

Comprehensive Annual Financial Report



City of Lebanon, Ohio
For the Year Ended December 31, 2007



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Lebanon, Warren County, prepared by Bastin & Company LLC, for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Lebanon is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 29, 2008

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Introductory Section

**CITY OF LEBANON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Issued by:
Office of the Auditor**

**Sharee C. Dick
City Auditor**

City of Lebanon
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007

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July 25, 2008

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

We are pleased to present the twentieth Comprehensive Annual Financial Report (CAFR) for the City of Lebanon. This report for the year ended December 31, 2007, contains the financial statements and other financial and statistical information and conforms to generally accepted accounting principles as applicable to governmental entities. It provides complete and full disclosure of all material financial aspects of the City of Lebanon ("the City").

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

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

The accounting firm of Bastin & Company, LLC has issued an unqualified ("clean") opinion of the City of Lebanon's financial statements for the year ended December 31, 2007. 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

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

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

The City participates in the Warren County Combined Health District, a jointly governed organization, for which the City has no financial responsibility or interest. Information regarding this entity may be found in the notes to the basic financial statements.

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

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

MAJOR INITIATIVES

Lebanon has continued an aggressive roadway reconstruction program to address roadway improvement needs, with over \$5 million being allocated in 2007 for roadway improvement projects. These projects included the reconstruction of Justice Drive, Orchard Avenue, and Silver Street in addition to the City's annual resurfacing program. 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. These projects have been designed and executed to meet the needs of a growing community.

Over the past several years, the City has focused on replacing aging and undersized water mains. The City replaced the old water mains along Orchard Avenue and Silver Street in coordination with the roadway improvement projects. Additionally, in 2007 a new 16" water main was installed along Deerfield Road to improve water service delivery.

In 2007, the City purchased the electric service area for Lebanon Commerce Center and Kingsview Industrial Park from Duke Energy. This allows the City to provide electric service to these businesses located in Lebanon. In conjunction with the purchase of this electric service area and related infrastructure, the City initiated upgrades to the Warren Electric Substation to ensure that current and future electric demand is met.

LOCAL ECONOMY

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

Housing

The housing market decline had its impact on Lebanon in 2007, as with many communities in the area. New home construction was below average with 73 new housing units built in 2007. The total residential construction value for 2007 was \$9.8 million. The growth rate in 2007 was 0.93%. The City anticipates a 1.0-2.0% growth trend over the next five years with residential construction valuation averaging between \$12-18 million.

Commercial and Industrial

The commercial and industrial construction activity was steady in 2007. A majority of the new commercial development was along the Columbus Avenue/US-42 corridor with single site development and reuse-redevelopment of existing commercial space.

Industrial development within the City was intermittent throughout the year with single site development in Lebanon Commerce Center and Columbia Business Park. The new construction at completion will total approximately 45,000 sq. ft. of floor area.

The new commercial and industrial construction activity for 2007 totaled \$15.7 million, compared to \$12.2 million in 2006.

FINANCIAL TRENDS

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

FINANCIAL PLANNING AND POLICIES

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

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

OTHER INFORMATION

Independent Audit

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

AWARDS AND ACKNOWLEDGEMENTS

Awards

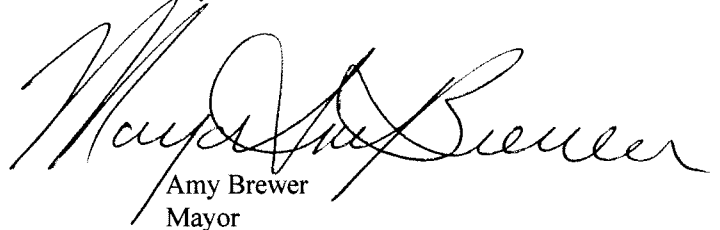
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lebanon for its comprehensive annual financial report for the year ended December 31, 2006. This was the nineteenth year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements; thus, we are submitting it to GFOA for review.

Acknowledgments

A special thanks is extended to our staff for their hard work and dedication in compiling cash reports, accrual information and capital assets information. We also would like to express appreciation to Ms. Mary Taylor, Auditor of State of Ohio, and her Local Government Services Staff for their assistance in preparing this report.



Sharee C. Dick
City Auditor



Amy Brewer
Mayor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lebanon
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF LEBANON, OHIO
LIST OF PRINCIPAL OFFICIALS

ELECTED OFFICIALS

MAYOR

Amy Brewer

VICE MAYOR

James Norris II

COUNCIL MEMBERS:

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

APPOINTED OFFICIALS

CITY MANAGER

George P. Clements

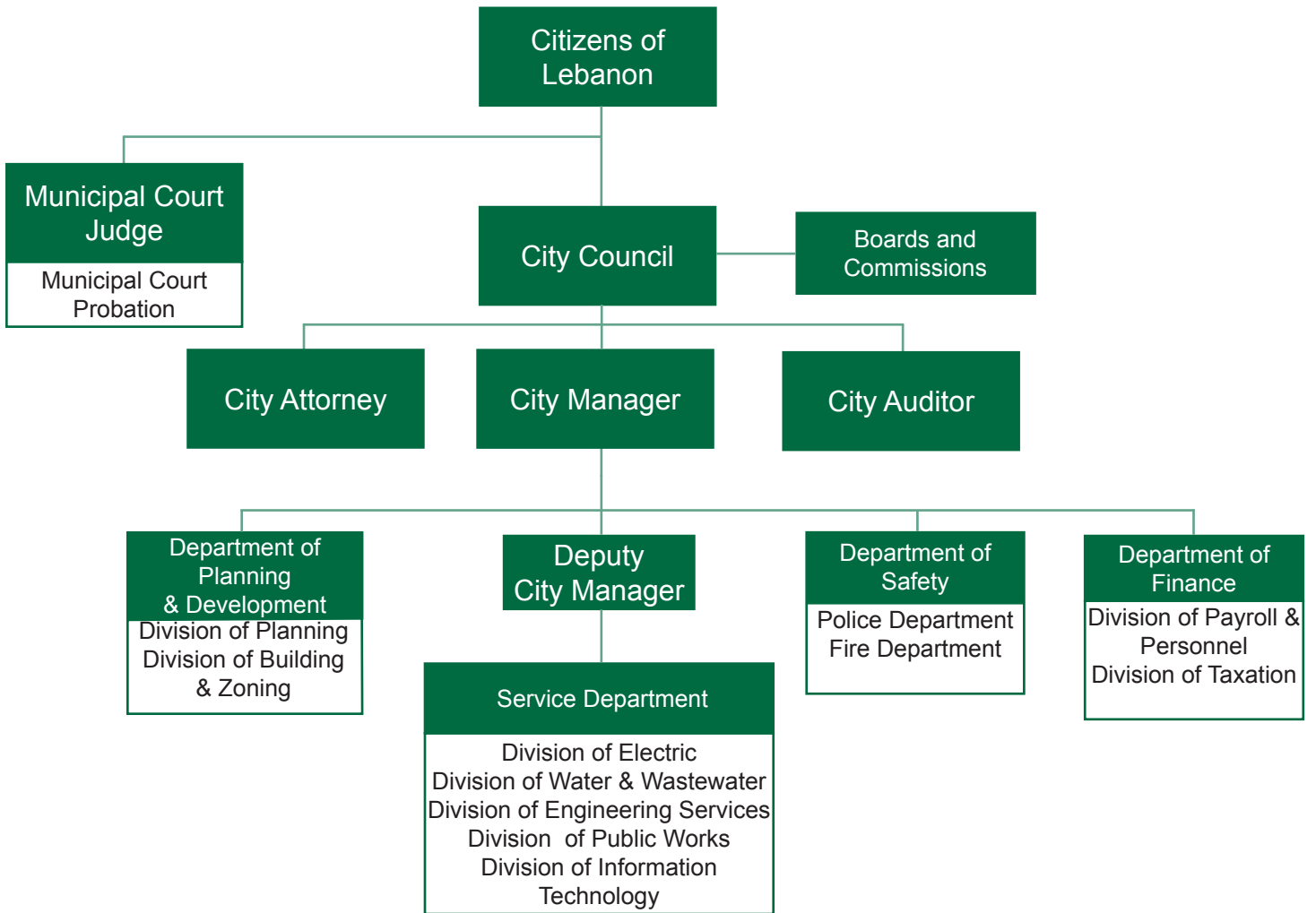
CITY AUDITOR

Sharee C. Dick

CITY ATTORNEY

Mark S. Yurick

City of Lebanon Organizational Chart



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Financial Section

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Members of City Council
City of Lebanon, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lebanon, Ohio as of and for the year ended December 31, 2007, which collectively comprise the City of Lebanon, Ohio's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lebanon, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lebanon, Ohio, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General Fund and the Fire and Life Squad Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2008, on our consideration of the City of Lebanon, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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

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

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

Cincinnati, Ohio
July 25, 2008

City of Lebanon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
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, 2007. 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 \$9,293,224. Revenues of governmental activities exceeded expenses by \$2,482,966. As in 2006, the City continues to evaluate and increase its service fees, for charges for services, which include building, engineering and plumbing inspections fees, permit fees, police special services and EMS. The increases in income taxes have begun to slow due to the sluggish economy but the City is still optimistic about employment growth and job creation within the corporate limits. In 2007 the City's investment portfolio continued to show sufficient increases in interest earnings. Net assets of business-type activities increased by \$6,810,258. This is primarily due to an increase in the customer base for utilities including the purchase of the industrial park grid, restructuring of utility rates, and investment earnings. The sale of the discontinued segments of the telecommunications operations also contributed to the increase in net assets by showing a gain on the sale of \$2,742,921.

General revenues of governmental activities accounted for \$14,753,126 or 74 percent of all revenues. Program specific revenues in the form of charges for services, grants, and contributions, accounted for \$5,064,402, or 26 percent of the revenue.

The City had \$16,856,522 in expenses related to governmental activities; \$5,064,402 of these expenses were offset by program specific charges for services, grants, contributions or interest. General revenues (primary income taxes) of \$14,753,126 were more than adequate to support these programs. The City had \$33,274,147 in expenses related to business-type activities. \$36,875,608 of program specific charges for services and sales, and operating and capital grants, contributions and interest together with \$782,504 in general revenues more than offset the expenses.

The City's Enterprise funds reflected a total operating income of \$5,484,863 as follows: Electric Fund \$3,639,551, Sewer Fund \$843,103, Telecommunications Fund \$69,156, Water Fund \$608,176 and the Storm Water Utility Fund \$415,065. Only the Sanitation Fund showed an operating loss of \$90,188.

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 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 environment, 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 OEPA mandates associated with storm water management. The internet, phone and cable segments of the telecommunications enterprise were sold to Cincinnati Bell on March 1, 2007.

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 2007 compared to 2006.

Table 1
Net Assets

	Governmental Activities		Business Type Activities		Total	
	2007	2006 Restated	2007	2006 Restated	2007	2006 Restated
Assets:						
Current and Other Assets	\$25,594,208	\$23,360,952	\$38,875,693	\$28,684,466	\$64,469,901	\$52,045,418
Nondepreciable Capital Assets	13,014,142	14,085,529	6,497,771	12,122,337	19,511,913	26,207,866
Depreciable Capital Assets, Net	29,786,344	26,577,471	73,114,890	68,697,840	102,901,234	95,275,311
Total Assets	68,394,694	64,023,952	118,488,354	109,504,643	186,883,048	173,528,595
Liabilities:						
Current and Other Liabilities	5,619,345	5,454,859	3,064,072	3,311,022	8,683,417	8,765,881
Long-Term Liabilities:						
Due Within One Year	792,587	785,824	2,135,891	2,134,437	2,928,478	2,920,261
Due in More Than One Year	8,272,517	6,536,451	35,722,878	33,823,549	43,995,395	40,360,000
Total Liabilities	14,684,449	12,777,134	40,922,841	39,269,008	55,607,290	52,046,142
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	34,628,876	33,764,338	40,865,125	44,463,041	75,494,001	78,227,379
Restricted	14,310,899	13,388,372	8,083,620	3,698,199	22,394,519	17,086,571
Unrestricted	4,770,470	4,074,569	28,616,768	22,594,015	33,387,238	26,668,584
Total Net Assets	\$53,710,245	\$51,227,279	\$77,565,513	\$70,755,255	\$131,275,758	\$121,982,534

Total net assets increased \$9,293,224. Net assets of the City's governmental activities increased \$2,482,966. Of this increase, \$695,901 was in unrestricted net assets. Invested in capital assets (net of related debt issued to acquire the assets) increased by \$864,538. Additions of capital assets in the amount of \$4,880,022 were enough to cover depreciation of \$2,730,272. Capital assets are used to provide services to the public and do not represent assets that may be used for future spending. Restricted net assets increased by \$922,527 mainly due to increased revenues exceeding expenses. Current and other assets increased \$2,233,256 mainly due to an increase in cash and cash equivalents of \$1,730,852.

The net assets of the City's business-type activities increased by \$6,810,258. The City strives to control operational expenses for business-type activities in order to maintain stability in charges for services and closely monitors the trends of the growing community in order to adjust for changes in City policy where necessary. The Council and Administration are diligent in keeping the City fiscally strong. 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, 2007.

Table 2
Changes in Net Assets

	<i>Governmental</i>		<i>Business Type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	2007	2006 Restated	2007	2006 Restated	2007	2006 Restated
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$3,045,870	\$3,209,500	\$36,875,608	\$31,375,476	\$39,921,478	\$34,584,976
Operating Grants, Contributions and Interest	1,351,201	1,038,230	0	0	1,351,201	1,038,230
Capital Grants, Contributions and Interest	667,331	1,038,941	0	624,632	667,331	1,663,573
Total Program Revenues	5,064,402	5,286,671	36,875,608	32,000,108	41,940,010	37,286,779
General Revenues:						
Property Taxes	3,541,818	3,314,068	0	0	3,541,818	3,314,068
Income Taxes	5,888,391	6,509,453	0	0	5,888,391	6,509,453
Other Taxes	1,229,554	858,253	0	0	1,229,554	858,253
Payments in Lieu of Taxes	1,235,888	1,181,361	0	0	1,235,888	1,181,361
Grants and Entitlements Not Restricted						
to Specific Programs	1,082,225	603,496	0	0	1,082,225	603,496
Unrestricted Contributions	10,345	3,119	0	0	10,345	3,119
Investment Earnings	1,353,237	822,519	693,586	942,160	2,046,823	1,764,679
Gain on Sale of Capital Assets	8,172	27,760	0	17,300	8,172	45,060
Miscellaneous	403,496	356,384	88,918	457,877	492,414	814,261
Total General Revenues	14,753,126	13,676,413	782,504	1,417,337	15,535,630	15,093,750
Total Revenues	19,817,528	18,963,084	37,658,112	33,417,445	57,475,640	52,380,529
Program Expenses:						
General Government	4,678,341	3,606,717	0	0	4,678,341	3,606,717
Security of Persons and Property:						
Police	3,662,803	3,258,125	0	0	3,662,803	3,258,125
Fire	2,687,928	1,985,638	0	0	2,687,928	1,985,638
Public Health	204,228	201,838	0	0	204,228	201,838
Leisure Time Services	526,995	440,546	0	0	526,995	440,546
Community and Economic Development	843,839	1,157,580	0	0	843,839	1,157,580
Transportation	3,866,183	2,077,765	0	0	3,866,183	2,077,765
Interest and Fiscal Charges	386,205	373,156	0	0	386,205	373,156
Electric	0	0	25,617,652	16,433,153	25,617,652	16,433,153
Sanitation	0	0	1,285,576	1,213,352	1,285,576	1,213,352
Sewer	0	0	3,214,858	3,389,076	3,214,858	3,389,076
Telecommunications	0	0	180,577	5,799,642	180,577	5,799,642
Water	0	0	2,553,235	2,969,131	2,553,235	2,969,131
Storm Water Utility	0	0	422,249	416,054	422,249	416,054
Total Expenses	16,856,522	13,101,365	33,274,147	30,220,408	50,130,669	43,321,773
Increase in Net Assets Before Transfers	2,961,006	5,861,719	4,383,965	3,197,037	7,344,971	9,058,756
Transfers	(478,040)	(13,752)	12,320	13,752	(465,720)	0
Loss From Discontinued Segments						
Of Telecommunications Operations	0	0	(328,948)	0	(328,948)	0
Gain on Disposal of Segments of						
Telecommunications Operations	0	0	2,742,921	0	2,742,921	0
Increase in Net Assets	2,482,966	5,847,967	6,810,258	3,210,789	9,293,224	9,058,756
Net Assets, January 1	51,227,279	45,379,312	70,755,255	67,544,466	121,982,534	112,923,778
Net Assets, December 31	\$53,710,245	\$51,227,279	\$77,565,513	\$70,755,255	\$131,275,758	\$121,982,534

Governmental Activities

The City’s income tax was established in 1970 at a rate of 1 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 74.09% of the revenue received in 2007 with business earnings contributing 9.22% and individuals 16.69%. The City has mandatory filing for all residents that work regardless of their age. The revenues are allocated in the following manner: 42% General Fund, 39% Capital Improvement Fund and 19% to the General Obligation Bond Fund. This allocation begins after administration costs for the Division of Taxation have been obtained for the current operating year. Income Taxes in the Governmental Activities decreased by \$621,062 due to the decline in the economy and decreased employment growth in industry in the City during the year.

Operating Grants, Contributions and Interest increased by \$312,971. This was primarily due to a significant increase in interest earnings in 2007. Other taxes increased by \$371,301. Capital Grants, Contributions and Interest in the Governmental Activities decreased by \$371,610. This was due to the City having no major grant reimbursing projects completed in 2007.

Governmental program expenses for 2007 were as follows:

Table 3
Governmental Activities

	Total Cost Of Services 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006
General Government	\$4,678,341	(\$2,581,319)	\$3,606,717	(\$1,232,604)
Security of Persons and Property:				
Police	3,662,803	(3,130,095)	3,258,125	(2,612,889)
Fire	2,687,928	(2,280,081)	1,985,638	(1,855,836)
Public Health	204,228	(32,377)	201,838	(66,284)
Leisure Time Services	526,995	(431,210)	440,546	(375,421)
Community and Economic Development	843,839	(842,970)	1,157,580	(1,156,685)
Transportation	3,866,183	(2,107,863)	2,077,765	(141,819)
Interest and Fiscal charges	386,205	(386,205)	373,156	(373,156)
Total Expenses	\$16,856,522	(\$11,792,120)	\$13,101,365	(\$7,814,694)

When looking at the sources of income to support governmental activities, it should be noted that total program revenues are 26% 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.

Government activities expenses increased \$3,755,157 due to an increase in personal administration costs, transfer of monies to telecommunications for equipment leases, legal settlement fees and the general costs of inflation. Since the addition of the City’s second Fire station the City also hired three additional fulltime lieutenants for operations. Leisure Time Activities also increased due to the increasing costs of park maintenance. Transportation

expenses increased \$1,788,418 due to rising fuel costs, roadway improvement maintenance projects and capital equipment purchases.

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. Electric operating revenues increased 60 percent over 2006, due to the acquisition of established industrial customers from Duke Energy Ohio. The increased electric sales also generated an additional \$395,000 in State of Ohio kWh tax. By law, the kWh tax revenues, generated by a municipal electric system, are transferred to the City's General Operating Fund. Legislation increases electric rates by 1 percent annually.

Sanitation operations generate fees from citizens for the collection of residential garbage. The City out sources the actual collection by bidding the contract for services every three years. Expenses exceeded revenues causing an overall decrease in net assets for 2007.

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 OEPA standards be met or exceeded. Sewer operating revenues increased by \$306,499, while operating expenses decreased by \$71,422. The City continues to monitor the costs associated with wastewater treatment and changes in expenses are due to continued growth in the area. Annual legislation increases sewer rates by 3 percent, combined with contributions of assets from outside developers and other governments help to maintain the enterprise. For three consecutive years this department has received the National Associations of Clear Water Agencies Silver Award, given to facilities that have less than 5 National Pollutant Discharge Elimination System violations in a calendar year.

Telecommunications operations did provide various telecommunications services to citizens for the first two months of 2007. However, on March 1st of 2007 the City successfully transitioned all telecommunications related assets to Cincinnati Bell as part of the executed sale agreement. The terms of the purchase agreement stipulated an initial payment from Cincinnati Bell Territories to the City in the amount of \$4.62 million. The City is leasing office space in the electric administration building to Cincinnati Bell Territories to support their operations for a period of five years for \$1 per year. The City will continue to bill for Cincinnati Bell Territories telecommunication services on the City's utility bill for a maximum period of 2 years from the purchase date. Telecommunications fund operating revenue decreased by \$5,915,216 due to the sale of the discontinued segments.

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 S.R. 63 and McClure Road, the third is located along I-71 Kingsview Industrial Park and the fourth is just south of Mason-Morrow Road. The City maintains five water towers within its jurisdiction. This fund's mission from the City Council is to maintain a high level of service while meeting all applicable OEPA standards. Water operating revenue increased by \$159,549 while expenses decreased by \$410,464. The increase in revenue is due to increased water usage during the dry summer in 2007.

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

THE CITY'S FUNDS

Information about the City's governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$19,902,974 and expenditures of \$19,879,494. The General Fund balance increased by \$36,995.

In 2007, new commercial and residential development valuation in the City was in excess of \$21 million, which is approximately 28 percent lower than the \$29 million valuation reported in 2006. This decrease can be attributed to a slowdown in the economy and other market factors. However, even with the decline in new development investments in 2007, Lebanon is still experiencing industrial growth which has resulted in over 2200 manufacturing jobs in more than 45 industries since 2000. Lebanon's greatest assets, its high-tech industrial parks and abundance of developable land, make the area an attractive location for new business development. There is currently 500+ developable acres of prime industrial and commercial land available in Lebanon.

In 2007, Lebanon experienced moderate commercial and industrial activity with the relocation of two new businesses to the area. Miami Woodworking, a premier custom cabinet maker, began its operations in its new 14,300 square foot facility in the Columbia Business Park and Mane, Inc., a maker of flavor and fragrances, is about to complete the first phase of its new 120,000+ square foot facility, which will serve as its U.S. headquarters and Research & Development operations in the Lebanon Commerce Center.

The Fire and Life Squad Fund balance increased \$329,191 due to an increase in property tax collections from the 2006 renewal of a 5.5 mill operating levy and increased assessment values of property in our corporate limits. Monies from this new levy allowed the Fire Department to expand its current operations to another facility on Lebanon Road. Lebanon Fire Division now hosts two stations, one on Silver Street in Lebanon's central business district while station 42 is located near St. Rt. 48 close to Interstate I-71 and the surrounding industrial parks.

The Capital Improvement Fund balance increased by \$58,096 which is a 4% increase over the 2006 fund balance increase.

General Fund Budgeting Highlights

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

Original General Fund budgeted revenues and other financing sources were \$9,533,323. Final General Fund budgeted revenues and other financing sources were \$10,358,878. Original appropriations and other financing uses were \$9,284,428 and final appropriations and other financing uses were \$11,303,037. The Cities variances between original and final budgeted revenues and appropriations continue to be very minimal due to the City's diligent monitoring of budget limits throughout the year. Actual expenditures were \$660,592 less than final appropriations. This is mainly attributed to a 6 percent overall decrease in actual expenditures.

CAPITAL ASSETS

Table 4 presents the net book value of the City's capital assets for governmental and business-type activities for 2007, compared to 2006:

Table 4
Capital Assets

	Governmental Activities		Business Type Activities		Total	
	2006		2006		2006	
	2007	Restated	2007	Restated	2007	Restated
Land	\$11,961,032	\$11,947,776	\$4,689,384	\$4,664,384	\$16,650,416	\$16,612,160
Construction in Progress	1,053,110	2,137,753	1,808,387	3,369,101	2,861,497	5,506,854
Land Improvements	525,152	560,419	0	0	525,152	560,419
Buildings and Improvements	3,408,513	3,498,289	18,878,667	20,198,731	22,287,180	23,697,020
Equipment	435,204	465,123	1,104,274	1,143,569	1,539,478	1,608,692
Vehicles	1,101,037	1,169,165	579,217	691,508	1,680,254	1,860,673
Infrastructure	24,316,438	20,884,475	52,552,732	51,585,642	76,869,170	72,470,117
Totals	\$42,800,486	\$40,663,000	\$79,612,661	\$81,652,935	\$122,413,147	\$122,315,935

Administration and Council have a quality of life commitment to the citizens and businesses located in Lebanon. With this in mind, the City Council authorized \$5,083,633 for roadway improvement projects. These projects included the reconstruction of Silver Street from West Street to North Broadway Avenue; resurfacing and concrete repair of City streets; and the reconstruction of Orchard Avenue and Justice Drive. The City expended \$170,246 towards the replacement of fleet vehicles in 2007.

The City executed several storm water system improvement projects totaling \$479,824. These projects included the installation of a new drainage system on Orchard Avenue, and the replacement of deteriorated curb and gutter throughout the City. The City's sanitary sewer and water master plans continue to guide infrastructure improvement projects in these utilities. In 2007, the City expended \$314,644 replacing deteriorated sanitary sewer conduit. The City executed several major water system improvement projects including the installation of a new 16" water main along Deerfield Road, and allocating \$1,132,581 towards the replacement of aging water mains throughout the City.

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

DEBT

Table 5 summarizes bonds and notes outstanding at December 31, 2007 and 2006:

*Table 5
Outstanding Debt at Year-End*

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Special Assessment Bonds	\$409,529	\$499,445	\$0	\$0	\$409,529	\$499,445
General Obligation Bonds	5,456,426	5,864,320	0	0	5,456,426	5,864,320
Mortgage Revenue Bonds	0	0	33,632,086	35,530,846	33,632,086	35,530,846
Bond Anticipation Notes	2,560,000	840,000	5,750,000	1,750,000	8,310,000	2,590,000
	<u>\$8,425,955</u>	<u>\$7,203,765</u>	<u>\$39,382,086</u>	<u>\$37,280,846</u>	<u>\$47,808,041</u>	<u>\$44,484,611</u>

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

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

CITY OF LEBANON, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$17,567,057	\$19,269,962	\$36,837,019
Accounts Receivable, net	0	9,280,674	9,280,674
Intergovernmental Receivable	932,146	26,737	958,883
Accrued Interest Receivable	74,383	33,397	107,780
Prepaid Items	57,457	30,318	87,775
Internal Balances	(310,956)	310,956	0
Materials and Supplies Inventory	191,080	1,988,713	2,179,793
Income Taxes Receivable	1,802,002	0	1,802,002
Property Taxes Receivable	3,260,386	0	3,260,386
Other Local Taxes Receivable	2,404	0	2,404
Revenue in Lieu of Taxes Receivable	1,235,888	0	1,235,888
Capital Leases Receivable	44,090	0	44,090
Special Assessments Receivable	498,408	24,584	522,992
Cash and Cash Equivalents with Fiscal Agents	194,890	7,275,802	7,470,692
Deferred Charges	44,973	634,550	679,523
Nondepreciable Capital Assets	13,014,142	6,497,771	19,511,913
Depreciable Capital Assets, Net	29,786,344	73,114,890	102,901,234
Total Assets	68,394,694	118,488,354	186,883,048
LIABILITIES			
Accounts Payable	187,815	400,648	588,463
Accrued Wages	203,459	72,466	275,925
Intergovernmental Payable	505,451	41,135	546,586
Retainage Payable	91,577	68,479	160,056
Deferred Revenue	4,084,038	0	4,084,038
Accrued Interest Payable	93,001	255,196	348,197
Claims Payable	173,899	0	173,899
Notes Payable	280,000	1,750,000	2,030,000
Matured Interest Payable	105	0	105
Refundable Deposits	0	476,148	476,148
Long-Term Liabilities:			
Due Within One Year	792,587	2,135,891	2,928,478
Due in More Than One Year	8,272,517	35,722,878	43,995,395
Total Liabilities	14,684,449	40,922,841	55,607,290
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	34,628,876	40,865,125	75,494,001
Restricted for:			
Debt Service	5,446,441	0	5,446,441
Capital Outlay	3,345,838	0	3,345,838
Security of Persons and Property	1,045,516	0	1,045,516
Leisure Time Services	138,640	0	138,640
Community and Economic Development	196,909	0	196,909
Transportation	1,321,189	0	1,321,189
Other Purposes	2,816,366	0	2,816,366
Revenue Bonds Replacement and Improvement	0	932,500	932,500
Revenue Bonds Current Debt Service	0	7,151,120	7,151,120
Unrestricted	4,770,470	28,616,768	33,387,238
Total Net Assets	\$53,710,245	\$77,565,513	\$131,275,758

See accompanying notes to the basic financial statements

**CITY OF LEBANON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants Contributions and Interest	Capital Grants Contributions and Interest
Governmental Activities				
General Government	\$4,678,341	\$2,094,209	\$2,813	\$0
Security of Persons and Property:				
Police	3,662,803	532,708	0	0
Fire	2,687,928	197,057	210,790	0
Public Health	204,228	117,795	54,056	0
Leisure Time Services	526,995	79,680	16,105	0
Community and Economic Development	843,839	0	869	0
Transportation	3,866,183	24,421	1,066,568	667,331
Interest and Fiscal Charges	386,205	0	0	0
Total Governmental Activities	<u>16,856,522</u>	<u>3,045,870</u>	<u>1,351,201</u>	<u>667,331</u>
Business-Type Activities				
Electric	25,617,652	28,405,280	0	0
Sanitation	1,285,576	1,189,868	0	0
Sewer	3,214,858	3,520,108	0	0
Telecommunications	180,577	169,831	0	0
Water	2,553,235	2,753,207	0	0
Storm Water Utility	422,249	837,314	0	0
Total Business-Type Activities	<u>33,274,147</u>	<u>36,875,608</u>	<u>0</u>	<u>0</u>
Total Activities	<u>\$50,130,669</u>	<u>\$39,921,478</u>	<u>\$1,351,201</u>	<u>\$667,331</u>

General Revenues:

Taxes

Property Taxes Levied For:

 General Purposes

 Fire and Life Squad

 Debt Service

 Income Taxes

 Other Taxes

Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Contributions

Investment Earnings

Gain on Sale of Capital Assets

Other

Transfers

Total General Revenues and Transfers

DISCONTINUED OPERATIONS - NOTE 23:

Loss From Discontinued Segments

of Telecommunications Operations

Gain on Disposal of Segments of

Telecommunications Operations

Change in Net Assets

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

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense)Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$2,581,319)	\$0	(\$2,581,319)
(3,130,095)	0	(3,130,095)
(2,280,081)	0	(2,280,081)
(32,377)	0	(32,377)
(431,210)	0	(431,210)
(842,970)	0	(842,970)
(2,107,863)	0	(2,107,863)
(386,205)	0	(386,205)
<u>(11,792,120)</u>	<u>0</u>	<u>(11,792,120)</u>
0	2,787,628	2,787,628
0	(95,708)	(95,708)
0	305,250	305,250
0	(10,746)	(10,746)
0	199,972	199,972
0	415,065	415,065
<u>0</u>	<u>3,601,461</u>	<u>3,601,461</u>
<u>(11,792,120)</u>	<u>3,601,461</u>	<u>(8,190,659)</u>
1,281,491	0	1,281,491
2,222,553	0	2,222,553
37,774	0	37,774
5,888,391	0	5,888,391
1,229,554	0	1,229,554
1,235,888	0	1,235,888
1,082,225	0	1,082,225
10,345	0	10,345
1,353,237	693,586	2,046,823
8,172	0	8,172
403,496	88,918	492,414
(478,040)	12,320	(465,720)
<u>14,275,086</u>	<u>794,824</u>	<u>15,069,910</u>
0	(328,948)	(328,948)
<u>0</u>	<u>2,742,921</u>	<u>2,742,921</u>
2,482,966	6,810,258	9,293,224
<u>51,227,279</u>	<u>70,755,255</u>	<u>121,982,534</u>
<u>\$53,710,245</u>	<u>\$77,565,513</u>	<u>\$131,275,758</u>

**CITY OF LEBANON, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>GENERAL</u>	<u>FIRE AND LIFE SQUAD</u>
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	\$3,317,291	\$1,296,314
Cash and Cash Equivalents with Fiscal Agent	0	0
Materials and Supplies Inventory	55,528	40,436
Intergovernmental Receivable	286,347	93,564
Prepaid Items	38,715	8,491
Income Taxes Receivable	1,171,322	0
Property Taxes Receivable	1,184,430	2,032,734
Other Taxes Receivable	2,404	0
Revenue in Lieu of Taxes Receivable	0	0
Accrued Interest Receivable	45,010	0
Special Assessments Receivable	0	0
Capital Lease Receivable	0	0
Advances to Other Funds	1,337,995	0
	<u>1,337,995</u>	<u>0</u>
Total Assets	<u>\$7,439,042</u>	<u>\$3,471,539</u>
LIABILITIES:		
Accounts Payable	\$123,383	\$36,408
Accrued Wages	141,988	41,707
Intergovernmental Payable	169,619	51,227
Matured Interest Payable	0	0
Accrued Interest Payable	0	7,074
Interfund Payable	1,258	216
Retainage Payable	0	0
Deferred Revenue	2,109,072	2,126,298
Notes Payable	0	280,000
Advances From Other Funds	0	0
	<u>0</u>	<u>0</u>
Total Liabilities	<u>2,545,320</u>	<u>2,542,930</u>
FUND BALANCES:		
Reserved:		
Reserved for Encumbrances	248,785	79,295
Reserved for Advances	1,337,995	0
Unreserved, Undesignated, Reported in:		
General Fund	3,306,942	0
Special Revenue Funds	0	849,314
Debt Service Fund	0	0
Capital Projects Funds (Deficit)	0	0
	<u>0</u>	<u>0</u>
Total Fund Balances	<u>4,893,722</u>	<u>928,609</u>
Total Liabilities and Fund Balances	<u>\$7,439,042</u>	<u>\$3,471,539</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>ALL OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$1,518,485	\$9,955,880	\$16,087,970
0	194,890	194,890
0	93,320	189,284
0	552,235	932,146
0	8,742	55,948
504,544	126,136	1,802,002
0	43,222	3,260,386
0	0	2,404
0	1,235,888	1,235,888
9,888	14,999	69,897
60,125	438,283	498,408
0	44,090	44,090
0	0	1,337,995
<u>\$2,093,042</u>	<u>\$12,707,685</u>	<u>\$25,711,308</u>
\$14,772	\$13,071	\$187,634
0	16,797	200,492
0	282,862	503,708
0	105	105
0	0	7,074
0	1,230	2,704
91,577	0	91,577
428,174	2,074,812	6,738,356
0	0	280,000
0	1,337,995	1,337,995
<u>534,523</u>	<u>3,726,872</u>	<u>9,349,645</u>
770,804	1,318,535	2,417,419
0	0	1,337,995
0	0	3,306,942
0	3,681,930	4,531,244
0	4,995,975	4,995,975
787,715	(1,015,627)	(227,912)
<u>1,558,519</u>	<u>8,980,813</u>	<u>16,361,663</u>
<u>\$2,093,042</u>	<u>\$12,707,685</u>	<u>\$25,711,308</u>

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CITY OF LEBANON, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2007

Total Governmental Fund Balances \$16,361,663

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	11,961,032	
Infrastructure	38,792,647	
Construction in progress	1,053,110	
Other capital assets	10,960,127	
Accumulated depreciation	<u>(19,966,430)</u>	
Total capital assets		42,800,486

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.

1,312,066

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

(312,230)

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	181,355	
Special Assessments	498,408	
Due From Other Governments		
Charges for Services	5,624	
Shared Taxes and Local Government Revenue Assistance	787,102	
Income Taxes	1,137,739	
Capital Leases	<u>44,090</u>	
		2,654,318

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

44,973

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

Accrued interest on bonds	(85,927)	
Discount on bonds	13,416	
Bonds	(8,159,371)	
Police Pension	(20,391)	
Compensated absences	<u>(898,758)</u>	
Total liabilities		<u>(9,151,031)</u>

Net Assets of Governmental Activities

\$53,710,245

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, 2007

	<u>GENERAL</u>	<u>FIRE AND LIFE SQUAD</u>
REVENUES:		
Property Taxes	\$1,273,964	\$2,220,530
Income Taxes	2,884,370	0
Other Local Taxes	1,186,751	0
Payments in Lieu of Taxes	0	0
Special Assessments	0	0
Charges for Services	1,829,911	197,057
Fines, Licenses and Permits	831,771	0
Intergovernmental	1,124,271	192,868
Interest	804,053	0
Contributions and Donations	10,345	0
Other	304,263	13,652
Total Revenues	<u>10,249,699</u>	<u>2,624,107</u>
EXPENDITURES:		
Current:		
General Government	4,887,532	0
Security of Persons and Property:		
Police	3,726,730	0
Fire	0	2,552,853
Public Health Services	0	0
Leisure Time Services	312,359	0
Community and Economic Development	631,975	0
Transportation	0	0
Capital Outlay	0	0
Debt Service:		
Principal Retirement	386	0
Interest and Fiscal Charges	879	22,588
Interest Paid on Capital Appreciation Bonds	0	0
Total Expenditures	<u>9,559,861</u>	<u>2,575,441</u>
Excess of Revenues Over (Under)		
Expenditures	<u>689,838</u>	<u>48,666</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from Sale of Capital Assets	19,911	525
Transfers In	78,715	0
Notes Issued	0	280,000
Premium on Debt Issued	0	0
Transfers Out	(751,469)	0
Total Other Financing Sources (Uses)	<u>(652,843)</u>	<u>280,525</u>
Net Change in Fund Balances	36,995	329,191
Fund Balances at Beginning of Year - Restated (See Note 3)	<u>4,856,727</u>	<u>599,418</u>
Fund Balances at End of Year	<u>\$4,893,722</u>	<u>\$928,609</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>ALL OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$0	\$42,244	\$3,536,738
2,322,988	780,731	5,988,089
0	43,956	1,230,707
0	1,235,888	1,235,888
6,659	82,753	89,412
0	127,789	2,154,757
0	59,803	891,574
667,331	1,057,543	3,042,013
217,425	295,388	1,316,866
0	0	10,345
62,031	26,639	406,585
<u>3,276,434</u>	<u>3,752,734</u>	<u>19,902,974</u>
0	49,256	4,936,788
9,184	24,574	3,760,488
0	0	2,552,853
0	188,855	188,855
47,162	126,289	485,810
0	316,340	948,315
649,488	973,054	1,622,542
3,967,701	572,878	4,540,579
16,162	448,313	464,861
634	262,615	286,716
0	91,687	91,687
<u>4,690,331</u>	<u>3,053,861</u>	<u>19,879,494</u>
<u>(1,413,897)</u>	<u>698,873</u>	<u>23,480</u>
0	0	20,436
800,000	1,672,412	2,551,127
2,000,000	0	2,280,000
1,993	0	1,993
<u>(1,330,000)</u>	<u>(1,063,190)</u>	<u>(3,144,659)</u>
<u>1,471,993</u>	<u>609,222</u>	<u>1,708,897</u>
58,096	1,308,095	1,732,377
<u>1,500,423</u>	<u>7,672,718</u>	<u>14,629,286</u>
<u>\$1,558,519</u>	<u>\$8,980,813</u>	<u>\$16,361,663</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, 2007**

Net Change in Fund Balances - Total Governmental Funds		\$1,732,377
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	4,514,759	
Current Year Depreciation	<u>(2,730,272)</u>	
		1,784,487
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	(20,436)	
Gain on Disposal of Capital Assets	<u>8,172</u>	
		(12,264)
Assets transferred from enterprise funds during the year to governmental activities		
Capital Assets	<u>365,263</u>	
		365,263
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	5,080	
Other Local Taxes	(1,153)	
Special Assessments	(89,412)	
Due From Other Governments		
Charges for Services	(461)	
Shared Taxes and Local Government Revenue Assistance	33,733	
Income Taxes	(99,698)	
Other Revenue	<u>(3,089)</u>	
		(155,000)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond principal retirement	358,397	
Special assessment principal retirement	89,916	
Police pension principal retirement	386	
Capital lease payments	<u>16,162</u>	
Total long-term debt repayment		464,861
Governmental funds report premiums, discounts and bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities		
Accretion on Library Bonds	50,335	
Amortization of bond issuance costs	(2,811)	
Amortization of bond discount	<u>(838)</u>	
		46,686
Note Proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		
		(2,280,000)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Compensated Absences	24,488	
Accrued Interest	<u>(56,481)</u>	
Total additional expenditures		(31,993)
Internal service funds used by management to charge the costs of insurance and automotive maintenance to individual funds are not reported in the entity-wide statement of activities. The net income of the internal service funds is reported with governmental activities, net of the adjustment to reflect the consolidation of internal service fund activities related to business type activities.		
		<u>568,549</u>
Change in Net Assets of Governmental Activities		<u><u>\$2,482,966</u></u>

See accompanying notes to the basic financial statements

**CITY OF LEBANON, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$1,350,025	\$1,350,025	\$1,273,964	(\$76,061)
Income Taxes	2,730,545	2,805,051	2,805,051	0
Other Local Taxes	1,230,000	1,230,000	1,187,388	(42,612)
Charges for Services	1,818,000	1,818,000	1,829,911	11,911
Licenses and Permits	1,078,550	1,078,550	835,368	(243,182)
Intergovernmental	801,500	1,130,088	1,130,088	0
Interest	276,000	699,738	783,686	83,948
Contributions and Donations	1,500	10,345	10,345	0
Other	63,300	53,178	304,263	251,085
Total Revenues	9,349,420	10,174,975	10,160,064	(14,911)
Expenditures:				
Current:				
General Government	4,311,781	5,340,230	5,004,609	335,621
Security of Persons and Property:				
Police	3,948,856	4,063,776	3,822,764	241,012
Leisure Time Services	184,682	337,224	316,816	20,408
Community and Economic Development	654,290	768,088	743,792	24,296
Capital Outlay	5,000	12,900	2,995	9,905
Total Expenditures	9,104,609	10,522,218	9,890,976	631,242
Excess of Revenues Over (Under) Expenditures	244,811	(347,243)	269,088	616,331
Other Financing Sources(Uses):				
Proceeds from Sale of Capital Assets	5,000	5,000	19,911	14,911
Transfers In	57,495	57,495	57,495	0
Advances In	121,408	121,408	121,408	0
Transfers Out	(179,819)	(780,819)	(751,469)	29,350
Total Other Financing Sources (Uses)	4,084	(596,916)	(552,655)	44,261
Net Change in Fund Balance	248,895	(944,159)	(283,567)	660,592
Fund Balance at Beginning of Year	2,576,333	2,576,333	2,576,333	0
Prior Year Encumbrances Appropriated	359,061	359,061	359,061	0
Fund Balance at End of Year	\$3,184,289	\$1,991,235	\$2,651,827	\$660,592

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,234,567	\$2,234,567	\$2,220,530	(\$14,037)
Charges for Services	150,000	196,295	197,057	762
Intergovernmental	125,000	189,868	192,868	3,000
Other	2,000	2,000	11,152	9,152
Total Revenues	<u>2,511,567</u>	<u>2,622,730</u>	<u>2,621,607</u>	<u>(1,123)</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>2,634,858</u>	<u>2,811,820</u>	<u>2,613,336</u>	<u>198,484</u>
Debt Service:				
Principal Retirement	840,000	840,000	840,000	0
Interest and Fiscal Charges	<u>39,800</u>	<u>39,800</u>	<u>37,695</u>	<u>2,105</u>
Total Debt Service	<u>879,800</u>	<u>879,800</u>	<u>877,695</u>	<u>2,105</u>
Total Expenditures	<u>3,514,658</u>	<u>3,691,620</u>	<u>3,491,031</u>	<u>200,589</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,003,091)</u>	<u>(1,068,890)</u>	<u>(869,424)</u>	<u>199,466</u>
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	0	525	525
Premium on Debt Issued	0	0	598	598
Notes Issued	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>	<u>0</u>
Total Other Financing Sources	<u>560,000</u>	<u>560,000</u>	<u>561,123</u>	<u>1,123</u>
Net Change in Fund Balance	(443,091)	(508,890)	(308,301)	200,589
Fund Balance at Beginning of Year	1,353,477	1,353,477	1,353,477	0
Prior Year Encumbrances Appropriated	<u>137,273</u>	<u>137,273</u>	<u>137,273</u>	<u>0</u>
Fund Balance at End of Year	<u>\$1,047,659</u>	<u>\$981,860</u>	<u>\$1,182,449</u>	<u>\$200,589</u>

See accompanying notes to the basic financial statements

CITY OF LEBANON, OHIO
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

	BUSINESS -TYPE ACTIVITIES				ENTERPRISE
	ELECTRIC	SANITATION	SEWER	TELECOMMUNICATIONS	WATER
ASSETS:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$9,454,315	\$384,005	\$3,285,614	\$226,806	\$3,911,806
Materials and Supplies Inventory	1,589,213	0	14,630	115,624	269,246
Accrued Interest Receivable	14,623	1,110	7,570	0	8,530
Accounts Receivable, net	4,235,933	156,463	433,444	4,000,000	341,120
Interfund Receivable	0	0	17,300	0	0
Intergovernmental Receivable	0	0	26,737	0	0
Prepaid Items	12,750	406	4,478	210	12,079
Special Assessments Receivable	0	0	24,584	0	0
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agents	1,044,828	0	684,647	0	475,207
Total Current Assets	16,351,662	541,984	4,499,004	4,342,640	5,017,988
Noncurrent Assets:					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents with Fiscal Agents	933,573	0	240,000	0	235,075
Deferred Charges	4,296,934	0	389,552	0	384,634
Advances to Other Funds	356,661	0	250,312	0	27,577
Nondepreciable Capital Assets	3,546,158	0	0	0	0
Depreciable Capital Assets, Net	2,491,832	54,000	716,985	0	3,200,470
	12,052,071	142,487	26,138,599	5,762	21,737,611
Total Noncurrent Assets	23,677,229	196,487	27,735,448	5,762	25,585,367
Total Assets	40,028,891	738,471	32,234,452	4,348,402	30,603,355
LIABILITIES:					
Current Liabilities:					
Accounts Payable	238,043	88,474	19,830	594	53,605
Accrued Wages	41,150	2,583	14,320	2,155	10,716
Intergovernmental Payable	21,750	1,553	7,724	3,251	5,987
Accrued Interest Payable	155,884	0	39,647	29,458	30,207
Retainage Payable	0	0	15,308	0	38,687
Interfund Payable	1,027	0	191	0	17,348
Claims Payable	0	0	0	0	0
Notes Payable	0	0	0	1,750,000	0
Compensated Absences Payable	34,676	2,515	6,337	2,659	9,704
Mortgage Revenue Bonds Payable	990,000	0	645,000	0	445,000
Total Current Liabilities	1,482,530	95,125	748,357	1,788,117	611,254
Long-term Liabilities:					
Refundable Deposits	441,073	0	0	0	35,075
Advances from Other Funds	0	0	0	3,546,158	0
Compensated Absences Payable	88,095	17,850	13,905	2,206	48,736
Notes Payable	4,000,000	0	0	0	0
Mortgage Revenue Bonds Payable	14,474,635	0	10,355,605	0	6,721,846
Total Long-term Liabilities	19,003,803	17,850	10,369,510	3,548,364	6,805,657
Total Liabilities	20,486,333	112,975	11,117,867	5,336,481	7,416,911
NET ASSETS:					
Invested in Capital Assets, Net of Related Debt (Deficit)	(4,564,071)	196,487	16,105,291	(1,744,238)	17,798,812
Restricted for:					
Revenue Bonds					
Replacement and Improvement	492,500	0	240,000	0	200,000
Revenue Bonds					
Current Debt Service	5,286,934	0	1,034,552	0	829,634
Unrestricted	18,327,195	429,009	3,736,742	756,159	4,357,998
Total Net Assets (Deficit)	\$19,542,558	\$625,496	\$21,116,585	(\$988,079)	\$23,186,444

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

See accompanying notes to the basic financial statements

FUNDS		GOVERNMENTAL
STORM WATER	TOTALS	ACTIVITIES
UTILITY		INTERNAL
		SERVICE FUNDS
\$598,768	\$17,861,314	\$1,479,087
0	1,988,713	1,796
1,564	33,397	4,486
113,714	9,280,674	0
0	17,300	3,978
0	26,737	0
395	30,318	1,509
0	24,584	0
0	2,204,682	0
714,441	31,467,719	1,490,856
0	1,408,648	0
0	5,071,120	0
0	634,550	0
0	3,546,158	0
34,484	6,497,771	64,666
13,038,360	73,114,890	0
13,072,844	90,273,137	64,666
13,787,285	121,740,856	1,555,522
102	400,648	181
1,542	72,466	2,967
870	41,135	1,743
0	255,196	0
14,484	68,479	0
8	18,574	0
0	0	173,899
0	1,750,000	0
0	55,891	5,465
0	2,080,000	0
17,006	4,742,389	184,255
0	476,148	0
0	3,546,158	0
0	170,792	21,223
0	4,000,000	0
0	31,552,086	0
0	39,745,184	21,223
17,006	44,487,573	205,478
13,072,844	40,865,125	64,666
0	932,500	0
0	7,151,120	0
697,435	28,304,538	1,285,378
\$13,770,279	77,253,283	\$1,350,044
	312,230	
	\$77,565,513	

CITY OF LEBANON, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	BUSINESS -TYPE ACTIVITIES		
	ELECTRIC	SANITATION	SEWER
OPERATING REVENUES:			
Charges for Services	\$28,405,280	\$1,189,868	\$3,520,108
Other	56,640	5,520	10,000
Total Operating Revenues	28,461,920	1,195,388	3,530,108
OPERATING EXPENSES:			
Personal Services	1,543,808	126,573	580,806
Contractual Services	1,522,621	1,140,990	1,024,929
Purchased Power	20,859,942	0	0
Supplies and Materials	62,942	158	113,550
Claims	0	0	0
Depreciation	827,845	17,810	967,348
Other	5,211	45	372
Total Operating Expenses	24,822,369	1,285,576	2,687,005
Operating Income (Loss)	3,639,551	(90,188)	843,103
NON-OPERATING REVENUES (EXPENSES):			
Interest	309,834	28,273	169,324
Other Non-Operating Revenues	0	0	0
Loss on Sale of Capital Assets	0	0	0
Interest and Fiscal Charges	(873,847)	0	(556,202)
Total Non-Operating Revenues (Expenses)	(564,013)	28,273	(386,878)
Income (Loss) Before Contributions and Transfers	3,075,538	(61,915)	456,225
Capital Contributions	0	0	18,018
Transfers In	149,032	0	19,528
Transfers Out	(61,692)	0	0
Income (Loss) From Continuing Operations	3,162,878	(61,915)	493,771
DISCONTINUED OPERATIONS - NOTE 23:			
Loss From Discontinued Segments of Telecommunications Operations	0	0	0
Gain on Disposal of Segments of Telecommunications Operations	0	0	0
Change in Net Assets	3,162,878	(61,915)	493,771
Net Assets (Deficit) at Beginning of Year - Restated (See Note 3)	16,379,680	687,411	20,622,814
Net Assets (Deficit) at End of Year	\$19,542,558	\$625,496	\$21,116,585

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	
\$169,831	\$2,753,207	\$837,314	\$36,875,608	\$2,476,980
<u>0</u>	<u>9,855</u>	<u>0</u>	<u>82,015</u>	<u>100,894</u>
169,831	2,763,062	837,314	36,957,623	2,577,874
68,776	474,279	68,528	2,862,770	136,038
25,015	889,135	84,981	4,687,671	591,378
0	0	0	20,859,942	0
6,441	72,309	4,618	260,018	8,668
0	0	0	0	1,170,636
443	717,891	264,109	2,795,446	0
<u>0</u>	<u>1,272</u>	<u>13</u>	<u>6,913</u>	<u>0</u>
100,675	2,154,886	422,249	31,472,760	1,906,720
69,156	608,176	415,065	5,484,863	671,154
0	152,215	33,940	693,586	61,382
139	1,500	5,264	6,903	0
0	(10,182)	0	(10,182)	0
<u>(109,982)</u>	<u>(415,161)</u>	<u>0</u>	<u>(1,955,192)</u>	<u>0</u>
(109,843)	(271,628)	39,204	(1,264,885)	61,382
(40,687)	336,548	454,269	4,219,978	732,536
0	26,792	204,971	249,781	0
0	27,359	5,362	201,281	0
<u>0</u>	<u>(71,239)</u>	<u>(305,811)</u>	<u>(438,742)</u>	<u>0</u>
(40,687)	319,460	358,791	4,232,298	732,536
(328,948)	0	0	(328,948)	0
<u>2,742,921</u>	<u>0</u>	<u>0</u>	<u>2,742,921</u>	<u>0</u>
2,373,286	319,460	358,791	6,646,271	732,536
<u>(3,361,365)</u>	<u>22,866,984</u>	<u>13,411,488</u>		<u>617,508</u>
<u>(\$988,079)</u>	<u>\$23,186,444</u>	<u>\$13,770,279</u>		<u>\$1,350,044</u>
			<u>163,987</u>	
			<u>\$6,810,258</u>	

CITY OF LEBANON, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities -		
	Electric	Sanitation	Sewer
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$27,307,702	\$1,185,183	\$3,473,638
Cash Payments for Employee Services and Benefits	(1,576,045)	(124,670)	(585,360)
Cash Payments to Suppliers for Goods and Services	(22,448,384)	(1,138,495)	(1,191,304)
Cash Payments for Employee Medical, Dental, and Life Insurance Claims	0	0	0
Cash Payments for Interfund Services Provided	0	0	0
Other Operating Revenues	56,640	5,520	10,000
Other Non-Operating Revenues	0	0	0
Utility Deposits Received	208,112	0	0
Utility Deposits Returned	(182,003)	0	0
Net Cash Provided by (Used for) Operating Activities	<u>3,366,022</u>	<u>(72,462)</u>	<u>1,706,974</u>
Cash Flows from Noncapital Financing Activities:			
Repayment of Advances from Another Fund	4,558,561	0	0
Transfers In	149,032	0	0
Transfers Out	(21,220)	0	0
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>4,686,373</u>	<u>0</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Received from Special Assessments	0	0	6,834
Proceeds from the Sale of Discontinued Segments of Telecommunications Operation	0	0	0
Proceeds from Sale of Capital Assets	0	0	0
Principal Paid on Capital Leases	0	0	0
Interest Paid on Capital Leases	0	0	0
Acquisition of Capital Assets	(3,820,754)	0	(547,623)
Proceeds from Sale of Notes	4,000,000	0	0
Principal Paid on Notes	0	0	0
Interest Paid on Notes	0	0	0
Premium on Notes Issued	4,053	0	0
Principal Paid on Mortgage Revenue Bonds	(950,000)	0	(620,000)
Interest and Fiscal Charges Paid on Mortgage Revenue Bonds	(695,938)	0	(503,030)
Net Cash Used for Capital and Related Financing Activities	<u>(1,462,639)</u>	<u>0</u>	<u>(1,663,819)</u>
Cash Flows from Investing Activities:			
Interest	295,211	27,163	158,747
Net Cash Provided by Investing Activities	<u>295,211</u>	<u>27,163</u>	<u>158,747</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,884,967	(45,299)	201,902
Cash and Cash Equivalents Beginning of Year	<u>8,844,683</u>	<u>429,304</u>	<u>4,397,911</u>
Cash and Cash Equivalents End of Year	<u>\$15,729,650</u>	<u>\$384,005</u>	<u>\$4,599,813</u>

Enterprise Funds				Governmental
Telecommunications	Water	Storm Water Utility	Total	Activities- Internal Service Funds
\$1,093,215	\$2,743,609	\$795,930	\$36,599,277	\$0
(286,667)	(457,370)	(72,571)	(3,102,683)	(135,422)
(1,163,239)	(1,144,112)	(161,017)	(27,246,551)	(600,768)
0	0	0	0	(1,129,990)
0	0	0	0	2,477,343
86,820	9,855	0	168,835	100,894
10,840	0	5,264	16,104	0
0	15,400	0	223,512	0
0	(9,250)	0	(191,253)	0
<u>(259,031)</u>	<u>1,158,132</u>	<u>567,606</u>	<u>6,467,241</u>	<u>712,057</u>
(4,558,561)	0	0	0	0
601,000	0	0	750,032	0
<u>(135,280)</u>	<u>(71,239)</u>	<u>0</u>	<u>(227,739)</u>	<u>0</u>
<u>(4,092,841)</u>	<u>(71,239)</u>	<u>0</u>	<u>522,293</u>	<u>0</u>
0	0	0	6,834	0
4,620,000	0	0	4,620,000	0
0	1,500	0	1,500	0
(617,607)	0	0	(617,607)	0
(4,375)	0	0	(4,375)	0
0	(1,702,518)	(436,670)	(6,507,565)	0
1,750,000	0	0	5,750,000	0
(1,750,000)	0	0	(1,750,000)	0
(113,434)	0	0	(113,434)	0
365	0	0	4,418	0
0	(430,000)	0	(2,000,000)	0
0	(380,970)	0	(1,579,938)	0
<u>3,884,949</u>	<u>(2,511,988)</u>	<u>(436,670)</u>	<u>(2,190,167)</u>	<u>0</u>
<u>0</u>	<u>143,685</u>	<u>32,376</u>	<u>657,182</u>	<u>56,896</u>
<u>0</u>	<u>143,685</u>	<u>32,376</u>	<u>657,182</u>	<u>56,896</u>
(466,923)	(1,281,410)	163,312	5,456,549	768,953
<u>693,729</u>	<u>6,288,132</u>	<u>435,456</u>	<u>21,089,215</u>	<u>710,134</u>
<u>\$226,806</u>	<u>\$5,006,722</u>	<u>\$598,768</u>	<u>\$26,545,764</u>	<u>\$1,479,087</u>

(Continued)

CITY OF LEBANON, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

	Business-type Activities -		
	Electric	Sanitation	Sewer
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$3,639,551	(\$90,188)	\$843,103
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	827,845	17,810	967,348
Other Non-Operating Revenues	0	0	0
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(1,097,578)	(4,685)	(47,235)
Decrease in Interfund Receivable	0	0	0
Decrease in Intergovernmental Receivable	0	0	765
(Increase) Decrease in Materials and Supplies Inventory	(78,665)	0	(4,752)
(Increase) Decrease in Prepaids Items	1,252	(251)	(1,921)
Increase (Decrease) in Accounts Payable	79,141	3,013	(44,476)
Increase in Claims Payable	0	0	0
Decrease in Contracts Payable	0	0	0
Decrease in Contracts Payable Retainage	0	0	0
Increase (Decrease) in Accrued Wages Payable	(1,760)	821	5,082
Increase (Decrease) in Interfund Payable	604	(64)	(364)
Decrease in Intergovernmental Payable	(24,026)	(1,604)	(8,867)
Increase in Liabilities Payable from Restricted Assets	26,109	0	0
Increase (Decrease) in Compensated Absences Payable	(6,451)	2,686	(1,709)
Net Cash Provided by (Used for) Operating Activities	<u>\$3,366,022</u>	<u>(\$72,462)</u>	<u>\$1,706,974</u>

Noncash Capital Financing Activities:

The Water Fund transferred capital assets in the amount of \$5,362 to the Storm Water Utility Fund.

The Storm Water Utility Fund transferred capital assets in the amount of \$19,528 and \$27,359, to the Sewer and Water Funds respectively.

The Sewer, Water, and Storm Water Utility Funds received capital assets in the amounts of \$18,018, \$26,792, and \$204,971, respectively from governmental funds.

See accompanying notes to the basic financial statements

Telecommunications	Enterprise Funds			Governmental Activities- Internal Service Funds
	Water	Storm Water Utility	Total	
(\$731,838)	\$608,176	\$415,065	\$4,683,869	\$671,154
215,521	717,891	264,109	3,010,524	0
10,840	0	5,264	16,104	0
157,214	(9,598)	(41,384)	(1,043,266)	0
0	0	0	0	363
0	0	0	765	0
22,482	(114,628)	0	(175,563)	(61)
(210)	(164)	35	(1,259)	(618)
142,963	(493)	(36)	180,112	(43)
0	0	0	0	40,646
(30,725)	(8,200)	(57,959)	(96,884)	0
0	(57,959)	(13,400)	(71,359)	0
(13,685)	2,257	355	(6,930)	802
(197)	48	(32)	(5)	0
(21,544)	(6,166)	(1,233)	(63,440)	(1,861)
0	6,150	0	32,259	0
(9,852)	20,818	(3,178)	2,314	1,675
<u>(\$259,031)</u>	<u>\$1,158,132</u>	<u>\$567,606</u>	<u>\$6,467,241</u>	<u>\$712,057</u>

**CITY OF LEBANON, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2007**

ASSETS:

Equity in Pooled Cash and Cash Equivalents	\$54,866
Cash in Segregated Accounts	44,257
	<hr/>
Total Assets	<u><u>\$99,123</u></u>

LIABILITIES:

Intergovernmental Payable	\$20,774
Undistributed Monies	78,349
	<hr/>
Total Liabilities	<u><u>\$99,123</u></u>

See accompanying notes to the basic financial statements

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1 - REPORTING ENTITY

The City of Lebanon (the "City") is a home rule municipal corporation organized under the laws of the State of Ohio, which operates under its own charter. The current Charter, which provides for a Council/Manager form of government, was adopted in 1961. The seven-member Council is elected to four-year terms. Biennially, Council selects one of its members to serve as Mayor and one of its members to serve as Vice Mayor. Council appoints the City Manager, City Auditor and City Attorney.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments, which comprise the legal entity of the City. They provide various services including police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, community development, public health and welfare, water, sewer, electric, telecommunications, refuse collection and storm water management. Council and the City Manager have direct responsibility for these activities.

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

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

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

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

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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, 2007

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

Fund Accounting

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

Governmental Funds

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

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

Fire and Life Squad Fund - This fund is used to account for monies received for the operation of the fire and life squad and note proceeds for acquiring land and a building for the use of the fire department.

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

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

Proprietary Fund Types

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

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, 2007

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 – Until March 1, 2007, this fund was used to account for the provision of cable, including a community access channel, high-speed internet and various telephone services to residents of the City. After March 1, 2007, the 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 three agency funds. The Fire Insurance Collection Fund is used to account for money received from fire insurance settlements held on behalf of individuals and private organizations that is paid out when the fire damaged structure is repaired. The 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, 2007

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, 2007

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 thirty-one days of year end.

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

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

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, 2007, but which were levied to finance 2008 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, 2007

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, 2007

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 in Segregated Accounts."

The City utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented as "Cash and Cash Equivalents with Fiscal Agent". Monies maintained by the Lebanon Housing Services Corporation to administer the Community Development Block Grant are presented as "Cash and Cash Equivalents with Fiscal Agent".

During 2007, investments were limited to STAROhio, money market mutual funds and U.S. Treasury Notes. 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, 2007.

Interest income is distributed to the funds according to Ohio statutory requirements and the City charter. Interest revenue credited to the General Fund during 2007 amounted to \$804,053, which includes \$752,889 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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

Inventory of Supplies

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

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Restricted Assets

Restricted assets in the enterprise funds represent equity in pooled cash and cash equivalents and cash and cash equivalents with fiscal agents set aside to satisfy bond indenture requirements for current debt payments and for the replacement and improvement of capital assets originally acquired with bond proceeds. In addition, electric and water customer deposits are presented as restricted equity in pooled cash and cash equivalents.

Capital Assets and Depreciation

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

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, 2007

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

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

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

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

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

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, 2007

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

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, notes, police pension liability 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 long-term liability for the Library Improvement General Obligation Bonds is not related to governmental activities because the proceeds were not used to construct a capital asset reported by the City. This liability is included in the calculation of unrestricted net assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include funds for the operation of law enforcement programs and the operation and maintenance of the City's cemeteries.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

The government wide statement of net assets reports \$22,394,519 of restricted net assets, none of which are restricted by enabling legislation.

Operating Revenues and Expenses

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

Reserves of Fund Balance

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

Bond Discounts, Premiums/Issuance Costs

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

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

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

Loss on Advance Refunding

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

Interfund Transactions/Internal Activity

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

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

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

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivables/Payables." Long-term interfund loan receivables are reported as "Advances to Other Funds" or "Advances from Other Funds" and are equally offset by a fund balance reserve in the funds making the advances, which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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 – CORRECTION OF AN ERROR AND CHANGES IN ACCOUNTING PRINCIPLES

Correction of an Error

It was determined that a portion of income taxes receivable was recognized as revenue when it should have been recognized as deferred revenue. It was also determined that Retainage Payable was reported in the wrong fund. Capital assets were overstated and accumulated depreciation was understated in the Governmental Activities.

In the Electric, Sewer, Telecommunications, Water and Storm Water Utility Funds, capital assets were determined to be misstated due to transfers of assets between funds and donated assets that had not been recorded in previous years. It was also determined that the Telecommunications Fund had materials and supply inventory and capital leases that had not been recorded. Unrecorded interest was also overstated in the Telecommunications fund.

The restatements had the following effect on fund balance/net assets at December 31, 2006 as previously reported.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 3 – CORRECTION OF AN ERROR AND CHANGES IN ACCOUNTING PRINCIPLES
(continued)

	<i>General Fund</i>	<i>Fire and Life Squad</i>	<i>Capital Improvement</i>
Fund Balance/Net Assets, December 31, 2006 as Reported	\$5,207,351	\$618,957	\$1,832,267
Adjustment for Income Tax	(350,624)	0	(319,458)
Adjustment for Retainage Payable	0	0	(12,386)
Fund Reclassification	0	(19,539)	0
Restatement of Capital Assets	0	0	0
Fund Balance/Net Assets, June 30, 2006 Restated	<u>\$4,856,727</u>	<u>\$599,418</u>	<u>\$1,500,423</u>
	<i>All Other Governmental Funds</i>	<i>Total Governmental Funds</i>	<i>Governmental Activities</i>
Fund Balance/Net Assets, December 31, 2006 as Reported	\$7,769,415	\$15,427,990	\$53,893,070
Adjustment for Income Tax	(109,083)	(779,165)	0
Adjustment for Retainage Payable	12,386	0	0
Fund Reclassification	0	(19,539)	(19,539)
Restatement of Capital Assets	0	0	(2,646,252)
Fund Balance/Net Assets, June 30, 2006 Restated	<u>\$7,672,718</u>	<u>\$14,629,286</u>	<u>\$51,227,279</u>
	<i>Electric Fund</i>	<i>Sewer Fund</i>	<i>Tele- communications Fund</i>
Net Assets, December 31, 2006 as Reported	\$19,732,460	\$22,114,588	(\$3,649,105)
Materials and Supplies Inventory	0	0	115,624
Accrued Interest Receivable	0	0	(13,926)
Capital Leases Payable	0	0	(414,836)
Restatement of Capital Assets	(3,352,780)	(1,491,774)	600,878
Net Assets, June 30, 2006 Restated	<u>\$16,379,680</u>	<u>\$20,622,814</u>	<u>(\$3,361,365)</u>
	<i>Water Fund</i>	<i>Storm Water Utility Fund</i>	<i>Business Type Activities</i>
Net Assets, December 31, 2006 as Reported	\$21,546,016	\$9,656,022	\$70,235,635
Materials and Supplies Inventory	0	0	115,624
Accrued Interest Receivable	0	0	(13,926)
Capital Leases Payable	0	0	(414,836)
Restatement of Capital Assets	1,320,968	3,755,466	832,758
Net Assets, June 30, 2006 Restated	<u>\$22,866,984</u>	<u>\$13,411,488</u>	<u>\$70,755,255</u>

Changes in Accounting Principles

For 2007, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 3 – CORRECTION OF AN ERROR AND CHANGES IN ACCOUNTING PRINCIPLES
(continued)

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the OP&F post-employment healthcare plans in the amount of \$7,406 and \$57,760, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

NOTE 4 - BUDGET TO GAAP RECONCILIATION

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

The statement of revenues, expenditures, and changes in fund balance - budget and actual for the general fund and fire and life squad major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - BUDGET TO GAAP RECONCILIATION (continued)

4. Proceeds from/payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.
7. The change in fair value of investments is not included on the budget basis operating statement. This amount is included on the GAAP basis operating statement.

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

	Net Change in Fund Balance	
	General	Fire and Life Squad
	<u>Fund</u>	<u>Fund</u>
GAAP Basis	\$36,995	\$329,191
Revenue Accruals	233,141	(281,902)
Expenditure Accruals	11,573	38,275
Encumbrances	(342,688)	(113,865)
Note Proceeds	0	560,000
Principal Retirement	0	(840,000)
Advances	121,408	0
Transfers	(21,220)	0
Unrecorded Cash	(309,346)	0
Net Increase in Fair Value of Investments - 2007	<u>(13,430)</u>	<u>0</u>
Budget Basis	<u><u>(\$283,567)</u></u>	<u><u>(\$308,301)</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

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

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;

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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, 2007, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$15,604,884	Average 41 Days
Fifth Third Institutional Money Market Mutual Fund	2,629,103	Average 90 Days
U.S. Treasury Notes	8,060,589	Less than one year
Total Investments	<u>\$26,294,576</u>	

Interest Rate Risk

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

Credit Risk

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

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2007 for real and public utility property taxes represents collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006 on the value as of December 31, 2006. Collections are made in 2007. In prior years, tangible personal property assessments were 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 was 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009.

The full tax rate for all City operations for the year ended December 31, 2007, was \$8.42 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$327,420,240
Public Utility Real Property	104,129,990
Public Utility Tangible Personal Property	2,262,150
Tangible Personal Property	18,143,970
Total	\$451,956,350

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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 6 - PROPERTY TAXES (continued)

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, 2007, 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 2007 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 7 - PAYMENTS IN LIEU OF TAXES

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

A receivable for the amount of the payments has been recorded in the Tax Increment Financing Special Revenue Fund with a corresponding credit to deferred revenue. See Note 14.

NOTE 8 - INCOME TAX

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

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

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2007, the proceeds were allocated to the General Fund, the Capital Improvement Capital Projects Fund and the Debt Service Fund.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - RECEIVABLES

Receivables at December 31, 2007, consisted of intergovernmental receivables, income, property and other local taxes, revenue in lieu of taxes, accrued interest, interfund, special assessments, utility accounts, amounts due from the sale of the telecommunications system, and capital leases. The \$4,000,000 accounts receivable in the telecommunications fund relates to the sale of the telecommunications system to Cincinnati Bell. Of this amount, \$3,250,000 is expected to be collected in more than one year. Special assessments expected to be collected in more than one year for the City amount to \$306,929. The City has \$6,146 in delinquent special assessments at December 31, 2007. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. All receivables are considered fully collectible except utility accounts.

Utility Accounts Receivable	Uncollectible	Utility Accounts Receivable
\$5,631,084	\$350,410	\$5,280,674

A summary of intergovernmental receivables follows:

Governmental Activities:

Local Government Assistance	\$229,124
Warren County Reimbursement for Baliff Services	5,624
Homestead & Rollback	148,939
Para-Mutual Tax	15,000
Permissive Tax	123,357
Motor Vehicle Tax	180,300
Gasoline Tax	229,802
Total Governmental Activities	932,146

Business-Type Activities:

Village of South Lebanon Sewage Processing Fees	26,737
Total Intergovernmental Receivables	\$958,883

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

	<u>Restated Balance at 12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 12/31/07</u>
<u>Governmental Activities</u>				
<i>Capital Assets, Not being Depreciated</i>				
Land	\$11,947,776	\$13,256	\$0	\$11,961,032
Construction in Progress	2,137,753	1,045,910	(2,130,553)	1,053,110
Total Capital Assets, Not Being Depreciated	<u>14,085,529</u>	<u>1,059,166</u>	<u>(2,130,553)</u>	<u>13,014,142</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	1,007,892	0	(184,427)	823,465
Buildings and Improvements	5,410,677	101,120	(27,636)	5,484,161
Equipment	1,325,686	56,313	(82,030)	1,299,969
Vehicles	3,360,173	136,490	(144,231)	3,352,432
Infrastructure	33,135,161	5,657,486	0	38,792,647
Total Capital Assets, Being Depreciated	<u>44,239,589</u>	<u>5,951,409</u>	<u>(438,324)</u>	<u>49,752,674</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(447,473)	(35,267)	184,427	(298,313)
Buildings and Improvements	(1,912,388)	(190,896)	27,636	(2,075,648)
Equipment	(860,563)	(73,968)	69,766	(864,765)
Vehicles	(2,191,008)	(204,618)	144,231	(2,251,395)
Infrastructure	(12,250,686)	(2,225,523)	0	(14,476,209)
Total Accumulated Depreciation	<u>(17,662,118)</u>	<u>(2,730,272) *</u>	<u>426,060</u>	<u>(19,966,330)</u>
Total Capital Assets, Being Depreciated, Net	<u>26,577,471</u>	<u>3,221,137</u>	<u>(12,264)</u>	<u>29,786,344</u>
Governmental Activities Capital Assets, Net	<u>\$40,663,000</u>	<u>\$4,280,303</u>	<u>(\$2,142,817)</u>	<u>\$42,800,486</u>

Additions to capital assets being depreciated include \$365,273 in assets transferred from business-type activities.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 10 – CAPITAL ASSETS (continued)

	Balance at 12/31/06	Additions	Deductions	Balance at 12/31/07
<u>Business-Type Activities</u>				
<i>Capital Assets, Not being Depreciated</i>				
Land	\$4,664,384	\$25,000	\$0	\$4,689,384
Construction in Progress	3,369,101	1,322,670	(2,883,384)	1,808,387
Total Capital Assets, Not Being Depreciated	<u>8,033,485</u>	<u>1,347,670</u>	<u>(2,883,384)</u>	<u>6,497,771</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	28,067,624	0	(599,799)	27,467,825
Equipment	6,432,956	118,805	(367,221)	6,184,540
Vehicles	2,453,138	33,756	(338,458)	2,148,436
Infrastructure	75,783,456	8,155,154	(15,151,374)	68,787,236
Total Capital Assets, Being Depreciated	<u>112,737,174</u>	<u>8,307,715</u>	<u>(16,456,852)</u>	<u>104,588,037</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(7,868,893)	(839,810)	119,545	(8,589,158)
Equipment	(5,289,387)	(155,287)	364,408	(5,080,266)
Vehicles	(1,761,630)	(112,361)	304,772	(1,569,219)
Infrastructure	(24,197,814)	(1,903,066)	9,866,376	(16,234,504)
Total Accumulated Depreciation	<u>(39,117,724)</u>	<u>(3,010,524)</u>	<u>10,655,101</u>	<u>(31,473,147)</u>
Total Capital Assets, Being Depreciated, Net	<u>73,619,450</u>	<u>5,297,191</u>	<u>(5,801,751)</u>	<u>73,114,890</u>
Business-Type Activities Capital Assets, Net	<u>\$81,652,935</u>	<u>\$5,322,191</u>	<u>(\$5,801,751)</u>	<u>\$79,612,661</u>

Additions to capital assets being depreciated include \$165,170 in assets transferred from governmental activities.

* Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property:	
Police	\$57,620
Fire	167,004
Community and Economic Development	18,632
Leisure Time Activities	154,739
Transportation	2,272,012
Public Health	33,115
General Government	27,150
Total Depreciation Expense	<u>\$2,730,272</u>

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 – DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional 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 that 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 Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5% of covered payroll, public safety members contributed 9.75%, and law enforcement members contributed 10.1%.

The City's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$422,974, \$489,996 and \$495,963 respectively; 96.52 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$5,497 made by the City and \$3,770 made by the plan members.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension 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 the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City’s contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City’s contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City’s pension contributions to OP&F for police and firefighters were \$224,652 and \$79,375 for the year ended December 31, 2007, \$197,748 and \$47,413 for the year ended December 31, 2006, and \$181,827 and \$45,786 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 77.15 percent has been contributed for police and 72.90 percent has been contributed for firefighters for 2007.

NOTE 12 – POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part b premium reimbursement.

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

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

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 12 – POSTEMPLOYMENT BENEFITS (continued)

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$278,515, \$239,672 and \$207,733 respectively; 96.52 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Police and Firemen's Disability and Pension Fund

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

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

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 12 – POSTEMPLOYMENT BENEFITS (continued)

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

Funding policy – OP&F’s post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees’ primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The City’s contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$118,933 and \$31,060 for the year ended December 31, 2007, \$130,430 and \$22,612 for the year ended December 31, 2006, and \$119,929 and \$21,837 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 77.15 percent has been contributed for police and 72.90 percent has been contributed for firefighters for 2007.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

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

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 13 - OTHER EMPLOYEE BENEFITS (continued)

Accumulated Unpaid Sick Leave

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

Accumulated Unpaid Holiday Pay

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

NOTE 14 - CAPITAL LEASE RECEIVABLE

City-owned land within the Kingsview Industrial Park was leased to Amtex Inc., and Lucas Sumitomo Brakes Inc. The companies are developing the land. The new construction has been granted a tax exemption, although payments in lieu of taxes will be made to the City. See Note 7.

The lease period is thirty years. At the conclusion of the lease period, the companies may purchase the leased properties for \$1. The City has classified these agreements as direct financing capital leases. The lease payments to the City are paid into the Industrial Development Capital Projects Fund and will be used for improvements to the industrial park.

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

<u>December 31,</u>	<u>Amount</u>
2008	\$6,098
2009	6,098
2010	6,098
2011	6,098
2012	6,098
2013-2017	<u>30,490</u>
Total Minimum Lease Payments to be Received	60,980
Less: Amount Representing Unearned Interest	<u>(16,890)</u>
Net Investment in Direct Financing Leases	<u><u>\$44,090</u></u>

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2007, the City contracted with Hylant MacLean for vehicle, property, general liability, multi media, boiler and machinery, police liability and public officials liability insurance.

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

Coverage provided by the insurance follows:

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

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

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

The City has elected to provide employee medical, dental and life insurance benefits through a self insured program. The City maintains a Self-Insurance Internal Service Fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical plan with a \$200 single and \$400 cap per family deductible for City employees. The City also provides a dental plan with a \$50 deductible, a vision plan with a \$500 cap per family per year, and \$40,000 in life insurance. A third party administrator reviews all claims which the City then pays. The City purchases stop-loss coverage for claims in excess of \$60,000 per employee, per occurrence. Klais & Co. was the third party administrator for the year.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 15 - RISK MANAGEMENT (continued)

The City pays into the Self-Insurance Internal Service Fund \$1,218 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 \$173,899 reported in the fund at December 31, 2007, 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. Estimates were calculated by using actual claims reports for several months following the balance sheet date. 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,
2006	\$331,655	\$1,196,689	\$1,395,091	\$133,253
2007	133,253	1,170,636	1,129,990	173,899

NOTE 16 - SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year ended December 31, 2007, follows:

	Balance at January 1, 2007	Increases	Decreases	Balance at December 31, 2007
<u>Governmental Activities</u>				
Special Revenue				
Fire and Life Squad Fund				
Fire Department Improvement, 4.25 %	\$0	\$280,000	\$0	\$280,000
Fire Department Improvement, 5.00 %	840,000	0	840,000	0
Total Governmental	840,000	280,000	840,000	280,000
<u>Business-Type Activities</u>				
Telecommunications Fund				
Telecommunications, 6.00 %	0	750,000	0	750,000
Telecommunications, 5.50 %	750,000	0	750,000	0
Telephone system, 6.00 %	0	1,000,000	0	1,000,000
Telephone system, 5.50 %	1,000,000	0	1,000,000	0
Total Business-Type Activities	1,750,000	1,750,000	1,750,000	1,750,000
Total Governmental and Business-Type Activities	\$2,590,000	\$2,030,000	\$2,590,000	\$2,030,000

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 16 - SHORT-TERM OBLIGATIONS (continued)

The notes are issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. They are backed by the full faith and credit of the City and will mature within one year. The liability for the notes is presented in the fund that received the note proceeds. All proceeds of the short-term notes had been spent as of December 31, 2007.

NOTE 17 - LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2007 follows:

	Balance at January 1, 2007	Increases	Decreases	Balance at December 31, 2007	Amount Due in One Year
<u>Special Assessment Bonds with Governmental Commitment:</u>					
1990 - 7.00% \$438,150 Kingsview/Henkle Drive Improvement	\$96,600	\$0	\$24,150	\$72,450	\$24,150
1991 - 6.45% \$731,080 Deerfield Road Improvement	302,130	0	52,220	249,910	55,950
1993 - 5.75% \$200,000 Henkle Drive Extension	70,000	0	10,000	60,000	10,000
1994 - 5.00% \$54,372 Pleasant Street Improvement	30,715	0	3,546	27,169	3,546
TOTAL - Special Assessment Bonds Payable	<u>499,445</u>	<u>0</u>	<u>89,916</u>	<u>409,529</u>	<u>93,646</u>
<u>Voted General Obligation Bonds:</u>					
1997 - 4.0 to 13.5% \$1,039,224 Library Improvement					
Capital Appreciation Bonds - 13.5%	89,224	0	33,313	55,911	29,233
Accretion on Capital Appreciation Bonds	203,796	41,352	91,687	153,461	95,767
TOTAL - Voted General Obligation Bonds Payable	<u>293,020</u>	<u>41,352</u>	<u>125,000</u>	<u>209,372</u>	<u>125,000</u>
<u>Unvoted General Obligation Bonds:</u>					
1990 - 7.00% \$196,850 Kingsview/Henkle Drive Improvement	43,400	0	10,850	32,550	10,850
1991 - 6.450% \$248,920 Deerfield Road Improvement	102,870	0	17,780	85,090	19,050

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

	Balance at January 1, 2007	Increases	Decreases	Balance at December 31, 2007	Amount Due in One Year
1994 - 5.50% \$175,628 Pleasant Street Improvement	\$99,284	\$0	\$11,454	\$87,830	11,454
1997 - 3.90 to 5.25% \$2,700,000 Miller Road	1,800,000	0	125,000	1,675,000	135,000
2003 - 2.0 to 4.15% \$4,005,000 Road Improvement	3,540,000	0	160,000	3,380,000	165,000
Discount on Debt Issue	(14,254)	0	(838)	(13,416)	
TOTAL - Unvoted General Obligation Bonds Payable	<u>5,571,300</u>	<u>0</u>	<u>324,246</u>	<u>5,247,054</u>	<u>341,354</u>
<u>Other Long-Term Obligations</u>					
2007 - 4.25 % Fire Department Improvement Bond Anticipation Notes \$560,000	0	280,000	0	280,000	0
2007 - 4.25 % Road Improvement Bond Anticipation Notes \$2,000,000	0	2,000,000	0	2,000,000	0
Capital Lease Payable	16,162	0	16,162	0	0
Compensated Absences Payable	921,571	355,503	378,316	898,758	232,184
Police Pension	20,777	0	386	20,391	403
TOTAL -Other Long-Term Obligations	<u>958,510</u>	<u>2,635,503</u>	<u>394,864</u>	<u>3,199,149</u>	<u>232,587</u>
TOTAL - General Long-Term Obligations	<u>\$7,322,275</u>	<u>\$2,676,855</u>	<u>\$934,026</u>	<u>\$9,065,104</u>	<u>\$792,587</u>

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

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.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

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

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

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

The Library Improvement general obligation bonds included serial and capital appreciation bonds in the amounts of \$950,000 and \$89,224, respectively, with interest rates ranging from 4.0% to 13.5%. Capital appreciation bonds matured in 2007 in the amount of \$125,000. The remaining capital appreciation bonds will mature in 2008 and 2009 at \$125,000 and \$130,000, respectively. For 2007, the capital appreciation bonds were accreted \$41,352. The Library Improvement Bond will be paid through the Debt Service Fund with property tax revenue.

The Miller Road general obligation bonds will be paid through the Debt Service Fund with City income tax revenue.

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

On June 29, 2007, the City paid \$280,000 toward the Fire Department Improvement note and reissued the note for \$560,000. On May 30, 2008, the City paid \$280,000 toward the note. Therefore, the \$560,000 note liability will be split with \$280,000 presented as a long-term liability and \$280,000 presented as a fund liability in the fund financial statements.

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

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

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

Changes in the long-term obligations reported in business-type activities of the City during 2007 were as follows:

	Balance at January 1, 2007	Increases	Decreases	Balance at December 31, 2007	Amounts Due in One Year
<u>Mortgage Revenue Bonds</u>					
1999 - 4.9 to 5.35% \$8,830,000					
Sanitary Sewer	\$820,000	\$0	\$260,000	\$560,000	\$275,000
2006 - 4.00 to 5.00% \$10,690,000					
Sewer System Improvement					
Refunding	10,690,000	0	170,000	10,520,000	170,000
Premium on Debt Issue	58,442	0	3,247	55,195	
Deferred Loss on Refunding	(333,959)	0	(18,553)	(315,406)	
1997 - 4.0 to 4.8% \$1,915,000					
Sanitary Sewer	390,000	0	190,000	200,000	200,000
Deferred Loss on Refunding	(38,364)	0	(19,180)	(19,184)	
1999 - 3.75 to 5.3% \$10,180,000					
Water System Improvement					
Refunding	7,605,000	0	430,000	7,175,000	445,000
Deferred Loss on Refunding	(16,311)	0	(8,157)	(8,154)	
2006 - 3.75 to 4.50% \$18,170,000					
Electric System Refunding	17,235,000	0	950,000	16,285,000	990,000
Premium on Debt Issue	145,199	0	9,680	135,519	
Deferred Loss on Refunding	(1,024,161)	0	(68,277)	(955,884)	
TOTAL - Mortgage Revenue Bonds Payable	35,530,846	0	1,898,760	33,632,086	2,080,000
Electric System Improvement, 4.25%					
Bond Anticipation Notes	0	4,000,000	0	4,000,000	0
Capital Lease Payable	617,607	0	617,607	0	0
Compensated Absences Payable	224,369	134,662	132,348	226,683	55,891
TOTAL - Enterprise Funds	<u>\$36,372,822</u>	<u>\$4,134,662</u>	<u>\$2,648,715</u>	<u>\$37,858,769</u>	<u>\$2,135,891</u>

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

During 1999, the City issued sanitary sewer mortgage revenue bonds in the amount of \$8,830,000. The proceeds were used to pay for sewer system improvements. A portion of the proceeds were used to pay off a \$500,000 note.

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

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

The City has pledged future revenues, net of operating expenses, to repay the sewer system mortgage revenue bonds in the City Sewer fund. The debt is payable solely from net revenues and is payable through 2026. Annual principal and interest payments on the debt issues are expected to require 57 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$16,792,011. Principal and interest paid for the current year were \$1,123,030. Total net revenues were \$1,969,775.

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

The City has pledged future revenues, net of operating expenses, to repay the water system mortgage revenue bonds in the City Water fund. The debt is payable solely from net revenues and is payable through 2024. Annual principal and interest payments on the debt issues are expected to require 55 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$10,884,512. Principal and interest paid for the current year were \$810,970. Total net revenues were \$1,468,427.

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

The City has pledged future revenues, net of operating expenses, to repay the electric system mortgage revenue bonds in the City Sewer 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 34 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$21,355,790. Principal and interest paid for the current year were \$1,645,938. Total net revenues were \$4,890,421.

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

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

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

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

Capital leases were paid from the Telecommunication Fund.

In prior years, the City has defeased Electric and Sewer System Improvement Mortgage Revenue Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the City's financial statements. As of December 31, 2007, \$10,825,000 and \$6,450,000 of the electric and sewer bonds were unmatured and unpaid.

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

As of December 31, 2007, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$45,021,810 and the unvoted debt margin was \$22,241,688.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2007, were:

Year	Governmental Activities						Business-Type Activities	
	Special Assessment Bonds		General Obligation Bonds		Capital Appreciation Bonds		Mortgage Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$93,646	\$26,272	\$341,355	\$217,850	\$29,233	\$95,767	\$2,080,000	\$1,831,875
2009	97,376	20,185	352,625	204,954	26,678	103,322	1,775,000	1,743,920
2010	101,106	13,857	363,895	190,970	0	0	1,850,000	1,329,112
2011	84,416	7,289	370,585	175,951	0	0	1,920,000	1,253,462
2012	13,546	1,930	356,455	160,377			2,005,000	1,177,402
2013-2017	19,439	1,426	1,985,555	560,998	0	0	10,985,000	4,570,467
2018-2022	0	0	1,220,000	205,108	0	0	10,765,000	2,108,003
2023-2026	0	0	270,000	11,205	0	0	3,360,000	278,072
Totals	<u>\$409,529</u>	<u>\$70,959</u>	<u>\$5,260,470</u>	<u>\$1,727,413</u>	<u>\$55,911</u>	<u>\$199,089</u>	<u>\$34,740,000</u>	<u>\$14,292,313</u>

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 18 - INTERFUND ASSETS/LIABILITIES

Individual fund interfund asset and liability balances at December 31, 2007, were as follows:

Interfund Receivable/Payable

The Auto Maintenance Internal Service Fund had interfund receivables for services provided to those funds. The Sewer Fund had an interfund receivable for the misposting of receipts to the Water Fund. These monies are expected to be repaid within one year.

	Receivable			
	Governmental Activities Internal			
	Service	Sewer	Total	
Payable	General	\$1,258	\$0	\$1,258
	Fire and Life Squad	216	0	216
	All Other Governmental Funds	1,230	0	1,230
	Electric	1,027	0	1,027
	Sewer	191	0	191
	Water	48	17,300	17,348
	Storm Water Utility	8	0	8
	Total	<u>\$3,978</u>	<u>\$17,300</u>	<u>\$21,278</u>

Advances From/To Other Funds

When the Telecommunications Fund was established in 2001, the City advanced monies from the Electric Fund as a beginning balance. During 2005 and 2006, the Telecommunications Fund began repaying this advance to the Electric Fund.

In addition, the Electric Fund advanced monies to the Telecommunications Fund for interest and principal payments that were to be paid from the Telecommunications Fund.

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

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 18 - INTERFUND ASSETS/LIABILITIES (continued)

		Advances From		
		General	Electric	Total
Advances To	All Other Governmental Funds	\$1,337,995	\$0	\$1,337,995
	Telecommunications	0	3,546,158	3,546,158
	Total	\$1,337,995	\$3,546,158	\$4,884,153

Transfers From/To Other Funds

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

Transfers to the General, All Other Governmental and Electric Funds from All Other Governmental Funds are related to the transfer of tax increment financing revenues to reimburse funds that initially funded project costs. Transfers to the General Fund from the Electric Fund were for purchases of supplies and materials. Transfers from the General Fund to All Other Governmental Funds were made according to a City ordinance, which requires matching of revenues in these funds and for principal and interest payments for required debt service payments. Transfers from the Capital Improvement Fund to All Other Governmental Funds were for State Issue II construction projects. Transfers from the All Other Governmental Funds to the Capital Improvement Fund were made to transfer unrestricted income tax revenues to fund capital project costs. This transfer was approved by City Council to eliminate interfund advances recorded in prior years, in order to provide permanent funding for the project. Transfers to the Sewer, Water and Storm Water Utility Funds from the Storm Water Utility and Water Funds were related to capital assets. Transfers from the General Fund to the Telecom Fund were made to pay off outstanding capital lease liabilities. Transfers to the Electric Fund from the Telecommunications Fund were made for payments on debt. These two transfers are presented as part of Loss From Discontinued Segments of Telecommunications Operations on the Statement of Revenues, Expenses and Changes in Fund Net Assets. Therefore, transfers between fund statements and the Statement of Activities do not equal.

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 18 - INTERFUND ASSETS/LIABILITIES (continued)

		Transfers To								
		General	Capital Improvement	All Other Governmental	Electric	Telecom	Sewer	Water	Storm Water Utility	Total
Transfers From	General	\$0	\$0	\$150,469	\$0	\$601,000	\$0	\$0	\$0	\$751,469
	Capital Improvement	0	0	1,330,000	0	0	0	0	0	1,330,000
	All Other Governmental	57,495	800,000	191,943	13,752	0	0	0	0	1,063,190
	Electric	21,220	0	0	0	0	0	0	0	21,220
	Telecom	0	0	0	135,280	0	0	0	0	135,280
	Water	0	0	0	0	0	0	0	5,362	5,362
	Storm Water Utility	0	0	0	0	0	19,528	27,359	0	46,887
	Total	\$78,715	\$800,000	\$1,672,412	\$149,032	\$601,000	\$19,528	\$27,359	\$5,362	\$3,353,408

During 2007, governmental activities provided capital assets to the business-type activities in the amount of \$165,170, which is recorded as transfers in/out on the Statement of Activities. The Electric, Water and Storm Water Utility Funds provided capital assets to the governmental funds in the amounts of \$40,472, \$65,877 and \$258,924, respectively. Therefore, transfers in and out do not equal.

NOTE 19 – SIGNIFICANT CONTRACTUAL OBLIGATIONS

The City of Lebanon has entered into the following contracts as of December 31, 2007:

Contractor	Purpose	Amount Remaining
MK Power Solutions	Warren Substation Expansion	\$49,727
R.A. Miller Construction	Concrete Repair and Replacement	30,826
SK Construction	Justice Drive Reconstruction	35,695
SK Construction	Storm Sewer Phase One	362,402
John R. Jurgensen	ODOT Urban Paving Project	122,126
Laura Construction	Markey Road Water Main Extension	82,859
Barrett Paving	Street Resurfacing and Pavement Repair	225,504
HD Water Service	Well Cleaning	13,394
Hamby Young	Warren Substation - Major Equipment	281,843
HD Supply Utilites	Warren Substation - Power Control Room	1,271,265
GPD Group	AEP Interconnect Substation	156,290
MSI Design	Update 2004 Comprehensive Plan	138,402
FTC&H	Miller and Cook Roads Improvements	88,963
HDR Engineering	State Routes 123 and 63 Connector	126,000
Brandstetter Carroll	Broadway and Mulberry Streetscape Project	11,087

CITY OF LEBANON, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 20 – CAPITAL LEASES – LESSEE DISCLOSURE

In prior years, the City has 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 five 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 \$73,547 in the governmental activities and \$718,605 in the business type activities which equaled the present value of the future minimum lease payments at the time of acquisition. The business type activities capital lease was paid off prior to the related assets being turned over to Cincinnati Bell as part of the purchase of the telecommunications system during the year. Therefore, only capital assets related to governmental activities capital leases remain on the City’s financial statements at year end. Principal payments in 2007 totaled \$16,162 in the governmental funds and \$617,107 in the business type activities.

	Governmental Activities
Asset:	
Equipment	\$73,547
Less: Accumulated depreciation	(44,770)
Total	\$28,777

NOTE 21 - JOINTLY GOVERNED ORGANIZATION

Warren County Combined Health District

The Warren County Combined Health District, a jointly governed organization, provides health services to the citizens within the County. The Board of Health, which consists of a representative from each of the participating governments, including the City, oversees the operation of the District. The City contributed \$10,810 during 2007 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers. You may obtain financial information from Brenda Jacobs at the Warren County Combined Health District, 416 S. East Street, Lebanon, Ohio 45036.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 22 - ACCOUNTABILITY

Accountability

At year end, the Industrial Development Capital Projects Fund had a deficit fund balance of \$1,185,351. The deficit fund balance is a result of the application of generally accepted accounting principles to the financial reporting of this fund. Advances (long term and current) from other funds are not recognized as other financing sources, but rather as a fund liability. The deficit will be eliminated when the advance is repaid. The Telecommunications Enterprise Fund had deficit net assets of \$988,079.

The Telecommunications Fund deficit is due to advances from the Electric Fund for the payment of debt, advances for equipment for the telephone program and startup monies for basic operations. The City is addressing this issue by going to court to obtain permission to transfer funds to alleviate the deficit.

Compliance

The City had appropriations in excess of estimated receipts plus available balances in the Community Development and Parks and Recreation Special Revenue Funds and the Telecommunications Fund in the amounts of \$125,170, \$66,837, and \$2,991,473, respectively.

The City will monitor budgetary controls more closely to ensure that appropriation do not exceed estimated receipts plus available balances.

NOTE 23 – DISCONTINUED OPERATIONS

On March 1, 2007, the City of Lebanon sold its internet, cable, and telephone segments of telecommunications operations to Cincinnati Bell. As part of the agreement Cincinnati Bell paid the City of Lebanon \$4,620,000 for capital assets valued at \$5,551,359, materials and supplies inventory valued at \$204,711, prepaid items valued at \$10,037, accounts receivable valued at \$491,148. Cincinnati Bell assumed accounts payable valued at \$380,176. In addition, the City established an accounts receivable for \$4,000,000 to be received from Cincinnati Bell over a period of 24 years commencing on the first anniversary of the closing date in consideration for non-competition for the next 25 years.

CITY OF LEBANON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 24 - CONTINGENT LIABILITIES

Litigation

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

Federal and State Grants

For the period January 1, 2007, to December 31, 2007, the City received state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 25 – SUBSEQUENT EVENTS

On May 30, 2008 the City paid \$280,000 toward the Fire Department Improvement note and refinanced the remaining \$280,000.

On May 29, 2008, the City issued bonds to retire the entire \$2,000,000 road improvement bond anticipation note and refund the \$1,675,000 Miller Road general obligation bonds. The City also bonded the \$4,000,000 electric system improvement bond anticipation note.

CITY OF LEBANON, OHIO

NONMAJOR FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

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

NONMAJOR SPECIAL REVENUE FUNDS

Cemetery

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

Community Development

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

Court

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

Park/Recreation Impact Fee

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

Parks and Recreation

To account for donations for parks and recreation.

Tax Increment Financing

To account for payments received in lieu of taxes on property granted a tax exemption by the City.

Transportation

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

NONMAJOR DEBT SERVICE FUND

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

(Continued)

CITY OF LEBANON, OHIO

NONMAJOR FUND DESCRIPTIONS
(Continued)

CAPITAL PROJECTS FUNDS

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

NONMAJOR CAPITAL PROJECTS FUNDS

Cemetery Improvement

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

State Issue II

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

Industrial Development

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

**CITY OF LEBANON, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$3,495,881	\$4,948,210	\$1,511,789	\$9,955,880
Cash and Cash Equivalents with Fiscal Agents	194,785	105	0	194,890
Materials and Supplies Inventory	93,320	0	0	93,320
Accrued Interest Receivable	1,358	13,641	0	14,999
Intergovernmental Receivable	548,459	3,776	0	552,235
Prepaid Items	8,742	0	0	8,742
Income Taxes Receivables	0	126,136	0	126,136
Property Taxes Receivable	0	43,222	0	43,222
Revenue in Lieu of Taxes Receivable	1,235,888	0	0	1,235,888
Special Assessments Receivable	0	438,283	0	438,283
Capital Lease Receivable	0	0	44,090	44,090
Total Assets	<u>\$5,578,433</u>	<u>\$5,573,373</u>	<u>\$1,555,879</u>	<u>\$12,707,685</u>
Liabilities:				
Accounts Payable	\$13,071	\$0	\$0	\$13,071
Accrued Wages	16,797	0	0	16,797
Intergovernmental Payable	282,862	0	0	282,862
Matured Interest Payable	0	105	0	105
Interfund Payable	1,230	0	0	1,230
Deferred Revenue	1,453,429	577,293	44,090	2,074,812
Advances from Other Funds	0	0	1,337,995	1,337,995
Total Liabilities	<u>1,767,389</u>	<u>577,398</u>	<u>1,382,085</u>	<u>3,726,872</u>
Fund Balances:				
Reserved:				
Reserved for Encumbrances	129,114	0	1,189,421	1,318,535
Unreserved, Undesignated Reported in:				
Special Revenue Funds	3,681,930	0	0	3,681,930
Debt Service Fund	0	4,995,975	0	4,995,975
Capital Projects Funds (Deficit)	0	0	(1,015,627)	(1,015,627)
Total Fund Balances	<u>3,811,044</u>	<u>4,995,975</u>	<u>173,794</u>	<u>8,980,813</u>
Total Liabilities and Fund Balances	<u>\$5,578,433</u>	<u>\$5,573,373</u>	<u>\$1,555,879</u>	<u>\$12,707,685</u>

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$0	\$42,244	\$0	\$42,244
Income Taxes	0	780,731	0	780,731
Other Local Taxes	43,956	0	0	43,956
Payments in Lieu of Taxes	1,235,888	0	0	1,235,888
Special Assessments	0	82,753	0	82,753
Charges for Services	120,189	0	7,600	127,789
Fines, Licenses and Permits	59,803	0	0	59,803
Intergovernmental	1,053,618	3,925	0	1,057,543
Interest	25,011	269,844	533	295,388
Other	20,541	0	6,098	26,639
Total Revenues	2,559,006	1,179,497	14,231	3,752,734
Expenditures:				
Current:				
General Government	49,256	0	0	49,256
Security of Persons and Property:				
Police	24,574	0	0	24,574
Public Health Services	185,192	0	3,663	188,855
Leisure Time Services	126,289	0	0	126,289
Community and Economic Development	300,584	0	15,756	316,340
Transportation	973,054	0	0	973,054
Capital Outlay	568,435	0	4,443	572,878
Debt Service:				
Principal Retirement	0	448,313	0	448,313
Interest and Fiscal Charges	0	262,615	0	262,615
Interest Paid on Capital Appreciation Bonds	0	91,687	0	91,687
Total Expenditures	2,227,384	802,615	23,862	3,053,861
Excess of Revenues Over (Under) Expenditures	331,622	376,882	(9,631)	698,873
Other Financing Sources (Uses):				
Transfers In	270,469	42,500	1,359,443	1,672,412
Transfers Out	(263,190)	(800,000)	0	(1,063,190)
Total Other Financing Sources (Uses)	7,279	(757,500)	1,359,443	609,222
Net Change in Fund Balances	338,901	(380,618)	1,349,812	1,308,095
Fund Balances (Deficit) at Beginning of Year	3,472,143	5,376,593	(1,176,018)	7,672,718
Fund Balances at End of Year	\$3,811,044	\$4,995,975	\$173,794	\$8,980,813

**CITY OF LEBANON, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2007**

	<u>Cemetery</u>	<u>Community Development</u>	<u>Court</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$471,970	\$2,124	\$418,151
Cash and Cash Equivalents with Fiscal Agents	0	194,785	0
Materials and Supplies Inventory	2,291	0	311
Accrued Interest Receivable	1,358	0	0
Intergovernmental Receivable	15,000	0	0
Prepaid Items	1,362	0	0
Revenue in Lieu of Taxes Receivable	0	0	0
Total Assets	<u><u>\$491,981</u></u>	<u><u>\$196,909</u></u>	<u><u>\$418,462</u></u>
Liabilities:			
Accounts Payable	\$498	\$0	\$1,253
Accrued Wages	2,625	0	0
Intergovernmental Payable	1,792	0	0
Interfund Payable	46	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>4,961</u>	<u>0</u>	<u>1,253</u>
Fund Balances:			
Reserved:			
Reserved for Encumbrances	2,367	0	0
Unreserved, Undesignated	484,653	196,909	417,209
Total Fund Balances	<u>487,020</u>	<u>196,909</u>	<u>417,209</u>
Total Liabilities and Fund Balances	<u><u>\$491,981</u></u>	<u><u>\$196,909</u></u>	<u><u>\$418,462</u></u>

<u>Park/Recreation Impact Fee</u>	<u>Parks and Recreation</u>	<u>Tax Increment Financing</u>	<u>Transportation</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$129,059	\$11,095	\$1,676,814	\$786,668	\$3,495,881
0	0	0	0	194,785
0	0	0	90,718	93,320
0	0	0	0	1,358
0	0	0	533,459	548,459
0	0	0	7,380	8,742
0	0	1,235,888	0	1,235,888
<u>\$129,059</u>	<u>\$11,095</u>	<u>\$2,912,702</u>	<u>\$1,418,225</u>	<u>\$5,578,433</u>
\$0	\$938	\$0	\$10,382	\$13,071
0	0	0	14,172	16,797
0	467	272,631	7,972	282,862
0	109	0	1,075	1,230
0	0	1,005,007	448,422	1,453,429
<u>0</u>	<u>1,514</u>	<u>1,277,638</u>	<u>482,023</u>	<u>1,767,389</u>
0	6,742	0	120,005	129,114
<u>129,059</u>	<u>2,839</u>	<u>1,635,064</u>	<u>816,197</u>	<u>3,681,930</u>
<u>129,059</u>	<u>9,581</u>	<u>1,635,064</u>	<u>936,202</u>	<u>3,811,044</u>
<u>\$129,059</u>	<u>\$11,095</u>	<u>\$2,912,702</u>	<u>\$1,418,225</u>	<u>\$5,578,433</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, 2007

	Cemetery	Community Development	Court	Park/Recreation Impact Fee
Revenues:				
Other Local Taxes	\$0	\$0	\$0	\$0
Payments in Lieu of Taxes	0	0	0	0
Charges for Services	110,195	0	4,994	0
Fines, Licenses and Permits	0	0	23,456	16,926
Intergovernmental	30,000	0	2,813	0
Interest	24,056	869	0	0
Other	0	0	19,409	0
Total Revenues	<u>164,251</u>	<u>869</u>	<u>50,672</u>	<u>16,926</u>
Expenditures:				
Current:				
General Government	0	0	49,256	0
Security of Persons and Property:				
Police	0	0	24,574	0
Public Health Services	185,192	0	0	0
Leisure Time Services	0	0	0	0
Community and Economic Development	0	735	0	0
Transportation	0	0	0	0
Capital Outlay	0	129,706	9,184	0
Total Expenditures	<u>185,192</u>	<u>130,441</u>	<u>83,014</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(20,941)</u>	<u>(129,572)</u>	<u>(32,342)</u>	<u>16,926</u>
Other Financing Sources (Uses):				
Transfers In	56,019	130,000	0	35,325
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>56,019</u>	<u>130,000</u>	<u>0</u>	<u>35,325</u>
Net Change in Fund Balances	35,078	428	(32,342)	52,251
Fund Balances at Beginning of Year	<u>451,942</u>	<u>196,481</u>	<u>449,551</u>	<u>76,808</u>
Fund Balances at End of Year	<u><u>\$487,020</u></u>	<u><u>\$196,909</u></u>	<u><u>\$417,209</u></u>	<u><u>\$129,059</u></u>

<u>Parks and Recreation</u>	<u>Tax Increment Financing</u>	<u>Transportation</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$0	\$0	\$43,956	\$43,956
0	1,235,888	0	1,235,888
0	0	5,000	120,189
0	0	19,421	59,803
16,105	0	1,004,700	1,053,618
0	0	86	25,011
0	0	1,132	20,541
<u>16,105</u>	<u>1,235,888</u>	<u>1,074,295</u>	<u>2,559,006</u>
0	0	0	49,256
0	0	0	24,574
0	0	0	185,192
126,289	0	0	126,289
0	299,849	0	300,584
0	0	973,054	973,054
0	0	429,545	568,435
<u>126,289</u>	<u>299,849</u>	<u>1,402,599</u>	<u>2,227,384</u>
<u>(110,184)</u>	<u>936,039</u>	<u>(328,304)</u>	<u>331,622</u>
35,325	0	13,800	270,469
0	(263,190)	0	(263,190)
<u>35,325</u>	<u>(263,190)</u>	<u>13,800</u>	<u>7,279</u>
(74,859)	672,849	(314,504)	338,901
<u>84,440</u>	<u>962,215</u>	<u>1,250,706</u>	<u>3,472,143</u>
<u>\$9,581</u>	<u>\$1,635,064</u>	<u>\$936,202</u>	<u>\$3,811,044</u>

**CITY OF LEBANON, OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2007**

	Cemetery Improvement	State Issue II	Industrial Development	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$58,978	\$1,300,167	\$152,644	\$1,511,789
Capital Lease Receivable	0	0	44,090	44,090
Total Assets	\$58,978	\$1,300,167	\$196,734	\$1,555,879
Liabilities:				
Deferred Revenue	\$0	\$0	\$44,090	\$44,090
Advances From Other Funds	0	0	1,337,995	1,337,995
Total Liabilities	0	0	1,382,085	1,382,085
Fund Balances:				
Reserved:				
Reserved for Encumbrances	1,137	1,188,284	0	1,189,421
Unreserved, Undesignated (Deficit)	57,841	111,883	(1,185,351)	(1,015,627)
Total Fund Balances (Deficit)	58,978	1,300,167	(1,185,351)	173,794
Total Liabilities and Fund Balances	\$58,978	\$1,300,167	\$196,734	\$1,555,879

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Cemetery Improvement	State Issue II	Industrial Development	Total Nonmajor Capital Projects Funds
Revenues:				
Charges for Services	\$7,600	\$0	\$0	\$7,600
Interest	0	0	533	533
Other	0	0	6,098	6,098
Total Revenues	<u>7,600</u>	<u>0</u>	<u>6,631</u>	<u>14,231</u>
Expenditures:				
Current:				
Public Health Services	3,663	0	0	3,663
Community and Economic Development	0	0	15,756	15,756
Capital Outlay	0	4,443	0	4,443
Total Expenditures	<u>3,663</u>	<u>4,443</u>	<u>15,756</u>	<u>23,862</u>
Excess of Revenues Over (Under) Expenditures	3,937	(4,443)	(9,125)	(9,631)
Other Financing Sources:				
Transfers In	0	1,200,000	159,443	1,359,443
Net Change in Fund Balances	3,937	1,195,557	150,318	1,349,812
Fund Balances (Deficit) at Beginning of Year	<u>55,041</u>	<u>104,610</u>	<u>(1,335,669)</u>	<u>(1,176,018)</u>
Fund Balances (Deficit) at End of Year	<u><u>\$58,978</u></u>	<u><u>\$1,300,167</u></u>	<u><u>(\$1,185,351)</u></u>	<u><u>\$173,794</u></u>

INTERNAL SERVICE FUNDS

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

Automotive Maintenance

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

Self-Insurance

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

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2007

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$66,917	\$1,412,170	\$1,479,087
Materials and Supplies Inventory	1,796	0	1,796
Accrued Interest Receivable	0	4,486	4,486
Interfund Receivable	3,978	0	3,978
Prepaid Items	1,509	0	1,509
 Total Current Assets	 74,200	 1,416,656	 1,490,856
Noncurrent Assets:			
Nondepreciable Capital Assets	64,666	0	64,666
 Total Assets	 138,866	 1,416,656	 1,555,522
Liabilities:			
Current Liabilities:			
Accounts Payable	181	0	181
Accrued Wages	2,967	0	2,967
Intergovernmental Payable	1,743	0	1,743
Claims Payable	0	173,899	173,899
Compensated Absences Payable	5,465	0	5,465
 Total Current Liabilities	 10,356	 173,899	 184,255
Long-term Liabilities:			
Compensated Absences Payable	21,223	0	21,223
 Total Liabilities	 31,579	 173,899	 205,478
Net Assets:			
Invested in Capital Assets	64,666	0	64,666
Unrestricted	42,621	1,242,757	1,285,378
 Total Net Assets	 \$107,287	 \$1,242,757	 \$1,350,044

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$149,631	\$2,327,349	\$2,476,980
Other	<u>0</u>	<u>100,894</u>	<u>100,894</u>
Total Operating Revenues	<u>149,631</u>	<u>2,428,243</u>	<u>2,577,874</u>
Operating Expenses:			
Personal Services	136,038	0	136,038
Contractual Services	6,438	584,940	591,378
Supplies and Materials	8,668	0	8,668
Claims	<u>0</u>	<u>1,170,636</u>	<u>1,170,636</u>
Total Operating Expenses	<u>151,144</u>	<u>1,755,576</u>	<u>1,906,720</u>
Operating Income	(1,513)	672,667	671,154
Non-Operating Revenues:			
Interest	<u>0</u>	<u>61,382</u>	<u>61,382</u>
Change in Net Assets	(1,513)	734,049	732,536
Net Asset at Beginning of Year	<u>108,800</u>	<u>508,708</u>	<u>617,508</u>
Net Assets at End of Year	<u><u>\$107,287</u></u>	<u><u>\$1,242,757</u></u>	<u><u>\$1,350,044</u></u>

**CITY OF LEBANON, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Automotive Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Payments for Employee Services and Benefits	(\$135,422)	\$0	(\$135,422)
Cash Payments to Suppliers for Goods and Services	(15,828)	(584,940)	(600,768)
Cash Payments for Employee Medical, Dental and Life Insurance Claims	0	(1,129,990)	(1,129,990)
Cash Received from Interfund Services Provided	149,994	2,327,349	2,477,343
Other Operating Revenues	0	100,894	100,894
Net Cash Provided by (Used for) Operating Activities	(1,256)	713,313	712,057
Cash Flows from Investing Activities:			
Interest	0	56,896	56,896
Net Increase (Decrease) in Cash and Cash Equivalents	(1,256)	770,209	768,953
Cash and Cash Equivalents Beginning of Year	68,173	641,961	710,134
Cash and Cash Equivalents End of Year	\$66,917	\$1,412,170	\$1,479,087
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	(\$1,513)	\$672,667	\$671,154
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Changes in Assets and Liabilities:			
Decrease in Interfund Receivable	363	0	363
Increase in Materials and Supplies Inventory	(61)	0	(61)
Increase in Prepaids Items	(618)	0	(618)
Decrease in Accounts Payable	(43)	0	(43)
Increase in Claims Payable	0	40,646	40,646
Increase in Accrued Wages Payable	802	0	802
Decrease in Intergovernmental Payable	(1,861)	0	(1,861)
Increase in Compensated Absences Payable	1,675	0	1,675
Net Cash Provided by (Used for) Operating Activities	(1,256)	\$713,313	\$712,057

AGENCY FUNDS

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

Fire Insurance Collection

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

Cincinnati Bell

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

Municipal Court

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

CITY OF LEBANON, OHIO
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2007

	Fire Insurance Collection	Cincinnati Bell	Municipal Court	Total
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$21,000	\$33,866	\$0	\$54,866
Cash and Cash Equivalents in Segregated Accounts	0	0	44,257	44,257
Total Assets	<u>\$21,000</u>	<u>\$33,866</u>	<u>\$44,257</u>	<u>\$99,123</u>
Liabilities:				
Intergovernmental Payable	\$0	\$0	\$20,774	\$20,774
Undistributed Monies	21,000	33,866	23,483	78,349
Total Liabilities	<u>\$21,000</u>	<u>\$33,866</u>	<u>\$44,257</u>	<u>\$99,123</u>

**CITY OF LEBANON, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Balance 1/1/07	Additions	Reductions	Balance 12/31/07
FIRE INSURANCE COLLECTION				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$21,000	\$29,600	\$29,600	\$21,000
Liabilities:				
Undistributed Monies	\$21,000	\$29,600	\$29,600	\$21,000
CINCINNATI BELL				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$5,225,260	\$5,191,394	\$33,866
Liabilities:				
Undistributed Monies	\$0	\$5,225,260	\$5,191,394	\$33,866
MUNICIPAL COURT				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$36,841	\$44,257	\$36,841	\$44,257
Liabilities:				
Intergovernmental Payable	\$21,253	\$20,774	\$21,253	\$20,774
Undistributed Monies	15,588	23,483	15,588	23,483
Total Liabilities	\$36,841	\$44,257	\$36,841	\$44,257
TOTAL - ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$21,000	\$5,254,860	\$5,220,994	\$54,866
Cash and Cash Equivalents in Segregated Accounts	36,841	44,257	36,841	44,257
Total Assets	\$57,841	\$5,299,117	\$5,257,835	\$99,123
Liabilities:				
Intergovernmental Payable	\$21,253	\$20,774	\$21,253	\$20,774
Undistributed Monies	36,588	5,278,343	5,236,582	78,349
Total Liabilities	\$57,841	\$5,299,117	\$5,257,835	\$99,123

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$1,350,025	\$1,350,025	\$1,273,964	(\$76,061)
Income Taxes	2,730,545	2,805,051	2,805,051	0
Other Local Taxes	1,230,000	1,230,000	1,187,388	(42,612)
Charges for Services	1,818,000	1,818,000	1,829,911	11,911
Licenses and Permits	1,078,550	1,078,550	835,368	(243,182)
Intergovernmental	801,500	1,130,088	1,130,088	0
Interest	276,000	699,738	783,686	83,948
Contributions and Donations	1,500	10,345	10,345	0
Other	63,300	53,178	304,263	251,085
Total Revenues	9,349,420	10,174,975	10,160,064	(14,911)
Expenditures:				
Current:				
General Government				
Legislative				
Personal Services	53,560	53,560	53,303	257
Contractual Services	49,100	54,363	48,569	5,794
Supplies and Materials	750	750	576	174
Total Legislative	103,410	108,673	102,448	6,225
City Manager				
Personal Services	512,672	527,822	526,898	924
Contractual Services	89,585	94,550	69,733	24,817
Supplies and Materials	9,000	9,971	5,395	4,576
Total City Manager	611,257	632,343	602,026	30,317
Personnel				
Personal Services	131,757	132,207	131,201	1,006
Contractual Services	52,500	45,309	37,453	7,856
Supplies and Materials	2,250	2,250	2,087	163
Total Personnel	186,507	179,766	170,741	9,025
Department of Service				
Personal Services	340,345	339,583	325,601	13,982
Contractual Services	292,953	182,798	182,226	572
Supplies and Materials	3,400	5,239	5,237	2
Total Department of Service	636,698	527,620	513,064	14,556
Information Technology				
Personal Services	170,007	170,132	168,562	1,570
Contractual Services	78,868	82,004	81,997	7
Supplies and Materials	5,200	5,471	4,774	697
Total Information Technology	254,075	257,607	255,333	2,274
Finance				
Personal Services	441,145	441,145	439,107	2,038
Contractual Services	95,059	96,116	92,061	4,055
Supplies and Materials	2,000	5,062	4,479	583
Total Finance	538,204	542,323	535,647	6,676
Income Tax				
Personal Services	176,122	176,122	175,120	1,002
Contractual Services	10,550	12,050	10,930	1,120
Supplies and Materials	14,535	14,795	10,728	4,067
Refunds	80,000	118,800	118,740	60
Total Income Tax	281,207	321,767	315,518	6,249

(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, 2007
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Law				
Personal Services	\$257,275	\$256,275	\$190,760	\$65,515
Contractual Services	188,725	1,210,943	1,134,605	76,338
Supplies and Materials	2,600	1,855	954	901
Total Law	<u>448,600</u>	<u>1,469,073</u>	<u>1,326,319</u>	<u>142,754</u>
Municipal Court				
Personal Services	567,263	565,263	520,729	44,534
Contractual Services	108,050	119,161	106,440	12,721
Supplies and Materials	15,000	15,251	8,783	6,468
Total Municipal Court	<u>690,313</u>	<u>699,675</u>	<u>635,952</u>	<u>63,723</u>
Parking System				
Contractual Services	7,500	7,500	4,480	3,020
Supplies and Materials	1,500	1,500	1,001	499
Total Parking System	<u>9,000</u>	<u>9,000</u>	<u>5,481</u>	<u>3,519</u>
Planning				
Personal Services	2,500	2,500	354	2,146
Total Planning	<u>2,500</u>	<u>2,500</u>	<u>354</u>	<u>2,146</u>
Probation				
Personal Services	137,300	137,300	132,391	4,909
Contractual Services	11,450	11,550	7,647	3,903
Supplies and Materials	3,600	7,507	4,815	2,692
Total Probation	<u>152,350</u>	<u>156,357</u>	<u>144,853</u>	<u>11,504</u>
Building Maintenance				
Personal Services	195,425	195,425	190,967	4,458
Contractual Services	98,935	107,323	82,808	24,515
Supplies and Materials	10,300	12,164	12,140	24
Total Building Maintenance	<u>304,660</u>	<u>314,912</u>	<u>285,915</u>	<u>28,997</u>
Other General Government				
Contractual Services	88,000	113,614	107,860	5,754
Supplies and Materials	5,000	5,000	3,098	1,902
Total Other General Government	<u>93,000</u>	<u>118,614</u>	<u>110,958</u>	<u>7,656</u>
Total General Government	<u>4,311,781</u>	<u>5,340,230</u>	<u>5,004,609</u>	<u>335,621</u>
Security of Persons and Property				
Police				
Personal Services	3,466,429	3,510,436	3,353,226	157,210
Contractual Services	348,350	386,512	325,078	61,434
Supplies and Materials	134,077	141,828	124,014	17,814
Capital Outlay	0	25,000	20,446	4,554
Total Security of Persons and Property	<u>3,948,856</u>	<u>4,063,776</u>	<u>3,822,764</u>	<u>241,012</u>
Leisure Time Services				
Recreation Programs				
Personal Services	85,561	105,361	99,671	5,690
Contractual Services	95,621	196,496	181,915	14,581
Supplies and Materials	3,500	35,367	35,230	137
Total Leisure Time Services	<u>184,682</u>	<u>337,224</u>	<u>316,816</u>	<u>20,408</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, 2007
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Community and Economic Development				
Planning and Development				
Personal Services	\$279,696	\$279,696	\$277,906	\$1,790
Contractual Services	49,565	127,712	123,533	4,179
Supplies and Materials	4,200	6,178	5,458	720
Total Planning and Development	<u>333,461</u>	<u>413,586</u>	<u>406,897</u>	<u>6,689</u>
Building and Zoning				
Personal Services	0	2,112	2,112	0
Contractual Services	0	28,622	28,622	0
Total Building and Zoning	<u>0</u>	<u>30,734</u>	<u>30,734</u>	<u>0</u>
Engineer Services				
Personal Services	271,623	271,623	255,098	16,525
Contractual Services	37,706	40,210	39,128	1,082
Supplies and Materials	11,500	11,935	11,935	0
Total Engineer Services	<u>320,829</u>	<u>323,768</u>	<u>306,161</u>	<u>17,607</u>
Total Community and Economic Development	<u>654,290</u>	<u>768,088</u>	<u>743,792</u>	<u>24,296</u>
Capital Outlay	<u>5,000</u>	<u>12,900</u>	<u>2,995</u>	<u>9,905</u>
Total Expenditures	<u>9,104,609</u>	<u>10,522,218</u>	<u>9,890,976</u>	<u>631,242</u>
Excess of Revenues Over (Under) Expenditures	<u>244,811</u>	<u>(347,243)</u>	<u>269,088</u>	<u>616,331</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,000	5,000	19,911	14,911
Transfers In	57,495	57,495	57,495	0
Advances In	121,408	121,408	121,408	0
Transfers Out	(179,819)	(780,819)	(751,469)	29,350
Total Other Financing Sources (Uses)	<u>4,084</u>	<u>(596,916)</u>	<u>(552,655)</u>	<u>44,261</u>
Net Change in Fund Balance	248,895	(944,159)	(283,567)	660,592
Fund Balance at Beginning of Year	2,576,333	2,576,333	2,576,333	0
Prior Year Encumbrances Appropriated	<u>359,061</u>	<u>359,061</u>	<u>359,061</u>	<u>0</u>
Fund Balance at End of Year	<u>\$3,184,289</u>	<u>\$1,991,235</u>	<u>\$2,651,827</u>	<u>\$660,592</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$2,234,567	\$2,234,567	\$2,220,530	(\$14,037)
Charges for Services	150,000	196,295	197,057	762
Intergovernmental	125,000	189,868	192,868	3,000
Other	2,000	2,000	11,152	9,152
Total Revenues	<u>2,511,567</u>	<u>2,622,730</u>	<u>2,621,607</u>	<u>(1,123)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Personal Services	1,649,209	1,667,156	1,482,850	184,306
Contractual Services	434,149	474,844	463,298	11,546
Supplies and Materials	44,000	47,197	47,048	149
Capital Outlay	507,500	622,623	620,140	2,483
Total Security of Persons and Property	<u>2,634,858</u>	<u>2,811,820</u>	<u>2,613,336</u>	<u>198,484</u>
Debt Service:				
Principal Retirement	840,000	840,000	840,000	0
Interest and Fiscal Charges	39,800	39,800	37,695	2,105
Total Debt Service	<u>879,800</u>	<u>879,800</u>	<u>877,695</u>	<u>2,105</u>
Total Expenditures	<u>3,514,658</u>	<u>3,691,620</u>	<u>3,491,031</u>	<u>200,589</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,003,091)</u>	<u>(1,068,890)</u>	<u>(869,424)</u>	<u>199,466</u>
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	0	525	525
Premium on Debt Issued	0	0	598	598
Notes Issued	560,000	560,000	560,000	0
Total Other Financing Sources	<u>560,000</u>	<u>560,000</u>	<u>561,123</u>	<u>1,123</u>
Net Change in Fund Balance	(443,091)	(508,890)	(308,301)	200,589
Fund Balance at Beginning of Year	1,353,477	1,353,477	1,353,477	0
Prior Year Encumbrances Appropriated	137,273	137,273	137,273	0
Fund Balance at End of Year	<u>\$1,047,659</u>	<u>\$981,860</u>	<u>\$1,182,449</u>	<u>\$200,589</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Income Taxes	\$2,224,035	\$2,224,035	\$2,307,778	\$83,743
Special Assessments	0	0	6,659	6,659
Intergovernmental	755,000	755,000	667,331	(87,669)
Interest	0	0	144,090	144,090
Other	101,500	83,848	62,031	(21,817)
Total Revenues	<u>3,080,535</u>	<u>3,062,883</u>	<u>3,187,889</u>	<u>125,006</u>
Expenditures:				
Capital Outlay	4,619,000	5,809,284	5,442,078	367,206
Debt Service:				
Interest and Fiscal Charges	5,000	5,000	0	5,000
Total Expenditures	<u>4,624,000</u>	<u>5,814,284</u>	<u>5,442,078</u>	<u>372,206</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,543,465)</u>	<u>(2,751,401)</u>	<u>(2,254,189)</u>	<u>497,212</u>
Other Financing Uses:				
Notes Issued	2,000,000	2,000,000	2,000,000	0
Premium on Debt Issued	0	0	1,993	1,993
Advances In	127,000	127,000	0	(127,000)
Transfers Out	(1,105,000)	(1,330,000)	(1,330,000)	0
Total Other Financing Sources (Uses)	<u>1,022,000</u>	<u>797,000</u>	<u>671,993</u>	<u>(125,007)</u>
Net Change in Fund Balance	(521,465)	(1,954,401)	(1,582,196)	372,205
Fund Balance at Beginning of Year	1,201,289	1,201,289	1,201,289	0
Prior Year Encumbrances Appropriated	<u>1,056,178</u>	<u>1,056,178</u>	<u>1,056,178</u>	<u>0</u>
Fund Balance at End of Year	<u>\$1,736,002</u>	<u>\$303,066</u>	<u>\$675,271</u>	<u>\$372,205</u>

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
ELECTRIC FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$28,698,730	\$27,331,879	\$27,307,702	(\$24,177)
Other	39,000	39,000	56,640	17,640
Interest	115,000	67,453	426,339	358,886
Utility Deposits Received	220,000	209,193	208,112	(1,081)
Notes Issued	2,000,000	4,004,053	4,000,000	(4,053)
Premium on Debt Issued	0	0	4,053	4,053
Total Revenues	<u>31,072,730</u>	<u>31,651,578</u>	<u>32,002,846</u>	<u>351,268</u>
Expenses:				
Personal Services	1,699,654	1,620,209	1,576,600	43,609
Contractual Services	1,650,536	1,877,672	1,592,107	285,565
Supplies and Materials	171,250	180,441	79,063	101,378
Purchased Power	19,736,555	21,046,557	20,860,992	185,565
Other	8,500	8,500	5,211	3,289
Utility Deposits Returned	185,750	185,750	182,003	3,747
Capital Outlay	6,030,500	8,830,874	5,569,298	3,261,576
Debt Service:				
Principal Retirement	693,500	906,818	906,818	0
Interest and Fiscal Charges	514,035	687,360	670,279	17,081
Total Expenses	<u>30,690,280</u>	<u>35,344,181</u>	<u>31,442,371</u>	<u>3,901,810</u>
Excess of Revenues Over (Under) Expenses	382,450	(3,692,603)	560,475	4,253,078
Advances In	143,900	143,900	0	(143,900)
Transfers In	13,752	13,752	13,752	0
Transfers Out	0	(2,500,161)	0	2,500,161
Net Change in Fund Equity	540,102	(6,035,112)	574,227	6,609,339
Fund Equity at Beginning of Year	5,504,969	5,504,969	5,504,969	0
Prior Year Encumbrances Appropriated	<u>3,114,761</u>	<u>3,114,761</u>	<u>3,114,761</u>	<u>0</u>
Fund Equity at End of Year	<u>\$9,159,832</u>	<u>\$2,584,618</u>	<u>\$9,193,957</u>	<u>\$6,609,339</u>

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
SANITATION FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$1,221,700	\$1,185,183	\$1,185,183	\$0
Other	4,800	5,520	5,520	0
Interest	0	20,057	20,057	0
Total Revenues	<u>1,226,500</u>	<u>1,210,760</u>	<u>1,210,760</u>	<u>0</u>
Expenses:				
Personal Services	123,273	125,273	124,670	603
Contractual Services	1,169,782	1,170,220	1,138,423	31,797
Supplies and Materials	500	500	158	342
Other	750	750	45	705
Total Expenses	<u>1,294,305</u>	<u>1,296,743</u>	<u>1,263,296</u>	<u>33,447</u>
Net Change in Fund Equity	(67,805)	(85,983)	(52,536)	33,447
Fund Equity at Beginning of Year	427,845	427,845	427,845	0
Prior Year Encumbrances Appropriated	<u>1,458</u>	<u>1,458</u>	<u>1,458</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$361,498</u></u>	<u><u>\$343,320</u></u>	<u><u>\$376,767</u></u>	<u><u>\$33,447</u></u>

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
SEWER FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$3,213,400	\$3,473,638	\$3,473,638	\$0
Other	15,000	15,000	10,000	(5,000)
Interest	70,000	129,097	195,896	66,799
Special Assessments	0	6,834	6,834	0
Total Revenues	<u>3,298,400</u>	<u>3,624,569</u>	<u>3,686,368</u>	<u>61,799</u>
Expenses:				
Personal Services	641,852	641,852	585,360	56,492
Contractual Services	1,232,506	1,316,278	1,168,825	147,453
Supplies and Materials	123,500	125,976	78,509	47,467
Capital Outlay	609,000	991,480	927,064	64,416
Other	1,000	1,000	372	628
Debt Service:				
Principal Retirement	360,000	620,000	620,000	0
Interest and Fiscal Charges	466,106	508,030	508,030	0
Total Expenses	<u>3,433,964</u>	<u>4,204,616</u>	<u>3,888,160</u>	<u>316,456</u>
Excess of Revenues Over (Under) Expenses	(135,564)	(580,047)	(201,792)	378,255
Transfers Out	<u>0</u>	<u>(18,719)</u>	<u>0</u>	<u>18,719</u>
Net Change in Fund Equity	(135,564)	(598,766)	(201,792)	396,974
Fund Equity at Beginning of Year	4,094,139	4,094,139	4,094,139	0
Prior Year Encumbrances Appropriated	<u>218,050</u>	<u>218,050</u>	<u>218,050</u>	<u>0</u>
Fund Equity at End of Year	<u>\$4,176,625</u>	<u>\$3,713,423</u>	<u>\$4,110,397</u>	<u>\$396,974</u>

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
TELECOMMUNICATIONS FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$6,325,604	\$1,633,483	\$1,093,215	(\$540,268)
Other	190,233	190,233	97,660	(92,573)
Interest	8,000	8,000	3,841	(4,159)
Premium on Debt Issue	0	365	365	0
Notes Issued	2,450,000	1,750,000	1,750,000	0
Total Revenues	8,973,837	3,582,081	2,945,081	(637,000)
Expenses:				
Personal Services	924,517	474,517	289,767	184,750
Contractual Services	3,777,128	3,519,813	910,280	2,609,533
Supplies and Materials	30,000	17,029	13,051	3,978
Capital Outlay	781,540	860,469	855,078	5,391
Other	25,000	25,000	13,910	11,090
Debt Service:				
Principal Retirement	2,706,500	1,793,182	1,793,182	0
Interest and Fiscal Charges	347,654	145,972	144,093	1,879
Total Expenses	8,592,339	6,835,982	4,019,361	2,816,621
Excess of Revenues Over (Under) Expenses	381,498	(3,253,901)	(1,074,280)	2,179,621
Proceeds from Sale of Discontinued Segments of Telecommunications Operations	0	0	4,620,000	4,620,000
Advances Out	(143,900)	(14,900)	0	14,900
Transfers In	0	0	601,000	601,000
Transfers Out	0	(412,563)	0	412,563
Net Change in Fund Equity	237,598	(3,681,364)	4,146,720	7,828,084
Fund Equity at Beginning of Year	494,056	494,056	494,056	0
Prior Year Encumbrances Appropriated	195,835	195,835	195,835	0
Fund Equity at End of Year	\$927,489	(\$2,991,473)	\$4,836,611	\$7,828,084

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
WATER FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$2,603,500	\$2,743,609	\$2,743,609	\$0
Utility Deposits Received	17,000	15,400	15,400	0
Other	2,000	9,855	9,855	0
Interest	150,000	195,305	244,177	48,872
Other Non-Operating	0	0	1,500	1,500
Total Revenues	<u>2,772,500</u>	<u>2,964,169</u>	<u>3,014,541</u>	<u>50,372</u>
Expenses:				
Personal Services	478,803	498,803	457,370	41,433
Contractual Services	923,458	1,017,650	962,821	54,829
Supplies and Materials	54,000	55,947	40,174	15,773
Utility Deposits Returned	9,250	9,250	9,250	0
Capital Outlay	2,554,000	2,904,841	2,517,491	387,350
Other	900	1,900	1,272	628
Debt Service:				
Principal Retirement	430,000	430,000	430,000	0
Interest and Fiscal Charges	381,970	381,970	380,970	1,000
Total Expenses	<u>4,832,381</u>	<u>5,300,361</u>	<u>4,799,348</u>	<u>501,013</u>
Excess of Revenues Over (Under) Expenses	(2,059,881)	(2,336,192)	(1,784,807)	551,385
Transfers In	0	0	0	0
Transfers Out	0	(48,237)	0	48,237
Net Change in Fund Equity	(2,059,883)	(2,384,431)	(1,784,809)	599,622
Fund Equity at Beginning of Year	5,760,825	5,760,825	5,760,825	0
Prior Year Encumbrances Appropriated	<u>372,089</u>	<u>372,089</u>	<u>372,089</u>	<u>0</u>
Fund Equity at End of Year	<u>\$4,073,031</u>	<u>\$3,748,483</u>	<u>\$4,348,105</u>	<u>\$599,622</u>

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
STORM WATER UTILITY FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$816,000	\$795,930	\$795,930	\$0
Interest	0	22,371	22,371	0
Other	0	5,264	5,264	0
Total Revenues	816,000	823,565	823,565	0
Expenses:				
Personal Services	80,539	80,539	72,571	7,968
Contractual Services	123,872	125,223	113,650	11,573
Supplies and Materials	5,000	5,000	4,818	182
Capital Outlay	745,000	874,791	866,610	8,181
Other	1,000	1,000	13	987
Total Expenses	955,411	1,086,553	1,057,662	28,891
Net Change in Fund Equity	(139,409)	(262,987)	(234,095)	28,891
Fund Equity at Beginning of Year	366,474	366,474	366,474	0
Prior Year Encumbrances Appropriated	68,981	68,981	68,981	0
Fund Equity at End of Year	\$296,046	\$172,468	\$201,360	\$28,891

**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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$89,450	\$110,547	\$110,195	(\$352)
Intergovernmental	30,000	30,000	30,000	0
Interest	8,000	22,985	23,337	352
Total Revenues	<u>127,450</u>	<u>163,532</u>	<u>163,532</u>	<u>0</u>
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Personal Services	165,599	165,599	154,851	10,748
Contractual Services	35,385	38,580	32,337	6,243
Supplies and Materials	3,650	4,600	3,567	1,033
Total Expenditures	<u>204,634</u>	<u>208,779</u>	<u>190,755</u>	<u>18,024</u>
Excess of Revenues Under Expenditures	(77,184)	(45,247)	(27,223)	18,024
Other Financing Sources:				
Transfers In	56,019	56,019	56,019	0
Net Change in Fund Balance	(21,165)	10,772	28,796	18,024
Fund Balance at Beginning of Year	425,657	425,657	425,657	0
Prior Year Encumbrances Appropriated	5,959	5,959	5,959	0
Fund Balance at End of Year	<u>\$410,451</u>	<u>\$442,388</u>	<u>\$460,412</u>	<u>\$18,024</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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Intergovernmental	\$127,000	\$0	\$0	\$0
Expenditures:				
Current:				
Community Environment				
Community Development				
Capital Outlay	130,000	130,000	129,706	294
Excess of Revenues Under Expenditures	(3,000)	(130,000)	(129,706)	294
Other Financing Sources (Uses):				
Transfers In	130,000	130,000	130,000	0
Transfers Out	(127,000)	(127,000)	0	127,000
Total Other Financing Sources (Uses)	3,000	3,000	130,000	127,000
Net Change in Fund Balance	0	(127,000)	294	127,294
Fund Balance at Beginning of Year	1,830	1,830	1,830	0
Fund Balance at End of Year	\$1,830	(\$125,170)	\$2,124	\$127,294

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$0	\$4,994	\$4,994	\$0
Fines, Licenses and Permits	98,000	21,759	23,745	1,986
Intergovernmental	7,500	6,400	2,813	(3,587)
Other	13,000	8,808	19,409	10,601
Total Revenues	118,500	41,961	50,961	9,000
Expenditures:				
Current:				
General Government				
Municipal Court Special Project				
Contractual Services	150,000	172,677	58,631	114,046
Security of Persons and Property				
Indigent Drivers Alcohol				
Materials and Supplies	10,500	10,500	7,849	2,651
Computerized Legal Research				
Contractual Services	5,000	0	0	0
Materials and Supplies	5,000	0	0	0
Capital Outlay	5,000	0	0	0
Total Computerized Legal Research	15,000	0	0	0
Computer Improvement				
Contractual Services	10,000	11,250	6,417	4,833
Materials and Supplies	5,000	5,000	355	4,645
Capital Outlay	20,000	20,000	11,568	8,432
Total Computer Improvement	35,000	36,250	18,340	17,910
Total Security of Persons and Property	60,500	46,750	26,189	20,561
Capital Outlay	10,000	10,000	9,184	816
Total Expenditures	220,500	229,427	94,004	134,607
Net Change in Fund Balance	(102,000)	(187,466)	(43,043)	144,423
Fund Balance at Beginning of Year	433,168	433,168	433,168	0
Prior Year Encumbrances Appropriated	23,927	23,927	23,927	0
Fund Balance at End of Year	\$355,095	\$269,629	\$414,052	\$144,423

**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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Fines, Licenses and Permits	\$50,000	\$16,926	\$16,926	\$0
Other Financing Sources:				
Transfers In	50,000	35,325	35,325	0
Net Change in Fund Balance	100,000	52,251	52,251	0
Fund Balance at Beginning of Year	76,806	76,806	76,806	0
Fund Balance at End of Year	\$176,806	\$129,057	\$129,057	\$0

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS AND RECREATION SPECIAL REVENUE FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$50,000	\$0	\$0	\$0
Intergovernmental	0	16,105	16,105	0
Total Revenues	50,000	16,105	16,105	0
Expenditures:				
Current:				
Leisure Time Services				
Personal Services	81,020	81,020	51,085	29,935
Contractual Services	9,300	9,300	8,801	499
Supplies and Materials	1,000	1,000	934	66
Capital Outlay	162,000	214,338	174,588	39,750
Total Expenditures	253,320	305,658	235,408	70,250
Excess of Revenues Under Expenditures	(203,320)	(289,553)	(219,303)	70,250
Other Financing Sources:				
Transfers In	50,000	35,325	35,325	0
Net Change in Fund Balance	(153,320)	(254,228)	(183,978)	70,250
Fund Balance at Beginning of Year	127,648	127,648	127,648	0
Prior Year Encumbrances Appropriated	59,743	59,743	59,743	0
Fund Balance at End of Year	\$34,071	(\$66,837)	\$3,413	\$70,250

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAX INCREMENT FINANCING SPECIAL REVENUE FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Payments in Lieu of Taxes	\$1,100,000	\$1,235,888	\$1,235,888	\$0
Intergovernmental	70,000	0	0	0
Total Revenues	<u>1,170,000</u>	<u>1,235,888</u>	<u>1,235,888</u>	<u>0</u>
Expenditures:				
Current:				
Community and Economic Development				
Supplies and Materials	95,000	95,000	94,425	575
Reimbursements	192,500	229,310	229,308	2
Total Expenditures	<u>287,500</u>	<u>324,310</u>	<u>323,733</u>	<u>577</u>
Excess of Revenues Over Expenditures	882,500	911,578	912,155	577
Other Financing Uses:				
Transfers Out	<u>(263,192)</u>	<u>(263,192)</u>	<u>(263,190)</u>	<u>2</u>
Net Change in Fund Balance	619,308	648,386	648,965	579
Fund Balance at Beginning of Year	1,022,190	1,022,190	1,022,190	0
Prior Year Encumbrances Appropriated	<u>5,658</u>	<u>5,658</u>	<u>5,658</u>	<u>0</u>
Fund Balance at End of Year	<u>\$1,647,156</u>	<u>\$1,676,234</u>	<u>\$1,676,813</u>	<u>\$579</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Other Local Taxes	\$52,000	\$60,332	\$60,332	\$0
Charges for Services	7,000	7,000	5,000	(2,000)
Licenses and Permits	0	19,421	19,421	0
Intergovernmental	855,000	981,491	982,359	868
Interest	0	86	86	0
Other	0	0	1,132	1,132
Total Revenues	914,000	1,068,330	1,068,330	0
Expenditures:				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	595,130	598,864	596,043	2,821
Contractual Services	136,802	150,875	140,921	9,954
Supplies and Materials	79,700	105,598	105,598	0
Capital Outlay	205,000	526,200	525,754	446
Total Street Maintenance and Repair	1,016,632	1,381,537	1,368,316	13,221
Division Highway Maintenance				
Contractual Services	28,000	28,019	27,984	35
Supplies and Materials	24,000	33,612	33,322	290
Total Division Highway Maintenance	52,000	61,631	61,306	325
Total Expenditures	1,068,632	1,443,168	1,429,622	13,546
Excess of Revenue Under Expenditures	(154,632)	(374,838)	(361,292)	13,546
Other Financing Sources:				
Transfers In	13,800	13,800	13,800	0
Net Change in Fund Balance	(140,832)	(361,038)	(347,492)	13,546
Fund Balance at Beginning of Year	936,174	936,174	936,174	0
Prior Year Encumbrances Appropriated	67,749	67,749	67,749	0
Fund Balance at End of Year	\$863,091	\$642,885	\$656,431	\$13,546

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Property Taxes	\$40,800	\$42,244	\$42,244	\$0
Income Taxes	1,002,523	788,022	788,022	0
Special Assessments	150,000	147,773	147,773	0
Intergovernmental	5,000	3,925	3,925	0
Interest	100,000	245,703	245,703	0
Total Revenues	1,298,323	1,227,667	1,227,667	0
Expenditures:				
Debt Service:				
Principal Retirement	448,313	448,313	448,313	0
Interest and Fiscal Charges	358,345	359,205	354,302	4,903
Total Expenditures	806,658	807,518	802,615	4,903
Excess of Revenues Over Expenditures	491,665	420,149	425,052	4,903
Other Financing Sources:				
Transfers In	42,500	42,500	42,500	0
Net Change in Fund Balance	534,165	462,649	467,552	4,903
Fund Balance at Beginning of Year	4,392,267	4,392,267	4,392,267	0
Prior Year Encumbrance Appropriated	860	860	860	0
Fund Balance at End of Year	<u>\$4,927,292</u>	<u>\$4,855,776</u>	<u>\$4,860,679</u>	<u>\$4,903</u>

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CEMETERY IMPROVEMENT CAPITAL PROJECTS FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$8,500	\$7,600	\$7,600	\$0
Expenditures:				
Current:				
Public Health Services				
Cemetery				
Capital Outlay	5,000	5,000	4,800	200
Net Change in Fund Balance	3,500	2,600	2,800	200
Fund Balance at Beginning of Year	55,039	55,039	55,039	0
Fund Balance at End of Year	\$58,539	\$57,639	\$57,839	\$200

**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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Expenditures:				
Capital Outlay	\$975,000	\$1,258,451	\$1,247,106	\$11,345
Other Financing Sources:				
Transfers In	975,000	1,200,000	1,200,000	0
Net Change in Fund Balance	0	(58,451)	(47,106)	11,345
Fund Balance at Beginning of Year	100,538	100,538	100,538	0
Prior Year Encumbrances Appropriated	58,451	58,451	58,451	0
Fund Balance at End of Year	<u>\$158,989</u>	<u>\$100,538</u>	<u>\$111,883</u>	<u>\$11,345</u>

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INDUSTRIAL DEVELOPMENT CAPITAL PROJECTS FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Interest	\$8,025	\$4,978	\$4,980	\$2
Other	6,098	6,098	6,098	0
Total Revenues	14,123	11,076	11,078	2
Expenditures:				
Current:				
Community Environment				
Contractual Services	40,000	42,500	15,756	26,744
Excess of Revenues Under Expenditures	(25,877)	(31,424)	(4,678)	26,746
Other Financing Sources (Uses):				
Advances Out	(121,408)	(121,408)	(121,408)	0
Transfers In	159,445	159,445	159,443	(2)
Total Other Financing Sources (Uses)	38,037	38,037	38,035	(2)
Net Change in Fund Balance	12,160	6,613	33,357	26,744
Fund Balance at Beginning of Year	116,787	116,787	116,787	0
Prior Year Encumbrances Appropriated	2,500	2,500	2,500	0
Fund Balance at End of Year	\$131,447	\$125,900	\$152,644	\$26,744

CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
AUTOMOTIVE MAINTENANCE FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$158,000	\$149,994	\$149,994	\$0
Expenses:				
Personal Services	137,758	137,758	135,422	2,336
Contractual Services	6,240	9,507	8,165	1,342
Supplies and Materials	14,000	14,632	13,143	1,489
Total Expenses	157,998	161,897	156,730	5,167
Net Change in Fund Equity	2	(11,903)	(6,736)	5,167
Fund Equity at Beginning of Year	63,907	63,907	63,907	0
Prior Year Encumbrances Appropriated	4,266	4,266	4,266	0
Fund Equity at End of Year	\$68,175	\$56,270	\$61,437	\$5,167

**CITY OF LEBANON, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
SELF-INSURANCE FUND
BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues:				
Charges for Services	\$2,476,150	\$2,327,349	\$2,327,349	\$0
Other	97,700	100,894	100,894	0
Interest	5,000	45,703	45,703	0
Total Revenues	<u>2,578,850</u>	<u>2,473,946</u>	<u>2,473,946</u>	<u>0</u>
Expenses:				
Contractual Services	753,700	788,363	674,948	113,415
Claims	1,385,000	1,453,266	1,338,207	115,059
Total Expenses	<u>2,138,700</u>	<u>2,241,629</u>	<u>2,013,155</u>	<u>228,474</u>
Net Change in Fund Equity	440,150	232,317	460,791	228,474
Fund Equity at Beginning of Year	517,557	517,557	517,557	0
Prior Year Encumbrances Appropriated	106,815	106,815	106,815	0
Fund Equity at End of Year	<u>\$1,064,522</u>	<u>\$856,689</u>	<u>\$1,085,163</u>	<u>\$228,474</u>

Statistical Section

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STATISTICAL TABLES

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

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	S2-S9
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	S10-S14
These schedules contain information to help the reader assess the City’s most significant local revenue source, property taxes.	
Debt Capacity	S16-S24
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	S25-S27
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	S28-S32
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. 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 Six Years
(Accrual Basis of Accounting)

	2002	2003	2004	2005 (1)	2006	2007
Governmental Activities						
Invested in Capital Assets,						
Net of Related Debt	\$8,881,270	\$14,799,049	\$26,334,143	\$34,147,382	\$36,430,129	\$34,628,876
Restricted:						
Debt Service	4,075,248	4,511,772	4,836,043	5,281,347	5,988,697	5,446,441
Leisure Time Services	0	0	0	1,196,004	150,255	138,640
Security of Persons and Property	0	0	0	1,532,411	1,578,248	1,045,516
Capital Outlay	0	755,539	936,388	0	2,046,316	3,345,838
Community and Economic Development	0	0	0	818,787	1,158,696	196,909
Transportation	0	0	0	1,397,403	1,576,731	1,321,189
Other Purposes	5,247,178	5,353,080	4,771,716	911,848	889,429	2,816,366
Unrestricted	2,895,441	2,395,552	2,818,372	2,759,921	4,074,569	4,770,470
<i>Total Governmental Activities Net Assets</i>	<u>21,099,137</u>	<u>27,814,992</u>	<u>39,696,662</u>	<u>48,045,103</u>	<u>53,893,070</u>	<u>53,710,245</u>
Business Type - Activities						
Invested in Capital Assets,						
Net of Related Debt	17,553,638	18,011,398	34,340,402	42,195,263	44,045,119	40,865,125
Restricted:						
Replacement and Improvement	932,500	932,500	932,500	932,500	932,500	932,500
Current Debt Service	2,588,130	2,373,447	2,401,824	3,029,565	2,765,699	7,151,120
Unrestricted	24,056,603	26,198,493	22,139,380	20,867,518	22,492,317	28,616,768
<i>Total Business-Type Activities Net Assets</i>	<u>45,130,871</u>	<u>47,515,838</u>	<u>59,814,106</u>	<u>67,024,846</u>	<u>70,235,635</u>	<u>77,565,513</u>
Primary Government						
Invested in Capital Assets,						
Net of Related Debt	26,434,908	32,810,447	60,674,545	76,342,645	80,475,248	75,494,001
Restricted	12,843,056	13,926,338	13,878,471	15,099,865	17,086,571	22,394,519
Unrestricted	26,952,044	28,594,045	24,957,752	23,627,439	26,566,886	33,387,238
<i>Total Primary Government Net Assets</i>	<u>\$66,230,008</u>	<u>\$75,330,830</u>	<u>\$99,510,768</u>	<u>\$115,069,949</u>	<u>\$124,128,705</u>	<u>\$131,275,758</u>

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

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

	2003	2004	2005	2006	2007
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$849,596	\$2,732,173	\$2,286,061	\$2,371,502	\$2,094,209
Security of Persons and Property:					
Police	140,849	180,689	480,320	537,467	532,708
Fire	157,172	145,950	180,894	129,802	197,057
Public Health	77,103	89,641	96,059	105,554	117,795
Leisure Time Services	96,608	164,464	39,450	65,125	79,680
Community and Economic Development	371,820	143,383	28,575	0	0
Transportation	0	0	0	50	24,421
Subtotal - Charges for Services	<u>1,693,148</u>	<u>3,456,300</u>	<u>3,111,359</u>	<u>3,209,500</u>	<u>3,045,870</u>
Operating Grants, Contributions, and Interest:					
General Government	0	0	7,065	2,611	2,813
Security of Persons and Property:					
Police	6,763	0	0	107,769	0
Fire	139,815	134,841	244,621	0	210,790
Public Health	119,884	63,794	76,424	30,000	54,056
Leisure Time Services	0	0	0	0	16,105
Community and Economic Development	113,975	74,403	128,279	895	869
Transportation	290,169	779,525	825,052	896,955	1,066,568
Subtotal - Operating Grants, Contributions, and Interest	<u>670,606</u>	<u>1,052,563</u>	<u>1,281,441</u>	<u>1,038,230</u>	<u>1,351,201</u>
Capital Grants, Contributions, and Interest:					
Public Health	1,846	0	0	0	0
Community and Economic Development	13,731	0	2,151,306	0	0
Transportation	4,761,461	2,848,219	3,267,180	1,038,941	667,331
Subtotal - Capital Grants, Contributions, and Interest	<u>4,777,038</u>	<u>2,848,219</u>	<u>5,418,486</u>	<u>1,038,941</u>	<u>667,331</u>
<i>Total Governmental Activities Program Revenues</i>	<u>7,140,792</u>	<u>7,357,082</u>	<u>9,811,286</u>	<u>5,286,671</u>	<u>5,064,402</u>
Business-Type Activities:					
Charges for Services:					
Electric	12,702,888	13,079,140	16,216,563	17,737,799	28,405,280
Sanitation	770,531	865,618	908,611	1,107,928	1,189,868
Sewer	2,683,478	2,798,610	3,184,630	3,208,346	3,520,108
Telecommunications	3,913,328	5,409,918	5,520,109	5,940,724	169,831
Water	2,942,050	2,943,454	2,858,864	2,600,842	2,753,207
Storm Water Utility	0	611,372	748,930	779,837	837,314
Capital Grants, Contributions, and Interest					
Sanitation	0	1,109,904	0	0	0
Sewer	948,722	804,971	2,147,795	264,491	0
Telecommunications	0	0	0	0	0
Water	160,751	1,004,213	948,226	216,081	0
Storm Water Utility	0	651,811	1,580,447	144,060	0
<i>Total Business-Type Activities Program Revenues</i>	<u>24,121,748</u>	<u>29,279,011</u>	<u>34,114,175</u>	<u>32,000,108</u>	<u>36,875,608</u>
<i>Total Primary Government Program Revenues</i>	<u>\$31,262,540</u>	<u>\$36,636,093</u>	<u>\$43,925,461</u>	<u>\$37,286,779</u>	<u>\$41,940,010</u>

(continued)

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

	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General Government	\$2,096,191	\$3,524,592	\$3,431,266	\$3,606,717	\$4,678,341
Security of Persons and Property:					
Police	2,872,414	3,056,648	3,265,548	3,258,125	3,662,803
Fire	1,284,146	2,019,372	1,767,049	1,985,638	2,687,928
Public Health	192,335	255,918	213,152	201,838	204,228
Leisure Time Services	820,253	415,275	265,241	440,546	526,995
Community and Economic Development	990,158	1,264,165	1,192,677	1,157,580	843,839
Transportation	744,214	744,796	2,117,570	2,077,765	3,866,183
Interest and Fiscal Charges	407,376	375,493	376,665	373,156	386,205
<i>Total Governmental Activities Expenses</i>	<u>9,407,087</u>	<u>11,656,259</u>	<u>12,629,168</u>	<u>13,101,365</u>	<u>16,856,522</u>
Business-Type Activities					
Electric	11,827,260	11,619,684	15,918,475	16,433,153	25,617,652
Sanitation	763,404	904,097	943,265	1,213,352	1,285,576
Sewer	2,898,432	3,056,641	3,144,530	3,389,076	3,214,858
Telecommunications	4,401,577	5,550,469	6,040,320	5,799,642	180,577
Water	2,364,501	2,147,822	2,106,086	2,969,131	2,553,235
Storm Water Utility	0	268,757	406,202	416,054	422,249
<i>Total Business-Type Activities Expenses</i>	<u>22,255,174</u>	<u>23,547,470</u>	<u>28,558,878</u>	<u>30,220,408</u>	<u>33,274,147</u>
<i>Total Primary Government Program Expenses</i>	<u>31,662,261</u>	<u>35,203,729</u>	<u>41,188,046</u>	<u>43,321,773</u>	<u>50,130,669</u>
Net (Expense)/Revenue					
Governmental Activities	(2,266,295)	(4,299,177)	(2,817,882)	(7,814,694)	(11,792,120)
Business-Type Activities	1,866,574	5,731,541	5,555,297	1,779,700	3,601,461
<i>Total Primary Government Net Expense</i>	<u>(399,721)</u>	<u>1,432,364</u>	<u>2,737,415</u>	<u>(6,034,994)</u>	<u>(8,190,659)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes:					
Property and Other Local Taxes Levied For:					
General Purposes	2,199,757	2,428,646	3,418,309	1,085,029	1,281,491
Fire and Life Squad	0	0	0	2,107,551	2,222,553
Debt Service	0	0	0	121,488	37,774
Other Taxes	855,204	791,589	855,499	858,253	1,229,554
Municipal Income Taxes levied for:					
General Purposes	4,577,825	4,682,034	5,319,437	6,509,453	5,888,391
Payments in Lieu of Taxes	40,322	43,237	872,934	1,181,361	1,235,888
Grants and Entitlements not Restricted to					
Specific Programs	987,605	865,966	849,811	603,496	1,082,225
Unrestricted Contributions	1,500	6,654	29,500	3,119	10,345
Investment Earnings	144,603	210,049	486,315	822,519	1,353,237
Gain on Sale of Capital Assets	0	623	0	27,760	8,172
Other	60,836	194,352	154,434	356,384	403,496
Transfers	114,498	(430,541)	(819,916)	(13,752)	(478,040)
<i>Total Governmental Activities</i>	<u>\$8,982,150</u>	<u>\$8,792,609</u>	<u>\$11,166,323</u>	<u>\$13,662,661</u>	<u>\$14,275,086</u>

(continued)

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

	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets (continued)					
Business-Type Activities					
Investment Earnings	\$224,627	\$235,160	\$530,302	\$942,160	\$693,586
Gain on Sale of Capital Assets	0	1,150	0	17,300	0
Loss from Discontinued Segments of Telecommunications Operations	0	0	0	0	(328,948)
Gain on Disposal of Segments of Telecommunications Operations	0	0	0	0	2,742,921
Other	408,264	466,399	305,225	457,877	88,918
Transfers	(114,498)	430,541	819,916	13,752	12,320
<i>Total Business-Type Activities</i>	<u>518,393</u>	<u>1,133,250</u>	<u>1,655,443</u>	<u>1,431,089</u>	<u>3,208,797</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>9,500,543</u>	<u>9,925,859</u>	<u>12,821,766</u>	<u>15,093,750</u>	<u>17,483,883</u>
Change in Net Assets					
Governmental Activities	6,715,855	11,881,670	8,348,441	5,847,967	2,482,966
Business-Type Activities	<u>2,384,967</u>	<u>12,298,268</u>	<u>7,210,740</u>	<u>3,210,789</u>	<u>6,810,258</u>
<i>Total Primary Government Change in Net Assets</i>	<u><u>\$9,100,822</u></u>	<u><u>\$24,179,938</u></u>	<u><u>\$15,559,181</u></u>	<u><u>\$9,058,756</u></u>	<u><u>\$9,293,224</u></u>

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001 (1)</u>	<u>2002</u>
General Fund					
Reserved	\$2,109,508	\$2,028,756	\$2,350,855	\$2,336,419	\$2,104,815
Unreserved	<u>3,000,100</u>	<u>3,234,616</u>	<u>3,654,894</u>	<u>1,715,663</u>	<u>1,120,890</u>
Total General Fund	<u>5,109,608</u>	<u>5,263,372</u>	<u>6,005,749</u>	<u>4,052,082</u>	<u>3,225,705</u>
All Other Governmental Funds					
Reserved	1,093,359	1,311,445	967,614	2,589,430	770,325
Unreserved, Undesignated, Reported in:					
Special Revenue funds	1,935,294	1,487,741	2,067,762	2,683,480	3,246,091
Debt Service funds	2,924,870	3,086,854	3,576,110	3,114,013	2,928,967
Capital Projects funds (Deficit)	<u>(3,357,248)</u>	<u>(2,198,843)</u>	<u>(3,354,929)</u>	<u>(5,727,563)</u>	<u>(4,322,821)</u>
Total All Other Governmental Funds	<u>2,596,275</u>	<u>3,687,197</u>	<u>3,256,557</u>	<u>2,659,360</u>	<u>2,622,562</u>
Prior Year Restatement of Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Governmental Funds	<u><u>\$7,705,883</u></u>	<u><u>\$8,950,569</u></u>	<u><u>\$9,262,306</u></u>	<u><u>\$6,711,442</u></u>	<u><u>\$5,848,267</u></u>

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

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$1,871,373	\$1,790,633	\$1,696,873	\$1,788,814	\$1,586,780
<u>1,156,280</u>	<u>1,634,323</u>	<u>2,392,657</u>	<u>3,418,537</u>	<u>3,306,942</u>
<u>3,027,653</u>	<u>3,424,956</u>	<u>4,089,530</u>	<u>5,207,351</u>	<u>4,893,722</u>
637,553	1,666,092	656,568	1,330,635	2,168,634
3,912,495	2,543,800	3,738,636	3,864,994	4,531,244
3,547,913	4,025,444	4,617,027	5,484,816	4,995,975
<u>232,444</u>	<u>346,762</u>	<u>(1,152,672)</u>	<u>(459,806)</u>	<u>(227,912)</u>
<u>8,330,405</u>	<u>8,582,098</u>	<u>7,859,559</u>	<u>10,220,639</u>	<u>11,467,941</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(798,704)</u>	<u>0</u>
<u>\$11,358,058</u>	<u>\$12,007,054</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)

	1998	1999	2000	2001	2002
Revenues					
Property Taxes	\$1,183,561	\$1,277,600	1,899,774	1,977,509	2,150,893
Municipal Income Taxes	3,326,551	3,571,178	3,786,105	4,045,915	4,199,589
Other Local Taxes	202,415	204,566	219,868	528,288	854,770
Payments in Lieu of Taxes	209,747	304,260	383,995	479,483	603,785
Special Assessments	166,284	190,612	197,895	174,865	179,774
Charges for Services	1,731,594	1,820,288	1,811,072	1,002,206	1,448,712
Fines, Licenses and Permits	823,515	980,019	1,063,989	1,175,845	1,220,332
Intergovernmental	1,611,701	3,634,545	1,892,082	2,279,515	1,845,069
Interest	753,912	849,336	1,065,810	642,946	256,176
Contributions and Donations	0	0	0	0	0
Other	426,457	316,974	101,702	289,332	148,918
<i>Total Revenues</i>	<u>10,435,737</u>	<u>13,149,378</u>	<u>12,422,292</u>	<u>12,595,904</u>	<u>12,908,018</u>
Expenditures					
Current:					
General Government	1,993,255	2,403,479	2,520,600	4,327,967	4,173,949
Security of Persons and Property:					
Police	1,773,810	1,966,318	2,185,853	2,502,557	2,687,735
Fire	687,991	1,257,078	1,569,920	1,296,561	1,531,695
Public Health	87,075	128,508	114,230	122,120	129,133
Leisure Time Services	279,607	305,079	467,741	621,077	597,933
Community and Economic Development	639,912	837,088	781,818	914,721	1,160,779
Transportation	453,111	534,387	596,798	728,214	781,166
Capital Outlay	2,379,090	3,900,571	3,116,609	3,394,993	3,282,802
Debt Service:					
Principal Retirement	285,599	315,276	330,287	750,301	300,313
Interest and Fiscal Charges	456,378	418,459	426,699	451,750	359,341
Interest on Capital Appreciation Bonds	0	0	0	0	0
Bond Issuance Costs	0	0	0	0	0
<i>Total Expenditures</i>	<u>9,035,828</u>	<u>12,066,243</u>	<u>12,110,555</u>	<u>15,110,261</u>	<u>15,004,846</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,399,909</u>	<u>1,083,135</u>	<u>311,737</u>	<u>(2,514,357)</u>	<u>(2,096,828)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	1,114	220,000	0	1,676	289,167
Premium on Debt Issued	0	0	0	0	0
Proceeds from Sale of Notes	0	0	0	0	240,000
Inception of Capital Lease	0	0	0	0	73,547
Discount on Debt Issued	0	0	0	0	0
Transfers In	166,008	2,163,536	440,593	2,033,782	2,486,208
Transfers Out	(212,037)	(2,221,985)	(440,593)	(2,071,965)	(2,588,951)
<i>Total Other Financing Sources (Uses)</i>	<u>(44,915)</u>	<u>161,551</u>	<u>-</u>	<u>(36,507)</u>	<u>499,971</u>
<i>Net Change in Fund Balances</i>	<u>\$1,354,994</u>	<u>\$1,244,686</u>	<u>\$311,737</u>	<u>(\$2,550,864)</u>	<u>(\$1,596,857)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.1%	9.0%	8.4%	10.3%	5.6%

2003	2004	2005	2006	2007
2,249,030	\$2,404,009	\$3,314,607	\$3,344,659	\$3,536,738
4,565,520	4,698,641	5,244,581	6,437,444	5,988,089
855,204	791,589	855,499	857,100	1,230,707
766,298	848,321	910,839	1,181,361	1,235,888
159,732	154,965	151,277	152,172	89,412
450,005	2,199,776	2,111,196	2,113,406	2,154,757
1,128,354	1,255,552	1,108,910	1,090,009	891,574
6,173,724	4,037,285	3,017,163	2,650,427	3,042,013
163,479	210,017	483,990	796,824	1,316,866
89,217	40,448	29,500	3,119	10,345
71,279	209,643	164,843	366,095	406,585
<u>16,671,842</u>	<u>16,850,246</u>	<u>17,392,405</u>	<u>18,992,616</u>	<u>19,902,974</u>
2,015,128	3,417,840	3,424,490	3,823,519	4,936,788
2,788,823	3,010,437	3,188,715	3,432,462	3,760,488
1,109,834	2,409,771	2,316,185	2,022,690	2,552,853
145,004	219,357	167,028	175,691	188,855
680,463	308,656	201,642	967,844	485,810
873,945	1,258,808	2,014,936	1,314,736	948,315
679,456	829,360	739,947	769,950	1,622,542
5,951,931	3,774,983	4,774,592	2,184,601	4,540,579
568,652	614,325	510,030	530,771	464,861
380,551	346,936	342,982	327,457	286,716
0	0	0	0	91,687
57,972	0	0	0	0
<u>15,251,759</u>	<u>16,190,473</u>	<u>17,680,547</u>	<u>15,549,721</u>	<u>19,879,494</u>
<u>1,420,083</u>	<u>659,773</u>	<u>(288,142)</u>	<u>3,442,895</u>	<u>23,480</u>
0	2,204	174,400	49,758	20,436
0	0	0	0	1,993
120,000	0	0	0	2,280,000
0	0	0	0	0
(17,292)	0	0	0	0
411,253	622,866	887,746	1,445,692	2,551,127
(429,253)	(635,847)	(831,969)	(1,459,444)	(3,144,659)
<u>4,089,708</u>	<u>(10,777)</u>	<u>230,177</u>	<u>36,006</u>	<u>1,708,897</u>
<u>\$5,509,791</u>	<u>\$648,996</u>	<u>(\$57,965)</u>	<u>\$3,478,901</u>	<u>\$1,732,377</u>
10.8%	7.7%	6.6%	6.4%	5.5%

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

<u>Tax Year (1)</u>	<u>Tax Rate</u>	<u>Total Tax Collected</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
1998	1.00 %	\$3,326,551	\$2,362,849	71.03 %	\$351,616	10.57 %	\$612,085	18.40 %
1999	1.00	3,571,178	2,692,311	75.39	253,554	7.10	625,313	17.51
2000	1.00	3,786,105	2,873,654	75.90	281,686	7.44	630,765	16.66
2001	1.00	4,045,915	3,086,629	76.29	245,182	6.06	714,104	17.65
2002	1.00	4,199,589	3,259,301	77.61	228,038	5.43	712,250	16.96
2003	1.00	4,577,825	3,442,982	75.21	314,039	6.86	820,804	17.93
2004	1.00	4,682,034	3,586,438	76.60	309,014	6.60	786,582	16.80
2005	1.00	5,319,437	3,907,126	73.45	534,603	10.05	877,707	16.50
2006	1.00	6,509,453	4,658,816	71.57	770,068	11.83	1,080,569	16.60
2007	1.00	5,888,391	4,362,709	74.09	542,910	9.22	982,772	16.69

(1) 2003 through 2007 are on an Accrual Basis and 1998 through 2002 are on a Modified Accrual Basis

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

City of Lebanon, Ohio
Income Tax Filers by Income Level
Tax Years 2006 and 2001 (1)

Tax Year 2006 (2)

Income Range	Number of Filers	Percent of Filers	Taxable Income (3)	Percent of Taxable Income
Over \$100,000	824	14.13 %	\$118,337,023	38.13 %
75,001-100,000	731	12.53	63,455,513	20.45
50,001-75,000	918	15.74	56,583,462	18.23
25,000-50,000	1,380	23.66	50,327,074	16.22
Under 25,000	1,980	33.94	21,655,072	6.98
Total	5,833	100.00	\$310,358,144	100.00

Tax Year 2001

Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	479	9.88 %	\$66,950,472	28.15 %
75,001-100,000	570	11.75	49,158,352	20.67
50,001-75,000	895	18.45	55,787,561	23.46
25,000-50,000	1,270	26.19	46,808,607	19.68
Under 25,000	1,636	33.73	19,139,553	8.05
Total	4,850	100.00	\$237,844,545	100.00

Source: City Income Tax Department

(1) Tax year 2007 information is not available. Information prior to 2001 is not available.

(2) Includes individuals who live within the corporation limits

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

Type of Customer:	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (3)</u>
Residential	\$6,096,870	\$5,949,470	\$6,181,266	\$7,508,220	\$8,484,545	\$9,681,717
Industrial	1,213,113	1,177,842	1,202,978	1,371,063	1,526,030	7,404,271
Commercial (2)	<u>5,801,433</u>	<u>5,412,891</u>	<u>5,553,868</u>	<u>6,749,294</u>	<u>7,727,224</u>	<u>11,319,292</u>
Total	<u>\$13,111,416</u>	<u>\$12,540,203</u>	<u>\$12,938,112</u>	<u>\$15,628,576</u>	<u>\$17,737,799</u>	<u>\$28,405,280</u>

(1) Information prior to 2002 not available

(2) Majority of Government buildings included in this category

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

City of Lebanon, Ohio
Principal Electric Customers
2007 and 1998

2007		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Advics Mfg.	\$2,037,622	7.17 %
Quebecor World MS	1,940,768	6.83
Amtex Inc.	1,173,771	4.13
Walmart	454,723	1.60
Kroger Limited Partnership Inc.	414,065	1.46
Franklin Brazing & Metal	335,339	1.18
Inna Tech	333,447	1.17
Flint Ink	286,717	1.01
PNG Products Inc.	275,289	0.97
Warren County Fair Board	273,836	0.96
Total	\$7,525,577	26.49 %
Total Electric Charges for Services	\$28,405,280	

1998		
Customer	Electric Charges for Services	Percentage of Total Charges for Services
Lebanon Plastics Inc.	\$226,270	3.00 %
Big Bear Plus	205,994	2.73
Warren County Fair Board	155,489	2.06
Countryside YMCA	138,737	1.84
Kroger	123,404	1.63
Warren County (Jail)	94,470	1.25
Warren County Commissioner	84,157	1.11
Wal-Mart	69,692	0.92
PNG Products	68,178	0.90
Lebanon Properties	63,200	0.84
Total	\$1,229,591	16.28 %
Total Electric Charges for Services	\$7,552,876	

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

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

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

(1) Information prior to 2002 not available

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

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

Governmental Activities					
Year	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Police Pension	Notes Payable
1998	\$4,276,901	\$1,405,014	\$0	\$23,347	\$2,400,000
1999	4,071,589	1,309,709	0	23,071	3,150,000
2000	3,859,619	1,208,091	0	22,784	2,780,000
2001	3,441,813	894,625	0	22,483	5,730,000
2002	3,236,998	820,811	73,547	22,170	4,110,000
2003	7,012,161	743,267	60,221	21,844	120,000
2004	6,638,372	665,723	46,237	21,503	1,400,000
2005	6,257,240	584,449	31,562	21,148	1,120,000
2006	5,864,320	499,445	16,162	20,777	840,000
2007	5,456,426	409,529	0	20,391	2,560,000

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

Business-Type Activities

<u>Mortgage Revenue Bonds</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Total Debt</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$7,455,790	\$0	\$7,500,000	\$23,061,052	6.51%	\$1,360
24,692,105	0	8,250,000	41,496,474	11.71	2,446
23,881,905	0	8,250,000	40,002,399	11.29	2,358
36,941,024	0	4,250,000	51,279,945	14.47	3,023
35,619,786	0	5,000,000	48,883,312	13.79	2,882
34,248,548	0	8,500,000	50,706,041	14.31	2,989
32,817,309	0	8,000,000	49,589,144	13.99	2,924
31,321,070	253,111	8,000,000	47,588,580	13.43	2,806
35,530,846	617,607	1,750,000	45,139,157	12.73	2,661
33,632,086	0	5,750,000	47,828,432	13.49	2,820

City of Lebanon, Ohio
 Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2007

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
Direct - City of Lebanon			
General Obligation Notes	\$2,560,000	100.00 %	\$2,560,000
Special Assessment Bonds	409,529	100.00	409,529
General Obligation Bonds	5,456,426	100.00	5,456,426
Police Pension	20,391	100.00	20,391
	<u>8,446,346</u>		<u>8,446,346</u>
<i>Total Direct Debt</i>	<u>8,446,346</u>		<u>8,446,346</u>
Overlapping			
Lebanon City School District			
General Obligation Bonds	45,259,951	100.00	45,259,951
Tax Anticipation Notes	1,420,000	100.00	1,420,000
Capital Leases	5,758,000	100.00	5,758,000
Bond Anticipation Notes	850,000	100.00	850,000
Kings Local School District			
General Obligation Bonds	33,676,218	1.72	578,956
Capital Leases	4,044,062	1.72	69,558
Bond Anticipation Notes	27,200,000	1.72	467,840
Loans Payable	373,692	1.72	6,428
County			
General Obligation Bonds	12,056,523	7.76	935,586
Special Assessment Bonds	15,684,854	7.76	1,217,145
Loans Payable	6,538,287	7.76	507,371
	<u>152,861,587</u>		<u>55,346,319</u>
<i>Total Overlapping Debt</i>	<u>152,861,587</u>		<u>55,346,319</u>
Total	<u><u>\$161,307,933</u></u>		<u><u>\$63,792,665</u></u>

Source: County Auditor

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

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

Year	Population (1)		Estimated Actual Value of Taxable Property (2)	General Obligation Bonded Debt (3)	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt Per Capital
1998	10,423	a	\$655,561,576	\$4,276,901	0.65 %	\$410.33
1999	10,423	a	725,660,100	4,071,589	0.56	390.64
2000	16,962	a	774,033,030	3,859,619	0.50	227.55
2001	16,962	b	926,503,714	3,441,813	0.37	202.91
2002	16,962	b	972,494,950	3,236,998	0.33	190.84
2003	16,962	b	1,045,016,700	7,012,161	0.67	413.40
2004	16,962	b	1,216,973,482	6,638,372	0.55	391.37
2005	16,962	b	1,219,371,199	6,257,240	0.51	368.90
2006	16,962	b	1,330,955,444	5,864,320	0.44	345.73
2007	16,962	b	1,525,874,800	5,456,426	0.36	321.69

Sources:

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

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) County Auditor

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

City of Lebanon, Ohio
Legal Debt Margin
Last Ten Years

	1998	1999	2000	2001
Total Assessed Property Value	<u>\$220,294,274</u>	<u>\$242,614,779</u>	<u>\$257,841,255</u>	<u>\$308,860,211</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>23,130,899</u>	<u>25,474,552</u>	<u>27,073,332</u>	<u>32,430,322</u>
Debt Outstanding:				
General Obligation Bonds	4,276,901	4,071,589	3,859,619	3,441,813
Mortgage Revenue Bonds	7,690,000	24,980,000	24,140,000	36,955,000
Special Assessment Bonds	1,405,014	1,309,709	1,208,091	894,625
Bond Anticipation Notes	<u>9,900,000</u>	<u>11,400,000</u>	<u>11,030,000</u>	<u>9,980,000</u>
Total Gross Indebtedness	23,271,915	41,761,298	40,237,710	51,271,438
Less:				
General Obligation Bonds	(368,652)	(3,250,290)	(3,106,908)	(2,760,374)
Mortgage Revenue Bonds	(7,690,000)	(24,980,000)	(24,140,000)	(36,955,000)
Special Assessment Bonds	(1,405,014)	(1,309,709)	(1,208,091)	(894,625)
Bond Anticipation Notes	(7,500,000)	(8,250,000)	(8,250,000)	(4,250,000)
General Obligation Bond Retirement Fund Balance	<u>(2,667,495)</u>	<u>(2,820,737)</u>	<u>(3,227,742)</u>	<u>(2,676,232)</u>
Total Net Debt Applicable to Debt Limit	<u>3,640,754</u>	<u>1,150,562</u>	<u>304,969</u>	<u>3,735,207</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$19,490,145</u>	<u>\$24,323,990</u>	<u>\$26,768,363</u>	<u>\$28,695,115</u>
Legal Debt Margin as a Percentage of the Debt Limit	84.26%	95.48%	98.87%	88.48%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$12,116,185</u>	<u>\$13,343,813</u>	<u>\$14,181,269</u>	<u>\$16,987,312</u>
Total Gross Indebtedness	23,271,915	41,761,298	40,237,710	51,271,438
Less:				
General Obligation Bonds	(368,652)	(3,250,290)	(3,106,908)	(2,760,374)
Mortgage Revenue Bonds	(7,690,000)	(24,980,000)	(24,140,000)	(36,955,000)
Special Assessment Bonds	(1,405,014)	(1,309,709)	(1,208,091)	(894,625)
Bond Anticipation Notes	<u>(7,500,000)</u>	<u>(8,250,000)</u>	<u>(8,250,000)</u>	<u>(4,250,000)</u>
Net Debt Within 5 ½ % Limitations	<u>3,640,754</u>	<u>1,150,562</u>	<u>304,969</u>	<u>3,735,207</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$8,475,431</u>	<u>\$12,193,251</u>	<u>\$13,876,300</u>	<u>\$13,252,105</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	69.95%	91.38%	97.85%	78.01%

Source: City Financial Records

2002	2003	2004	2005	2006	2007
<u>\$323,136,940</u>	<u>\$345,571,960</u>	<u>\$402,731,560</u>	<u>\$409,173,949</u>	<u>\$454,976,445</u>	<u>\$451,956,350</u>
<u>33,929,379</u>	<u>36,285,056</u>	<u>42,286,814</u>	<u>42,963,265</u>	<u>47,772,527</u>	<u>47,455,417</u>
3,153,412	6,920,956	6,518,500	6,104,774	5,674,778	5,316,381
35,615,000	34,225,000	32,775,000	31,260,000	36,740,000	34,740,000
820,811	743,267	665,723	584,449	449,445	409,529
<u>9,110,000</u>	<u>8,620,000</u>	<u>9,400,000</u>	<u>9,120,000</u>	<u>2,590,000</u>	<u>8,310,000</u>
<u>48,699,223</u>	<u>50,509,223</u>	<u>49,359,223</u>	<u>47,069,223</u>	<u>45,454,223</u>	<u>48,775,910</u>
(2,629,188)	(6,496,732)	(6,204,276)	(5,900,550)	(5,585,554)	(5,260,470)
(35,615,000)	(34,225,000)	(32,775,000)	(31,260,000)	(36,740,000)	(34,740,000)
(820,811)	(743,267)	(665,723)	(584,449)	(449,445)	(409,529)
(5,000,000)	(8,500,000)	(8,000,000)	(8,000,000)	(1,750,000)	(5,750,000)
<u>(2,426,594)</u>	<u>(238,478)</u>	<u>(234,744)</u>	<u>(247,839)</u>	<u>(261,135)</u>	<u>(182,304)</u>
<u>2,207,630</u>	<u>305,746</u>	<u>1,479,480</u>	<u>1,076,385</u>	<u>668,089</u>	<u>2,433,607</u>
<u>\$31,721,749</u>	<u>\$35,979,310</u>	<u>\$40,807,334</u>	<u>\$41,886,880</u>	<u>\$47,104,438</u>	<u>\$45,021,810</u>
93.49%	99.16%	96.50%	97.49%	98.60%	94.87%
<u>\$17,772,532</u>	<u>\$19,006,458</u>	<u>\$22,150,236</u>	<u>\$22,504,567</u>	<u>\$25,023,704</u>	<u>\$24,857,599</u>
<u>48,699,223</u>	<u>50,509,223</u>	<u>49,359,223</u>	<u>47,069,223</u>	<u>45,454,223</u>	<u>48,775,910</u>
(2,629,188)	(6,496,732)	(6,204,276)	(5,900,550)	(5,585,554)	(5,260,470)
(35,615,000)	(34,225,000)	(32,775,000)	(31,260,000)	(36,740,000)	(34,740,000)
(820,811)	(743,267)	(665,723)	(584,449)	(449,445)	(409,529)
<u>(5,000,000)</u>	<u>(8,500,000)</u>	<u>(8,000,000)</u>	<u>(8,000,000)</u>	<u>(1,750,000)</u>	<u>(5,750,000)</u>
<u>2,207,630</u>	<u>305,746</u>	<u>1,479,480</u>	<u>1,076,385</u>	<u>668,089</u>	<u>2,615,911</u>
<u>\$15,564,902</u>	<u>\$18,700,712</u>	<u>\$20,670,756</u>	<u>\$21,428,182</u>	<u>\$24,355,615</u>	<u>\$22,241,688</u>
87.58%	98.39%	93.32%	95.22%	97.33%	89.48%

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

Year	Electric/ Telecommunications Service Charges and Interest (2)	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
1998	\$7,733,375	\$8,682,967	(\$949,592)	\$160,000	\$244,060	(2.35)
1999	8,695,819	7,004,633	1,691,186	165,000	237,660	4.20
2000	11,015,754	10,839,189	176,565	175,000	228,185	0.44
2001	14,076,889	11,846,689	2,230,200	180,000	515,133	3.21
2002	15,603,687	13,377,046	2,226,641	620,000	897,571	1.47
2003	16,812,728	13,355,187	3,457,541	645,000	871,723	2.28
2004	18,756,240	14,231,399	4,524,841	670,000	520,850	3.80
2005	21,957,982	18,933,542	3,024,440	700,000	816,284	1.99
2006	24,143,085	19,441,416	4,701,669	730,000	301,463	4.56
2007	28,884,945	23,994,524	4,890,421	950,000	695,938	2.97

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

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	
1998	\$1,903,230	\$725,699	\$1,177,531	\$100,000	\$101,082	5.86
1999	2,203,332	848,868	1,354,464	105,000	281,951	3.50
2000	2,264,674	1,139,469	1,125,205	325,000	500,109	1.36
2001	2,117,782	1,347,618	770,164	340,000	471,485	0.95
2002	2,601,406	1,398,906	1,202,500	350,000	458,068	1.49
2003	2,975,106	1,500,918	1,474,188	365,000	444,418	1.82
2004	2,950,110	1,199,936	1,750,174	380,000	430,000	2.16
2005	2,870,825	1,024,742	1,846,083	400,000	414,800	2.27
2006	2,603,513	1,873,634	729,879	415,000	398,400	0.90
2007	2,905,422	1,436,995	1,468,427	430,000	380,970	1.81

(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	
1998	\$1,582,869	\$994,573	\$588,296	\$130,000	\$80,550	2.79
1999	1,817,875	1,224,270	593,605	135,000	329,561	1.28
2000	1,935,006	1,464,746	470,260	340,000	507,541	0.55
2001	1,840,462	606,494	1,233,968	355,000	492,750	1.46
2002	2,309,101	1,607,356	701,745	370,000	479,825	0.83
2003	2,685,253	1,892,323	792,930	380,000	462,068	0.94
2004	2,932,406	1,818,503	1,113,903	400,000	446,068	1.32
2005	3,191,967	1,583,313	1,608,654	415,000	428,903	1.91
2006	3,223,609	1,737,309	1,486,300	435,000	522,556	1.55
2007	3,689,432	1,719,657	1,969,775	620,000	503,030	1.75

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

City of Lebanon, Ohio
Principal Employers
2007 and Seven Years Ago (1)

2007

Employer	Employees	Percentage of Total City Employment
Warren County	1,173	5.23%
YMCA	866	4.22
Lebanon City School District	830	4.05
Kroger	642	3.13
Wal-Mart	541	2.64
ADVICS Mfg.	623	3.04
Quebecor	600	2.93
Amtex	315	1.54
City of Lebanon	256	1.25
JBM	181	0.88
Total	6,027	29.39
All Other Employers	14,477	70.61
Total Employment within the City	20,504	100.00%

2000 (2)

Employer	Employees
Warren County	912
Lebanon City School District	664
YMCA	522
Kroger	394
Wal-Mart	377
Lebanon Plastics	298
Amtex	275
Golden Lamb	250
Cinmar	240
Fujitec America	236
Total	2,070

(1) Information prior to 2000 is not available

(2) Information on total employment within the City is not available for 2000.

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (4)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
1998	10,423	\$129,912,272	\$12,464	\$27,095	31.5
1999	10,423	129,912,272	12,464	27,095	31.5
2000	16,962	354,454,914	20,897	46,856	31.9
2001	16,962	354,454,914	20,897	46,856	31.9
2002	16,962	354,454,914	20,897	46,856	31.9
2003	16,962	354,454,914	20,897	46,856	31.9
2004	16,962	354,454,914	20,897	46,856	31.9
2005	16,962	354,454,914	20,897	46,856	31.9
2006	16,962	354,454,914	20,897	46,856	31.9
2007	16,962	354,454,914	20,897	46,856	31.9

(1) Source: U. S. Census

(a) Years 2000 through 2007 - 2000 Federal Census

(b) Years 1998 and 1999 - 1990 Federal Census

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

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

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

<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>	<u>School Enrollment (2)</u>	<u>Warren County Unemployment Rate (3)</u>
16.1 %	4,354	2.9 %
16.1	4,405	3.0
25.0	4,467	3.0
25.0	4,503	3.3
25.0	4,525	3.7
25.0	4,691	4.4
25.0	4,778	4.3
25.0	4,997	4.4
25.0	5,238	4.2
25.0	5,383	4.7

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

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

Source: City of Lebanon Annual Budget

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

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

Function/Program	2002	2003	2004	2005	2006	2007
General Government						
<i>Council and Clerk</i>						
Number of Ordinances and Resolutions Passed	246	265	201	178	191	190
Number of Planning Commission docket items	44	66	74	80	44	46
Zoning Board of Appeals docket items	6	6	3	3	8	9
<i>Finance Department (2)</i>						
Number of checks issued	5,357	4,848	4,886	5,274	5,393	4,788
Number of Purchase Orders issued	3,220	3,035	2,932	2,921	3,136	2,507
Amount of checks written (includes interfund transfers)	\$60,991,894	\$55,298,374	\$59,967,100	\$65,681,841	\$64,977,705	\$78,123,022
Interest earnings for fiscal year (cash basis)	\$534,334	\$360,088	\$419,007	\$655,602	\$1,098,245	\$1,631,436
Number of Supplementals issued	49	55	49	51	49	65
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Health Insurance Costs vs General Fund Expenditures %	11.65%	13.06%	12.01%	11.86%	14.61%	12.86%
<i>Income Tax Department</i>						
Number of Individual Returns	Not Avail.	Not Avail.	6,093	7,424	8,202	8,679
Number of Business Returns	Not Avail.	Not Avail.	759	1,401	1,014	1,408
Number of business withholding accounts	Not Avail.	Not Avail.	1,245	1,245	1,244	1,305
Annual number of Corporate withholding forms processed	Not Avail.	Not Avail.	5,846	6,364	6,823	6,900
Annual number of balance due statements forms processed	Not Avail.	Not Avail.	1,200	1,300	1,520	2,160
Annual number of estimated payment forms processed	Not Avail.	Not Avail.	1,461	1,650	1,706	5,345
Annual number of reconciliations of withholdings processed	Not Avail.	Not Avail.	1,300	1,331	1,329	1,517
<i>Engineering Department</i>						
Capital Improvement (public & private) overseen by dept.	\$2,862,068	\$3,356,532	\$4,867,448	\$9,043,425	\$5,221,623	\$5,301,116
<i>Municipal Court</i>						
Number of Civil Cases	845	890	1,226	1,233	1,212	1,275
Number of Criminal cases	1,396	1,249	1,476	1,500	1,471	1,540
<i>Civil Service</i>						
Number of police entry tests administered	0	0	1	1	0	151
Number of police promotional tests administered	1	0	0	0	0	0
Number of hires of Police Officers from certified lists	0	0	5	2	0	0
Number of promotions from police certified lists	2	0	0	0	0	0

(continued)

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

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

(continued)

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

Function/Program	2002	2003	2004	2005	2006	2007
Leisure Time Activities						
Recreation Receipts						
Football	\$20,135	\$9,049	\$16,730	\$1,095	\$0	\$0
Softball Leagues	3,540	3,835	4,550	4,500	0	0
Adult Basketball	1,710	1,800	4,650	3,975	0	0
Farmer's Market	0	0	0	0	1,250	1,000
Recreation Programs	2,651	420	3,776	3,545	15,030	26,864
Field Usage Fees	0	0	7,581	18,458	15,930	20,790
Summer Camp	14,925	0	0	0	0	0
Concession Stand	9,392	0	0	0	0	0
Total Recreation Department receipts	\$52,353	\$15,104	\$37,287	\$31,573	\$32,210	\$48,654
Transportation						
Crackseal Coating Program (Miles)	4.00	4.00	4.00	3.00	2.50	4.00
Street Repair (Curbs, aprons, berms, asphalt) (hours)	1,000	1,000	1,200	1,500	1,950	2,080
Street Sweeper (hours)	864	11,542	1,152	1,440	1,440	1,400
Cold Patch (hours)	60	100	100	180	210	65
After hours Sewer and Water Calls	No Data	No Data	141	180	224	150
Sewer Cleaning (feet)	61,804	10,596	22,700	40,460	51,030	32,313
Sewer jet, Vac-all, video (feet)	11,274	17,511	26,574	15,907	45,681	26,050
Landscaping Stump-Chipper service (hours)	100	100	120	160	200	168
Leaf collection (hours)	1,800	2,100	2,200	2,800	3,000	3,696
Downtown Square Repair after events (hours)	25	25	25	25	25	352
Equipment repair/body shop (hours)	4,160	4,160	4,160	4,160	4,160	4,475
Sign department (hours)	174	350	395	416	500	200
Tons of snow melting salt purchased (Nov-Mar)	262	1,687	1,123	3,427	542	2,200
Cost of salt purchased	\$11,228	\$52,780	\$36,022	\$115,441	\$22,927	\$95,700
Water Department						
Water Rates per 1st 2500 gallons of water used	\$6.09	\$8.10	\$8.50	\$8.92	\$9.19	\$9.74
Avg. number of water accounts billed monthly	6,200	6,400	6,600	6,800	7,000	7,125
Total Water Collections Annually	\$2,209,555	\$2,971,340	\$2,942,212	\$2,943,704	\$3,327,223	\$2,753,207
Wastewater Department						
Wastewater Rates per 1st 2500 gallons used	\$8.00	\$10.64	\$10.96	\$11.29	\$14.28	\$14.99
Total flow of wastewater treatment plant (MG)	1,060,000	1,012,000	978,000	1,031,000	1,028,000	1,061,000
Average daily flow (Millions of gallons per day)	2.900	2.800	2.700	2.800	2.800	2.900
Tons of dry sludge removed	293.00	225.00	584.00	498.00	461.00	460.25

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

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

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

(1) Information prior to 2002 is not available

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

Bastin & Company, LLC

Certified Public Accountants

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

The Honorable Members of City Council
City of Lebanon, Ohio

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lebanon, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the City of Lebanon, Ohio's basic financial statements, and have issued our report thereon dated July 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Lebanon, Ohio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Lebanon, Ohio's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

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

Compliance and Other Matters

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

We noted certain other matters that we have reported to management in a separate letter dated June 25, 2008.

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

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

Cincinnati, Ohio
July 25, 2008



Mary Taylor, CPA
Auditor of State

CITY OF LEBANON

WARREN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 9, 2008**