	5,064,402	5,826,313	5,774,518	5,301,365	5,500,580
17,737,799	28,405,280	28,332,284	28,867,568	28,078,497	25,694,050
1,107,928	1,189,868	1,250,052	1,349,490	1,456,893	1,549,157
3,208,346	3,520,108	3,247,959	3,241,806	3,407,107	3,139,479
5,940,724	169,831	98,749	126,404	150,371	125,060
2,600,842	2,753,207	2,794,469	2,687,619	2,956,864	2,803,705
779,837	837,314	770,567	818,352	815,451	834,440
0	0	0	0	0	0
264,491	0	130,531	0	0	0
216,081	0	50,008	0	0	0
144,060	0	83,066	33,720	69,410	0
32,000,108	36,875,608	36,757,685	37,124,959	36,934,593	34,145,891
\$37,286,779	\$41,940,010	\$42,583,998	\$42,899,477	\$42,235,958	\$39,646,471

(continued)

CITY OF LEBANON, OHIO  
 CHANGES IN NET ASSETS  
 LAST NINE YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (CONTINUED)

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

2006	2007	2008 (1)	2009	2010	2011
\$3,606,717	\$4,678,341	\$4,125,692	\$3,812,972	\$4,068,631	\$3,881,199
3,258,125	3,662,803	3,861,017	4,218,030	4,470,394	4,547,632
1,985,638	2,687,928	2,631,887	2,735,622	2,832,199	2,866,797
201,838	204,228	195,983	181,562	197,806	220,299
440,546	526,995	498,379	588,970	382,313	674,644
1,157,580	843,839	802,169	868,309	873,466	930,934
2,077,765	3,866,183	3,090,437	3,591,609	3,790,494	3,561,887
0	0	244,657	257,623	277,310	310,704
373,156	386,205	354,128	326,399	281,437	253,316
13,101,365	16,856,522	15,804,349	16,581,096	17,174,050	17,247,412
16,433,153	25,617,652	26,754,920	26,164,717	28,153,003	25,488,085
1,213,352	1,285,576	1,327,449	1,363,001	1,522,129	1,512,397
3,389,076	3,214,858	3,386,470	3,166,397	3,385,521	3,444,593
5,799,642	180,577	222,847	210,102	171,385	164,107
2,969,131	2,553,235	2,526,916	2,534,870	2,767,146	3,086,876
416,054	422,249	490,366	512,516	572,544	612,275
30,220,408	33,274,147	34,708,968	33,951,603	36,571,728	34,308,333
43,321,773	50,130,669	50,513,317	50,532,699	53,745,778	51,555,745
(7,814,694)	(11,792,120)	(9,978,036)	(10,806,578)	(11,872,685)	(11,746,832)
1,779,700	3,601,461	2,048,717	3,173,356	362,865	(162,442)
(6,034,994)	(8,190,659)	(7,929,319)	(7,633,222)	(11,509,820)	(11,909,274)
1,085,029	1,281,491	1,353,504	1,375,734	1,206,503	1,147,868
2,107,551	2,222,553	2,327,576	2,224,683	2,373,747	2,228,171
121,488	37,774	43,186	27,499	0	0
6,509,453	5,888,391	6,260,249	5,409,147	5,451,284	5,762,855
858,253	1,229,554	1,468,021	1,318,586	1,371,444	1,245,078
1,181,361	1,235,888	1,269,275	1,269,899	1,259,657	1,395,381
603,496	1,082,225	684,035	818,872	661,125	814,808
3,119	10,345	7,494	7,375	2,000	0
822,519	1,353,237	781,418	1,063,750	179,250	(217,091)
27,760	8,172	17,828	14,168	9,150	7,414
356,384	403,496	185,479	160,078	139,756	225,740
(13,752)	(478,040)	(117,639)	(1,536,455)	(310,237)	(392,268)
\$13,662,661	\$14,275,086	\$14,280,426	\$12,153,336	\$12,343,679	\$12,217,956

(continued)

CITY OF LEBANON, OHIO  
 CHANGES IN NET ASSETS  
 LAST NINE YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (CONTINUED)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>General Revenues and Other Changes in Net Assets (continued)</b>			
<i>Business-Type Activities</i>			
Investment Earnings	\$224,627	\$235,160	\$530,302
Gain on Sale of Capital Assets	0	1,150	0
Loss from Discontinued Segments of Telecommunications Operations	0	0	0
Gain on Disposal of Segments of Telecommunications Operations	0	0	0
Other	408,264	466,399	305,225
Transfers	(114,498)	430,541	819,916
	<u>518,393</u>	<u>1,133,250</u>	<u>1,655,443</u>
<i>Total Business-Type Activities</i>			
<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>
Prior Year Restatement of Governmental Activities Net Assets	0	0	0
<b>Change in Net Assets</b>			
Governmental Activities	6,715,855	11,881,670	8,348,441
Business-Type Activities	<u>2,384,967</u>	<u>12,298,268</u>	<u>7,210,740</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>

(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 transactions, whereas in prior years, they were viewed as non-exchange transactions.

<u>2006</u>	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$942,160	\$693,586	\$447,260	\$700,087	\$232,745	(\$288,217)
17,300	0	0	2,310	10,200	12,415
0	(328,948)	0	0	0	0
0	2,742,921	0	0	0	0
457,877	88,918	275,132	128,167	68,458	665,346
13,752	12,320	117,639	1,536,455	310,237	392,268
<u>1,431,089</u>	<u>3,208,797</u>	<u>840,031</u>	<u>2,367,019</u>	<u>621,640</u>	<u>781,812</u>
<u>15,093,750</u>	<u>17,483,883</u>	<u>15,120,457</u>	<u>14,520,355</u>	<u>12,965,319</u>	<u>12,999,768</u>
(2,146,171)	0	0	0	0	0
3,701,796	2,482,966	4,302,390	1,346,758	470,994	471,124
3,210,789	6,810,258	2,888,748	5,540,375	984,505	619,370
<u>\$6,912,585</u>	<u>\$9,293,224</u>	<u>\$7,191,138</u>	<u>\$6,887,133</u>	<u>\$1,455,499</u>	<u>\$1,090,494</u>

CITY OF LEBANON, OHIO  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2002 (1)	2003	2004	2005
<b>General Fund</b>				
Nonspendable	\$0	\$0	\$0	\$0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	2,104,815	1,871,373	1,790,633	1,696,873
Unreserved	<u>1,120,890</u>	<u>1,156,280</u>	<u>1,634,323</u>	<u>2,392,657</u>
Total General Fund	<u>3,225,705</u>	<u>3,027,653</u>	<u>3,424,956</u>	<u>4,089,530</u>
<b>All Other Governmental Funds</b>				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Reserved	770,325	637,553	1,666,092	656,568
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,072,083	3,296,989	1,697,762	3,168,101
Debt Service Fund	2,928,967	3,547,913	4,025,444	4,617,027
Capital Projects Funds (Deficit)	<u>(4,148,813)</u>	<u>847,950</u>	<u>1,192,800</u>	<u>(582,137)</u>
Total All Other Governmental Funds	<u>2,622,562</u>	<u>8,330,405</u>	<u>8,582,098</u>	<u>7,859,559</u>
Prior Year Restatement of Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Governmental Funds</b>	<u><u>\$5,848,267</u></u>	<u><u>\$11,358,058</u></u>	<u><u>\$12,007,054</u></u>	<u><u>\$11,949,089</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, respectively.

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

2006	2007	2008	2009	2010	2011
\$0	\$0	\$0	\$1,184,302	\$1,064,339	\$921,909
0	0	0	15,190	0	0
0	0	0	0	0	183,215
0	0	0	3,800,626	4,071,783	4,267,452
1,788,814	1,586,780	1,498,020	0	0	0
3,418,537	3,306,942	3,429,456	0	0	0
<u>5,207,351</u>	<u>4,893,722</u>	<u>4,927,476</u>	<u>5,000,118</u>	<u>5,136,122</u>	<u>5,372,576</u>
0	0	0	262,740	198,933	189,965
0	0	0	7,969,375	8,864,107	9,490,132
0	0	0	3,121,909	3,129,214	3,196,405
1,330,635	2,168,634	2,717,467	0	0	0
2,902,779	2,896,180	2,825,839	0	0	0
5,484,816	4,995,975	5,078,023	0	0	0
502,409	1,407,152	1,968,876	0	0	0
<u>10,220,639</u>	<u>11,467,941</u>	<u>12,590,205</u>	<u>11,354,024</u>	<u>12,192,254</u>	<u>12,876,502</u>
<u>(798,704)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$14,629,286</u>	<u>\$16,361,663</u>	<u>\$17,517,681</u>	<u>\$16,354,142</u>	<u>\$17,328,376</u>	<u>\$18,249,078</u>

CITY OF LEBANON, OHIO  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005
<b>Revenues</b>				
Property Taxes	\$2,150,893	\$2,249,030	\$2,404,009	\$3,314,607
Income Taxes	4,199,589	4,565,520	4,698,641	5,244,581
Other Local Taxes	854,770	855,204	791,589	855,499
Payments in Lieu of Taxes	603,785	766,298	848,321	910,839
Special Assessments	179,774	159,732	154,965	151,277
Charges for Services	1,448,712	450,005	2,199,776	2,111,196
Fines, Licenses and Permits	1,220,332	1,128,354	1,255,552	1,108,910
Intergovernmental	1,845,069	6,173,724	4,037,285	3,017,163
Interest	256,176	163,479	210,017	483,990
Contributions and Donations	0	89,217	40,448	29,500
Other	148,918	71,279	209,643	164,843
<i>Total Revenues</i>	<u>12,908,018</u>	<u>16,671,842</u>	<u>16,850,246</u>	<u>17,392,405</u>
<b>Expenditures</b>				
Current:				
General Government	4,173,949	2,015,128	3,417,840	3,424,490
Security of Persons and Property:				
Police	2,687,735	2,788,823	3,010,437	3,188,715
Fire	1,531,695	1,109,834	2,409,771	2,316,185
Public Health Services	129,133	145,004	219,357	167,028
Leisure Time Services	597,933	680,463	308,656	201,642
Community and Economic Development	1,160,779	609,463	1,166,589	1,854,563
Transportation	781,166	679,456	829,360	739,947
Intergovernmental	0	264,482	92,219	160,373
Capital Outlay	3,282,802	5,951,931	3,774,983	4,774,592
Debt Service:				
Principal Retirement	300,313	568,652	614,325	510,030
Interest and Fiscal Charges	359,341	380,551	346,936	342,982
Interest Paid on Capital Appreciation Bonds	0	0	0	0
Bond Issuance Costs	0	57,972	0	0
<i>Total Expenditures</i>	<u>15,004,846</u>	<u>15,251,759</u>	<u>16,190,473</u>	<u>17,680,547</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,096,828)</u>	<u>1,420,083</u>	<u>659,773</u>	<u>(288,142)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	289,167	0	2,204	174,400
Transfers In	2,486,208	411,253	622,866	887,746
Inception of Capital Lease	73,547	0	0	0
Premium on Debt Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers Out	(2,588,951)	(429,253)	(635,847)	(831,969)
Proceeds from Sale of Notes	240,000	120,000	0	0
Discount on Debt Issued	0	(17,292)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>499,971</u>	<u>4,089,708</u>	<u>(10,777)</u>	<u>230,177</u>
<i>Net Change in Fund Balances</i>	<u>(\$1,596,857)</u>	<u>\$5,509,791</u>	<u>\$648,996</u>	<u>(\$57,965)</u>
Debt Service as a Percentage of Noncapital Expenditures	5.6%	10.8%	7.7%	6.6%

2006	2007	2008	2009	2010	2011
\$3,344,659	\$3,536,738	\$3,758,401	\$3,594,477	\$3,563,064	\$3,377,780
6,437,444	5,988,089	5,719,316	5,510,661	5,565,246	5,463,788
857,100	1,230,707	1,466,536	1,319,827	1,371,120	1,245,646
1,181,361	1,235,888	1,269,275	1,269,899	1,259,657	1,428,970
152,172	89,412	94,678	103,030	87,439	112,287
2,113,406	2,154,757	2,122,822	2,113,504	2,303,809	2,309,288
1,090,009	891,574	969,440	795,107	775,800	788,547
2,650,427	3,042,013	2,897,793	3,563,319	2,884,405	2,932,834
796,824	1,316,866	732,751	911,684	200,297	(86,371)
3,119	10,345	7,494	4,375	63,444	1,848
366,095	406,585	188,765	163,574	143,475	225,740
<u>18,992,616</u>	<u>19,902,974</u>	<u>19,227,271</u>	<u>19,349,457</u>	<u>18,217,756</u>	<u>17,800,357</u>
3,823,519	4,936,788	4,594,923	3,858,069	3,837,352	3,512,438
3,432,462	3,760,488	3,975,505	4,165,490	4,208,892	4,138,153
2,022,690	2,552,853	2,513,055	2,540,690	2,579,293	2,538,806
175,691	188,855	175,878	159,879	164,718	175,537
967,844	485,810	434,985	424,044	390,839	493,220
1,102,447	719,007	863,405	851,361	826,380	861,847
769,950	1,622,542	875,710	1,000,611	1,102,322	868,916
212,289	229,308	244,657	257,623	277,310	296,891
2,184,601	4,540,579	3,194,419	6,231,284	2,993,629	3,205,214
530,771	464,861	2,819,636	576,144	590,158	540,884
327,457	286,716	370,358	309,873	272,577	244,320
0	91,687	95,767	103,322	0	0
0	0	103,476	0	0	0
<u>15,549,721</u>	<u>19,879,494</u>	<u>20,261,774</u>	<u>20,478,390</u>	<u>17,243,470</u>	<u>16,876,226</u>
3,442,895	23,480	(1,034,503)	(1,128,933)	974,286	924,131
49,758	20,436	39,550	14,168	13,700	37,825
1,445,692	2,551,127	1,575,558	2,575,617	1,212,115	433,620
0	0	60,361	0	0	0
0	1,993	92,821	0	0	0
0	0	3,750,000	0	0	0
0	0	(1,738,460)	0	0	0
(1,459,444)	(3,144,659)	(1,589,309)	(2,624,391)	(1,225,867)	(474,874)
0	2,280,000	0	0	0	0
0	0	0	0	0	0
<u>36,006</u>	<u>1,708,897</u>	<u>2,190,521</u>	<u>(34,606)</u>	<u>(52)</u>	<u>(3,429)</u>
<u>\$3,478,901</u>	<u>\$1,732,377</u>	<u>\$1,156,018</u>	<u>(\$1,163,539)</u>	<u>\$974,234</u>	<u>\$920,702</u>
6.4%	5.5%	20.4%	6.9%	6.1%	5.5%

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>
2002	\$1.00	\$4,199,589	\$3,259,301	77.61%	\$228,038	5.43%	\$712,250	16.96%
2003	1.00	4,577,825	3,442,982	75.21	314,039	6.86	820,804	17.93
2004	1.00	4,682,034	3,586,438	76.60	309,014	6.60	786,582	16.80
2005	1.00	5,319,437	3,907,126	73.45	534,603	10.05	877,707	16.50
2006	1.00	6,509,453	4,658,816	71.57	770,068	11.83	1,080,569	16.60
2007	1.00	5,888,391	4,362,709	74.09	542,910	9.22	982,772	16.69
2008	1.00	6,260,249	4,757,789	76.00	438,217	7.00	1,064,242	17.00
2009	1.00	5,409,147	4,105,542	75.90	402,441	7.44	901,164	16.66
2010	1.00	5,451,284	4,021,412	73.77	493,341	9.05	936,531	17.18
2011	1.00	5,762,855	4,320,412	74.97	418,960	7.27	1,023,483	17.76

(1) 2003 through 2011 are on an Accrual Basis, while 2002 is 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 2010 AND 2001 (1)

Tax Year 2010 (2)

Income Range	Number of Filed Returns	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	1,024	17.07 %	\$154,317,368	44.86 %
75,001-100,000	690	11.50	59,867,314	17.40
50,001-75,000	937	15.62	58,279,022	16.94
25,000-50,000	1,355	22.59	50,309,215	14.63
Under 25,000	1,992	33.22	21,214,399	6.17
Total	5,998	100.00	\$343,987,318	100.00

Tax Year 2001

Income Range	Number of Filed Returns	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	479	9.88 %	\$66,950,472	28.15 %
75,001-100,000	571	11.77	49,233,352	20.70
50,001-75,000	894	18.43	55,712,560	23.42
25,000-50,000	1,270	26.19	46,808,607	19.68
Under 25,000	1,636	33.73	19,139,553	8.05
Total	4,850	100.00	\$237,844,544	100.00

Source: City Income Tax Department

- (1) Tax year 2011 information is not available.
- (2) Includes individuals who live within the corporation limits

CITY OF LEBANON, OHIO  
 ELECTRIC SOLD BY TYPE OF CUSTOMER  
 LAST TEN YEARS

<b>Type of Customer:</b>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Residential	\$6,096,870	\$5,949,470	\$6,181,266	\$7,508,220
Industrial	1,213,113	1,177,842	1,202,978	1,371,063
Commercial (1)	<u>5,801,433</u>	<u>5,412,891</u>	<u>5,553,868</u>	<u>6,749,294</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>

- (1) Majority of government buildings included in this category  
 (2) During 2007, the City purchased industrial and commercial customers from Duke Energy.

<u>2006</u>	<u>2007 (2)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$8,611,965	\$9,608,478	\$9,716,139	\$9,699,704	\$9,631,822	\$9,512,740
1,526,030	1,694,059	1,730,682	1,764,978	1,657,291	1,690,421
<u>7,727,224</u>	<u>16,249,343</u>	<u>17,957,635</u>	<u>17,065,759</u>	<u>16,797,199</u>	<u>14,495,444</u>
<u>\$17,865,219</u>	<u>\$27,551,880</u>	<u>\$29,404,456</u>	<u>\$28,530,441</u>	<u>\$28,086,312</u>	<u>\$25,698,605</u>

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CITY OF LEBANON, OHIO  
 PRINCIPAL ELECTRIC CUSTOMERS  
 2011 AND 2002

2011		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Advics Mfg.	\$1,962,767	7.64 %
CBTS	1,796,812	6.99
Warren County Commissioners	1,313,305	5.11
Amtex Inc.	893,119	3.48
Lebanon City School District	728,492	2.83
City of Lebanon	437,328	1.70
Mane, Inc.	436,159	1.70
Countryside YMCA	402,336	1.57
JBM Envelope	384,293	1.50
Wal-Mart	370,348	1.44
Total	<u>\$8,724,959</u>	<u>33.94 %</u>
Total Electric Charges for Services	<u>\$25,698,605</u>	
2002		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Warren County Commissioners	\$650,065	4.96 %
Countryside YMCA	352,786	2.69
PAC Products	303,454	2.31
Big Bear Plus	269,757	2.06
Kroger	260,686	1.99
Lebanon City School District	238,810	1.82
Franklin Brazing & Metal	214,242	1.63
Inna Tech	199,102	1.52
Embarq	103,042	0.79
Wal-Mart	100,438	0.77
Total	<u>\$2,692,382</u>	<u>20.53 %</u>
Total Electric Charges for Services	<u>\$13,111,416</u>	

CITY OF LEBANON, OHIO  
ELECTRIC RATES PER YEAR  
LAST TEN YEARS

	2002	2003	2004	2005
<b>Residential</b>				
Customer Service Charge	\$4.32	\$4.36	\$4.40	\$4.44
Energy Charge KWH:				
All KWH	-	-	-	-
First 1,500 KWH	\$0.04060	\$0.04100	\$0.04141	\$0.04183
Above 1,500 KWH	\$0.02470	\$0.02490	\$0.02515	\$0.02540
Distribution Charge per KWH:				
First 800 KWH	-	-	-	-
Next 800 KWH	-	-	-	-
Over 1,600 KWH	-	-	-	-
Fuel Adjustment all KWH (yr avg)	\$0.03210	\$0.03050	\$0.03000	\$0.04340
KWH Tax:				
First 2,000 KWH	\$0.00465	\$0.00465	\$0.00465	\$0.00465
Next 13,000 KWH	\$0.00419	\$0.00419	\$0.00419	\$0.00419
Above 15,000 KWH	\$0.00363	\$0.00363	\$0.00363	\$0.00363
<b>General Service Rate</b>				
Customer Service Charge:				
Single Phase (1 Ph) Meter	\$7.41	\$7.48	\$7.55	\$7.63
Three Phase (3 Ph) Meter	\$12.36	\$12.48	\$12.60	\$12.73
Single and Three Phase Meter	\$19.77	\$19.97	\$20.17	\$20.37
Energy Charge KWH:				
First 2,000 KWH	\$0.04740	\$0.04780	\$0.04828	\$0.04876
Next 6,000 KWH	\$0.03350	\$0.03380	\$0.03414	\$0.03448
Over 8,000 KWH	\$0.02270	\$0.02290	\$0.02313	\$0.02336
Over 100,000 KWH	\$0.01000	\$0.01000	\$0.01010	\$0.01020
1 Phase-First 165 KWH/KW	-	-	-	-
1 Phase-Next 85 KWH/KW	-	-	-	-
1 Phase-Over 250 KWH/KW	-	-	-	-
3 Phase-First 300 KWH/KW	-	-	-	-
3 Phase-Over 300 KWH/KW	-	-	-	-
Demand Charge per KW:				
First 10 KW	Free	Free	Free	Free
Next 15 KW	\$5.93390	\$5.99300	\$6.05931	\$6.11990
Over 25 KW	\$5.25400	\$5.30600	\$5.35956	\$5.41316
1 Phase-First 10 KW	-	-	-	-
1 Phase-Next 15 KW	-	-	-	-
1 Phase-Over 25 KW	-	-	-	-
3 Phase-First 1,000 KW	-	-	-	-
3 Phase-Over 1,000 KW	-	-	-	-
Distribution Charge KWH:				
1 Phase-First 1,000 KWH	-	-	-	-
1 Phase-Next 800 KWH	-	-	-	-
1 Phase-Over 1,800 KWH	-	-	-	-
3 Phase-First 5,000 KWH	-	-	-	-
3 Phase-Next 10,000 KWH	-	-	-	-
3 Phase-Over 15,000 KWH	-	-	-	-
Fuel Adjustment all KWH (yr avg)	\$0.03210	\$0.03050	\$0.03000	\$0.04340
KWH Tax:				
First 2,000 KWH	\$0.00465	\$0.00465	\$0.00465	\$0.00465
Next 13,000 KWH	\$0.00419	\$0.00419	\$0.00419	\$0.00419
Above 15,000 KWH	\$0.00363	\$0.00363	\$0.00363	\$0.00363

2006	2007 (1)	2008	2009 (2)	2010	2011
\$4.48	\$4.52	\$4.57	\$4.61	\$5.15	\$5.15
-	-	-	-	\$0.0670	\$0.0670
\$0.04225	\$0.06260	\$0.06322	\$0.06385	-	-
\$0.02565	\$0.04580	\$0.04625	\$0.04671	-	-
-	-	-	-	\$0.0412	\$0.0412
-	-	-	-	\$0.0361	\$0.0361
-	-	-	-	\$0.0206	\$0.0206
\$0.05200	\$0.03890	\$0.04510	\$0.01610	(\$0.00820)	(\$0.00840)
\$0.00465	\$0.00465	\$0.00465	\$0.00465	\$0.00465	\$0.00465
\$0.00419	\$0.00419	\$0.00419	\$0.00419	\$0.00419	\$0.00419
\$0.00363	\$0.00363	\$0.00363	\$0.00363	\$0.00363	\$0.00363
\$7.71	\$7.78	\$7.86	\$7.93	\$15.45	\$15.45
\$12.86	\$12.98	\$13.11	\$13.24	\$20.60	\$20.60
\$20.57	\$20.78	\$20.99	\$21.20	-	-
\$0.04925	\$0.06940	\$0.07009	\$0.07079	-	-
\$0.03482	\$0.05500	\$0.05555	\$0.05611	-	-
\$0.02359	\$0.04370	\$0.04413	\$0.04457	-	-
\$0.01030	\$0.03040	\$0.03070	\$0.03101	-	-
-	-	-	-	\$0.0824	\$0.0824
-	-	-	-	\$0.0721	\$0.0721
-	-	-	-	\$0.0412	\$0.0412
-	-	-	-	\$0.0618	\$0.0618
-	-	-	-	\$0.0309	\$0.0309
Free	Free	Free	Free	-	-
\$6.11990	\$6.24290	\$6.30532	\$6.36837	-	-
\$5.41316	\$5.52196	\$5.57717	\$5.63294	-	-
-	-	-	-	Free	Free
-	-	-	-	\$7.21	\$7.21
-	-	-	-	\$9.27	\$9.27
-	-	-	-	\$10.30	\$10.30
-	-	-	-	\$12.36	\$12.36
-	-	-	-	\$0.0412	\$0.0412
-	-	-	-	\$0.0361	\$0.0361
-	-	-	-	\$0.0206	\$0.0206
-	-	-	-	\$0.0258	\$0.0258
-	-	-	-	\$0.0206	\$0.0206
-	-	-	-	\$0.0155	\$0.0155
\$0.05200	\$0.03890	\$0.04510	\$0.01610	(\$0.00820)	(\$0.00840)
\$0.00465	\$0.00465	\$0.00465	\$0.00465	\$0.00465	\$0.00465
\$0.00419	\$0.00419	\$0.00419	\$0.00419	\$0.00419	\$0.00419
\$0.00363	\$0.00363	\$0.00363	\$0.00363	\$0.00363	\$0.00363

(continued)

CITY OF LEBANON, OHIO  
ELECTRIC RATES PER YEAR  
LAST TEN YEARS  
(CONTINUED)

	2002	2003	2004	2005
<b>Large Power-Secondary Metered</b>				
Customer Service Charge	-	-	-	-
Energy Charge KWH:				
All KWH	-	-	-	-
First 300 KWH/KVA	-	-	-	-
Over 300 KWH/KVA	-	-	-	-
Demand Charge:				
All per KVA	-	-	-	-
First 1,000 KVA	-	-	-	-
Over 1,000 KVA	-	-	-	-
Distribution Charge KWH:				
First 200,000 KWH	-	-	-	-
Over 200,000 KWH	-	-	-	-
Fuel Adjustment all KWH (yr avg)	-	-	-	-
KWH Tax:				
First 2,000 KWH	-	-	-	-
Next 13,000 KWH	-	-	-	-
Above 15,000 KWH	-	-	-	-
<b>Large Power-Primary Metered</b>				
Customer Service Charge	-	-	-	-
Energy Charge KWH:				
All KWH	-	-	-	-
First 300 KWH/KVA	-	-	-	-
Over 300 KWH/KVA	-	-	-	-
Demand Charge per KVA:				
All per KVA	-	-	-	-
First 1,000 KVA	-	-	-	-
Over 1,000 KVA	-	-	-	-
Distribution Charge KWH:				
First 500,000 KWH	-	-	-	-
Over 500,000 KWH	-	-	-	-
Fuel Adjustment all KWH (yr avg)	-	-	-	-
KWH Tax:				
First 2,000 KWH	-	-	-	-
Next 13,000 KWH	-	-	-	-
Above 15,000 KWH	-	-	-	-

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

- (1) During 2007, the City purchased industrial and commercial customers from Duke Energy.  
(2) In 2009, the City changed the electric rates to include a multiple tier rate system.  
- Not Applicable

2006	2007 (1)	2008	2009 (2)	2010	2011
-	\$100.00	\$101.00	\$102.00	\$103.00	\$103.00
-	\$0.02200	\$0.02215	\$0.02237	-	-
-	-	-	-	\$0.0361	\$0.0361
-	-	-	-	\$0.0288	\$0.0288
-	\$7.00	\$7.06	\$7.13	-	-
-	-	-	-	\$15.45	\$15.45
-	-	-	-	\$13.39	\$13.39
-	-	-	-	\$0.01550	\$0.01550
-	-	-	-	\$0.01030	\$0.01030
-	\$0.03890	\$0.04510	\$0.01610	(\$0.00820)	(\$0.00840)
-	\$0.00465	\$0.00465	\$0.00465	\$0.00465	\$0.00465
-	\$0.00419	\$0.00419	\$0.00419	\$0.00419	\$0.00419
-	\$0.00363	\$0.00363	\$0.00363	\$0.00363	\$0.00363
-	\$100.00	\$101.00	\$102.00	\$103.00	\$103.00
-	\$0.01349	\$0.01363	\$0.01376	-	-
-	-	-	-	\$0.0464	\$0.0464
-	-	-	-	\$0.0103	\$0.0103
-	\$4.29130	\$4.33430	\$4.37760	-	-
-	-	-	-	\$8.24	\$8.24
-	-	-	-	\$10.30	\$10.30
-	-	-	-	\$0.02580	\$0.02580
-	-	-	-	\$0.01550	\$0.01550
-	\$0.03890	\$0.04510	\$0.01610	(\$0.00820)	(\$0.00840)
-	\$0.00465	\$0.00465	\$0.00465	\$0.00465	\$0.00465
-	\$0.00419	\$0.00419	\$0.00419	\$0.00419	\$0.00419
-	\$0.00363	\$0.00363	\$0.00363	\$0.00363	\$0.00363

CITY OF LEBANON, OHIO  
RATIO OF OUTSTANDING DEBT TO  
TOTAL PERSONAL INCOME AND DEBT PER CAPITA  
LAST TEN YEARS

Year	Governmental Activities				
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Police Pension	Notes Payable
2002	\$3,236,998	\$820,811	\$73,547	\$22,170	\$4,110,000
2003	7,012,161	743,267	60,221	21,844	120,000
2004	6,638,372	665,723	46,237	21,503	1,400,000
2005	6,257,240	584,449	31,562	21,148	1,120,000
2006	5,864,320	499,445	16,162	20,777	840,000
2007	5,456,426	409,529	0	20,391	2,560,000
2008	7,048,239	315,883	60,361	19,988	1,280,000
2009	6,499,576	218,507	46,315	19,568	0
2010	6,058,568	87,401	31,595	19,130	0
2011	5,610,870	12,985	16,168	18,673	0

Note: Population and Personal Income data are presented on page S34.

Business-Type Activities

Mortgage Revenue Bonds	Capital Leases	Notes Payable	Loans Payable	Total Debt	Percentage of Personal Income	Per Capita
\$35,619,786	\$0	\$5,000,000	\$0	\$48,883,312	13.79%	\$2,882
34,248,548	0	8,500,000	0	50,706,041	14.31	2,989
32,817,309	0	8,000,000	0	49,589,144	13.99	2,924
31,321,070	253,111	8,000,000	0	47,588,580	13.43	2,806
35,530,846	617,607	1,750,000	0	45,139,157	12.73	2,661
33,632,086	0	5,750,000	0	47,828,432	13.49	2,820
36,030,824	0	1,250,000	0	46,005,295	12.98	2,712
34,175,122	0	4,900,000	0	45,859,088	12.94	2,704
32,234,420	0	6,300,000	3,360,000	48,091,114	9.38	2,401
30,218,718	0	8,150,000	2,752,260	46,779,674	9.13	2,335

CITY OF LEBANON, OHIO  
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 DECEMBER 31, 2011

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
<b>Direct - City of Lebanon</b>			
Special Assessment Bonds	\$12,985	100.00%	\$12,985
General Obligation Bonds	5,610,870	100.00	5,610,870
Capital Leases	16,168	100.00	16,168
Police Pension	18,673	100.00	18,673
<i>Total Direct Debt</i>	<u>5,658,696</u>		<u>5,658,696</u>
<b>Overlapping</b>			
Lebanon City School District			
General Obligation Bonds	36,699,951	50.24	18,438,055
Capital Leases	3,847,000	50.24	1,932,733
Kings Local School District			
General Obligation Bonds	54,857,234	1.15	630,858
Warren County Vocational School District			
Certificates of Participation	6,253,485	10.49	655,991
Energy Conservation Notes	881,000	10.49	92,417
Capital Leases	110,708	10.49	11,613
Turtle Creek Township			
General Obligation Bonds	1,950,000	0.24	4,680
Union Township			
General Obligation Bonds	66,000	0.02	13
Warren County			
General Obligation Bonds	6,861,844	7.07	485,132
Special Assessment Bonds	10,985,301	7.07	776,661
Loans Payable	4,669,970	7.07	330,167
Capital Leases	5,286	7.07	37,372
<i>Total Overlapping Debt</i>	<u>127,187,779</u>		<u>23,395,692</u>
<b>Total</b>	<u><u>\$132,846,475</u></u>		<u><u>\$29,054,388</u></u>

Source: Ohio Municipal Advisory Council

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping government.

CITY OF LEBANON, OHIO  
RATIO OF GENERAL OBLIGATION BONDED DEBT TO ESTIMATED ACTUAL  
VALUE AND BONDED DEBT PER CAPITA  
LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Estimated Actual Value of Taxable Property (2)</u>	<u>General Obligation Bonded Debt (3)</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Net Bonded Debt Per Capita</u>
2002	16,962	\$972,494,950	\$3,236,998	0.33%	\$190.84
2003	16,962	1,045,016,700	7,012,161	0.67	413.40
2004	16,962	1,216,973,482	6,638,372	0.55	391.37
2005	16,962	1,219,371,199	6,257,240	0.51	368.90
2006	16,962	1,330,955,444	5,864,320	0.44	345.73
2007	16,962	1,525,874,800	5,456,426	0.36	321.69
2008	16,962	1,276,594,439	7,048,239	0.55	415.53
2009	16,962	1,192,296,133	6,499,576	0.55	383.18
2010	20,033	1,191,372,162	6,058,568	0.51	302.43
2011	20,033	1,185,040,310	5,610,870	0.47	280.08

Sources:

(1) 2002-2009 from 2000 Federal Census/2010-2011 from 2010 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

	2002	2003	2004	2005
Total Assessed Property Value	<u>\$345,571,960</u>	<u>\$382,962,510</u>	<u>\$402,731,560</u>	<u>\$409,173,949</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>36,285,056</u>	<u>40,211,064</u>	<u>42,286,814</u>	<u>42,963,265</u>
Debt Outstanding:				
General Obligation Bonds	3,153,412	6,920,956	6,518,500	6,104,774
Mortgage Revenue Bonds	35,615,000	34,225,000	32,775,000	31,260,000
Special Assessment Bonds	820,811	743,267	665,723	584,449
Bond Anticipation Notes	<u>9,110,000</u>	<u>8,620,000</u>	<u>9,400,000</u>	<u>9,120,000</u>
Total Gross Indebtedness	48,699,223	50,509,223	49,359,223	47,069,223
Less:				
General Obligation Bonds	(2,629,188)	(6,496,732)	(6,204,276)	(5,900,550)
Mortgage Revenue Bonds	(35,615,000)	(34,225,000)	(32,775,000)	(31,260,000)
Special Assessment Bonds	(820,811)	(743,267)	(665,723)	(584,449)
Bond Anticipation Notes	(5,000,000)	(8,500,000)	(8,000,000)	(8,000,000)
General Obligation Bond Retirement Fund Balance	<u>(2,426,594)</u>	<u>(238,478)</u>	<u>(234,744)</u>	<u>(247,839)</u>
Total Net Debt Applicable to Debt Limit	<u>2,207,630</u>	<u>305,746</u>	<u>1,479,480</u>	<u>1,076,385</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$34,077,426</u>	<u>\$39,905,318</u>	<u>\$40,807,334</u>	<u>\$41,886,880</u>
Legal Debt Margin as a Percentage of the Debt Limit	93.92%	99.24%	96.50%	97.49%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$19,006,458</u>	<u>\$21,062,938</u>	<u>\$22,150,236</u>	<u>\$22,504,567</u>
Total Gross Indebtedness	48,699,223	50,509,223	49,359,223	47,069,223
Less:				
General Obligation Bonds	(2,629,188)	(6,496,732)	(6,204,276)	(5,900,550)
Mortgage Revenue Bonds	(35,615,000)	(34,225,000)	(32,775,000)	(31,260,000)
Special Assessment Bonds	(820,811)	(743,267)	(665,723)	(584,449)
Bond Anticipation Notes	<u>(5,000,000)</u>	<u>(8,500,000)</u>	<u>(8,000,000)</u>	<u>(8,000,000)</u>
Net Debt Within 5 ½ % Limitations	<u>2,207,630</u>	<u>305,746</u>	<u>1,479,480</u>	<u>1,076,385</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$16,798,828</u>	<u>\$20,757,192</u>	<u>\$20,670,756</u>	<u>\$21,428,182</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	88.38%	98.55%	93.32%	95.22%

Source: City Financial Records

2006	2007	2008	2009	2010	2011
<u>\$454,976,445</u>	<u>\$451,956,350</u>	<u>\$443,736,980</u>	<u>\$416,119,870</u>	<u>\$417,778,478</u>	<u>\$414,764,110</u>
<u>47,772,527</u>	<u>47,455,417</u>	<u>46,592,383</u>	<u>43,692,586</u>	<u>43,866,740</u>	<u>43,550,232</u>
5,674,778	5,316,381	6,945,794	6,481,492	6,037,598	5,587,014
36,740,000	34,740,000	37,045,000	35,115,000	33,100,000	31,010,000
449,445	409,529	315,883	218,507	87,401	12,985
2,590,000	8,310,000	2,530,000	4,900,000	6,300,000	8,150,000
<u>45,454,223</u>	<u>48,775,910</u>	<u>46,836,677</u>	<u>46,714,999</u>	<u>45,524,999</u>	<u>44,759,999</u>
(5,585,554)	(5,260,470)	(6,919,116)	(6,481,492)	(6,037,598)	(5,587,014)
(36,740,000)	(34,740,000)	(37,045,000)	(35,115,000)	(33,100,000)	(31,010,000)
(449,445)	(409,529)	(315,883)	(218,507)	(87,401)	(12,985)
(1,750,000)	(5,750,000)	(1,250,000)	(4,900,000)	(6,300,000)	(8,150,000)
(261,135)	(182,304)	(103,180)	0	0	0
<u>668,089</u>	<u>2,433,607</u>	<u>1,203,498</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$47,104,438</u>	<u>\$45,021,810</u>	<u>\$45,388,885</u>	<u>\$43,692,586</u>	<u>\$43,866,740</u>	<u>\$43,550,232</u>
98.60%	94.87%	97.42%	100.00%	100.00%	100.00%
<u>\$25,023,704</u>	<u>\$24,857,599</u>	<u>\$24,405,534</u>	<u>\$22,886,593</u>	<u>\$22,977,816</u>	<u>\$22,812,026</u>
45,454,223	48,775,910	46,836,677	46,714,999	45,524,999	44,759,999
(5,585,554)	(5,260,470)	(6,919,116)	(6,481,492)	(6,037,598)	(5,587,014)
(36,740,000)	(34,740,000)	(37,045,000)	(35,115,000)	(33,100,000)	(31,010,000)
(449,445)	(409,529)	(315,883)	(218,507)	(87,401)	(12,985)
(1,750,000)	(5,750,000)	(1,250,000)	(4,900,000)	(6,300,000)	(8,150,000)
<u>668,089</u>	<u>2,615,911</u>	<u>1,306,678</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$24,355,615</u>	<u>\$22,241,688</u>	<u>\$23,098,856</u>	<u>\$22,886,593</u>	<u>\$22,977,816</u>	<u>\$22,812,026</u>
97.33%	89.48%	94.65%	100.00%	100.00%	100.00%

CITY OF LEBANON, OHIO  
 PLEDGED REVENUE COVERAGE  
 ELECTRIC SYSTEM MORTGAGE REVENUE BONDS  
 LAST TEN YEARS

Year	Electric/ Telecommunications Service Charges and Interest (1)	Direct Operating Expenses (2)	Net Available Revenues	Debt Service			Coverage
				Principal	Interest	Total	
2002	\$15,603,687	\$13,377,046	\$2,226,641	\$620,000	\$897,571	\$1,517,571	1.47%
2003	16,812,728	13,355,187	3,457,541	645,000	871,723	1,516,723	2.28
2004	18,756,240	14,231,399	4,524,841	670,000	520,850	1,190,850	3.80
2005	21,957,982	18,933,542	3,024,440	700,000	816,284	1,516,284	1.99
2006	24,143,085	19,441,416	4,701,669	730,000	301,463	1,031,463	4.56
2007	28,884,945	23,994,524	4,890,421	950,000	695,938	1,645,938	2.97
2008	28,585,522	24,931,692	3,653,830	1,070,000	752,988	1,822,988	2.00
2009	29,285,522	24,079,628	5,205,894	1,180,000	880,604	2,060,604	2.53
2010	28,291,909	25,998,247	2,293,662	1,235,000	722,651	1,957,651	1.17
2011	25,478,741	23,255,870	2,222,871	1,285,000	701,325	1,986,325	1.12

(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 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	Total	
2002	\$2,309,101	\$1,607,356	\$701,745	\$370,000	\$479,825	\$849,825	0.83%
2003	2,685,253	1,892,323	792,930	380,000	462,068	842,068	0.94
2004	2,932,406	1,818,503	1,113,903	400,000	446,068	846,068	1.32
2005	3,191,967	1,583,313	1,608,654	415,000	428,903	843,903	1.91
2006	3,223,609	1,737,309	1,486,300	435,000	522,556	957,556	1.55
2007	3,689,432	1,719,657	1,969,775	620,000	503,030	1,123,030	1.75
2008	3,347,674	1,923,716	1,423,958	645,000	475,766	1,120,766	1.27
2009	3,382,159	1,729,070	1,653,089	465,000	446,991	911,991	1.81
2010	3,389,268	1,907,162	1,482,106	480,000	425,971	905,971	1.64
2011	3,105,295	1,965,877	1,139,418	490,000	407,482	897,482	1.27

(1) Direct operating expenses do not include depreciation 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	Total	
2002	\$2,601,406	\$1,398,906	\$1,202,500	\$350,000	\$458,068	\$808,068	1.49%
2003	2,975,106	1,500,918	1,474,188	365,000	444,418	809,418	1.82
2004	2,950,110	1,199,936	1,750,174	380,000	430,000	810,000	2.16
2005	2,870,825	1,024,742	1,846,083	400,000	414,800	814,800	2.27
2006	2,603,513	1,873,634	729,879	415,000	398,400	813,400	0.90
2007	2,905,422	1,436,995	1,468,427	430,000	380,970	810,970	1.81
2008	2,864,853	1,434,585	1,430,268	445,000	362,480	807,480	1.77
2009	2,801,673	1,361,027	1,440,646	285,000	342,900	627,900	2.29
2010	2,997,829	1,431,532	1,566,297	300,000	330,218	630,218	2.49
2011	2,759,278	1,827,517	931,761	315,000	316,568	631,568	1.48

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

CITY OF LEBANON, OHIO  
 PLEDGED REVENUE COVERAGE  
 SPECIAL ASSESSMENT BONDS  
 LAST TEN YEARS

Year	Special Assessment Collections	Debt Service			Coverage
		Principal	Interest	Total	
2002	\$179,774	\$63,814	\$51,368	\$115,182	1.56%
2003	159,732	87,544	60,354	147,898	1.08
2004	154,965	77,544	48,002	125,546	1.23
2005	151,277	81,274	42,948	124,222	1.22
2006	152,172	85,004	37,653	122,657	1.24
2007	147,773	89,916	3,218	93,134	1.59
2008	142,454	93,646	26,272	119,918	1.19
2009	140,737	97,376	20,185	117,561	1.20
2010	109,358	131,106	13,857	144,963	0.75
2011	107,264	74,416	6,096	80,512	1.33

CITY OF LEBANON, OHIO  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
2002	16,962	\$354,454,914	\$20,897	\$46,856	31.9
2003	16,962	354,454,914	20,897	46,856	31.9
2004	16,962	354,454,914	20,897	46,856	31.9
2005	16,962	354,454,914	20,897	46,856	31.9
2006	16,962	354,454,914	20,897	46,856	31.9
2007	16,962	354,454,914	20,897	46,856	31.9
2008	16,962	354,454,914	20,897	46,856	31.9
2009	16,962	354,454,914	20,897	46,856	31.9
2010	20,033	512,544,305	25,585	61,085	33.9
2011	20,033	512,544,305	25,585	61,085	33.9

(1) Source: 2002-2009 from 2000 Federal Census/2010-2011 from 2010 Federal Census

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

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

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

Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (3)	Warren County Unemployment Rate (4)
25.0%	4,525	3.7%
25.0	4,691	4.4
25.0	4,778	4.3
25.0	4,997	4.4
25.0	5,238	4.2
25.0	5,383	4.7
25.0	5,202	8.5
25.0	5,301	9.3
26.0	5,379	8.4
26.0	5,450	7.0

CITY OF LEBANON, OHIO  
 PRINCIPAL EMPLOYERS  
 2011 AND 2002

2011

Employer	Employees
Warren County	1,280
Countryside YMCA	780
Lebanon City School District	599
Advics Manufacturing	516
Kroger	423
Wal-Mart	288
Amtex, Inc.	265
Warren County BDD (MRDD)	210
JBM Envelope	158
Lebanon Citizens National Bank	154
Total	4,673

2002

Employer	Employees
Warren County	1,007
Countryside YMCA	789
Lebanon City School District	739
Advics Manufacturing	641
Johnson & Hardin	626
CBS Personnel Services	456
Kroger	348
Amtex, Inc.	339
K-Mart Coporation	302
Fujitec America	288
Total	5,535

Information on total employment within the City is not available.

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

CITY OF LEBANON, OHIO  
 FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN YEARS

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government</b>										
Council (1)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Finance	9.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00
Tax	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Law	3.00	3.00	2.00	2.00	2.00	2.00	0.00	0.00	0.00	0.00
Administration	4.00	3.00	4.00	4.00	4.00	5.00	5.00	5.00	4.00	4.00
Building Maintenance	4.00	2.00	3.00	3.00	2.00	3.00	3.00	3.00	3.00	2.00
Engineer	4.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Information Technology	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Service Department	8.00	7.00	5.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Court	8.00	7.00	8.00	8.00	8.00	7.00	8.00	8.00	7.00	7.00
Probation	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	3.00	3.00
<b>Security of Persons and Property</b>										
Police										
Police - Chiefs/Administrative	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Police - Sargeants	5.00	5.00	5.00	5.00	4.00	4.00	5.00	5.00	5.00	5.00
Police - Officers	21.00	19.00	18.00	18.00	20.00	23.00	22.00	22.00	22.00	22.00
Police - Dispatchers	9.00	8.00	8.00	8.00	7.00	8.00	8.00	8.00	8.00	8.00
Fire (2)(3)										
Fire - Chief	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire - Administrative	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire - Captains	1.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Fire - Lieutenants	0.00	0.00	0.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00
<b>Public Health</b>										
Cemetery	2.00	2.00	2.50	2.50	2.50	3.00	2.00	2.00	2.00	2.00
<b>Leisure Time Services</b>										
Parks & Recreation (3)	8.00	2.00	0.50	0.50	0.50	2.00	2.00	2.00	1.00	3.00
<b>Community Development</b>										
Building and Zoning	2.00	2.00	2.00	2.00	3.00	0.00	0.00	1.00	1.00	1.00
Planning and Development	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	3.00	3.00
<b>Internal Service</b>										
Automotive Maintenance	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00
<b>Transportation</b>										
Street M&R (3)	9.00	9.00	9.00	8.00	8.00	8.00	8.00	8.00	5.00	4.00
<b>Basic Utility Services</b>										
Electric - Administrative	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Electric - Meter Technician	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Electric - Operation & Maintenance (3)	11.00	11.00	11.00	11.00	11.00	13.00	13.00	13.00	13.00	13.00
Electric - Power Production	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sanitation	0.00	0.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Storm Water Utility	0.00	0.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Telecommunications	9.00	11.00	11.00	11.00	12.00	12.00	1.00	1.00	1.00	1.00
Water - Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Water - Maintenance	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Water - Supply and Treatment	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wastewater - Administration	1.00	1.00	1.00	1.00	1.00	2.00	1.00	1.00	1.00	1.00
Wastewater - Maintenance	2.50	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wastewater - Collection and Treatment	3.00	4.00	5.00	5.00	6.00	4.00	5.00	5.00	5.00	5.00
<b>Totals:</b>	<b>161.00</b>	<b>149.00</b>	<b>149.00</b>	<b>148.00</b>	<b>150.00</b>	<b>158.00</b>	<b>145.00</b>	<b>145.00</b>	<b>142.00</b>	<b>141.00</b>

Source: City of Lebanon Annual Budget

- (1) Elected Officials meet twice a month.
- (2) Fire Department uses approximately 50-60 part-time EMT's, Officers and Firefighters.
- (3) Seasonal employees are used during the summer months.

CITY OF LEBANON, OHIO  
 OPERATING INDICATORS BY PROGRAM/FUNCTION  
 LAST TEN YEARS

Function/Program	2002	2003	2004	2005
<b>General Government</b>				
<i>Council and Clerk</i>				
Number of Ordinances and Resolutions Passed	246	265	201	178
Number of Planning Commission Docket Items	44	66	74	80
Zoning Board of Appeals Docket Items	6	6	3	3
<i>Finance Department (1)</i>				
Number of Checks Issued	5,357	4,848	4,886	5,274
Number of Purchase Orders Issued	3,220	3,035	2,932	2,921
Amount of Checks Written (includes interfund transfers)	\$60,991,894	\$55,298,374	\$59,967,100	\$65,681,841
Interest Earnings for Fiscal Year (cash basis)	\$534,334	\$360,088	\$419,007	\$655,602
Number of Supplemental Appropriations Issued	49	55	49	51
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa	Aaa
Health Insurance Costs vs. General Fund Expenditures	11.65%	13.06%	12.01%	11.86%
General Fund Receipts (cash basis in thousands)	\$7,941	\$7,212	\$7,708	\$8,242
General Fund Expenditures (cash basis in thousands)	\$8,850	\$7,235	\$7,036	\$7,538
General Fund (unexpended) Cash Balances (in thousands)	\$651	\$628	\$1,300	\$2,004
<i>Income Tax Department</i>				
Number of Individual Returns	n/a	n/a	6,093	7,424
Number of Business Returns	n/a	n/a	759	1,401
Number of Business Withholding Accounts	n/a	n/a	1,245	1,245
Annual Number of Corporate Withholding Forms Processed	n/a	n/a	5,846	6,364
Annual Number of Balance Due Statements Forms Processed	n/a	n/a	1,200	1,300
Annual Number of Estimated Payment Forms Processed	n/a	n/a	1,461	1,650
Annual Number of Reconciliations of Withholdings Processed	n/a	n/a	1,300	1,331
<i>Engineering Department</i>				
Capital Improvement (public and private) Overseen by Dept.	\$2,862,068	\$3,356,532	\$4,867,448	\$9,043,425
<i>Municipal Court</i>				
Number of Civil Cases	845	890	1,226	1,233
Number of Criminal Cases	1,396	1,249	1,476	1,500
<i>Civil Service</i>				
Number of Police Entry Tests Administered	0	0	1	1
Number of Police Promotional Tests Administered	1	0	0	0
Number of Hires of Police Officers from Certified Lists	0	0	5	2
Number of Promotions from Police Certified Lists	2	0	0	0

2006	2007	2008	2009	2010	2011
191	190	163	113	131	107
44	46	24	30	23	22
8	9	6	5	6	2
5,393	4,788	4,952	4,477	4,540	4,433
3,136	2,507	1,106	1,016	1,000	1,039
\$64,977,705	\$78,123,022	\$79,454,629	\$67,670,694	\$70,323,107	\$73,041,394
\$1,098,245	\$1,631,436	\$729,505	\$460,240	\$366,830	\$241,760
49	65	46	34	20	26
Aaa	Aaa	Aaa	Aaa	A1	A1
14.61%	12.86%	14.46%	12.32%	8.99%	9.29%
\$8,789	\$10,325	\$9,354	\$8,883	\$9,251	\$9,257
\$7,986	\$10,260	\$9,185	\$9,019	\$8,918	\$8,918
\$2,807	\$2,873	\$3,042	\$2,906	\$3,239	\$3,758
8,202	8,679	9,202	9,827	9,790	9,630
1,014	1,408	1,506	1,507	1,518	1,593
1,244	1,305	1,496	1,496	1,472	2,356
6,823	6,900	7,936	8,514	8,418	8,415
1,520	2,160	500	600	791	720
1,706	1,850	2,000	2,000	2,500	2,016
1,329	1,517	1,346	1,322	1,356	1,530
\$5,221,623	\$5,301,116	\$5,010,259	\$7,545,020	\$3,235,575	\$7,181,756
1,212	1,275	1,321	1,087	1,063	826
1,471	1,540	1,597	1,393	1,372	1,417
0	151	153	429	0	0
0	0	8	0	0	2
0	0	3	3	1	0
0	0	1	0	0	2

(continued)

CITY OF LEBANON, OHIO  
 OPERATING INDICATORS BY PROGRAM/FUNCTION  
 LAST TEN YEARS  
 (CONTINUED)

Function/Program	2002	2003	2004	2005
<b><i>Building Department Indicators</i></b>				
Commercial Construction Permits Issued	83	86	78	99
Estimated Value of Commercial Construction	\$13,275,492	\$14,063,245	\$11,660,094	\$31,850,725
Residential Construction Building Permits Issued	229	197	192	293
Estimated Value of Residential Construction	\$26,861,699	\$20,500,400	\$29,516,836	\$24,861,557
<b>Security of Persons and Property</b>				
<b><i>Police</i></b>				
Total Calls for Services	23,421	23,258	23,038	23,389
Number of Traffic Citations Issued	2,236	1,737	1,234	1,663
Number of Parking Citations Issued	3,080	0	0	0
Number of Criminal Arrests	1,137	1,213	1,106	1,237
Number of Accident Reports Completed	819	892	817	787
Part 1 Offenses (major offenses)	583	769	750	715
Animal Complaints	355	326	320	334
DUI Arrests	116	109	92	121
Traffic Crashes	469	495	426	421
Crash Injuries	149	124	120	128
Crash Deaths	0	2	0	0
Prisoners	204	194	192	276
Prisoner Meal Costs	\$1,491	\$2,351	\$2,251	\$3,793
Gasoline Costs of Fleet	\$51,938	\$35,104	\$44,815	\$48,477
<b><i>Fire</i></b>				
EMS Calls	1,814	1,947	2,058	2,000
Ambulance Billing Collections (net)	\$115,698	\$157,172	\$145,950	\$180,894
Fire Calls	n/a	794	739	1,062
Fires with Loss	n/a	54	48	42
Fires with Losses Exceeding \$10K	n/a	4	8	5
Fire Losses	n/a	\$218,350	\$340,101	\$395,500
Fire Safety Inspections	n/a	n/a	n/a	305
Number of Times Mutual Aid Given to Fire and EMS	n/a	24	28	31
Number of Times Mutual Aid Received for Fire and EMS	n/a	8	15	8
<b>Public Health</b>				
Cemetery Receipts (includes interfund transfers)	\$115,883	\$211,771	\$151,423	\$124,664

2006	2007	2008	2009	2010	2011
99	93	176	127	90	60
\$12,249,758	\$15,704,396	\$24,382,169	\$6,017,287	\$7,898,118	\$18,480,315
92	140	127	137	112	30
\$17,034,844	\$9,761,281	\$8,273,210	\$10,780,028	\$6,536,428	\$6,124,089
25,475	23,823	25,459	23,389	22,024	21,229
1,841	1,576	1,767	1,373	1,203	989
0	235	125	217	68	63
1,561	1,649	1,794	1,335	1,263	1,072
835	595	400	392	398	433
644	449	480	519	474	385
410	360	322	343	336	345
149	152	165	112	109	76
440	595	400	392	398	432
143	137	125	97	86	81
0	0	0	1	1	0
389	118	12	3	2	0
\$7,486	\$1,300	\$63	\$0	\$0	\$0
\$57,754	\$55,796	\$76,614	\$49,409	\$63,837	\$83,778
2,037	2,131	2,152	2,235	2,226	2,174
\$129,802	\$189,844	\$245,713	\$245,743	\$402,002	\$467,450
1,139	1,535	1,884	1,521	1,468	1,409
50	42	55	25	33	47
3	9	12	12	5	11
\$229,275	\$643,967	\$914,225	\$1,357,420	\$846,664	\$1,380,239
540	610	650	n/a	141	n/a
26	54	58	53	52	31
6	42	67	70	45	95
\$163,759	\$168,527	\$156,522	\$160,398	\$156,010	\$187,242

(continued)

CITY OF LEBANON, OHIO  
 OPERATING INDICATORS BY PROGRAM/FUNCTION  
 LAST TEN YEARS  
 (CONTINUED)

Function/Program	2002	2003	2004	2005
<b>Leisure Time Services</b>				
<b><i>Recreation Receipts</i></b>				
Football	\$20,135	\$9,049	\$16,730	\$1,095
Softball Leagues	3,540	3,835	4,550	4,500
Adult Basketball	1,710	1,800	4,650	3,975
Farmer's Market	0	0	0	0
Recreation Programs	2,651	420	3,776	3,545
Field Usage Fees	0	0	7,581	18,458
Summer Camp	14,925	0	0	0
Concession Stand	9,392	0	0	0
Total Recreation Department Receipts	<u>\$52,353</u>	<u>\$15,104</u>	<u>\$37,287</u>	<u>\$31,573</u>
<b>Transportation</b>				
Crackseal Coating Program (Miles)	4.00	4.00	4.00	3.00
Street Repair (Curbs, aprons, berms, asphalt) (hours)	1,000	1,000	1,200	1,500
Street Sweeper (hours)	864	11,542	1,152	1,440
Cold Patch (hours)	60	100	100	180
After Hours Sewer and Water Calls	No Data	No Data	141	180
Sewer Cleaning (feet)	61,804	10,596	22,700	40,460
Sewer Jet, Vac-All, Video (feet)	11,274	17,511	26,574	15,907
Landscaping Stump-Chipper Service (hours)	100	100	120	160
Leaf Collection (hours)	1,800	2,100	2,200	2,800
Downtown Square Repair After Events (hours)	25	25	25	25
Equipment Repair/Body Shop (hours)	4,160	4,160	4,160	4,160
Sign Department (hours)	174	350	395	416
Tons of Snow Melting Salt Purchased (Nov-Mar)	262	1,687	1,123	3,427
Cost of Salt Purchased	\$11,228	\$52,780	\$36,022	\$115,441
<b>Water Department</b>				
Water Rates per 1st 2,500 Gallons of Water Used	\$6.09	\$8.10	\$8.50	\$8.92
Avg. Number of Water Accounts Billed Monthly	6,200	6,400	6,600	6,800
Total Water Collections Annually	\$2,209,555	\$2,971,340	\$2,942,212	\$2,943,704
<b>Wastewater Department</b>				
Wastewater Rates per 1st 2,500 Gallons Used	\$8.00	\$10.64	\$10.96	\$11.29
Total Flow of Wastewater Treatment Plant (MG)	1,060.000	1,012.000	978.000	1,031.000
Average Daily Flow (millions of gallons per day)	2.900	2.800	2.700	2.800
Tons of Dry Sludge Removed	293.00	225.00	584.00	498.00

(1) Receipts and expenditures include interfund transfers

2006	2007	2008	2009	2010	2011
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
1,250	1,000	850	800	900	1,150
15,030	26,864	27,680	66,093	23,230	21,995
15,930	20,790	26,223	26,605	38,645	34,145
0	0	0	0	0	0
0	0	0	0	0	0

<u>\$32,210</u>	<u>\$48,654</u>	<u>\$54,753</u>	<u>\$93,498</u>	<u>\$62,775</u>	<u>\$57,290</u>
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2.50	4.00	3.50	4.10	5.50	11.20
1,950	2,080	2,175	1,975	2,080	1,865
1,440	1,400	1,906	1,706	1,280	1,280
210	65	96	102	105	8
224	150	111	105	106	92
51,030	32,313	27,557	29,744	16,955	28,950
45,681	26,050	23,299	13,281	21,566	54,555
200	168	128	84	80	96
3,000	3,696	3,696	3,562	1,920	1,920
25	352	410	435	365	420
4,160	4,475	4,160	4,160	4,360	4,360
500	200	350	290	816	816
542	2,200	500	1,070	2,307	1,875
\$22,927	\$95,700	\$93,992	\$134,810	\$196,394	\$62,589
\$9.19	\$9.74	\$10.03	\$10.63	\$11.27	\$11.95
7,000	7,125	7,179	7,235	7,296	7,305
\$3,327,223	\$2,753,207	\$2,315,455	\$2,430,625	\$2,706,968	\$2,733,116

\$14.28	\$14.99	\$14.99	\$15.74	\$16.21	\$16.21
1,028.000	1,061.000	1,051.670	935.570	961.950	1,215.369
2.800	2.900	2.900	2.600	2.600	3.330
461.00	460.25	473.18	481.16	444.78	414.03

CITY OF LEBANON, OHIO  
 CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM  
 LAST TEN YEARS

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government</b>										
Square Footage Occupied	12,226	12,226	12,226	12,226	12,226	12,226	12,226	12,226	12,226	12,226
Administrative Vehicles	12	12	10	9	9	8	7	8	8	6
Inspection Vehicles	5	5	6	7	7	6	4	3	3	3
Information Technology	1	1	1	1	1	2	2	2	2	2
<b>Cemetery</b>										
Square Footage of Building	4,126	4,126	4,126	4,126	4,126	4,126	4,126	4,126	4,126	4,126
Vehicles	1	2	2	2	2	2	2	1	1	1
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	17,610	17,610	17,610	17,610	17,610	17,610	17,610	17,610	17,610	17,610
Vehicles	20	22	17	21	21	17	17	18	17	16
<b>Fire</b>										
Stations	2	2	2	2	2	2	2	2	2	2
Square Footage of Buildings	17,331	17,331	17,331	17,331	17,331	17,331	17,331	17,331	17,331	17,331
Vehicles	18	18	18	21	21	20	21	21	21	19
<b>Recreation</b>										
Number of Parks	15	15	15	15	15	15	15	16	16	16
Number of Tennis Courts	6	6	6	6	6	6	6	6	6	6
Number of Baseball Diamonds	11	11	11	11	11	11	11	12	12	12
Number of Soccer Fields	20	22	24	24	27	27	27	30	37	37
Number of Community Access Buildings (1)	4	4	4	4	4	4	4	4	4	4
Number of Disc Golf Course	0	0	0	0	0	0	0	0	0	1
<b>Other Public Works</b>										
Streets (miles)	83.438	83.598	91.668	94.132	94.724	94.813	94.813	94.813	94.813	94.813
Service Vehicles	17	17	17	17	17	19	18	23	22	24
Auto Maintenance Internal Service	2	2	2	2	2	2	2	2	2	2
<b>Electric</b>										
Vehicles	18	18	18	21	20	21	22	23	24	22
<b>Sanitation</b>										
Vehicles	1	1	1	0	0	1	1	1	1	1
<b>Telecommunications</b>										
Vehicles	6	7	7	7	7	1	1	2	2	2
<b>Wastewater</b>										
Sanitary Sewers (miles)	77.107	80.694	77.243	80.877	81.744	81.744	113.457	113.591	113.591	113.610
Storm Sewers (miles)	36.663	37.311	39.520	46.224	47.598	48.288	83.439	84.512	86.10	86.53
Vehicles	10	9	9	9	9	8	7	7	7	7
<b>Water Department</b>										
Water Lines (miles)	81.870	82.742	81.597	84.100	84.870	85.628	109.305	110.425	110.432	110.432
Vehicles	7	8	8	8	9	10	10	10	11	10

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

**CITY OF LEBANON**

**WARREN COUNTY**

**REGULAR AUDIT**

**JANUARY 1, 2011 – DECEMBER 31, 2011**



**CITY OF LEBANON  
WARREN COUNTY**

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**INDEPENDENT AUDITORS' 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***

City of Lebanon  
Warren County  
50 South Broadway  
Lebanon, Ohio 45036

To the City Council:

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, Warren County, (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 20, 2012 wherein we noted the City adopted GASB Statement No. 59 as disclosed in Note 3. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

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

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

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

City of Lebanon  
Warren County  
Independent Auditors' Report on the 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*

**Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 20, 2012.

We intend this report solely for the information and use of the management, the Finance Committee, City Council, and others within the City. We intend it for no one other than these specified parties.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
June 20, 2012



# Dave Yost • 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  
SEPTEMBER 13, 2012