



Dave Yost • Auditor of State



CITY OF LEBANON  
WARREN COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Lebanon  
Warren County  
50 S. Broadway  
Lebanon, Ohio 45036

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lebanon, Warren County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242  
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

City of Lebanon  
Warren County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 16, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

June 16, 2011

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



For the Year Ended December 31, 2010

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# INTRODUCTORY SECTION



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**CITY OF LEBANON, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**Issued by:  
Office of the Auditor**

**Sharee C. Dick  
City Auditor**

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City of Lebanon  
 Comprehensive Annual Financial Report  
 For the Year Ended December 31, 2010

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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 16, 2011

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

We are pleased to present the twenty-third Comprehensive Annual Financial Report (CAFR) for the City of Lebanon. This report for the year ended December 31, 2010, contains the financial statements and other financial and statistical information and conforms to generally accepted accounting principles as applicable to governmental entities. It provides complete and full disclosure of all material financial aspects of the City of Lebanon ("the City").

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

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

The Auditor of State of Ohio has issued an unqualified ("clean") opinion of the City of Lebanon's financial statements for the year ended December 31, 2010. The Independent Auditors' Report is located at the front of the Financial Section of this report.

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

#### PROFILE OF THE GOVERNMENT AND REPORTING ENTITY

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

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

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

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

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

The City participates in the Warren County Combined Health District 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. 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 \$2.0 million in 2010. The City secured a State grant to support the reconstruction and resurfacing of East Street from Main Street to Park Avenue. The roadway improvement total expense for this project was \$950,000. The City also completed the reconstruction of West Park Avenue at a total expense of \$450,000. This is in addition to the City's annual pavement resurfacing and concrete program which totaled \$517,000. The roadway reconstruction projects included the complete removal and replacement of concrete curbs and gutters, as well as the asphalt pavement. In conjunction with many of these roadway improvement projects, aging water, sanitary, and storm sewer systems were upgraded as well.

Over the past several years, the City has focused on replacing aging and undersized water mains. This initiative is being undertaken to ensure our ability to deliver quality water while meeting the necessary fire flow requirements. The City replaced the old water mains along East Warren Street, West Park Avenue, Glosser Road, Iroquois Avenue, Mohawk Place, and Navaho Drive. The total expense for these projects was \$1,796,823. Additionally, the City constructed a new 16" water main along East Street at an expense of \$1,204,488 that will improve the delivery of water throughout the City's water distribution system. The City has entered into an agreement with Greater Cincinnati Water Works to purchase all of the City's wholesale water by January 1, 2013. This will ensure that the City of Lebanon will be able to meet future water demands in the growing region.

The City made a significant improvement to the wastewater treatment facility in 2010. New bar screens were installed at the facility head works to improve the overall performance of the treatment facility. The cost of this project was \$500,000. The new screens have greatly increased the removal of debris and grit

that was previously flowing through the head works and creating operational issues in the secondary treatment system. Additionally, the City replaced and rehabilitated old sanitary sewer mains on East Street and Park Avenue.

The City continued to upgrade the electric transmission and distribution systems in both residential and commercial areas in 2010. These improvements are focused on continuing to improve the redundancy and reliability of the system while planning for future electrical demand growth in the City.

Through the support of a generous private donation, the City completed the Ida Juris Bennett dog park. This three acre park has received an overwhelming positive response from the community and further enhances the City's quality park and green space offerings.

## 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

In 2009, there was a modest increase in housing starts as compared to 2007 and 2008, which is likely attributed to the availability of platted lots in Lebanon and other factors, such as the reduction in home prices and federal first time homebuyer tax credits. However, in 2010, most of the platted lots were built out and the government tax credit program expired, causing residential development activity in the area to decline. The total investment in residential development in 2010 dropped 73 percent from 2009.

### Commercial and Industrial

In 2010, the nation's economy began to show signs of sluggish growth, in what remains a challenging economic cycle for the country. During this time, Lebanon has been positioning itself to capitalize on new and emerging business opportunities when the market strengthens through long-term investments in land and infrastructure. Lebanon has also continued its efforts to leverage available economic development inducement programs to recruit new businesses and industry. In 2010, Quad/Graphics, one of Lebanon's largest employers, announced it was shuttering their plant, which resulted in the loss of 420 jobs. In light of this major loss, Lebanon was still able to retain two other companies that were also threatening to leave, saving the City approximately \$68,000 in tax revenues and numerous jobs.

The impact of the Quad/Graphics plant loss was partially off-set by the expansion of several current businesses operating in Lebanon. E-Beam Services and Mane, Inc, began moving forward with their expansion plans, which, when completed in 2011, will bring an additional 92,000 square feet of manufacturing space online and approximately 100 new jobs. Other manufacturers, such as Advics, began bringing back workers that were laid off in 2009 and hiring workers for its newly expanded operations.

In 2010, the total amount of commercial development investments reported in Lebanon increased by 58 percent from 2009. This increased commercial development activity can be partly attributed to the incremental expansions being made to existing businesses in the area.

## FINANCIAL TRENDS

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

## FINANCIAL PLANNING AND POLICIES

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

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

## OTHER INFORMATION

### Independent Audit

An audit team from the Auditor of State of Ohio has performed this year's audit. The results of the audit are presented in the Independent Auditors' Report.

## AWARDS AND ACKNOWLEDGEMENTS

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lebanon for its comprehensive annual financial report for the year ended December 31, 2009. This was the twenty-second 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, 2009

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



President

Executive Director

CITY OF LEBANON, OHIO  
LIST OF PRINCIPAL OFFICIALS

ELECTED OFFICIALS

MAYOR

Amy Brewer

VICE MAYOR

Dr. Jeffrey Monroe

COUNCIL MEMBERS:

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

APPOINTED OFFICIALS

CITY MANAGER

George P. Clements

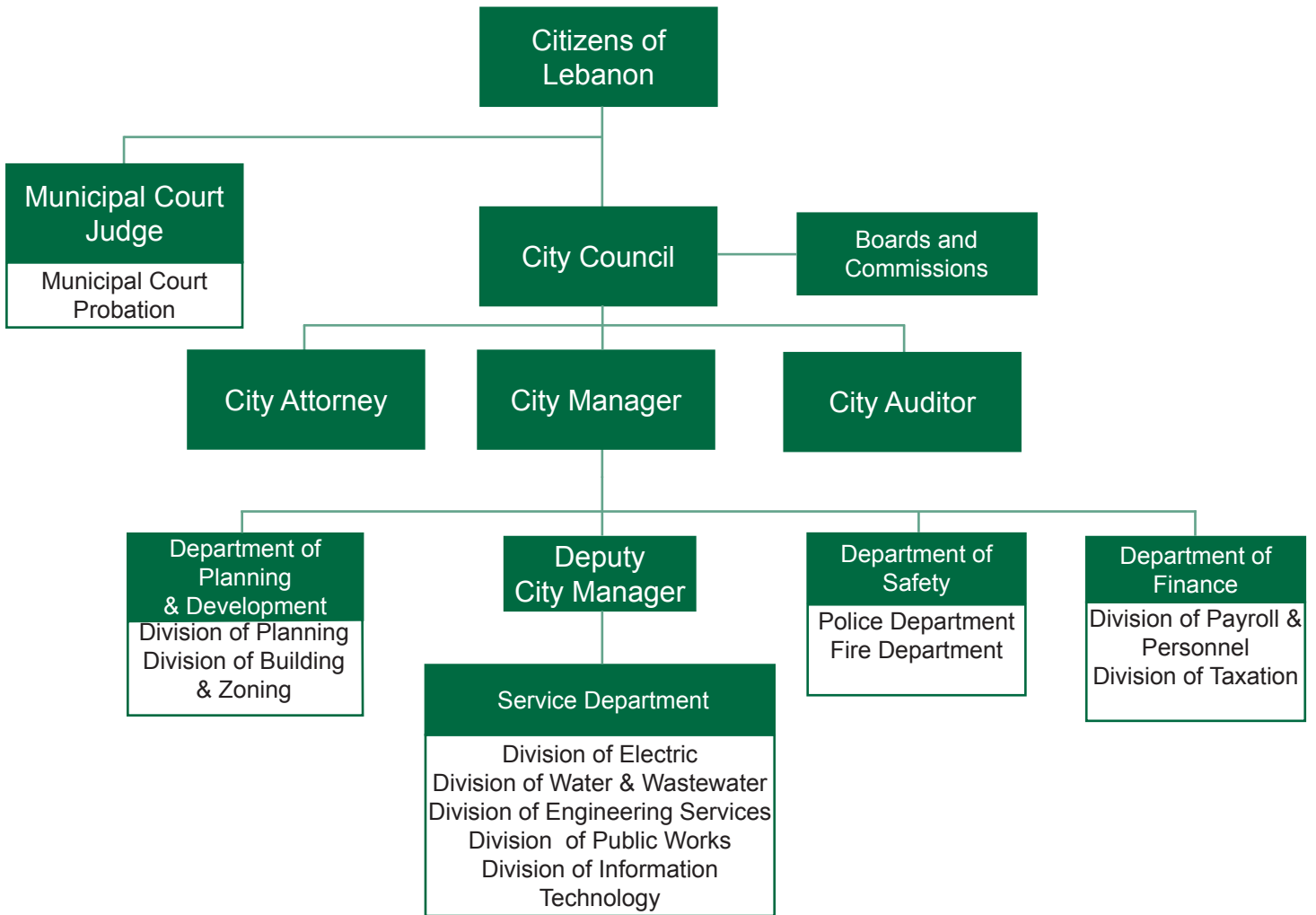
CITY AUDITOR

Sharee C. Dick

CITY ATTORNEY

Mark S. Yurick

# CITY OF LEBANON ORGANIZATIONAL CHART





# FINANCIAL SECTION



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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of Lebanon  
Warren County  
50 S. Broadway  
Lebanon, Ohio 45036

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lebanon, Warren County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lebanon, Warren County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Fire and Life Squad Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis and required budgetary comparison schedules as 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

have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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



**Dave Yost**  
Auditor of State

June 16, 2011

CITY OF LEBANON, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED

**Management's Discussion and Analysis**

Management's Discussion and Analysis (MD&A) of the City of Lebanon's financial performance provides an overview of the City's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole, and readers are encouraged to review the transmittal letter and the basic financial statements and notes to enhance their understanding of the City's overall financial performance.

**Financial Highlights**

The City's total net assets increased \$1,455,499. Revenues of governmental activities exceeded expenses by \$470,994. Beginning in late 2010, the City began seeing signs of an economic recovery as evidenced by modest gains in earnings tax collections. The City remains optimistic about continued tax base expansion due to the City's close proximity to I-75 and I-71 as well as the large inventory of shovel-ready industrial sites. The City remains committed to ensuring that service levels are adjusted in response to declines in revenue so that sufficient cash reserves are maintained in compliance with the City's Fiscal Policy. Additional cost measures, including the delay of several street resurfacing projects, will continue into 2011.

General revenues of governmental activities accounted for \$12,653,916 or 70 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$5,301,365, or 30 percent of the revenues.

The City had \$17,174,050 in expenses related to governmental activities; \$5,301,365 of these expenses were offset by program specific charges for services, grants, contributions or interest. General revenues (primarily income taxes) of \$12,653,916 were more than adequate to support these programs. The City had \$36,571,728 in expenses related to business-type activities. \$36,934,593 of program specific charges for services and sales, and capital grants, contributions and interest together with \$311,403 in general revenues more than offset the expenses.

The City's Enterprise Funds reflected a total operating income of \$2,333,045 as follows: Electric Fund \$888,478, Sewer Fund \$518,561, Telecommunications Fund \$25,917, Water Fund \$700,423 and the Storm Water Utility Fund \$247,464. The Sanitation Fund showed an operating loss of \$47,798.

**USING THIS ANNUAL REPORT**

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

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

## REPORTING THE CITY AS A WHOLE

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

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

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

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

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

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

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### *Fund Financial Statements*

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

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

future on services provided to our residents. The relationship (or differences) between governmental activities that is reported in the statement of net assets and the statement of activities is explained in the reconciliations in the governmental fund financial statements on pages 19 and 23.

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

## THE CITY AS A WHOLE

As stated previously, the statement of net assets looks at the City as a whole. Table 1 provides a summary of the City’s net assets for 2010 compared to 2009.

*Table 1*  
*Net Assets*

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets:</b>						
Current and Other Assets	\$27,244,276	\$26,923,441	\$44,599,364	\$42,193,496	\$71,843,640	\$69,116,937
Nondepreciable Capital Assets	14,487,958	14,260,291	6,352,845	5,953,636	20,840,803	20,213,927
Depreciable Capital Assets, Net	30,946,289	31,444,042	79,419,793	78,296,656	110,366,082	109,740,698
<b>Total Assets</b>	<b>72,678,523</b>	<b>72,627,774</b>	<b>130,372,002</b>	<b>126,443,788</b>	<b>203,050,525</b>	<b>199,071,562</b>
<b>Liabilities:</b>						
Current and Other Liabilities	5,526,863	5,399,169	2,037,422	2,008,441	7,564,285	7,407,610
<b>Long-Term Liabilities:</b>						
Due Within One Year	806,771	821,716	4,158,264	2,074,607	4,965,035	2,896,323
Due in More Than One Year	6,514,502	7,047,496	37,197,175	36,366,104	43,711,677	43,413,600
<b>Total Liabilities</b>	<b>12,848,136</b>	<b>13,268,381</b>	<b>43,392,861</b>	<b>40,449,152</b>	<b>56,240,997</b>	<b>53,717,533</b>
<b>Net Assets:</b>						
Invested in Capital Assets,						
Net of Related Debt	39,380,807	39,072,022	48,615,352	46,697,775	87,996,159	85,769,797
Restricted	13,355,323	12,685,486	6,713,271	6,844,532	20,068,594	19,530,018
Unrestricted	7,094,257	7,601,885	31,650,518	32,452,329	38,744,775	40,054,214
<b>Total Net Assets</b>	<b>\$59,830,387</b>	<b>\$59,359,393</b>	<b>\$86,979,141</b>	<b>\$85,994,636</b>	<b>\$146,809,528</b>	<b>\$145,354,029</b>

Total net assets increased \$1,455,499. Net assets of the City’s governmental activities increased \$470,994. Current and other assets increased \$320,835, due to increases in equity in pooled cash and cash equivalents from increases in income tax revenues and charges for services for fire and emergency medical services, offset by decreases in revenues related to grants for road work. In addition, property taxes receivable for fire operations increased due to increases in estimated property values. Long-term liabilities decreased due to the repayment of debt, with no new debt issuances. Total capital assets decreased due to depreciation exceeding the cost of assets added during 2010. The City did have significant asset additions, including a land purchase of 51 acres to expand the City-owned Columbia Business Park at a cost of \$1.1 million. This land purchase will expand the City's current inventory of available industrial land to 105 acres. While capital assets decreased, invested in capital assets, net of related debt increased as the amount of debt on capital assets was reduced by principal retirements during the year. Restricted net assets increased due primarily to decreases in infrastructure related capital improvement projects in 2010. Unrestricted net assets decreased \$507,628, which was due to primarily to increases in self-insurance claims expenses in 2010.

The net assets of the City's business-type activities increased \$984,505. Equity in pooled cash and cash equivalents increased \$2.94 million. This was primarily due to the City's receipt of \$3,360,000 in loan proceeds from American Municipal Power. This loan was made by the utility provider for the purpose of rate relief due to market fluctuations for electric rates. The increase in cash for the loan proceeds was offset by a decrease in cash received for electric system hookups. This can be attributed to a significant decrease in new construction in the area. Unrestricted net assets decreased \$801,811 due to the use of unrestricted resources for water main and storm water replacement projects, as well as increases in self-insurance claims expenses in 2010. The City strives to control operational expenses for business-type activities in order to maintain stability in charges for services and closely monitors the trends of the growing community in order to adjust for changes in City policy where necessary. City Council and administration are diligent in keeping the City fiscally strong, as indicated by the continued effort to achieve the goals set forth in the City's fiscal policy. Our administration has developed a strategic planning process that utilizes a five year capital improvement plan which drives our operating budget and department superintendents are all involved in the entire process. Our budget is developed from the bottom up with emphasis of good stewardship of our ratepayers' and taxpayers' money.

Table 2 shows the changes in net assets for the year ended December 31, 2010.

*Table 2  
Changes in Net Assets*

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$3,070,594	\$2,917,603	\$36,865,183	\$37,091,239	\$39,935,777	\$40,008,842
Operating Grants,						
Contributions and Interest	1,348,170	1,511,481	0	0	1,348,170	1,511,481
Capital Grants,						
Contributions and Interest	882,601	1,345,434	69,410	33,720	952,011	1,379,154
Total Program Revenues	<u>5,301,365</u>	<u>5,774,518</u>	<u>36,934,593</u>	<u>37,124,959</u>	<u>42,235,958</u>	<u>42,899,477</u>
General Revenues:						
Property Taxes	3,580,250	3,627,916	0	0	3,580,250	3,627,916
Income Taxes	5,451,284	5,409,147	0	0	5,451,284	5,409,147
Other Local Taxes	1,371,444	1,318,586	0	0	1,371,444	1,318,586
Payments in Lieu of Taxes	1,259,657	1,269,899	0	0	1,259,657	1,269,899
Grants and Entitlements Not						
Restricted to Specific Programs	661,125	818,872	0	0	661,125	818,872
Unrestricted Contributions	2,000	7,375	0	0	2,000	7,375
Investment Earnings	179,250	1,063,750	232,745	700,087	411,995	1,763,837
Gain on Sale of Capital Assets	9,150	14,168	10,200	2,310	19,350	16,478
Other	139,756	160,078	68,458	128,167	208,214	288,245
Total General Revenues	<u>12,653,916</u>	<u>13,689,791</u>	<u>311,403</u>	<u>830,564</u>	<u>12,965,319</u>	<u>14,520,355</u>
Total Revenues	<u>17,955,281</u>	<u>19,464,309</u>	<u>37,245,996</u>	<u>37,955,523</u>	<u>55,201,277</u>	<u>57,419,832</u>

(continued)



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

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2010	2009	2010	2009	2010	2009
Program Expenses:						
General Government	\$4,068,631	\$3,812,972	\$0	\$0	\$4,068,631	\$3,812,972
Security of Persons and Property:						
Police	4,470,394	4,218,030	0	0	4,470,394	4,218,030
Fire	2,832,199	2,735,622	0	0	2,832,199	2,735,622
Public Health Services	197,806	181,562	0	0	197,806	181,562
Leisure Time Services	382,313	588,970	0	0	382,313	588,970
Community and Economic Development	873,466	868,309	0	0	873,466	868,309
Transportation	3,790,494	3,591,609	0	0	3,790,494	3,591,609
Intergovernmental	277,310	257,623	0	0	277,310	257,623
Interest and Fiscal Charges	281,437	326,399	0	0	281,437	326,399
Electric	0	0	28,153,003	26,164,717	28,153,003	26,164,717
Sanitation	0	0	1,522,129	1,363,001	1,522,129	1,363,001
Sewer	0	0	3,385,521	3,166,397	3,385,521	3,166,397
Telecommunications	0	0	171,385	210,102	171,385	210,102
Water	0	0	2,767,146	2,534,870	2,767,146	2,534,870
Storm Water Utility	0	0	572,544	512,516	572,544	512,516
Total Expenses	<u>17,174,050</u>	<u>16,581,096</u>	<u>36,571,728</u>	<u>33,951,603</u>	<u>53,745,778</u>	<u>50,532,699</u>
Increase in Net Assets Before Transfers	781,231	2,883,213	674,268	4,003,920	1,455,499	6,887,133
Transfers	<u>(310,237)</u>	<u>(1,536,455)</u>	<u>310,237</u>	<u>1,536,455</u>	<u>0</u>	<u>0</u>
Increase in Net Assets	470,994	1,346,758	984,505	5,540,375	1,455,499	6,887,133
Net Assets, January 1	<u>59,359,393</u>	<u>58,012,635</u>	<u>85,994,636</u>	<u>80,454,261</u>	<u>145,354,029</u>	<u>138,466,896</u>
Net Assets, December 31	<u><u>\$59,830,387</u></u>	<u><u>\$59,359,393</u></u>	<u><u>\$86,979,141</u></u>	<u><u>\$85,994,636</u></u>	<u><u>\$146,809,528</u></u>	<u><u>\$145,354,029</u></u>

### ***Governmental Activities***

The City's income tax was established in 1970 at a rate of one percent. The rate has not been increased even though this rate is much lower than the State average for municipalities. The City provides tax relief in the form of a full tax credit for taxes paid to another municipality. The City's income tax is the largest source of revenue for the City's General Fund. Employee withholding contributed 73.8 percent of the revenue received in 2010 with business earnings contributing 9.0 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 General Obligation Bond Fund. This allocation begins after administration costs for the Division of Taxation have been obtained for the current operating year. Income Taxes in the Governmental Activities increased a modest \$42,137. This followed a decrease of \$851,102 in 2009 which was due to unemployment and the effects of recession on the economy. The City believes the modest increase in 2010 to be the beginning of an upswing in the economy. Income tax revenues collected in the early portion of 2011 continue to be on the rise with increased percentage over six percent from 1st quarter 2010.

Charges for services and sales increased \$152,991. This was mainly due to increases of revenues in the Fire and Life Squad for fire and emergency medical services run fees, as the City began increased collections efforts during 2010. Operating Grants, Contributions and Interest

decreased \$163,311. In 2009, the City received a reimbursement grant from FEMA, related to a major windstorm that struck the Tri-State area in 2008. In addition, in 2009, the City received a large Roadwork Improvement grant from the Ohio Department of Development in the Tax Increment Financing Fund for the extension of Janet Way Drive in Columbia Business Park. This caused capital grants, contributions and interest to decrease by \$462,833 in 2010. Investment earnings decreased \$884,500, due to a severe decline in interest rates during 2010.

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

	Total Cost Of Services 2010	Net Cost of Services 2010	Total Cost Of Services 2009	Net Cost of Services 2009
General Government	\$4,068,631	\$2,210,564	\$3,812,972	\$1,956,886
Security of Persons and Property:				
Police	4,470,394	3,868,364	4,218,030	3,633,976
Fire	2,832,199	2,069,973	2,735,622	2,245,401
Public Health Services	197,806	61,584	181,562	26,431
Leisure Time Services	382,313	247,450	588,970	492,046
Community and Economic Development	873,466	867,501	868,309	864,808
Transportation	3,790,494	1,988,502	3,591,609	1,003,008
Intergovernmental	277,310	277,310	257,623	257,623
Interest and Fiscal Charges	281,437	281,437	326,399	326,399
Total Expenses	<u>\$17,174,050</u>	<u>\$11,872,685</u>	<u>\$16,581,096</u>	<u>\$10,806,578</u>

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

General government expenses increased \$592,954. This was due to increases in general government and security of persons and property, related to salary increases, including negotiated pay raises for police and fire employees. Transportation expenses increased \$198,885, related to street repairs completed in 2010. These increases were offset by a decrease of \$206,657 in leisure time services expenses, as the City cut programs to decrease costs.

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

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

Electric operations generate fees associated with the sale and delivery of electricity within Lebanon. Various electric service charges, not associated with the sale and delivery of electricity, are also generated by these operations. The fees collected are then used to purchase power, maintain and operate the electric generation, transmission, and distribution systems of the City, fund capital improvements projects and pay off debt service. Legislation increases electric rates by one percent annually. Electric operating revenues decreased \$789,396, while operating expenses increased \$1,950,895. The primary cause of the decrease in operating revenues was a

decline in charges for services for new electric installations, as new construction continued to decline. Operating expenses 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. Expenses exceeded revenues causing an overall decrease in net assets for 2010 of \$50,280.

Sewer operations provide the City's wastewater collection and treatment system; this includes the Regional Wastewater Treatment Facility. Money that is collected from the fees which are billed, based upon number of gallons of water used, are used in the maintenance of the collection system, improvements to the Treatment Plant and the payment of the debt incurred for the expansion of the facility. An important aspect of this fund's mission is to maintain the quality of the environment. As such, it is the policy of the City Council, carried out by this operation, that all Ohio Environmental Protection Agency standards be met or exceeded. Sewer operating revenues increased \$167,180, and operating expenses increased \$176,345. 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 outside developers and other government help to maintain the enterprise. The City Wastewater Department has a track record of receiving the National Associations of Clear Water Agencies Silver Award, given to facilities that have less than five National Pollutant Discharge Elimination System violations in a calendar year.

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 the City Council is to maintain a high level of service while meeting all applicable OEPA standards. Water operating revenues increased \$274,316, while expenses increased \$123,004.

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 2009.

## **THE CITY'S FUNDS**

Information about the City's governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$18,217,756 and expenditures of \$17,243,470. The General Fund balance increased \$136,004. This was due to an increase in income tax revenues of \$588,748, offset by a \$524,007 decrease

in interest revenue, and a \$129,661 decrease in general government expenditures, due to the retirement of employees who were not replaced.

In 2010, the nation's economy began to show signs of sluggish growth, in what remains a challenging economic cycle for the country. During this time, Lebanon has been positioning itself to capitalize on new and emerging business opportunities when the market strengthens through long-term investments in land and infrastructure. In 2010, the total amount of commercial development investments reported in Lebanon increased 58 percent from 2009. This increase in commercial development activity can be partly attributed to the encouraging expansions being done by existing businesses in the area. E-Beam Services and Mane, Inc, began moving forward with their expansion plans, which when completed in 2011, will bring an additional 92,000 square feet of manufacturing space online and approximately 100 new jobs. The Warren County Educational Service Center (WCESC) expanded its operations into a vacant 18,000 square foot building, retaining approximately \$54K in annual earnings tax in Lebanon.

In 2009, there was a modest increase in housing starts as compared to 2007 and 2008, which is likely attributed to the availability of platted lots in Lebanon and other factors, such as the reduction in home prices and federal first time homebuyer tax credits. However, in 2010, most of the platted lots were built out and the government tax credit program expired, causing residential development activity in the area to decline. The total investment in residential development in 2010 dropped 73 percent from 2009.

Lebanon spent over \$3 million on capital improvement projects in and around Lebanon's historic downtown which involved water main improvements, street resurfacing and concrete repair projects.

The Fire and Life Squad Fund balance increased \$246,509 due to an increase in property taxes and an increase in collections of charges for services on fire and emergency medical services runs. The Fire department operates on monies from its 5.5 mill levy which has allowed the Fire Department to expand its current operations at its new facility on Lebanon Road, including additional staff requirements. Lebanon Fire Division now hosts two stations, one on Silver Street in Lebanon's central business district while the other station is located near State Route 48 close to Interstate I-71 and the surrounding industrial parks.

The Capital Improvement Fund balance increased only \$45,888 due to a large decrease in income taxes allocated to this fund, as well as a large decrease in capital outlay expenditures. Due to economic conditions, the City was forced to scale back the roadway program and remove projects previously outlined in the 5-year Capital Improvement Plan.

### ***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 were \$9,359,225. Final General Fund budgeted revenues were \$9,441,825. Original appropriations were \$9,788,176 and final appropriations were \$10,150,638. The variance between original and final budgeted revenues was \$82,600.

This was primarily due to slight decreases in property taxes, offset by slight increases in income tax revenues and contributions and donations. The variance between original and final appropriations was \$362,462, due mainly to increases in anticipated police expenditures and leisure time services. Actual revenues were \$357,298 less than final budgeted revenues due primarily to a \$282,219 variance in fines, licenses and permits, as the City overestimated budgeted receipts for building permits. Actual expenditures were \$1,045,418 less than final appropriations. This is mainly attributed to careful cost containment and hiring lags for positions related to recent retirements.

## CAPITAL ASSETS

Table 4 presents the net book value of the City's capital assets for governmental and business-type activities for 2010, compared to 2009:

*Table 4*  
*Capital Assets*

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$13,497,063	\$12,433,717	\$4,701,384	\$4,689,384	\$18,198,447	\$17,123,101
Construction in Progress	990,895	1,826,574	1,651,461	1,264,252	2,642,356	3,090,826
Land Improvements	792,449	476,695	0	0	792,449	476,695
Buildings and Improvements	3,397,476	3,226,849	16,620,785	17,462,689	20,018,261	20,689,538
Equipment	616,708	589,465	1,099,984	940,076	1,716,692	1,529,541
Vehicles	1,190,370	1,116,163	690,843	745,346	1,881,213	1,861,509
Infrastructure	24,949,286	26,034,870	61,008,181	59,148,545	85,957,467	85,183,415
Totals	<u>\$45,434,247</u>	<u>\$45,704,333</u>	<u>\$85,772,638</u>	<u>\$84,250,292</u>	<u>\$131,206,885</u>	<u>\$129,954,625</u>

Administration and Council have a quality of life commitment to the citizens and businesses located in Lebanon. With this in mind, the City completed the reconstruction of West Park Avenue and initiated the completed reconstruction of East Street from Harmon Park to Park Avenue and the resurfacing of various City roadways. Additionally, due to the generous donation from a local resident, the City completed the construction of the new Ida Juris Bennett dog park which has been embraced by the community. The City expended \$302,188 towards the replacement of fleet vehicles in 2010.

The City executed several storm water system improvement projects totaling \$639,000 in 2010. These projects included the installation of a new drainage system on Glenview Avenue, and the replacement of a deteriorated metal culvert under Carson Drive with a new concrete structure. The City's sanitary sewer and water master plans continue to guide infrastructure improvement projects for these utilities. In 2010, the City expended \$345,000 replacing deteriorated sanitary sewer conduit in conjunction with the City's roadway improvement program. The City executed several major water system improvement projects including the replacement of existing water mains on East Warren Street, West Park Avenue, Glosser Road, Iroquois Avenue, Mohawk Place, and Navaho Drive. Additionally, a new 16" water main was installed along East Street in support of the planned purchase of wholesale finished water from Greater Cincinnati Water Works by the year 2013. Expenditures for water main improvement projects in 2010 totaled \$2,177,00.

For more information on capital assets, refer to note 11 of the notes to the basic financial statements.

## DEBT

Table 5 summarizes bonds and notes outstanding at December 31, 2010 and 2009:

*Table 5  
Outstanding Debt at Year-End*

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Special Assessment Bonds	\$87,401	\$218,507	\$0	\$0	\$87,401	\$218,507
General Obligation Bonds	6,058,568	6,499,576	0	0	6,058,568	6,499,576
Mortgage Revenue Bonds	0	0	32,234,420	34,175,122	32,234,420	34,175,122
Bond Anticipation Notes	0	0	6,300,000	4,900,000	6,300,000	4,900,000
	<u>\$6,145,969</u>	<u>\$6,718,083</u>	<u>\$38,534,420</u>	<u>\$39,075,122</u>	<u>\$44,680,389</u>	<u>\$45,793,205</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 and property tax revenues while mortgage revenue bonds will be paid from their respective enterprise funds. For more information regarding long-term obligations and short-term bond anticipation notes, refer to notes 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 ASSETS**  
**DECEMBER 31, 2010**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$19,418,015	\$26,921,178	\$46,339,193
Accounts Receivable, net	0	8,415,882	8,415,882
Intergovernmental Receivable	989,179	26,855	1,016,034
Accrued Interest Receivable	105,759	96,900	202,659
Prepaid Items	85,079	47,499	132,578
Internal Balances	(432,299)	432,299	0
Materials and Supplies Inventory	210,869	2,169,300	2,380,169
Income Taxes Receivable	2,034,316	0	2,034,316
Property Taxes Receivable	3,194,290	0	3,194,290
Other Local Taxes Receivable	3,321	0	3,321
Revenue in Lieu of Taxes Receivable	1,264,773	0	1,264,773
Capital Leases Receivable	33,589	0	33,589
Special Assessments Receivable	213,261	12,764	226,025
Cash and Cash Equivalents with Fiscal Agents	0	5,899,553	5,899,553
Deferred Charges	124,124	577,134	701,258
Nondepreciable Capital Assets	14,487,958	6,352,845	20,840,803
Depreciable Capital Assets, Net	30,946,289	79,419,793	110,366,082
Total Assets	<u>72,678,523</u>	<u>130,372,002</u>	<u>203,050,525</u>
<b>LIABILITIES</b>			
Accounts Payable	143,115	238,931	382,046
Accrued Wages Payable	348,542	98,768	447,310
Intergovernmental Payable	505,826	88,813	594,639
Contracts Payable	1,004	0	1,004
Retainage Payable	29,412	29,747	59,159
Deferred Revenue	4,262,877	0	4,262,877
Accrued Interest Payable	20,105	273,914	294,019
Claims Payable	215,982	0	215,982
Notes Payable	0	800,000	800,000
Refundable Deposits	0	507,249	507,249
Long-Term Liabilities:			
Due Within One Year	806,771	4,158,264	4,965,035
Due in More Than One Year	6,514,502	37,197,175	43,711,677
Total Liabilities	<u>12,848,136</u>	<u>43,392,861</u>	<u>56,240,997</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	39,380,807	48,615,352	87,996,159
Restricted for:			
Debt Service	4,197,439	0	4,197,439
Capital Outlay	5,189,738	0	5,189,738
Security of Persons and Property	1,236,366	0	1,236,366
Public Health	583,545	0	583,545
Leisure Time Services	49,252	0	49,252
Community and Economic Development	196,504	0	196,504
Transportation	1,470,375	0	1,470,375
Other Purposes	432,104	0	432,104
Revenue Bonds Replacement and Improvement	0	932,500	932,500
Revenue Bonds Current Debt Service	0	5,780,771	5,780,771
Unrestricted	7,094,257	31,650,518	38,744,775
Total Net Assets	<u>\$59,830,387</u>	<u>\$86,979,141</u>	<u>\$146,809,528</u>

See accompanying notes to the basic financial statements

**CITY OF LEBANON, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
<b>Governmental Activities</b>				
General Government	\$4,068,631	\$1,857,748	\$319	\$0
Security of Persons and Property:				
Police	4,470,394	597,025	5,005	0
Fire	2,832,199	402,002	360,224	0
Public Health	197,806	102,577	33,645	0
Leisure Time Services	382,313	73,419	0	61,444
Community and Economic Development	873,466	0	5,965	0
Transportation	3,790,494	37,823	943,012	821,157
Intergovernmental	277,310	0	0	0
Interest and Fiscal Charges	281,437	0	0	0
Total Governmental Activities	<u>17,174,050</u>	<u>3,070,594</u>	<u>1,348,170</u>	<u>882,601</u>
<b>Business-Type Activities</b>				
Electric	28,153,003	28,078,497	0	0
Sanitation	1,522,129	1,456,893	0	0
Sewer	3,385,521	3,407,107	0	0
Telecommunications	171,385	150,371	0	0
Water	2,767,146	2,956,864	0	0
Storm Water Utility	572,544	815,451	0	69,410
Total Business-Type Activities	<u>36,571,728</u>	<u>36,865,183</u>	<u>0</u>	<u>69,410</u>
Total Activities	<u>\$53,745,778</u>	<u>\$39,935,777</u>	<u>\$1,348,170</u>	<u>\$952,011</u>

General Revenues and Transfers:

Taxes

Property Taxes Levied For:

    General Purposes

    Fire and Life Squad

Income Taxes

Other Taxes

Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Contributions

Investment Earnings

Gain on Sale of Capital Assets

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements



Net (Expense)Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$2,210,564)	\$0	(\$2,210,564)
(3,868,364)	0	(3,868,364)
(2,069,973)	0	(2,069,973)
(61,584)	0	(61,584)
(247,450)	0	(247,450)
(867,501)	0	(867,501)
(1,988,502)	0	(1,988,502)
(277,310)	0	(277,310)
(281,437)	0	(281,437)
<u>(11,872,685)</u>	<u>0</u>	<u>(11,872,685)</u>
0	(74,506)	(74,506)
0	(65,236)	(65,236)
0	21,586	21,586
0	(21,014)	(21,014)
0	189,718	189,718
0	312,317	312,317
<u>0</u>	<u>362,865</u>	<u>362,865</u>
<u>(11,872,685)</u>	<u>362,865</u>	<u>(11,509,820)</u>
1,206,503	0	1,206,503
2,373,747	0	2,373,747
5,451,284	0	5,451,284
1,371,444	0	1,371,444
1,259,657	0	1,259,657
661,125	0	661,125
2,000	0	2,000
179,250	232,745	411,995
9,150	10,200	19,350
139,756	68,458	208,214
(310,237)	310,237	0
<u>12,343,679</u>	<u>621,640</u>	<u>12,965,319</u>
470,994	984,505	1,455,499
<u>59,359,393</u>	<u>85,994,636</u>	<u>145,354,029</u>
<u>\$59,830,387</u>	<u>\$86,979,141</u>	<u>\$146,809,528</u>

**CITY OF LEBANON, OHIO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	General	Fire and Life Squad	Capital Improvement
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$4,184,308	\$1,275,714	\$1,784,269
Materials and Supplies Inventory	35,177	31,688	0
Prepaid Items	55,483	11,792	0
Income Taxes Receivable	1,518,824	0	386,619
Property Taxes Receivable	1,080,745	2,113,545	0
Other Local Taxes Receivable	3,321	0	0
Revenue in Lieu of Taxes Receivable	0	0	0
Accrued Interest Receivable	64,807	0	5,998
Intergovernmental Receivable	341,524	117,418	0
Special Assessments Receivable	0	0	12,948
Capital Lease Receivable	0	0	0
Advances to Other Funds	973,679	0	0
<b>Total Assets</b>	<b>\$8,257,868</b>	<b>\$3,550,157</b>	<b>\$2,189,834</b>
<b>LIABILITIES:</b>			
Accounts Payable	\$71,906	\$18,104	\$37,180
Accrued Wages Payable	245,781	79,346	0
Contracts Payable	0	0	0
Intergovernmental Payable	338,963	98,645	0
Interfund Payable	11,127	4,991	0
Retainage Payable	0	0	29,412
Deferred Revenue	2,453,969	2,230,963	332,348
Advances From Other Funds	0	0	0
<b>Total Liabilities</b>	<b>3,121,746</b>	<b>2,432,049</b>	<b>398,940</b>
<b>FUND BALANCES:</b>			
Nonspendable	1,064,339	43,480	0
Restricted	0	1,074,628	1,790,894
Committed	0	0	0
Unassigned	4,071,783	0	0
<b>Total Fund Balances</b>	<b>5,136,122</b>	<b>1,118,108</b>	<b>1,790,894</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$8,257,868</b>	<b>\$3,550,157</b>	<b>\$2,189,834</b>

See accompanying notes to the basic financial statements

<u>All Other Governmental</u>	<u>Total Governmental Funds</u>
\$10,073,407	\$17,317,698
141,105	207,970
14,348	81,623
128,873	2,034,316
0	3,194,290
0	3,321
1,264,773	1,264,773
14,531	85,336
530,237	989,179
200,313	213,261
33,589	33,589
0	973,679
<u>\$12,401,176</u>	<u>\$26,399,035</u>
\$12,819	\$140,009
17,813	342,940
1,004	1,004
63,299	500,907
4,208	20,326
0	29,412
2,045,102	7,062,382
973,679	973,679
<u>3,117,924</u>	<u>9,070,659</u>
155,453	1,263,272
6,047,837	8,913,359
3,079,962	3,079,962
0	4,071,783
<u>9,283,252</u>	<u>17,328,376</u>
<u>\$12,401,176</u>	<u>\$26,399,035</u>

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**CITY OF LEBANON, OHIO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO**  
**NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2010**

Total Governmental Fund Balances \$17,328,376

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

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

Land	13,497,063	
Infrastructure	46,902,808	
Construction in Progress	990,895	
Other Capital Assets	12,495,026	
Accumulated Depreciation	<u>(28,451,545)</u>	
Total Capital Assets		45,434,247

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

1,925,556

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

(440,043)

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

Property Taxes	196,186	
Special Assessments	213,261	
Due From Other Governments		
Charges for Services	6,412	
Shared Taxes and Local Government Revenue Assistance	813,248	
Income Taxes	1,463,196	
Other Local Taxes	568	
Capital Leases	33,589	
Interest Revenue	<u>73,045</u>	
		2,799,505

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

124,124

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

(20,105)

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

Discount on Bonds	10,902	
Premium on Bonds	(78,565)	
Loss on Refunding	46,693	
Capital Leases	(31,595)	
Bonds	(6,124,999)	
Police Pension	(19,130)	
Compensated Absences	<u>(1,124,579)</u>	
Total Liabilities		<u>(7,321,273)</u>

Net Assets of Governmental Activities

\$59,830,387

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, 2010**

	General	Fire and Life Squad	Capital Improvement
<b>REVENUES:</b>			
Property Taxes	\$1,206,503	\$2,356,561	\$0
Income Taxes	3,239,733	0	1,744,135
Other Local Taxes	1,307,668	0	0
Payments in Lieu of Taxes	0	0	0
Special Assessments	0	0	10,888
Charges for Services	1,795,285	402,002	0
Fines, Licenses and Permits	628,958	0	0
Intergovernmental	683,650	347,812	821,157
Interest	126,222	0	18,678
Contributions and Donations	63,444	0	0
Other	35,439	17,113	56,378
<b>Total Revenues</b>	<b>9,086,902</b>	<b>3,123,488</b>	<b>2,651,236</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General Government	3,720,772	0	112,674
Security of Persons and Property:			
Police	4,106,904	0	41,270
Fire	0	2,579,293	0
Public Health Services	0	0	0
Leisure Time Services	390,839	0	0
Community and Economic Development	719,343	0	0
Transportation	0	0	0
Intergovernmental	0	0	0
Capital Outlay	0	304,536	1,388,461
<b>Debt Service:</b>			
Principal Retirement	438	0	14,720
Interest and Fiscal Charges	827	0	2,223
<b>Total Expenditures</b>	<b>8,939,123</b>	<b>2,883,829</b>	<b>1,559,348</b>
Excess of Revenues Over (Under) Expenditures	147,779	239,659	1,091,888
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Sale of Capital Assets	6,850	6,850	0
Transfers In	57,495	0	0
Transfers Out	(76,120)	0	(1,046,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,775)</b>	<b>6,850</b>	<b>(1,046,000)</b>
Net Change in Fund Balances	136,004	246,509	45,888
Fund Balances at Beginning of Year	5,000,118	871,599	1,745,006
Fund Balances at End of Year	<u>\$5,136,122</u>	<u>\$1,118,108</u>	<u>\$1,790,894</u>

See accompanying notes to the basic financial statements

All Other Governmental	Total Governmental Funds
\$0	\$3,563,064
581,378	5,565,246
63,452	1,371,120
1,259,657	1,259,657
76,551	87,439
106,522	2,303,809
146,842	775,800
1,031,786	2,884,405
55,397	200,297
0	63,444
34,545	143,475
<u>3,356,130</u>	<u>18,217,756</u>
3,906	3,837,352
60,718	4,208,892
0	2,579,293
164,718	164,718
0	390,839
107,037	826,380
1,102,322	1,102,322
277,310	277,310
1,300,632	2,993,629
575,000	590,158
269,527	272,577
<u>3,861,170</u>	<u>17,243,470</u>
<u>(505,040)</u>	<u>974,286</u>
0	13,700
1,154,620	1,212,115
(103,747)	(1,225,867)
<u>1,050,873</u>	<u>(52)</u>
545,833	974,234
<u>8,737,419</u>	<u>16,354,142</u>
<u>\$9,283,252</u>	<u>\$17,328,376</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, 2010**

Net Change in Fund Balances - Total Governmental Funds \$974,234

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

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

Capital Asset Additions	3,207,453	
Current Year Depreciation	<u>(3,171,973)</u>	35,480

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

Proceeds from Sale of Capital Assets	(13,700)	
Loss on Disposal of Capital Assets	(2,147)	
Gain on Disposal of Capital Assets	<u>9,150</u>	(6,697)

Assets transferred from enterprise funds during the year:

Capital Assets		21,570
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Assets transferred from governmental activities during the year to enterprise funds:

Capital Assets		(318,055)
----------------	--	-----------

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	17,186	
Other Local Taxes	324	
Special Assessments	(87,439)	
Due From Other Governments		
Charges for Services	(9,015)	
Shared Taxes and Local Government Revenue Assistance	(64,119)	
Income Taxes	(113,962)	
Capital Leases	(3,719)	
Interest Revenue	<u>(3,027)</u>	(263,771)

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

Bond Principal Retirement	443,894	
Special Assessment Principal Retirement	131,106	
Police Pension Principal Retirement	438	
Capital Lease Payment	<u>14,720</u>	
Total Long-Term Obligation Repayment		590,158

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

Amortization of Bond Issuance Costs	(7,963)	
Amortization of Bond Discount	(838)	
Amortization of Bond Premium	4,622	
Amortization of Loss on Refunding	(6,670)	
Accrued Interest	<u>1,989</u>	(8,860)

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		(39,333)
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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.

(513,732)

Change in Net Assets of Governmental Activities \$470,994

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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$1,320,025	\$1,270,948	\$1,206,503	(\$64,445)
Income Taxes	3,110,000	3,233,607	3,233,607	0
Other Local Taxes	1,350,000	1,307,695	1,307,695	0
Charges for Services	1,778,700	1,795,285	1,795,285	0
Fines, Licenses and Permits	920,500	920,500	638,281	(282,219)
Intergovernmental	584,000	653,508	653,508	0
Interest	225,500	151,315	151,315	0
Contributions and Donations	5,000	66,444	63,444	(3,000)
Other	65,500	42,523	34,889	(7,634)
<b>Total Revenues</b>	<b>9,359,225</b>	<b>9,441,825</b>	<b>9,084,527</b>	<b>(357,298)</b>
Expenditures:				
Current:				
General Government	4,214,433	4,268,823	3,688,469	580,354
Security of Persons and Property:				
Police	4,396,191	4,576,412	4,239,798	336,614
Leisure Time Services	330,123	426,789	403,620	23,169
Community and Economic Development	847,429	878,614	773,333	105,281
<b>Total Expenditures</b>	<b>9,788,176</b>	<b>10,150,638</b>	<b>9,105,220</b>	<b>1,045,418</b>
Excess of Revenues Over (Under) Expenditures	(428,951)	(708,813)	(20,693)	688,120
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,000	7,400	7,400	0
Transfers In	57,495	57,495	57,495	0
Advances In	121,408	121,408	121,408	0
Transfers Out	(76,120)	(76,120)	(76,120)	0
<b>Total Other Financing Sources (Uses)</b>	<b>107,783</b>	<b>110,183</b>	<b>110,183</b>	<b>0</b>
Net Change in Fund Balance	(321,168)	(598,630)	89,490	688,120
Fund Balance at Beginning of Year	2,681,369	2,681,369	2,681,369	0
Prior Year Encumbrances Appropriated	286,405	286,405	286,405	0
<b>Fund Balance at End of Year</b>	<b>\$2,646,606</b>	<b>\$2,369,144</b>	<b>\$3,057,264</b>	<b>\$688,120</b>

See accompanying notes to the basic financial statements

**CITY OF LEBANON, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FIRE AND LIFE SQUAD SPECIAL REVENUE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,000,000	\$2,144,083	\$2,356,561	\$212,478
Charges for Services	450,000	450,000	402,002	(47,998)
Intergovernmental	175,000	175,000	347,812	172,812
Other	2,000	2,000	17,113	15,113
Total Revenues	2,627,000	2,771,083	3,123,488	352,405
Expenditures:				
Current:				
Security of Persons and Property	2,624,083	3,037,836	2,940,666	97,170
Excess of Revenues Over (Under) Expenditures	2,917	(266,753)	182,822	449,575
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	0	6,850	6,850
Net Change in Fund Balance	2,917	(266,753)	189,672	456,425
Fund Balance at Beginning of Year	714,614	714,614	714,614	0
Prior Year Encumbrances Appropriated	276,996	276,996	276,996	0
Fund Balance at End of Year	<u>\$994,527</u>	<u>\$724,857</u>	<u>\$1,181,282</u>	<u>\$456,425</u>

See accompanying notes to the basic financial statements

**CITY OF LEBANON, OHIO**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2010**

	Business-Type Activities			
	Electric	Sanitation	Sewer	Telecommunications
<b>ASSETS:</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$14,299,672	\$304,257	\$3,387,406	\$433,765
Materials and Supplies Inventory	1,862,775	0	66,909	115,624
Accrued Interest Receivable	74,687	977	9,341	
Accounts Receivable, net	4,612,363	182,968	467,957	2,625,000
Interfund Receivable	0	0	0	0
Intergovernmental Receivable	0	0	26,855	0
Prepaid Items	21,232	156	12,021	253
Special Assessments Receivable	0	0	12,764	0
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agents	1,343,444	0	523,957	0
<b>Total Current Assets</b>	<b>22,214,173</b>	<b>488,358</b>	<b>4,507,210</b>	<b>3,174,642</b>
Noncurrent Assets:				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	957,499	0	240,000	0
Cash and Cash Equivalents with Fiscal Agents	3,017,418	0	382,724	0
Deferred Charges	376,451	0	200,683	0
Nondepreciable Capital Assets	1,585,785	54,000	1,221,885	0
Depreciable Capital Assets, Net	14,506,970	89,057	24,544,140	2,183
<b>Total Noncurrent Assets</b>	<b>20,444,123</b>	<b>143,057</b>	<b>26,589,432</b>	<b>2,183</b>
<b>Total Assets</b>	<b>42,658,296</b>	<b>631,415</b>	<b>31,096,642</b>	<b>3,176,825</b>

Enterprise Funds			Governmental
Water	Storm Water		Activities
	Utility	Totals	Internal Service Funds
\$6,659,574	\$396,755	\$25,481,429	\$2,100,317
123,992		2,169,300	2,899
10,689	1,206	96,900	20,423
446,341	81,253	8,415,882	0
0	0	0	28,070
0	0	26,855	0
12,868	969	47,499	3,456
0	0	12,764	0
<u>341,381</u>	<u>0</u>	<u>2,208,782</u>	<u>0</u>
<u>7,594,845</u>	<u>480,183</u>	<u>38,459,411</u>	<u>2,155,165</u>
242,250	0	1,439,749	0
290,629	0	3,690,771	0
0	0	577,134	0
3,445,294	45,881	6,352,845	64,666
<u>24,309,668</u>	<u>15,967,775</u>	<u>79,419,793</u>	<u>40,258</u>
		0	
<u>28,287,841</u>	<u>16,013,656</u>	<u>91,480,292</u>	<u>104,924</u>
<u>35,882,686</u>	<u>16,493,839</u>	<u>129,939,703</u>	<u>2,260,089</u>

(continued)

**CITY OF LEBANON, OHIO**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2010**  
**(CONTINUED)**

	Business-Type Activities			
	Electric	Sanitation	Sewer	Telecommunications
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	89,363	105,274	29,618	911
Accrued Wages Payable	56,794	4,826	18,649	3,424
Intergovernmental Payable	50,529	4,294	17,176	3,053
Accrued Interest Payable	112,871	0	33,957	13,467
Retainage Payable	0	0	29,747	0
Interfund Payable	3,456	716	1,606	0
Claims Payable	0	0	0	0
Loans Payable	2,007,740	0	0	0
Notes Payable	0	0	0	800,000
Compensated Absences Payable	35,029	3,582	7,366	3,434
Mortgage Revenue Bonds Payable	1,285,000	0	490,000	0
<b>Total Current Liabilities</b>	<b>3,640,782</b>	<b>118,692</b>	<b>628,119</b>	<b>824,289</b>
Long-term Liabilities:				
Refundable Deposits	464,999	0	0	0
Compensated Absences Payable	90,364	7,461	23,151	20,279
Loans Payable	1,352,260	0	0	0
Notes Payable	0	0	0	0
Mortgage Revenue Bonds Payable	15,328,713	0	8,985,707	0
<b>Total Long-term Liabilities</b>	<b>17,236,336</b>	<b>7,461</b>	<b>9,008,858</b>	<b>20,279</b>
<b>Total Liabilities</b>	<b>20,877,118</b>	<b>126,153</b>	<b>9,636,977</b>	<b>844,568</b>
<b>NET ASSETS:</b>				
Invested in Capital Assets, Net of Related Debt (Deficit)	(144,507)	143,057	16,491,001	2,183
Restricted for:				
Revenue Bonds				
Replacement and Improvement	492,500	0	240,000	0
Revenue Bonds				
Current Debt Service	4,302,418	0	872,724	0
Unrestricted	17,130,767	362,205	3,855,940	2,330,074
<b>Total Net Assets</b>	<b>\$21,781,178</b>	<b>\$505,262</b>	<b>\$21,459,665</b>	<b>\$2,332,257</b>

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

See accompanying notes to the basic financial statements

Enterprise Funds			Governmental Activities Internal Service Funds
Water	Storm Water Utility	Totals	
12,674	1,091	238,931	3,106
12,777	2,298	98,768	5,602
11,905	1,856	88,813	4,919
113,619	0	273,914	0
0	0	29,747	0
1,425	541	7,744	0
0	0	0	215,982
0	0	2,007,740	0
0	0	800,000	0
10,334	779	60,524	6,768
315,000	0	2,090,000	0
<u>477,734</u>	<u>6,565</u>	<u>5,696,181</u>	<u>236,377</u>
42,250	0	507,249	0
59,240	0	200,495	7,469
0	0	1,352,260	0
5,500,000	0	5,500,000	0
5,830,000	0	30,144,420	0
<u>11,431,490</u>	<u>0</u>	<u>37,704,424</u>	<u>7,469</u>
<u>11,909,224</u>	<u>6,565</u>	<u>43,400,605</u>	<u>243,846</u>
16,109,962	16,013,656	48,615,352	104,924
200,000	0	932,500	0
605,629	0	5,780,771	0
<u>7,057,871</u>	<u>473,618</u>	<u>31,210,475</u>	<u>1,911,319</u>
<u>\$23,973,462</u>	<u>\$16,487,274</u>	86,539,098	<u>\$2,016,243</u>
		<u>440,043</u>	
		<u>\$86,979,141</u>	

**CITY OF LEBANON, OHIO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Business-Type Activities		
	Electric	Sanitation	Sewer
<b>OPERATING REVENUES:</b>			
Charges for Services	\$28,078,497	\$1,456,893	\$3,407,107
Other	7,815	6,877	1,879
Total Operating Revenues	<u>28,086,312</u>	<u>1,463,770</u>	<u>3,408,986</u>
<b>OPERATING EXPENSES:</b>			
Personal Services	1,553,879	140,176	551,457
Contractual Services	1,374,387	1,353,494	1,228,443
Purchased Power	22,856,707	0	0
Supplies and Materials	206,949	0	120,712
Claims	0	0	0
Depreciation	1,199,587	17,810	983,263
Other	6,325	88	6,550
Total Operating Expenses	<u>27,197,834</u>	<u>1,511,568</u>	<u>2,890,425</u>
Operating Income (Loss)	<u>888,478</u>	<u>(47,798)</u>	<u>518,561</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest	213,412	(2,482)	(17,839)
Other Non-Operating Revenues	34,742	0	0
Gain on Sale of Capital Assets	10,200	0	0
Loss on Disposal of Capital Assets	(17,000)	0	0
Interest and Fiscal Charges	(863,068)	0	(454,012)
Total Non-Operating Revenues (Expenses)	<u>(621,714)</u>	<u>(2,482)</u>	<u>(471,851)</u>
Income (Loss) Before Contributions and Transfers	266,764	(50,280)	46,710
Capital Contributions from Developers	0	0	0
Capital Contributions from Other Funds	0	0	0
Transfers In	214,842	0	0
Transfers Out	(14,079)	0	0
Change in Net Assets	467,527	(50,280)	46,710
Net Assets at Beginning of Year	<u>21,313,651</u>	<u>555,542</u>	<u>21,412,955</u>
Net Assets at End of Year	<u><u>\$21,781,178</u></u>	<u><u>\$505,262</u></u>	<u><u>\$21,459,665</u></u>

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

See accompanying notes to the basic financial statements



Telecommunications	Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Storm Water Utility	Total	
\$150,371	\$2,956,864	\$815,451	\$36,865,183	\$1,553,915
0	12,651	0	29,222	233,216
150,371	2,969,515	815,451	36,894,405	1,787,131
92,820	397,701	55,670	2,791,703	147,960
23,208	764,204	186,603	4,930,339	242,684
0	0	0	22,856,707	0
6,858	268,144	2,705	605,368	6,318
0	0	0	0	2,078,546
1,568	837,560	323,009	3,362,797	2,384
0	1,483	0	14,446	0
124,454	2,269,092	567,987	34,561,360	2,477,892
25,917	700,423	247,464	2,333,045	(690,761)
0	40,965	(1,311)	232,745	(7,854)
4,494	0	0	39,236	0
0	0	0	10,200	0
(4,570)	0	0	(21,570)	0
(41,550)	(467,733)	0	(1,826,363)	0
(41,626)	(426,768)	(1,311)	(1,565,752)	(7,854)
(15,709)	273,655	246,153	767,293	(698,615)
0	0	69,410	69,410	0
0	0	318,055	318,055	0
0	2,812	54,286	271,940	0
(6,680)	(237,429)	0	(258,188)	0
(22,389)	39,038	687,904	1,168,510	(698,615)
2,354,646	23,934,424	15,799,370		2,714,858
\$2,332,257	\$23,973,462	\$16,487,274		\$2,016,243
			(184,005)	
			\$984,505	

**CITY OF LEBANON, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Business-type Activities -		
	Electric	Sanitation	Sewer
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$28,095,529	\$1,440,427	\$3,386,972
Cash Received from Interfund Services Provided	0	0	0
Cash Payments for Employee Services and Benefits	(1,579,728)	(125,335)	(549,487)
Cash Payments to Suppliers for Goods and Services	(24,294,630)	(1,345,169)	(1,366,267)
Cash Payments for Employee Medical, Dental, and Life Insurance Claims	0	0	0
Other Operating Revenues	7,815	6,877	1,879
Other Operating Expenses	(6,325)	(88)	(6,550)
Other Non-Operating Revenues	34,742	0	0
Utility Deposits Received	190,390	0	0
Utility Deposits Returned	(168,593)	0	0
Net Cash Provided by (Used for) Operating Activities	<u>2,279,200</u>	<u>(23,288)</u>	<u>1,466,547</u>
Cash Flows from Noncapital Financing Activities:			
Proceeds of Loans	3,360,000	0	0
Transfers In	13,752	0	0
Net Cash Provided by Noncapital Financing Activities	<u>3,373,752</u>	<u>0</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Received from Special Assessments	0	0	6,277
Collection of Accounts Receivable Related to the Sale of Discontinued Segments of Telecommunications Operation	0	0	0
Proceeds from Sale of Capital Assets	10,200	0	0
Acquisition of Capital Assets	(787,186)	0	(765,873)
Proceeds from Sale of Notes	0	0	0
Principal Paid on Notes	0	0	0
Interest Paid on Notes	0	0	0
Principal Paid on Mortgage Revenue Bonds	(1,235,000)	0	(480,000)
Interest and Fiscal Charges Paid on Mortgage Revenue Bonds	(722,651)	0	(425,971)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,734,637)</u>	<u>0</u>	<u>(1,665,567)</u>
Cash Flows from Investing Activities:			
Interest	184,990	1,214	(9,427)
Net Increase (Decrease) in Cash and Cash Equivalents	3,103,305	(22,074)	(208,447)
Cash and Cash Equivalents at Beginning of Year	<u>16,514,728</u>	<u>326,331</u>	<u>4,742,534</u>
Cash and Cash Equivalents at End of Year	<u><u>\$19,618,033</u></u>	<u><u>\$304,257</u></u>	<u><u>\$4,534,087</u></u>

Telecommunications	Enterprise Funds			Governmental Activities- Internal Service Funds
	Water	Storm Water Utility	Total	
\$150,371	\$2,932,228	\$814,956	\$36,820,483	\$0
0	0	0	0	1,535,194
(92,685)	(391,488)	(53,355)	(2,792,078)	(145,634)
(30,073)	(1,034,188)	(203,889)	(28,274,216)	(250,396)
0	0	0	0	(2,092,287)
0	12,651	0	29,222	233,216
0	(1,483)	(3)	(14,449)	0
4,494	0	0	39,236	0
0	15,175	0	205,565	0
0	(11,475)	0	(180,068)	0
<u>32,107</u>	<u>1,521,420</u>	<u>557,709</u>	<u>5,833,695</u>	<u>(719,907)</u>
0	0	0	3,360,000	0
0	0	0	13,752	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,373,752</u>	<u>0</u>
0	0	0	6,277	0
125,000	0	0	125,000	0
0	0	0	10,200	0
0	(2,399,545)	(566,644)	(4,519,248)	0
800,000	5,500,000	0	6,300,000	0
(900,000)	(4,000,000)	0	(4,900,000)	0
(42,183)	(114,604)	0	(156,787)	0
0	(300,000)	0	(2,015,000)	0
0	(330,218)	0	(1,478,840)	0
<u>(17,183)</u>	<u>(1,644,367)</u>	<u>(566,644)</u>	<u>(6,628,398)</u>	<u>0</u>
0	46,623	(105)	223,295	(15,165)
14,924	(76,324)	(9,040)	2,802,344	(735,072)
<u>418,841</u>	<u>7,610,158</u>	<u>405,795</u>	<u>30,018,387</u>	<u>2,835,389</u>
<u>\$433,765</u>	<u>\$7,533,834</u>	<u>\$396,755</u>	<u>\$32,820,731</u>	<u>\$2,100,317</u>

(Continued)

**CITY OF LEBANON, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
(Continued)

	Business-type Activities -		
	Electric	Sanitation	Sewer
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$888,478	(\$47,798)	\$518,561
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	1,199,587	17,810	983,263
Other Non-Operating Revenues	34,742	0	0
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	17,032	(16,466)	(15,343)
Decrease in Interfund Receivable	0	0	0
Decrease in Intergovernmental Receivable	0	0	(4,792)
(Increase) in Materials and Supplies Inventory	120,256	0	(48,848)
(Increase) Decrease in Prepaids Items	24,381	(8)	(4,313)
Increase (Decrease) in Accounts Payable	(4,380)	7,942	16,589
Increase in Claims Payable	0	0	0
Decrease in Contracts Payable	0	0	0
Decrease in Contracts Payable Retainage	0	0	18,154
Increase (Decrease) in Accrued Wages Payable	(872)	2,689	2,304
Increase (Decrease) in Interfund Payable	3,156	391	1,306
Increase in Intergovernmental Payable	(1,699)	1,435	1,408
Increase in Liabilities Payable from Restricted Assets	21,797	0	0
Increase (Decrease) in Compensated Absences Payable	(23,278)	10,717	(1,742)
Net Cash Provided by (Used for) Operating Activities	<u>\$2,279,200</u>	<u>(\$23,288)</u>	<u>\$1,466,547</u>

Noncash Capital Financing Activities:

The Electric fund received capital assets in the amount of \$201,090 from the Water Fund.

The Water Fund received capital assets in the amount of \$2,812 from the Telecommunications Fund.

The Storm Water Utility Fund received capital assets in the amount of \$318,055 from governmental funds, \$50,418 from the Water Fund, \$3,868 from the Telecommunications Fund and \$69,410 in capital contributions from developers.

The Telecommunications and Electric Funds transferred assets in the amount of \$4,570 and \$17,000, respectively, to governmental funds.

See accompanying notes to the basic financial statements

Telecommunications	Enterprise Funds			Governmental Activities- Internal Service Funds
	Water	Storm Water Utility	Total	
\$25,917	\$700,423	\$247,464	\$2,333,045	(\$690,761)
1,568	837,560	323,009	3,362,797	2,384
4,494	0	0	39,236	0
0				
0	(24,636)	(495)	(39,908)	0
0	0	0	0	(18,721)
0	0	0	(4,792)	0
0	(9,961)	0	61,447	(531)
(5)	3,631	(749)	22,937	144
424	3,695	(4,409)	19,861	(1,007)
0	0	0	0	(13,741)
0	0	0	0	0
0	(592)	(9,101)	8,461	0
325	(1,524)	542	3,464	941
(426)	1,387	(325)	5,489	0
145	(1,552)	994	731	507
0	3,700	0	25,497	0
(335)	9,289	779	(4,570)	878
<u>\$32,107</u>	<u>\$1,521,420</u>	<u>\$557,709</u>	<u>\$5,833,695</u>	<u>(\$719,907)</u>

**CITY OF LEBANON, OHIO**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**DECEMBER 31, 2010**

**ASSETS:**

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$41,604</u></u>
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**LIABILITIES:**

Intergovernmental Payable	24,224
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Undistributed Monies	<u>17,380</u>
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Total Liabilities	<u><u>\$41,604</u></u>
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See accompanying notes to the basic financial statements

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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 pool. These organizations, the Warren County Combined Health District, the Warren County Fire Response and Life Safety Council of Governments and Ohio Rural Water Association Workers' Compensation Group Rating Plan, are presented in Notes 23 and 24.

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

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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



CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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

Proprietary Fund Types

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

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

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

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

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

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

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

Internal Service Funds

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City’s internal service funds report on self-insurance programs for employee medical benefits and automotive maintenance services for City vehicles.

Fiduciary Funds

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the exchange on which the tax is imposed takes place and revenue from property taxes/revenue in lieu of taxes is recognized in the year for which the taxes are levied or would have been levied. (See Notes 7, 8, and 9.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied.

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

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue.

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

Expenses/Expenditures

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

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

Budgetary Process

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

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

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

Cash and Cash Equivalents

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

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

During 2010, investments were limited to STAROhio, the Fifth Third Institutional Money Market Mutual Fund and negotiable certificates of deposit. Investments are reported at fair value which is based on quoted market prices. For investments in money market mutual funds, the fair value is determined by the fund's current share price.

STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2010.

Interest income is distributed to the funds according to Ohio statutory requirements and the City charter. Interest revenue credited to the General Fund during 2010 amounted to \$126,222, which includes \$116,781 assigned from other City funds.

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

Inventory of Supplies

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Restricted Assets

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

Capital Assets and Depreciation

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

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

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

Improvements Other Than Buildings	20 years
Buildings	45 years
Equipment	5-15 years
Vehicles	5-20 years
Infrastructure:	
Roads	10-20 years
Bridges	20-50 years
Curbs, Gutters and Sidewalks	15 years
Traffic Lights and Signals	15-35 years
Electric Lines, Poles, Transformers and Switch Gears	20-30 years
Sewer Lines	65 years
Water Lines	40-65 years
Storm Water Drainage	50 years
Telecommunications Equipment	10 years

The City only reports infrastructure acquired after 1980 for its governmental activities.

Capitalization of Interest

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

Compensated Absences

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



CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

Contributions of Capital

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

Net Assets

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

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

Operating Revenues and Expenses

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

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 provides, 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, 2010

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

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

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

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

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

Bond Discounts, Premiums/Issuance Costs

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

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

Loss on Advance Refunding

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

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.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

Interfund Balances

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

Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2010, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 51, "Accounting and Financial Reporting for Intangible Assets". GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the City's financial statements.

NOTE 4 - FUND BALANCES

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

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - FUND BALANCES (continued)

Fund Balances	General	Fire and Life Squad	Capital Improvement	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>					
Interfund Loans	\$973,679	\$0	\$0	\$0	\$973,679
Prepays	55,483	11,792	0	14,348	81,623
Inventory	35,177	31,688	0	141,105	207,970
<i>Total Nonspendable</i>	<u>1,064,339</u>	<u>43,480</u>	<u>0</u>	<u>155,453</u>	<u>1,263,272</u>
<u>Restricted for:</u>					
Road Improvements	0	0	0	935,391	935,391
Fire and Life Squad	0	1,074,628	0	0	1,074,628
Law Enforcement	0	0	0	431,834	431,834
Leisure Time Services	0	0	0	49,252	49,252
Public Health Services	0	0	0	580,084	580,084
Community and Economic Development	0	0	0	196,504	196,504
Capital Improvements	0	0	1,790,894	2,034,342	3,825,236
Debt Service Payments	0	0	0	821,865	821,865
Issue II Improvements	0	0	0	998,565	998,565
<i>Total Restricted</i>	<u>0</u>	<u>1,074,628</u>	<u>1,790,894</u>	<u>6,047,837</u>	<u>8,913,359</u>
<u>Committed to:</u>					
Debt Service Payments	0	0	0	3,079,962	3,079,962
<u>Unassigned:</u>	<u>4,071,783</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,071,783</u>
<b>Total Fund Balances</b>	<u><u>\$5,136,122</u></u>	<u><u>\$1,118,108</u></u>	<u><u>\$1,790,894</u></u>	<u><u>\$9,283,252</u></u>	<u><u>\$17,328,376</u></u>

NOTE 5 - BUDGET TO GAAP RECONCILIATION

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

The statement of revenues, expenditures, and changes in fund balance - budget and actual for the General Fund and 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).

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5 - BUDGET TO GAAP RECONCILIATION (continued)

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

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

Net Change in Fund Balance		
	General Fund	Fire and Life Squad Fund
GAAP Basis	\$136,004	\$246,509
Revenue Accruals	868,207	0
Expenditure Accruals	77,225	37,595
Encumbrances	(243,322)	(94,432)
Advances	121,408	0
Unrecorded Cash	(709,077)	0
Net Decrease in Fair Value of Investments - 2009	(21,525)	0
Net Increase in Fair Value of Investments - 2010	(139,430)	0
Budget Basis	\$89,490	\$189,672

NOTE 6 - 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.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Commercial paper and bankers acceptances if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2); and
7. The State Treasurer's investment pool (STAROhio).



CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

Investments

As of December 31, 2010, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>	<u>Moody's Rating</u>	<u>Percent of Total Investments</u>
STAROhio	\$5,606,412	Average 58 Days	N/A	N/A
Fifth Third Institutional Money				
Market Mutual Fund	259,832	Average 90 Days	Aaa	N/A
Negotiable Certificates of Deposit	11,985,548	Less than two years	N/A	67.14%
Total Investments	<u>\$17,851,792</u>			

Interest Rate Risk

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

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

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2010 for real and public utility property taxes represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Tangible personal property taxes from telephone companies will no longer be levied and collected after 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2010, was \$8.32 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 7 - PROPERTY TAXES (continued)

Category	Assessed Value
Real Property	\$306,038,220
Public Utility Real Property	110,414,910
General Business Personal Property	1,325,348
Total	\$417,778,478

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Lebanon. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2010, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2010 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 8 - PAYMENTS IN LIEU OF TAXES

The City acquired property that is leased to a number of companies. The companies have built or are in the process of building factories on the land leased from the City. To encourage development, the companies have been granted an exemption from paying any property taxes on the new construction; however, payments in lieu of taxes are made to the City in an amount equal to the real property taxes on any improvements subsequent to the year the exemption was granted. These payments are being used for costs associated with improving the industrial park. Payments will continue over the life of the lease. At the conclusion of the lease term, the companies may purchase the leased property for \$1.

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

NOTE 9 - INCOME TAX

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

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

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - INCOME TAX (continued)

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2010, the proceeds were allocated to the General Fund, the Capital Improvement Capital Projects Fund and the Debt Service Fund.

NOTE 10 - RECEIVABLES

Receivables at December 31, 2010, consisted of income, property and other local taxes, revenue in lieu of taxes, accrued interest, intergovernmental, interfund, special assessments, utility accounts, amounts due from the sale of the telecommunications system, and capital leases. The \$2,625,000 accounts receivable in the telecommunications fund relates to the sale of the telecommunications system to Cincinnati Bell that occurred in 2007. Of this amount, \$2,500,000 is expected to be collected in more than one year. Special assessments expected to be collected in more than one year for the City amount to \$111,595. The City has \$24,161 in delinquent special assessments at December 31, 2010. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. All receivables are considered fully collectible except utility accounts.

Utility Accounts Receivable	Uncollectible	Utility Accounts Receivable
\$6,163,712	\$372,830	\$5,790,882

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	
Local Government Assistance	\$248,602
Warren County Reimbursement for Baliff Services	6,412
Homestead and Rollback	181,830
Pari-Mutuel Tax	15,000
Permissive Motor Vehicle License Tax	103,162
Motor Vehicle Tax	177,856
Gasoline Tax	234,219
Wireless 911	20,387
Warren County Drug Task Force	1,711
Total Governmental Activities	989,179
<u>Business-Type Activities:</u>	
Village of South Lebanon Sewage Processing Fees	26,855
Total Intergovernmental Receivables	\$1,016,034

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 11 - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2010, was as follows:

	Balance at 12/31/09	Additions	Deductions	Balance at 12/31/10
<b><u>Governmental Activities</u></b>				
<i>Capital Assets, Not being Depreciated</i>				
Land	\$12,433,717	\$1,063,346	\$0	\$13,497,063
Construction in Progress	1,826,574	628,116	(1,463,795)	990,895
Total Capital Assets, Not Being Depreciated	<u>14,260,291</u>	<u>1,691,462</u>	<u>(1,463,795)</u>	<u>14,487,958</u>
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	838,935	370,373	0	1,209,308
Buildings and Improvements	5,652,487	370,122	0	6,022,609
Equipment	1,467,470	149,117	(77,601)	1,538,986
Vehicles	3,489,639	302,188	(67,704)	3,724,123
Infrastructure	45,411,307	1,809,556	(318,055)	46,902,808
Total Capital Assets, Being Depreciated	<u>56,859,838</u>	<u>3,001,356</u>	<u>(463,360)</u>	<u>59,397,834</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(362,240)	(54,619)	0	(416,859)
Buildings and Improvements	(2,425,638)	(199,495)	0	(2,625,133)
Equipment	(878,005)	(115,177)	70,904	(922,278)
Vehicles	(2,373,476)	(227,981)	67,704	(2,533,753)
Infrastructure	(19,376,437)	(2,577,085)	0	(21,953,522)
Total Accumulated Depreciation	<u>(25,415,796)</u>	<u>(3,174,357) *</u>	<u>138,608</u>	<u>(28,451,545)</u>
Total Capital Assets, Being Depreciated, Net	<u>31,444,042</u>	<u>(173,001)</u>	<u>(324,752)</u>	<u>30,946,289</u>
Governmental Activities Capital Assets, Net	<u>\$45,704,333</u>	<u>\$1,518,461</u>	<u>(\$1,788,547)</u>	<u>\$45,434,247</u>

Additions to capital assets include \$21,570 in assets transferred from business-type activities to governmental activities. Deductions of capital assets being depreciated include \$318,055 transferred from governmental activities to business-type activities.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 11 - CAPITAL ASSETS (continued)

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

General Government	\$32,640
Security of Persons and Property:	
Police	77,910
Fire	195,904
Public Health Services	24,092
Leisure Time Services	172,088
Community and Economic Development	15,212
Transportation	<u>2,656,511</u>
Total Depreciation Expense	<u><u>\$3,174,357</u></u>

	Balance at 12/31/09	Additions	Deductions	Balance at 12/31/10
<b><u>Business-Type Activities</u></b>				
<i>Capital Assets, Not being Depreciated</i>				
Land	\$4,689,384	\$12,000	\$0	\$4,701,384
Construction in Progress	1,264,252	1,242,868	(855,659)	1,651,461
Total Capital Assets, Not Being Depreciated	<u>5,953,636</u>	<u>1,254,868</u>	<u>(855,659)</u>	<u>6,352,845</u>
<i>Capital Assets, Being Depreciated</i>				
Buildings and Improvements	27,723,302	0	0	27,723,302
Equipment	5,802,394	338,262	(11,250)	6,129,406
Vehicles	2,453,298	72,522	(75,505)	2,450,315
Infrastructure	79,381,536	4,103,400	(17,000)	83,467,936
Total Capital Assets, Being Depreciated	<u>115,360,530</u>	<u>4,514,184</u>	<u>(103,755)</u>	<u>119,770,959</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(10,260,613)	(841,904)	0	(11,102,517)
Equipment	(4,862,318)	(167,104)	0	(5,029,422)
Vehicles	(1,707,952)	(127,025)	75,505	(1,759,472)
Infrastructure	(20,232,991)	(2,226,764)	0	(22,459,755)
Total Accumulated Depreciation	<u>(37,063,874)</u>	<u>(3,362,797)</u>	<u>75,505</u>	<u>(40,351,166)</u>
Total Capital Assets, Being Depreciated, Net	<u>78,296,656</u>	<u>1,151,387</u>	<u>(28,250)</u>	<u>79,419,793</u>
Business-Type Activities Capital Assets, Net	<u><u>\$84,250,292</u></u>	<u><u>\$2,406,255</u></u>	<u><u>(\$883,909)</u></u>	<u><u>\$85,772,638</u></u>

Additions to capital assets being depreciated include \$318,055 in assets transferred from governmental activities. Deductions of capital assets being depreciated include \$21,570 transferred from business-type activities to governmental activities.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - 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 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 the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 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 2010, member and employer contribution rates were consistent across all three plans.

The City's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87 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 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - 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, 2010, 2009, and 2008 were \$444,725, \$480,024, and \$368,799, respectively. For 2010, 84.11 percent has been contributed with the balance due being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. Contributions to the Member-Directed Plan for 2010 were \$2,880 made by the City and \$2,057 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 pension were \$264,448 and \$96,261 for the year ended December 31, 2010, \$242,502 and \$93,331 for the year ended December 31, 2009, and \$247,214 and \$94,979 for the year ended December 31, 2008, respectively. For 2010, 70.86 percent for police and 70.53 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

NOTE 13 - 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, 2010

NOTE 13 - 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 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 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code 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 and public safety employer units.

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 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

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, 2010

NOTE 13 - POST-EMPLOYMENT BENEFITS (continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$247,069, \$347,094, and \$368,799, respectively. For 2010, 84.11 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

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

Ohio Police and Fire Pension Fund

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

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

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

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

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

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 - 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, 2010, 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 \$140,002 and \$37,667 for the year ended December 31, 2010, \$128,383 and \$36,521 for the year ended December 31, 2009, and \$130,878 and \$37,160 for the year ended December 31, 2008, respectively. For 2010, 70.86 percent has been contributed for police and 70.53 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

NOTE 14 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

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

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 14 - OTHER EMPLOYEE BENEFITS (continued)

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.

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 15 - CAPITAL LEASE RECEIVABLE

City-owned land within the Kingsview Industrial Park was leased to Lucas Sumitomo Brakes Inc. and Amtex, Inc. The company is developing the land. The lease period is 30 years. At the conclusion of the lease period, the company may purchase the leased properties for \$1. The City has classified this agreement as direct a financing capital lease. The lease payments to the City are paid into the Tax Increment Financing Capital Projects Fund and will be used for improvements to the industrial park.

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

<u>December 31,</u>	<u>Amount</u>
2011	\$6,098
2012	6,098
2013	6,098
2014	6,098
2015	6,098
2016-2017	<u>12,196</u>
Total Minimum Lease Payments to be Received	42,686
Less: Amount Representing Unearned Interest	<u>(9,097)</u>
Net Investment in Direct Financing Lease	<u><u>\$33,589</u></u>

CITY OF LEBANON, OHIO  
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FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, the City contracted with Hylant MacLean for vehicle, property, general liability, multi media, boiler and machinery, police liability and public officials liability insurance.

Machinery deductible levels vary with equipment. EDT equipment has a \$1,000 deductible for computer equipment. Vehicles hold a \$250 to \$500 deductible, general liability has a \$0 deductible, and property has a \$1,000 deductible. The City carries a \$5,000 deductible for both police professional and public officials liability insurance. The City has an internal accident review board which analyzes all vehicle accidents. The City also contracts with Hylant MacLean, who reviews each accident claim.

Coverage provided by the insurance follows:

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

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

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

The City has elected to provide employee medical, dental and life insurance benefits through a self-insured program. The City maintains a Self-Insurance Internal Service Fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical plan with a \$200 single and \$400 cap per family deductible for City employees. The City also provides a dental plan with a \$50 deductible and \$1,500 cap 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.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 16 - RISK MANAGEMENT (continued)

The City pays into the Self-Insurance Internal Service Fund \$1,100 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 \$215,982 reported in the fund at December 31, 2010, 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,
2009	\$179,000	\$1,439,647	\$1,388,924	\$229,723
2010	229,723	2,078,546	2,092,287	215,982

NOTE 17 - SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year ended December 31, 2010, follows:

	Balance at January 1, 2010	Increases	Decreases	Balance at December 31, 2010
<u>Business-Type Activities</u>				
Telecommunications Fund				
Telecom System Improvement, 4.70 %	\$900,000	\$0	\$900,000	\$0
Telecom System Improvement, 4.50 %	0	800,000	0	800,000
Total Business-Type Activities	\$900,000	\$800,000	\$900,000	\$800,000

The notes are issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. The notes are backed by the full faith and credit of the City and will mature within one year. The liability for the notes is presented in the fund that received the note proceeds. All proceeds of the short-term notes had been spent as of December 31, 2010.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 18 - LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2010 follows:

	Balance at January 1, 2010	Increases	Decreases	Balance at December 31, 2010	Amount Due in One Year
<u>Special Assessment Bonds with Governmental Commitment:</u>					
1990 - 7.00% \$438,150 Kingsview/Henkle Drive Improvement	\$24,150	\$0	\$24,150	\$0	\$0
1991 - 6.45% \$731,080 Deerfield Road Improvement	134,280	0	63,410	70,870	70,870
1993 - 5.75% \$200,000 Henkle Drive Extension	40,000	0	40,000	0	0
1994 - 5.00% \$54,372 Pleasant Street Improvement	20,077	0	3,546	16,531	3546
<b>TOTAL - Special Assessment Bonds</b>	<b>218,507</b>	<b>0</b>	<b>131,106</b>	<b>87,401</b>	<b>74,416</b>
<u>Unvoted General Obligation Bonds:</u>					
1990 - 7.00% \$196,850 Kingsview/Henkle Drive Improvement	10,850	0	10,850	0	0
1991 - 6.450% \$248,920 Deerfield Road Improvement	45,720	0	21,590	24,130	24,130
1994 - 5.50% \$175,628 Pleasant Street Improvement	64,922	0	11,454	53,468	11,454
2003 - 2.0 to 4.15% \$4,005,000 Road Improvement	3,045,000	0	175,000	2,870,000	180,000
Discount on Debt Issue	(11,740)	0	(838)	(10,902)	
2008 - 3.5 to 4.75% \$3,750,000 Road Improvement Refunding	3,315,000	0	225,000	3,090,000	235,000
Premium on Debt Issue	83,187	0	4,622	78,565	
Deferred Loss on Refunding	(53,363)	0	(6,670)	(46,693)	
<b>TOTAL - Unvoted General Obligation Bonds</b>	<b>6,499,576</b>	<b>0</b>	<b>441,008</b>	<b>6,058,568</b>	<b>450,584</b>
<u>Other Long-Term Obligations</u>					
Capital Leases Payable	46,315	0	14,720	31,595	15,427
Compensated Absences Payable	1,085,246	479,634	440,301	1,124,579	265,887
Police Pension	19,568	0	438	19,130	457
<b>TOTAL - Other Long-Term Obligations</b>	<b>1,151,129</b>	<b>479,634</b>	<b>455,459</b>	<b>1,175,304</b>	<b>281,771</b>
<b>TOTAL - Governmental Activities</b>	<b>\$7,869,212</b>	<b>\$479,634</b>	<b>\$1,027,573</b>	<b>\$7,321,273</b>	<b>\$806,771</b>

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

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

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

The Henkle Drive Extension special assessment bonds were issued to finance the construction of a road in the industrial park. This was paid through the Debt Service Fund with special assessments revenue.

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

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

The \$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.

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.

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.



CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

Changes in the long-term obligations reported in business-type activities of the City during 2010 were as follows:

	Balance at January 1, 2010	Increases	Decreases	Balance at December 31, 2010	Amounts Due in One Year
<u>Mortgage Revenue Bonds</u>					
2006 - 4.00 to 5.00% \$10,690,000					
Sewer System Improvement					
Refunding	\$10,170,000	\$0	\$480,000	\$9,690,000	\$490,000
Premium on Debt Issue	48,701	0	3,247	45,454	
Deferred Loss on Refunding	(278,300)	0	(18,553)	(259,747)	
1999 - 3.75 to 5.3% \$10,180,000					
Water System Improvement					
Refunding	6,445,000	0	300,000	6,145,000	315,000
2006 - 3.75 to 4.50% \$18,170,000					
Electric System Refunding	14,270,000	0	1,070,000	13,200,000	1,115,000
Premium on Debt Issue	116,159	0	9,680	106,479	
Deferred Loss on Refunding	(819,330)	0	(68,277)	(751,053)	
2008 - 4.0 to 4.50% \$4,465,000					
Electric System Improvement	4,230,000	0	165,000	4,065,000	170,000
Discount on Debt Issue	(7,108)	0	(395)	(6,713)	
TOTAL - Mortgage Revenue Bonds Payable	<u>34,175,122</u>	<u>0</u>	<u>1,940,702</u>	<u>32,234,420</u>	<u>2,090,000</u>
Water System Improvement, 2.125% Bond Anticipation Notes	4,000,000	0	4,000,000	0	0
Water System Improvement, 1.25% Bond Anticipation Notes	0	5,500,000	0	5,500,000	0
American Municipal Power, 3.5% Rate Levelization Loan	0	3,360,000	0	3,360,000	2,007,740
Compensated Absences Payable	265,589	102,070	106,640	261,019	60,524
TOTAL - Enterprise Funds	<u>\$38,440,711</u>	<u>\$5,602,070</u>	<u>\$6,047,342</u>	<u>\$41,355,439</u>	<u>\$4,158,264</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, 2010

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 61 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$13,181,181. Principal and interest paid for the current year were \$905,971. Total net revenues were \$1,482,106.

During 1999, the City issued \$10,180,000 in water system improvement mortgage revenue bonds. A portion of the proceeds was used to advance refund the 1991 water system improvement bonds in the amount of \$1,315,000.

The City has pledged future revenues, net of operating expenses, to repay the water system mortgage revenue bonds in the Water Fund. The debt is payable solely from net revenues and is payable through 2024. Annual principal and interest payments on the debt issues are expected to require 40 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$8,818,928. Principal and interest paid for the current year were \$630,218. Total net revenues were \$1,566,297.

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 2021. Annual principal and interest payments on the debt issues are expected to require 85 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$22,239,888. Principal and interest paid for the current year were \$1,957,651. Total net revenues were \$2,293,662.

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

On April 6, 2010, the City issued a \$5,500,000 bond anticipation note for the purpose of making improvements to the water system. A portion of the proceeds was used to retire the 2009 \$4,000,000 note. The note will mature April 5, 2011.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

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

In prior years, the City has defeased Electric System Improvement Mortgage Revenue Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the City's financial statements. As of December 31, 2010, all of the bonds had matured.

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

As of December 31, 2010, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$43,866,740 and the unvoted debt margin was \$22,977,816.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2010, were:

Year	Governmental Activities				Business-Type Activities	
	Special Assessment		General Obligation		Mortgage Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$74,416	\$5,564	\$450,585	\$235,471	\$2,090,000	\$1,425,374
2012	3,546	780	446,455	218,247	2,180,000	1,342,517
2013	4,728	567	460,278	201,733	2,270,000	1,255,751
2014	4,711	284	475,280	184,441	2,360,000	1,165,204
2015	0	0	475,000	166,295	2,445,000	1,067,564
2016-2020	0	0	2,045,000	560,433	12,545,000	3,693,459
2021-2025	0	0	1,400,000	196,053	8,295,000	1,135,019
2026-2028	0	0	285,000	17,200	915,000	55,113
Totals	<u>\$87,401</u>	<u>\$7,195</u>	<u>\$6,037,598</u>	<u>\$1,779,873</u>	<u>\$33,100,000</u>	<u>\$11,140,001</u>

NOTE 19 - INTERFUND ASSETS/LIABILITIES

Interfund Receivable/Payable

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

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 19 - INTERFUND ASSETS/LIABILITIES (continued)

	Receivable
	Governmental Activities Internal Service
Payable	
General	\$11,127
Fire and Life Squad	4,991
All Other Governmental	4,208
Electric	3,456
Sanitation	716
Sewer	1,606
Water	1,425
Storm Water Utility	541
Total	\$28,070

Advances From/To Other Funds

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

	Advances To
	All Other Governmental
Advances From	
General	\$973,679

Transfers From/To Other Funds

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

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 19 - INTERFUND ASSETS/LIABILITIES (continued)

The transfer to the General Fund from the All Other Governmental Funds was for tax increment financing activities. Transfers to the All Other Governmental Funds from the General Fund were operating expenditures and debt service payments. Transfers to the All Other Governmental Funds from the Capital Improvement Fund were for State Issue II construction projects. Transfers between All Other Governmental Funds were related debt service payments. Transfers to the Electric Fund from the All Other Governmental Funds were for Tax Increment Financing activities. Transfers between the Electric, Water, Telecommunications and Storm Water Utility Funds related to transfers of capital assets. In addition, transfers of \$318,055 in capital assets were made between governmental activities and the Storm Water Utility Fund, and transfers of \$4,570 and \$17,000 were made from the Telecommunications and Electric Funds, respectively to the governmental activities.

		Transfers From						
		General	Capital Improvement	All Other Governmental	Electric	Water	Tele-communications	Total
Transfers To	General	\$0	\$0	\$57,495	\$0	\$0	\$0	\$57,495
	All Other							
	Governmental	76,120	1,046,000	32,500	0	0	0	1,154,620
	Electric	0	0	13,752	0	201,090	0	214,842
	Water	0	0	0	0	0	2,812	2,812
	Storm Water Utility	0	0	0	31,079	19,339	3,868	54,286
	Total	<u>\$76,120</u>	<u>\$1,046,000</u>	<u>\$103,747</u>	<u>\$31,079</u>	<u>\$220,429</u>	<u>\$6,680</u>	<u>\$1,484,055</u>

NOTE 20 - SIGNIFICANT CONTRACTUAL OBLIGATIONS

The City of Lebanon has entered into the following contracts as of December 31, 2010:

Contractor	Purpose	Amount Remaining
Trend Construction	South East Street Reconstruction	\$2,009,525
Danis Industrial Construction Company	WasteWater Treatment Plant Influent Screen Replacement	155,419
ME Companies	Engineering-Mound Court Reconstruction	59,938
Northwest Consultants	Engineering-Glosser Rd. Transmission Water Main	52,451
HDR Engineering	Engineering-St Rt 123/63 Connector	43,660
Northwest Consultants	Engineering-West Park Reconstruction	9,032
Stantec Consulting	Engineering-2010 Sanitary System Improvements	7,614
Arcadis	Engineering-East Street Design	5,479

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 21 - CAPITAL LEASES – LESSEE DISCLOSURE

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

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

	Governmental Activities
Asset: Equipment	\$133,908
Less: Accumulated depreciation	(89,740)
Total	\$44,168

The following is a schedule of the future long-term minimum lease payments required under the capital lease, and the present value of the minimum lease payments as of December 31, 2010:

Year Ending December 31,	Governmental Activities
2011	\$16,943
2012	16,943
Subtotal	33,886
Less: Amount Representing Interest	(2,291)
Present Value of Minimum Lease Payments	\$31,595

NOTE 22 - 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 will loan the City \$280,000, per month from January 1, 2010, through May 31, 2011. The total amount of the loan will be \$4,760,000, with an estimated interest rate of 3.5 percent. As of December 31, 2010, the principal outstanding on this loan was \$3,360,000 and was reported as a loan payable in the Electric Enterprise Fund.

CITY OF LEBANON, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 22 - AMERICAN MUNICIPAL POWER RATE LEVELIZATION LOAN (continued)

Principal and interest payments will begin 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, 2010, were:

Year	Principal	Interest
2011	\$2,007,740	\$129,314
2012	2,412,970	114,371
2013	339,290	10,009
Totals	\$4,760,000	\$253,694

NOTE 23 - JOINTLY GOVERNED ORGANIZATIONS

Warren County Combined Health District

The Warren County Combined Health District (the District), a jointly governed organization, provides health services to the citizens within the County. The Board of Health, which consists of a representative from each of the participating governments, including the City, oversees the operation of the District. The City contributed \$13,421 during 2010 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and the County Treasurer serve as fiscal officers. You may obtain financial information from Brenda Joseph at the Warren County Combined Health District, 416 S. East Street, Lebanon, Ohio 45036.

Warren County Fire Response and Life Safety Council of Governments

The Warren County Fire Response and Life Safety Council of Governments (the COG) is a jointly governed organization, consisting of cities, villages and townships in Warren County. The COG, which consists of a representative from each of the participating governments, including the City, contracts with the Greater Cincinnati Hazardous Materials Unit, Inc. for hazardous materials response services to each of the participating governments. The City contributed \$2,714 during 2010 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.

CITY OF LEBANON, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 24 – INSURANCE POOL

Ohio Rural Water Association Workers’ Compensation Group Rating Plan

For 2010, the City participated in the Ohio Rural Water Association Workers’ Compensation Group Rating Plan (Plan), an insurance pool. The Plan is intended to achieve lower workers’ compensation rates while establishing safer working conditions and environments for the participants. The workers’ compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers’ compensation premium to the State based on the rate for the Plan. To maximize the number of participants in the Plan, the Plan’s executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan’s executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to participants that can meet the Plan’s selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the City pays an enrollment fee to the Plan to cover the costs of administering the program.

NOTE 25 - 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.

Federal and State Grants

For the period January 1, 2010 to December 31, 2010, the City received state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 26 - SUBSEQUENT EVENT

On March 31, 2011, the City refinanced the \$5,500,000 Water System Improvement bond anticipation notes, and issued an additional \$2,000,000 in bond anticipation notes, which were included with the refinancing.



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

Community Development

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

Court

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

Park/Recreation Impact Fee

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

Transportation

To account for 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, committed or assigned to expenditure for principal and interest. The City has only one Debt Service Fund.

(Continued)

CITY OF LEBANON, OHIO

NONMAJOR FUND DESCRIPTIONS  
(Continued)

**CAPITAL PROJECTS FUNDS**

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

**NONMAJOR CAPITAL PROJECTS FUNDS**

Cemetery Improvement

To account for fees restricted for cemetery improvements.

State Issue II

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

Tax Increment Financing

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

**CITY OF LEBANON, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,142,341	\$3,875,918	\$4,055,148	\$10,073,407
Materials and Supplies Inventory	141,105	0	0	141,105
Prepaid Items	14,348	0	0	14,348
Income Taxes Receivable	0	128,873	0	128,873
Revenue in Lieu of Taxes Receivable	0	0	1,264,773	1,264,773
Accrued Interest Receivable	2,091	12,440	0	14,531
Intergovernmental Receivable	530,237	0	0	530,237
Special Assessments Receivable	0	200,313	0	200,313
Capital Lease Receivable	0	0	33,589	33,589
<b>Total Assets</b>	<b>\$2,830,122</b>	<b>\$4,217,544</b>	<b>\$5,353,510</b>	<b>\$12,401,176</b>
<b>Liabilities:</b>				
Accounts Payable	\$12,819	\$0	\$0	\$12,819
Accrued Wages Payable	17,813	0	0	17,813
Contracts Payable	0	0	1,004	1,004
Intergovernmental Payable	15,741	0	47,558	63,299
Interfund Payable	4,208	0	0	4,208
Deferred Revenue	431,023	315,717	1,298,362	2,045,102
Advances From Other Funds	0	0	973,679	973,679
<b>Total Liabilities</b>	<b>481,604</b>	<b>315,717</b>	<b>2,320,603</b>	<b>3,117,924</b>
<b>Fund Balances:</b>				
Nonspendable	155,453	0	0	155,453
Restricted	2,193,065	821,865	3,032,907	6,047,837
Committed	0	3,079,962	0	3,079,962
<b>Total Fund Balances</b>	<b>2,348,518</b>	<b>3,901,827</b>	<b>3,032,907</b>	<b>9,283,252</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,830,122</b>	<b>\$4,217,544</b>	<b>\$5,353,510</b>	<b>\$12,401,176</b>

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Income Taxes	\$0	\$581,378	\$0	\$581,378
Other Local Taxes	63,452	0	0	63,452
Payments in Lieu of Taxes	0	0	1,259,657	1,259,657
Special Assessments	0	76,551	0	76,551
Charges for Services	99,822	0	6,700	106,522
Fines, Licenses and Permits	146,842	0	0	146,842
Intergovernmental	1,031,786	0	0	1,031,786
Interest	4,339	45,308	5,750	55,397
Other	28,446	0	6,099	34,545
<b>Total Revenues</b>	<b>1,374,687</b>	<b>703,237</b>	<b>1,278,206</b>	<b>3,356,130</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	3,906	0	0	3,906
<b>Security of Persons and Property:</b>				
Police	60,718	0	0	60,718
Public Health Services	160,271	0	4,447	164,718
Community and Economic Development	0	0	107,037	107,037
Transportation	1,102,322	0	0	1,102,322
Intergovernmental	0	0	277,310	277,310
Capital Outlay	32,371	0	1,268,261	1,300,632
<b>Debt Service:</b>				
Principal Retirement	0	575,000	0	575,000
Interest and Fiscal Charges	0	269,527	0	269,527
<b>Total Expenditures</b>	<b>1,359,588</b>	<b>844,527</b>	<b>1,657,055</b>	<b>3,861,170</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>15,099</b>	<b>(141,290)</b>	<b>(378,849)</b>	<b>(505,040)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	66,120	42,500	1,046,000	1,154,620
Transfers Out	0	0	(103,747)	(103,747)
<b>Total Other Financing Sources (Uses)</b>	<b>66,120</b>	<b>42,500</b>	<b>942,253</b>	<b>1,050,873</b>
<b>Net Change in Fund Balances</b>	<b>81,219</b>	<b>(98,790)</b>	<b>563,404</b>	<b>545,833</b>
<b>Fund Balances at Beginning of Year</b>	<b>2,267,299</b>	<b>4,000,617</b>	<b>2,469,503</b>	<b>8,737,419</b>
<b>Fund Balances at End of Year</b>	<b>\$2,348,518</b>	<b>\$3,901,827</b>	<b>\$3,032,907</b>	<b>\$9,283,252</b>

**CITY OF LEBANON, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2010**

	<u>Cemetery</u>	<u>Community Development</u>	<u>Court</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$575,685	\$196,504	\$432,829
Materials and Supplies Inventory	2,104	0	270
Prepaid Items	3,334	0	0
Accrued Interest Receivable	1,893	0	0
Intergovernmental Receivable	15,000	0	0
<b>Total Assets</b>	<u><u>\$598,016</u></u>	<u><u>\$196,504</u></u>	<u><u>\$433,099</u></u>
<b>Liabilities:</b>			
Accounts Payable	\$1,198	\$0	\$995
Accrued Wages Payable	4,957	0	0
Intergovernmental Payable	3,932	0	0
Interfund Payable	787	0	0
Deferred Revenue	1,620	0	0
<b>Total Liabilities</b>	<u>12,494</u>	<u>0</u>	<u>995</u>
<b>Fund Balances:</b>			
Nonspendable	5,438	0	270
Restricted	580,084	196,504	431,834
<b>Total Fund Balances</b>	<u>585,522</u>	<u>196,504</u>	<u>432,104</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$598,016</u></u>	<u><u>\$196,504</u></u>	<u><u>\$433,099</u></u>

Park/Recreation Impact Fee	Transportation	Total Nonmajor Special Revenue Funds
\$49,252	\$888,071	\$2,142,341
0	138,731	141,105
0	11,014	14,348
0	198	2,091
0	515,237	530,237
<u>\$49,252</u>	<u>\$1,553,251</u>	<u>\$2,830,122</u>
\$0	\$10,626	\$12,819
0	12,856	17,813
0	11,809	15,741
0	3,421	4,208
0	429,403	431,023
0	468,115	481,604
0	149,745	155,453
49,252	935,391	2,193,065
<u>49,252</u>	<u>1,085,136</u>	<u>2,348,518</u>
<u>\$49,252</u>	<u>\$1,553,251</u>	<u>\$2,830,122</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, 2010**

	<u>Cemetery</u>	<u>Community Development</u>	<u>Court</u>
Revenues:			
Other Local Taxes	\$0	\$0	\$0
Charges for Services	95,877	0	3,945
Fines, Licenses and Permits	0	0	98,375
Intergovernmental	30,000	0	5,324
Interest	3,588	215	0
Other	100	0	22,601
	<u>129,565</u>	<u>215</u>	<u>130,245</u>
Total Revenues			
Expenditures:			
Current:			
General Government	0	0	3,906
Security of Persons and Property:			
Police	0	0	60,718
Public Health Services	160,271	0	0
Transportation	0	0	0
Capital Outlay	0	0	7,415
	<u>160,271</u>	<u>0</u>	<u>72,039</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	(30,706)	215	58,206
Other Financing Sources:			
Transfers In	56,120	0	0
	<u>56,120</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	25,414	215	58,206
Fund Balances at Beginning of Year	560,108	196,289	373,898
	<u>560,108</u>	<u>196,289</u>	<u>373,898</u>
Fund Balances at End of Year	<u>\$585,522</u>	<u>\$196,504</u>	<u>\$432,104</u>



Park/Recreation Impact Fee	Transportation	Total Nonmajor Special Revenue Funds
\$0	\$63,452	\$63,452
0	0	99,822
10,644	37,823	146,842
0	996,462	1,031,786
0	536	4,339
0	5,745	28,446
<u>10,644</u>	<u>1,104,018</u>	<u>1,374,687</u>
0	0	3,906
0	0	60,718
0	0	160,271
0	1,102,322	1,102,322
0	24,956	32,371
<u>0</u>	<u>1,127,278</u>	<u>1,359,588</u>
10,644	(23,260)	15,099
<u>0</u>	<u>10,000</u>	<u>66,120</u>
10,644	(13,260)	81,219
<u>38,608</u>	<u>1,098,396</u>	<u>2,267,299</u>
<u><u>\$49,252</u></u>	<u><u>\$1,085,136</u></u>	<u><u>\$2,348,518</u></u>

**CITY OF LEBANON, OHIO  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2010**

	Cemetery Improvement	State Issue II	Tax Increment Financing	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$68,496	\$998,565	\$2,988,087	\$4,055,148
Revenue in Lieu of Taxes Receivable	0	0	1,264,773	1,264,773
Capital Lease Receivable	0	0	33,589	33,589
<b>Total Assets</b>	<b>\$68,496</b>	<b>\$998,565</b>	<b>\$4,286,449</b>	<b>\$5,353,510</b>
Liabilities:				
Contracts Payable	\$0	\$0	\$1,004	\$1,004
Intergovernmental Payable	0	0	47,558	47,558
Deferred Revenue	0	0	1,298,362	1,298,362
Advances From Other Funds	0	0	973,679	973,679
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>2,320,603</b>	<b>2,320,603</b>
Fund Balances:				
Restricted	68,496	998,565	1,965,846	3,032,907
<b>Total Liabilities and Fund Balances</b>	<b>\$68,496</b>	<b>\$998,565</b>	<b>\$4,286,449</b>	<b>\$5,353,510</b>

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Cemetery Improvement	State Issue II	Tax Increment Financing	Total Nonmajor Capital Projects Funds
Revenues:				
Payments in Lieu of Taxes	\$0	\$0	\$1,259,657	\$1,259,657
Charges for Services	6,700	0	0	6,700
Interest	0	0	5,750	5,750
Other	0	0	6,099	6,099
<b>Total Revenues</b>	<b>6,700</b>	<b>0</b>	<b>1,271,506</b>	<b>1,278,206</b>
Expenditures:				
Current:				
Public Health Services	4,447	0	0	4,447
Community and Economic Development	0	0	107,037	107,037
Intergovernmental	0	0	277,310	277,310
Capital Outlay	0	280,678	987,583	1,268,261
<b>Total Expenditures</b>	<b>4,447</b>	<b>280,678</b>	<b>1,371,930</b>	<b>1,657,055</b>
Excess of Revenues Over (Under) Expenditures	2,253	(280,678)	(100,424)	(378,849)
Other Financing Sources (Uses):				
Transfers In	0	1,046,000	0	1,046,000
Transfers Out	0	0	(103,747)	(103,747)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>1,046,000</b>	<b>(103,747)</b>	<b>942,253</b>
<b>Net Change in Fund Balances</b>	<b>2,253</b>	<b>765,322</b>	<b>(204,171)</b>	<b>563,404</b>
<b>Fund Balances at Beginning of Year</b>	<b>66,243</b>	<b>233,243</b>	<b>2,170,017</b>	<b>2,469,503</b>
<b>Fund Balances at End of Year</b>	<b>\$68,496</b>	<b>\$998,565</b>	<b>\$1,965,846</b>	<b>\$3,032,907</b>

CITY OF LEBANON, OHIO

**INTERNAL SERVICE FUNDS**

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

Automotive Maintenance

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

Self-Insurance

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

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2010**

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$86,551	\$2,013,766	\$2,100,317
Materials and Supplies Inventory	2,899	0	2,899
Accrued Interest Receivable	0	20,423	20,423
Interfund Receivable	28,070	0	28,070
Prepaid Items	3,456	0	3,456
<b>Total Current Assets</b>	<u>120,976</u>	<u>2,034,189</u>	<u>2,155,165</u>
Noncurrent Assets:			
Nondepreciable Capital Assets	64,666	0	64,666
Depreciable Capital Assets, Net	40,258	0	40,258
<b>Total Noncurrent Assets</b>	<u>104,924</u>	<u>0</u>	<u>104,924</u>
<b>Total Assets</b>	<u>225,900</u>	<u>2,034,189</u>	<u>2,260,089</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	3,106	0	3,106
Accrued Wages Payable	5,602	0	5,602
Intergovernmental Payable	4,919	0	4,919
Claims Payable	0	215,982	215,982
Compensated Absences Payable	6,768	0	6,768
<b>Total Current Liabilities</b>	<u>20,395</u>	<u>215,982</u>	<u>236,377</u>
Long-term Liabilities:			
Compensated Absences Payable	7,469	0	7,469
<b>Total Liabilities</b>	<u>27,864</u>	<u>215,982</u>	<u>243,846</u>
Net Assets:			
Invested in Capital Assets	104,924	0	104,924
Unrestricted	93,112	1,818,207	1,911,319
<b>Total Net Assets</b>	<u>\$198,036</u>	<u>\$1,818,207</u>	<u>\$2,016,243</u>

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$191,259	\$1,362,656	\$1,553,915
Other	<u>650</u>	<u>232,566</u>	<u>233,216</u>
Total Operating Revenues	<u>191,909</u>	<u>1,595,222</u>	<u>1,787,131</u>
Operating Expenses:			
Personal Services	147,960	0	147,960
Contractual Services	7,634	235,050	242,684
Supplies and Materials	6,318	0	6,318
Claims	0	2,078,546	2,078,546
Depreciation	<u>2,384</u>	<u>0</u>	<u>2,384</u>
Total Operating Expenses	<u>164,296</u>	<u>2,313,596</u>	<u>2,477,892</u>
Operating Income (Loss)	27,613	(718,374)	(690,761)
Non-Operating Revenues:			
Interest	<u>0</u>	<u>(7,854)</u>	<u>(7,854)</u>
Change in Net Assets	27,613	(726,228)	(698,615)
Net Asset at Beginning of Year	<u>170,423</u>	<u>2,544,435</u>	<u>2,714,858</u>
Net Assets at End of Year	<u><u>\$198,036</u></u>	<u><u>\$1,818,207</u></u>	<u><u>\$2,016,243</u></u>

**CITY OF LEBANON, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Interfund Services Provided	\$172,538	\$1,362,656	\$1,535,194
Cash Payments for Employee Services and Benefits	(145,634)	0	(145,634)
Cash Payments to Suppliers for Goods and Services	(13,065)	(237,331)	(250,396)
Cash Payments for Employee Medical, Dental, and Life Insurance C	0	(2,092,287)	(2,092,287)
Other Operating Revenues	650	232,566	233,216
	<hr/>	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	14,489	(734,396)	(719,907)
Cash Flows from Investing Activities:			
Interest	0	(15,165)	(15,165)
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	14,489	(749,561)	(735,072)
Cash and Cash Equivalents at Beginning of Year	72,062	2,763,327	2,835,389
	<hr/>	<hr/>	<hr/>
Cash and Cash Equivalents at End of Year	\$86,551	\$2,013,766	\$2,100,317
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Operating Income (Loss) to			
<u>Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$27,613	(\$718,374)	(\$690,761)
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 Interfund Receivable	(18,721)	0	(18,721)
Increase in Materials and Supplies Inventory	(531)	0	(531)
Decrease in Prepaids Items	144	0	144
Increase (Decrease) in Accounts Payable	1,274	(2,281)	(1,007)
Decrease in Claims Payable	0	(13,741)	(13,741)
Increase in Accrued Wages Payable	941	0	941
Increase in Intergovernmental Payable	507	0	507
Increase in Compensated Absences Payable	878	0	878
	<hr/>	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	\$14,489	(\$734,396)	(\$719,907)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF LEBANON, OHIO

**AGENCY FUNDS**

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

Fire Insurance Collection

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

Municipal Court

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



**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUND  
DECEMBER 31, 2010**

	<u>Municipal Court</u>
Assets:	
Cash and Cash Equivalents in Segregated Accounts	<u>41,604</u>
Liabilities:	
Intergovernmental Payable	\$24,224
Undistributed Monies	<u>17,380</u>
Total Liabilities	<u><u>\$41,604</u></u>

**CITY OF LEBANON, OHIO  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance 1/1/10	Additions	Reductions	Balance 12/31/10
<b>FIRE INSURANCE COLLECTION</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$35,512	\$0	\$35,512	\$0
Liabilities:				
Undistributed Monies	\$35,512	\$0	\$35,512	\$0
<b>MUNICIPAL COURT</b>				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$38,681	\$41,604	\$38,681	\$41,604
Liabilities:				
Intergovernmental Payable	\$19,922	\$24,224	\$19,922	\$24,224
Undistributed Monies	18,759	17,380	18,759	17,380
Total Liabilities	\$38,681	\$41,604	\$38,681	\$41,604
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$35,512	\$0	\$35,512	\$0
Cash and Cash Equivalents in Segregated Accounts	38,681	41,604	38,681	41,604
Total Assets	\$74,193	\$41,604	\$74,193	\$41,604
Liabilities:				
Intergovernmental Payable	\$19,922	\$24,224	\$19,922	\$24,224
Undistributed Monies	54,271	17,380	54,271	17,380
Total Liabilities	\$74,193	\$41,604	\$74,193	\$41,604

**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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>Revenues:</b>				
Property Taxes	\$1,320,025	\$1,270,948	\$1,206,503	(\$64,445)
Income Taxes	3,110,000	3,233,607	3,233,607	0
Other Local Taxes	1,350,000	1,307,695	1,307,695	0
Charges for Services	1,778,700	1,795,285	1,795,285	0
Fines, Licenses and Permits	920,500	920,500	638,281	(282,219)
Intergovernmental	584,000	653,508	653,508	0
Interest	225,500	151,315	151,315	0
Contributions and Donations	5,000	66,444	63,444	(3,000)
Other	65,500	42,523	34,889	(7,634)
<b>Total Revenues</b>	<b>9,359,225</b>	<b>9,441,825</b>	<b>9,084,527</b>	<b>(357,298)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government</b>				
<b>Legislative</b>				
Personal Services	53,175	53,700	53,273	427
Contractual Services	57,000	57,000	47,850	9,150
Supplies and Materials	700	700	316	384
<b>Total Legislative</b>	<b>110,875</b>	<b>111,400</b>	<b>101,439</b>	<b>9,961</b>
<b>City Manager</b>				
Personal Services	457,875	462,445	449,337	13,108
Contractual Services	63,480	75,980	55,718	20,262
Supplies and Materials	11,000	11,000	3,365	7,635
<b>Total City Manager</b>	<b>532,355</b>	<b>549,425</b>	<b>508,420</b>	<b>41,005</b>
<b>Personnel</b>				
Personal Services	139,197	139,240	129,548	9,692
Contractual Services	318,300	306,078	176,359	129,719
Supplies and Materials	2,500	2,500	2,114	386
<b>Total Personnel</b>	<b>459,997</b>	<b>447,818</b>	<b>308,021</b>	<b>139,797</b>
<b>Department of Service</b>				
Personal Services	281,256	283,246	263,086	20,160
Supplies and Materials	5,200	6,700	6,082	618
<b>Total Department of Service</b>	<b>286,456</b>	<b>289,946</b>	<b>269,168</b>	<b>20,778</b>
<b>Information Technology</b>				
Personal Services	174,262	175,614	165,875	9,739
Contractual Services	189,632	189,632	175,740	13,892
Supplies and Materials	5,200	7,700	6,064	1,636
<b>Total Information Technology</b>	<b>369,094</b>	<b>372,946</b>	<b>347,679</b>	<b>25,267</b>
<b>Finance</b>				
Personal Services	454,349	458,707	437,970	20,737
Contractual Services	95,456	102,956	102,351	605
Supplies and Materials	4,000	4,000	2,898	1,102
<b>Total Finance</b>	<b>553,805</b>	<b>565,663</b>	<b>543,219</b>	<b>22,444</b>
<b>Income Tax</b>				
Personal Services	182,593	183,935	173,634	10,301
Contractual Services	14,650	14,650	7,344	7,306
Supplies and Materials	15,500	15,949	10,382	5,567
Refunds	90,000	110,000	109,961	39
<b>Total Income Tax</b>	<b>\$302,743</b>	<b>\$324,534</b>	<b>\$301,321</b>	<b>\$23,213</b>

(Continued)

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Law				
Personal Services	\$34,791	\$35,150	\$30,397	\$4,753
Contractual Services	156,668	156,668	145,989	10,679
Supplies and Materials	500	500	0	500
Total Law	<u>191,959</u>	<u>192,318</u>	<u>176,386</u>	<u>15,932</u>
Municipal Court				
Personal Services	587,289	590,891	485,850	105,041
Contractual Services	150,000	149,178	110,362	38,816
Supplies and Materials	15,000	13,500	7,076	6,424
Total Municipal Court	<u>752,289</u>	<u>753,569</u>	<u>603,288</u>	<u>150,281</u>
Parking System				
Contractual Services	4,500	4,500	0	4,500
Supplies and Materials	1,000	1,000	0	1,000
Total Parking System	<u>5,500</u>	<u>5,500</u>	<u>0</u>	<u>5,500</u>
Probation				
Personal Services	180,975	181,159	152,538	28,621
Contractual Services	5,240	5,240	2,940	2,300
Supplies and Materials	7,600	7,600	3,546	4,054
Total Probation	<u>193,815</u>	<u>193,999</u>	<u>159,024</u>	<u>34,975</u>
Building Maintenance				
Personal Services	220,248	221,946	196,581	25,365
Contractual Services	111,797	111,873	86,428	25,445
Supplies and Materials	32,000	31,000	28,389	2,611
Total Building Maintenance	<u>364,045</u>	<u>364,819</u>	<u>311,398</u>	<u>53,421</u>
Other General Government				
Contractual Services	85,500	90,886	57,411	33,475
Supplies and Materials	6,000	6,000	1,695	4,305
Total Other General Government	<u>91,500</u>	<u>96,886</u>	<u>59,106</u>	<u>37,780</u>
Total General Government	<u>4,214,433</u>	<u>4,268,823</u>	<u>3,688,469</u>	<u>580,354</u>
Security of Persons and Property				
Police				
Personal Services	3,772,441	3,871,431	3,720,376	151,055
Contractual Services	451,737	447,396	306,802	140,594
Supplies and Materials	119,032	123,444	103,769	19,675
Capital Outlay	52,981	134,141	108,851	25,290
Total Security of Persons and Property	<u>4,396,191</u>	<u>4,576,412</u>	<u>4,239,798</u>	<u>336,614</u>
Leisure Time Services				
Recreation Programs				
Personal Services	78,072	78,698	66,430	12,268
Contractual Services	156,151	158,691	150,242	8,449
Supplies and Materials	67,700	76,200	75,524	676
Capital Outlay	28,000	113,000	111,269	1,731
Refunds	200	200	155	45
Total Leisure Time Services	<u>\$330,123</u>	<u>\$426,789</u>	<u>\$403,620</u>	<u>\$23,169</u>

(Continued)

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Community and Economic Development				
Planning and Development				
Personal Services	\$270,956	\$273,128	\$259,709	\$13,419
Contractual Services	20,700	30,700	25,719	4,981
Supplies and Materials	6,500	6,500	4,813	1,687
Total Planning and Development	<u>298,156</u>	<u>310,328</u>	<u>290,241</u>	<u>20,087</u>
Building and Zoning				
Personal Services	60,380	60,797	59,494	1,303
Contractual Services	27,732	37,592	34,179	3,413
Supplies and Materials	1,000	1,529	664	865
Refunds	10,000	10,000	962	9,038
Total Building and Zoning	<u>99,112</u>	<u>109,918</u>	<u>95,299</u>	<u>14,619</u>
Engineer Services				
Personal Services	376,186	378,748	326,002	52,746
Contractual Services	59,225	63,993	49,453	14,540
Supplies and Materials	14,750	15,627	12,338	3,289
Total Engineer Services	<u>450,161</u>	<u>458,368</u>	<u>387,793</u>	<u>70,575</u>
Total Community and Economic Development	<u>847,429</u>	<u>878,614</u>	<u>773,333</u>	<u>105,281</u>
Total Expenditures	<u>9,788,176</u>	<u>10,150,638</u>	<u>9,105,220</u>	<u>1,045,418</u>
Excess of Revenues Under Expenditures	<u>(428,951)</u>	<u>(708,813)</u>	<u>(20,693)</u>	<u>688,120</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,000	7,400	7,400	0
Transfers In	57,495	57,495	57,495	0
Advances In	121,408	121,408	121,408	0
Transfers Out	<u>(76,120)</u>	<u>(76,120)</u>	<u>(76,120)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>107,783</u>	<u>110,183</u>	<u>110,183</u>	<u>0</u>
Net Change in Fund Balance	(321,168)	(598,630)	89,490	688,120
Fund Balance at Beginning of Year	2,681,369	2,681,369	2,681,369	0
Prior Year Encumbrances Appropriated	<u>286,405</u>	<u>286,405</u>	<u>286,405</u>	<u>0</u>
Fund Balance at End of Year	<u>\$2,646,606</u>	<u>\$2,369,144</u>	<u>\$3,057,264</u>	<u>\$688,120</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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,000,000	\$2,144,083	\$2,356,561	\$212,478
Charges for Services	450,000	450,000	402,002	(47,998)
Intergovernmental	175,000	175,000	347,812	172,812
Other	2,000	2,000	17,113	15,113
Total Revenues	<u>2,627,000</u>	<u>2,771,083</u>	<u>3,123,488</u>	<u>352,405</u>
Expenditures:				
Current:				
Security of Persons and Property				
Personal Services	1,929,300	1,968,646	1,924,842	43,804
Contractual Services	540,283	553,203	504,327	48,876
Supplies and Materials	59,500	72,769	71,240	1,529
Capital Outlay	95,000	443,218	440,257	2,961
Total Expenditures	<u>2,624,083</u>	<u>3,037,836</u>	<u>2,940,666</u>	<u>97,170</u>
Excess of Revenues Over (Under) Expenditures	2,917	(266,753)	182,822	449,575
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	0	6,850	6,850
Net Change in Fund Balance	2,917	(266,753)	189,672	456,425
Fund Balance at Beginning of Year	714,614	714,614	714,614	0
Prior Year Encumbrances Appropriated	<u>276,996</u>	<u>276,996</u>	<u>276,996</u>	<u>0</u>
Fund Balance at End of Year	<u>\$994,527</u>	<u>\$724,857</u>	<u>\$1,181,282</u>	<u>\$456,425</u>

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Income Taxes	\$1,730,000	\$1,730,000	\$1,730,449	\$449
Intergovernmental	899,000	899,000	821,157	(77,843)
Interest	45,000	45,000	17,441	(27,559)
Other	58,500	108,500	97,310	(11,190)
Total Revenues	2,732,500	2,782,500	2,666,357	(116,143)
Expenditures:				
Capital Outlay	1,752,000	2,262,241	1,847,925	414,316
Excess of Revenues Over Expenditures	980,500	520,259	818,432	298,173
Other Financing Uses:				
Transfers Out	(1,100,000)	(1,100,000)	(1,046,000)	54,000
Net Change in Fund Balance	(119,500)	(579,741)	(227,568)	352,173
Fund Balance at Beginning of Year	1,299,253	1,299,253	1,299,253	0
Prior Year Encumbrances Appropriated	482,447	482,447	482,447	0
Fund Balance at End of Year	<u>\$1,662,200</u>	<u>\$1,201,959</u>	<u>\$1,554,132</u>	<u>\$352,173</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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$31,259,440	\$31,259,440	\$28,095,529	(\$3,163,911)
Other	57,250	57,250	42,557	(14,693)
Interest	100,000	100,000	78,219	(21,781)
Utility Deposits Received	210,000	210,000	190,390	(19,610)
Proceeds from Sale of Capital Assets	1,500	1,500	10,200	8,700
Proceeds of Loan	0	0	3,360,000	3,360,000
Total Revenues	<u>31,628,190</u>	<u>31,628,190</u>	<u>31,776,895</u>	<u>148,705</u>
Expenses:				
Personal Services	1,785,188	1,799,450	1,586,562	212,888
Contractual Services	1,916,577	2,025,618	1,436,182	589,436
Purchased Power	23,411,408	23,411,408	22,856,707	554,701
Supplies and Materials	229,100	248,079	81,072	167,007
Other	7,500	7,500	6,325	1,175
Utility Deposits Returned	198,525	198,525	168,593	29,932
Capital Outlay	1,923,500	2,081,665	1,124,573	957,092
Debt Service:				
Principal Retirement	967,500	967,500	1,235,000	(267,500)
Interest and Fiscal Charges	608,680	608,680	722,651	(113,971)
Total Expenses	<u>31,047,978</u>	<u>31,348,425</u>	<u>29,217,665</u>	<u>2,130,760</u>
Excess of Revenues Over Expenses	580,212	279,765	2,559,230	2,279,465
Transfers In	13,752	13,752	13,752	0
Net Change in Fund Equity	593,964	293,517	2,572,982	2,279,465
Fund Equity at Beginning of Year	15,739,185	15,739,185	15,739,185	0
Prior Year Encumbrances Appropriated	399,910	399,910	399,910	0
Fund Equity at End of Year	<u>\$16,733,059</u>	<u>\$16,432,612</u>	<u>\$18,712,077</u>	<u>\$2,279,465</u>



**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN FUND EQUITY - BUDGET AND ACTUAL  
SANITATION ENTERPRISE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$1,438,903	\$1,476,403	\$1,440,427	(\$35,976)
Other	5,520	5,520	6,877	1,357
Interest	5,000	5,000	2,686	(2,314)
Total Revenues	<u>1,449,423</u>	<u>1,486,923</u>	<u>1,449,990</u>	<u>(36,933)</u>
Expenses:				
Personal Services	126,659	137,090	126,183	10,907
Contractual Services	1,324,182	1,349,245	1,345,169	4,076
Supplies and Materials	500	500	0	500
Other	500	500	88	412
Total Expenses	<u>1,451,841</u>	<u>1,487,335</u>	<u>1,471,440</u>	<u>15,895</u>
Net Change in Fund Equity	(2,418)	(412)	(21,450)	(21,038)
Fund Equity at Beginning of Year	310,597	310,597	310,597	0
Prior Year Encumbrances Appropriated	<u>1,491</u>	<u>1,491</u>	<u>1,491</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$309,670</u></u>	<u><u>\$311,676</u></u>	<u><u>\$290,638</u></u>	<u><u>(\$21,038)</u></u>

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL  
SEWER ENTERPRISE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$3,303,667	\$3,600,517	\$3,386,972	(\$213,545)
Interest	75,000	75,000	27,705	(47,295)
Other	2,500	2,500	1,879	(621)
Special Assessments	8,500	8,500	6,277	(2,223)
Total Revenues	<u>3,389,667</u>	<u>3,686,517</u>	<u>3,422,833</u>	<u>(263,684)</u>
Expenses:				
Personal Services	594,446	603,435	552,368	51,067
Contractual Services	1,361,096	1,382,290	1,259,849	122,441
Supplies and Materials	180,500	187,723	97,014	90,709
Capital Outlay	1,292,500	1,375,350	1,058,032	317,318
Other	1,500	8,150	6,550	1,600
Debt Service:				
Principal Retirement	480,000	772,700	480,000	292,700
Interest and Fiscal Charges	427,682	427,682	425,971	1,711
Total Expenses	<u>4,337,724</u>	<u>4,757,330</u>	<u>3,879,784</u>	<u>877,546</u>
Net Change in Fund Equity	(948,057)	(1,070,813)	(456,951)	613,862
Fund Equity at Beginning of Year	4,403,217	4,403,217	4,403,217	0
Prior Year Encumbrances Appropriated	<u>179,886</u>	<u>179,886</u>	<u>179,886</u>	<u>0</u>
Fund Equity at End of Year	<u>\$3,635,046</u>	<u>\$3,512,290</u>	<u>\$4,126,152</u>	<u>\$613,862</u>

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL**  
**TELECOMMUNICATIONS ENTERPRISE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$126,000	\$126,000	\$150,371	\$24,371
Other	126,000	126,000	129,494	3,494
Notes Issued	800,000	800,000	800,000	0
Total Revenues	1,052,000	1,052,000	1,079,865	27,865
Expenses:				
Personal Services	94,431	95,200	93,101	2,099
Contractual Services	27,432	27,822	24,185	3,637
Supplies and Materials	1,000	1,000	719	281
Capital Outlay	8,000	8,000	6,844	1,156
Debt Service:				
Principal Retirement	900,000	900,000	900,000	0
Interest and Fiscal Charges	64,000	64,000	42,183	21,817
Total Expenses	1,094,863	1,096,022	1,067,032	28,990
Net Change in Fund Equity	(42,863)	(44,022)	12,833	56,855
Fund Equity at Beginning of Year	417,485	417,485	417,485	0
Prior Year Encumbrances Appropriated	1,359	1,359	1,359	0
Fund Equity at End of Year	\$375,981	\$374,822	\$431,677	\$56,855

**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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$3,048,000	\$3,048,000	\$2,932,228	(\$115,772)
Other	5,000	5,000	12,651	7,651
Interest	90,000	90,000	27,276	(62,724)
Utility Deposits Received	16,500	16,500	15,175	(1,325)
Notes Issued	6,200,000	6,550,000	5,500,000	(1,050,000)
Total Revenues	9,359,500	9,709,500	8,487,330	(1,222,170)
Expenses:				
Personal Services	456,603	460,248	393,566	66,682
Contractual Services	944,442	966,990	796,865	170,125
Supplies and Materials	84,000	89,000	53,654	35,346
Other	1,500	1,500	1,483	17
Utility Deposits Returned	11,475	11,475	11,475	0
Capital Outlay	3,800,000	4,187,121	3,686,651	500,470
Debt Service:				
Principal Retirement	4,300,000	4,300,000	4,300,000	0
Interest and Fiscal Charges	586,218	586,218	444,822	141,396
Total Expenses	10,184,238	10,602,552	9,688,516	914,036
Net Change in Fund Equity	(824,738)	(893,052)	(1,201,186)	(308,134)
Fund Equity at Beginning of Year	7,394,197	7,394,197	7,394,197	0
Prior Year Encumbrances Appropriated	83,236	83,236	83,236	0
Fund Equity at End of Year	\$6,652,695	\$6,584,381	\$6,276,247	(\$308,134)

**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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$816,000	\$816,000	\$814,956	(\$1,044)
Interest	10,000	10,000	3,715	(6,285)
Total Revenues	826,000	826,000	818,671	(7,329)
Expenses:				
Personal Services	46,576	66,576	53,668	12,908
Contractual Services	148,197	149,120	138,053	11,067
Supplies and Materials	4,000	4,000	3,055	945
Capital Outlay	480,000	695,987	691,914	4,073
Other	1,000	1,000	3	997
Total Expenses	679,773	916,683	886,693	29,990
Net Change in Fund Equity	146,227	(90,683)	(68,022)	22,661
Fund Equity at Beginning of Year	166,920	166,920	166,920	0
Prior Year Encumbrances Appropriated	219,293	219,293	219,293	0
Fund Equity at End of Year	\$532,440	\$295,530	\$318,191	\$22,661

**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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$90,050	\$108,050	\$95,877	(\$12,173)
Intergovernmental	30,000	30,000	30,000	0
Interest	7,000	7,000	4,743	(2,257)
Other	0	0	100	100
Total Revenues	<u>127,050</u>	<u>145,050</u>	<u>130,720</u>	<u>(14,330)</u>
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Personal Services	126,745	130,288	121,426	8,862
Contractual Services	40,344	42,831	38,692	4,139
Supplies and Materials	3,500	3,500	1,523	1,977
Other	3,000	3,000	408	2,592
Total Expenditures	<u>173,589</u>	<u>179,619</u>	<u>162,049</u>	<u>17,570</u>
Excess of Revenues Over (Under) Expenditures	(46,539)	(34,569)	(31,329)	3,240
Other Financing Sources:				
Transfers In	<u>56,120</u>	<u>56,120</u>	<u>56,120</u>	<u>0</u>
Net Change in Fund Balance	9,581	21,551	24,791	3,240
Fund Balance at Beginning of Year	520,992	520,992	520,992	0
Prior Year Encumbrances Appropriated	<u>3,821</u>	<u>3,821</u>	<u>3,821</u>	<u>0</u>
Fund Balance at End of Year	<u>\$534,394</u>	<u>\$546,364</u>	<u>\$549,604</u>	<u>\$3,240</u>

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

**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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$5,000	\$5,000	\$3,945	(\$1,055)
Fines, Licenses and Permits	81,500	81,500	98,431	16,931
Intergovernmental	0	0	5,324	5,324
Other	19,500	29,000	22,601	(6,399)
<b>Total Revenues</b>	<b>106,000</b>	<b>115,500</b>	<b>130,301</b>	<b>14,801</b>
Expenditures:				
Current:				
General Government				
Municipal Court Special Project				
Contractual Services	20,000	20,000	3,928	16,072
Materials and Supplies	2,500	2,500	0	2,500
<b>Total Municipal Court Special Project</b>	<b>22,500</b>	<b>22,500</b>	<b>3,928</b>	<b>18,572</b>
Federal Asset Forfeiture				
Contractual Services	1,357	1,357	0	1,357
<b>Total General Government</b>	<b>23,857</b>	<b>23,857</b>	<b>3,928</b>	<b>19,929</b>
Security of Persons and Property				
Indigent Drivers Alcohol				
Contractual Services	24,000	24,000	18,826	5,174
Materials and Supplies	30,000	35,928	8,516	27,412
<b>Total Indigent Drivers Alcohol</b>	<b>54,000</b>	<b>59,928</b>	<b>27,342</b>	<b>32,586</b>
Computerized Legal Research				
Contractual Services	5,000	5,000	0	5,000
Materials and Supplies	5,000	5,000	0	5,000
Capital Outlay	5,000	5,000	0	5,000
<b>Total Computerized Legal Research</b>	<b>15,000</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>
Computer Improvement				
Contractual Services	45,000	45,000	28,773	16,227
Materials and Supplies	10,000	10,000	0	10,000
Capital Outlay	10,000	10,000	5,824	4,176
<b>Total Computer Improvement</b>	<b>65,000</b>	<b>65,000</b>	<b>34,597</b>	<b>30,403</b>
<b>Total Security of Persons and Property</b>	<b>134,000</b>	<b>139,928</b>	<b>61,939</b>	<b>77,989</b>
Capital Outlay	45,000	45,000	20,565	24,435
<b>Total Expenditures</b>	<b>202,857</b>	<b>208,785</b>	<b>86,432</b>	<b>122,353</b>
Net Change in Fund Balance	(96,857)	(93,285)	43,869	137,154
Fund Balance at Beginning of Year	365,333	365,333	365,333	0
Prior Year Encumbrances Appropriated	9,104	9,104	9,104	0
<b>Fund Balance at End of Year</b>	<b>\$277,580</b>	<b>\$281,152</b>	<b>\$418,306</b>	<b>\$137,154</b>



**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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Fines, Licenses and Permits	\$5,000	\$30,000	\$10,644	(\$19,356)
Expenditures:				
Current:				
Leisure Time Services				
Capital Outlay	30,000	30,000	0	30,000
Net Change in Fund Balance	(25,000)	0	10,644	10,644
Fund Balance at Beginning of Year	38,608	38,608	38,608	0
Fund Balance at End of Year	<u>\$13,608</u>	<u>\$38,608</u>	<u>\$49,252</u>	<u>\$10,644</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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Other Local Taxes	\$72,000	\$72,000	\$63,452	(\$8,548)
Fines, Licenses and Permits	36,500	36,500	37,823	1,323
Intergovernmental	973,500	1,061,500	1,000,725	(60,775)
Interest	500	500	430	(70)
Other	1,000	1,000	5,745	4,745
<b>Total Revenues</b>	<b>1,083,500</b>	<b>1,171,500</b>	<b>1,108,175</b>	<b>(63,325)</b>
Expenditures:				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	367,777	386,679	362,522	24,157
Contractual Services	276,136	331,304	232,430	98,874
Supplies and Materials	221,200	265,542	255,865	9,677
Other	1,500	1,500	0	1,500
Capital Outlay	147,000	197,000	195,094	1,906
<b>Total Street Maintenance and Repair</b>	<b>1,013,613</b>	<b>1,182,025</b>	<b>1,045,911</b>	<b>136,114</b>
Division Highway Maintenance				
Contractual Services	54,500	57,838	43,277	14,561
Supplies and Materials	57,500	65,707	57,454	8,253
<b>Total Division Highway Maintenance</b>	<b>112,000</b>	<b>123,545</b>	<b>100,731</b>	<b>22,814</b>
<b>Total Expenditures</b>	<b>1,125,613</b>	<b>1,305,570</b>	<b>1,146,642</b>	<b>158,928</b>
Excess of Revenues Over (Under) Expenditures	(42,113)	(134,070)	(38,467)	95,603
Other Financing Sources:				
Proceeds from Sale of Capital Assets	5,000	5,000	0	(5,000)
Transfers In	10,000	10,000	10,000	0
<b>Total Other Financing Sources</b>	<b>15,000</b>	<b>15,000</b>	<b>10,000</b>	<b>(5,000)</b>
Net Change in Fund Balance	(27,113)	(119,070)	(28,467)	90,603
Fund Balance at Beginning of Year	707,978	707,978	707,978	0
Prior Year Encumbrances Appropriated	127,190	127,190	127,190	0
<b>Fund Balance at End of Year</b>	<b>\$808,055</b>	<b>\$716,098</b>	<b>\$806,701</b>	<b>\$90,603</b>

**CITY OF LEBANON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**BUDGET BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Income Taxes	\$750,000	\$750,000	\$576,816	(\$173,184)
Special Assessments	130,000	130,000	109,358	(20,642)
Interest	50,000	50,000	34,030	(15,970)
Total Revenues	930,000	930,000	720,204	(209,796)
Expenditures:				
Debt Service:				
Principal Retirement	575,000	575,000	575,000	0
Interest and Fiscal Charges	270,576	270,576	269,527	1,049
Total Expenditures	845,576	845,576	844,527	1,049
Excess of Revenues Over (Under) Expenditures	84,424	84,424	(124,323)	(208,747)
Other Financing Sources:				
Transfers In	42,500	42,500	42,500	0
Net Change in Fund Balance	126,924	126,924	(81,823)	(208,747)
Fund Balance at Beginning of Year	3,794,874	3,794,874	3,794,874	0
Fund Balance at End of Year	\$3,921,798	\$3,921,798	\$3,713,051	(\$208,747)

**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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$7,000	\$7,000	\$6,700	(\$300)
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Capital Outlay	7,500	7,500	5,680	1,820
Net Change in Fund Balance	(500)	(500)	1,020	1,520
Fund Balance at Beginning of Year	65,816	65,816	65,816	0
Prior Year Encumbrances Appropriated	426	426	426	0
Fund Balance at End of Year	<u>\$65,742</u>	<u>\$65,742</u>	<u>\$67,262</u>	<u>\$1,520</u>

**CITY OF LEBANON, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
STATE ISSUE II CAPITAL PROJECTS FUND  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	\$1,100,000	\$1,330,749	\$1,182,122	\$148,627
Excess of Revenues Over (Under) Expenditures	(1,100,000)	(1,330,749)	(1,182,122)	148,627
Other Financing Sources:				
Transfers In	1,100,000	1,100,000	1,046,000	(54,000)
Net Change in Fund Balance	0	(230,749)	(136,122)	94,627
Fund Balance at Beginning of Year	2,494	2,494	2,494	0
Prior Year Encumbrances Appropriated	230,749	230,749	230,749	0
Fund Balance at End of Year	\$233,243	\$2,494	\$97,121	\$94,627

**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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Payments in Lieu of Taxes	\$1,350,000	\$1,792,000	\$1,259,658	(\$532,342)
Interest	5,750	5,750	5,750	0
Other	6,098	6,098	6,098	0
Total Revenues	<u>1,361,848</u>	<u>1,803,848</u>	<u>1,271,506</u>	<u>(532,342)</u>
Expenditures:				
Current:				
Community and Economic Development				
Contractual Services	40,000	40,000	29	39,971
Supplies and Materials	100,000	100,000	97,637	2,363
Capital Outlay	0	1,035,291	988,062	47,229
Other	400,000	400,000	277,310	122,690
Total Expenditures	<u>540,000</u>	<u>1,575,291</u>	<u>1,363,038</u>	<u>212,253</u>
Excess of Revenues Over (Under) Expenditures	<u>821,848</u>	<u>228,557</u>	<u>(91,532)</u>	<u>(320,089)</u>
Other Financing Sources (Uses):				
Transfers In	159,443	159,443	159,351	(92)
Transfers Out	(263,190)	(263,190)	(263,098)	92
Advances Out	(121,408)	(121,408)	(121,408)	0
Total Other Financing Sources (Uses)	<u>(225,155)</u>	<u>(225,155)</u>	<u>(225,155)</u>	<u>0</u>
Net Change in Fund Balance	596,693	3,402	(316,687)	(320,089)
Fund Balance at Beginning of Year	3,295,716	3,295,716	3,295,716	0
Prior Year Encumbrances Appropriated	<u>8,578</u>	<u>8,578</u>	<u>8,578</u>	<u>0</u>
Fund Balance at End of Year	<u>\$3,900,987</u>	<u>\$3,307,696</u>	<u>\$2,987,607</u>	<u>(\$320,089)</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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$172,535	\$172,535	\$172,538	\$3
Other	0	0	650	650
Total Revenues	172,535	172,535	173,188	653
Expenses:				
Personal Services	151,626	152,845	146,417	6,428
Contractual Services	6,750	6,812	6,216	596
Supplies and Materials	14,050	17,061	10,799	6,262
Total Expenses	172,426	176,718	163,432	13,286
Net Change in Fund Equity	109	(4,183)	9,756	13,939
Fund Equity at Beginning of Year	65,161	65,161	65,161	0
Prior Year Encumbrances Appropriated	6,900	6,900	6,900	0
Fund Equity at End of Year	\$72,170	\$67,878	\$81,817	\$13,939

**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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$1,809,600	\$1,809,600	\$1,362,656	(\$446,944)
Other	146,930	146,930	232,566	85,636
Interest	20,000	20,000	19,270	(730)
Total Revenues	<u>1,976,530</u>	<u>1,976,530</u>	<u>1,614,492</u>	<u>(362,038)</u>
Expenses:				
Contractual Services	331,000	337,939	307,009	30,930
Claims	2,045,000	2,500,938	2,340,128	160,810
Total Expenses	<u>2,376,000</u>	<u>2,838,877</u>	<u>2,647,137</u>	<u>191,740</u>
Net Change in Fund Equity	(399,470)	(862,347)	(1,032,645)	(170,298)
Fund Equity at Beginning of Year	2,157,880	2,157,880	2,157,880	0
Prior Year Encumbrances Appropriated	<u>475,289</u>	<u>475,289</u>	<u>475,289</u>	<u>0</u>
Fund Equity at End of Year	<u>\$2,233,699</u>	<u>\$1,770,822</u>	<u>\$1,600,524</u>	<u>(\$170,298)</u>



## **STATISTICAL SECTION**

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*STATISTICAL TABLES*

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

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	S2-S14
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	S15-S22
These schedules contain information to help the reader assess the City’s most significant local revenue sources, income taxes and charges for services for electricity.	
Debt Capacity	S24-S33
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	S34-S36
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating information	S37-S44
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

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

CITY OF LEBANON, OHIO  
NET ASSETS BY COMPONENT  
LAST NINE YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$33,764,338	\$34,628,876	\$35,598,684	\$39,072,022	\$39,380,807
13,388,372	14,310,899	16,371,911	12,685,486	13,355,323
<u>4,074,569</u>	<u>4,770,470</u>	<u>6,042,040</u>	<u>7,601,885</u>	<u>7,094,257</u>
<u>51,227,279</u>	<u>53,710,245</u>	<u>58,012,635</u>	<u>59,359,393</u>	<u>59,830,387</u>
44,463,041	40,865,125	44,388,792	49,797,775	48,615,352
3,698,199	8,083,620	7,782,930	6,844,532	6,713,271
<u>22,594,015</u>	<u>28,616,768</u>	<u>28,282,539</u>	<u>29,352,329</u>	<u>31,650,518</u>
<u>70,755,255</u>	<u>77,565,513</u>	<u>80,454,261</u>	<u>85,994,636</u>	<u>86,979,141</u>
78,227,379	75,494,001	79,987,476	88,869,797	87,996,159
17,086,571	22,394,519	24,154,841	19,530,018	20,068,594
<u>26,668,584</u>	<u>33,387,238</u>	<u>34,324,579</u>	<u>36,954,214</u>	<u>38,744,775</u>
<u>\$121,982,534</u>	<u>\$131,275,758</u>	<u>\$138,466,896</u>	<u>\$145,354,029</u>	<u>\$146,809,528</u>

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

	2003	2004	2005	2006
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$849,596	\$2,732,173	\$2,286,061	\$2,371,502
Security of Persons and Property:				
Police	140,849	180,689	480,320	537,467
Fire	157,172	145,950	180,894	129,802
Public Health 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
\$2,094,209	\$2,083,300	\$1,855,435	\$1,857,748
532,708	573,826	578,197	597,025
197,057	245,713	245,743	402,002
117,795	102,754	104,390	102,577
79,680	59,555	96,924	73,419
0	0	0	0
24,421	27,925	36,914	37,823
3,045,870	3,093,073	2,917,603	3,070,594
2,813	3,938	651	319
0	0	5,857	5,005
210,790	97,633	244,478	360,224
54,056	42,562	50,741	33,645
16,105	0	0	0
869	878	3,501	5,965
1,066,568	957,203	1,606,253	943,012
1,351,201	1,102,214	1,911,481	1,348,170
0	143,557	0	0
0	185,544	0	0
0	0	0	0
0	144,680	0	61,444
0	0	0	0
667,331	1,157,245	945,434	821,157
667,331	1,631,026	945,434	882,601
5,064,402	5,826,313	5,774,518	5,301,365
28,405,280	28,332,284	28,867,568	28,078,497
1,189,868	1,250,052	1,349,490	1,456,893
3,520,108	3,247,959	3,241,806	3,407,107
169,831	98,749	126,404	150,371
2,753,207	2,794,469	2,687,619	2,956,864
837,314	770,567	818,352	815,451
0	0	0	0
0	130,531	0	0
0	50,008	0	0
0	83,066	33,720	69,410
36,875,608	36,757,685	37,124,959	36,934,593
\$41,940,010	\$42,583,998	\$42,899,477	\$42,235,958

(continued)

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

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
General Government	\$2,096,191	\$3,524,592	\$3,431,266	\$3,606,717
Security of Persons and Property:				
Police	2,872,414	3,056,648	3,265,548	3,258,125
Fire	1,284,146	2,019,372	1,767,049	1,985,638
Public Health 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>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(2,266,295)	(4,299,177)	(2,817,882)	(7,814,694)
Business-Type Activities	1,866,574	5,731,541	5,555,297	1,779,700
<i>Total Primary Government Net Expense</i>	<u>(399,721)</u>	<u>1,432,364</u>	<u>2,737,415</u>	<u>(6,034,994)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	2,199,757	2,428,646	3,418,309	1,085,029
Fire and Life Squad	0	0	0	2,107,551
Debt Service	0	0	0	121,488
Income Taxes	4,577,825	4,682,034	5,319,437	6,509,453
Other Taxes	855,204	791,589	855,499	858,253
Payments in Lieu of Taxes	40,322	43,237	872,934	1,181,361
Grants and Entitlements not Restricted to				
Specific Programs	987,605	865,966	849,811	603,496
Unrestricted Contributions	1,500	6,654	29,500	3,119
Investment Earnings	144,603	210,049	486,315	822,519
Gain on Sale of Capital Assets	0	623	0	27,760
Other	60,836	194,352	154,434	356,384
Transfers	114,498	(430,541)	(819,916)	(13,752)
<i>Total Governmental Activities</i>	<u>\$8,982,150</u>	<u>\$8,792,609</u>	<u>\$11,166,323</u>	<u>\$13,662,661</u>



2007	2008 (1)	2009	2010
\$4,678,341	\$4,125,692	\$3,812,972	\$4,068,631
3,662,803	3,861,017	4,218,030	4,470,394
2,687,928	2,631,887	2,735,622	2,832,199
204,228	195,983	181,562	197,806
526,995	498,379	588,970	382,313
843,839	802,169	868,309	873,466
3,866,183	3,090,437	3,591,609	3,790,494
0	244,657	257,623	277,310
386,205	354,128	326,399	281,437
16,856,522	15,804,349	16,581,096	17,174,050
25,617,652	26,754,920	26,164,717	28,153,003
1,285,576	1,327,449	1,363,001	1,522,129
3,214,858	3,386,470	3,166,397	3,385,521
180,577	222,847	210,102	171,385
2,553,235	2,526,916	2,534,870	2,767,146
422,249	490,366	512,516	572,544
33,274,147	34,708,968	33,951,603	36,571,728
50,130,669	50,513,317	50,532,699	53,745,778
(11,792,120)	(9,978,036)	(10,806,578)	(11,872,685)
3,601,461	2,048,717	3,173,356	362,865
(8,190,659)	(7,929,319)	(7,633,222)	(11,509,820)
1,281,491	1,353,504	1,375,734	1,206,503
2,222,553	2,327,576	2,224,683	2,373,747
37,774	43,186	27,499	0
5,888,391	6,260,249	5,409,147	5,451,284
1,229,554	1,468,021	1,318,586	1,371,444
1,235,888	1,269,275	1,269,899	1,259,657
1,082,225	684,035	818,872	661,125
10,345	7,494	7,375	2,000
1,353,237	781,418	1,063,750	179,250
8,172	17,828	14,168	9,150
403,496	185,479	160,078	139,756
(478,040)	(117,639)	(1,536,455)	(310,237)
\$14,275,086	\$14,280,426	\$12,153,336	\$12,343,679

(continued)

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

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

(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>
\$693,586	\$447,260	\$700,087	\$232,745
0	0	2,310	10,200
(328,948)	0	0	0
2,742,921	0	0	0
88,918	275,132	128,167	68,458
12,320	117,639	1,536,455	310,237
<u>3,208,797</u>	<u>840,031</u>	<u>2,367,019</u>	<u>621,640</u>
<u>17,483,883</u>	<u>15,120,457</u>	<u>14,520,355</u>	<u>12,965,319</u>
0	0	0	0
2,482,966	4,302,390	1,346,758	470,994
6,810,258	2,888,748	5,540,375	984,505
<u>\$9,293,224</u>	<u>\$7,191,138</u>	<u>\$6,887,133</u>	<u>\$1,455,499</u>

CITY OF LEBANON, OHIO  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 2000 THROUGH 2007  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

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

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

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

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

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

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

2005	2006	2007	2008	2009	2010
\$3,314,607	\$3,344,659	\$3,536,738	\$3,758,401	\$3,594,477	\$3,563,064
5,244,581	6,437,444	5,988,089	5,719,316	5,510,661	5,565,246
855,499	857,100	1,230,707	1,466,536	1,319,827	1,371,120
910,839	1,181,361	1,235,888	1,269,275	1,269,899	1,259,657
151,277	152,172	89,412	94,678	103,030	87,439
2,111,196	2,113,406	2,154,757	2,122,822	2,113,504	2,303,809
1,108,910	1,090,009	891,574	969,440	795,107	775,800
3,017,163	2,650,427	3,042,013	2,897,793	3,563,319	2,884,405
483,990	796,824	1,316,866	732,751	911,684	200,297
29,500	3,119	10,345	7,494	4,375	63,444
164,843	366,095	406,585	188,765	163,574	143,475
<u>17,392,405</u>	<u>18,992,616</u>	<u>19,902,974</u>	<u>19,227,271</u>	<u>19,349,457</u>	<u>18,217,756</u>
3,424,490	3,823,519	4,936,788	4,594,923	3,858,069	3,837,352
3,188,715	3,432,462	3,760,488	3,975,505	4,165,490	4,208,892
2,316,185	2,022,690	2,552,853	2,513,055	2,540,690	2,579,293
167,028	175,691	188,855	175,878	159,879	164,718
201,642	967,844	485,810	434,985	424,044	390,839
1,854,563	1,102,447	719,007	863,405	851,361	826,380
739,947	769,950	1,622,542	875,710	1,000,611	1,102,322
160,373	212,289	229,308	244,657	257,623	277,310
4,774,592	2,184,601	4,540,579	3,194,419	6,231,284	2,993,629
510,030	530,771	464,861	2,819,636	576,144	590,158
342,982	327,457	286,716	370,358	309,873	272,577
0	0	91,687	95,767	103,322	0
0	0	0	103,476	0	0
<u>17,680,547</u>	<u>15,549,721</u>	<u>19,879,494</u>	<u>20,261,774</u>	<u>20,478,390</u>	<u>17,243,470</u>
<u>(288,142)</u>	<u>3,442,895</u>	<u>23,480</u>	<u>(1,034,503)</u>	<u>(1,128,933)</u>	<u>974,286</u>
174,400	49,758	20,436	39,550	14,168	13,700
887,746	1,445,692	2,551,127	1,575,558	2,575,617	1,212,115
0	0	0	60,361	0	0
0	0	1,993	92,821	0	0
0	0	0	3,750,000	0	0
0	0	0	(1,738,460)	0	0
(831,969)	(1,459,444)	(3,144,659)	(1,589,309)	(2,624,391)	(1,225,867)
0	0	2,280,000	0	0	0
0	0	0	0	0	0
<u>230,177</u>	<u>36,006</u>	<u>1,708,897</u>	<u>2,190,521</u>	<u>(34,606)</u>	<u>(52)</u>
<u>(\$57,965)</u>	<u>\$3,478,901</u>	<u>\$1,732,377</u>	<u>\$1,156,018</u>	<u>(\$1,163,539)</u>	<u>\$974,234</u>
6.6%	6.4%	5.5%	20.4%	6.9%	6.1%

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund			
Nonspendable	\$1,321,186	\$1,184,302	\$1,064,339
Committed	0	15,190	0
Unassigned	<u>3,606,290</u>	<u>3,800,626</u>	<u>4,071,783</u>
Total General Fund	<u>4,927,476</u>	<u>5,000,118</u>	<u>5,136,122</u>
All Other Governmental Funds			
Nonspendable	313,503	262,740	198,933
Restricted	8,093,093	7,969,375	8,913,359
Committed	<u>4,183,609</u>	<u>3,121,909</u>	<u>3,079,962</u>
Total All Other Governmental Funds	<u>12,590,205</u>	<u>11,354,024</u>	<u>12,192,254</u>
<b>Total Governmental Funds</b>	<u><u>\$17,517,681</u></u>	<u><u>\$16,354,142</u></u>	<u><u>\$17,328,376</u></u>

Note: The City implemented GASB Statement No. 54 in 2009.



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

<u>Tax Year (1)</u>	<u>Tax Rate</u>	<u>Total Tax Collected</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2001	\$1.00	\$4,045,915	\$3,086,629	76.29%	\$245,182	6.06%	\$714,104	17.65%
2002	1.00	4,199,589	3,259,301	77.61	228,038	5.43	712,250	16.96
2003	1.00	4,577,825	3,442,982	75.21	314,039	6.86	820,804	17.93
2004	1.00	4,682,034	3,586,438	76.60	309,014	6.60	786,582	16.80
2005	1.00	5,319,437	3,907,126	73.45	534,603	10.05	877,707	16.50
2006	1.00	6,509,453	4,658,816	71.57	770,068	11.83	1,080,569	16.60
2007	1.00	5,888,391	4,362,709	74.09	542,910	9.22	982,772	16.69
2008	1.00	6,260,249	4,757,789	76.00	438,217	7.00	1,064,242	17.00
2009	1.00	5,409,147	4,105,542	75.90	402,441	7.44	901,164	16.66
2010	1.00	5,451,284	4,021,412	73.77	493,341	9.05	936,531	17.18

(1) 2003 through 2010 are on an Accrual Basis, while 2001 and 2002 are on a Modified Accrual Basis.

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

CITY OF LEBANON, OHIO  
 INCOME TAX FILERS BY INCOME LEVEL  
 TAX YEARS 2009 AND 2000 (1)

Tax Year 2009 (2)

Income Range	Number of Filed Returns	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	1,001	17.19 %	\$151,127,012	45.17 %
75,001-100,000	683	11.73	59,433,633	17.76
50,001-75,000	869	14.93	53,792,886	16.08
25,000-50,000	1,325	22.76	49,145,270	14.69
Under 25,000	1,944	33.39	21,087,061	6.30
Total	5,822	100.00	\$334,585,862	100.00

Tax Year 2000

Income Range	Number of Filed Returns	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	412	8.90 %	\$59,461,634	27.10 %
75,001-100,000	517	11.17	44,320,463	20.20
50,001-75,000	890	19.23	55,200,035	25.15
25,000-50,000	1,121	24.22	41,827,723	19.06
Under 25,000	1,689	36.48	18,630,856	8.49
Total	4,629	100.00	\$219,440,711	100.00

Source: City Income Tax Department

- (1) Tax year 2010 information is not available.
- (2) Includes individuals who live within the corporation limits

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CITY OF LEBANON, OHIO  
 ELECTRIC SOLD BY TYPE OF CUSTOMER  
 LAST NINE YEARS (1)

<b>Type of Customer:</b>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Residential	\$6,096,870	\$5,949,470	\$6,181,266	\$7,508,220
Industrial	1,213,113	1,177,842	1,202,978	1,371,063
Commercial (2)	<u>5,801,433</u>	<u>5,412,891</u>	<u>5,553,868</u>	<u>6,749,294</u>
Total	<u><u>\$13,111,416</u></u>	<u><u>\$12,540,203</u></u>	<u><u>\$12,938,112</u></u>	<u><u>\$15,628,576</u></u>

(1) Information prior to 2002 not available

(2) Majority of Government buildings included in this category

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

<u>2006</u>	<u>2007 (3)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$8,611,965	\$9,608,478	\$9,716,139	\$9,699,704	\$9,631,822
1,526,030	1,694,059	1,730,682	1,764,978	1,657,291
<u>7,727,224</u>	<u>16,249,343</u>	<u>17,957,635</u>	<u>17,065,759</u>	<u>16,797,199</u>
<u><u>\$17,865,219</u></u>	<u><u>\$27,551,880</u></u>	<u><u>\$29,404,456</u></u>	<u><u>\$28,530,441</u></u>	<u><u>\$28,086,312</u></u>

CITY OF LEBANON, OHIO  
 PRINCIPAL ELECTRIC CUSTOMERS  
 2010 AND 2001

2010		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Advics Mfg.	\$2,017,626	7.18 %
World Color Cincinnati	1,707,586	6.07
CBTS	1,246,271	4.43
Amtex Inc.	899,026	3.20
JBM Envelope	407,873	1.45
Mane Inc.	403,547	1.44
Countryside YMCA	396,556	1.41
Wal-Mart	373,959	1.33
Lebanon City School District	304,327	1.08
Bethesda Hospital Arrowsprings	262,856	0.93
Total	<u>\$8,019,627</u>	<u>28.52 %</u>
Total Electric Charges for Services	<u>\$28,120,171</u>	
2001		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Lebanon Plastics Inc.	\$361,667	3.92 %
Warren County	357,179	3.87
Big Bear Plus	235,151	2.55
Kroger	217,914	2.36
Warren County Fair Board	169,562	1.84
Countryside YMCA	161,807	1.75
PAC Products	94,097	1.02
Wal-Mart	77,914	0.84
Rock Hospitality	69,462	0.75
Embarq	61,272	0.66
Total	<u>\$1,806,025</u>	<u>19.56 %</u>
Total Electric Charges for Services	<u>\$9,225,546</u>	

CITY OF LEBANON, OHIO  
ELECTRIC RATES PER YEAR  
LAST NINE YEARS (1)

	2002	2003	2004	2005	2006	2007 (2)	2008	2009 (3)	2010
<b>Residential</b>									
Customer Service Charge	\$4.32	\$4.36	\$4.40	\$4.44	\$4.48	\$4.52	\$4.57	\$4.61	\$5.15
Energy charge all KWH	-	-	-	-	-	-	-	-	\$0.0670
First 1500 KWH	0.04060	0.04100	0.04141	0.04183	0.04225	0.06260	0.06322	0.06385	N/A
Above 1500 KWH	0.02470	0.02490	0.02515	0.02540	0.02565	0.04580	0.04625	0.04671	N/A
Distribution Charge per KWH:									
first 800 KWH	-	-	-	-	-	-	-	-	\$0.0412
next 800 KWH	-	-	-	-	-	-	-	-	\$0.0361
over 1600 KWH	-	-	-	-	-	-	-	-	\$0.0206
Fuel Adjustment all kWH (yr avg)	0.0321	0.0305	0.03	0.0434	0.052	0.0389	0.0451	0.0161	(0.0082)
KWH Tax									
first 2000 KWH	0.00465	0.00465	0.00465	0.00465	0.00465	0.00465	0.00465	0.00465	0.00465
next 13000 KWH	0.00419	0.00419	0.00419	0.00419	0.00419	0.00419	0.00419	0.00419	0.00419
above 15000 KWH	0.00363	0.00363	0.00363	0.00363	0.00363	0.00363	0.00363	0.00363	0.00363
<b>General Service Rate</b>									
Customer Service Charge									
Single Phase (1 Ph) Meter	\$7.41	\$7.48	\$7.55	\$7.63	\$7.71	\$7.78	\$7.86	\$7.93	\$15.45
Three Phase (3 Ph) Meter	\$12.36	\$12.48	\$12.60	\$12.73	\$12.86	\$12.98	\$13.11	\$13.24	\$20.60
Single & Three Phase Meter	\$19.77	\$19.97	\$20.17	\$20.37	\$20.57	\$20.78	\$20.99	\$21.20	N/A
Energy charge KWH:									
First 2000 KWH	0.04740	0.04780	0.04828	0.04876	0.04925	0.06940	0.07009	0.07079	-
Next 6000 KWH	0.03350	0.03380	0.03414	0.03448	0.03482	0.05500	0.05555	0.05611	-
Over 8000 KWH	0.02270	0.02290	0.02313	0.02336	0.02359	0.04370	0.04413	0.04457	-
Over 100,000 KWH	0.01000	0.01000	0.01010	0.01020	0.01030	0.03040	0.03070	0.03101	-
1 Ph-first 165 KWH/kW	-	-	-	-	-	-	-	-	\$0.0824
1 Ph- next 85 KWH/kW	-	-	-	-	-	-	-	-	\$0.0721
1 Ph-over 250 KWH/kW	-	-	-	-	-	-	-	-	\$0.0412
3 Ph-first 300 KWH/kW	-	-	-	-	-	-	-	-	\$0.0618
3 Ph- over 300 KWH/kW	-	-	-	-	-	-	-	-	\$0.0309
Demand Charge per KW:									
first 10 KW	Free	Free	Free	Free	Free	Free	Free	Free	-
next 15 KW	5.93390	5.99300	6.05931	6.11990	6.11990	6.24290	6.30532	6.36837	-
over 25 KW	5.25400	5.30600	5.35956	5.41316	5.41316	5.52196	5.57717	5.63294	-
1 Ph first 10 KW	-	-	-	-	-	-	-	-	no charge
1 Ph next 15 KW	-	-	-	-	-	-	-	-	\$7.21
1 Ph over 25 KW	-	-	-	-	-	-	-	-	\$9.27
3 Ph first 1000 KW	-	-	-	-	-	-	-	-	\$10.30
3 Ph over 1000 KW	-	-	-	-	-	-	-	-	\$12.36
Distribution Charge KWH:									
1 Ph first 1000 KWH	-	-	-	-	-	-	-	-	\$0.0412
1 Ph next 800 KWH	-	-	-	-	-	-	-	-	\$0.0361
1 Ph over 1800 KWH	-	-	-	-	-	-	-	-	\$0.0206
3 Ph first 5000 KWH	-	-	-	-	-	-	-	-	\$0.0258
3 Ph next 10000 KWH	-	-	-	-	-	-	-	-	\$0.0206
3 Ph over 15000 KWH	-	-	-	-	-	-	-	-	\$0.0155
Fuel Adjustment all kWH (yr avg)									
KWH Tax	0.0321	0.0305	0.03	0.0434	0.052	0.0389	0.0451	0.0161	(0.0082)
first 2000 KWH	0.00465	0.00465	0.00465	0.00465	0.00465	0.00465	0.00465	0.00465	0.00465
next 13000 KWH	0.00419	0.00419	0.00419	0.00419	0.00419	0.00419	0.00419	0.00419	0.00419
above 15000 KWH	0.00363	0.00363	0.00363	0.00363	0.00363	0.00363	0.00363	0.00363	0.00363

(continued)

CITY OF LEBANON, OHIO  
ELECTRIC RATES PER YEAR  
LAST NINE YEARS (1)  
(CONTINUED)

	2002	2003	2004	2005	2006	2007 (2)	2008	2009 (3)	2010
<b>Large Power-Secondary Metered</b>									
Customer Service Charge	-	-	-	-	-	\$100.00	\$101.00	\$102.00	\$103.00
Energy charge KWH:									
All KWH	-	-	-	-	-	\$0.02200	\$0.02215	\$0.02237	-
first 300 KWH/kVa	-	-	-	-	-	-	-	-	\$0.0361
over 300 KWH/kVa	-	-	-	-	-	-	-	-	\$0.0288
Demand Charge:									
All per KVA	-	-	-	-	-	\$7.00	\$7.06	\$7.13	-
per first 1000 KVA	-	-	-	-	-	-	-	-	\$15.45
per KVA over 1000 KVA	-	-	-	-	-	-	-	-	\$13.39
Distribution Charge KWH:									
first 200,000 KWH	-	-	-	-	-	-	-	-	\$0.0155
over 200,000 KWH	-	-	-	-	-	-	-	-	\$0.0103
Fuel Adjustment all KWH (yr avg)	-	-	-	-	-	0.0389	0.0451	0.0161	(0.0082)
KWH Tax									
first 2000 KWH	-	-	-	-	-	0.00465	0.00465	0.00465	0.00465
next 13000 KWH	-	-	-	-	-	0.00419	0.00419	0.00419	0.00419
above 15000 KWH	-	-	-	-	-	0.00363	0.00363	0.00363	0.00363
<b>Large Power-Primary Metered</b>									
Customer Service Charge	-	-	-	-	-	\$100.00	\$101.00	\$102.00	\$103.00
Energy charge KWH:									
all KWH	-	-	-	-	-	0.01349	\$0.01363	\$0.01376	-
first 300 KWH/kVa	-	-	-	-	-	-	-	-	\$0.0464
over 300 KWH/kVa	-	-	-	-	-	-	-	-	\$0.0103
Demand Charge per KVA:									
All per KVA	-	-	-	-	-	\$4.2913	\$4.3343	\$4.3776	-
first 1000 KVA	-	-	-	-	-	-	-	-	\$8.24
over 1000 KVA	-	-	-	-	-	-	-	-	\$10.30
Distribution Charge KWH:									
first 500,000 KWH	-	-	-	-	-	-	-	-	\$0.0258
over 500,000 KWH	-	-	-	-	-	-	-	-	\$0.0155
Fuel Adjustment all KWH (yr avg)	-	-	-	-	-	0.0389	0.0451	0.0161	(0.0082)
KWH Tax									
first 2000 KWH	-	-	-	-	-	0.00465	0.00465	0.00465	0.00465
next 13000 KWH	-	-	-	-	-	0.00419	0.00419	0.00419	0.00419
above 15000 KWH	-	-	-	-	-	0.00363	0.00363	0.00363	0.00363

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

- (1) Information prior to 2002 not available
  - (2) During 2007, the City purchased industrial and commercial customers from Duke Energy
  - (3) In 2009, the City changed the electric rates to include a multiple tier rate system.
- Not Applicable



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

Year	Governmental Activities				
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Police Pension	Notes Payable
2001	\$3,441,813	\$894,625	\$0	\$22,483	\$5,730,000
2002	3,236,998	820,811	73,547	22,170	4,110,000
2003	7,012,161	743,267	60,221	21,844	120,000
2004	6,638,372	665,723	46,237	21,503	1,400,000
2005	6,257,240	584,449	31,562	21,148	1,120,000
2006	5,864,320	499,445	16,162	20,777	840,000
2007	5,456,426	409,529	0	20,391	2,560,000
2008	7,048,239	315,883	60,361	19,988	1,280,000
2009	6,499,576	218,507	46,315	19,568	0
2010	6,058,568	87,401	31,595	19,130	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
\$36,941,024	\$0	\$4,250,000	\$0	\$51,279,945	14.47%	\$3,023
35,619,786	0	5,000,000	0	48,883,312	13.79	2,882
34,248,548	0	8,500,000	0	50,706,041	14.31	2,989
32,817,309	0	8,000,000	0	49,589,144	13.99	2,924
31,321,070	253,111	8,000,000	0	47,588,580	13.43	2,806
35,530,846	617,607	1,750,000	0	45,139,157	12.73	2,661
33,632,086	0	5,750,000	0	47,828,432	13.49	2,820
36,030,824	0	1,250,000	0	46,005,295	12.98	2,712
34,175,122	0	4,900,000	0	45,859,088	12.94	2,704
32,234,420	0	6,300,000	3,360,000	48,091,114	9.38	2,401

CITY OF LEBANON, OHIO  
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 DECEMBER 31, 2010

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
<b>Direct - City of Lebanon</b>			
Special Assessment Bonds	\$87,401	100.00%	\$87,401
General Obligation Bonds	6,058,568	100.00	6,058,568
Capital Leases	31,595	100.00	31,595
Police Pension	19,130	100.00	19,130
<i>Total Direct Debt</i>	<u>6,196,694</u>		<u>6,196,694</u>
<b>Overlapping</b>			
Lebanon City School District			
General Obligation Bonds	39,524,951	100.00	39,524,951
Capital Leases	4,332,000	100.00	4,332,000
Kings Local School District			
General Obligation Bonds	55,868,899	0.97	541,812
Capital Leases	2,076,255	0.97	20,135
County			
General Obligation Bonds	7,753,762	6.92	536,901
Special Assessment Bonds	12,329,258	6.92	853,727
Loans Payable	5,360,173	6.92	371,160
Capital Leases	8,284	6.92	57,362
<i>Total Overlapping Debt</i>	<u>127,253,582</u>		<u>44,955,800</u>
<b>Total</b>	<u><u>\$133,450,276</u></u>		<u><u>\$51,152,494</u></u>

Source: County Auditor

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

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

<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>
2001	16,962	\$926,503,714	\$3,441,813	0.37%	\$202.91
2002	16,962	972,494,950	3,236,998	0.33	190.84
2003	16,962	1,045,016,700	7,012,161	0.67	413.40
2004	16,962	1,216,973,482	6,638,372	0.55	391.37
2005	16,962	1,219,371,199	6,257,240	0.51	368.90
2006	16,962	1,330,955,444	5,864,320	0.44	345.73
2007	16,962	1,525,874,800	5,456,426	0.36	321.69
2008	16,962	1,276,594,439	7,048,239	0.55	415.53
2009	16,962	1,192,296,133	6,499,576	0.55	383.18
2010	20,033	1,191,372,162	6,058,568	0.51	302.43

Sources:

(1) U. S. Bureau of Census, Census of Population, 2000 Federal Census/2010 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

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Total Assessed Property Value	<u>\$323,136,940</u>	<u>\$345,571,960</u>	<u>\$382,962,510</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>33,929,379</u>	<u>36,285,056</u>	<u>40,211,064</u>
Debt Outstanding:			
General Obligation Bonds	3,441,813	3,153,412	6,920,956
Mortgage Revenue Bonds	36,955,000	35,615,000	34,225,000
Special Assessment Bonds	894,625	820,811	743,267
Bond Anticipation Notes	<u>9,980,000</u>	<u>9,110,000</u>	<u>8,620,000</u>
Total Gross Indebtedness	51,271,438	48,699,223	50,509,223
Less:			
General Obligation Bonds	(2,760,374)	(2,629,188)	(6,496,732)
Mortgage Revenue Bonds	(36,955,000)	(35,615,000)	(34,225,000)
Special Assessment Bonds	(894,625)	(820,811)	(743,267)
Bond Anticipation Notes	(4,250,000)	(5,000,000)	(8,500,000)
General Obligation Bond Retirement Fund Balance	<u>(2,676,232)</u>	<u>(2,426,594)</u>	<u>(238,478)</u>
Total Net Debt Applicable to Debt Limit	<u>3,735,207</u>	<u>2,207,630</u>	<u>305,746</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$30,194,172</u>	<u>\$34,077,426</u>	<u>\$39,905,318</u>
Legal Debt Margin as a Percentage of the Debt Limit	88.99%	93.92%	99.24%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$17,772,532</u>	<u>\$19,006,458</u>	<u>\$21,062,938</u>
Total Gross Indebtedness	51,271,438	48,699,223	50,509,223
Less:			
General Obligation Bonds	(2,760,374)	(2,629,188)	(6,496,732)
Mortgage Revenue Bonds	(36,955,000)	(35,615,000)	(34,225,000)
Special Assessment Bonds	(894,625)	(820,811)	(743,267)
Bond Anticipation Notes	<u>(4,250,000)</u>	<u>(5,000,000)</u>	<u>(8,500,000)</u>
Net Debt Within 5 ½ % Limitations	<u>3,735,207</u>	<u>2,207,630</u>	<u>305,746</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$14,037,325</u>	<u>\$16,798,828</u>	<u>\$20,757,192</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	78.98%	88.38%	98.55%

Source: City Financial Records

2004	2005	2006	2007	2008	2009	2010
<u>\$402,731,560</u>	<u>\$409,173,949</u>	<u>\$454,976,445</u>	<u>\$451,956,350</u>	<u>\$443,736,980</u>	<u>\$416,119,870</u>	<u>\$417,778,478</u>
<u>42,286,814</u>	<u>42,963,265</u>	<u>47,772,527</u>	<u>47,455,417</u>	<u>46,592,383</u>	<u>43,692,586</u>	<u>43,866,740</u>
6,518,500	6,104,774	5,674,778	5,316,381	6,945,794	6,481,492	6,037,598
32,775,000	31,260,000	36,740,000	34,740,000	37,045,000	35,115,000	33,100,000
665,723	584,449	449,445	409,529	315,883	218,507	87,401
9,400,000	9,120,000	2,590,000	8,310,000	2,530,000	4,900,000	6,300,000
<u>49,359,223</u>	<u>47,069,223</u>	<u>45,454,223</u>	<u>48,775,910</u>	<u>46,836,677</u>	<u>46,714,999</u>	<u>45,524,999</u>
(6,204,276)	(5,900,550)	(5,585,554)	(5,260,470)	(6,919,116)	(6,481,492)	(6,037,598)
(32,775,000)	(31,260,000)	(36,740,000)	(34,740,000)	(37,045,000)	(35,115,000)	(33,100,000)
(665,723)	(584,449)	(449,445)	(409,529)	(315,883)	(218,507)	(87,401)
(8,000,000)	(8,000,000)	(1,750,000)	(5,750,000)	(1,250,000)	(4,900,000)	(6,300,000)
<u>(234,744)</u>	<u>(247,839)</u>	<u>(261,135)</u>	<u>(182,304)</u>	<u>(103,180)</u>	<u>0</u>	<u>0</u>
<u>1,479,480</u>	<u>1,076,385</u>	<u>668,089</u>	<u>2,433,607</u>	<u>1,203,498</u>	<u>0</u>	<u>0</u>
<u>\$40,807,334</u>	<u>\$41,886,880</u>	<u>\$47,104,438</u>	<u>\$45,021,810</u>	<u>\$45,388,885</u>	<u>\$43,692,586</u>	<u>\$43,866,740</u>
96.50%	97.49%	98.60%	94.87%	97.42%	100.00%	100.00%
<u>\$22,150,236</u>	<u>\$22,504,567</u>	<u>\$25,023,704</u>	<u>\$24,857,599</u>	<u>\$24,405,534</u>	<u>\$22,886,593</u>	<u>\$22,977,816</u>
49,359,223	47,069,223	45,454,223	48,775,910	46,836,677	46,714,999	45,524,999
(6,204,276)	(5,900,550)	(5,585,554)	(5,260,470)	(6,919,116)	(6,481,492)	(6,037,598)
(32,775,000)	(31,260,000)	(36,740,000)	(34,740,000)	(37,045,000)	(35,115,000)	(33,100,000)
(665,723)	(584,449)	(449,445)	(409,529)	(315,883)	(218,507)	(87,401)
(8,000,000)	(8,000,000)	(1,750,000)	(5,750,000)	(1,250,000)	(4,900,000)	(6,300,000)
<u>1,479,480</u>	<u>1,076,385</u>	<u>668,089</u>	<u>2,615,911</u>	<u>1,306,678</u>	<u>0</u>	<u>0</u>
<u>\$20,670,756</u>	<u>\$21,428,182</u>	<u>\$24,355,615</u>	<u>\$22,241,688</u>	<u>\$23,098,856</u>	<u>\$22,886,593</u>	<u>\$22,977,816</u>
93.32%	95.22%	97.33%	89.48%	94.65%	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	
2001	\$14,076,889	\$11,846,689	\$2,230,200	\$180,000	\$515,133	\$695,133	3.21%
2002	15,603,687	13,377,046	2,226,641	620,000	897,571	1,517,571	1.47
2003	16,812,728	13,355,187	3,457,541	645,000	871,723	1,516,723	2.28
2004	18,756,240	14,231,399	4,524,841	670,000	520,850	1,190,850	3.80
2005	21,957,982	18,933,542	3,024,440	700,000	816,284	1,516,284	1.99
2006	24,143,085	19,441,416	4,701,669	730,000	301,463	1,031,463	4.56
2007	28,884,945	23,994,524	4,890,421	950,000	695,938	1,645,938	2.97
2008	28,585,522	24,931,692	3,653,830	1,070,000	752,988	1,822,988	2.00
2009	29,285,522	24,079,628	5,205,894	1,180,000	880,604	2,060,604	2.53
2010	28,291,909	25,998,247	2,293,662	1,235,000	722,651	1,957,651	1.17

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

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



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

Year	Water Service Charges and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service			Coverage
				Principal	Interest	Total	
2001	\$2,117,782	\$1,347,618	\$770,164	\$340,000	\$471,485	\$811,485	0.95%
2002	2,601,406	1,398,906	1,202,500	350,000	458,068	808,068	1.49
2003	2,975,106	1,500,918	1,474,188	365,000	444,418	809,418	1.82
2004	2,950,110	1,199,936	1,750,174	380,000	430,000	810,000	2.16
2005	2,870,825	1,024,742	1,846,083	400,000	414,800	814,800	2.27
2006	2,603,513	1,873,634	729,879	415,000	398,400	813,400	0.90
2007	2,905,422	1,436,995	1,468,427	430,000	380,970	810,970	1.81
2008	2,864,853	1,434,585	1,430,268	445,000	362,480	807,480	1.77
2009	2,801,673	1,361,027	1,440,646	285,000	342,900	627,900	2.29
2010	2,997,829	1,431,532	1,566,297	300,000	330,218	630,218	2.49

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

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

Year	Sewer Service Charges and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service			Coverage
				Principal	Interest	Total	
2001	\$1,840,462	\$606,494	\$1,233,968	\$355,000	\$492,750	\$847,750	1.46%
2002	2,309,101	1,607,356	701,745	370,000	479,825	849,825	0.83
2003	2,685,253	1,892,323	792,930	380,000	462,068	842,068	0.94
2004	2,932,406	1,818,503	1,113,903	400,000	446,068	846,068	1.32
2005	3,191,967	1,583,313	1,608,654	415,000	428,903	843,903	1.91
2006	3,223,609	1,737,309	1,486,300	435,000	522,556	957,556	1.55
2007	3,689,432	1,719,657	1,969,775	620,000	503,030	1,123,030	1.75
2008	3,347,674	1,923,716	1,423,958	645,000	475,766	1,120,766	1.27
2009	3,382,159	1,729,070	1,653,089	465,000	446,991	911,991	1.81
2010	3,389,268	1,907,162	1,482,106	480,000	425,971	905,971	1.64

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

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

Year	Special Assessment Collections	Debt Service			Coverage
		Principal	Interest	Total	
2001	\$166,353	\$313,466	\$75,286	\$388,752	0.43%
2002	179,774	63,814	51,368	115,182	1.56
2003	159,732	87,544	60,354	147,898	1.08
2004	154,965	77,544	48,002	125,546	1.23
2005	151,277	81,274	42,948	124,222	1.22
2006	152,172	85,004	37,653	122,657	1.24
2007	147,773	89,916	3,218	93,134	1.59
2008	142,454	93,646	26,272	119,918	1.19
2009	140,737	97,376	20,185	117,561	1.20
2010	109,358	131,106	13,857	144,963	0.75

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
2000	16,962	\$354,454,914	\$20,897	\$46,856	31.9
2001	16,962	354,454,914	20,897	46,856	31.9
2002	16,962	354,454,914	20,897	46,856	31.9
2003	16,962	354,454,914	20,897	46,856	31.9
2004	16,962	354,454,914	20,897	46,856	31.9
2005	16,962	354,454,914	20,897	46,856	31.9
2006	16,962	354,454,914	20,897	46,856	31.9
2007	16,962	354,454,914	20,897	46,856	31.9
2008	16,962	354,454,914	20,897	46,856	31.9
2009	16,962	354,454,914	20,897	46,856	31.9
2010	20,033	512,544,305	25,585	61,085	33.9

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

<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>	<u>School Enrollment (3)</u>	<u>Warren County Unemployment Rate (4)</u>
25.0%	4,467	3.0%
25.0	4,503	3.3
25.0	4,525	3.7
25.0	4,691	4.4
25.0	4,778	4.3
25.0	4,997	4.4
25.0	5,238	4.2
25.0	5,383	4.7
25.0	5,202	8.5
25.0	5,301	9.3
26.0	5,379	8.4

CITY OF LEBANON, OHIO  
 PRINCIPAL EMPLOYERS  
 2010 AND 2001 (1)

2010

Employer	Employees
Warren County	1,141
Lebanon City School District	878
Countryside YMCA	777
Advics Manufacturing	517
Wal-Mart	480
Kroger	423
Warren County BDD (MRDD)	231
Amtex Inc.	221
JBM Envelope	157
Lebanon Citizens National Bank	151
Total	4,976

2001

Employer	Employees
Warren County	1,201
Lebanon City School District	719
Countryside YMCA	714
Advics Manufacturing	630
Johnson & Hardin	626
Kroger	368
Amtex, Inc.	328
Wal-Mart	321
Fujitec America	308
JBM Envelope	263
Total	5,478

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

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

CITY OF LEBANON, OHIO  
 FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST NINE YEARS (1)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Government</b>									
Council (2)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Finance	9.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00
Tax	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Law	3.00	3.00	2.00	2.00	2.00	2.00	0.00	0.00	0.00
Administration	4.00	3.00	4.00	4.00	4.00	5.00	5.00	5.00	4.00
Building Maintenance	4.00	2.00	3.00	3.00	2.00	3.00	3.00	3.00	3.00
Engineer	4.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Information Technology	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Service Department	8.00	7.00	5.00	4.00	4.00	5.00	5.00	5.00	5.00
Court	8.00	7.00	8.00	8.00	8.00	7.00	8.00	8.00	7.00
Probation	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	3.00
<b>Security of Persons and Property</b>									
<b>Police</b>									
Police - Chiefs/Administrative	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Police - Sargeants	5.00	5.00	5.00	5.00	4.00	4.00	5.00	5.00	5.00
Police - Officers	21.00	19.00	18.00	18.00	20.00	23.00	22.00	22.00	22.00
Police - Dispatchers	9.00	8.00	8.00	8.00	7.00	8.00	8.00	8.00	8.00
<b>Fire (3)</b>									
Fire - Chief	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
Fire - Captains	1.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Fire - Lieutenants	0.00	0.00	0.00	0.00	0.00	3.00	3.00	3.00	3.00
<b>Public Health</b>									
Cemetery	2.00	2.00	2.50	2.50	2.50	3.00	2.00	2.00	2.00
<b>Leisure Time Services</b>									
Parks & Recreation (4)	8.00	2.00	0.50	0.50	0.50	2.00	2.00	2.00	1.00
<b>Community Development</b>									
Building and Zoning	2.00	2.00	2.00	2.00	3.00	0.00	0.00	1.00	1.00
Planning and Development	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	3.00
<b>Internal Service</b>									
Automotive Maintenance	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00
<b>Transportation</b>									
Street M&R (4)	9.00	9.00	9.00	8.00	8.00	8.00	8.00	8.00	5.00
<b>Basic Utility Services</b>									
Electric - Administrative	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Electric - Meter Technician	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Electric - Operation & Maintenance (4)	11.00	11.00	11.00	11.00	11.00	13.00	13.00	13.00	13.00
Electric - Power Production	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sanitation	0.00	0.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Storm Water Utility	0.00	0.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Telecommunications	9.00	11.00	11.00	11.00	12.00	12.00	1.00	1.00	1.00
Water - Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Water - Maintenance	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Water - Supply and Treatment	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wastewater - Administration	1.00	1.00	1.00	1.00	1.00	2.00	1.00	1.00	1.00
Wastewater - Maintenance	2.50	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wastewater - Collection and Treatment	3.00	4.00	5.00	5.00	6.00	4.00	5.00	5.00	5.00
Totals:	<u>161.00</u>	<u>149.00</u>	<u>149.00</u>	<u>148.00</u>	<u>150.00</u>	<u>158.00</u>	<u>145.00</u>	<u>145.00</u>	<u>142.00</u>

Source: City of Lebanon Annual Budget

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

CITY OF LEBANON, OHIO  
 OPERATING INDICATORS BY PROGRAM/FUNCTION  
 LAST NINE YEARS (1)

Function/Program	2002	2003	2004	2005
<b>General Government</b>				
<i>Council and Clerk</i>				
Number of Ordinances and Resolutions Passed	246	265	201	178
Number of Planning Commission docket items	44	66	74	80
Zoning Board of Appeals docket items	6	6	3	3
<i>Finance Department (2)</i>				
Number of checks issued	5,357	4,848	4,886	5,274
Number of Purchase Orders issued	3,220	3,035	2,932	2,921
Amount of checks written (includes interfund transfers)	\$60,991,894	\$55,298,374	\$59,967,100	\$65,681,841
Interest earnings for fiscal year (cash basis)	\$534,334	\$360,088	\$419,007	\$655,602
Number of Supplemental Appropriations issued	49	55	49	51
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa	Aaa
Health Insurance Costs vs. General Fund Expenditures	11.65%	13.06%	12.01%	11.86%
General Fund Receipts (cash basis in thousands)	\$7,941	\$7,212	\$7,708	\$8,242
General Fund Expenditures (cash basis in thousands)	\$8,850	\$7,235	\$7,036	\$7,538
General Fund (unexpended) Cash Balances (in thousands)	\$651	\$628	\$1,300	\$2,004
<i>Income Tax Department</i>				
Number of Individual Returns	n/a	n/a	6,093	7,424
Number of Business Returns	n/a	n/a	759	1,401
Number of Business withholding accounts	n/a	n/a	1,245	1,245
Annual number of Corporate withholding forms processed	n/a	n/a	5,846	6,364
Annual number of balance due statements forms processed	n/a	n/a	1,200	1,300
Annual number of estimated payment forms processed	n/a	n/a	1,461	1,650
Annual number of reconciliations of withholdings processed	n/a	n/a	1,300	1,331
<i>Engineering Department</i>				
Capital Improvement (public and private) overseen by dept.	\$2,862,068	\$3,356,532	\$4,867,448	\$9,043,425
<i>Municipal Court</i>				
Number of Civil Cases	845	890	1,226	1,233
Number of Criminal Cases	1,396	1,249	1,476	1,500
<i>Civil Service</i>				
Number of police entry tests administered	0	0	1	1
Number of police promotional tests administered	1	0	0	0
Number of hires of Police Officers from certified lists	0	0	5	2
Number of promotions from police certified lists	2	0	0	0



2006	2007	2008	2009	2010
191	190	163	113	131
44	46	24	30	23
8	9	6	5	6
5,393	4,788	4,952	4,477	4,540
3,136	2,507	1,106	1,016	1,000
\$64,977,705	\$78,123,022	\$79,454,629	\$67,670,694	\$70,323,107
\$1,098,245	\$1,631,436	\$729,505	\$460,240	\$366,830
49	65	46	34	20
Aaa	Aaa	Aaa	Aaa	A1
14.61%	12.86%	14.46%	12.32%	8.99%
\$8,789	\$10,325	\$9,354	\$8,883	\$9,251
\$7,986	\$10,260	\$9,185	\$9,019	\$8,918
\$2,807	\$2,873	\$3,042	\$2,906	\$3,239
8,202	8,679	9,202	9,827	9,790
1,014	1,408	1,506	1,507	1,518
1,244	1,305	1,496	1,496	1,472
6,823	6,900	7,936	8,514	8,418
1,520	2,160	500	600	791
1,706	5,345	2,000	2,000	2,500
1,329	1,517	1,346	1,322	1,356
\$5,221,623	\$5,301,116	\$5,010,259	\$7,545,020	\$3,235,575
1,212	1,275	1,321	1,087	1,063
1,471	1,540	1,597	1,393	1,372
0	151	153	429	0
0	0	8	0	0
0	0	3	3	1
0	0	1	0	0

(continued)

CITY OF LEBANON, OHIO  
 OPERATING INDICATORS BY PROGRAM/FUNCTION  
 LAST NINE YEARS (1)  
 (CONTINUED)

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

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

(continued)

CITY OF LEBANON, OHIO  
 OPERATING INDICATORS BY PROGRAM/FUNCTION  
 LAST NINE YEARS (1)  
 (CONTINUED)

Function/Program	2002	2003	2004	2005
<b>Leisure Time Services</b>				
<b>Recreation Receipts</b>				
Football	\$20,135	\$9,049	\$16,730	\$1,095
Softball Leagues	3,540	3,835	4,550	4,500
Adult Basketball	1,710	1,800	4,650	3,975
Farmer's Market	0	0	0	0
Recreation Programs	2,651	420	3,776	3,545
Field Usage Fees	0	0	7,581	18,458
Summer Camp	14,925	0	0	0
Concession Stand	9,392	0	0	0
Total Recreation Department Receipts	<u>\$52,353</u>	<u>\$15,104</u>	<u>\$37,287</u>	<u>\$31,573</u>
<b>Transportation</b>				
Crackseal Coating Program (Miles)	4.00	4.00	4.00	3.00
Street Repair (Curbs, aprons, berms, asphalt) (hours)	1,000	1,000	1,200	1,500
Street Sweeper (hours)	864	11,542	1,152	1,440
Cold Patch (hours)	60	100	100	180
After hours Sewer and Water Calls	No Data	No Data	141	180
Sewer Cleaning (feet)	61,804	10,596	22,700	40,460
Sewer jet, Vac-all, video (feet)	11,274	17,511	26,574	15,907
Landscaping Stump-Chipper service (hours)	100	100	120	160
Leaf collection (hours)	1,800	2,100	2,200	2,800
Downtown Square Repair after events (hours)	25	25	25	25
Equipment repair/body shop (hours)	4,160	4,160	4,160	4,160
Sign department (hours)	174	350	395	416
Tons of snow melting salt purchased (Nov-Mar)	262	1,687	1,123	3,427
Cost of salt purchased	\$11,228	\$52,780	\$36,022	\$115,441
<b>Water Department</b>				
Water Rates per 1st 2,500 gallons of water used	\$6.09	\$8.10	\$8.50	\$8.92
Avg. number of water accounts billed monthly	6,200	6,400	6,600	6,800
Total Water Collections Annually	\$2,209,555	\$2,971,340	\$2,942,212	\$2,943,704
<b>Wastewater Department</b>				
Wastewater Rates per 1st 2,500 gallons used	\$8.00	\$10.64	\$10.96	\$11.29
Total flow of wastewater treatment plant (MG)	1,060.000	1,012.000	978.000	1,031.000
Average daily flow (Millions of gallons per day)	2.900	2.800	2.700	2.800
Tons of dry sludge removed	293.00	225.00	584.00	498.00

(1) Information prior to 2002 is not available  
 (2) Receipts and expenditures include interfund transfers - S42 -

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

<u>\$32,210</u>	<u>\$48,654</u>	<u>\$54,753</u>	<u>\$93,498</u>	<u>\$62,775</u>
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2.50	4.00	3.50	4.10	5.50
1,950	2,080	2,175	1,975	2,080
1,440	1,400	1,906	1,706	1,280
210	65	96	102	105
224	150	111	105	106
51,030	32,313	27,557	29,744	16,955
45,681	26,050	23,299	13,281	21,566
200	168	128	84	80
3,000	3,696	3,696	3,562	1,920
25	352	410	435	365
4,160	4,475	4,160	4,160	4,360
500	200	350	290	816
542	2,200	500	1,070	2,307
\$22,927	\$95,700	\$93,992	\$134,810	\$196,394

\$9.19	\$9.74	\$10.03	\$10.63	\$11.27
7,000	7,125	7,179	6,902	7,296
\$3,327,223	\$2,753,207	\$2,315,455	\$2,430,625	\$2,706,968

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

CITY OF LEBANON, OHIO  
 CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM  
 LAST NINE YEARS (1)

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

(1) Information prior to 2002 is not available

(2) 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  
JULY 05, 2011