

CITY OF LEBANON
WARREN COUNTY
REGULAR AUDIT
JANUARY 1, 2012 – DECEMBER 31, 2012





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Lebanon, Warren County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2012 through December 31, 2012. 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

September 17, 2013

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**CITY OF LEBANON
WARREN COUNTY**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2013, wherein we noted the City adopted GASB Statement No.'s 63 and 65.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Wilson, Shannon & Snow, Inc.

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City of Lebanon
Warren County
Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Required By *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, opining 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 other matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 24, 2013.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
June 24, 2013

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Comprehensive Annual Financial Report

City of Lebanon, Ohio
For The Year Ended December 31, 2012

**CITY OF LEBANON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Issued by:
Office of the Auditor**

**Sharee C. Dick
City Auditor**

INTRODUCTORY SECTION



City of Lebanon
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2012

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INTRODUCTORY SECTION

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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 24, 2013

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

We are pleased to present the twenty-fifth Comprehensive Annual Financial Report (CAFR) for the City of Lebanon. This report for the year ended December 31, 2012, 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 (accounting principles generally accepted in the United State of America) 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, 2012. The Independent Auditor's 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 \$3.2 million in 2012. The City secured a \$550,000 State grant to support the \$1,000,000 reconstruction and widening of Columbia Road. This roadway is a major access point for the City's three industrial parks in the southern portion of the City and these improvements will greatly improve traffic flow in this area. Additionally, the City continued to acquire right of way for the S.R. 63 / S.R. 123 Connector project which is scheduled for construction in 2013. This new 4,000 lineal foot roadway will connect S.R. 63 at Glosser Road with S.R. 123 at Hart Road and improve the traffic level of service at several key intersections by providing a new north / south arterial on the west side of Lebanon. Finally, the City reconstructed Mulberry Street from Sycamore Street to West Street. This project included the replacement of the underground utilities, installation of a new storm sewer, and complete roadway reconstruction. The City received a \$280,000 CDBG to help support this project. The total expense for this project was \$1.6 million. This is in addition to the City's annual pavement resurfacing and concrete program which totaled \$943,000. 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.

The City completed a major strategic initiative when the City's water supply was transitioned over to the Greater Cincinnati Water Works (GCWW) in October. The City now purchases bulk water at a wholesale rate at the water system point of connection, which is a new pumping station that is owned and operated by GCWW and is located on Turtlecreek Road near Kingsview Drive. This effort was the culmination of an 8-year planning and implementation process which ensures that the long-term water demands of the community will be met. This high-quality water is now being delivered through the City-owned distribution system via parallel 16" water mains which were constructed over the past several years. The City continues to own and operate the distribution system, and provides excellent customer service to all residents and businesses in Lebanon. The City also continues to focus 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 in Mulberry Street and Algonquin Drive. The total expense for these projects was \$615,000.

In 2012, the City was able to develop Miller Ecological Park through several grants and community partnerships. This 46-acre natural park now includes a public access parking lot constructed of porous pavers, a community rain garden, re-forested and prairie areas, and a 1-mile walking trail. The access drive and parking area were constructed with the support of a \$60,000 OEPA grant. The walking trail was constructed by Warren County Career Center students who were enrolled in their heavy equipment program. This partnership allowed the students to receive "hands on" work experience while allowing the City to complete this project at a minimal cost.

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 residential sector continued to decline in a manner consistent with regional and national market trends, as reflected by the decrease in permits issued during 2012. In 2012, housing starts fell approximately 65% as compared to 2011, which saw a drop of 26% from 2010. One factor contributing to the further decline of new housing starts is the limited availability of platted lots. The construction valuation of residential development in 2012 was \$3.2 million.

Commercial and Industrial

During 2012, the City was very successful in attracting new investment into the community. The City had quality growth in both the industrial and commercial sectors. The industrial sector rebounded significantly with new development and investment. The commercial sector has also seen expansion in terms of new construction, and more importantly, reuse of existing facilities.

Lebanon continues to position itself to capitalize on new and emerging business opportunities as the market strengthens through long term investments in land and infrastructure. Lebanon continues to leverage available economic development inducement programs to recruit new businesses and industry. The City's economic strengths come from within the community. The business-friendly environment, high-quality workforce, excellent school system, and great quality of life that have become synonymous with Lebanon will continue to drive our success in 2013.

In 2012, the total industrial/commercial investment in Lebanon was \$37.7 million, a decrease of 37% from 2011 (\$60.1 million). The modest decrease in investment for 2012 was encouraging considering that 2011 was an exceptional year.

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 Auditor's 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, 2011. This was the twenty-fourth 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, 2011

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.



Christopher P. Moynell

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

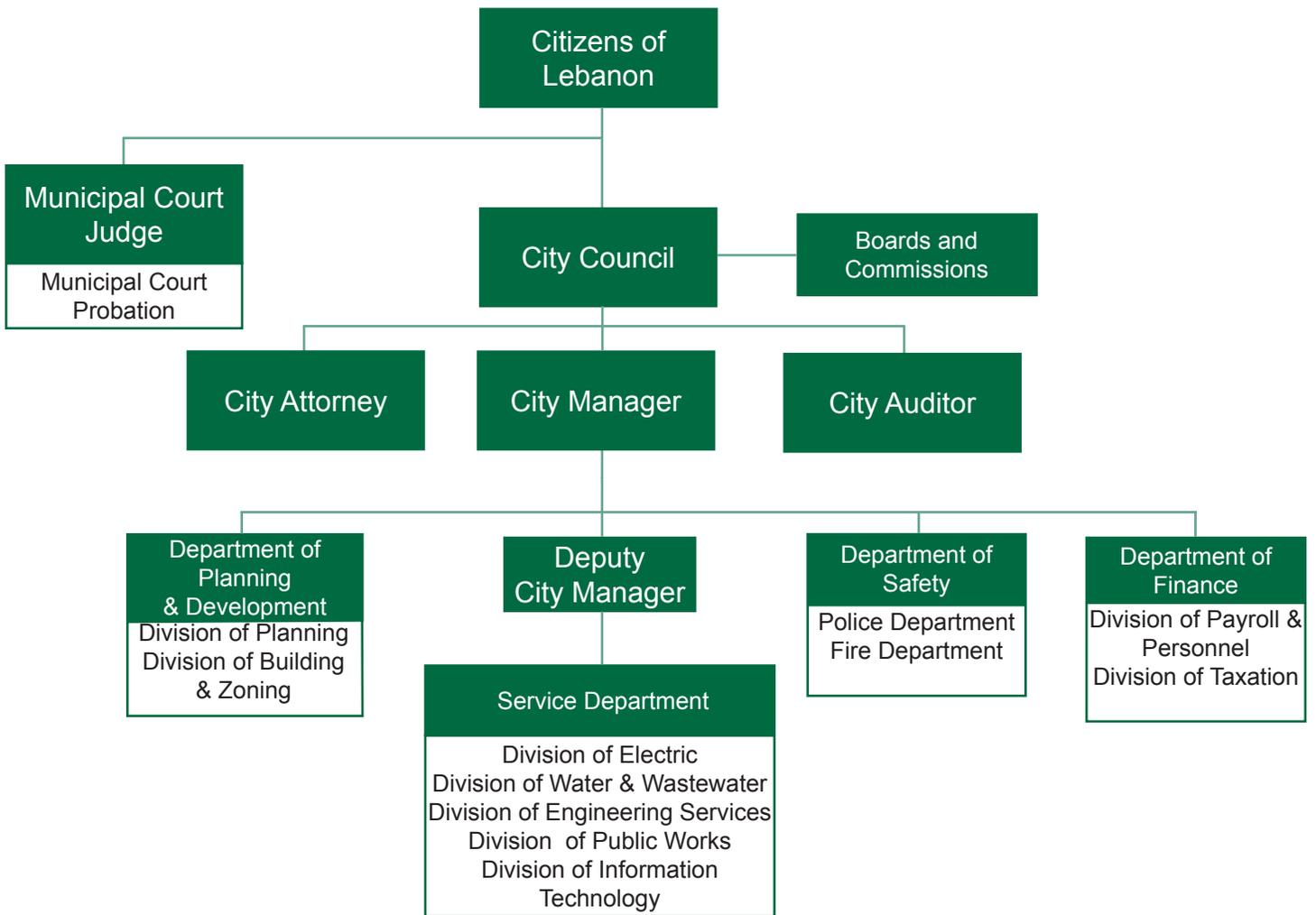
CITY AUDITOR

Sharee C. Dick

CITY ATTORNEY

Mark S. Yurick

CITY OF LEBANON ORGANIZATIONAL CHART



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FINANCIAL SECTION





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

INDEPENDENT AUDITOR'S REPORT

To the City Council:

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

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Newark, Ohio 43055
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FAX (740) 345-5635

Opinion

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, 2012, 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 accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 3, the City has implemented GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on 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 present additional analysis and is 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules 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, and other additional procedures 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.

City of Lebanon
Warren County
Independent Auditor's Report

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Wilson, Shannon & Sons, Inc.

Newark, Ohio
June 24, 2013

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CITY OF LEBANON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
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, 2012. 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 position increased \$3,479,456. Revenues of governmental activities exceeded expenses by \$1,036,396, which was primarily the result of the City collecting greater income tax monies and charges for services than in the past. Beginning in late 2012, the City began seeing signs of an economic recovery as evidenced by continued gains in income tax collections. 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.

General revenues of governmental activities accounted for \$13,256,566 of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,342,128 of the revenues.

The City had \$18,287,678 in expenses related to governmental activities; \$6,342,128 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues (primarily income taxes) of \$13,256,566 were adequate enough to support these programs.

The City had \$38,518,537 in expenses related to business-type activities. \$38,028,137 of program specific charges for services and sales and capital grants and contributions together with \$2,517,050 in general revenues and transfers more than offset the expenses.

The City's Enterprise Funds reflected a total operating income of \$2,428,080 as follows: Electric Fund \$1,312,582, Sanitation Fund \$66,268, Sewer Fund \$399,670, Water Fund \$308,615, Storm Water Utility Fund \$339,242 and Telecommunications Fund \$1,703.

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 position 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 Position and the Statement of Activities

The analysis of the City as a whole begins with the statement of net position 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 position and any changes that have occurred to those net positions. 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 position 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 13. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants while other funds may be established by Council at the suggestion of the City Manager or City Auditor. These funds help management control, manage, and report money received for a particular purpose or to show that the City is meeting its legal obligations. The City's major funds are General, Fire and Life Squad, Tax Increment Financing, Capital Improvement, Electric, Sanitation, Sewer, Telecommunications, Water and Storm Water Utility.

Governmental Funds – 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 position 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 position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2012 compared to 2011.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total		
	2012	2011	2012	2011	2012	2011	Change
Assets:							
Current and Other Assets	\$28,579,093	\$28,384,029	\$38,255,006	\$43,033,271	\$66,834,099	\$71,417,300	(\$4,583,201)
Capital Assets	45,221,547	44,574,991	90,096,758	87,476,975	135,318,305	132,051,966	3,266,339
<i>Total Assets</i>	<u>73,800,640</u>	<u>72,959,020</u>	<u>128,351,764</u>	<u>130,510,246</u>	<u>202,152,404</u>	<u>203,469,266</u>	<u>(1,316,862)</u>
<i>Deferred Outflows of Resources</i>							
Deferred Charge on Refunding	33,353	40,023	952,520	923,970	985,873	963,993	21,880
Liabilities:							
Current and Other Liabilities	1,503,949	1,416,777	1,221,837	3,057,231	2,725,786	4,474,008	(1,748,222)
Long-Term Liabilities	6,370,405	6,784,908	38,040,876	40,778,474	44,411,281	47,563,382	(3,152,101)
<i>Total Liabilities</i>	<u>7,874,354</u>	<u>8,201,685</u>	<u>39,262,713</u>	<u>43,835,705</u>	<u>47,137,067</u>	<u>52,037,390</u>	<u>(4,900,323)</u>
<i>Deferred Inflows of Resources</i>							
Property Tax	2,862,962	3,083,053	0	0	2,862,962	3,083,053	(220,091)
Payment in Lieu of Taxes	1,758,770	1,412,794	0	0	1,758,770	1,412,794	345,976
<i>Total Deferred Inflows of Resources</i>	<u>4,621,732</u>	<u>4,495,847</u>	<u>0</u>	<u>0</u>	<u>4,621,732</u>	<u>4,495,847</u>	<u>125,885</u>
Net Position:							
Net Investment in Capital Assets	40,044,806	39,051,129	54,208,669	50,068,883	94,253,475	89,120,012	5,133,463
Restricted	8,952,231	8,149,310	6,212,490	6,302,061	15,164,721	14,451,371	713,350
Unrestricted	12,340,870	13,101,072	29,620,412	31,227,567	41,961,282	44,328,639	(2,367,357)
<i>Total Net Position</i>	<u>\$61,337,907</u>	<u>\$60,301,511</u>	<u>\$90,041,571</u>	<u>\$87,598,511</u>	<u>\$151,379,478</u>	<u>\$147,900,022</u>	<u>\$3,479,456</u>

Total net position increased \$3,479,456. Net position of the City's governmental activities increased \$1,036,396. Capital assets of governmental activities increased \$646,556 due to infrastructure improvements. These improvements include street resurfacing, concrete repairs and road reconstruction. New projects started in 2012 were the Municipal Service facility design, Mound Court reconstruction and Homan Road extension. Long-term liabilities decreased due to the repayment of debt.

The net position of the City's business-type activities increased \$2,443,060. Capital assets of business-type activities of the City increased \$2,619,783 as a result of Electric and Water Fund infrastructure improvements. These improvement projects include Electric Power Plant and Substation equipment, Electric/ Water AMI, Glosser Road and Mound Court reconstruction projects. Unrestricted net position 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 position for the years ended December 31, 2012, and 2011.

Table 2
Changes in Net Position

	<i>Governmental</i>		<i>Business-Type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$3,556,264	\$3,091,423	\$38,028,137	\$34,145,891	\$41,584,401	\$37,237,314
Operating Grants, Contributions	1,343,340	1,656,433	0	0	1,343,340	1,656,433
Capital Grants, Contributions	1,442,524	752,724	416,410	0	1,858,934	752,724
Total Program Revenues	<u>6,342,128</u>	<u>5,500,580</u>	<u>38,444,547</u>	<u>34,145,891</u>	<u>44,786,675</u>	<u>39,646,471</u>
General Revenues:						
Property Taxes	3,083,418	3,376,039	0	0	3,083,418	3,376,039
Income Taxes	6,232,249	5,762,855	0	0	6,232,249	5,762,855
Other Local Taxes	1,366,321	1,245,078	0	0	1,366,321	1,245,078
Payments in Lieu of Taxes	1,758,769	1,395,381	0	0	1,758,769	1,395,381
Grants and Entitlements Not Restricted to Specific Programs	342,899	814,808	0	0	342,899	814,808
Investment Earnings	317,837	(217,091)	219,886	(288,217)	537,723	(505,308)
Gain on Sale of Capital Assets	0	7,414	3,800	12,415	3,800	19,829
Other	155,073	225,740	2,018,744	665,346	2,173,817	891,086
Total General Revenues	<u>13,256,566</u>	<u>12,610,224</u>	<u>2,242,430</u>	<u>389,544</u>	<u>15,498,996</u>	<u>12,999,768</u>
Total Revenues	<u>19,598,694</u>	<u>18,110,804</u>	<u>40,686,977</u>	<u>34,535,435</u>	<u>60,285,671</u>	<u>52,646,239</u>
Program Expenses:						
General Government	3,591,911	3,881,199	0	0	3,591,911	3,881,199
Security of Persons and Property:						
Police	4,414,356	4,547,632	0	0	4,414,356	4,547,632
Fire	3,308,046	2,866,797	0	0	3,308,046	2,866,797
Public Health Services	221,850	220,299	0	0	221,850	220,299
Leisure Time Services	778,510	674,644	0	0	778,510	674,644
Community and Economic Development	1,080,804	930,934	0	0	1,080,804	930,934
Transportation	4,207,949	3,561,887	0	0	4,207,949	3,561,887
Intergovernmental	345,607	310,704	0	0	345,607	310,704
Interest and Fiscal Charges	338,645	253,316	0	0	338,645	253,316

(continued)

Table 2
Changes in Net Position
(continued)

	<i>Governmental</i>		<i>Business-Type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	2012	2011	2012	2011	2012	2011
Electric	0	0	28,898,408	25,488,085	28,898,408	25,488,085
Sanitation	0	0	1,508,493	1,512,397	1,508,493	1,512,397
Sewer	0	0	3,739,025	3,444,593	3,739,025	3,444,593
Telecommunications	0	0	178,763	164,107	178,763	164,107
Water	0	0	3,691,306	3,086,876	3,691,306	3,086,876
Storm Water Utility	0	0	502,542	612,275	502,542	612,275
Total Expenses	18,287,678	17,247,412	38,518,537	34,308,333	56,806,215	51,555,745
Change in Net Position						
Before Transfers	1,311,016	863,392	2,168,440	227,102	3,479,456	1,090,494
Transfers	(274,620)	(392,268)	274,620	392,268	0	0
Change in Net Position	1,036,396	471,124	2,443,060	619,370	3,479,456	1,090,494
Net Position, January 1	60,301,511	59,830,387	87,598,511	86,979,141	147,900,022	146,809,528
Net Position, December 31	\$61,337,907	\$60,301,511	\$90,041,571	\$87,598,511	\$151,379,478	\$147,900,022

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 73.7 percent of the revenue received in 2012 with business earnings contributing 9.1 percent and individuals 17.2 percent. The City has mandatory filing for all residents that work regardless of their age. The revenues are allocated in the following manner: 56 percent General Fund, 33 percent Capital Improvement Fund and 11 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 \$469,394. During 2012, the City was very successful in attracting new investment into the community. The commercial sector has also seen expansion in terms of new construction, and more importantly, reuse of existing facilities. New tax base to the community includes Mane Inc. Corporate Headquarter expansion, Sieman's Inc. and Nibco.

Charges for services and sales increased \$464,841 from 2011. This is a result of increased percentage of administrative charge backs for General Fund personnel support to outside departments. Operating grants and contributions decreased \$313,093 as a result of capital grant reimbursements and contributions from other governments that the City received for its capital road improvement needs. Investment earnings increased significantly as a result of the City's investments increasing in market value. The City continues to show signs of improvements in investment income which is reflective of an upswing in the economy.

Table 3
Governmental Activities

	Total Cost Of Services 2012	Net Cost of Services 2012	Total Cost Of Services 2011	Net Cost of Services 2011
General Government	\$3,591,911	\$1,272,192	\$3,881,199	\$1,997,963
Security of Persons and Property:				
Police	4,414,356	3,773,026	4,547,632	3,799,881
Fire	3,308,046	2,639,706	2,866,797	2,048,346
Public Health Services	221,850	55,822	220,299	83,388
Leisure Time Services	778,510	741,868	674,644	619,386
Community and				
Economic Development	1,080,804	1,004,802	930,934	906,134
Transportation	4,207,949	1,773,882	3,561,887	1,727,714
Intergovernmental	345,607	345,607	310,704	310,704
Interest and Fiscal Charges	338,645	338,645	253,316	253,316
Total Expenses	\$18,287,678	\$11,945,550	\$17,247,412	\$11,746,832

When looking at the sources of income to support governmental activities, it should be noted that total program revenues are 32 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 increased \$1,040,266 from the prior year. Transportation expenses increased \$646,062. This was due to road improvements projects and road maintenance work as well as non-capitalized equipment for security of persons and property that were not capitalized. Expenses for leisure time services increased \$103,866 when compared to the prior year. In 2012, significant improvements to the 46-acre Will and Harriet Miller Ecological Park were completed through a series of partnerships and successful grant applications. A porous paver access drive and parking area was installed with support from the Ohio Environmental Protection Agency's surface water improvement fund in the form of a \$60,000 grant. This unique parking area allows rain water to filter through the pavers into a gravel sub-base, where it slowly flows into a large rain garden that filters and cleans the water before it is discharged into an adjacent stream. Additionally, a 1-mile walking / hiking trail was constructed throughout the park with the help of the Warren County Career Center's heavy equipment program. This collaboration allowed the trail to be constructed at minimal cost to the City, while providing real-life learning opportunities for the Career Center students. Finally, 50 new native trees were planted in the park through an Ohio Department of Natural Resources grant.

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 increased \$3,297,725, as operating expenses increased \$3,200,892. The primary cause of the increase in operating revenues was an increase in charges for services for new electric installations. Operating expenses increased due to increases 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 position for 2012 of \$60,420, 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 increased \$353,611 and operating expenses increased \$131,278. 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. Revenue increases are largely attributed to a large reimbursement from Duke for overpayment related to a pump at the sewer plant and a modest 3% increase in rates. 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 2012, the net position of this fund decreased \$20,388, 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 increased \$408,134, while operating expenses increased \$207,734. A decrease in fund net position of \$232,773 was primarily the result of interest and fiscal charges and issuance costs related to the City refunding its 1999 Water Mortgage Revenue Bonds.

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 2011.

THE CITY'S FUNDS

Information about the City's governmental funds begins on page 20. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$19,141,247 and expenditures of \$18,293,406. The General Fund balance increased \$837,956. This was due to a significant increase in charges for services as a result of the increase in percentages for administrative charge-backs for General Fund personnel support to other funds. The City also demonstrated a savings in the general government expenditure line through various cost saving measures.

Lebanon continues to position itself to capitalize on new and emerging business opportunities as the market strengthens through long term investments in land and infrastructure. Lebanon continues to leverage available economic development inducement programs to recruit new businesses and industry. The City's economic strengths come from within the community. The business-friendly environment, high-quality workforce, excellent school system, and great quality of life that have become synonymous with Lebanon will continue to drive our success in 2013.

The Fire and Life Squad Fund balance decreased \$448,618 due to the decrease in Warren County's assessed evaluation for Lebanon's corporate boundaries. The City has experienced lowered evaluations since 2009 as a direct result of the recession. This decreased evaluation affects not only general property taxes dollars but homestead and rollback monies as well. The Fire department operates on monies from its 5.5 mill levy which has allowed the Fire Department to operate two facilities, including additional staff requirements. Lebanon Fire Division 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 decreased \$463,252 due to transfers made from this fund to provide local matches for other State funded projects.

The Tax Increment Financing Fund balance increased \$500,800 due to increases in payments in lieu of taxes revenue.

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 \$9,866,377. Final General Fund budgeted revenues and other financing sources were \$10,987,919. The variance between original and final budgeted revenues was \$1,121,542. This was primarily due to a conservative estimate originally being made for property tax revenue and income tax revenue. Actual revenues were \$1,005,528 less than final budgeted revenues due to the City over estimating property tax revenue. Original appropriations were \$9,923,319 and final appropriations were \$10,208,690. The variance between original and final appropriations was \$285,371, due mainly to an increase in leisure time expenditures related to park improvements. Actual expenditures were \$939,106 less than final appropriations. This is mainly attributed to careful cost containment and hiring lags for positions that were budgeted for but not filled during 2012 operating year.

CAPITAL ASSETS

Table 4 presents the net book value of the City's capital assets for governmental and business-type activities for 2012 compared to 2011:

Table 4
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$14,064,176	\$13,628,469	\$4,781,582	\$4,781,582	\$18,845,758	\$18,410,051
Construction in Progress	1,751,420	1,916,907	4,174,511	3,401,191	5,925,931	5,318,098
Land Improvements	670,432	737,831	0	0	670,432	737,831
Buildings and Improvements	3,347,051	3,230,790	14,939,116	15,778,881	18,286,167	19,009,671
Equipment	783,009	669,615	1,333,078	1,493,518	2,116,087	2,163,133
Vehicles	1,188,959	1,107,978	513,032	578,851	1,701,991	1,686,829
Infrastructure	23,416,500	23,283,401	64,355,439	61,442,952	87,771,939	84,726,353
Totals	<u>\$45,221,547</u>	<u>\$44,574,991</u>	<u>\$90,096,758</u>	<u>\$87,476,975</u>	<u>\$135,318,305</u>	<u>\$132,051,966</u>

Administration and Council have a quality of life commitment to the citizens and businesses located in the City of Lebanon. Lebanon has continued an aggressive roadway reconstruction program to address its roadway improvement needs, with over \$3 million in roadway improvement projects being initiated and completed in 2012. The 2012 projects include the reconstruction of Mulberry Street (between Sycamore St. and West St.), and the reconstruction and widening of Columbia Road in the City's Industrial Park area. This project not only improves a deteriorating roadway, it also improves access to multiple businesses in the three Industrial Parks located in this area. These Industrial Parks are a major economic engine for the City. In 2013, a total of \$7.8 million has been programmed for roadway improvements. The major project for this year is the construction of a new S.R. 123 / S.R. 63 Connector roadway which will greatly improve traffic flow in and around Lebanon. This \$6.0 million project will construct a new 3-lane roadway that connects S.R. 63 at Glosser Road with S.R. 123 at Hart Road. Additionally, Oakwood Avenue and East Warren Street will be reconstructed in 2013. The City has aggressively pursued Federal and State funding to help support these projects, and has been awarded a \$3.0 million grant for the Connector project. In conjunction with many of these roadway improvement projects, water mains, sanitary sewer, and storm sewer systems were upgraded. 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. These projects have been designed and executed to meet the needs of a growing community.

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, 2012, and 2011:

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Special Assessment Bonds	\$9,439	\$12,985	\$0	\$0	\$9,439	\$12,985
General Obligation Bonds	5,200,655	5,650,893	0	0	5,200,655	5,650,893
Police Pension	18,196	18,673	0	0	18,196	18,673
Mortgage Revenue Bonds	0	0	36,840,609	31,142,688	36,840,609	31,142,688
Bond Anticipation Notes	0	0	550,000	8,150,000	550,000	8,150,000
AMP Rate Levelization Loan	0	0	339,290	2,752,260	339,290	2,752,260
	<u>\$5,228,290</u>	<u>\$5,682,551</u>	<u>\$37,729,899</u>	<u>\$42,044,948</u>	<u>\$42,958,189</u>	<u>\$47,727,499</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, 2012, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$41,638,443 and the unvoted debt margin was \$21,810,613. 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.

CITY OF LEBANON, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Governmental Activities	Business-Type Activities	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$20,154,950	\$22,927,178	\$43,082,128
Accounts Receivable, Net	0	7,568,888	7,568,888
Intergovernmental Receivable	841,050	14,812	855,862
Accrued Interest Receivable	16,369	10,026	26,395
Prepaid Items	80,933	43,734	124,667
Internal Balances	(74,635)	74,635	0
Materials and Supplies Inventory	200,011	2,331,432	2,531,443
Income Taxes Receivable	2,413,722	0	2,413,722
Property Taxes Receivable	3,070,265	0	3,070,265
Other Local Taxes Receivable	5,995	0	5,995
Payment in Lieu of Taxes Receivable	1,758,770	0	1,758,770
Special Assessments Receivable	111,663	4,311	115,974
Cash and Cash Equivalents with Fiscal Agents	0	5,279,990	5,279,990
Nondepreciable Capital Assets	15,815,596	8,956,093	24,771,689
Depreciable Capital Assets, Net	29,405,951	81,140,665	110,546,616
Total Assets	73,800,640	128,351,764	202,152,404
Deferred Outflows of Resources			
Deferred Charge on Refunding	33,353	952,520	985,873
Liabilities			
Accounts Payable	128,377	345,536	473,913
Accrued Wages Payable	382,283	113,059	495,342
Intergovernmental Payable	528,468	110,899	639,367
Accrued Interest Payable	16,858	128,761	145,619
Claims Payable	447,963	0	447,963
Refundable Deposits	0	523,582	523,582
Long-Term Liabilities:			
Due Within One Year	736,876	2,863,842	3,600,718
Due in More Than One Year	5,633,529	35,177,034	40,810,563
Total Liabilities	7,874,354	39,262,713	47,137,067
Deferred Inflows of Resources			
Property Taxes	2,862,962	0	2,862,962
Payment in Lieu of Taxes	1,758,770	0	1,758,770
Total Deferred Inflows of Resources	4,621,732	0	4,621,732
Net Position			
Net Investment in Capital Assets	40,044,806	54,208,669	94,253,475
Restricted for:			
Debt Service	1,331,802	5,279,990	6,611,792
Capital Outlay	3,662,756	0	3,662,756
Security of Persons and Property	1,635,324	0	1,635,324
Public Health	618,766	0	618,766
Community and Economic Development	196,504	0	196,504
Transportation	1,507,079	0	1,507,079
Revenue Bonds Replacement and Improvement	0	932,500	932,500
Unrestricted	12,340,870	29,620,412	41,961,282
Total Net Position	\$61,337,907	\$90,041,571	\$151,379,478

See Accompanying Notes to the Basic Financial Statements

**CITY OF LEBANON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$3,591,911	\$2,319,719	\$0	\$0
Security of Persons and Property:				
Police	4,414,356	641,330	0	0
Fire	3,308,046	420,701	247,639	0
Public Health Services	221,850	126,381	29,792	9,855
Leisure Time Services	778,510	24,508	12,134	0
Community and Economic Development	1,080,804	8,129	67,873	0
Transportation	4,207,949	15,496	985,902	1,432,669
Intergovernmental	345,607	0	0	0
Interest and Fiscal Charges	338,645	0	0	0
Total Governmental Activities	<u>18,287,678</u>	<u>3,556,264</u>	<u>1,343,340</u>	<u>1,442,524</u>
Business-Type Activities				
Electric	28,898,408	28,988,955	0	0
Sanitation	1,508,493	1,556,865	0	0
Sewer	3,739,025	3,321,870	0	249,255
Telecommunications	178,763	148,887	0	0
Water	3,691,306	3,175,134	0	167,155
Storm Water Utility	502,542	836,426	0	0
Total Business-Type Activities	<u>38,518,537</u>	<u>38,028,137</u>	<u>0</u>	<u>416,410</u>
Total Activities	<u>\$56,806,215</u>	<u>\$41,584,401</u>	<u>\$1,343,340</u>	<u>\$1,858,934</u>

General Revenues and Transfers:

Taxes

 Property Taxes

 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 Position

Net Position Beginning of Year

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$1,272,192)	\$0	(\$1,272,192)
(3,773,026)	0	(3,773,026)
(2,639,706)	0	(2,639,706)
(55,822)	0	(55,822)
(741,868)	0	(741,868)
(1,004,802)	0	(1,004,802)
(1,773,882)	0	(1,773,882)
(345,607)	0	(345,607)
(338,645)	0	(338,645)
<u>(11,945,550)</u>	<u>0</u>	<u>(11,945,550)</u>
0	90,547	90,547
0	48,372	48,372
0	(167,900)	(167,900)
0	(29,876)	(29,876)
0	(349,017)	(349,017)
0	333,884	333,884
<u>0</u>	<u>(73,990)</u>	<u>(73,990)</u>
<u>(11,945,550)</u>	<u>(73,990)</u>	<u>(12,019,540)</u>
1,054,552	0	1,054,552
2,028,866	0	2,028,866
6,232,249	0	6,232,249
1,366,321	0	1,366,321
1,758,769	0	1,758,769
342,899	0	342,899
317,837	219,886	537,723
0	3,800	3,800
155,073	2,018,744	2,173,817
(274,620)	274,620	0
<u>12,981,946</u>	<u>2,517,050</u>	<u>15,498,996</u>
1,036,396	2,443,060	3,479,456
<u>60,301,511</u>	<u>87,598,511</u>	<u>147,900,022</u>
<u>\$61,337,907</u>	<u>\$90,041,571</u>	<u>\$151,379,478</u>

**CITY OF LEBANON, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General	Fire and Life Squad	Tax Increment Financing
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$5,606,709	\$1,088,639	\$3,900,731
Materials and Supplies Inventory	32,715	46,766	0
Prepaid Items	49,719	20,141	0
Income Taxes Receivable	1,445,990	0	0
Property Taxes Receivable	1,031,254	2,039,011	0
Other Local Taxes Receivable	5,995	0	0
Payment in Lieu of Taxes Receivable	0	0	1,758,770
Accrued Interest Receivable	12,209	0	0
Intergovernmental Receivable	204,598	123,517	0
Special Assessments Receivable	0	0	0
Advances to Other Funds	730,863	0	0
Total Assets	\$9,120,052	\$3,318,074	\$5,659,501
Liabilities:			
Accounts Payable	\$60,841	\$10,957	\$0
Accrued Wages Payable	261,227	93,221	0
Intergovernmental Payable	341,448	117,396	48,051
Interfund Payable	13,570	4,109	0
Advances From Other Funds	0	0	730,863
Total Liabilities	677,086	225,683	778,914
Deferred Inflows of Resources			
Property Taxes	960,908	1,902,054	0
Payment in Lieu of Taxes	0	0	1,758,770
Unavailable Revenue	1,271,526	260,474	0
Total Deferred Inflows of Resources	2,232,434	2,162,528	1,758,770
Fund Balances:			
Nonspendable	813,297	66,907	0
Restricted	0	862,956	3,121,817
Committed	0	0	0
Assigned	260,111	0	0
Unassigned	5,137,124	0	0
Total Fund Balances	6,210,532	929,863	3,121,817
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$9,120,052	\$3,318,074	\$5,659,501

See Accompanying Notes to the Basic Financial Statements

Capital Improvement	All Other Governmental	Total Governmental Funds
\$1,800,340	\$6,814,856	\$19,211,275
0	114,497	193,978
0	9,420	79,280
725,804	241,928	2,413,722
0	0	3,070,265
0	0	5,995
0	0	1,758,770
1,011	2,623	15,843
0	512,935	841,050
0	111,663	111,663
0	0	730,863
<u>\$2,527,155</u>	<u>\$7,807,922</u>	<u>\$28,432,704</u>
\$35,174	\$21,360	\$128,332
0	20,552	375,000
0	15,795	522,690
0	8,586	26,265
0	0	730,863
<u>35,174</u>	<u>66,293</u>	<u>1,783,150</u>
0	0	2,862,962
0	0	1,758,770
<u>607,254</u>	<u>726,737</u>	<u>2,865,991</u>
<u>607,254</u>	<u>726,737</u>	<u>7,487,723</u>
0	123,917	1,004,121
0	3,720,154	7,704,927
1,884,727	3,170,821	5,055,548
0	0	260,111
0	0	5,137,124
<u>1,884,727</u>	<u>7,014,892</u>	<u>19,161,831</u>
<u>\$2,527,155</u>	<u>\$7,807,922</u>	<u>\$28,432,704</u>

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CITY OF LEBANON, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012

Total Governmental Fund Balances		\$19,161,831
Amounts reported for governmental activities in the statement of net position 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	14,064,176	
Infrastructure	50,546,938	
Construction in Progress	1,751,420	
Other Capital Assets	13,208,689	
Accumulated Depreciation	<u>(34,349,676)</u>	
Total Capital Assets		45,221,547
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 position.		
Net Position	605,574	
Capital Assets	(100,156)	
Compensated Absences	<u>17,476</u>	
		522,894
Adjustment to reflect the consolidation of internal service fund activities related to enterprise activity.		
		(80,446)
Some of the City's revenues will be collected after year end, but are not available to pay for current period's expenditures and therefore are deferred in the funds:		
Income Taxes	1,839,068	
Property Taxes	207,303	
Interest Revenue	4,731	
Intergovernmental	703,226	
Special Assessments	<u>111,663</u>	
		2,865,991
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		(16,858)
Deferred Outflows of Resources represent deferred charges on refundings which do not provide current financial resources and therefore are not reported in the funds.		
		33,353
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	9,226	
Premium on Bonds	(69,321)	
Bonds	(5,149,999)	
Police Pension	(18,196)	
Compensated Absences	<u>(1,142,115)</u>	
Total Liabilities		<u>(6,370,405)</u>
Net Position of Governmental Activities		<u>\$61,337,907</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, 2012

	<u>General</u>	<u>Fire and Life Squad</u>	<u>Tax Increment Financing</u>
Revenues:			
Property Taxes	\$1,050,056	\$2,020,504	\$0
Income Taxes	3,511,591	0	0
Other Local Taxes	1,366,321	0	0
Payments in Lieu of Taxes	0	0	1,758,769
Special Assessments	0	0	0
Charges for Services	2,259,611	420,701	8,129
Fines, Licenses and Permits	588,230	0	0
Intergovernmental	660,397	246,965	0
Interest	204,928	0	0
Contributions and Donations	12,134	0	0
Other	128,045	13,709	2,508
Total Revenues	<u>9,781,313</u>	<u>2,701,879</u>	<u>1,769,406</u>
Expenditures:			
Current:			
General Government	3,352,057	0	0
Security of Persons and Property:			
Police	4,112,774	0	0
Fire	0	3,055,494	0
Public Health Services	0	0	0
Leisure Time Services	621,324	0	0
Community and Economic Development	805,533	0	205,460
Transportation	0	0	0
Intergovernmental	0	0	345,607
Capital Outlay	0	95,003	675,039
Debt Service:			
Principal Retirement	477	0	0
Interest and Fiscal Charges	789	0	0
Total Expenditures	<u>8,892,954</u>	<u>3,150,497</u>	<u>1,226,106</u>
Excess of Revenues Over (Under) Expenditures	<u>888,359</u>	<u>(448,618)</u>	<u>543,300</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	9,597	0	0
Transfers In	0	0	0
Transfers Out	(60,000)	0	(42,500)
Total Other Financing Sources (Uses)	<u>(50,403)</u>	<u>0</u>	<u>(42,500)</u>
Net Change in Fund Balances	837,956	(448,618)	500,800
Fund Balances at Beginning of Year	<u>5,372,576</u>	<u>1,378,481</u>	<u>2,621,017</u>
Fund Balances at End of Year	<u><u>\$6,210,532</u></u>	<u><u>\$929,863</u></u>	<u><u>\$3,121,817</u></u>

See Accompanying Notes to the Basic Financial Statements

<u>Capital Improvement</u>	<u>All Other Governmental</u>	<u>Total Governmental Funds</u>
\$0	\$0	\$3,070,560
1,982,872	660,981	6,155,444
0	0	1,366,321
0	0	1,758,769
75,486	13,565	89,051
0	130,672	2,819,113
0	148,921	737,151
598,727	1,141,794	2,647,883
51,636	73,184	329,748
0	0	12,134
0	10,811	155,073
<u>2,708,721</u>	<u>2,179,928</u>	<u>19,141,247</u>
0	1,151	3,353,208
0	42,928	4,155,702
0	0	3,055,494
0	171,222	171,222
0	27,496	648,820
0	0	1,010,993
334,801	811,485	1,146,286
0	0	345,607
2,471,494	476,901	3,718,437
16,168	450,000	466,645
775	219,428	220,992
<u>2,823,238</u>	<u>2,200,611</u>	<u>18,293,406</u>
<u>(114,517)</u>	<u>(20,683)</u>	<u>847,841</u>
51,265	4,050	64,912
0	502,500	502,500
<u>(400,000)</u>	<u>0</u>	<u>(502,500)</u>
<u>(348,735)</u>	<u>506,550</u>	<u>64,912</u>
(463,252)	485,867	912,753
<u>2,347,979</u>	<u>6,529,025</u>	<u>18,249,078</u>
<u>\$1,884,727</u>	<u>\$7,014,892</u>	<u>\$19,161,831</u>

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**CITY OF LEBANON, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Net Change in Fund Balances - Total Governmental Funds \$912,753

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

Capital outlays are reported as expenditures in governmental funds. Donations of capital assets are not reported in the governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense and donated assets are reported as revenue. In the current period, these amounts are:

Capital Asset Additions	3,377,176	
Donated Capital Asset Additions	758,456	
Current Year Depreciation	<u>(3,149,544)</u>	986,088

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

Proceeds from Sale of Capital Assets	(64,912)	
Assets transferred from governmental activities during the year to enterprise funds:	<u>(274,620)</u>	(339,532)

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	12,858	
Income Taxes	76,805	
Special Assessments	(13,565)	
Intergovernmental	(375,051)	
Interest Revenue	<u>(2,151)</u>	(301,104)

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 position.

Bond Principal Retirement	446,454	
Special Assessment Principal Retirement	3,546	
Police Pension Principal Retirement	477	
Capital Lease Payment	<u>16,168</u>	
Total Long-Term Obligation Repayment		466,645

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 Discount	(838)	
Amortization of Bond Premium	4,622	
Amortization of Loss on Refunding	(6,670)	
Accrued Interest	<u>(114,767)</u>	(117,653)

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		(15,903)
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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 Position	(558,733)	
Depreciation of Capital Assets	2,384	
Compensated Absences	<u>1,451</u>	
		<u>(554,898)</u>

Change in Net Position of Governmental Activities	<u><u>\$1,036,396</u></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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$1,375,025	\$2,020,527	\$1,050,056	(\$970,471)
Income Taxes	3,348,000	3,568,496	3,568,495	(1)
Other Local Taxes	1,307,994	1,363,436	1,363,436	0
Charges for Services	2,272,100	2,272,100	2,253,808	(18,292)
Fines, Licenses and Permits	609,000	609,000	596,056	(12,944)
Intergovernmental	517,500	659,684	659,684	0
Interest	200,250	209,672	209,672	0
Contributions and Donations	5,000	20,134	12,134	(8,000)
Other	52,100	123,865	128,045	4,180
Total Revenues	9,686,969	10,846,914	9,841,386	(1,005,528)
Expenditures:				
Current:				
General Government	3,902,098	3,970,836	3,444,493	526,343
Security of Persons and Property:				
Police	4,466,148	4,509,479	4,284,321	225,158
Leisure Time Services	540,732	684,878	664,628	20,250
Community and Economic Development	954,341	983,497	816,142	167,355
Total Expenditures	9,863,319	10,148,690	9,209,584	939,106
Excess of Revenues Over (Under) Expenditures	(176,350)	698,224	631,802	(66,422)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	10,000	19,597	9,597	(10,000)
Transfers In	48,000	0	0	0
Advances In	121,408	121,408	121,408	0
Transfers Out	(60,000)	(60,000)	(60,000)	0
Total Other Financing Sources (Uses)	119,408	81,005	71,005	(10,000)
Net Change in Fund Balance	(56,942)	779,229	702,807	(76,422)
Fund Balance at Beginning of Year	3,757,505	3,757,505	3,757,505	0
Prior Year Encumbrances Appropriated	156,389	156,389	156,389	0
Fund Balance at End of Year	\$3,856,952	\$4,693,123	\$4,616,701	(\$76,422)

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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,400,000	\$2,558,099	\$2,020,504	(\$537,595)
Charges for Services	450,000	450,000	420,701	(29,299)
Intergovernmental	230,000	230,000	246,965	16,965
Other	2,000	2,000	13,709	11,709
Total Revenues	<u>3,082,000</u>	<u>3,240,099</u>	<u>2,701,879</u>	<u>(538,220)</u>
Expenditures:				
Current:				
Security of Persons and Property	2,895,099	2,944,602	2,815,409	129,193
Capital Outlay	<u>360,000</u>	<u>433,900</u>	<u>432,493</u>	<u>1,407</u>
Total Expenditures	<u>3,255,099</u>	<u>3,378,502</u>	<u>3,247,902</u>	<u>130,600</u>
Excess of Revenues Under Expenditures	(173,099)	(138,403)	(546,023)	(407,620)
Other Financing Sources:				
Proceeds from Sale of Capital Assets	<u>35,000</u>	<u>35,000</u>	<u>0</u>	<u>(35,000)</u>
Net Change in Fund Balance	(138,099)	(103,403)	(546,023)	(442,620)
Fund Balance at Beginning of Year	1,443,493	1,443,493	1,443,493	0
Prior Year Encumbrances Appropriated	<u>106,112</u>	<u>106,112</u>	<u>106,112</u>	<u>0</u>
Fund Balance at End of Year	<u>\$1,411,506</u>	<u>\$1,446,202</u>	<u>\$1,003,582</u>	<u>(\$442,620)</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF LEBANON, OHIO
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

	Business-Type Activities		
	Electric	Sanitation	Sewer
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$12,598,862	\$390,032	\$3,622,062
Materials and Supplies Inventory	1,929,444	0	210,911
Accrued Interest Receivable	5,893	194	1,588
Accounts Receivable, Net	4,056,447	228,777	408,853
Interfund Receivable	0	0	0
Intergovernmental Receivable	0	0	14,812
Prepaid Items	17,852	151	15,653
Special Assessments Receivable	0	0	4,311
Total Current Assets	<u>18,608,498</u>	<u>619,154</u>	<u>4,278,190</u>
Noncurrent Assets:			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	971,457	0	240,000
Cash and Cash Equivalents with Fiscal Agents	3,522,546	0	906,681
Nondepreciable Capital Assets	4,055,090	54,000	827,127
Depreciable Capital Assets, Net	<u>12,951,227</u>	<u>53,437</u>	<u>23,739,983</u>
Total Noncurrent Assets	<u>21,500,320</u>	<u>107,437</u>	<u>25,713,791</u>
Total Assets	<u>\$40,108,818</u>	<u>\$726,591</u>	<u>\$29,991,981</u>

See Accompanying Notes to the Basic Financial Statements

Telecommunications	Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Storm Water Utility	Totals	
\$381,691	\$3,790,722	\$687,727	\$21,471,096	\$943,675
115,624	75,453	0	2,331,432	6,033
0	2,031	320	10,026	526
2,375,000	401,263	98,548	7,568,888	0
0	0	0	0	32,076
0	0	0	14,812	0
202	9,505	371	43,734	1,653
0	0	0	4,311	0
<u>2,872,517</u>	<u>4,278,974</u>	<u>786,966</u>	<u>31,444,299</u>	<u>983,963</u>
0	244,625	0	1,456,082	0
0	850,763	0	5,279,990	0
0	3,928,663	91,213	8,956,093	64,666
<u>10,297</u>	<u>27,586,150</u>	<u>16,799,571</u>	<u>81,140,665</u>	<u>35,490</u>
<u>10,297</u>	<u>32,610,201</u>	<u>16,890,784</u>	<u>96,832,830</u>	<u>100,156</u>
<u>\$2,882,814</u>	<u>\$36,889,175</u>	<u>\$17,677,750</u>	<u>\$128,277,129</u>	<u>\$1,084,119</u> (continued)

CITY OF LEBANON, OHIO
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012
(CONTINUED)

	Business-Type Activities		
	Electric	Sanitation	Sewer
Deferred Outflows of Resources			
Deferred Charge on Refunding	\$614,499	\$0	\$222,641
Liabilities:			
Current Liabilities:			
Accounts Payable	162,144	103,855	69,406
Accrued Wages Payable	66,333	3,322	24,033
Intergovernmental Payable	62,893	3,225	22,102
Accrued Interest Payable	58,202	0	30,623
Interfund Payable	2,353	0	2,014
Claims Payable	0	0	0
Loans Payable	339,290	0	0
Compensated Absences Payable	43,870	953	12,643
General Obligation Bonds Payable	0	0	0
Mortgage Revenue Bonds Payable	1,390,000	0	535,000
Total Current Liabilities	<u>2,125,085</u>	<u>111,355</u>	<u>695,821</u>
Long-term Liabilities:			
Refundable Deposits	478,957	0	0
Compensated Absences Payable	134,839	0	49,837
General Obligation Bonds Payable	0	0	0
Mortgage Revenue Bonds Payable	13,331,196	0	8,193,960
Total Long-term Liabilities	<u>13,944,992</u>	<u>0</u>	<u>8,243,797</u>
Total Liabilities	<u>16,070,077</u>	<u>111,355</u>	<u>8,939,618</u>
Net Position:			
Net Investment in Capital Assets	2,899,620	107,437	16,060,791
Restricted for:			
Debt Service	3,522,546	0	906,681
Revenue Bonds			
Replacement and Improvement	492,500	0	240,000
Unrestricted	<u>17,738,574</u>	<u>507,799</u>	<u>4,067,532</u>
Total Net Position	<u>\$24,653,240</u>	<u>\$615,236</u>	<u>\$21,275,004</u>

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

See Accompanying Notes to the Basic Financial Statements

Telecommunications	Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Storm Water Utility	Totals	
\$0	\$115,380	\$0	\$952,520	\$0
3,040	6,767	324	345,536	45
3,802	12,996	2,573	113,059	7,283
3,590	17,140	1,949	110,899	5,778
1,031	38,905	0	128,761	0
0	1,444	0	5,811	0
0	0	0	0	447,963
0	0	0	339,290	0
3,566	7,940	580	69,552	6,503
150,000	0	0	150,000	0
0	380,000	0	2,305,000	0
165,029	465,192	5,426	3,567,908	467,572
0	44,625	0	523,582	0
24,355	32,394	0	241,425	10,973
400,000	0	0	400,000	0
0	13,010,453	0	34,535,609	0
424,355	13,087,472	0	35,700,616	10,973
589,384	13,552,664	5,426	39,268,524	478,545
10,297	18,239,740	16,890,784	54,208,669	100,156
0	850,763	0	5,279,990	0
0	200,000	0	932,500	0
2,283,133	4,161,388	781,540	29,539,966	505,418
\$2,293,430	\$23,451,891	\$17,672,324	89,961,125	\$605,574
			80,446	
			\$90,041,571	

CITY OF LEBANON, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-Type Activities		
	Electric	Sanitation	Sewer
Operating Revenues:			
Charges for Services and Sales	\$28,988,955	\$1,556,865	\$3,321,870
Other	7,375	6,360	183,503
Total Operating Revenues	28,996,330	1,563,225	3,505,373
Operating Expenses:			
Personal Services	1,767,986	103,199	655,827
Contractual Services	1,501,712	1,375,565	1,265,319
Purchased Power	22,755,433	0	0
Supplies and Materials	451,197	0	194,353
Claims	0	0	0
Depreciation	1,200,696	17,810	988,252
Other	6,724	383	1,952
Total Operating Expenses	27,683,748	1,496,957	3,105,703
Operating Income (Loss)	1,312,582	66,268	399,670
Non-Operating Revenues (Expenses):			
Interest	130,685	(5,848)	46,585
Other Non-Operating Revenues	1,777,945	0	0
Gain on Sale of Capital Assets	3,800	0	0
Interest and Fiscal Charges	(1,112,508)	0	(587,835)
Total Non-Operating Revenues (Expenses)	799,922	(5,848)	(541,250)
Income (Loss) Before Contributions	2,112,504	60,420	(141,580)
Capital Contributions	0	0	249,255
Change in Net Position	2,112,504	60,420	107,675
Net Position at Beginning of Year	22,540,736	554,816	21,167,329
Net Position at End of Year	\$24,653,240	\$615,236	\$21,275,004

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

See Accompanying Notes to the Basic Financial Statements

Enterprise Funds				Governmental
Telecommunications	Water	Storm Water Utility	Total	Activities Internal Service Funds
\$148,887	\$3,175,134	\$836,426	\$38,028,137	\$1,880,875
0	39,897	0	237,135	291,193
148,887	3,215,031	836,426	38,265,272	2,172,068
100,287	343,293	55,300	3,025,892	159,586
30,772	872,024	92,160	5,137,552	305,189
0	0	0	22,755,433	0
14,557	725,946	2,830	1,388,883	3,796
0	0	0	0	2,464,135
1,568	962,135	346,206	3,516,667	2,384
0	3,018	688	12,765	0
147,184	2,906,416	497,184	35,837,192	2,935,090
1,703	308,615	339,242	2,428,080	(763,022)
0	42,510	5,954	219,886	95
3,664	0	0	1,781,609	0
0	0	0	3,800	0
(25,755)	(751,053)	0	(2,477,151)	0
(22,091)	(708,543)	5,954	(471,856)	95
(20,388)	(399,928)	345,196	1,956,224	(762,927)
0	167,155	274,620	691,030	0
(20,388)	(232,773)	619,816	2,647,254	(762,927)
2,313,818	23,684,664	17,052,508		1,368,501
\$2,293,430	\$23,451,891	\$17,672,324		\$605,574
			(204,194)	
			\$2,443,060	

CITY OF LEBANON, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities -		
	Electric	Sanitation	Sewer
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$28,781,628	\$1,545,721	\$3,309,532
Cash Received from Interfund Services Provided	0	0	0
Cash Payments for Employee Services and Benefits	(1,756,468)	(118,459)	(635,718)
Cash Payments to Suppliers for Goods and Services	(24,473,988)	(1,376,401)	(1,575,107)
Cash Payments for Employee Medical, Dental, and Life Insurance Claims	0	0	0
Other Operating Revenues	7,375	6,360	183,503
Other Operating Expenses	(6,823)	0	0
Other Non-Operating Revenues	1,777,945	0	0
Utility Deposits Received	167,373	0	0
Utility Deposits Returned	(163,882)	0	0
Net Cash Provided by (Used for) Operating Activities	<u>4,333,160</u>	<u>57,221</u>	<u>1,282,210</u>
Cash Flows from Noncapital Financing Activities:			
Principal Paid on Loans	(2,412,970)	0	0
Interest and Fiscal Charges Paid on Loans	(114,371)	0	0
Net Cash Used for Noncapital Financing Activities	<u>(2,527,341)</u>	<u>0</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Received from Special Assessments	0	0	5,970
Collection of Accounts Receivable Related to the Sale of Discontinued Segments of Telecommunications Operation	0	0	0
Proceeds from Sale of Capital Assets	3,800	0	0
Acquisition of Capital Assets	(2,954,014)	0	(140,627)
Proceeds from Sale of Notes	0	0	0
Principal Paid on Notes	0	0	0
Interest Paid on Notes	0	0	0
Proceeds from Sale of Revenue Bonds	0	0	0
Principal Paid on Mortgage Revenue Bonds	(1,340,000)	0	(510,000)
Interest and Fiscal Charges Paid on Mortgage Revenue Bonds	(655,186)	0	(387,881)
Principal Paid on Refunding Mortgage Bonds	0	0	0
Interest and Fiscal Charges Paid on Refunding Mortgage Bonds	0	0	0
Premium on Bonds Issued	0	0	0
Net Cash Used for Capital and Related Financing Activities	<u>(4,945,400)</u>	<u>0</u>	<u>(1,032,538)</u>
Cash Flows from Investing Activities:			
Interest	136,361	(5,667)	46,461
Net Increase (Decrease) in Cash and Cash Equivalents	(3,003,220)	51,554	296,133
Cash and Cash Equivalents at Beginning of Year	<u>20,096,085</u>	<u>338,478</u>	<u>4,472,610</u>
Cash and Cash Equivalents at End of Year	<u>\$17,092,865</u>	<u>\$390,032</u>	<u>\$4,768,743</u>

See Accompanying Notes to the Basic Financial Statements

Telecommunications	Enterprise Funds			Governmental Activities- Internal Service Funds
	Water	Storm Water Utility	Total	
\$148,887	\$3,143,548	\$831,167	\$37,760,483	\$0
0	0	0	0	1,877,668
(97,578)	(354,456)	(53,834)	(3,016,513)	(155,831)
(41,526)	(1,715,416)	(158,715)	(29,341,153)	(309,123)
0	0	0	0	(2,356,803)
0	39,897	0	237,135	291,193
0	(3,018)	0	(9,841)	0
3,664	0	0	1,781,609	0
0	13,425	0	180,798	0
0	(12,350)	0	(176,232)	0
<u>13,447</u>	<u>1,111,630</u>	<u>618,618</u>	<u>7,416,286</u>	<u>(652,896)</u>
0	0	0	(2,412,970)	0
0	0	0	(114,371)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,527,341)</u>	<u>0</u>
0	0	0	5,970	0
125,000	0	0	125,000	0
0	0	0	3,800	0
0	(1,799,648)	(551,131)	(5,445,420)	0
550,000	0	0	550,000	0
(650,000)	(7,500,000)	0	(8,150,000)	0
(35,247)	(86,250)	0	(121,497)	0
0	13,650,000	0	13,650,000	0
0	(455,000)	0	(2,305,000)	0
0	(226,870)	0	(1,269,937)	0
0	(5,830,000)	0	(5,830,000)	0
0	(617,420)	0	(617,420)	0
0	207,420	0	207,420	0
<u>(10,247)</u>	<u>(2,657,768)</u>	<u>(551,131)</u>	<u>(9,197,084)</u>	<u>0</u>
<u>0</u>	<u>44,555</u>	<u>6,489</u>	<u>228,199</u>	<u>1,267</u>
3,200	(1,501,583)	73,976	(4,079,940)	(651,629)
<u>378,491</u>	<u>6,387,693</u>	<u>613,751</u>	<u>32,287,108</u>	<u>1,595,304</u>
<u>\$381,691</u>	<u>\$4,886,110</u>	<u>\$687,727</u>	<u>\$28,207,168</u>	<u>\$943,675</u>

(continued)

**CITY OF LEBANON, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)**

	Business-type Activities -		
	Electric	Sanitation	Sewer
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$1,312,582	\$66,268	\$399,670
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,200,696	17,810	988,252
Other Non-Operating Revenues	1,777,945	0	0
Changes in Assets and Liabilities:			
(Increase) Decrease in Materials and Supplies Inventory	107,234	0	(123,157)
Increase in Accounts Receivable	(207,327)	(11,144)	(29,966)
Increase in Interfund Receivable	0	0	0
Decrease in Intergovernmental Receivable	0	0	17,628
(Increase) Decrease in Prepaids Items	15,137	621	(580)
Increase (Decrease) in Accounts Payable	127,890	(7)	14,367
Increase (Decrease) in Accrued Wages Payable	4,848	(1,339)	2,230
Decrease in Contracts Payable	(14,427)	0	0
Increase (Decrease) in Intergovernmental Payable	189	(1,889)	2,117
Increase (Decrease) in Retainage Payable	0	0	(4,950)
Increase (Decrease) in Interfund Payable	(1,579)	(1,067)	837
Increase in Claims Payable	0	0	0
Increase in Liabilities Payable from Restricted Assets	3,491	0	0
Increase (Decrease) in Compensated Absences Payable	6,481	(12,032)	15,762
Net Cash Provided by (Used for) Operating Activities	<u>\$4,333,160</u>	<u>\$57,221</u>	<u>\$1,282,210</u>

Noncash Capital Financing Activities:

The Sewer Fund received capital assets in the amount of \$249,255 from developers.

The Water Fund received capital assets in the amount of \$167,155 from developers.

The Storm Water Utility Fund received capital assets in the amount of \$274,620 from governmental funds.

See Accompanying Notes to the Basic Financial Statements

Telecommunications	Enterprise Funds			Governmental Activities- Internal Service Funds
	Water	Storm Water Utility	Total	
\$1,703	\$308,615	\$339,242	\$2,428,080	(\$763,022)
1,568	962,135	346,206	3,516,667	2,384
3,664	0	0	1,781,609	0
0	90,187	0	74,264	(609)
0	(31,586)	(5,259)	(285,282)	0
0	0	0	0	(3,207)
0	0	0	17,628	0
1,197	1,762	252	18,389	481
2,725	(70,673)	(465)	73,837	(10)
327	(1,350)	791	5,507	1,999
0	0	(55,786)	(70,213)	0
56	(264)	182	391	305
0	(138,889)	(6,985)	(150,824)	0
(119)	167	(53)	(1,814)	0
0	0	0	0	107,332
0	1,075	0	4,566	0
2,326	(9,549)	493	3,481	1,451
<u>\$13,447</u>	<u>\$1,111,630</u>	<u>\$618,618</u>	<u>\$7,416,286</u>	<u>(\$652,896)</u>

CITY OF LEBANON, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
DECEMBER 31, 2012

Assets:	
Cash and Cash Equivalents in Segregated Accounts	<u><u>\$48,306</u></u>
Liabilities:	
Intergovernmental Payable	\$27,592
Undistributed Monies	<u>20,714</u>
Total Liabilities	<u><u>\$48,306</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, 2012

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, 2012

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.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position 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 position 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 position 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, 2012

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.

Tax Increment Financing – This fund is used 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.

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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

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.

Proprietary Fund Types

Proprietary funds focus on the determination of operating income, changes in net position, 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 and report 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 and report the provision of electricity to residential and commercial users living within the City.

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

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

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

Water Fund – This fund is used to account for and report 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 and report 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, 2012

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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 position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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 position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. 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, 2012

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 outflows of resources, deferred inflows of resources, 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

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.

Cash and Cash Equivalents

Cash balances of the City's funds, except cash held by fiscal agent and cash in segregated accounts, 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 Agents".

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

During 2012, 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, 2012.

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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

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 position, 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 position 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 position 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.

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

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

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.

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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

Bond Discounts, Premiums

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.

On the governmental fund financial statements, bond premiums and discounts are recognized in the period when the debt is issued. Note premiums are presented as an addition to the face of the notes payable.

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

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 Position

Net position represents the difference between assets and liabilities. Net investment in 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 bonds payable in the Telecommunications Fund is included in the calculation of unrestricted net position because the proceeds were not used to construct a capital asset reported by the City. Net position is 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

The City's electric, sewer, and water enterprise funds have restricted net position 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.

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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) 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) 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. State statute authorizes the finance director to assign Fund Balance for purchases on order provided such amounts have been fully appropriated.

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

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

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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

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 position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Estimates

The preparation of financial statements in conformity with 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2012, the City has implemented Governmental Accounting Standard Board (GASB) *Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53" Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62"*

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the City's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the City's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the City's financial statements.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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.
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.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 4 - BUDGET TO GAAP RECONCILIATION (continued)

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

Net Change in Fund Balance		
	General Fund	Fire and Life Squad Fund
GAAP Basis	\$837,956	(\$448,618)
Revenue Accruals	60,645	0
Expenditure Accruals	(16,842)	(12,346)
Encumbrances	(299,788)	(85,059)
Advances	121,408	0
Unrecorded Cash - 2011	51,912	0
Unrecorded Cash - 2012	(32,883)	0
Net Increase in Fair Value of Investments - 2011	637,736	0
Net Increase in Fair Value of Investments - 2012	(657,337)	0
Budget Basis	\$702,807	(\$546,023)

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, 2012

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;
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);
6. The State Treasurer's investment pool (STAROhio); and
7. Commercial paper and bankers acceptances if training requirements have been met.

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.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Investments

As of December 31, 2012, 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	\$611,416	\$611,416	\$0	AAAm	5.21%
Negotiable Certificates of Deposits	11,134,754	5,446,707	5,688,047	N/A	94.79%
Totals	<u>\$11,746,170</u>	<u>\$6,058,123</u>	<u>\$5,688,047</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 2012 for real and public utility property taxes represents collections of 2011 taxes.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 6 – PROPERTY TAXES (continued)

2012 real property taxes were levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012, was \$8.32 per \$1,000 of assessed value. The assessed values of real and public utility tangible property upon which 2012 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$393,053,580
Public Utility Real Property	3,503,020
Total	\$396,556,600

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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 inflows of resources.

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 2012, 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, 2012, 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 \$2,375,000 accounts receivable in the telecommunications fund relates to the sale of the telecommunications system to Cincinnati Bell that occurred in 2007. Of this amount, \$2,225,000 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 \$96,935. The City has \$26,592 in delinquent special assessments at December 31, 2012. 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:

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 9 – RECEIVABLES (continued)

	<u>Accounts Receivable</u>	<u>Uncollectible</u>	<u>Accounts Receivable, Net</u>
Utility	\$5,244,951	\$51,063	\$5,193,888
Telecommunications	2,375,000	0	2,375,000
Total	<u>\$7,619,951</u>	<u>\$51,063</u>	<u>\$7,568,888</u>

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	
Local Government Assistance	\$124,306
Warren County Reimbursement for Baliff Services	5,803
Homestead and Rollback	186,829
Pari-Mutual Tax	14,792
Permissive Motor Vehicle License Tax	102,171
Motor Vehicle Tax	189,977
Gasoline Tax	205,994
Wireless 911	<u>11,178</u>
Total Governmental Activities	841,050
 <u>Business-Type Activities:</u>	
Village of South Lebanon Sewage Processing Fees	<u>14,812</u>
 Total Intergovernmental Receivables	 <u><u>\$855,862</u></u>

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 10 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2012, was as follows:

	Balance at 12/31/11	Additions	Deductions	Balance at 12/31/12
<u>Governmental Activities</u>				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$13,628,469	\$500,619	(\$64,912)	\$14,064,176
Construction in Progress	1,916,907	1,600,416	(1,765,903)	1,751,420
Total Capital Assets, Not Being Depreciated	<u>15,545,376</u>	<u>2,101,035</u>	<u>(1,830,815)</u>	<u>15,815,596</u>
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	1,209,308	0	0	1,209,308
Buildings and Improvements	5,992,911	297,765	0	6,290,676
Equipment	1,687,164	147,908	0	1,835,072
Vehicles	3,620,071	290,168	(36,606)	3,873,633
Infrastructure	47,756,899	3,064,659	(274,620)	50,546,938
Total Capital Assets, Being Depreciated	<u>60,266,353</u>	<u>3,800,500</u>	<u>(311,226)</u>	<u>63,755,627</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(471,477)	(67,399)	0	(538,876)
Buildings and Improvements	(2,762,121)	(181,504)	0	(2,943,625)
Equipment	(1,017,549)	(34,514)	0	(1,052,063)
Vehicles	(2,512,093)	(209,187)	36,606	(2,684,674)
Infrastructure	(24,473,498)	(2,656,940)	0	(27,130,438)
Total Accumulated Depreciation	<u>(31,236,738)</u>	<u>(3,149,544) *</u>	<u>36,606</u>	<u>(34,349,676)</u>
Total Capital Assets, Being Depreciated, Net	<u>29,029,615</u>	<u>650,956</u>	<u>(274,620)</u>	<u>29,405,951</u>
Governmental Activities Capital Assets, Net	<u>\$44,574,991</u>	<u>\$2,751,991</u>	<u>(\$2,105,435)</u>	<u>\$45,221,547</u>

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 10 - CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

General Government	\$26,418
Security of Persons and Property:	
Police	61,414
Fire	206,971
Public Health Services	26,823
Leisure Time Services	124,038
Community and Economic Development	13,149
Transportation	2,690,731
Total Depreciation Expense	\$3,149,544

	Balance at 12/31/11	Additions	Deductions	Balance at 12/31/12
<u>Business-Type Activities</u>				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$4,781,582	\$0	\$0	\$4,781,582
Construction in Progress	3,401,191	3,864,870	(3,091,550)	4,174,511
Total Capital Assets, Not Being Depreciated	8,182,773	3,864,870	(3,091,550)	8,956,093
<i>Capital Assets, Being Depreciated</i>				
Buildings and Improvements	27,723,302	0	0	27,723,302
Equipment	6,704,216	18,500	0	6,722,716
Vehicles	2,315,871	30,737	(59,455)	2,287,153
Infrastructure	86,205,505	5,313,893	0	91,519,398
Total Capital Assets, Being Depreciated	122,948,894	5,363,130	(59,455)	128,252,569
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(11,944,421)	(839,765)	0	(12,784,186)
Equipment	(5,210,698)	(178,940)	0	(5,389,638)
Vehicles	(1,737,020)	(96,556)	59,455	(1,774,121)
Infrastructure	(24,762,553)	(2,401,406)	0	(27,163,959)
Total Accumulated Depreciation	(43,654,692)	(3,516,667)	59,455	(47,111,904)
Total Capital Assets, Being Depreciated, Net	79,294,202	1,846,463	0	81,140,665
Business-Type Activities Capital Assets, Net	\$87,476,975	\$5,711,333	(\$3,091,550)	\$90,096,758

Additions to capital assets being depreciated include \$274,620 transferred to business-type activities from governmental activities.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. 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 and 12 percent for law enforcement and public safety members. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively. Effective January 1, 2013, the member contribution rates for public safety and law enforcement increased to 12 percent and 12.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10 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 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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, 2012, 2011, and 2010 were \$506,556, \$508,153, and \$444,725, respectively. For 2012, 85.20 percent has been contributed with the balance due being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 were \$11,284 made by the City and \$8,060 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 \$240,590 and \$107,013 for the year ended December 31, 2012, \$272,685 and \$118,927 for the year ended December 31, 2011, and \$264,448 and \$96,261 for the year ended December 31, 2010, respectively. For 2012, 65.15 percent for police and 56.53 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 2011 and 2010.

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, 2012

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>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The 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 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are 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 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

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, 2012

NOTE 12 - POST-EMPLOYMENT BENEFITS (continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$202,622, \$203,261, and \$247,069, respectively. For 2012, 85.20 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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. That report is also available of OP&F's website at www.op-f.org.

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, 2012

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, 2012, 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 \$127,371 and \$41,875 for the year ended December 31, 2012, \$144,362 and \$46,537 for the year ended December 31, 2011, and \$140,002 and \$37,667 for the year ended December 31, 2010, respectively. For 2012, 65.15 percent has been contributed for police and 56.53 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 2011 and 2010.

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, 2012

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 2012, 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 2012, 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, 2012

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 \$447,963 reported in the fund at December 31, 2012, 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,
2011	\$215,982	\$1,904,637	\$1,779,988	\$340,631
2012	340,631	2,464,135	2,356,803	447,963

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. 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, 2012

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	(119,720)
Total	\$14,188

The capital lease was paid in full during 2012.

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, 2012, the principal outstanding on this loan was \$339,290 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.

Principal and interest requirements to retire the loan outstanding at December 31, 2012, were:

Year	Principal	Interest
2013	\$339,290	\$10,009

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 17 - SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year ended December 31, 2012, follows:

	Balance at January 1, 2012	Increases	Decreases	Balance at December 31, 2012
<u>Business-Type Activities</u>				
Telecommunications Fund				
Telecom System Improvement, 4.70 %	\$650,000	\$0	\$650,000	\$0

During 2012, the notes were retired with the issuance of bonds.

NOTE 18 - LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2012 follows:

	Balance at January 1, 2012	Increases	Decreases	Balance at December 31, 2012	Amount Due in One Year
<u>Special Assessment Bonds with Governmental Commitment:</u>					
1994 - 5.00% \$54,372					
Pleasant Street Improvement	\$12,985	\$0	\$3,546	\$9,439	\$4,728
<u>Unvoted General Obligation Bonds:</u>					
1994 - 5.50% \$175,628					
Pleasant Street Improvement	42,014	0	11,454	30,560	15,272
2003 - 2.0 to 4.15% \$4,005,000					
Road Improvement	2,690,000	0	185,000	2,505,000	190,000
Discount on Debt Issue	(10,064)	0	(838)	(9,226)	0
2008 - 3.5 to 4.75% \$3,750,000					
Road Improvement Refunding	2,855,000	0	250,000	2,605,000	255,000
Premium on Debt Issue	73,943	0	4,622	69,321	0
Total - Unvoted General Obligation Bonds	\$5,650,893	\$0	\$450,238	\$5,200,655	\$460,272

(continued)

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Balance at January 1, 2012	Increases	Decreases	Balance at December 31, 2012	Amount Due in One Year
<u>Other Long-Term Obligations</u>					
Capital Leases Payable	\$16,168	\$0	\$16,168	\$0	\$0
Compensated Absences Payable	1,126,212	471,162	455,259	1,142,115	271,379
Police Pension	18,673	0	477	18,196	497
Total - Other Long-Term Obligations	<u>1,161,053</u>	<u>471,162</u>	<u>471,904</u>	<u>1,160,311</u>	<u>271,876</u>
Total - Governmental Activities	<u>\$6,824,931</u>	<u>\$471,162</u>	<u>\$925,688</u>	<u>\$6,370,405</u>	<u>\$736,876</u>

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

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

The \$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, 2012

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

Changes in the long-term obligations reported in business-type activities of the City during 2012 were as follows:

	Balance at January 1, 2012	Increases	Decreases	Balance at December 31, 2012	Amounts Due in One Year
<u>Mortgage Revenue Bonds</u>					
2006 - 4.00 to 5.00% \$10,690,000					
Sewer System Improvement					
Refunding	\$9,200,000	\$0	\$510,000	\$8,690,000	\$535,000
Premium on Debt Issue	42,207	0	3,247	38,960	0
1999 - 3.75 to 5.3% \$10,180,000					
Water System Improvement					
Refunding	5,830,000	0	5,830,000	0	0
2006 - 3.75 to 4.50% \$18,170,000					
Electric System Improvement Refunding	12,085,000	0	1,165,000	10,920,000	1,205,000
Premium on Debt Issue	96,799	0	9,680	87,119	0
2008 - 4.0 to 4.50% \$4,465,000					
Electric System Improvement	3,895,000	0	175,000	3,720,000	185,000
Discount on Debt Issue	(6,318)	0	(395)	(5,923)	0
2012 - 2.0 to 4.0% \$13,650,000					
Water System Improvement Refunding	0	13,650,000	455,000	13,195,000	380,000
Premium on Debt Issue	0	207,420	11,967	195,453	0
Total - Mortgage Revenue Bonds Payable	<u>31,142,688</u>	<u>13,857,420</u>	<u>8,159,499</u>	<u>36,840,609</u>	<u>2,305,000</u>
2012 - 2.25% \$550,000 Telecom System Improvement Bonds	0	550,000	0	550,000	150,000
Water System Improvement, 1.15% Bond Anticipation Notes	7,500,000	0	7,500,000	0	0
American Municipal Power, 3.5% Rate Levelization Loan	2,752,260	0	2,412,970	339,290	339,290
Compensated Absences Payable	307,496	132,976	129,495	310,977	69,552
Total - Enterprise Funds	<u>\$41,702,444</u>	<u>\$14,540,396</u>	<u>\$18,201,964</u>	<u>\$38,040,876</u>	<u>\$2,863,842</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, 2012

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 \$11,388,295. Principal and interest paid for the current year were \$897,881. Total net revenues were \$1,251,004.

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. These bonds were refunded with the Issuance of 2012 Improvement and Refunding Bonds.

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 \$18,258,375. Principal and interest paid for the current year were \$1,995,186. Total net revenues were \$2,636,588.

During 2012, the City issued \$550,000 in telecom system improvement bonds for the purpose of paying off the 2011 telecom system improvement bond anticipation notes. The bonds were issued for a three year period at a stated rate of 2.25 percent and with final maturity in 2016.

During 2012, the City issued \$13,650,000 in water system improvement mortgage and revenue refunding bonds. A portion of the proceeds was used to advance refund the 1999 water system improvement bonds and bond anticipation notes bonds in the amount of \$5,630,000 and \$8,020,000, respectively.

The refunding resulted in a difference of \$122,445 between the net carrying amount of the old debt and the reacquisition price. This difference is being amortized to interest expense over the life of the bonds using the straight-line method. The unamortized difference at December 31, 2012, was \$115,390. Total debt service payments decreased by \$791,264 as a result of the refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$556,859.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

The City has pledged future revenues, net of operating expenses, to repay the water system improvement and refunding bonds in the Water Fund. The debt is payable solely from net revenues and is payable through 2037. 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 \$20,694,760. Principal and interest paid for the current year were \$681,870. Total net revenues were \$1,273,363.

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 was retired by the issuance of the water system improvement and refunding bonds.

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

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, 2012, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$41,638,443 and the unvoted debt margin was \$21,810,613.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2012, were:

Year	Governmental Activities					
	Special Assessment		General Obligation		Police	
	Bonds		Bonds		Pension	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$4,728	\$567	\$460,272	\$201,733	\$497	\$768
2014	4,711	284	475,288	184,441	519	747
2015	0	0	475,000	166,295	541	724
2016	0	0	495,000	148,423	564	702
2017	0	0	515,000	129,568	588	677
2018-2022	0	0	1,780,000	402,404	3,342	2,982
2023-2027	0	0	940,000	93,293	4,125	2,201
2028-2032	0	0	0	0	5,092	1,234
2033-2037	0	0	0	0	2,928	187
Totals	\$9,439	\$851	\$5,140,560	\$1,326,157	\$18,196	\$10,222

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 19 - INTERFUND ASSETS/LIABILITIES (continued)

Advances From/To Other Funds

The General Fund advanced monies to the Tax Increment Financing 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 \$730,863. Of the total amount due to the General Fund at year-end, \$609,455 is not expected to be repaid in 2013.

Transfers From/To Other Funds

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

Transfers to the 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 From			
		General	Tax Increment Financing	Capital Improvement	Total
Transfers To	All Other				
	Governmental	\$60,000	\$42,500	\$400,000	\$502,500

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 20 - SIGNIFICANT COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

<u>Governmental Funds</u>	
General	\$299,788
Fire and Life Squad	85,057
Tax Increment Financing	1,654,781
Capital Improvement	145,098
Other Governmental Funds	537,469
Total Governmental Funds	<u>2,722,193</u>
<u>Enterprise Funds</u>	
Electric	637,771
Sanitation	1,523
Sewer	644,917
Telecommunications	3,854
Water	205,363
Storm Water Utility	53,085
Total Enterprise Funds	<u>1,546,513</u>
<u>Internal Service Funds</u>	
Automotive Maintenance	8,457
Self Insurance	47,799
Total Internal Service Fund	<u>56,256</u>
Total	<u><u>\$4,324,962</u></u>

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 20 - SIGNIFICANT COMMITMENTS (continued)

Contractual Commitments

The City of Lebanon has entered into the following contracts as of December 31, 2012:

<u>Contractor</u>	<u>Purpose</u>	<u>Amount Remaining</u>
Welsh Ex.	Columbia Rd Reconstruction	\$1,895,572
Hamby Young	Power Plant Substation Major Equip. Procurement	41,808
Xylem Water Solutions	Glosser Rd Pump Station Large Pump Replacement	124,974
JK Meurer	Miller Ecological Park Pervious Parking and Raingarden	1,800
Fred A Nemann Co	Homan Road Construction	532,151
Rack & Ballauer Excavating	2012 Sanitary & Storm Improvement	95,703
Northwest Consultants	Oakwood Ave Reconstruction	40,632
Mueller Systems	Utility Automatic Reading	425
Mueller Systems	Misc AMR Meters	24,000
Delta Star	Power Transformer	56,699
Colan Associates	Acquisition Service	16,410
Heritage Land Services	R/W Acquisition Services	150
Peerless R/W	R/W Acquisition Services	900
GPD	Engineering-Power Plant	34,420
Wells Engineering	Engineering-Mills Road	2,342
Terracon Consultants	City Garage Groundwater	7,300
Northwest Consultants	Civil Engineering Design	9,939
Stantec Consulting	Civil Engineering Design	50
ME Companies	Civil Engineering Design	29,380
LJB	Civil Engineering Design	2,829
ME Companies	Roadway Design	2,545
HDR ENG	ST RT 123/63 Connector	35,895

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.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 21 – FUND BALANCES (continued)

Fund Balances	General	Fire and Life Squad	Tax Increment Financing	Capital Improvement	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>						
Interfund Loans	\$730,863	\$0	\$0	\$0	\$0	\$730,863
Prepays	49,719	20,141	0	0	9,420	79,280
Inventory	32,715	46,766	0	0	114,497	193,978
<i>Total Nonspendable</i>	<u>813,297</u>	<u>66,907</u>	<u>0</u>	<u>0</u>	<u>123,917</u>	<u>1,004,121</u>
<u>Restricted for:</u>						
Road Improvements	0	0	0	0	1,012,234	1,012,234
Fire and Life Squad	0	862,956	0	0	0	862,956
Law Enforcement	0	0	0	0	566,518	566,518
Public Health Services	0	0	0	0	633,193	633,193
Community and Economic Development	0	0	0	0	196,504	196,504
Capital Improvements	0	0	3,121,817	0	76,055	3,197,872
Debt Service Payments	0	0	0	0	770,766	770,766
Issue II Improvements	0	0	0	0	464,884	464,884
<i>Total Restricted</i>	<u>0</u>	<u>862,956</u>	<u>3,121,817</u>	<u>0</u>	<u>3,720,154</u>	<u>7,704,927</u>
<u>Committed to:</u>						
Leisure Time Services	0	0	0	0	23,668	23,668
Debt Service Payments	0	0	0	0	3,147,153	3,147,153
Capital Improvements	0	0	0	1,884,727	0	1,884,727
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,884,727</u>	<u>3,170,821</u>	<u>5,055,548</u>
<u>Assigned to:</u>						
Purchases on Order	260,111	0	0	0	0	260,111
<u>Unassigned</u>	<u>5,137,124</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,137,124</u>
Total Fund Balances	<u><u>\$6,210,532</u></u>	<u><u>\$929,863</u></u>	<u><u>\$3,121,817</u></u>	<u><u>\$1,884,727</u></u>	<u><u>\$7,014,892</u></u>	<u><u>\$19,161,831</u></u>

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 \$13,329 during 2012 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 22 - JOINTLY GOVERNED ORGANIZATIONS (continued)

Warren County Fire Response and Life Safety Council of Governments

The Warren County Fire Response and Life Safety Council of Governments (the COG) is a jointly governed organization, consisting of cities, villages and townships in Warren County. The COG, which consists of a representative from each of the participating governments, including the City, contracts with the Greater Cincinnati Hazardous Materials Unit, Inc. for hazardous materials response services to each of the participating governments. The City contributed \$3,205 during 2012 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.

NOTE 25 - SUBSEQUENT EVENT

On April 24, 2013 the City issued \$4,966,603 Capital Road Improvement Refunding and New Money Bonds for the purpose of refunding the 2003 Capital Road Improvement Bonds and to finance the State Route 123/63 Connector Project. Along with this Refunding/New money Bonds the City issued an additional \$3,100,000 in Notes to finance the portion of the project that will be reimbursement by a Federal Grant after the road improvement project has been completed in late 2014. Total estimated cost for completion of the State Route 123/63 Connector project which includes land acquisition, design and construction is \$7,200,000.

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.

**CITY OF LEBANON, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,397,259	\$3,876,658	\$540,939	\$6,814,856
Materials and Supplies Inventory	114,497	0	0	114,497
Prepaid Items	9,420	0	0	9,420
Income Taxes Receivable	0	241,928	0	241,928
Accrued Interest Receivable	318	2,305	0	2,623
Intergovernmental Receivable	512,935	0	0	512,935
Special Assessments Receivable	0	111,663	0	111,663
Total Assets	<u>\$3,034,429</u>	<u>\$4,232,554</u>	<u>\$540,939</u>	<u>\$7,807,922</u>
Liabilities:				
Accounts Payable	\$21,360	\$0	\$0	\$21,360
Accrued Wages Payable	20,552	0	0	20,552
Intergovernmental Payable	15,795	0	0	15,795
Interfund Payable	8,586	0	0	8,586
Total Liabilities	<u>66,293</u>	<u>0</u>	<u>0</u>	<u>66,293</u>
Deferred Inflows of Resources:				
Unavailable Revenue	412,102	314,635	0	726,737
Fund Balances:				
Nonspendable	123,917	0	0	123,917
Restricted	2,408,449	770,766	540,939	3,720,154
Committed	23,668	3,147,153	0	3,170,821
Total Fund Balances	<u>2,556,034</u>	<u>3,917,919</u>	<u>540,939</u>	<u>7,014,892</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$3,034,429</u>	<u>\$4,232,554</u>	<u>\$540,939</u>	<u>\$7,807,922</u>

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Income Taxes	\$0	\$660,981	\$0	\$660,981
Special Assessments	0	13,565	0	13,565
Charges for Services	123,172	0	7,500	130,672
Fines, Licenses and Permits	148,921	0	0	148,921
Intergovernmental	1,141,794	0	0	1,141,794
Interest	9,450	63,734	0	73,184
Other	10,811	0	0	10,811
Total Revenues	1,434,148	738,280	7,500	2,179,928
Expenditures:				
Current:				
General Government	1,151	0	0	1,151
Security of Persons and Property:				
Police	42,928	0	0	42,928
Public Health Services	166,609	0	4,613	171,222
Leisure Time Services	27,496	0	0	27,496
Transportation	811,485	0	0	811,485
Capital Outlay	259,571	0	217,330	476,901
Debt Service:				
Principal Retirement	0	450,000	0	450,000
Interest and Fiscal Charges	0	219,428	0	219,428
Total Expenditures	1,309,240	669,428	221,943	2,200,611
Excess of Revenues Over (Under) Expenditures	124,908	68,852	(214,443)	(20,683)
Other Financing Sources:				
Proceeds from Sale of Capital Assets	4,050	0	0	4,050
Transfers In	60,000	42,500	400,000	502,500
Total Other Financing Sources	64,050	42,500	400,000	506,550
Net Change in Fund Balances	188,958	111,352	185,557	485,867
Fund Balances at Beginning of Year	2,367,076	3,806,567	355,382	6,529,025
Fund Balances at End of Year	\$2,556,034	\$3,917,919	\$540,939	\$7,014,892

**CITY OF LEBANON, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012**

	<u>Cemetery</u>	<u>Community Development</u>	<u>Court</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$627,416	\$196,504	\$567,787
Materials and Supplies Inventory	0	0	360
Prepaid Items	1,992	0	623
Accrued Interest Receivable	318	0	0
Intergovernmental Receivable	14,792	0	0
Total Assets	<u>\$644,518</u>	<u>\$196,504</u>	<u>\$568,770</u>
Liabilities:			
Accounts Payable	\$255	\$0	\$1,269
Accrued Wages Payable	4,499	0	0
Intergovernmental Payable	4,243	0	0
Interfund Payable	223	0	0
Total Liabilities	<u>9,220</u>	<u>0</u>	<u>1,269</u>
Deferred Inflows of Resources:			
Unavailable Revenue	113	0	0
Fund Balances:			
Nonspendable	1,992	0	983
Restricted	633,193	196,504	566,518
Committed	0	0	0
Total Fund Balances	<u>635,185</u>	<u>196,504</u>	<u>567,501</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$644,518</u>	<u>\$196,504</u>	<u>\$568,770</u>

<u>Park/Recreation Impact Fee</u>	<u>Transportation</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$23,668	\$981,884	\$2,397,259
0	114,137	114,497
0	6,805	9,420
0	0	318
0	498,143	512,935
<u>\$23,668</u>	<u>\$1,600,969</u>	<u>\$3,034,429</u>
\$0	\$19,836	\$21,360
0	16,053	20,552
0	11,552	15,795
0	8,363	8,586
<u>0</u>	<u>55,804</u>	<u>66,293</u>
<u>0</u>	<u>411,989</u>	<u>412,102</u>
0	120,942	123,917
0	1,012,234	2,408,449
23,668	0	23,668
<u>23,668</u>	<u>1,133,176</u>	<u>2,556,034</u>
<u>\$23,668</u>	<u>\$1,600,969</u>	<u>\$3,034,429</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, 2012**

	<u>Cemetery</u>	<u>Community Development</u>	<u>Court</u>
Revenues:			
Charges for Services	\$118,881	\$0	\$4,291
Fines, Licenses and Permits	0	0	131,513
Intergovernmental	44,792	0	0
Interest	9,854	0	0
Other	0	0	1,078
	<u>173,527</u>	<u>0</u>	<u>136,882</u>
Total Revenues			
Expenditures:			
Current:			
General Government	0	0	1,151
Security of Persons and Property:			
Police	0	0	42,928
Public Health Services	166,609	0	0
Leisure Time Services	0	0	0
Transportation	0	0	0
Capital Outlay	0	0	9,571
	<u>166,609</u>	<u>0</u>	<u>53,650</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>6,918</u>	<u>0</u>	<u>83,232</u>
Other Financing Sources:			
Proceeds from Sale of Capital Assets	0	0	0
Transfers In	50,000	0	0
	<u>50,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources			
Net Change in Fund Balances	56,918	0	83,232
Fund Balances at Beginning of Year	<u>578,267</u>	<u>196,504</u>	<u>484,269</u>
Fund Balances at End of Year	<u><u>\$635,185</u></u>	<u><u>\$196,504</u></u>	<u><u>\$567,501</u></u>

Park/Recreation Impact Fee	Transportation	Total Nonmajor Special Revenue Funds
\$0	\$0	\$123,172
1,912	15,496	148,921
0	1,097,002	1,141,794
0	(404)	9,450
0	9,733	10,811
<u>1,912</u>	<u>1,121,827</u>	<u>1,434,148</u>
0	0	1,151
0	0	42,928
0	0	166,609
27,496	0	27,496
0	811,485	811,485
0	250,000	259,571
<u>27,496</u>	<u>1,061,485</u>	<u>1,309,240</u>
<u>(25,584)</u>	<u>60,342</u>	<u>124,908</u>
0	4,050	4,050
0	10,000	60,000
<u>0</u>	<u>14,050</u>	<u>64,050</u>
(25,584)	74,392	188,958
<u>49,252</u>	<u>1,058,784</u>	<u>2,367,076</u>
<u>\$23,668</u>	<u>\$1,133,176</u>	<u>\$2,556,034</u>

**CITY OF LEBANON, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2012**

	<u>Cemetery Improvement</u>	<u>State Issue II</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>\$76,055</u>	<u>\$464,884</u>	<u>\$540,939</u>
Liabilities:	\$0	\$0	\$0
Fund Balances:			
Restricted	<u>76,055</u>	<u>464,884</u>	<u>540,939</u>
Total Liabilities and Fund Balances	<u>\$76,055</u>	<u>\$464,884</u>	<u>\$540,939</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, 2012**

	Cemetery Improvement	State Issue II	Total Nonmajor Capital Projects Funds
Revenues:			
Charges for Services	\$7,500	\$0	\$7,500
Expenditures:			
Current:			
Public Health Services	4,613	0	4,613
Capital Outlay	0	217,330	217,330
Total Expenditures	4,613	217,330	221,943
Excess of Revenues Over (Under) Expenditures	2,887	(217,330)	(214,443)
Other Financing Sources:			
Transfers In	0	400,000	400,000
Net Change in Fund Balances	2,887	182,670	185,557
Fund Balances at Beginning of Year	73,168	282,214	355,382
Fund Balances at End of Year	<u>\$76,055</u>	<u>\$464,884</u>	<u>\$540,939</u>

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 POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2012**

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$123,391	\$820,284	\$943,675
Materials and Supplies Inventory	6,033	0	6,033
Accrued Interest Receivable	0	526	526
Interfund Receivable	32,076	0	32,076
Prepaid Items	1,653	0	1,653
Total Current Assets	<u>163,153</u>	<u>820,810</u>	<u>983,963</u>
Noncurrent Assets:			
Nondepreciable Capital Assets	64,666	0	64,666
Depreciable Capital Assets, Net	35,490	0	35,490
Total Noncurrent Assets	<u>100,156</u>	<u>0</u>	<u>100,156</u>
Total Assets	<u>\$263,309</u>	<u>\$820,810</u>	<u>\$1,084,119</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	45	0	45
Accrued Wages Payable	7,283	0	7,283
Intergovernmental Payable	5,778	0	5,778
Claims Payable	0	447,963	447,963
Compensated Absences Payable	6,503	0	6,503
Total Current Liabilities	<u>19,609</u>	<u>447,963</u>	<u>467,572</u>
Long-term Liabilities:			
Compensated Absences Payable	10,973	0	10,973
Total Liabilities	<u>30,582</u>	<u>447,963</u>	<u>478,545</u>
Net Position:			
Net Investment in Capital Assets	100,156	0	100,156
Unrestricted	132,571	372,847	505,418
Total Net Position	<u>\$232,727</u>	<u>\$372,847</u>	<u>\$605,574</u>

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$185,827	\$1,695,048	\$1,880,875
Other	0	291,193	291,193
	<u>185,827</u>	<u>1,986,241</u>	<u>2,172,068</u>
Total Operating Revenues			
Operating Expenses:			
Personal Services	159,586	0	159,586
Contractual Services	5,451	299,738	305,189
Supplies and Materials	3,796	0	3,796
Claims	0	2,464,135	2,464,135
Depreciation	2,384	0	2,384
	<u>171,217</u>	<u>2,763,873</u>	<u>2,935,090</u>
Total Operating Expenses			
Operating Income (Loss)	14,610	(777,632)	(763,022)
Non-Operating Revenues:			
Interest	0	95	95
	<u>0</u>	<u>95</u>	<u>95</u>
Change in Net Position	14,610	(777,537)	(762,927)
Net Position at Beginning of Year	<u>218,117</u>	<u>1,150,384</u>	<u>1,368,501</u>
Net Position at End of Year	<u>\$232,727</u>	<u>\$372,847</u>	<u>\$605,574</u>

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	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	\$182,620	\$1,695,048	\$1,877,668
Cash Payments for Employee Services and Benefits	(155,831)	0	(155,831)
Cash Payments to Suppliers for Goods and Services	(9,385)	(299,738)	(309,123)
Cash Payments for Employee Medical, Dental, and Life Insurance Claims	0	(2,356,803)	(2,356,803)
Other Operating Revenues	0	291,193	291,193
	<hr/>	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	17,404	(670,300)	(652,896)
Cash Flows from Investing Activities:			
Interest	0	1,267	1,267
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	17,404	(669,033)	(651,629)
Cash and Cash Equivalents at Beginning of Year	<hr/> 105,987	<hr/> 1,489,317	<hr/> 1,595,304
Cash and Cash Equivalents at End of Year	<hr/> <u>\$123,391</u>	<hr/> <u>\$820,284</u>	<hr/> <u>\$943,675</u>
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$14,610	(\$777,632)	(\$763,022)
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	(609)	0	(609)
Increase in Interfund Receivable	(3,207)	0	(3,207)
Decrease in Prepaids Items	481	0	481
Decrease in Accounts Payable	(10)	0	(10)
Increase in Accrued Wages Payable	1,999	0	1,999
Increase in Intergovernmental Payable	305	0	305
Increase in Claims Payable	0	107,332	107,332
Increase in Compensated Absences Payable	1,451	0	1,451
	<hr/>	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	<u>\$17,404</u>	<u>(\$670,300)</u>	<u>(\$652,896)</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, 2012**

	Balance 1/1/12	Additions	Reductions	Balance 12/31/12
FIRE INSURANCE COLLECTION				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$29,299	\$0	\$29,299	\$0
Liabilities:				
Undistributed Monies	\$29,299	\$0	\$29,299	\$0
MUNICIPAL COURT				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$48,465	\$48,633	\$48,792	\$48,306
Liabilities:				
Intergovernmental Payable	\$31,727	\$27,592	\$31,727	\$27,592
Undistributed Monies	16,738	21,041	17,065	20,714
Total Liabilities	\$48,465	\$48,633	\$48,792	\$48,306
TOTAL - ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$29,299	\$0	\$29,299	\$0
Cash and Cash Equivalents in Segregated Accounts	48,465	48,633	48,792	48,306
Total Assets	\$77,764	\$48,633	\$78,091	\$48,306
Liabilities:				
Intergovernmental Payable	\$31,727	\$27,592	\$31,727	\$27,592
Undistributed Monies	46,037	21,041	46,364	20,714
Total Liabilities	\$77,764	\$48,633	\$78,091	\$48,306

**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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$1,375,025	\$2,020,527	\$1,050,056	(\$970,471)
Income Taxes	3,348,000	3,568,496	3,568,495	(1)
Other Local Taxes	1,307,994	1,363,436	1,363,436	0
Charges for Services	2,272,100	2,272,100	2,253,808	(18,292)
Fines, Licenses and Permits	609,000	609,000	596,056	(12,944)
Intergovernmental	517,500	659,684	659,684	0
Interest	200,250	209,672	209,672	0
Contributions and Donations	5,000	20,134	12,134	(8,000)
Other	52,100	123,865	128,045	4,180
Total Revenues	9,686,969	10,846,914	9,841,386	(1,005,528)
Expenditures:				
Current:				
General Government				
Legislative				
Personal Services	53,650	54,150	53,963	187
Contractual Services	34,100	85,168	30,754	54,414
Supplies and Materials	600	700	605	95
Total Legislative	88,350	140,018	85,322	54,696
City Manager				
Personal Services	472,263	479,763	479,301	462
Contractual Services	74,975	75,624	74,608	1,016
Supplies and Materials	9,000	9,000	4,282	4,718
Total City Manager	556,238	564,387	558,191	6,196
Personnel				
Personal Services	135,932	138,432	137,784	648
Contractual Services	42,000	43,020	31,661	11,359
Supplies and Materials	3,000	3,000	2,743	257
Total Personnel	180,932	184,452	172,188	12,264
Department of Service				
Personal Services	231,606	232,306	231,994	312
Contractual Services	48,300	39,959	29,211	10,748
Supplies and Materials	6,100	5,100	4,703	397
Total Department of Service	286,006	277,365	265,908	11,457
Information Technology				
Personal Services	176,218	180,514	178,403	2,111
Contractual Services	187,239	193,925	187,088	6,837
Supplies and Materials	4,500	7,224	4,509	2,715
Total Information Technology	367,957	381,663	370,000	11,663
Finance				
Personal Services	468,378	473,378	472,797	581
Contractual Services	91,779	91,779	73,100	18,679
Supplies and Materials	3,000	4,000	3,928	72
Total Finance	563,157	569,157	549,825	19,332
Income Tax				
Personal Services	191,097	190,397	122,870	67,527
Contractual Services	11,353	11,353	7,774	3,579
Supplies and Materials	15,300	15,300	8,651	6,649
Refunds	150,000	150,000	73,087	76,913
Other	22,000	22,000	19,277	2,723
Total Income Tax	\$389,750	\$389,050	\$231,659	\$157,391

(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, 2012
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Law				
Personal Services	\$35,414	\$35,414	\$31,012	\$4,402
Contractual Services	128,500	123,083	92,717	30,366
Supplies and Materials	500	500	332	168
Total Law	<u>164,414</u>	<u>158,997</u>	<u>124,061</u>	<u>34,936</u>
Municipal Court				
Personal Services	572,296	572,296	496,588	75,708
Contractual Services	146,150	140,328	103,249	37,079
Supplies and Materials	14,500	14,500	7,373	7,127
Total Municipal Court	<u>732,946</u>	<u>727,124</u>	<u>607,210</u>	<u>119,914</u>
Parking System				
Contractual Services	4,000	4,961	3,961	1,000
Supplies and Materials	750	750	499	251
Total Parking System	<u>4,750</u>	<u>5,711</u>	<u>4,460</u>	<u>1,251</u>
Probation				
Personal Services	197,923	197,923	169,308	28,615
Contractual Services	9,250	9,250	5,720	3,530
Supplies and Materials	5,400	6,560	2,463	4,097
Total Probation	<u>212,573</u>	<u>213,733</u>	<u>177,491</u>	<u>36,242</u>
Building Maintenance				
Personal Services	170,174	170,174	143,482	26,692
Contractual Services	82,051	84,355	77,743	6,612
Supplies and Materials	31,300	32,077	27,043	5,034
Total Building Maintenance	<u>283,525</u>	<u>286,606</u>	<u>248,268</u>	<u>38,338</u>
Other General Government				
Contractual Services	58,500	59,573	48,011	11,562
Supplies and Materials	5,000	5,000	1,899	3,101
Other	8,000	8,000	0	8,000
Total Other General Government	<u>71,500</u>	<u>72,573</u>	<u>49,910</u>	<u>22,663</u>
Total General Government	<u>3,902,098</u>	<u>3,970,836</u>	<u>3,444,493</u>	<u>526,343</u>
Security of Persons and Property				
Police				
Personal Services	3,880,350	3,858,850	3,787,480	71,370
Contractual Services	367,348	416,006	348,436	67,570
Supplies and Materials	92,250	110,423	96,248	14,175
Capital Outlay	116,200	114,200	42,277	71,923
Total Police	<u>4,456,148</u>	<u>4,499,479</u>	<u>4,274,441</u>	<u>225,038</u>
Police Donation Trust				
Materials and Supplies	10,000	10,000	9,880	120
Total Security of Persons and Property	<u>4,466,148</u>	<u>4,509,479</u>	<u>4,284,321</u>	<u>225,158</u>
Leisure Time Services				
Recreation Programs				
Personal Services	223,311	223,311	212,032	11,279
Contractual Services	138,921	190,993	188,016	2,977
Supplies and Materials	66,500	83,574	81,003	2,571
Capital Outlay	111,800	186,800	183,577	3,223
Refunds	200	200	0	200
Total Leisure Time Services	<u>\$540,732</u>	<u>\$684,878</u>	<u>\$664,628</u>	<u>\$20,250</u>

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, 2012
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Community and Economic Development				
Planning and Development				
Personal Services	\$278,838	\$279,338	\$245,959	\$33,379
Contractual Services	42,700	49,761	49,172	589
Supplies and Materials	4,500	4,400	2,005	2,395
Total Planning and Development	<u>326,038</u>	<u>333,499</u>	<u>297,136</u>	<u>36,363</u>
Building and Zoning				
Personal Services	60,374	60,874	60,505	369
Contractual Services	30,314	40,569	36,335	4,234
Supplies and Materials	1,000	1,000	342	658
Refunds	2,000	2,000	0	2,000
Total Building and Zoning	<u>93,688</u>	<u>104,443</u>	<u>97,182</u>	<u>7,261</u>
Engineer Services				
Personal Services	340,645	341,645	339,764	1,881
Contractual Services	41,805	50,924	43,711	7,213
Supplies and Materials	19,750	20,571	13,886	6,685
Refunds	132,415	132,415	24,463	107,952
Total Engineer Services	<u>534,615</u>	<u>545,555</u>	<u>421,824</u>	<u>123,731</u>
Total Community and Economic Development	<u>954,341</u>	<u>983,497</u>	<u>816,142</u>	<u>167,355</u>
Total Expenditures	<u>9,863,319</u>	<u>10,148,690</u>	<u>9,209,584</u>	<u>939,106</u>
Excess of Revenues Over (Under) Expenditures	<u>(176,350)</u>	<u>698,224</u>	<u>631,802</u>	<u>(66,422)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	10,000	19,597	9,597	(10,000)
Transfers In	48,000	0	0	0
Advances In	121,408	121,408	121,408	0
Transfers Out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>119,408</u>	<u>81,005</u>	<u>71,005</u>	<u>(10,000)</u>
Net Change in Fund Balance	(56,942)	779,229	702,807	(76,422)
Fund Balance at Beginning of Year	3,757,505	3,757,505	3,757,505	0
Prior Year Encumbrances Appropriated	<u>156,389</u>	<u>156,389</u>	<u>156,389</u>	<u>0</u>
Fund Balance at End of Year	<u>\$3,856,952</u>	<u>\$4,693,123</u>	<u>\$4,616,701</u>	<u>(\$76,422)</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,400,000	\$2,558,099	\$2,020,504	(\$537,595)
Charges for Services	450,000	450,000	420,701	(29,299)
Intergovernmental	230,000	230,000	246,965	16,965
Other	2,000	2,000	13,709	11,709
Total Revenues	<u>3,082,000</u>	<u>3,240,099</u>	<u>2,701,879</u>	<u>(538,220)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Fire Fighting, Prevention and Inspection				
Personal Services	2,191,950	2,214,301	2,108,223	106,078
Contractual Services	640,149	664,808	642,024	22,784
Supplies and Materials	63,000	65,493	65,162	331
Total Security of Persons and Property	<u>2,895,099</u>	<u>2,944,602</u>	<u>2,815,409</u>	<u>129,193</u>
Capital Outlay	<u>360,000</u>	<u>433,900</u>	<u>432,493</u>	<u>1,407</u>
Total Expenditures	<u>3,255,099</u>	<u>3,378,502</u>	<u>3,247,902</u>	<u>130,600</u>
Excess of Revenues Under Expenditures	(173,099)	(138,403)	(546,023)	(407,620)
Other Financing Sources:				
Proceeds from Sale of Capital Assets	<u>35,000</u>	<u>35,000</u>	<u>0</u>	<u>(35,000)</u>
Net Change in Fund Balance	(138,099)	(103,403)	(546,023)	(442,620)
Fund Balance at Beginning of Year	1,443,493	1,443,493	1,443,493	0
Prior Year Encumbrances Appropriated	<u>106,112</u>	<u>106,112</u>	<u>106,112</u>	<u>0</u>
Fund Balance at End of Year	<u>\$1,411,506</u>	<u>\$1,446,202</u>	<u>\$1,003,582</u>	<u>(\$442,620)</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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Payments in Lieu of Taxes	\$1,425,000	\$2,918,500	\$1,758,769	(\$1,159,731)
Charges for Services	0	0	8,129	8,129
Other	6,098	0	2,508	2,508
Total Revenues	1,431,098	2,918,500	1,769,406	(1,149,094)
Expenditures:				
Current:				
Community and Economic Development				
Community Planning				
Contractual Services	40,000	47,050	44,337	2,713
Supplies and Materials	125,000	173,000	173,000	0
Capital Outlay	900,000	2,399,148	2,321,418	77,730
Total Community and Economic Development	1,065,000	2,619,198	2,538,755	80,443
Intergovernmental				
Reimbursements	400,000	400,000	345,607	54,393
Total Expenditures	1,465,000	3,019,198	2,884,362	134,836
Excess of Revenues Under Expenditures	(33,902)	(100,698)	(1,114,956)	(1,014,258)
Other Financing Sources (Uses):				
Transfers In	160,000	101,408	0	(101,408)
Transfers Out	(250,500)	(42,500)	(42,500)	0
Advances Out	(121,408)	(121,408)	(121,408)	0
Total Other Financing Sources (Uses)	(211,908)	(62,500)	(163,908)	(101,408)
Net Change in Fund Balance	(245,810)	(163,198)	(1,278,864)	(1,115,666)
Fund Balance at Beginning of Year	3,321,417	3,321,417	3,321,417	0
Prior Year Encumbrances Appropriated	203,397	203,397	203,397	0
Fund Balance at End of Year	\$3,279,004	\$3,361,616	\$2,245,950	(\$1,115,666)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Income Taxes	\$1,791,000	\$2,403,765	\$1,878,442	(\$525,323)
Special Assessments	62,800	110,470	110,470	0
Intergovernmental	861,000	861,000	598,727	(262,273)
Interest	20,000	20,000	22,609	2,609
Total Revenues	<u>2,734,800</u>	<u>3,395,235</u>	<u>2,610,248</u>	<u>(784,987)</u>
Expenditures:				
Current:				
Transportation				
Personal Services	0	669,601	669,601	0
Capital Outlay	<u>2,601,500</u>	<u>2,557,927</u>	<u>2,261,971</u>	<u>295,956</u>
Excess of Revenues Over (Under) Expenditures	<u>133,300</u>	<u>167,707</u>	<u>(321,324)</u>	<u>(489,031)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	51,265	51,265	0
Transfers In	95,000	0	0	0
Transfers Out	<u>(495,000)</u>	<u>(495,000)</u>	<u>(400,000)</u>	<u>95,000</u>
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(443,735)</u>	<u>(348,735)</u>	<u>95,000</u>
Net Change in Fund Balance	(266,700)	(276,028)	(670,059)	(394,031)
Fund Balance at Beginning of Year	1,932,753	1,932,753	1,932,753	0
Prior Year Encumbrances Appropriated	<u>338,092</u>	<u>338,092</u>	<u>338,092</u>	<u>0</u>
Fund Balance at End of Year	<u>\$2,004,145</u>	<u>\$1,994,817</u>	<u>\$1,600,786</u>	<u>(\$394,031)</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
ELECTRIC ENTERPRISE FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$27,601,038	\$30,138,835	\$28,781,628	(\$1,357,207)
Other	63,500	1,781,445	1,785,320	3,875
Interest	75,000	75,000	95,823	20,823
Utility Deposits Received	200,000	182,000	167,373	(14,627)
Proceeds from Sale of Capital Assets	15,000	15,000	3,800	(11,200)
Total Revenues	27,954,538	32,192,280	30,833,944	(1,358,336)
Expenses:				
Personal Services	1,752,487	1,827,487	1,770,515	56,972
Contractual Services	2,085,332	2,201,182	1,964,629	236,553
Purchased Power	21,281,557	23,031,703	22,756,439	275,264
Supplies and Materials	175,500	204,944	115,063	89,881
Other	7,000	7,000	6,823	177
Utility Deposits Returned	182,650	182,650	163,882	18,768
Capital Outlay	2,966,500	4,168,671	3,495,595	673,076
Debt Service:				
Principal Retirement	3,181,720	3,181,720	3,176,751	4,969
Interest and Fiscal Charges	646,184	648,684	645,577	3,107
Total Expenses	32,278,930	35,454,041	34,095,274	1,358,767
Excess of Revenues Under Expenses Before Transfers	(4,324,392)	(3,261,761)	(3,261,330)	431
Transfers In	1,704,563	3,895,563	0	(3,895,563)
Transfers Out	(1,704,563)	(1,704,563)	0	1,704,563
Net Change in Fund Equity	(4,324,392)	(1,070,761)	(3,261,330)	(2,190,569)
Fund Equity at Beginning of Year	14,380,415	14,380,415	14,380,415	0
Prior Year Encumbrances Appropriated	1,496,186	1,496,186	1,496,186	0
Fund Equity at End of Year	\$11,552,209	\$14,805,840	\$12,615,271	(\$2,190,569)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$1,533,180	\$1,590,069	\$1,545,721	(\$44,348)
Other	0	0	6,360	6,360
Interest	2,000	2,000	3,672	1,672
Total Revenues	1,535,180	1,592,069	1,555,753	(36,316)
Expenses:				
Personal Services	142,817	142,817	118,926	23,891
Contractual Services	1,431,752	1,449,019	1,377,074	71,945
Other	500	500	383	117
Total Expenses	1,575,069	1,592,336	1,496,383	95,953
Net Change in Fund Equity	(39,889)	(267)	59,370	59,637
Fund Equity at Beginning of Year	328,243	328,243	328,243	0
Prior Year Encumbrances Appropriated	896	896	896	0
Fund Equity at End of Year	\$289,250	\$328,872	\$388,509	\$59,637

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$3,262,000	\$3,876,951	\$3,309,532	(\$567,419)
Interest	12,000	26,261	26,261	0
Other	2,500	2,500	183,503	181,003
Special Assessments	0	0	5,970	5,970
Total Revenues	3,276,500	3,905,712	3,525,266	(380,446)
Expenses:				
Personal Services	638,403	678,403	640,426	37,977
Contractual Services	1,334,174	1,373,844	1,326,553	47,291
Supplies and Materials	180,750	191,387	188,153	3,234
Capital Outlay	843,500	844,500	839,285	5,215
Other	6,000	6,000	1,952	4,048
Debt Service:				
Principal Retirement	510,000	510,000	510,000	0
Interest and Fiscal Charges	388,885	388,885	387,881	1,004
Total Expenses	3,901,712	3,993,019	3,894,250	98,769
Excess of Revenues Under Expenses Before Transfers	(625,212)	(87,307)	(368,984)	(281,677)
Transfers In	1,562,885	1,598,885	0	(1,598,885)
Transfers Out	(1,562,885)	(1,562,885)	0	1,562,885
Net Change in Fund Equity	(625,212)	(51,307)	(368,984)	(317,677)
Fund Equity at Beginning of Year	3,385,750	3,385,750	3,385,750	0
Prior Year Encumbrances Appropriated	102,381	102,381	102,381	0
Fund Equity at End of Year	\$2,862,919	\$3,436,824	\$3,119,147	(\$317,677)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$132,000	\$172,491	\$148,887	(\$23,604)
Other	126,100	126,100	128,664	2,564
Bonds Issued	550,000	550,000	550,000	0
Total Revenues	808,100	848,591	827,551	(21,040)
Expenses:				
Personal Services	96,077	102,077	98,383	3,694
Contractual Services	29,514	29,697	28,124	1,573
Supplies and Materials	1,000	1,000	600	400
Capital Outlay	17,000	17,000	15,851	1,149
Debt Service:				
Principal Retirement	650,000	650,000	650,000	0
Interest and Fiscal Charges	49,000	49,000	35,247	13,753
Total Expenses	842,591	848,774	828,205	20,569
Net Change in Fund Equity	(34,491)	(183)	(654)	(471)
Fund Equity at Beginning of Year	377,311	377,311	377,311	0
Prior Year Encumbrances Appropriated	1,180	1,180	1,180	0
Fund Equity at End of Year	\$344,000	\$378,308	\$377,837	(\$471)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$3,045,000	\$3,643,468	\$3,143,548	(\$499,920)
Other	5,000	5,000	39,897	34,897
Interest	15,000	15,000	32,659	17,659
Utility Deposits Received	13,000	13,000	13,425	425
Revenue Bonds Issued	7,500,000	7,500,000	13,650,000	6,150,000
Premium on Debt Issue	0	0	207,420	207,420
Total Revenues	10,578,000	11,176,468	17,086,949	5,910,481
Expenses:				
Personal Services	338,523	378,523	357,165	21,358
Contractual Services	889,274	904,442	894,101	10,341
Supplies and Materials	669,250	786,615	744,069	42,546
Other	4,500	5,956,945	5,955,463	1,482
Utility Deposits Returned	12,350	12,350	12,350	0
Capital Outlay	985,000	2,125,839	2,079,548	46,291
Debt Service:				
Principal Retirement	7,830,000	7,955,000	7,955,000	0
Interest and Fiscal Charges	407,920	827,895	808,095	19,800
Total Expenses	11,136,817	18,947,609	18,805,791	141,818
Excess of Revenues Under Expenses Before Transfers	(558,817)	(7,771,141)	(1,718,842)	6,052,299
Transfers In	1,361,920	1,772,920	0	(1,772,920)
Transfers Out	(1,358,920)	(784,170)	0	784,170
Net Change in Fund Equity	(555,817)	(6,782,391)	(1,718,842)	5,063,549
Fund Equity at Beginning of Year	4,330,969	4,330,969	4,330,969	0
Prior Year Encumbrances Appropriated	1,327,273	1,327,273	1,327,273	0
Fund Equity (Deficit) at End of Year	\$5,102,425	(\$1,124,149)	\$3,939,400	\$5,063,549

**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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$818,366	\$912,556	\$831,167	(\$81,389)
Interest	3,500	3,500	7,102	3,602
Total Revenues	821,866	916,056	838,269	(77,787)
Expenses:				
Personal Services	55,765	70,765	54,294	16,471
Contractual Services	164,591	168,764	137,912	30,852
Supplies and Materials	3,500	4,260	3,590	670
Capital Outlay	675,000	711,544	620,281	91,263
Other	200	2,200	688	1,512
Total Expenses	899,056	957,533	816,765	140,768
Net Change in Fund Equity	(77,190)	(41,477)	21,504	62,981
Fund Equity at Beginning of Year	540,992	540,992	540,992	0
Prior Year Encumbrances Appropriated	51,511	51,511	51,511	0
Fund Equity at End of Year	\$515,313	\$551,026	\$614,007	\$62,981

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$100,500	\$102,779	\$118,881	\$16,102
Intergovernmental	30,000	30,000	30,000	0
Interest	3,500	1,000	6,221	5,221
Total Revenues	134,000	133,779	155,102	21,323
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Personal Services	135,796	135,796	118,991	16,805
Contractual Services	36,383	45,512	45,221	291
Supplies and Materials	3,100	3,859	3,100	759
Other	1,500	1,500	400	1,100
Total Expenditures	176,779	186,667	167,712	18,955
Excess of Revenues Under Expenditures	(42,779)	(52,888)	(12,610)	40,278
Other Financing Sources:				
Transfers In	50,000	50,000	50,000	0
Net Change in Fund Balance	7,221	(2,888)	37,390	40,278
Fund Balance at Beginning of Year	562,370	562,370	562,370	0
Prior Year Encumbrances Appropriated	3,405	3,405	3,405	0
Fund Balance at End of Year	\$572,996	\$562,887	\$603,165	\$40,278

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, 2012

	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>\$196,504</u>	<u>\$196,504</u>	<u>\$196,504</u>	<u>\$0</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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$5,000	\$10,000	\$4,291	(\$5,709)
Fines, Licenses and Permits	97,500	169,000	131,681	(37,319)
Intergovernmental	5,000	5,000	0	(5,000)
Other	500	10,000	1,292	(8,708)
Total Revenues	108,000	194,000	137,264	(56,736)
Expenditures:				
Current:				
General Government				
Municipal Court Special Project				
Contractual Services	22,000	24,220	4,084	20,136
Capital Outlay	25,000	34,571	9,571	25,000
Total Municipal Court Special Project	47,000	58,791	13,655	45,136
Federal Asset Forfeiture				
Contractual Services	2,000	2,000	0	2,000
Total General Government	49,000	60,791	13,655	47,136
Security of Persons and Property				
Indigent Drivers Alcohol				
Contractual Services	30,000	45,000	27,325	17,675
Materials and Supplies	30,000	30,000	2,818	27,182
Total Indigent Drivers Alcohol	60,000	75,000	30,143	44,857
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	5,000	0
Total Computerized Legal Research	15,000	15,000	5,000	10,000
Computer Improvement				
Contractual Services	21,000	21,000	6,219	14,781
Materials and Supplies	4,000	5,695	1,695	4,000
Capital Outlay	10,000	10,000	5,599	4,401
Total Computer Improvement	35,000	36,695	13,513	23,182
Drug Law Enforcement				
Contractual Services	10,000	10,000	0	10,000
Total Security of Persons and Property	120,000	136,695	48,656	88,039
Capital Outlay	10,000	10,000	0	10,000
Total Expenditures	179,000	207,486	62,311	145,175
Net Change in Fund Balance	(71,000)	(13,486)	74,953	88,439
Fund Balance at Beginning of Year	464,311	464,311	464,311	0
Prior Year Encumbrances Appropriated	13,986	13,986	13,986	0
Fund Balance at End of Year	\$407,297	\$464,811	\$553,250	\$88,439

**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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Fines, Licenses and Permits	\$5,000	\$15,000	\$1,912	(\$13,088)
Expenditures:				
Current:				
Leisure Time Services				
Capital Outlay	15,000	27,578	27,496	82
Net Change in Fund Balance	(10,000)	(12,578)	(25,584)	(13,006)
Fund Balance at Beginning of Year	36,252	36,252	36,252	0
Prior Year Encumbrances Appropriated	13,000	13,000	13,000	0
Fund Balance at End of Year	<u>\$39,252</u>	<u>\$36,674</u>	<u>\$23,668</u>	<u>(\$13,006)</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION SPECIAL REVENUE FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Fines, Licenses and Permits	\$30,000	\$0	\$15,496	\$15,496
Intergovernmental	1,057,000	1,289,739	1,010,848	(278,891)
Interest	400	0	313	313
Other	1,000	1,844	9,733	7,889
Total Revenues	1,088,400	1,291,583	1,036,390	(255,193)
Expenditures:				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	329,357	349,462	320,988	28,474
Contractual Services	321,026	332,142	285,871	46,271
Supplies and Materials	238,250	298,749	153,836	144,913
Other	250,000	250,000	250,000	0
Total Street Maintenance and Repair	1,138,633	1,230,353	1,010,695	219,658
Division Highway Maintenance				
Contractual Services	51,000	56,099	50,716	5,383
Supplies and Materials	11,000	38,230	33,073	5,157
Total Division Highway Maintenance	62,000	94,329	83,789	10,540
Transportation Impact Fee				
Contractual Services	0	38,476	38,476	0
Total Expenditures	1,200,633	1,363,158	1,132,960	230,198
Excess of Revenues Under Expenditures	(112,233)	(71,575)	(96,570)	(24,995)
Other Financing Sources:				
Proceeds from Sale of Capital Assets	1,000	4,050	4,050	0
Transfers In	10,000	10,000	10,000	0
Total Other Financing Sources	11,000	14,050	14,050	0
Net Change in Fund Balance	(101,233)	(57,525)	(82,520)	(24,995)
Fund Balance at Beginning of Year	838,928	838,928	838,928	0
Prior Year Encumbrances Appropriated	146,832	146,832	146,832	0
Fund Balance at End of Year	\$884,527	\$928,235	\$903,240	(\$24,995)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Income Taxes	\$597,000	\$598,934	\$626,147	\$27,213
Special Assessments	100,000	5,331	19,378	14,047
Interest	20,000	20,000	39,761	19,761
Total Revenues	<u>717,000</u>	<u>624,265</u>	<u>685,286</u>	<u>61,021</u>
Expenditures:				
Debt Service:				
Principal Retirement	430,000	430,000	450,000	(20,000)
Interest and Fiscal Charges	241,033	241,033	219,428	21,605
Total Expenditures	<u>671,033</u>	<u>671,033</u>	<u>669,428</u>	<u>1,605</u>
Excess of Revenues Over (Under) Expenditures	<u>45,967</u>	<u>(46,768)</u>	<u>15,858</u>	<u>62,626</u>
Other Financing Sources (Uses):				
Transfer Out	(4,268)	(4,268)	0	4,268
Transfers In	46,768	46,768	42,500	(4,268)
Total Other Financing Sources (Uses)	<u>42,500</u>	<u>42,500</u>	<u>42,500</u>	<u>0</u>
Net Change in Fund Balance	88,467	(4,268)	58,358	62,626
Fund Balance at Beginning of Year	<u>3,694,198</u>	<u>3,694,198</u>	<u>3,694,198</u>	<u>0</u>
Fund Balance at End of Year	<u>\$3,782,665</u>	<u>\$3,689,930</u>	<u>\$3,752,556</u>	<u>\$62,626</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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$7,500	\$6,000	\$7,500	\$1,500
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Capital Outlay	6,000	7,120	4,613	2,507
Net Change in Fund Balance	1,500	(1,120)	2,887	4,007
Fund Balance at Beginning of Year	72,048	72,048	72,048	0
Prior Year Encumbrances Appropriated	1,120	1,120	1,120	0
Fund Balance at End of Year	\$74,668	\$72,048	\$76,055	\$4,007

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	450,000	667,330	667,330	0
Excess of Revenues Under Expenditures	(450,000)	(667,330)	(667,330)	0
Other Financing Sources:				
Transfers In	400,000	450,000	400,000	(50,000)
Net Change in Fund Balance	(50,000)	(217,330)	(267,330)	(50,000)
Fund Balance at Beginning of Year	59,396	59,396	59,396	0
Prior Year Encumbrances Appropriated	222,818	222,818	222,818	0
Fund Balance at End of Year	<u>\$232,214</u>	<u>\$64,884</u>	<u>\$14,884</u>	<u>(\$50,000)</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$182,620	\$196,218	\$182,620	(\$13,598)
Expenses:				
Personal Services	161,368	171,368	157,121	14,247
Contractual Services	11,500	11,629	5,638	5,991
Supplies and Materials	13,350	13,858	10,914	2,944
Total Expenses	186,218	196,855	173,673	23,182
Net Change in Fund Equity	(3,598)	(637)	8,947	9,584
Fund Equity at Beginning of Year	103,711	103,711	103,711	0
Prior Year Encumbrances Appropriated	2,276	2,276	2,276	0
Fund Equity at End of Year	\$102,389	\$105,350	\$114,934	\$9,584

**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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$1,710,891	\$2,483,807	\$1,695,048	(\$788,759)
Other	0	291,193	291,193	0
Interest	15,000	15,000	11,632	(3,368)
Total Revenues	1,725,891	2,790,000	1,997,873	(792,127)
Expenses:				
Contractual Services	332,000	410,140	323,987	86,153
Claims	1,758,000	2,533,715	2,380,353	153,362
Total Expenses	2,090,000	2,943,855	2,704,340	239,515
Net Change in Fund Equity	(364,109)	(153,855)	(706,467)	(552,612)
Fund Equity at Beginning of Year	1,290,941	1,290,941	1,290,941	0
Prior Year Encumbrances Appropriated	157,774	157,774	157,774	0
Fund Equity at End of Year	\$1,084,606	\$1,294,860	\$742,248	(\$552,612)

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STATISTICAL SECTION



STATISTICAL TABLES

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

<u>CONTENTS</u>	<u>PAGES</u>
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Financial Trends	S2-S13
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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
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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
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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
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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
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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 POSITION BY COMPONENT
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities				
Net Investment in Capital Assets	\$14,799,049	\$26,334,143	\$34,147,382	\$33,764,338
Restricted	10,620,391	10,544,147	11,137,800	13,388,372
Unrestricted	<u>2,395,552</u>	<u>2,818,372</u>	<u>2,759,921</u>	<u>4,074,569</u>
<i>Total Governmental Activities Net Position</i>	<u>27,814,992</u>	<u>39,696,662</u>	<u>48,045,103</u>	<u>51,227,279</u>
Business Type - Activities				
Net Investment in Capital Assets	18,011,398	34,340,402	42,195,263	44,463,041
Restricted	3,305,947	3,334,324	3,962,065	3,698,199
Unrestricted	<u>26,198,493</u>	<u>22,139,380</u>	<u>20,867,518</u>	<u>22,594,015</u>
<i>Total Business-Type Activities Net Position</i>	<u>47,515,838</u>	<u>59,814,106</u>	<u>67,024,846</u>	<u>70,755,255</u>
Primary Government				
Net Investment in Capital Assets	32,810,447	60,674,545	76,342,645	78,227,379
Restricted	13,926,338	13,878,471	15,099,865	17,086,571
Unrestricted	<u>28,594,045</u>	<u>24,957,752</u>	<u>23,627,439</u>	<u>26,668,584</u>
<i>Total Primary Government Net Position</i>	<u>\$75,330,830</u>	<u>\$99,510,768</u>	<u>\$115,069,949</u>	<u>\$121,982,534</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$34,628,876	\$35,598,684	\$39,072,022	\$39,380,807	\$39,051,129	\$40,044,806
14,310,899	16,371,911	12,685,486	10,226,109	10,873,564	8,952,231
<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>12,340,870</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>	<u>61,337,907</u>
40,865,125	44,388,792	49,797,775	48,615,352	50,068,883	54,208,669
8,083,620	7,782,930	6,844,532	6,713,271	6,302,061	6,212,490
<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>29,620,412</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>	<u>90,041,571</u>
75,494,001	79,987,476	88,869,797	87,996,159	89,120,012	94,253,475
22,394,519	24,154,841	19,530,018	16,939,380	17,175,625	15,164,721
<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>41,961,282</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>	<u>\$151,379,478</u>

CITY OF LEBANON, OHIO
 CHANGES IN NET POSITION
 LAST TEN YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

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

2007	2008 (1)	2009	2010	2011	2012
\$2,094,209	\$2,083,300	\$1,855,435	\$1,857,748	\$1,883,236	\$2,319,719
532,708	573,826	578,197	597,025	556,218	641,330
197,057	245,713	245,743	402,002	467,450	420,701
117,795	102,754	104,390	102,577	106,911	126,381
79,680	59,555	96,924	73,419	53,410	24,508
0	0	0	0	0	8,129
24,421	27,925	36,914	37,823	24,198	15,496
3,045,870	3,093,073	2,917,603	3,070,594	3,091,423	3,556,264
2,813	3,938	651	319	0	0
0	0	5,857	5,005	191,533	0
210,790	97,633	244,478	360,224	351,001	247,639
54,056	42,562	50,741	33,645	30,000	29,792
16,105	0	0	0	1,848	12,134
869	878	3,501	5,965	24,800	67,873
1,066,568	957,203	1,606,253	943,012	1,057,251	985,902
1,351,201	1,102,214	1,911,481	1,348,170	1,656,433	1,343,340
0	143,557	0	0	0	0
0	185,544	0	0	0	0
0	0	0	0	0	9,855
0	144,680	0	61,444	0	0
0	0	0	0	0	0
667,331	1,157,245	945,434	821,157	752,724	1,432,669
667,331	1,631,026	945,434	882,601	752,724	1,442,524
5,064,402	5,826,313	5,774,518	5,301,365	5,500,580	6,342,128
28,405,280	28,332,284	28,867,568	28,078,497	25,694,050	28,988,955
1,189,868	1,250,052	1,349,490	1,456,893	1,549,157	1,556,865
3,520,108	3,247,959	3,241,806	3,407,107	3,139,479	3,321,870
169,831	98,749	126,404	150,371	125,060	148,887
2,753,207	2,794,469	2,687,619	2,956,864	2,803,705	3,175,134
837,314	770,567	818,352	815,451	834,440	836,426
0	0	0	0	0	0
0	130,531	0	0	0	249,255
0	50,008	0	0	0	167,155
0	83,066	33,720	69,410	0	0
36,875,608	36,757,685	37,124,959	36,934,593	34,145,891	38,444,547
\$41,940,010	\$42,583,998	\$42,899,477	\$42,235,958	\$39,646,471	\$44,786,675

(continued)

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

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

2007	2008 (1)	2009	2010	2011	2012
\$4,678,341	\$4,125,692	\$3,812,972	\$4,068,631	\$3,881,199	\$3,591,911
3,662,803	3,861,017	4,218,030	4,470,394	4,547,632	4,414,356
2,687,928	2,631,887	2,735,622	2,832,199	2,866,797	3,308,046
204,228	195,983	181,562	197,806	220,299	221,850
526,995	498,379	588,970	382,313	674,644	778,510
843,839	802,169	868,309	873,466	930,934	1,080,804
3,866,183	3,090,437	3,591,609	3,790,494	3,561,887	4,207,949
0	244,657	257,623	277,310	310,704	345,607
386,205	354,128	326,399	281,437	253,316	338,645
16,856,522	15,804,349	16,581,096	17,174,050	17,247,412	18,287,678
25,617,652	26,754,920	26,164,717	28,153,003	25,488,085	28,898,408
1,285,576	1,327,449	1,363,001	1,522,129	1,512,397	1,508,493
3,214,858	3,386,470	3,166,397	3,385,521	3,444,593	3,739,025
180,577	222,847	210,102	171,385	164,107	178,763
2,553,235	2,526,916	2,534,870	2,767,146	3,086,876	3,691,306
422,249	490,366	512,516	572,544	612,275	502,542
33,274,147	34,708,968	33,951,603	36,571,728	34,308,333	38,518,537
50,130,669	50,513,317	50,532,699	53,745,778	51,555,745	56,806,215
(11,792,120)	(9,978,036)	(10,806,578)	(11,872,685)	(11,746,832)	(11,945,550)
3,601,461	2,048,717	3,173,356	362,865	(162,442)	(73,990)
(8,190,659)	(7,929,319)	(7,633,222)	(11,509,820)	(11,909,274)	(12,019,540)
1,281,491	1,353,504	1,375,734	1,206,503	1,147,868	1,054,552
2,222,553	2,327,576	2,224,683	2,373,747	2,228,171	2,028,866
37,774	43,186	27,499	0	0	0
5,888,391	6,260,249	5,409,147	5,451,284	5,762,855	6,232,249
1,229,554	1,468,021	1,318,586	1,371,444	1,245,078	1,366,321
1,235,888	1,269,275	1,269,899	1,259,657	1,395,381	1,758,769
1,082,225	684,035	818,872	661,125	814,808	342,899
10,345	7,494	7,375	2,000	0	0
1,353,237	781,418	1,063,750	179,250	(217,091)	317,837
8,172	17,828	14,168	9,150	7,414	0
403,496	185,479	160,078	139,756	225,740	155,073
(478,040)	(117,639)	(1,536,455)	(310,237)	(392,268)	(274,620)
\$14,275,086	\$14,280,426	\$12,153,336	\$12,343,679	\$12,217,956	\$12,981,946

(continued)

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

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

(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>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$693,586	\$447,260	\$700,087	\$232,745	(\$288,217)	\$219,886
0	0	2,310	10,200	12,415	3,800
(328,948)	0	0	0	0	0
2,742,921	0	0	0	0	0
88,918	275,132	128,167	68,458	665,346	2,018,744
12,320	117,639	1,536,455	310,237	392,268	274,620
<u>3,208,797</u>	<u>840,031</u>	<u>2,367,019</u>	<u>621,640</u>	<u>781,812</u>	<u>2,517,050</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>	<u>15,498,996</u>
0	0	0	0	0	0
2,482,966	4,302,390	1,346,758	470,994	471,124	1,036,396
6,810,258	2,888,748	5,540,375	984,505	619,370	2,443,060
<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>	<u>\$3,479,456</u>

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

	2003	2004	2005	2006
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	1,871,373	1,790,633	1,696,873	1,788,814
Unreserved	1,156,280	1,634,323	2,392,657	3,418,537
Total General Fund	3,027,653	3,424,956	4,089,530	5,207,351
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Reserved	637,553	1,666,092	656,568	1,330,635
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,296,989	1,697,762	3,168,101	2,902,779
Debt Service Fund	3,547,913	4,025,444	4,617,027	5,484,816
Capital Projects Funds (Deficit)	847,950	1,192,800	(582,137)	502,409
Total All Other Governmental Funds	8,330,405	8,582,098	7,859,559	10,220,639
Prior Year Restatement of Fund Balances	0	0	0	(798,704)
Total Governmental Funds	\$11,358,058	\$12,007,054	\$11,949,089	\$14,629,286

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$0	\$0	\$1,184,302	\$1,064,339	\$921,909	\$813,297
0	0	15,190	0	0	0
0	0	0	0	183,215	260,111
0	0	3,800,626	4,071,783	4,267,452	5,137,124
1,586,780	1,498,020	0	0	0	0
<u>3,306,942</u>	<u>3,429,456</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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>	<u>6,210,532</u>
0	0	262,740	198,933	189,965	190,824
0	0	7,969,375	8,864,107	9,490,132	7,704,927
0	0	3,121,909	3,129,214	3,196,405	5,055,548
2,168,634	2,717,467	0	0	0	0
2,896,180	2,825,839	0	0	0	0
4,995,975	5,078,023	0	0	0	0
<u>1,407,152</u>	<u>1,968,876</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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>12,951,299</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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>	<u>\$19,161,831</u>

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

	2003	2004	2005	2006
Revenues				
Property Taxes	\$2,249,030	\$2,404,009	\$3,314,607	\$3,344,659
Income Taxes	4,565,520	4,698,641	5,244,581	6,437,444
Other Local Taxes	855,204	791,589	855,499	857,100
Payments in Lieu of Taxes	766,298	848,321	910,839	1,181,361
Special Assessments	159,732	154,965	151,277	152,172
Charges for Services	450,005	2,199,776	2,111,196	2,113,406
Fines, Licenses and Permits	1,128,354	1,255,552	1,108,910	1,090,009
Intergovernmental	6,173,724	4,037,285	3,017,163	2,650,427
Interest	163,479	210,017	483,990	796,824
Contributions and Donations	89,217	40,448	29,500	3,119
Other	71,279	209,643	164,843	366,095
<i>Total Revenues</i>	<u>16,671,842</u>	<u>16,850,246</u>	<u>17,392,405</u>	<u>18,992,616</u>
Expenditures				
Current:				
General Government	2,015,128	3,417,840	3,424,490	3,823,519
Security of Persons and Property:				
Police	2,788,823	3,010,437	3,188,715	3,432,462
Fire	1,109,834	2,409,771	2,316,185	2,022,690
Public Health Services	145,004	219,357	167,028	175,691
Leisure Time Services	680,463	308,656	201,642	967,844
Community and Economic Development	609,463	1,166,589	1,854,563	1,102,447
Transportation	679,456	829,360	739,947	769,950
Intergovernmental	264,482	92,219	160,373	212,289
Capital Outlay	5,951,931	3,774,983	4,774,592	2,184,601
Debt Service:				
Principal Retirement	568,652	614,325	510,030	530,771
Interest and Fiscal Charges	380,551	346,936	342,982	327,457
Interest Paid on Capital Appreciation Bonds	0	0	0	0
Bond Issuance Costs	57,972	0	0	0
<i>Total Expenditures</i>	<u>15,251,759</u>	<u>16,190,473</u>	<u>17,680,547</u>	<u>15,549,721</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,420,083</u>	<u>659,773</u>	<u>(288,142)</u>	<u>3,442,895</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	2,204	174,400	49,758
Transfers In	411,253	622,866	887,746	1,445,692
Inception of Capital Lease	0	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	(429,253)	(635,847)	(831,969)	(1,459,444)
Proceeds from Sale of Notes	120,000	0	0	0
Discount on Debt Issued	(17,292)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>4,089,708</u>	<u>(10,777)</u>	<u>230,177</u>	<u>36,006</u>
<i>Net Change in Fund Balances</i>	<u>\$5,509,791</u>	<u>\$648,996</u>	<u>(\$57,965)</u>	<u>\$3,478,901</u>
Debt Service as a Percentage of Noncapital Expenditures	10.8%	7.7%	6.6%	6.4%

2007	2008	2009	2010	2011	2012
\$3,536,738	\$3,758,401	\$3,594,477	\$3,563,064	\$3,377,780	\$3,070,560
5,988,089	5,719,316	5,510,661	5,565,246	5,463,788	6,155,444
1,230,707	1,466,536	1,319,827	1,371,120	1,245,646	1,366,321
1,235,888	1,269,275	1,269,899	1,259,657	1,428,970	1,758,769
89,412	94,678	103,030	87,439	112,287	89,051
2,154,757	2,122,822	2,113,504	2,303,809	2,309,288	2,819,113
891,574	969,440	795,107	775,800	788,547	737,151
3,042,013	2,897,793	3,563,319	2,884,405	2,932,834	2,647,883
1,316,866	732,751	911,684	200,297	(86,371)	329,748
10,345	7,494	4,375	63,444	1,848	12,134
406,585	188,765	163,574	143,475	225,740	155,073
<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>	<u>19,141,247</u>
4,936,788	4,594,923	3,858,069	3,837,352	3,512,438	3,353,208
3,760,488	3,975,505	4,165,490	4,208,892	4,138,153	4,155,702
2,552,853	2,513,055	2,540,690	2,579,293	2,538,806	3,055,494
188,855	175,878	159,879	164,718	175,537	171,222
485,810	434,985	424,044	390,839	493,220	648,820
719,007	863,405	851,361	826,380	861,847	1,010,993
1,622,542	875,710	1,000,611	1,102,322	868,916	1,146,286
229,308	244,657	257,623	277,310	296,891	345,607
4,540,579	3,194,419	6,231,284	2,993,629	3,205,214	3,718,437
464,861	2,819,636	576,144	590,158	540,884	466,645
286,716	370,358	309,873	272,577	244,320	220,992
91,687	95,767	103,322	0	0	0
0	103,476	0	0	0	0
<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>	<u>18,293,406</u>
23,480	(1,034,503)	(1,128,933)	974,286	924,131	847,841
20,436	39,550	14,168	13,700	37,825	64,912
2,551,127	1,575,558	2,575,617	1,212,115	433,620	502,500
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	0
(3,144,659)	(1,589,309)	(2,624,391)	(1,225,867)	(474,874)	(502,500)
2,280,000	0	0	0	0	0
0	0	0	0	0	0
<u>1,708,897</u>	<u>2,190,521</u>	<u>(34,606)</u>	<u>(52)</u>	<u>(3,429)</u>	<u>64,912</u>
<u>\$1,732,377</u>	<u>\$1,156,018</u>	<u>(\$1,163,539)</u>	<u>\$974,234</u>	<u>\$920,702</u>	<u>\$912,753</u>
5.5%	20.4%	6.9%	6.1%	5.5%	4.6%

CITY OF LEBANON, OHIO
 INCOME TAX REVENUE BASE AND COLLECTIONS
 LAST TEN YEARS

<u>Tax Year</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>
2003	1.00%	\$4,577,825	\$34,430	75.21%	\$3,140	6.86%	\$8,208	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
2012	1.00	6,232,249	4,594,414	73.72	572,120	9.18	1,065,715	17.10

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 2011 AND 2002 (1)

Tax Year 2011 (2)

Income Range	Number of Filed Returns	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	1,086	18.28 %	\$166,585,646	47.43 %
75,001-100,000	663	11.16	57,735,120	16.43
50,001-75,000	955	16.07	59,069,178	16.81
25,000-50,000	1,266	21.30	46,702,177	13.29
Under 25,000	1,972	33.19	21,225,528	6.04
Total	5,942	100.00	\$351,317,649	100.00

Tax Year 2002

Income Range	Number of Filed Returns	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	547	11.58 %	\$74,235,918	30.76 %
75,001-100,000	600	12.70	51,413,680	21.30
50,001-75,000	869	18.40	53,895,903	22.33
25,000-50,000	1,197	25.34	44,080,152	18.27
Under 25,000	1,511	31.98	17,703,260	7.34
Total	4,724	100.00	\$241,328,913	100.00

Source: City Income Tax Department

- (1) Tax year 2012 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

Type of Customer:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Residential	\$5,949,470	\$6,181,266	\$7,508,220	\$8,611,965
Industrial	1,177,842	1,202,978	1,371,063	1,526,030
Commercial (1)	<u>5,412,891</u>	<u>5,553,868</u>	<u>6,749,294</u>	<u>7,727,224</u>
Total	<u>\$12,540,203</u>	<u>\$12,938,112</u>	<u>\$15,628,576</u>	<u>\$17,865,219</u>

(1) Majority of government buildings included in this category

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

<u>2007 (2)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$9,608,478	\$9,716,139	\$9,699,704	\$9,631,822	\$9,512,740	\$9,669,899
1,694,059	1,730,682	1,764,978	1,657,291	1,690,421	1,802,374
16,249,343	17,957,635	17,065,759	16,797,199	14,495,444	17,583,205
<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>	<u>\$29,055,478</u>

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CITY OF LEBANON, OHIO
 PRINCIPAL ELECTRIC CUSTOMERS
 2012 AND 2003

Customer	2012	
	Electric Charges for Services	Percentage of Total Charges for Services
CBTS	\$2,545,227	8.76 %
Advics Mfg.	2,370,765	8.16
HTNA	1,035,942	3.57
Warren County Commissioners	903,715	3.11
Mane Inc.	805,587	2.77
Lebanon City School District	740,234	2.55
Countryside YMCA	419,925	1.45
JBM Envelope	395,059	1.36
Walmart	376,073	1.29
City of Lebanon	346,964	1.19
Total	<u>\$9,939,491</u>	<u>34.21 %</u>
Total Electric Charges for Services	<u>\$29,055,478</u>	

Customer	2003	
	Electric Charges for Services	Percentage of Total Charges for Services
Warren County Commissioners	\$550,502	4.39 %
Countryside YMCA	300,657	2.40
Inna Tech	227,928	1.82
Kroger	210,843	1.68
Franklin Brazing & Metal	197,085	1.57
Lebanon City School District	253,244	2.02
PAC National	192,663	1.54
Home Depot	135,375	1.08
Embarq	108,126	0.86
PAC Products	107,749	0.86
Total	<u>\$2,284,172</u>	<u>18.22 %</u>
Total Electric Charges for Services	<u>\$12,540,203</u>	

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

	2003	2004	2005	2006
Residential				
Customer Service Charge	\$4.36	\$4.40	\$4.44	\$4.48
Energy Charge KWH:				
All KWH	-	-	-	-
First 1,500 KWH	\$0.04100	\$0.04141	\$0.04183	\$0.04225
Above 1,500 KWH	\$0.02490	\$0.02515	\$0.02540	\$0.02565
Distribution Charge per KWH:				
First 800 KWH	-	-	-	-
Next 800 KWH	-	-	-	-
Over 1,600 KWH	-	-	-	-
Fuel Adjustment all KWH (yr avg)	\$0.03050	\$0.03000	\$0.04340	\$0.05200
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
General Service Rate				
Customer Service Charge:				
Single Phase (1 Ph) Meter	\$7.48	\$7.55	\$7.63	\$7.71
Three Phase (3 Ph) Meter	\$12.48	\$12.60	\$12.73	\$12.86
Single and Three Phase Meter	\$19.97	\$20.17	\$20.37	\$20.57
Energy Charge KWH:				
First 2,000 KWH	\$0.04780	\$0.04828	\$0.04876	\$0.04925
Next 6,000 KWH	\$0.03380	\$0.03414	\$0.03448	\$0.03482
Over 8,000 KWH	\$0.02290	\$0.02313	\$0.02336	\$0.02359
Over 100,000 KWH	\$0.01000	\$0.01010	\$0.01020	\$0.01030
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	\$5.99300	\$6.05931	\$6.11990	\$6.11990
Over 25 KW	\$5.30600	\$5.35956	\$5.41316	\$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)	\$0.03050	\$0.03000	\$0.04340	\$0.05200
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

2007 (1)	2008	2009 (2)	2010	2011	2012
\$4.52	\$4.57	\$4.61	\$5.15	\$5.15	\$5.15
-	-	-	\$0.0670	\$0.0670	\$0.0670
\$0.06260	\$0.06322	\$0.06385	-	-	-
\$0.04580	\$0.04625	\$0.04671	-	-	-
-	-	-	\$0.0412	\$0.0412	\$0.0412
-	-	-	\$0.0361	\$0.0361	\$0.0361
-	-	-	\$0.0206	\$0.0206	\$0.0206
\$0.03890	\$0.04510	\$0.01610	(\$0.00820)	(\$0.00840)	(\$0.00400)
\$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
\$7.78	\$7.86	\$7.93	\$15.45	\$15.45	\$15.45
\$12.98	\$13.11	\$13.24	\$20.60	\$20.60	\$20.60
\$20.78	\$20.99	\$21.20	-	-	-
\$0.06940	\$0.07009	\$0.07079	-	-	-
\$0.05500	\$0.05555	\$0.05611	-	-	-
\$0.04370	\$0.04413	\$0.04457	-	-	-
\$0.03040	\$0.03070	\$0.03101	-	-	-
-	-	-	\$0.0824	\$0.0824	\$0.0824
-	-	-	\$0.0721	\$0.0721	\$0.0721
-	-	-	\$0.0412	\$0.0412	\$0.0412
-	-	-	\$0.0618	\$0.0618	\$0.0618
-	-	-	\$0.0309	\$0.0309	\$0.0309
Free	Free	Free	-	-	-
\$6.24290	\$6.30532	\$6.36837	-	-	-
\$5.52196	\$5.57717	\$5.63294	-	-	-
-	-	-	Free	Free	Free
-	-	-	\$7.21	\$7.21	\$7.21
-	-	-	\$9.27	\$9.27	\$9.27
-	-	-	\$10.30	\$10.30	\$10.30
-	-	-	\$12.36	\$12.36	\$12.36
-	-	-	\$0.0412	\$0.0412	\$0.0412
-	-	-	\$0.0361	\$0.0361	\$0.0361
-	-	-	\$0.0206	\$0.0206	\$0.0206
-	-	-	\$0.0258	\$0.0258	\$0.0258
-	-	-	\$0.0206	\$0.0206	\$0.0206
-	-	-	\$0.0155	\$0.0155	\$0.0155
\$0.03890	\$0.04510	\$0.01610	(\$0.00820)	(\$0.00840)	(\$0.00400)
\$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

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

	2003	2004	2005	2006
Large Power-Secondary Metered				
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	-	-	-	-
Large Power-Primary Metered				
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

2007 (1)	2008	2009 (2)	2010	2011	2012
\$100.00	\$101.00	\$102.00	\$103.00	\$103.00	\$103.00
\$0.02200	\$0.02215	\$0.02237	-	-	-
-	-	-	\$0.0361	\$0.0361	\$0.0361
-	-	-	\$0.0288	\$0.0288	\$0.0288
\$7.00	\$7.06	\$7.13	-	-	-
-	-	-	\$15.45	\$15.45	\$15.45
-	-	-	\$13.39	\$13.39	\$13.39
-	-	-	\$0.01550	\$0.01550	\$0.01550
-	-	-	\$0.01030	\$0.01030	\$0.01030
\$0.03890	\$0.04510	\$0.01610	(\$0.00820)	(\$0.00840)	(\$0.00400)
\$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
\$100.00	\$101.00	\$102.00	\$103.00	\$103.00	\$103.00
\$0.01349	\$0.01363	\$0.01376	-	-	-
-	-	-	\$0.0464	\$0.0464	\$0.0464
-	-	-	\$0.0103	\$0.0103	\$0.0103
\$4.29130	\$4.33430	\$4.37760	-	-	-
-	-	-	\$8.24	\$8.24	\$8.24
-	-	-	\$10.30	\$10.30	\$10.30
-	-	-	\$0.02580	\$0.02580	\$0.02580
-	-	-	\$0.01550	\$0.01550	\$0.01550
\$0.03890	\$0.04510	\$0.01610	(\$0.00820)	(\$0.00840)	(\$0.00400)
\$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

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	Notes Payable
2003	\$7,012,161	\$743,267	\$60,221	\$120,000
2004	6,638,372	665,723	46,237	1,400,000
2005	6,257,240	584,449	31,562	1,120,000
2006	5,864,320	499,445	16,162	840,000
2007	5,456,426	409,529	0	2,560,000
2008	7,048,239	315,883	60,361	1,280,000
2009	6,499,576	218,507	46,315	0
2010	6,058,568	87,401	31,595	0
2011	5,650,893	12,985	16,168	0
2012	5,200,655	9,439	0	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
\$34,248,548	\$0	\$8,500,000	\$0	\$50,684,197	14.30%	\$2,988
32,817,309	0	8,000,000	0	49,567,641	13.98	2,922
31,321,070	253,111	8,000,000	0	47,567,432	13.42	2,804
35,530,846	617,607	1,750,000	0	45,118,380	12.73	2,660
33,632,086	0	5,750,000	0	47,808,041	13.49	2,819
36,030,824	0	1,250,000	0	45,985,307	12.97	2,711
34,175,122	0	4,900,000	0	45,839,520	8.94	2,288
32,234,420	0	6,300,000	3,360,000	48,071,984	9.38	2,400
31,142,688	0	8,150,000	2,752,260	47,724,994	9.31	2,382
36,840,609	0	550,000	339,290	42,939,993	8.38	2,143

CITY OF LEBANON, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 DECEMBER 31, 2012

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Lebanon			
Special Assessment Bonds	\$9,439	100.00%	\$9,439
General Obligation Bonds	5,200,655	100.00	5,200,655
<i>Total Direct Debt</i>	<u>5,210,094</u>		<u>5,210,094</u>
Overlapping			
Lebanon City School District			
General Obligation Bonds	38,434,924	50.24	19,309,706
Capital Leases	3,357,000	50.24	1,686,557
Kings Local School District			
General Obligation Bonds	53,567,669	1.15	616,028
Warren County Vocational School District			
Certificates of Participation	5,859,606	10.49	614,673
Energy Conservation Notes	810,000	10.49	84,969
Capital Leases	115,975	10.49	12,166
Warren County			
General Obligation Bonds	11,319,970	7.07	800,322
Special Assessment Bonds	11,541,112	7.07	815,957
Loans Payable	4,226,009	7.07	298,779
Capital Leases	2,029	7.07	143
<i>Total Overlapping Debt</i>	<u>129,234,294</u>		<u>24,239,300</u>
Total	<u><u>\$134,444,388</u></u>		<u><u>\$29,449,394</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>
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
2012	20,033	1,126,990,932	5,200,655	0.46	259.60

Sources:

(1) 2002-2009 from 2000 Federal Census/2010-2012 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

	2003	2004	2005	2006
Total Assessed Property Value	<u>\$382,962,510</u>	<u>\$402,731,560</u>	<u>\$409,173,949</u>	<u>\$454,976,445</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>40,211,064</u>	<u>42,286,814</u>	<u>42,963,265</u>	<u>47,772,527</u>
Debt Outstanding:				
General Obligation Bonds	6,920,956	6,518,500	6,104,774	5,674,778
Mortgage Revenue Bonds	34,225,000	32,775,000	31,260,000	36,740,000
Special Assessment Bonds	743,267	665,723	584,449	449,445
Bond Anticipation Notes	<u>8,620,000</u>	<u>9,400,000</u>	<u>9,120,000</u>	<u>2,590,000</u>
Total Gross Indebtedness	50,509,223	49,359,223	47,069,223	45,454,223
Less:				
General Obligation Bonds	(6,496,732)	(6,204,276)	(5,900,550)	(5,585,554)
Mortgage Revenue Bonds	(34,225,000)	(32,775,000)	(31,260,000)	(36,740,000)
Special Assessment Bonds	(743,267)	(665,723)	(584,449)	(449,445)
Bond Anticipation Notes	(8,500,000)	(8,000,000)	(8,000,000)	(1,750,000)
General Obligation Bond Retirement Fund Balance	<u>(238,478)</u>	<u>(234,744)</u>	<u>(247,839)</u>	<u>(261,135)</u>
Total Net Debt Applicable to Debt Limit	<u>305,746</u>	<u>1,479,480</u>	<u>1,076,385</u>	<u>668,089</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$39,905,318</u>	<u>\$40,807,334</u>	<u>\$41,886,880</u>	<u>\$47,104,438</u>
Legal Debt Margin as a Percentage of the Debt Limit	99.24%	96.50%	97.49%	98.60%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$21,062,938</u>	<u>\$22,150,236</u>	<u>\$22,504,567</u>	<u>\$25,023,704</u>
Total Gross Indebtedness	50,509,223	49,359,223	47,069,223	45,454,223
Less:				
General Obligation Bonds	(6,496,732)	(6,204,276)	(5,900,550)	(5,585,554)
Mortgage Revenue Bonds	(34,225,000)	(32,775,000)	(31,260,000)	(36,740,000)
Special Assessment Bonds	(743,267)	(665,723)	(584,449)	(449,445)
Bond Anticipation Notes	<u>(8,500,000)</u>	<u>(8,000,000)</u>	<u>(8,000,000)</u>	<u>(1,750,000)</u>
Net Debt Within 5 ½ % Limitations	<u>305,746</u>	<u>1,479,480</u>	<u>1,076,385</u>	<u>668,089</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$20,757,192</u>	<u>\$20,670,756</u>	<u>\$21,428,182</u>	<u>\$24,355,615</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	98.55%	93.32%	95.22%	97.33%

Source: City Financial Records

2007	2008	2009	2010	2011	2012
<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>\$396,556,600</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>	<u>41,638,443</u>
5,316,381	6,945,794	6,481,492	6,037,598	5,587,014	5,140,560
34,740,000	37,045,000	35,115,000	33,100,000	31,010,000	36,525,000
409,529	315,883	218,507	87,401	12,985	9,439
<u>8,310,000</u>	<u>2,530,000</u>	<u>4,900,000</u>	<u>6,300,000</u>	<u>8,150,000</u>	<u>550,000</u>
48,775,910	46,836,677	46,714,999	45,524,999	44,759,999	42,224,999
(5,260,470)	(6,919,116)	(6,481,492)	(6,037,598)	(5,587,014)	(5,140,560)
(34,740,000)	(37,045,000)	(35,115,000)	(33,100,000)	(31,010,000)	(36,525,000)
(409,529)	(315,883)	(218,507)	(87,401)	(12,985)	(9,439)
(5,750,000)	(1,250,000)	(4,900,000)	(6,300,000)	(8,150,000)	(550,000)
<u>(182,304)</u>	<u>(103,180)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>2,433,607</u>	<u>1,203,498</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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>	<u>\$41,638,443</u>
94.87%	97.42%	100.00%	100.00%	100.00%	100.00%
<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>	<u>\$21,810,613</u>
48,775,910	46,836,677	46,714,999	45,524,999	44,759,999	42,224,999
(5,260,470)	(6,919,116)	(6,481,492)	(6,037,598)	(5,587,014)	(5,140,560)
(34,740,000)	(37,045,000)	(35,115,000)	(33,100,000)	(31,010,000)	(36,525,000)
(409,529)	(315,883)	(218,507)	(87,401)	(12,985)	(9,439)
<u>(5,750,000)</u>	<u>(1,250,000)</u>	<u>(4,900,000)</u>	<u>(6,300,000)</u>	<u>(8,150,000)</u>	<u>(550,000)</u>
<u>2,615,911</u>	<u>1,306,678</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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>	<u>\$21,810,613</u>
89.48%	94.65%	100.00%	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	
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
2012	29,119,640	26,483,052	2,636,588	1,340,000	655,186	1,995,186	1.32

(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	
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
2012	3,368,455	2,117,451	1,251,004	510,000	387,881	897,881	1.39

(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	
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
2012	3,217,644	1,944,281	1,273,363	455,000	226,870	681,870	1.87

(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	
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
2012	19,378	3,546	780	4,326	4.48

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>
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
2012	20,033	512,544,305	25,585	61,085	33.9

(1) Source: 2002-2009 from 2000 Federal Census/2010-2012 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%	4,691	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
26.0	5,442	5.6

CITY OF LEBANON, OHIO
 PRINCIPAL EMPLOYERS
 2012 AND 2003

2012

Employer	Employees
Warren County	1,191
Lebanon City School District	890
Countryside YMCA	781
Advics Manufacturing	601
Wal-Mart	442
Kroger	386
Amtex, Inc.	298
Mane Inc.	278
Warren County BDD (MRDD)	225
Lebanon Citizens National Bank	170
Total	5,262

2003

Employer	Employees
Warren County	1,020
Countryside YMCA	810
CBS Personnel Services	752
Lebanon City School District	738
Advics Manufacturing	613
Fujitec America	373
Cintemp Personnel Services	291
Kroger	290
Production Services Unlimited	279
Wal-Mart	279
PAC National	277
Total	5,722

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Council (1)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Finance	7.00	7.00	7.00	8.00	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	2.00	2.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00
Administration	3.00	4.00	4.00	4.00	5.00	5.00	5.00	4.00	4.00	4.00
Building Maintenance	2.00	3.00	3.00	2.00	3.00	3.00	3.00	3.00	2.00	2.00
Engineer	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Information Technology	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Service Department	7.00	5.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	4.00
Court	7.00	8.00	8.00	8.00	7.00	8.00	8.00	7.00	7.00	7.00
Probation	3.00	3.00	3.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Security of Persons and Property										
Police										
Police - Chiefs/Administrative	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Police - Sargeants	5.00	5.00	5.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Police - Officers	19.00	18.00	18.00	20.00	23.00	22.00	22.00	22.00	22.00	22.00
Police - Dispatchers	8.00	8.00	8.00	7.00	8.00	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	3.00	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	3.00	3.00	3.00	3.00	3.00	3.00
Public Health										
Cemetery	2.00	2.50	2.50	2.50	3.00	2.00	2.00	2.00	2.00	1.00
Leisure Time Services										
Parks & Recreation (3)	2.00	0.50	0.50	0.50	2.00	2.00	2.00	1.00	3.00	3.00
Community Development										
Building and Zoning	2.00	2.00	2.00	3.00	0.00	0.00	1.00	1.00	1.00	1.00
Planning and Development	3.00	3.00	3.00	3.00	2.00	2.00	2.00	3.00	3.00	3.00
Internal Service										
Automotive Maintenance	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00
Transportation										
Street M&R (3)	9.00	9.00	8.00	8.00	8.00	8.00	8.00	5.00	4.00	4.00
Basic Utility Services										
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	13.00	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	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Storm Water Utility	0.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Telecommunications	11.00	11.00	11.00	12.00	12.00	1.00	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	3.00	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	2.00	1.00	1.00	1.00	1.00	1.00
Wastewater - Maintenance	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wastewater - Collection and Treatment	4.00	5.00	5.00	6.00	4.00	5.00	5.00	5.00	5.00	5.00
Totals:	149.00	149.00	148.00	150.00	158.00	145.00	145.00	142.00	141.00	139.00

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 FUNCTION/PROGRAM
 LAST TEN YEARS

Function/Program	2003	2004	2005	2006
General Government				
<i>Council and Clerk</i>				
Number of Ordinances and Resolutions Passed	265	201	178	191
Number of Planning Commission Docket Items	66	74	80	44
Zoning Board of Appeals Docket Items	6	3	3	8
<i>Finance Department (I)</i>				
Number of Checks Issued	4,848	4,886	5,274	5,393
Number of Purchase Orders Issued	3,035	2,932	2,921	3,136
Amount of Checks Written (includes interfund transfers)	\$55,298,374	\$59,967,100	\$65,681,841	\$64,977,705
Interest Earnings for Fiscal Year (cash basis)	\$360,088	\$419,007	\$655,602	\$1,098,245
Number of Supplemental Appropriations Issued	55	49	51	49
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa	Aaa
Health Insurance Costs vs. General Fund Expenditures	13.06%	12.01%	11.86%	14.61%
General Fund Receipts (cash basis in thousands)	\$7,212	\$7,708	\$8,242	\$8,789
General Fund Expenditures (cash basis in thousands)	\$7,235	\$7,036	\$7,538	\$7,986
General Fund (unexpended) Cash Balances (in thousands)	\$628	\$1,300	\$2,004	\$2,807
<i>Income Tax Department</i>				
Number of Individual Returns	n/a	6,093	7,424	8,202
Number of Business Returns	n/a	759	1,401	1,014
Number of Business Withholding Accounts	n/a	1,245	1,245	1,244
Annual Number of Corporate Withholding Forms Processed	n/a	5,846	6,364	6,823
Annual Number of Balance Due Statements Forms Processed	n/a	1,200	1,300	1,520
Annual Number of Estimated Payment Forms Processed	n/a	1,461	1,650	1,706
Annual Number of Reconciliations of Withholdings Processed	n/a	1,300	1,331	1,329
<i>Engineering Department</i>				
Capital Improvement (public and private) Overseen by Dept.	\$3,356,532	\$4,867,448	\$9,043,425	\$5,221,623
<i>Municipal Court</i>				
Number of Civil Cases	890	1,226	1,233	1,212
Number of Criminal Cases	1,249	1,476	1,500	1,471
<i>Civil Service</i>				
Number of Police Entry Tests Administered	0	1	1	0
Number of Police Promotional Tests Administered	0	0	0	0
Number of Hires of Police Officers from Certified Lists	0	5	2	0
Number of Promotions from Police Certified Lists	0	0	0	0

2007	2008	2009	2010	2011	2012
190	163	113	131	107	115
46	24	30	23	22	28
9	6	5	6	2	3
4,788	4,952	4,477	4,540	4,433	4,753
2,507	1,106	1,016	1,000	1,039	1,084
\$78,123,022	\$79,454,629	\$67,670,694	\$70,323,107	\$73,041,394	\$78,807,285
\$1,631,436	\$729,505	\$460,240	\$366,830	\$241,760	\$455,725
65	46	34	20	26	42
Aaa	Aaa	Aaa	A1	A1	Aa2
12.86%	14.46%	12.32%	8.99%	9.29%	10.50%
\$10,325	\$9,354	\$8,883	\$9,251	\$9,257	\$9,951
\$10,260	\$9,185	\$9,019	\$8,918	\$8,918	\$8,945
\$2,873	\$3,042	\$2,906	\$3,239	\$3,758	\$4,853
8,679	9,202	9,827	9,790	9,630	9,982
1,408	1,506	1,507	1,518	1,593	1,470
1,305	1,496	1,496	1,472	2,356	2,344
6,900	7,936	8,514	8,418	8,415	8,298
2,160	500	600	791	720	800
1,850	2,000	2,000	2,500	2,016	2,118
1,517	1,346	1,322	1,356	1,530	1,166
\$5,301,116	\$5,010,259	\$7,545,020	\$3,235,575	\$7,181,756	\$5,885,336
1,275	1,321	1,087	1,063	826	754
1,540	1,597	1,393	1,372	1,417	1,515
151	153	429	0	0	1
0	8	0	0	2	0
0	3	3	1	0	2
0	1	0	0	2	1

(continued)

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

Function/Program	2003	2004	2005	2006
<i>Building Department Indicators</i>				
Commercial Construction Permits Issued	86	78	99	99
Estimated Value of Commercial Construction	\$14,063,245	\$11,660,094	\$31,850,725	\$12,249,758
Residential Construction Building Permits Issued	197	192	293	92
Estimated Value of Residential Construction	\$20,500,400	\$29,516,836	\$24,861,557	\$17,034,844
Security of Persons and Property				
<i>Police</i>				
Total Calls for Services	23,258	23,038	23,389	25,475
Number of Traffic Citations Issued	1,737	1,234	1,663	1,841
Number of Parking Citations Issued	0	0	0	0
Number of Criminal Arrests	1,213	1,106	1,237	1,561
Number of Accident Reports Completed	892	817	787	835
Part 1 Offenses (major offenses)	769	750	715	644
Animal Complaints	326	320	334	410
DUI Arrests	109	92	121	149
Traffic Crashes	495	426	421	440
Crash Injuries	124	120	128	143
Crash Deaths	2	0	0	0
Prisoners	194	192	276	389
Prisoner Meal Costs	\$2,351	\$2,251	\$3,793	\$7,486
Gasoline Costs of Fleet	\$35,104	\$44,815	\$48,477	\$57,754
<i>Fire</i>				
EMS Calls	1,947	2,058	2,000	2,037
Ambulance Billing Collections (net)	\$157,172	\$145,950	\$180,894	\$129,802
Fire Calls	794	739	1,062	1,139
Fires with Loss	54	48	42	50
Fires with Losses Exceeding \$10K	4	8	5	3
Fire Losses	\$218,350	\$340,101	\$395,500	\$229,275
Fire Safety Inspections	n/a	n/a	305	540
Number of Times Mutual Aid Given to Fire and EMS	24	28	31	26
Number of Times Mutual Aid Received for Fire and EMS	8	15	8	6
Public Health				
Cemetery Receipts (includes interfund transfers)	\$211,771	\$151,423	\$124,664	\$163,759

2007	2008	2009	2010	2011	2012
93	176	127	90	60	67
\$15,704,396	\$24,382,169	\$6,017,287	\$7,898,118	\$18,480,315	\$37,700,000
140	127	137	112	30	88
\$9,761,281	\$8,273,210	\$10,780,028	\$6,536,428	\$6,124,089	\$3,200,000
23,823	25,459	23,389	22,024	21,229	22,410
1,576	1,767	1,373	1,203	989	1,472
235	125	217	68	63	130
1,649	1,794	1,335	1,263	1,072	1,232
595	400	392	398	433	419
449	480	519	474	385	585
360	322	343	336	345	378
152	165	112	109	76	70
595	400	392	398	432	419
137	125	97	86	81	80
0	0	1	1	0	0
118	12	3	2	0	0
\$1,300	\$63	\$0	\$0	\$0	\$0
\$55,796	\$76,614	\$49,409	\$63,837	\$83,778	\$81,418
2,131	2,152	2,235	2,226	2,174	2,262
\$189,844	\$245,713	\$245,743	\$402,002	\$467,450	\$420,701
1,535	1,884	1,521	1,468	1,409	1,428
42	55	25	33	47	31
9	12	12	5	11	7
\$643,967	\$914,225	\$1,357,420	\$846,664	\$1,380,239	\$401,631
610	650	n/a	141	n/a	35
54	58	53	52	31	44
42	67	70	45	95	69
\$168,527	\$156,522	\$160,398	\$156,010	\$187,242	\$167,721

(continued)

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

Function/Program	2003	2004	2005	2006
Leisure Time Services				
<i>Recreation Receipts</i>				
Football	\$9,049	\$16,730	\$1,095	\$0
Softball Leagues	3,835	4,550	4,500	0
Adult Basketball	1,800	4,650	3,975	0
Farmer's Market	0	0	0	1,250
Recreation Programs	420	3,776	3,545	15,030
Field Usage Fees	0	7,581	18,458	15,930
Summer Camp	0	0	0	0
Concession Stand	0	0	0	0
Total Recreation Department Receipts	\$15,104	\$37,287	\$31,573	\$32,210
Transportation				
Crackseal Coating Program (Miles)	4.00	4.00	3.00	2.50
Street Repair (Curbs, aprons, berms, asphalt) (hours)	1,000	1,200	1,500	1,950
Street Sweeper (hours)	11,542	1,152	1,440	1,440
Cold Patch (hours)	100	100	180	210
After Hours Sewer and Water Calls	No Data	141	180	224
Sewer Cleaning (feet)	10,596	22,700	40,460	51,030
Sewer Jet, Vac-All, Video (feet)	17,511	26,574	15,907	45,681
Landscaping Stump-Chipper Service (hours)	100	120	160	200
Leaf Collection (hours)	2,100	2,200	2,800	3,000
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)	350	395	416	500
Tons of Snow Melting Salt Purchased (Nov-Mar)	1,687	1,123	3,427	542
Cost of Salt Purchased	\$52,780	\$36,022	\$115,441	\$22,927
Water Department				
Water Rates per 1st 2,500 Gallons of Water Used	\$8.10	\$8.50	\$8.92	\$9.19
Avg. Number of Water Accounts Billed Monthly	6,400	6,600	6,800	7,000
Total Water Collections Annually	\$2,971,340	\$2,942,212	\$2,943,704	\$3,327,223
Wastewater Department				
Wastewater Rates per 1st 2,500 Gallons Used	\$10.64	\$10.96	\$11.29	\$14.28
Total Flow of Wastewater Treatment Plant (MG)	1,012.000	978.000	1,031.000	1,028.000
Average Daily Flow (millions of gallons per day)	2.800	2.700	2.800	2.800
Tons of Dry Sludge Removed	225.00	584.00	498.00	461.00

(1) Receipts and expenditures include interfund transfers

2007	2008	2009	2010	2011	2012
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
1,000	850	800	900	1,150	1,740
26,864	27,680	66,093	23,230	21,995	20,600
20,790	26,223	26,605	38,645	34,145	43,280
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$48,654</u>	<u>\$54,753</u>	<u>\$93,498</u>	<u>\$62,775</u>	<u>\$57,290</u>	<u>\$65,620</u>

4.00	3.50	4.10	5.50	11.20	7.00
2,080	2,175	1,975	2,080	1,865	1,700
1,400	1,906	1,706	1,280	1,280	750
65	96	102	105	8	20
150	111	105	106	92	100
32,313	27,557	29,744	16,955	28,950	36,112
26,050	23,299	13,281	21,566	54,555	19,541
168	128	84	80	96	50
3,696	3,696	3,562	1,920	1,920	2,000
352	410	435	365	420	400
4,475	4,160	4,160	4,360	4,360	4,458
200	350	290	816	816	850
2,200	500	1,070	2,307	1,875	840
\$95,700	\$93,992	\$134,810	\$196,394	\$62,589	\$33,028
\$9.74	\$10.03	\$10.63	\$11.27	\$11.95	\$12.67
7,125	7,179	7,235	7,296	7,305	7,350
\$2,753,207	\$2,315,455	\$2,430,625	\$2,706,968	\$2,733,116	\$3,040,209

\$14.99	\$14.99	\$15.74	\$16.21	\$16.21	\$16.70
1,061.000	1,051.670	935.570	961.950	1,215.369	928.000
2.900	2.900	2.600	2.600	3.330	2.500
460.25	473.18	481.16	444.78	414.03	472.00

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
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	10	9	9	8	7	8	8	6	7
Inspection Vehicles	5	6	7	7	6	4	3	3	3	3
Information Technology	1	1	1	1	2	2	2	2	2	1
Cemetery										
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	2	2	2	2	2	2	1	1	1	1
Police										
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	22	17	21	21	17	17	18	17	16	16
Fire										
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	21	21	20	21	21	21	19	20
Recreation										
Number of Parks	15	15	15	15	15	15	16	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	12	12	12	12
Number of Soccer Fields	22	24	24	27	27	27	30	37	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	1	1
Other Public Works										
Streets (miles)	83,598	91,668	94,132	94,724	94,813	94,813	94,813	94,813	94,813	94,813
Service Vehicles	17	17	17	17	19	18	23	22	24	24
Auto Maintenance Internal Service	2	2	2	2	2	2	2	2	2	2
Electric										
Vehicles	18	18	21	20	21	22	23	24	22	19
Sanitation										
Vehicles	1	1	0	0	1	1	1	1	1	1
Telecommunications										
Vehicles	7	7	7	7	1	1	2	2	2	2
Wastewater										
Sanitary Sewers (miles)	80,694	77,243	80,877	81,744	81,744	113,457	113,591	113,591	113,610	113,799
Storm Sewers (miles)	37,311	39,520	46,224	47,598	48,288	83,439	84,512	86,10	86,53	88,05
Vehicles	9	9	9	9	8	7	7	7	7	7
Water Department										
Water Lines (miles)	82,742	81,597	84,100	84,870	85,628	109,305	110,425	110,432	110,432	113,609
Vehicles	8	8	8	9	10	10	10	11	10	10

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



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
OCTOBER 1, 2013**