

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
CITY OF LEBANON, TENNESSEE
YEAR ENDED JUNE 30, 2015

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CITY OF LEBANON TENNESSEE

**ROSTER OF PUBLICLY ELECTED OFFICIALS AND MANAGEMENT
OFFICIALS**

June 30, 2015

Publicly Elected Officials

Mayor Phillip Craighead

Councilors:

Ward 1	Lanny Jewell
Ward 2	Fred Burton
Ward 3	Rob Cesternino
Ward 4	Joe Hayes
Ward 5	Tick Bryan
Ward 6	Kathy Warmath

Management Officials:

Management Officials:	
Commissioner of Finance And Revenue	Robert Springer
Commissioner of Public Works	Jeff Baines

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, the Board of Aldermen,
and the Commissioner of Finance and Revenue of the
City of Lebanon, Tennessee and the
Director of Local Government Audit, State of Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparison schedule of the City of Lebanon, Tennessee as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information and the

budgetary comparison schedules for the general and street improvements funds of the City of Lebanon, Tennessee, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress for OPEB, changes in net pension liability and contributions on pages 4-11 and 51-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lebanon, Tennessee's basic financial statements. The accompanying financial information listed as supplementary information and schedules in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for those schedules marked as "unaudited" has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedules, except those marked as "unaudited" and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental schedules marked as "unaudited" have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2016, on our consideration of the City of Lebanon, Tennessee'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lebanon, Tennessee's internal control over financial reporting and compliance.

Dempsey Vantrease + Folles PLLC

Lebanon, Tennessee

March 14, 2016

CITY OF LEBANON, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

This section of the City of Lebanon, Tennessee's report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2015. Please read it conjunction with the City's financial statements, which follow this section. Please note that the 2014 figures presented in this report have not been revised to reflect the GASB 68 restatements required in the current fiscal year. See note 18 for details.

FINANCIAL HIGHLIGHTS

- > The City's total net position increased \$13.5 million or 9.74%. Of this amount, the net position of the Government activities increased by \$8.0 million and the net position of the Business type activities increased by \$5.5 million.
- > The City's governmental activities revenues from taxes and other sources were \$34.05 million and exceeded expenditures by \$8.0 million. Last year, revenues exceeded expenditures by \$5.7 million. Compared to last year revenues by 2.6% and expenditures decreased by 5%.
- > Revenues from the City's business-type activities were \$26.3 million, and revenues exceeded expenses by \$5.5 million. Last year revenues exceeded expenses by \$5.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of several parts: management's discussion and analysis (this section), basic financial statements, required supplementary information, schedule of federal awards, supplementary schedules and information, and internal control and compliance. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short term information about the City's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City's operations, reporting the City's operations in more detail than the government-wide financial statements. Included in the fund financial statements are governmental funds and proprietary funds. The governmental funds statements tell how the general governmental activities were financed in the short term as well as what remains for future spending. Proprietary fund statements include both long and short-term information that the City operates like a business enterprise, such as the utilities departments. The financial statements also include notes to the financial statements that explain some of the information in the financial statements and provide more detail. The required supplementary information further explains and supports the financial statements. In addition to these required elements, we have chosen to include statements that detail and combine the nonmajor government funds. Other authorities, including OMB Circular A-133 and the State of Tennessee, require the remaining schedules in the report. The following further explains the basic financial statements:

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when the cash is received or paid. These two statements report the City's net position and how they have changed during the current fiscal year. This is one way to measure the City's overall financial health. Increases in net position indicate that the City's financial health is improving, whereas decreases in net position indicate that the City's financial health may be deteriorating. To accurately assess the City's overall financial health, other non-financial factors, such as changes in the property tax base, must also be considered. The government-wide financial statements are divided into three categories:

- > Governmental Activities- most of the City's basic services are included here, Such as police, fire, public works, recreation and general administration.
- > Business Type Activities- the fees charged to customers for utility services, such as water and sewer are reported here.
- > Component Unit- the City includes the information of the Lebanon Senior Citizens Center in its report. Although it is a legally separate entity, the City is financially accountable for it.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific resources of funding and spending for particular purposes. Some funds are required by State law and bond covenants. Other funds are established by the Council to control and manage money for particular purposes or to show disposition of certain taxes and grants. The City has two kinds of funds:

- > Governmental funds- most of the City's basic services are included in governmental funds. These funds focus on cash and other assets that are readily convertible to cash and show: 1) the cash flow in and out during the year and 2) the balances at year end that are readily available for spending. As such, they provide detailed short-term views that help to determine what resources are available in the near future to fund the City's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information at the bottom of the fund financial statements, or on the following page, that explains the relationships or differences between the statements.
- > Proprietary funds- these funds account for the activity of the services for which the City charges its customers. Proprietary funds, like the government-wide financial statements, provide both long and short-term information. These funds are reported in the government-wide financial statements as business-type activities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position increased \$13.5 million during the year ended June 30, 2015. Of this amount, Government activities increased by \$8.0 million and the net position of the Business type activities increased by \$5.5 million. In comparison, for the year ended June 30, 2014, the City's net position increased \$10.9 million. The following table is a comparison of net assets of the City during the fiscal years ended June 30, 2015 and 2014:

CITY OF LEBANON, TENNESSEE NET POSITION

	Governmental Activities		Business Type Activities		Total		Total Percentage Change 2015-2014		
	2015	2014	2015	2014	2015	2014			
Current and Other Assets	\$ 32,391,413	\$ 31,710,022	\$ 21,692,511	\$ 19,129,079	\$ 54,083,924	\$ 50,839,101	6.38%	\$ 3,244,823	6.38%
Capital Assets, net	50,615,000	45,839,669	131,189,138	125,397,045	181,804,138	\$ 171,236,714	6.17%	\$ 10,567,424	6.17%
Total Assets	83,006,413	77,549,691	152,881,649	144,526,124	235,888,062	222,075,815	6.22%		
Deferred Outflows of Resources	1,824,001		589,118	16,567	2,413,119	16,567	14465.82%		
Long-Term Debt, net	10,466,009	13,876,845	55,512,007	49,550,142	65,978,016	63,246,987	4.02%		
Other Liabilities	14,546,949	12,556,564	2,548,576	5,544,348	17,095,525	18,100,912	-5.55%		
Total Liabilities	25,012,958	26,433,409	58,060,583	55,094,490	83,073,541	81,347,899	1.90%		
Deferred Inflows of Resources	2,256,966		759,637		3,016,603				
Net Position									
Investment in Capital Assets	40,148,991	34,422,789	75,677,130	73,117,845	115,826,121	107,540,634	7.70%		
Restricted	2,640,310	3,232,703	26,570	11,034	2,666,880	3,243,737	-17.78%		
Unrestricted	14,771,189	13,460,790	18,946,846	16,319,322	33,718,035	29,780,112	13.22%		
Total Net Position	\$ 57,560,490	\$ 51,116,282	\$ 94,650,546	\$ 89,448,201	\$ 152,211,036	\$ 140,564,483	8.29%		

Net position of the City's governmental activities increased by \$8.0 million, 16.1%. Of this amount, total assets increased by \$5.4 million but total liabilities decreased by \$1.4 million. Over half of the governmental activities net assets are invested in capital assets, net of related debt.

The net position of the business-type activities increased \$5.5 million, 6.2%. Of this amount total assets increased by \$8.3 million, and total liabilities increased by \$2.9 million. Almost all of these net assets are invested in capital assets.

Changes in Net Position

The following table shows the City's changes in net position for the fiscal years ended June 30, 2015 and 2014.

CITY OF LEBANON, TENNESSEE CHANGE IN NET POSITION

	Governmental Activities		Business Type Activities		Total		Total Percentage Change 2015-2014
	2015	2014	2015	2014	2015	2015	
Revenues							
Program Revenues:							
Charges for Services	\$ 3,898,377	\$ 3,554,149	\$ 25,398,594	\$ 26,294,928	\$ 29,296,971	\$ 29,849,077	-1.85%
Operating Grants and Contributions	2,469,700	2,378,619	-	-	2,469,700	2,378,619	3.83%
Capital Grants and Contribution	4,429,988	6,064,350	1,205,110	1,482,017	5,635,098	7,546,367	-25.33%
General Revenues:							
Property Tax	5,777,997	5,378,032	-	-	5,777,997	5,378,032	7.44%
Sales Tax	12,223,242	11,494,293	-	-	12,223,242	11,494,293	6.34%
Income Tax	454,872	337,376	-	-	454,872	337,376	34.83%
Other Miscellaneous Tax	3,602,790	3,025,404	-	-	3,602,790	3,025,404	19.08%
Tax Equivalents	304,331	290,541	-	-	304,331	290,541	4.75%
Investment Earnings	76,213	91,156	48,825	15,594	125,038	106,750	17.13%
Miscellaneous	-	30,747	518,432	351,894	518,432	382,641	35.49%
Transfers	814,828	551,033	(812,084)	(551,033)	2,744	-	
Total Revenues	<u>34,052,338</u>	<u>33,195,700</u>	<u>26,358,877</u>	<u>27,593,401</u>	<u>60,411,215</u>	<u>60,789,103</u>	-0.62%
Expenses							
General Government	3,678,895	4,406,295	-	-	3,678,895	4,406,295	-16.51%
Public Works	725,656	1,753,591	-	-	725,656	1,753,591	-58.62%
Police	7,770,707	8,656,818	-	-	7,770,707	8,656,818	-10.24%
Fire	3,960,717	4,098,860	-	-	3,960,717	4,098,860	-3.37%
Street	4,771,961	3,508,807	-	-	4,771,961	3,508,807	36.00%
Public Safety	237,433	226,276	-	-	237,433	226,276	4.93%
Engineering	697,110	604,660	-	-	697,110	604,660	15.29%
Cemetery	84,742	84,246	-	-	84,742	84,246	0.59%
Recreation	908,150	938,607	-	-	908,150	938,607	-3.24%
Floyd Family Life Center	1,404,934	1,395,832	-	-	1,404,934	1,395,832	0.65%
Airport	443,468	342,020	-	-	443,468	342,020	29.66%
Sanitation	1,057,400	1,111,774	-	-	1,057,400	1,111,774	-4.89%
Senior Citizens	51,687	-	-	-	51,687	-	
Interest on Long-Term Debt	258,740	294,133	-	-	258,740	294,133	-12.03%
Water & Sewer	-	-	12,816,524	12,773,706	12,816,524	12,773,706	0.34%
Natural Gas	-	-	8,028,102	9,667,390	8,028,102	9,667,390	-16.96%
	<u>26,051,601</u>	<u>27,421,917</u>	<u>20,844,626</u>	<u>22,441,096</u>	<u>46,896,227</u>	<u>49,863,014</u>	-5.95%
Increase (Decrease) in Net Position	<u>\$ 8,000,737</u>	<u>\$ 5,773,783</u>	<u>\$ 5,514,251</u>	<u>\$ 5,152,305</u>	<u>\$ 13,514,988</u>	<u>\$ 10,926,089</u>	23.69%

The City's total revenues decreased \$377 thousand from \$60.7 million to \$60.4 million.

The total cost of the City's programs and services decreased \$2.9 million from \$49.8 million to \$46.8 million.

The following shows the percentage of revenues and expenses by program for the year ended June 30, 2015.

Revenues

Charges for Services	48.50%
Operating Grants & Contribution	4.00%
Capital Grants & Contributions	9.30%
Property Tax	9.60%
Sales Tax	20.20%
Income Tax	0.80%
Other Misc Tax	6.00%
Tax Equivalents	0.50%
Investment Earnings	0.20%
Miscellaneous	0.90%
Transfers	0.00%

Expenses

General Government	7.80%
Public Works	1.50%
Police	16.60%
Fire	8.40%
Street	10.20%
Public Safety	0.50%
Engineering	1.50%
Cemetery	0.20%
Recreation	1.90%
Floyd Family Life Center	3.00%
Airport	1.00%
Sanitation	2.30%
Senior Citizens	0.10%
Interest on Long-Term Debt	0.60%
Water & Sewer	27.30%
Natural Gas	17.10%

Governmental Activities

The governmental revenues increased by \$856 thousand and expenditures decreased by \$1.3 million. The City had an increase of about \$730 thousand in sales tax and a \$577 thousand increase in other miscellaneous tax. These two make up the main increase in revenues. The following shows the net cost of the City's governmental activities for the fiscal years ended June 30, 2015 and 2014:

CITY OF LEBANON, TENNESSEE NET COST OF GOVERNMENTAL ACTIVITIES

	Total Cost Of Services		Percent	Net Cost of Services		Percent		
	2015	2014	Change 2015-2014	2015	2014	Change 2015-2014		
General Government	\$ 3,678,895	\$ 4,406,295	-16.51%	\$ 1,505,766	\$ 2,226,260	-32.36%	\$ (720,494)	-32.36%
Public Works	725,656	1,753,591	-58.62%	56,132	(696,978)	-108.05%	\$ 753,110	-108.05%
Police	7,770,707	8,656,818	-10.24%	7,056,458	7,441,181	-5.17%	\$ (384,723)	-5.17%
Fire	3,960,717	4,098,860	-3.37%	3,960,717	4,098,860	-3.37%	\$ (138,143)	-3.37%
Street	4,771,961	3,508,807	36.00%	598,556	(1,035,436)	-157.81%	\$ 1,633,992	-157.81%
Public Safety	237,433	226,276	4.93%	237,433	226,276	4.93%	\$ 11,157	4.93%
Engineering	697,110	604,660	15.29%	697,110	604,660	15.29%	\$ 92,450	15.29%
Cemetery	84,742	84,246	0.59%	23,914	84,246	-71.61%	\$ (60,332)	-71.61%
Recreation	908,150	938,607	-3.24%	666,960	753,224	-11.45%	\$ (86,264)	-11.45%
Floyd Family Life Center	1,404,934	1,395,832	0.65%	365,232	283,578	28.79%	\$ 81,654	28.79%
Airport	443,468	342,020	29.66%	(1,282,570)	33,023	-3983.87%	\$ (1,315,593)	-3983.87%
Sanitation	1,057,400	1,111,774	-4.89%	1,057,400	1,111,774	-4.89%	\$ (54,374)	-4.89%
Senior Citizens	51,687	-		51,687	-			
Total	\$ 25,792,860	\$ 27,127,786	-4.92%	\$ 14,994,795	\$ 15,130,667	-0.90%	\$ (135,872)	-0.90%

Business-Type Activities

Revenues of the City's business-type activities decreased by \$1.2 million. Expenses decreased by \$1.6 million. Revenues decreased by 4.5% and expenses decreased by 7.1% compared to last year.

General Fund Budgetary Highlights

Over the course of the year, the Council as necessary revises the budget. These changes are mainly to change the original estimated budgeted amounts to actual or to increase appropriations to prevent budget overruns.

The actual activity for the City reflected a \$1,826,114 excess of revenues over expenditures for the General fund for the fiscal year ended June 30, 2015.

- > Revenues for the General Fund were \$3.04 million more than budgeted.
- > Expenses were \$3.9 million less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015 the City had \$181.8 million invested in capital assets, net of depreciation. These assets include real estate and equipment as well as infrastructure, such as roads, and bridges, constructed or annexed by the City. This figure represents an increase of \$10.5 million or 6.17% over June 30, 2014 balances. The following table summarizes and compares the net capital assets for the fiscal years ended June 30, 2015 and 2014. For more detailed information on capital asset activity, see Note 7 to the financial statements.

City of Lebanon, Tennessee
Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities		Business Type Activities		Total		Percent Change 2015-2014
	2015	2014	2015	2014	2015	2015	
Land	\$ 7,797,050	\$ 7,797,050	\$ 2,544,278	\$ 2,544,278	\$ 10,341,328	\$ 10,341,328	0.00%
Buildings	9,330,583	8,392,567	33,696,937	33,066,825	43,027,520	41,459,392	3.78%
Improvements Other Than Buildings	29,329,135	25,847,598	86,022,098	85,567,019	115,351,232	111,414,617	3.53%
Equipment	4,158,232	3,802,455	1,756,418	1,280,189	5,914,650	5,082,644	16.37%
Construction in Process	-	-	7,169,409	2,938,735	7,169,409	2,938,735	143.96%
Total	\$ 50,615,000	\$ 45,839,670	\$ 131,189,139	\$ 125,397,046	\$ 181,804,139	\$ 171,236,716	6.17%

This year's major capital additions included: water & sewer improvements, gas improvements, work on the Cedar City trail, Lebanon airport and to roads and buildings owned by the City.

This fiscal year ended June 30, 2016 budget includes capital expenditures of \$25.3 million. The City plans to issue bonds to finance part of these projects, and the remainder will come from funds on hand.

Long-Term Debt

At June 30, 2015, the City had \$65.9 million in bonds, notes and capital leases outstanding. This represents an increase of \$2.1 million or 3.36% from June 30, 2014. The following table summarizes and compares long-term debt at June 30, 2015 and 2014. See note 3 to the financial statements for more information on long-term debt activity.

CITY OF LEBANON, TENNESSEE OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total		Total Percent Change 2015-2014
	2015	2014	2015	2014	2015	2014	
General Obligation Bonds and Notes (Backed by the City)	\$10,466,009	\$11,539,747	\$0	\$0	\$10,466,009	\$11,539,747	-9.30%
Revenue Bonds & Notes (Backed by specific tax and fee revenues)	\$0	\$0	\$55,512,008	\$52,295,767	\$55,512,008	\$52,295,767	6.15%
	\$10,466,009	\$11,539,747	\$55,512,008	\$52,295,767	\$65,978,016	\$63,835,513	3.36%

Bond ratings: Aa3

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

When preparing the General Fund Budget for FY 2015, increases for salaries, capital equipment and improvements were factored in. The last couple of years we have been able to reduce our healthcare cost. The amount available from revenues for appropriation in the General fund budget is \$24,738,363. Estimated Sales tax revenue is expected to increase by approximately 5.66% or \$525,000. Property tax rate stayed the same as last year and expect a slight increase of about 3.17% or \$160,000. Expenditures will increase by about 1.0% compared to last year, expenditures will be about \$326 thousand more than projected revenues and the difference will come out of the fund balance.

Water and Sewer revenues are projected to go up about 2.43% compared to last year and expenses are going to increase about 0.62%. The slight difference in more expenses than revenues will come out of retained earnings.

Gas revenues are expected to increase by about 11.27% compared to last year budget. Expenses are expected to be up 1.94% compared to last year's budget. Revenues are expected to be higher than expenses by about \$855 thousand.

Debt is expected to increase in FY 2015 due to:

- 1) Water and Sewer Fund- Approval of a \$8,000,000 loan from the State Revolving program for improvements at the water plant. Carryover from last year.
- 2) Water and Sewer Fund- Proposed loan of \$1,650,000 from the TML for improvements on the water distribution system.
- 3) Water as Sewer Fund- Proposed loan of \$800,000 from the TML for improvements on the sewer collection system.
- 4) General Fund- Proposed loan of \$1,490,765 from the Gas fund to build a new fire hall.

The overriding issue is meeting the long-term infrastructure costs due to the fast growth rate of the City and surrounding area.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors of the City of Lebanon, Tennessee with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Commissioner of Finance and Revenue, 200 Castle Heights Avenue, North, Lebanon, Tennessee 37087.

CITY OF LEBANON, TENNESSEE
STATEMENT OF NET POSITION

June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash	\$ 8,749,468	\$ 9,629,051	\$ 18,378,519	\$ 98,027
Investment in State Investment Pool	11,516,013	7,389,934	18,905,947	
Certificate of Deposit	2,261,134	2,509,132	4,770,266	
Other Restricted Funds	-	26,570	26,570	
Accounts Receivable, Net	8,915,105	2,305,262	11,220,367	-
Internal Balances	657,687	(657,687)	-	
Due from Component Unit	266	-	266	
Due from Private Purpose Trust	-	-	-	
Inventories	103,792	365,861	469,653	
Prepaid Expenses	187,948	66,420	254,368	
Notes Receivable	-	57,968	57,968	
Capital Assets:				
Non depreciable Assets	7,797,050	9,713,686	17,510,736	105,468
Depreciable Assets, Net of Depreciation	42,817,950	121,475,452	164,293,402	288,013
Total Capital Assets	50,615,000	131,189,138	181,804,138	393,481
Total Assets	83,006,413	152,881,649	235,888,062	491,508
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	103,636	10,087	113,723	-
Deferred Amount Related to Pensions	1,720,365	579,031	2,299,396	-
Total Deferred Outflows	1,824,001	589,118	2,413,119	-
LIABILITIES				
Bank Overdraft	208,481	-	208,481	
Accounts Payable	2,881,685	851,531	3,733,216	-
Due to Primary Government	-	-	-	266
Customer Deposits	17,055	250	17,305	
Accrued Expenses	709,219	191,590	900,809	4,702
Unearned Revenue	5,779,588	-	5,779,588	
Non-current Liabilities:				
Due in One Year:				
Compensated Absences	561,859	101,933	663,792	-
Debt	1,213,003	4,024,214	5,237,217	
Due in More Than One Year:				
Debt, net	9,253,006	51,487,793	60,740,799	
Net Pension Liability	27,919	9,399	37,318	
OPEB Liability	4,361,143	1,393,873	5,755,016	-
Total Liabilities	25,012,958	58,060,583	83,073,541	4,968
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount Related to Pensions	2,256,966	759,637	3,016,603	
NET POSITION				
Net Investment in Capital Assets	40,148,991	75,677,130	115,826,121	393,481
Restricted for:				
Note Proceeds	730,094	-	730,094	
Recreation	-	-	-	
Airport	51,155	-	51,155	
Debt Service	66,732	26,570	93,302	
Public works	803,606	-	803,606	
Drug Enforcement	818,506	-	818,506	
Community Service	37,238	-	37,238	
Police	132,979	-	132,979	
Unrestricted	14,771,189	18,946,846	33,718,035	93,059
Total Net Position	\$ 57,560,490	\$ 94,650,546	\$ 152,211,037	\$ 486,540

See notes to financial statements

CITY OF LEBANON, TENNESSEE
STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Primary Government		
			Grants and Contributions	Grants and Contributions		Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 3,678,895	\$ 2,082,469	\$ 90,660	\$ -	\$ (1,505,766)	\$ -	\$ (1,505,766)	
Public Works	725,656	214,325	26,763	428,436	(56,132)	-	(56,132)	
Police	7,770,707	287,911	426,338	-	(7,056,458)	-	(7,056,458)	
Fire	3,960,717	-	-	-	(3,960,717)	-	(3,960,717)	
Street	4,777,566	39,188	1,917,344	2,222,478	(598,556)	-	(598,556)	
Public Safety	237,433	-	-	-	(237,433)	-	(237,433)	
Engineering	697,110	-	-	-	(697,110)	-	(697,110)	
Cemetery	84,742	60,828	-	-	(23,914)	-	(23,914)	
Recreation	908,150	31,373	-	209,817	(666,960)	-	(666,960)	
Floyd Family Life Center	1,404,934	1,039,702	-	-	(365,232)	-	(365,232)	
Airport	443,468	142,581	14,300	1,569,157	1,282,570	-	1,282,570	
Sanitation	1,057,400	-	-	-	(1,057,400)	-	(1,057,400)	
Senior Citizens	51,687	-	-	-	(51,687)	-	(51,687)	
Interest on Long-Term Debt	258,740	-	-	-	(258,740)	-	(258,740)	
Total Governmental Activities	26,057,206	3,898,377	2,475,405	4,429,888	(15,253,536)	-	(15,253,536)	
Business-Type Activities:								
Water and Sewer	12,816,524	15,017,588	-	1,204,848	-	3,405,912	3,405,912	
Natural Gas	8,028,102	10,381,006	-	262	-	2,353,166	2,353,166	
Total Business-Type Activities	20,844,626	25,398,594	-	1,205,110	-	5,759,078	5,759,078	
Total Primary Government	46,901,832	29,296,971	2,475,405	5,634,998	(15,253,536)	5,759,078	(9,494,458)	
Component Unit:								
Senior Citizens Center	520,874	388,755	124,985	-				(7,134)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					5,777,997		5,777,997	
Sales Taxes					12,223,242		12,223,242	
Income and Excise Tax					454,872		454,872	
Other Miscellaneous Taxes					3,602,790		3,602,790	
Tax Equivalent - TVA					304,331		304,331	
Unrestricted Investment Earnings					76,213	48,825	125,038	56
Miscellaneous						518,432	518,432	
Transfers					814,828	(812,084)	2,744	
Total General Revenues and Transfers					23,254,275	(244,827)	23,009,446	56
Change in Net Position					8,000,737	5,514,251	13,514,988	(7,078)
Net Position, Beginning, Restated					49,559,753	89,136,295	138,696,048	493,618
Net Position, Ending					\$ 57,560,490	\$ 94,650,546	\$ 152,211,036	\$ 486,540

See notes to financial statements

CITY OF LEBANON, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

ASSETS	General Fund	Street Improvements	Other Governmental Funds	Total Governmental Funds
Cash	\$ 7,818,061	\$ -	\$ 931,407	\$ 8,749,468
Investment in State Investment Pool	6,611,000	1,163,586	3,741,427	11,516,013
Certificate of Deposit	2,261,134	-	-	2,261,134
Other Restricted Funds	-	-	-	-
Accounts Receivable:				
State of Tennessee	1,920,871	468,554	785,785	3,175,210
Federal Government	8,047	-	-	8,047
Other	286,490	1,758	64,079	352,327
Due from Other Funds	1,064,369	232,717	386,457	1,683,543
Due from Private Purpose Trust	-	-	-	-
Due from Component Unit	266	-	-	266
Notes Receivable	-	-	-	-
Inventories	103,792	-	-	103,792
Property Taxes - Net of Allowance				
For Uncollectible Taxes of \$454,817	5,379,521	-	-	5,379,521
Prepaid Expenses	176,276	-	11,672	187,948
	<u>\$ 25,629,827</u>	<u>\$ 1,866,615</u>	<u>\$ 5,920,827</u>	<u>\$ 33,417,269</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Street Improvements	Other Governmental Funds	Total Governmental Funds
LIABILITIES				
Accounts Payable				
Vendors	\$ 1,092,290	\$ 490,625	\$ 1,298,770	\$ 2,881,685
Due to Other Funds	416,548	-	609,308	1,025,856
Bank Overdraft	-	111,860	96,621	208,481
Accrued Payroll and Related Items	601,688	-	44,729	646,417
Accrued Vacation Pay	249,404	-	11,167	260,571
Accrued Interest	-	-	-	-
Customer Deposits	17,055	-	-	17,055
Other Accrued Liabilities	-	-	-	-
Unearned Revenue	5,779,588	-	-	5,779,588
Due to Joint Venture	-	-	-	-
Total Liabilities	8,156,573	602,485	2,060,595	10,819,653
FUND BALANCES				
Fund Balances:				
Nonspendable	280,068	-	-	280,068
Restricted for:				
Bond Proceeds	730,094	-	-	730,094
Debt Service	-	-	129,534	129,534
Street	-	-	803,606	803,606
Recreation	-	-	-	-
Drug Enforcement	-	-	818,506	818,506
Community Assistance	-	-	37,238	37,238
Police	-	-	132,979	132,979
Airport	-	-	51,155	51,155
Committed to:				
Airport	-	-	180,856	180,856
Cemetery	-	-	97,243	97,243
Police	-	-	220,895	220,895
Assigned to:				
Recreation	1,451	-	146,533	147,984
Airport	1,573	-	694,473	696,046
Street	800,654	1,264,130	42,776	2,107,560
Public Works	-	-	494,406	494,406
Police	-	-	136	136
Floyd Family Life Center	-	-	9,896	9,896
Garage	-	-	-	-
Equipment	136,597	-	-	136,597
Unassigned	15,522,817	-	-	15,522,817
Total Fund Balances	17,473,254	1,264,130	3,860,232	22,597,616
Total Liabilities and Fund Balances	\$ 25,629,827	\$ 1,866,615	\$ 5,920,827	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

Reconciliation to Statement of Net Position of Governmental Activities:

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances	\$	22,597,616
Capital Assets used in governmental funds are not reported in the fund Balance Sheet		50,615,000
Deferred Outflows are not reported in the fund Balance Sheet		1,824,001
Long-term debt is not reported in the fund Balance Sheet		(10,466,009)
Accrued Interest on long-term debt is not reported in the fund Balance Sheet		(62,802)
Net Pension Liability is not reported in the fund Balance Sheet		(27,919)
OPEB Liability on governmental funds is not reported in the fund Balance Sheet		(4,361,143)
Portion of Accrued Vacation not requiring current financial resources is not reported in the fund Balance Sheet		(301,288)
Deferred Inflows are not reported in the fund Balance Sheet		(2,256,966)
		(2,256,966)
Net Position of Governmental Activities	\$	57,560,490

See notes to financial statements

CITY OF LEBANON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUND TYPES

	Year Ended June 30, 2015			
	General Fund	Street Improvements	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes and Licenses	\$ 18,069,296	\$ -	\$ -	\$ 18,069,296
TVA In- Lieu of Tax	304,331	-	-	304,331
State and Regional Apportionments and Grants	4,267,033	23,654	3,010,975	7,301,662
Federal Grants	52,777	1,012,778	-	1,065,555
Fines and Costs	713,305	-	17,714	731,019
Rents	57,987	-	-	57,987
Interest	70,886	648	4,678	76,212
Other Revenues	1,482,659	2,222,578	1,931,815	5,637,052
Total Revenues	25,018,274	3,259,658	4,965,182	33,243,114
Expenditures				
General Government	2,618,465	-	65,699	2,684,164
Public Works	191,365	-	518,882	710,247
Police	7,577,293	-	222,699	7,799,992
Fire	3,848,420	-	-	3,848,420
Street	2,529,505	142,046	522,846	3,194,397
Public Safety	242,165	-	-	242,165
Engineering	699,643	-	-	699,643
Cemetery	85,796	-	-	85,796
Recreation	748,494	-	-	748,494
Floyd Family Life Center	-	-	1,143,828	1,143,828
Airport	-	-	137,299	137,299
Sanitation	1,092,785	-	-	1,092,785
Senior Citizens Center	61,054	-	-	61,054
Garage	298,990	-	-	298,990
Debt Service:				
Principal	105,650	-	1,174,562	1,280,212
Interest	14,853	-	251,093	265,946
Capital Outlay	1,402,789	3,725,464	2,886,222	8,014,475
Total Expenditures	21,517,267	3,867,510	6,923,130	32,307,907
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,501,007	(607,852)	(1,957,948)	935,207
Other Financing Sources (Uses)				
Transfers from Other Funds	208,700	495,110	2,061,929	2,765,739
Transfers to Other Funds	(2,348,058)	-	(36,169)	(2,384,227)
Capital Lease Proceeds	-	-	166,812	166,812
Bond Proceeds	-	-	-	-
Loan Proceeds	31,150	-	31,150	62,300
Transfers - Tax Equivalents	433,315	-	-	433,315
Capital Lease Proceeds	-	-	-	-
Net Other Financing Sources (Uses)	(1,674,893)	495,110	2,223,722	1,043,939
Net Change in Fund Balances	1,826,114	(112,742)	265,774	1,979,146
Fund Balances				
July 01, 2014	15,742,664	1,376,872	3,594,458	20,713,994
Decrease in Encumbrances	(95,524)	-	-	(95,524)
June 30, 2015	\$ 17,473,254	\$ 1,264,130	\$ 3,860,232	\$ 22,597,616

See notes to financial statements

CITY OF LEBANON, TENNESSEE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT
OF ACTIVITIES

Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$	1,979,146
Increase in Encumbrances		(95,524)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Depreciation expense is not reported as a expenditure in the governmental funds		(3,370,843)
Proceeds of long-term debt are not revenue on the Statement of Activities - instead they are an increase in the debt on the Statement of Net Assets		(229,112)
Principal payments on debt service are not an expense in the Statement of Activities - instead, they are a reduction of debt on the Statement of Net Assets		1,302,850
Amortization of Bond Premium/Discount/Issue Costs are not reported in the Statement of Activities - instead they are reported as a reduction of an asset/liability on the Statement of Net Assets		(19,232)
Change in OPEB Liability is not reported as an expenditure in the governmental funds		(558,510)
Accrued interest on debt of the governmental funds is not reported as an expenditure in the governmental funds		7,206
Capital expenditures are not an expense in the Statement of Activities - instead, they are an addition to capital assets on the Statement of Net Assets		8,146,174
Current year change in net pension liability due to implementation of GASB 68 is not reported in the governmental funds		867,278
Accrued vacation not requiring the use of current resources is not reported as an expenditure in the governmental funds		(28,695)
Change in Net Position of Governmental Activities	\$	<u>8,000,738</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2015

ASSETS	Natural Gas Fund	Water and Sewer Fund	Total
Current Assets:			
Cash	\$ 3,096,333	\$ 6,532,718	\$ 9,629,051
Investment in State Investment Pool	4,125,821	3,264,113	7,389,934
Certificate of Deposit	1,003,107	1,506,025	2,509,132
Accounts Receivable - (Less Allowance for Doubtful Accts of \$ 147,327)	175,966	849,749	1,025,715
Due from Other Funds	61,041	5,657	66,698
Other Receivables	-	1,279,547	1,279,547
Inventories	181,018	184,843	365,861
Prepaid Expenses	18,296	48,124	66,420
Total Current Assets	8,661,582	13,670,776	22,332,358
Noncurrent Assets:			
Other Restricted Funds	-	26,570	26,570
Notes Receivable	57,968	-	57,968
Capital Assets:			
Land	866,063	1,678,215	2,544,278
Buildings	2,274,807	53,555,806	55,830,613
Equipment	2,301,710	3,035,294	5,337,004
Improvements Other than Building	29,127,800	109,505,122	138,632,922
Construction in Process	338,890	6,830,518	7,169,408
Accumulated Depreciation	(13,169,929)	(65,155,159)	(78,325,088)
Total Noncurrent Assets	21,797,309	109,476,366	131,273,675
Total Assets	30,458,891	123,147,142	153,606,033
DEFERRED OUTFLOWS OF RESOURCES			
Pension	138,136	440,895	579,031
Loss of Bond Refunding	10,087	-	10,087
Total Deferred Outflows of Resources	148,223	440,895	589,118
LIABILITIES			
Current Liabilities:			
Current Portion of Long-Term Debt	210,000	3,814,214	4,024,214
Bank Overdraft	-	-	-
Accounts Payable - Vendors	379,284	472,247	851,531
Due to Other Funds	226,957	497,428	724,385
Other Current Liabilities	100	150	250
Accrued Interest	2,615	42,563	45,178
Accrued Payroll and Related Items	46,412	100,000	146,412
Accrued Vacation Pay	28,212	73,721	101,933
Total Current Liabilities	893,580	5,000,323	5,893,903
Noncurrent Liabilities:			
Post Employment Benefits	346,991	1,046,882	1,393,873
Net Pension Liability	2,242	7,157	9,399
Notes Payable	1,751,000	27,176,050	28,927,050
Utility Bonds Payable	275,000	22,285,743	22,560,743
Total Noncurrent Liabilities	2,375,233	50,515,832	52,891,065
Total Liabilities	3,268,813	55,516,155	58,784,968
DEFERRED INFLOWS OF RESOURCES			
Pensions	181,222	578,415	759,637
NET POSITION			
Net Investment in Capital Assets	19,503,341	56,173,789	75,677,130
Restricted for Debt Service	-	26,570	26,570
Unrestricted	7,653,738	11,293,108	18,946,846
Total Net Position	\$ 27,157,079	\$ 67,493,467	\$ 94,650,546

See notes to financial statements

CITY OF LEBANON, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

Year Ended June 30, 2015

	Natural Gas Fund	Water and Sewer Fund	Total
Operating Revenues			
Charges for Services	\$ 10,381,006	\$ 15,017,588	\$ 25,398,594
Operating Expenses			
Utility Operating Expense	1,873,172	7,038,611	8,911,783
Natural Gas Purchased	5,097,765	-	5,097,765
Depreciation	991,269	4,822,406	5,813,675
Total Operating Expenses	<u>7,962,206</u>	<u>11,861,017</u>	<u>19,823,223</u>
Operating Income	2,418,800	3,156,571	5,575,371
Nonoperating Revenue (Expenses)			
Other Revenues	15,793	502,639	518,432
Interest Revenue	18,923	29,902	48,825
Debt Issuance Costs	(6,480)	-	-
Interest Expense	(59,416)	(955,507)	(1,014,923)
Total Nonoperating Revenue (Expenses)	<u>(31,180)</u>	<u>(422,966)</u>	<u>(447,666)</u>
Income before Contributions and Transfers	2,387,620	2,733,605	5,121,225
Contributions and Transfers			
Transfers to Other Funds	(8,219)	(373,294)	(381,513)
Contributed Capital	262	1,204,848	1,205,110
Transfers - Tax Equivalents	(232,738)	(197,833)	(430,571)
Total Contributions and Transfers	<u>(240,695)</u>	<u>633,721</u>	<u>393,026</u>
Change in Net Position	2,146,925	3,367,326	5,514,251
Net Position			
July 01, 2014, Restated	<u>25,010,154</u>	<u>64,126,141</u>	<u>89,136,295</u>
June 30, 2015	<u>\$ 27,157,079</u>	<u>\$ 67,493,467</u>	<u>\$ 94,650,546</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE
STATEMENT CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2015

	Natural Gas Fund	Water and Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 10,418,049	\$ 15,033,510	\$ 25,451,559
Payments to Suppliers	(5,719,260)	(3,561,256)	(9,280,516)
Payments to Employees	(1,273,140)	(4,046,762)	(5,319,902)
Internal Activity - Payments (To) From Other Funds	161,879	317,238	479,117
Other Receipts (Payments)	-	(795,413)	(795,413)
Net Cash Provided By Operating Activities	3,587,528	6,947,317	10,534,845
Cash Flows From Noncapital Financing Activities:			
Transfers - Tax Equivalents	(232,738)	(197,833)	(430,571)
Operating Transfers From Other Funds	(8,219)	(203,295)	(211,514)
Net Cash (Used) By Noncapital Financing Activities	(240,957)	(401,128)	(642,085)
Cash Flows From Capital and Related Financing Activities:			
Proceeds on Notes Payable	-	2,977,093	2,977,093
Debt Forgiveness	-	495,552	495,552
Debt Issuance Costs	(6,480)	-	(6,480)
Other Revenues	15,793	7,087	22,880
Payments for Capital Acquisitions	(2,357,459)	(8,034,409)	(10,391,868)
Principal Paid on Notes	(81,000)	(3,356,017)	(3,437,017)
Interest Paid	(60,166)	(955,507)	(1,015,673)
Bond Principal Paid	(120,000)	(1,247,000)	(1,367,000)
Proceeds of Bonded Debt	-	5,043,165	5,043,165
Issuance of Notes Receivable	(57,968)	-	(57,968)
Net Cash (Used) By Capital and Related Financing Activities	(2,667,280)	(5,070,036)	(7,737,316)
Cash Flows From Investing Activities:			
Interest Revenue	18,923	29,902	48,825
Increase in Investments	(1,003,107)	(1,006,026)	(2,009,133)
Net Cash Provided By Investing Activities	(984,184)	(976,124)	(1,960,308)
Net Increase (Decrease) in Cash and Temporary Investments	(304,893)	500,029	195,136
Cash and Temporary Investments:			
July 01, 2014	7,527,047	9,323,372	16,850,419
June 30, 2015	<u>\$ 7,222,154</u>	<u>\$ 9,823,401</u>	<u>\$ 17,045,555</u>
Non-Cash Capital and Related Financing Activities:			
Capital Assets Acquired By Contributions From Developers	<u>\$ 262</u>	<u>\$ 1,204,848</u>	<u>\$ 1,205,110</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE
STATEMENT CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2015

	Natural Gas Fund	Water and Sewer Fund	Total
Reconciliation of Operating Income to			
Cash Provided By Operating Activities:			
Operating Income	\$ 2,418,800	\$ 3,156,571	\$ 5,575,371
Adjustments to Reconcile Net Operating Income to Net			
Cash Provided by Operating Activities:			
Depreciation and Amortization	988,960	4,822,407	5,811,367
Provision for Losses on Accounts Receivable	(47,899)	(35,392)	(83,292)
Changes in Current and Deferred Items:			
Decrease in Accounts Receivable	84,942	51,314	136,257
(Increase) in Deferred Outflows	(138,136)	(440,895)	(579,031)
(Increase) in Other Receivables	-	(795,413)	(795,413)
Decrease in Due From Other Funds	(61,041)	(5,657)	(66,698)
Decrease in Inventories	(45,860)	(23,675)	(69,535)
(Increase) in Prepaid Expenses	7,765	23,907	31,672
(Decrease) in Accounts Payable	38,440	(496,345)	(457,905)
(Decrease) in Net Pension Liability, net of GASB 68 adjustment	(112,724)	(359,785)	(472,509)
Increase in Deferred Inflows	181,222	578,415	759,637
(Decrease) in Due to Other Funds	222,920	322,895	545,815
Increase (Decrease) in Accrued Payroll	5,076	8,094	13,170
Increase in Accrued Vacation Pay	1,750	5,973	7,723
(Decrease) in Other Current Liabilities	-	-	-
Increase in Postemployment Benefits	43,313	134,903	178,216
Net Cash Provided By Operating Activities	<u>\$ 3,587,528</u>	<u>\$ 6,947,317</u>	<u>\$ 10,534,845</u>

CITY OF LEBANON, TENNESSEE
GENERAL FUND
BUDGETARY COMPARISON STATEMENT
Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		
Revenues				
Taxes:				
Real and Personalty	\$ 5,265,000	\$ 5,265,000	\$ 5,777,997	\$ 512,997
Wholesale Beer	930,000	930,000	1,043,791	113,791
Sales Tax	9,275,000	9,275,000	10,262,957	987,957
Cable TV Franchise Fee	235,000	235,000	327,270	92,270
Hotel and Motel Tax	255,000	255,000	311,746	56,746
Business Tax	975,000	975,000	5,325	(969,675)
Mixed Drink Tax	10,000	10,000	12,820	2,820
Liquor Tax	315,000	315,000	327,390	12,390
	<u>17,260,000</u>	<u>17,260,000</u>	<u>18,069,296</u>	<u>809,296</u>
Tax Equivalents:				
TVA In-Lieu of Tax	295,000	295,000	304,331	9,331
	<u>295,000</u>	<u>295,000</u>	<u>304,331</u>	<u>9,331</u>
Federal, State and Regional				
Apportionments and Grants:				
Sales Tax (St Sales C)	1,925,000	1,925,000	1,960,284	35,284
Income Tax	200,000	200,000	407,221	207,221
Petroleum Special	50,000	50,000	53,455	3,455
Highway Grants and Contracts	137,881	137,881	117,791	(20,090)
Beer Tax	12,000	12,000	12,526	526
Mixed Drink Tax	80,000	80,000	85,296	5,296
Excise Tax	20,000	20,000	47,652	27,652
Business Tax - County Clerk	-	-	122,952	122,952
Business Tax - Trustee	-	-	1,353,674	1,353,674
Police and Fire Salary Supplement	38,500	38,500	69,000	30,500
OJP Grants	-	9,190	17,422	8,232
D.E.A. Grant	-	-	31,447	31,447
FEMA Grants	-	-	3,228	3,228
FBI Safe Streets	-	-	9,898	9,898
Highway Safety Grants	8,500	13,500	19,266	5,766
Organized Drug Enforcement Task Force	-	-	6,191	6,191
Airport Grants	-	-	-	-
Telecommunications Sales Tax	1,500	1,500	2,507	1,007
	<u>2,473,381</u>	<u>2,487,571</u>	<u>4,319,810</u>	<u>1,832,239</u>
Fines and Costs	671,500	671,500	713,305	41,805
Rent - Other	24,000	24,000	54,000	30,000
Rents from Other City	4,700	4,700	3,987	(713)
Highway and Street Charges	15,000	15,000	32,471	17,471
Interest	45,000	45,000	70,886	25,886
Permits and Licenses	692,000	692,000	905,997	213,997

See notes to financial statements

	Budget		Actual	Variance
	Original	Final		
Cemetery Income	55,000	55,000	60,828	5,828
Park and Recreation Income	41,500	41,500	31,373	(10,127)
Interest and Penalty on Taxes and Licenses	20,000	20,000	37,680	17,680
Miscellaneous	269,200	343,431	347,700	4,269
Sale of Equipment	25,000	25,000	66,610	41,610
	<u>1,862,900</u>	<u>1,937,131</u>	<u>2,324,837</u>	<u>387,706</u>
Total Revenues	<u>21,891,281</u>	<u>21,979,702</u>	<u>25,018,274</u>	<u>3,038,572</u>
Expenditures				
City Department:				
Mayor and Council	262,699	374,101	303,638	70,463
City Attorney/Judicial	197,519	224,701	185,883	38,818
Financial Administration	167,543	174,780	163,905	10,875
Building Maintenance	95,990	110,861	107,711	3,150
Accounting	197,194	198,705	175,321	23,384
Customer Billing	31,894	32,651	35,226	(2,575)
Johnson Controls	-	92,370	92,359	11
Purchasing	46,950	47,751	43,399	4,352
Computer Equipment	225,249	226,991	229,730	(2,739)
Public Works	192,675	226,149	175,132	51,017
Warehouse	44,665	45,546	40,449	5,097
Personnel	152,497	246,911	231,613	15,298
Traffic Maintenance	223,820	226,241	148,423	77,818
General Maintenance	278,139	297,692	253,245	44,447
Police	7,771,722	8,086,089	7,577,294	508,795
Fire	3,917,020	4,111,135	3,998,986	112,149
Building Inspection	363,086	383,036	359,256	23,780
Street	2,677,142	3,585,804	2,960,669	625,135
Animal Control	111,990	168,438	159,085	9,353
Public Safety	2,059,655	2,108,006	487,633	1,620,373
Engineering	1,011,976	319,306	268,312	50,994
Garage	332,488	397,955	345,642	52,313
Cemetery	94,271	95,505	85,797	9,708
Recreation	802,433	1,126,939	993,132	133,807
Special Events	35,000	35,000	28,544	6,456
Dues & Contributions	403,051	274,300	264,322	9,978
Community Park	198,831	262,867	214,947	47,920
EAC Committee	320	320	171	149
Sanitation	1,226,509	1,484,890	1,335,785	149,105
Drainage Migration	240,472	263,793	50,000	213,793
Accounting System Debt Service	30,000	30,000	38,641	(8,641)
Regional Transportation Authority	-	167,536	163,017	4,519
	<u>23,392,800</u>	<u>25,426,369</u>	<u>21,517,267</u>	<u>3,909,102</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE
GENERAL FUND
BUDGETARY COMPARISON STATEMENT
Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		
Excess of Revenues Over (Under)				
Expenditures	(1,501,519)	(3,446,667)	3,501,007	6,947,674
Other Financing Sources (Uses):				
Transfers - Tax Equivalents	445,571	445,571	433,315	(12,256)
Operating Transfers From Other Funds	-	208,700	208,700	-
Operating Transfers To Other Funds	(2,087,365)	(2,493,178)	(2,348,058)	145,120
Bond Proceeds	-	-	-	-
Loan Proceeds	1,565,515	1,596,665	31,150	(1,565,515)
Capital Lease Proceeds	-	-	-	-
Other	-	-	-	-
Total Other Financing Sources (Uses)	<u>(76,279)</u>	<u>(242,242)</u>	<u>(1,674,893)</u>	<u>(1,432,651)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (1,577,798)</u>	<u>\$ (3,688,909)</u>	1,826,114	<u>\$ 5,515,023</u>
Fund Balances:				
July 01, 2014			15,742,664	
Change in Encumbrances			(95,524)	
June 30, 2015			<u>\$ 17,473,254</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
STREET IMPROVEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Earnings	\$ -	\$ -	\$ 648	\$ 648
Contracts	1,133,296	1,133,296	1,036,432	(96,864)
Other Revenues	-	-	100	100
Contributions	-	-	2,222,478	2,222,478
Total Revenues	<u>1,133,296</u>	<u>1,133,296</u>	<u>3,259,658</u>	<u>2,126,362</u>
Expenditures				
Capital Outlay	1,259,120	2,045,125	3,725,464	(1,680,339)
Other Operating Expenditures	135,000	290,142	142,046	148,096
Total Expenditures	<u>1,394,120</u>	<u>2,335,267</u>	<u>3,867,510</u>	<u>(1,532,243)</u>
Excess of Revenues Over (Under)				
Expenditures	(260,824)	(1,201,971)	(607,852)	594,119
Other Financing Sources (Uses)				
Operating Transfers In	270,000	495,110	495,110	-
Total Other Financing Sources (Uses)	<u>270,000</u>	<u>495,110</u>	<u>495,110</u>	<u>-</u>
Excess of Revenues and Other Sources Over				
(Under) Expenditures and Other Uses	<u>\$ 9,176</u>	<u>\$ (706,861)</u>	(112,742)	<u>\$ (594,119)</u>
Fund Balances				
July 01, 2014			<u>1,376,872</u>	
June 30, 2015			<u>\$ 1,264,130</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE

NOTE TO BUDGETARY COMPARISON STATEMENT

June 30, 2015

NOTE 1 – BUDGETS

Formal budgetary accounting is employed as a management control for all funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund, Special Revenue Funds, and Proprietary Funds, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a modified accrual basis. Budgetary control is exercised at the department level. All unencumbered budget appropriations lapse at the end of each fiscal year.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Reporting Entity

The City of Lebanon, Tennessee was incorporated in 1911 and operates under a mayor and alderman form of government. As required by generally accepted accounting principles, the financial statements reflect the financial activities of the City of Lebanon as the primary government, as well as its component unit, the Lebanon Senior Citizens Center. These statements do not include the private purpose trust funds, which are fiduciary in nature. Private purpose trust funds are used to account for trust arrangements where the principal and interest benefit individuals, private organizations, or other governments.

Individual Component Unit Disclosures

Discretely Presented Component Unit

The component unit column in the combined financial statements includes the financial data of the Lebanon Senior Citizens Center. It is a component unit because the City is financially accountable for the Center due to fiscal dependency. The Center issues separate audited financial statements, copies of which may be obtained from the City of Lebanon accounting department.

(B) Government-Wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. The primary government and component unit are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeiture, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

(C) **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements and financial statements of the City component unit also reports using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, hotel/motel taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. When committed and assigned and unassigned amounts are available for use, it is the City's policy to use committed resources first, then assigned resources, then unassigned amounts. See Note 2 for information describing restricted assets.

Allocation of Indirect Expenses

The City allocates indirect expenses primarily comprised of central governmental services to operation functions and programs benefiting from those services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. These charges are separately reported in the statement of activities. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include police, fire, and certain divisions within public services and parks.

(D) Fund Types and Major Funds

Governmental Funds

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Funds

The City reports the following major enterprise funds:

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Water and Sewer – accounts for the operating activities of the City’s water and sewer services.

Natural Gas – accounts for the operating activities of the City’s gas services.

(E) **Statement of Cash Flows**

For the purposes of the statement of cash flows, the enterprise funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(F) **Capitalization of Interest**

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. \$36,549 of interest was required to be capitalized for the year ended June 30, 2015. Interest costs on general fixed assets are not capitalized.

(G) **Capital Assets, Depreciation, and Amortization**

The City’s property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and component unit financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. The costs of normal maintenance and repairs that add to the asset value or materially extend useful lives are capitalized if they exceed \$5,000. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

(H) **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(I) Inventories

Inventories are stated at average cost.

(J) Bank Overdrafts

It is the City's policy to invest funds in interest-bearing accounts until needed to cover checks written, thus maximizing earnings on funds. Amounts are transferred as checks are presented, therefore bank overdrafts shown on the financial statements represent outstanding checks for which funds have not yet been transferred out of the interest-bearing accounts. Bank overdrafts at June 30, 2015 amounted to \$208,481.

(K) Long-Term Debt, Deferred Debt Expense, and Bond Discounts/Premiums

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

(L) Fund Balances

The governmental fund financial statements report fund balances based on the nature of the net resources reported in the fund. Fund balances are categorized as follows:

Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to remain intact.

Restricted – amounts that are constrained for use by (a) external parties, such as creditors, grantors, contributors or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.

Committed – amounts that are constrained for use by formal action of the government's highest level of decision-making authority, which is the city council. Formal action must be taken prior to the end of the fiscal year and the same formal action must be taken to remove the commitment.

Assigned - amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The council is authorized to assign amounts.

Unassigned – Residual classification for the general fund and funds where expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(M) Property Tax Revenue

Property taxes are levied on October 1 based on the assessed value of property as listed on the previous January 1. All unpaid taxes levied October 1 become delinquent March 1 of the following year.

In accordance with GASB 33, the property taxes to be levied on October 1, 2014 in the amount of \$5,646,898 have been accrued in the General Fund and the Governmental Activities as receivable and unearned revenue at June 30, 2015.

(N) Encumbrances

Encumbrance accounting is used for the General Fund, Special Revenue Funds, and Capital Project Funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are included in the fund balance classifications above based on the resource criteria noted above. Encumbrances do not lapse at the close of the fiscal year but are carried forward in the fund balances until liquidated.

(O) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Lebanon's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Lebanon's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

NOTE 2 - CASH AND INVESTMENTS

Cash on the balance sheet includes petty cash and cash on hand in the amount of \$12,475 and deposits with financial institutions including demand deposits and passbook savings accounts.

The Commissioner of Finance and Revenue is the treasurer of the City and in this capacity is responsible for receiving, disbursing, depositing and investing City funds. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized as follows:

All deposits with financial institutions other than savings and loan associations must be collateralized in an amount equal to 105% of the face amount of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the City. Deposits with

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 2 - CASH AND INVESTMENTS – CONTINUED

savings and loan associations must be collateralized by one of the following methods:

- (1) By an amount equal to 105% of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions;
- (2) By an irrevocable letter of credit issued by the Federal Loan Bank; or,
- (3) By providing notes secured by first mortgages or first deeds of trust upon residential real property located in Tennessee. The promissory notes must be in an amount equal to 150% of the amount of uninsured deposits.

The Commissioner of Finance and Revenue is authorized to make direct investments in bonds, notes or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government or any of its agencies. These investments may not have a maturity greater than two years. The Commissioner of Finance and Revenue may make investments with longer maturities if he follows various restrictions set out in state law. The Commissioner of Finance and Revenue is also authorized to make investments in the State Pooled Investment Fund and in repurchase agreements. Repurchase agreements must be approved by the State Director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. Government or obligations guaranteed by the U.S. Government or any other agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least 2% below the market value of the securities on the day of purchase. There were no repurchase agreements existing as of June 30, 2015.

The carrying amount of the City's deposits with financial institutions was \$23,148,785 including \$4,770,266 in certificates of deposit, and the bank balance was \$24,767,133. The bank balance is entirely insured by FDIC insurance and by the state bank collateral pool.

The City of Lebanon has invested in the State of Tennessee, local government investment pool. The City's net realizable value of the investment totaled \$18,932,517 at June 30, 2015, of which \$26,570 is included in "Other Restricted Funds" and is restricted for debt service.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 3 - LONG-TERM DEBT

The City has the following bonds outstanding at June 30, 2015:

	Amount of Original Issue	Range of Maturity Dates	Range of Interest Rates
Primary Government:			
Governmental Activities:			
General Obligation Bonds:			
1992 Bonds	\$ 3,040,000	1992 - 2012	Varies
2008 Bonds	3,840,000	2009 - 2023	3.0% - 4.1%
2003 Bonds	4,505,000	2003 - 2017	2.0% - 4.1%
2004 TMBF Bonds	2,725,000	2006 - 2025	3.0%
2008 TMBF Bonds	3,500,000	2008 - 2027	5.0%
2011 TMBF Bonds	1,000,000	2012-2031	3.48%
Business-Type Activities:			
Water and Sewer:			
TMBF 2001 Bonds	4,000,000	2004 - 2023	Variable
TMBF 2005 Bonds	1,400,000	2007 - 2026	4.0%
TMBF 2006 Bonds	5,000,000	2008 - 2027	5.0%
TMBF 2008 Bonds	4,150,000	2010 - 2029	5.0%
TMBF 2011 Bonds	1,631,150	2012-2031	2.86%
TMBF 2011 Bonds	2,900,000	2012-2031	3.39%
TMBF 2012 Bonds	1,387,000	2013-2032	2.23%
TMBF 2012 Bonds	4,657,079	2014-2028	1.82%
TMBF 2013 Bonds	1,800,000	2014-2033	2.28%
TMBF 2014 Bonds	4,887,665	2014-2020	1.85%
2015 QEC Bonds	3,500,000	2035	4.00%
Natural Gas:			
2008 Bond	1,175,000	2009 - 2018	3.0% - 4.0%
TMBF 2008 Bonds	1,100,000	2010 - 2029	5.0%
TMBF 2014 Bonds	1,000,000	2014-2033	2.43%

In addition, the City has various equipment notes secured by governmental capital assets. These notes are reported in the governmental activities section of the Statement of Net Assets. In addition, there are notes used to construct improvements to the utility infrastructure, and a capital lease to purchase certain equipment. These are reported in the business-type activities in the Statement of Net Assets.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 3 - LONG-TERM DEBT - CONTINUED

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt	\$ 7,815,279	\$ -	\$ (815,000)	\$ 7,000,279	\$ 740,000
Notes & Leases	3,724,468	229,112	(487,850)	3,465,730	473,003
Total Governmental Activities					
Long-Term Debt	<u>\$ 11,539,747</u>	<u>\$ 229,112</u>	<u>\$ (1,302,850)</u>	<u>\$ 10,466,009</u>	<u>\$ 1,213,003</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
Natural Gas	\$ 2,437,000	\$ -	\$ (201,000)	\$ 2,236,000	\$ 210,000
Water & Sewer	56,018,312	5,299,953	(4,603,017)	\$ 56,715,248	3,814,214
	58,455,312	5,299,953	(4,804,017)	58,951,248	4,024,214
Less:					
Amounts not yet borrowed	(6,159,545)		2,720,304	(3,439,241)	-
Total Business-Type Activities					
Long-Term Debt	<u>\$ 52,295,767</u>	<u>\$ 5,299,953</u>	<u>\$ (2,083,713)</u>	<u>\$ 55,512,008</u>	<u>\$ 4,024,214</u>

Annual Requirements to Maturity on Long-Term Debt:

<u>Year Ended June 30,</u>	<u>Primary Government</u>			
	<u>Governmental Activities</u>			
	<u>General Obligation Bonds</u>		<u>Equipment Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 740,000	\$ 290,995	\$ 473,003	\$ 70,373
2017	766,000	261,564	438,111	58,171
2018	584,000	230,207	364,048	47,695
2019	607,000	206,296	319,448	40,806
2020	630,000	181,410	324,871	35,077
2021-2025	2,864,000	508,573	1,546,249	85,417
2026-2030	809,279	68,435	-	-
Total	<u>\$ 7,000,279</u>	<u>\$ 1,747,480</u>	<u>\$ 3,465,730</u>	<u>\$ 337,539</u>

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 3 - LONG-TERM DEBT - CONTINUED

	Primary Government			
	Business-Type Activities			
	Water and Sewer Bonds		Water and Sewer Notes	
	Principal	Interest	Principal	Interest
2015	\$ 2,306,000	\$ 866,159	\$ 1,508,214	\$ 693,496
2016	2,096,000	811,934	1,653,097	642,491
2017	2,094,000	752,343	1,686,591	602,912
2018	2,028,000	692,375	1,721,779	562,520
2019	1,993,800	632,406	1,757,746	521,229
2021-2025	7,212,000	2,247,179	9,345,592	1,954,768
2026-2030	4,445,778	1,129,196	9,755,793	873,300
2031-2035	4,293,000	728,688	2,719,402	135,333
2036	-	-	98,456	424
Total	<u>\$ 26,468,578</u>	<u>\$ 7,860,280</u>	<u>\$ 30,246,670</u>	<u>\$ 5,986,473</u>

	Primary Government	
	Business-Type Activities	
	Natural Gas Bonds	
	Principal	Interest
2015	\$ 210,000	\$ 82,790
2016	223,000	74,880
2017	231,000	66,134
2018	95,000	57,063
2019	99,000	53,419
2020-2024	555,000	206,704
2025-2029	583,000	89,233
2030-2034	240,000	14,750
Total	<u>\$ 2,236,000</u>	<u>\$ 644,973</u>

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 4 - LIABILITY FOR COMPENSATED ABSENCES

Regular full time employees are allowed to accrue 13 sick days each year. Fire Department employees are credited five hours sick leave for each full pay period of continuous service since initial employment. Employees can be paid sick leave only when the employee who has accrued leave is incapacitated by sickness or off-the-job injury, for medical or optical diagnosis or treatment, to attend funerals, or as the result of or exposure to contagious disease. On termination, unpaid sick leave will be credited towards years of service. If retiring, an employee can elect to use unpaid sick leave credit to effect an earlier retirement date, or credit towards years of service on retirement.

A liability for unused sick leave is not recorded in the financial statements.

Regular full-time employees with one year of continuous service earn one week of annual leave. During the next nine years of service, two weeks shall be accrued per year. Beginning in year eleven of consecutive employment, three weeks shall be accrued each year. Annual leave not used may be carried from year to year to a maximum of four work weeks or twenty days. Fire department employees may accrue to a maximum of 244 hours. As of June 30, 2015 the liability for accrued vacation is \$663,792.

NOTE 5 - INDUSTRIAL BUILDING BONDS

The accounts of the City appropriately exclude the liabilities for bonds issued under the Tennessee Industrial Building Revenue Bond Act of 1951 for construction of industrial buildings. Rent from the properties is designated for the payment of interest and debt retirement of the bonds and notes issued for construction. A substantial portion of such rental collections and debt service payments is made directly by trustees. The bonds and notes do not constitute an indebtedness of the City and are considered to be self-liquidating.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 6 - PENSION EXPENSE

General Information about the Pension Plan

Plan description. Employees of Lebanon are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs. Employees hired after April 1, 2015 are covered under a hybrid plan of the TCRS.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

	Prior Plan	Hybrid Plan
Inactive employees or beneficiaries currently receiving benefits	184	0
Inactive employees entitled to but not yet receiving benefits	319	0
Active employees	310	0
	<u>813</u>	<u>0</u>

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 6 - PENSION EXPENSE – CONTINUED

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary under the hybrid plan. The prior plan is non-contributory. Lebanon makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Lebanon were \$1,732,316 based on a rate of 13.3 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Lebanon's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Lebanon's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. Since the measurement date is June 30, 2014, which is prior to the participation date in the hybrid plan of April 1, 2015, there is not a net pension liability to report at June 30, 2015 on that plan.

Actuarial assumptions. The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 6 - PENSION EXPENSE – CONTINUED

considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<hr/> 100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Lebanon will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 6 - PENSION EXPENSE – CONTINUED

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 6/30/13	\$ 45,248,873	\$ 41,507,025	\$ 3,741,848
Changes for the year:			
Service cost	936,571		936,571
Interest	3,399,484		3,399,484
Differences between expected and actual experience	661,593		661,593
Contributions-employer		1,828,142	(1,828,142)
Contributions-employees		-	-
Net investment income		6,887,411	(6,887,411)
Benefit payments, including refunds of employee contributions	(1,717,975)	(1,717,975)	-
Administrative expense		(13,375)	13,375
Net changes	<u>3,279,673</u>	<u>6,984,203</u>	<u>(3,704,530)</u>
Balance at 6/30/14	<u>\$ 48,528,546</u>	<u>\$ 48,491,228</u>	<u>\$ 37,318</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Lebanon calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Lebanon 's net pension liability (asset)	\$ 7,263,735	\$ 37,318	\$ (5,902,989)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2015, Lebanon recognized pension expense of \$573,135 on the prior plan. Since the measurement date is June 20, 2014, Lebanon did not recognize pension expense on the hybrid plan.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, Lebanon reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 6 - PENSION EXPENSE – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Prior Plan:		
Differences between expected and actual experience	\$ 567,080	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,016,603
Contributions subsequent to the measurement date of June 30, 2014	1,732,316	-
Total	\$ 2,299,396	\$ 3,016,603
Hybrid Plan:		
Contributions subsequent to the measurement date of June 30, 2014	\$ -	N/A

Lebanon’s employer contributions of \$ _____ to the hybrid plan, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		Prior Plan
Year Ended June 30:	2016	\$ (659,638)
	2017	(659,638)
	2018	(659,638)
	2019	(659,638)
	2020	94,513
Thereafter		94,513

Payable to the Pension Plan

At June 30, 2015, *Lebanon* reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 7 – CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not being Depreciated:				
Land	\$ 7,797,050	\$ -	\$ -	\$ 7,797,050
Other Capital Assets:				
Buildings	19,901,781	1,622,815	-	21,524,596
Improvements Other Than Buildings	46,381,476	5,234,486	-	51,615,962
Equipment	16,926,014	1,288,873	-	18,214,887
Total Other Capital Assets at Historical Cost	<u>83,209,271</u>	<u>8,146,174</u>	<u>-</u>	<u>91,355,445</u>
Less Accumulated Depreciation for:				
Buildings	11,509,214	684,798	-	12,194,012
Improvements Other Than Buildings	20,533,878	1,752,949	-	22,286,827
Equipment	13,123,559	933,096	-	14,056,655
Total Accumulated Depreciation	<u>45,166,651</u>	<u>3,370,843</u>	<u>-</u>	<u>48,537,494</u>
Other Capital Assets, Net	<u>38,042,620</u>	<u>4,775,330</u>	<u>-</u>	<u>42,817,950</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,839,670</u>	<u>\$ 4,775,330</u>	<u>\$ -</u>	<u>\$ 50,615,000</u>

Depreciation Expense was charged to functions as follows:

General Government	\$ 262,250
Public Works	22,260
Public Safety	16,690
Police	360,296
Fire	315,327
Street	1,627,400
Cemetery	2,415
Recreation	186,455
Jimmy Floyd Family Life Center	261,106
Engineering	10,476
Airport	306,169
	<u>\$ 3,370,843</u>

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 7 – CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business Type Activities:				
Capital Assets Not being Depreciated:				
Land	\$ 2,544,278	\$ -	\$ -	\$ 2,544,278
Construction in Process	2,938,735	10,550,689	6,320,015	7,169,409
Total Capital Assets Not Being Depreciated	5,483,013	10,550,689	6,320,015	9,713,687
Other Capital Assets:				
Buildings	53,584,460	2,246,154		55,830,614
Improvements Other Than Buildings	134,233,014	4,399,908		138,632,922
Equipment	4,616,761	731,604	11,362	5,337,004
Total Other Capital Assets at Historical Cost	192,434,235	7,377,666	11,362	199,800,540
Less Accumulated Depreciation for:				
Buildings	20,517,635	1,616,042		22,133,677
Improvements Other Than Buildings	48,665,995	3,944,830	-	52,610,825
Equipment	3,336,572	255,376	11,362	3,580,586
Total Accumulated Depreciation	72,520,202	5,816,247	11,362	78,325,088
Other Capital Assets, Net	119,914,033	1,561,419	-	121,475,452
Business Type Activities Capital Assets, Net	\$ 125,397,046	\$ 12,112,108	\$ 6,320,015	\$ 131,189,139

NOTE 8 - OPERATING LEASE

The City has in effect certain leases, as a Lessor, accounted for as operating leases. A schedule of future lease collections is as follows:

Year Ended	Collections
<u>June 30,</u>	<u> </u>
2016	\$ 24,000
2017	24,000
2018	24,000
2019	24,000
2020	24,000
Thereafter	936,000
	<u>\$1,080,000</u>

NOTE 9 - CONSTRUCTION COMMITMENTS

Water and sewer and gas improvements projects in progress at June 30, 2015 totaled \$7,132,860. During the current fiscal year, the City closed \$4,222,304 of completed water and sewer projects into capital assets and expenses. The City also closed \$2,097,711 of completed gas projects into capital assets and expenses during the current fiscal year. Construction cost during the fiscal year ended June 30, 2015 for the water and sewer and gas improvements totaled \$10,550,689. At June 30, 2015, the

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 9 - CONSTRUCTION COMMITMENTS – CONTINUED

City had total contracts outstanding for building and road construction of \$1,910,856. The majority of this is for work at the Lebanon Airport, Cedar City Trail, and road work. The City had incurred construction costs of \$3,482,047 during the current fiscal year.

NOTE 10 - TRANSFERS

Transfers during the year ended June 30, 2015, are summarized as follows:

Transfers From	<u>Major Fund General</u>	Other Nonmajor Governmental Funds	Proprietary Funds
Transfers To			
Governmental Funds:			
Major Funds:			
General	\$ -	\$ -	\$ 208,700
Street Improvements	495,110	-	-
Other Nonmajor			
Governmental Funds	1,852,947	36,169	172,813
	<u>\$ 2,348,057</u>	<u>\$ 36,169</u>	<u>\$ 381,513</u>

NOTE 11 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables generally include outstanding charges by one fund to another for goods and services and other miscellaneous items. Amounts outstanding at fiscal year end are reported as “Due to/Due from Other Funds” in the Governmental Funds Balance Sheet. Amounts payable between governmental funds are eliminated in the Statement of Net Assets. Amounts payable between governmental type activities and business type activities are reflected as “Internal Balances” on the Statement of Net Assets. Amounts payable between the Primary Government and the Component Unit are not eliminated.

Amounts outstanding at June 30, 2015 are as follows:

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 11 – INTERFUND RECEIVABLES AND PAYABLES – CONTINUED

Due From	Primary Government					Total
	Governmental Funds			Proprietary Funds		
	Major Fund	Other				
	General	Street Improvements	Nonmajor Funds	Water & Sewer	Natural Gas	
Due To						
Governmental Funds:						
Major Funds:						
General	\$ -	\$ -	\$ 492,528	\$ 345,047	\$ 226,794	\$ 1,064,369
Street Improvements	225,110	-	7,607	-	-	232,717
Other Nonmajor Funds	127,499	-	106,755	152,203	0	386,457
Proprietary Funds:						
Water & Sewer	3,943	-	1,551		163	5,657
Natural Gas	59,996	-	868	178		61,042
	\$ 416,548	\$ -	\$ 609,309	\$ 497,428	\$ 226,957	\$ 1,750,242

NOTE 12 - EXCESS EXPENDITURES OVER APPROPRIATIONS

The following funds had excess expenditures over appropriations.

Fund	Appropriations	Expenditures	Variance
Street Improvements	\$ 2,335,267	\$ 3,867,510	\$ (1,532,243)
Police Local Option Fine	310,300	418,934	(108,634)

NOTE 13 - RISK MANAGEMENT

The City participates in the Tennessee Municipal League Risk Management Pool for the risks of loss to which it is exposed. These risks include general liability, property and casualty, workers compensation, employee health and accident, and environmental. The City pays premiums to the risk management pool and risk of loss is transferred to the risk management pool. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 14 - CONTINGENT LIABILITY

The City is involved in several causes of action being defended under various insurance policies including the Tennessee Municipal League Risk Pool. It is expected that settled claims will not exceed limits of insurance.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 15 – SPECIAL ITEMS

In a prior fiscal year, the court ordered that the City of Lebanon pay for infrastructure improvements to bring the City into compliance with ADA requirements. A portion of these improvements relating to the sidewalks has been capitalized in the fixed assets of governmental activities as the improvements are made. The City council had budgeted a maximum of \$175,000 per year to be spent on these sidewalk improvements. For the fiscal year ended June 30, 2015, the City spent \$222.

NOTE 16 - JOINT VENTURE

During 1988, the City of Lebanon and Wilson County entered into an agreement to purchase and develop land in an effort to develop an industrial park to benefit the respective governments and the citizens. The city and county each agreed to contribute 50% of all proceeds for land. A six member board, known as the Wilson County/Lebanon Development Board, was established for the development operation, supervision, and maintenance of the project. The city members include the mayor, the commissioner of Public Works, and one alderman appointed by the mayor. The county members include the county executive, the chairman of the Tax Rate and Budget Committee, and one additional commissioner who is nominated by the county executive. The board is audited annually by an independent certified public accountant approved by the Comptroller of the Treasury, State of Tennessee. The audited financial statements are available from the Commissioner of Finance for the City of Lebanon. As of June 30, 2015, the audited financial statements for the Board presented a net position of \$278,394.

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City's full-time employees are included in the City of Lebanon's medical and life insurance coverage. The City's plan is a single employer plan that offers benefits to pre-65 retirees and their dependents. Once a participant turns age 65, the medical provision provides benefits through a Medicare Supplement Plan. Retirees receive a \$10,000 life insurance benefit until attainment of 85 years of age.

An employee who retires from the City is eligible for retiree health and life insurance coverage upon attaining age 60 with 10 years of service or completion of 30 years of service. If a retiree is eligible for health insurance coverage, the plan will also provide health coverage for the retiree's spouse. This coverage will continue until the retiree dies. Eligible retirees and dependents are required to share the cost of health insurance.

Annual OPEB Cost and Net OPEB Obligation

The OPEB cost and net OPEB obligation were based on the July 1, 2010 actuarial valuation for the City's plan as a whole, which includes the discretely presented component unit's employees. The component unit's portion of the OPEB cost and obligation were not separately determined in that

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

report. Therefore, an estimated cost was determined based on the component unit's salaries as a percent of total salaries for the City and the component unit combined. The OPEB cost is included in program expenses on the state of activities.

	Total
ARC	\$ 1,306,863
Interest on the NPO	225,823
Adjustment of the ARC	(237,546)
Annual OPEB Cost	1,295,140
Amount of Contribution	558,414
Increase/(decrease) in NPO	736,726
Net OPEB Obligation, 07/01/2014, restated	5,018,290
Net OPEB Obligation, 06/30/2015	\$ 5,755,016

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015 is as follows:

Year Ended	Plan	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6/30/2009	Postemployment Benefits Plan	\$ 1,081,504	27.78%	\$ 781,105
6/30/2010	Postemployment Benefits Plan	\$ 1,066,087	32.92%	1,485,110
6/30/2011	Postemployment Benefits Plan	\$ 1,110,885	33.14%	\$ 2,227,846
6/30/2012	Postemployment Benefits Plan	\$ 1,162,307	34.82%	\$ 2,985,406
6/30/2013	Postemployment Benefits Plan	\$ 1,417,388	32.69%	\$ 3,939,442
6/30/2014	Postemployment Benefits Plan	\$ 1,509,190	33.18%	\$ 4,947,827 *
6/30/2015	Postemployment Benefits Plan	\$ 1,295,140	43.12%	\$ 5,755,016

* as presented in the prior audited financial statements - not restated

Actuarial valuation date	7/1/2015
Actuarial accrued liability (AAL)	\$ 16,564,961
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	16,564,961
Actuarial valuation of plan assets as a % of the AAL	0.0%
Covered payroll (active plan members)	11,763,923

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as requires supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each calculation and on the pattern of sharing costs between employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used to include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial assumptions included a 4.5 percent discount rate, an annual healthcare cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of six percent after three years. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30 year period beginning with July 1, 2008.

NOTE 18 – RESTATEMENTS

Various restatements were made to both opening fund balances and net position as follows:

Restatement of opening net position due to implementation of GASB 68:

Water/Sewer	\$(366,942)
Gas	\$(114,962)
Governmental Activities	\$(1,431,798)

During the current audit, an error was discovered in the accounting for grant funds due from the State of Tennessee. This resulted in an overstatement of the Lebanon/Wilson County Community Park fund balance in the amount of \$54,269.

During the current audit, an error was discovered in the accounting for a contribution made by the Water/Sewer department to the FIDP fund, resulting in an understatement of the net position of the Water/Sewer fund in the amount of \$169,999.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LEBANON TENNESSEE
SCHEDULE OF FUNDING PROGRESS FOR OPEB
June 30, 2015

Plan Year	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2008-2009	\$ -	\$ 12,130,481	\$ 12,130,481	0.0%	\$ 11,889,877	102.0%
2009-2010	\$ -	\$ 12,730,997	\$ 12,730,997	0.0%	\$ 10,785,925	118.0%
2010-2011	\$ -	\$ 13,643,309	\$ 13,643,309	0.0%	\$ 11,130,027	122.6%
2011-2012	\$ -	\$ 13,713,844	\$ 13,713,844	0.0%	\$ 11,242,927	122.0%
2012-2013	\$ -	\$ 16,735,083	\$ 16,735,083	0.0%	\$ 11,200,261	149.4%
2013-2014	\$ -	\$ 17,642,997	\$ 17,642,997	0.0%	\$ 11,161,385	158.1%
2014-2015	\$ -	\$ 16,564,961	\$ 16,564,961	0.0%	\$ 11,763,923	140.8%

CITY OF LEBANON TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year ending June 30

	2014
Total pension liability	
Service cost	\$ 936,571
Interest	3,399,484
Changes in benefit terms	-
Differences between actual & expected experience	661,593
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(1,717,975)</u>
Net change in total pension liability	3,279,673
Total pension liability-beginning	<u>45,248,873</u>
Total pension liability-ending (a)	<u><u>\$ 48,528,546</u></u>
Plan fiduciary net position	
Contributions-employer	\$ 1,828,142
Contributions-employee	-
Net investment income	6,887,411
Benefit payments, including refunds of employee contributions	(1,717,975)
Administrative expense	<u>(13,375)</u>
Net change in plan fiduciary net position	6,984,203
Plan fiduciary net position-beginning	<u>41,507,025</u>
Plan fiduciary net position-ending (b)	<u><u>\$ 48,491,228</u></u>
Net Pension Liability (asset)-ending (a) – (b)	<u><u>\$ 37,318</u></u>
Plan fiduciary net position as a percentage of total pension liability	99.92%
Covered-employee payroll	12,938,008
Net pension liability (asset) as a percentage of covered-employee payroll	0.29%

CITY OF LEBANON TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN
THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year ending June 30

Prior Plan:	2014	2015
Actuarially determined contribution	\$ 1,828,142	\$ 1,732,316
Contributions in relation to the actuarially determined contribution	1,828,142	1,732,316
Contribution deficiency (excess)	\$ -	\$ -
Hybrid Plan:		
Actuarially determined contribution	N/A	\$ -
Contributions in relation to the actuarially determined contribution	N/A	-
Contribution deficiency (excess)	N/A	-
		\$ -
Covered-employee payroll	\$ 12,938,008	
Contributions as a percentage covered-employee payroll	14.13%	

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	4 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

SUPPLEMENTARY INFORMATION

CITY OF LEBANON, TENNESSEE
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

ASSETS	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Total Nonmajor Funds
Cash	\$ 921,797	\$ -	\$ 9,610	\$ 931,407
Investment in State Investment Pool	2,842,684	137,290	761,453	3,741,427
Accounts Receivable:				
State of Tennessee	40,705	-	745,080	785,785
Other	61,760	-	2,319	64,079
Due from Other Funds	209,503	-	176,954	386,457
Prepaid Expenses	11,672	-	-	11,672
	<u>\$ 4,088,121</u>	<u>\$ 137,290</u>	<u>\$ 1,695,416</u>	<u>\$ 5,920,827</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

LIABILITIES	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Governmental Funds
Accounts Payable				
Vendors	\$ 631,683	\$ -	\$ 667,087	\$ 1,298,770
Due to Other Funds	601,701	7,607	-	609,308
Bank Overdraft	82,582	149	13,890	96,621
Accrued Payroll and Related Items	44,729	-	-	44,729
Accrued Vacation Pay	11,167	-	-	11,167
Total Liabilities	1,371,862	7,756	680,977	2,060,595
FUND BALANCES				
Fund Balances:				
Restricted for:				
Debt Service		129,534	-	129,534
Street	803,606	-	-	803,606
Recreation	-	-	-	-
Drug Enforcement	818,506	-	-	818,506
Community Assistance	37,238	-	-	37,238
Police	132,979	-	-	132,979
Airport	-	-	51,155	51,155
Committed to:				
Airport	180,856	-	-	180,856
Cemetary	97,243	-	-	97,243
Police	255	-	220,640	220,895
Assigned to:				
Recreation	-	-	146,533	146,533
Airport	141,138	-	553,335	694,473
Street	-	-	42,776	42,776
Public Works	494,406	-	-	494,406
Police	136	-	-	136
Floyd Family Life Center	9,896	-	-	9,896
Unassigned		-		-
Total Fund Balances	2,716,259	129,534	1,014,439	3,860,232
Total Liabilities and Fund Balances	\$ 4,088,121	\$ 137,290	\$ 1,695,416	\$ 5,920,827

See notes to financial statements

CITY OF LEBANON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES

Year Ended June 30, 2015

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Governmental Funds
Revenues				
State and Regional Apportionments and Grants	\$ 1,232,001	\$ -	\$ 1,778,974	\$ 3,010,975
Federal Grants	-	-	-	-
Fines and Costs	17,714	-	-	17,714
Interest	4,355	316	7	4,678
Other Revenues	1,655,156	-	276,659	1,931,815
Total Revenues	2,909,226	316	2,055,640	4,965,182
Expenditures				
General Government	27,820	1,036	36,843	65,699
Public Works	518,882	-	-	518,882
Police	222,699	-	-	222,699
Fire	-	-	-	-
Street	522,846	-	-	522,846
Jimmy Floyd Family Life Center	1,143,828	-	-	1,143,828
Airport	133,439	-	3,860	137,299
Recreation	-	-	-	-
Debt Service:				
Principal	2,166	986,792	185,604	1,174,562
Interest	549	232,770	17,774	251,093
Capital Outlay	837,495	-	2,048,727	2,886,222
Total Expenditures	3,409,724	1,220,598	2,292,808	6,923,130
Excess (Deficiency) of Revenues Over Expenditures	(500,498)	(1,220,282)	(237,168)	(1,957,948)
Other Financing Sources (Uses)				
Capital Lease Proceeds	-	-	166,812	166,812
Loan Proceeds	31,150	-	-	31,150
Transfers From Other Funds	461,326	1,212,244	388,359	2,061,929
Transfers To Other Funds	(36,169)	-	-	(36,169)
Total Other Financing Sources (Uses)	456,307	1,212,244	555,171	2,223,722
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(44,191)	(8,038)	318,003	265,774
Fund Balances				
July 01, 2014	2,760,450	137,572	696,436	3,594,458
Increase in Encumbrances	-	-	-	-
June 30, 2015	\$ 2,716,259	\$ 129,534	\$ 1,014,439	\$ 3,860,232

See notes to financial statements

CITY OF LEBANON, TENNESSEE
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

June 30, 2015

ASSETS	Stormwater Fund	State Street Aid	Drug Enforcement Fund
Cash	\$ -	\$ -	\$ 81,094
Investment in State Investment Pool	520,804	895,323	580,650
Due From Other Funds	340	-	-
Prepaid Expenses	438	-	-
Other Receivables	25,860	15,088	525
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 547,442	\$ 910,411	\$ 662,269
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 11,316	\$ 45,677	\$ 2,202
Due to Other Funds	16,661	-	-
Bank Overdraft	20,915	61,128	-
Accrued Payroll and Related Items	2,492	-	-
Accrued Vacation Pay	3,119	-	-
Total Liabilities	<hr/> 54,503	<hr/> 106,805	<hr/> 2,202
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Restricted for:			
Street	-	803,606	-
Drug Enforcement	-	-	660,067
Community Assistance	-	-	-
Police	-	-	-
Committed to:			
Airport	-	-	-
Cemetery	-	-	-
Police	-	-	-
Assigned to:			
Public Works	492,939	-	-
Floyd Family Life Center	-	-	-
Police	-	-	-
Airport	-	-	-
Total Fund Balance	<hr/> 492,939	<hr/> 803,606	<hr/> 660,067
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 547,442	\$ 910,411	\$ 662,269
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements

Jimmy Floyd Family Life Center	Spirit Of Christmas Fund	Airport Operations	Beautification Committee	Lebanon Housing Authority
\$ 364,955	\$ 37,180	\$ 2,667	\$ 3,275	\$ -
-	-	434,520	-	46,706
55,000	-	-	1,500	-
9,669	-	1,016	-	549
8,935	-	10,114	-	13,657
<u>\$ 438,559</u>	<u>\$ 37,180</u>	<u>\$ 448,317</u>	<u>\$ 4,775</u>	<u>\$ 60,912</u>
\$ 23,278	\$ -	\$ 20,296	\$ -	\$ -
355,100	-	106,027	4,717	6,729
-	-	-	-	538
42,237	-	-	-	-
8,048	-	-	-	-
<u>428,663</u>	<u>-</u>	<u>126,323</u>	<u>4,717</u>	<u>7,267</u>
-	-	-	-	-
-	-	-	-	-
-	37,180	-	58	-
-	-	-	-	53,515
-	-	180,856	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,896	-	-	-	-
-	-	-	-	130
-	-	141,138	-	-
<u>9,896</u>	<u>37,180</u>	<u>321,994</u>	<u>58</u>	<u>53,645</u>
<u>\$ 438,559</u>	<u>\$ 37,180</u>	<u>\$ 448,317</u>	<u>\$ 4,775</u>	<u>\$ 60,912</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

June 30, 2015

ASSETS	Cemetery Maintenance	Federal Asset Seizure	FIDP
Cash	\$ 806	\$ 142,394	\$ 269,226
Investment in State Investment Pool	96,437	-	-
Due From Other Funds	-	-	152,203
Prepaid Expenses	-	-	-
Other Receivables	-	-	28,211
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 97,243	\$ 142,394	\$ 449,640
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ -	\$ 77,186	\$ 448,173
Due to Other Funds	-	4,417	-
Bank Overdraft	-	-	-
Accrued Payroll and Related Items	-	-	-
Accrued Vacation Pay	-	-	-
Total Liabilities	<hr/>	<hr/>	<hr/>
	-	81,603	448,173
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund Balances:			
Restricted for:			
Street	-	-	-
Drug Enforcement	-	60,791	-
Community Assistance	-	-	-
Police	-	-	-
Committed to:			
Airport	-	-	-
Cemetery	97,243	-	-
Police	-	-	-
Assigned to:			
Public Works	-	-	1,467
Floyd Family Life Center	-	-	-
Police	-	-	-
Airport	-	-	-
Total Fund Balance	<hr/>	<hr/>	<hr/>
	97,243	60,791	1,467
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total Liabilities and Fund Balance	\$ 97,243	\$ 142,394	\$ 449,640
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements

Law Enforcement Support Organization	COPS Grant	Citizens Emergency Response Team	Electronic Citation	Total Nonmajor Funds
\$ 18,860	\$ -	\$ 1,300	\$ 40	\$ 921,797
82,783	185,381	-	80	2,842,684
-	-	400	60	209,503
-	-	-	-	11,672
-	-	-	75	102,465
<u>\$ 101,643</u>	<u>\$ 185,381</u>	<u>\$ 1,700</u>	<u>\$ 255</u>	<u>\$ 4,088,121</u>
\$ 2,255	\$ -	\$ 1,300	\$ -	\$ 631,683
1,740	105,916	394	-	601,701
-	1	-	-	82,582
-	-	-	-	44,729
-	-	-	-	11,167
<u>3,995</u>	<u>105,917</u>	<u>1,694</u>	<u>-</u>	<u>1,371,862</u>
-	-	-	-	803,606
97,648	-	-	-	818,506
-	-	-	-	37,238
-	79,464	-	-	132,979
-	-	-	-	180,856
-	-	-	-	97,243
-	-	-	255	255
-	-	-	-	494,406
-	-	-	-	9,896
-	-	6	-	136
-	-	-	-	141,138
<u>97,648</u>	<u>79,464</u>	<u>6</u>	<u>255</u>	<u>2,716,259</u>
<u>\$ 101,643</u>	<u>\$ 185,381</u>	<u>\$ 1,700</u>	<u>\$ 255</u>	<u>\$ 4,088,121</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year End June 30, 2015

	Stormwater Fund	State Street Aid	Drug Enforcement Fund
Revenues:			
State and Regional			
Apportionments and Grants	\$ 26,763	\$ 709,566	\$ -
Federal Grants	-	-	-
Contributions	-	-	-
Interest Income	294	429	625
Fines and Costs	-	-	17,714
Memberships, Fees and Concessions	-	-	-
Other	214,325	-	45,296
Total Revenues	<u>241,382</u>	<u>709,995</u>	<u>63,635</u>
Expenditures:			
Salaries	132,951	-	-
Payroll Taxes	8,557	-	-
Benefits	72,399	-	-
Other Operating Expenditures	59,908	522,846	71,402
Debt Service	2,715	-	-
Capital Outlay	31,137	58,877	43,124
Total Expenditures	<u>307,667</u>	<u>581,723</u>	<u>114,526</u>
Excess of Revenues Over (Under) Expenditures	(66,285)	128,272	(50,891)
Other Financing Sources (Uses):			
Operating Transfers To Other funds	(4,108)	-	-
Operating Transfers From Other Funds	155,000	-	-
Loan Proceeds	31,150	-	-
Debt Issuance Costs	-	-	-
Total Other Financing Sources (Uses)	<u>182,042</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	115,757	128,272	(50,891)
Fund Balances:			
July 01, 2014	377,182	675,334	710,958
Increase in Encumbrances	-	-	-
June 30, 2015	<u>\$ 492,939</u>	<u>\$ 803,606</u>	<u>\$ 660,067</u>

See notes to financial statements

Jimmy Floyd Family Life Center	Spirit Of Christmas Fund	Airport Operations	Beautification Committee	Lebanon Housing Authority
\$ -	\$ -	\$ 14,300	\$ -	\$ -
-	-	-	-	-
-	11,471	-	8,572	-
1,215	35	380	6	45
-	-	-	-	-
1,009,467	-	-	-	94,431
30,235	-	142,581	-	-
<u>1,040,917</u>	<u>11,506</u>	<u>157,261</u>	<u>8,578</u>	<u>94,476</u>
559,122	-	-	-	66,246
41,351	-	-	-	5,068
164,511	-	-	-	13,223
378,844	6,293	133,439	13,177	-
-	-	-	-	-
47,370	-	-	-	-
<u>1,191,198</u>	<u>6,293</u>	<u>133,439</u>	<u>13,177</u>	<u>84,537</u>
(150,281)	5,213	23,822	(4,599)	9,939
-	-	(31,661)	-	-
147,775	-	2,000	3,948	-
-	-	-	-	-
-	-	-	-	-
<u>147,775</u>	<u>-</u>	<u>(29,661)</u>	<u>3,948</u>	<u>-</u>
(2,506)	5,213	(5,839)	(651)	9,939
12,402	31,967	327,833	709	43,706
-	-	-	-	-
<u>\$ 9,896</u>	<u>\$ 37,180</u>	<u>\$ 321,994</u>	<u>\$ 58</u>	<u>\$ 53,645</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2015

	Cemetary Maintenance	Federal Asset Seizure	FIDP
Revenues:			
State and Regional			
Apportionments and Grants	\$ -	\$ -	\$ 481,372
Federal Grants	-	-	-
Contributions	-	-	(52,936)
Interest Income	83	897	-
Fines and Costs	-	-	-
Memberships, Fees and Concessions	19,800	-	-
Other	-	45,365	-
Total Revenues	<u>19,883</u>	<u>46,262</u>	<u>428,436</u>
Expenditures:			
Salaries	-	-	-
Payroll Taxes	-	-	-
Benefits	-	-	-
Other Operating Expenditures	6,107	10,695	245,067
Debt Service	-	-	-
Capital Outlay	-	251,996	340,179
Total Expenditures	<u>6,107</u>	<u>262,691</u>	<u>585,246</u>
Excess of Revenues Over (Under)			
Expenditures	13,776	(216,429)	(156,810)
Other Financing Sources (Uses):			
Operating Transfers To Other funds	-	-	-
Operating Transfers From Other Funds	-	-	152,203
Loan Proceeds	-	-	-
Debt Issuance Costs	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>152,203</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	13,776	(216,429)	(4,607)
Fund Balances:			
July 01, 2014	83,467	277,220	6,074
Increase in Encumbrances	-	-	-
June 30, 2015	<u>\$ 97,243</u>	<u>\$ 60,791</u>	<u>\$ 1,467</u>

See notes to financial statements

Law Enforcement Support Organization	COPS Grant	Citizens Emergency Response Team	Electronic Citation	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,232,001
-	-	-	-	-
10,000	-	1,500	-	(21,393)
184	161	1	-	4,355
-	-	-	-	17,714
-	-	-	-	1,123,698
74,794	-	-	255	552,851
<u>84,978</u>	<u>161</u>	<u>1,501</u>	<u>255</u>	<u>2,909,226</u>
665	-	-	-	758,984
51	-	-	-	55,027
-	-	-	-	250,133
55,349	-	2,243	-	1,505,370
-	-	-	-	2,715
64,812	-	-	-	837,495
<u>120,877</u>	<u>-</u>	<u>2,243</u>	<u>-</u>	<u>3,409,724</u>
(35,899)	161	(742)	255	(500,498)
(400)	-	-	-	(36,169)
-	-	400	-	461,326
-	-	-	-	31,150
-	-	-	-	-
<u>(400)</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>456,307</u>
(36,299)	161	(342)	255	(44,191)
133,947	79,303	348	-	2,760,450
-	-	-	-	-
<u>\$ 97,648</u>	<u>\$ 79,464</u>	<u>\$ 6</u>	<u>\$ 255</u>	<u>\$ 2,716,259</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

June 30, 2015

ASSETS	Police Local Option Fine	Airport Capital Projects	Payment in Lieu of Sidewalks	Lebanon- Wilson County Community Park	Total Nonmajor Funds
Cash	\$ -	\$ 9,608	\$ 2	\$ -	\$ 9,610
Investment in State Investment Pool	200,312	359,075	42,774	159,292	761,453
Due from Other Funds	20,401	156,553	-	-	176,954
Other Receivables	2,319	468,861	-	276,219	747,399
Total Assets	\$ 223,032	\$ 994,097	\$ 42,776	\$ 435,511	\$ 1,695,416
LIABILITIES AND FUND BALANCES					
Bank Overdraft	\$ 2,392	\$ -	\$ -	\$ 11,498	\$ 13,890
Due to Other Funds	-	-	-	-	-
Accounts Payable	-	389,607	-	277,480	667,087
Total Liabilities	2,392	389,607	-	288,978	680,977
Fund Balances:					
Restricted for:					
Recreation				-	-
Airport		51,155			51,155
Committed to:					
Police	220,640				220,640
Assigned to:					
Recreation				146,533	146,533
Airport		553,335			553,335
Street			42,776		42,776
Total Fund Balances	220,640	604,490	42,776	146,533	1,014,439
Total Liabilities and Fund Balances	\$ 223,032	\$ 994,097	\$ 42,776	\$ 435,511	\$ 1,695,416

See notes to financial statements

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Year Ended June 30, 2015

	Police Local Option Fine	Airport Capital Projects	Payment in Lieu of Sidewalks	Lebanon- Wilson County Community Park	Total Nonmajor Funds
Revenues					
State Grants and Contracts	\$ -	\$ 1,569,157	\$ -	\$ 209,817	\$ 1,778,974
Other Revenues	269,942	-	6,717	-	276,659
Interest Earnings	149	(237)	37	58	7
Total Revenues	<u>270,091</u>	<u>1,568,920</u>	<u>6,754</u>	<u>209,875</u>	<u>2,055,640</u>
Expenditures					
Other Operating	36,843	3,860	-	-	40,703
Debt Service	203,378	-	-	-	203,378
Capital Outlay	178,713	1,535,670	-	334,344	2,048,727
Total Expenditures	<u>418,934</u>	<u>1,539,530</u>	<u>-</u>	<u>334,344</u>	<u>2,292,808</u>
Excess of Revenues Over (Under) Expenditures	(148,843)	29,390	6,754	(124,469)	(237,168)
Other Financing Sources (Uses)					
Capital Lease Proceeds	166,812	-	-	-	166,812
Operating Transfers From Other Funds	-	288,359	-	100,000	388,359
Total Other Financing Sources (Uses)	<u>166,812</u>	<u>288,359</u>	<u>-</u>	<u>100,000</u>	<u>555,171</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	17,969	317,749	6,754	(24,469)	318,003
Fund Balances					
July 01, 2014	<u>202,671</u>	<u>286,741</u>	<u>36,022</u>	<u>171,002</u>	<u>696,436</u>
June 30, 2015	<u>\$ 220,640</u>	<u>\$ 604,490</u>	<u>\$ 42,776</u>	<u>\$ 146,533</u>	<u>\$ 1,014,439</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE
NONMAJOR DEBT SERVICE FUND
COMBINING BALANCE SHEET

June 30, 2015

ASSETS	2013 <u>Bond Fund</u>	2004 <u>Bond Fund</u>	2003 <u>Bond Fund</u>
Investment in State Investment Pool	\$ 34	\$ 9,725	\$ 56,091
LIABILITIES AND FUND BALANCES			
Due to Other Funds	\$ -	\$ -	\$ -
Bank Overdraft	-	-	-
Fund Balances - Restricted for Debt Service	34	9,725	56,091
Total Liabilities and Fund Balances	<u>\$ 34</u>	<u>\$ 9,725</u>	<u>\$ 56,091</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Year Ended June 30, 2015

	2013 <u>Bond Fund</u>	2004 <u>Bond Fund</u>	2003 <u>Bond Fund</u>
Revenues			
Interest Income	\$ 11	\$ 91	\$ 103
Expenditures			
Bank Service Charges	-	-	653
Principal	171,792	195,000	190,000
Interest	48,199	10,302	24,005
Total Expenditures	<u>219,991</u>	<u>205,302</u>	<u>214,658</u>
Excess of Revenues Over (Under) Expenditures	(219,980)	(205,211)	(214,555)
Other Financing Sources (Uses)			
Operating Transfers From Other Funds	219,991	196,635	214,605
Total Other Financing Sources (Uses)	<u>219,991</u>	<u>196,635</u>	<u>214,605</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	11	(8,576)	50
Fund Balances			
July 01, 2014	<u>23</u>	<u>18,301</u>	<u>56,041</u>
June 30, 2015	<u>\$ 34</u>	<u>\$ 9,725</u>	<u>\$ 56,091</u>

See notes to financial statements

2008 Refunding Bond Fund	2008 Bond Fund	2011 Bond Fund	Total Nonmajor Funds
\$ 58,159	\$ 13,192	\$ 89	\$ 137,290
\$ -	\$ 7,607	\$ -	\$ 7,607
149	-	-	149
58,010	5,585	89	129,534
\$ 58,159	\$ 13,192	\$ 89	\$ 137,290

2008 Refunding Bond Fund	2008 Bond Fund	2011 Bond Fund	Total Nonmajor Funds
\$ 25	\$ 70	\$ 16	\$ 316
383	-	-	1,036
240,000	151,000	39,000	986,792
100,658	21,826	27,780	232,770
341,041	172,826	66,780	1,220,598
(341,016)	(172,756)	(66,764)	(1,220,282)
340,824	173,409	66,780	1,212,244
340,824	173,409	66,780	1,212,244
(192)	653	16	(8,038)
58,202	4,932	73	137,572
\$ 58,010	\$ 5,585	\$ 89	\$ 129,534

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 AG DRUG ENFORCEMENT REVENUE FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS

June 30, 2015

ASSETS

Cash	\$ 150,394
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LIABILITIES AND NET POSITION

Net Position, Held in Trust	\$ 150,394
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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS

Year Ended June 30, 2015

Additions	
Interest	\$ 150
Change in Net Position	150
Net Position	
July 01, 2014	150,244
June 30, 2015	\$ 150,394

CITY OF LEBANON, TENNESSEE
 STORMWATER FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest	\$ -	\$ -	\$ 294	\$ 294
State Grant	-	-	26,763	26,763
Fees	166,000	166,000	214,325	48,325
Total Revenue	<u>166,000</u>	<u>166,000</u>	<u>241,382</u>	<u>75,382</u>
Expenditures				
Salaries	139,795	139,452	132,951	6,501
Payroll Taxes	11,197	11,532	8,557	2,975
Benefits	73,532	76,722	72,399	4,323
Other Operating Expenditures	111,424	104,785	59,908	44,877
Debt Service	-	7,349	2,715	4,634
Capital Outlay	8,800	31,950	31,137	813
Total Expenditures	<u>344,748</u>	<u>371,790</u>	<u>307,667</u>	<u>64,123</u>
Excess of Revenues Over (Under)				
Expenditures	(178,748)	(205,790)	(66,285)	139,505
Other Financing Sources (Uses):				
Loan Proceeds	-	31,150	31,150	-
Transfers From Other Funds	155,000	155,000	155,000	-
Transfers to Other Funds	-	(4,108)	(4,108)	-
Total Other Financing Sources (Uses)	<u>155,000</u>	<u>182,042</u>	<u>182,042</u>	<u>-</u>
Excess of Revenues and Other Sources Over				
(Under) Expenditures and Other Uses	<u>\$ (23,748)</u>	<u>\$ (23,748)</u>	115,757	<u>\$ 139,505</u>
Fund Balances				
July 01, 2014			<u>377,182</u>	
June 30, 2015			<u>\$ 492,939</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
STATE STREET AID FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Gas 1989	\$ 912,639	\$ 912,639	\$ 97,602	\$ (815,037)
Gas 3 cent	-	-	140,311	140,311
Gasoline & Motor Fuel Tax	-	-	471,653	471,653
Interest Income	-	-	429	429
Total Revenues	<u>912,639</u>	<u>912,639</u>	<u>709,995</u>	<u>(202,644)</u>
Expenditures				
Utilities and Other				
Operating Expenditures	500,000	395,908	522,846	(126,938)
Capital Expenditures	492,639	596,731	58,877	537,854
Total Expenditures	<u>992,639</u>	<u>992,639</u>	<u>581,723</u>	<u>410,916</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (80,000)</u>	<u>\$ (80,000)</u>	128,272	<u>\$ 208,272</u>
Fund Balances				
July 01, 2014			<u>675,334</u>	
June 30, 2015			<u>\$ 803,606</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 DRUG ENFORCEMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Court Fines and Cost	\$ 18,000	\$ 18,000	\$ 17,714	\$ (286)
Interest Income	500	500	625	125
Other	65,000	65,000	45,296	(19,704)
Total Revenues	<u>83,500</u>	<u>83,500</u>	<u>63,635</u>	<u>(19,865)</u>
Expenditures				
Capital Expenditures	65,704	68,999	43,124	25,875
Other Operating Expenditures	133,280	140,780	71,402	69,378
Total Expenditures	<u>198,984</u>	<u>209,779</u>	<u>114,526</u>	<u>95,253</u>
Excess of Revenues Over (Under) Expenditures	(115,484)	(126,279)	(50,891)	(115,118)
Other Financing Sourced (Uses) Transfers to Other Funds	<u>(14,819)</u>	<u>(14,819)</u>	<u>-</u>	<u>14,819</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (130,303)</u>	<u>\$ (141,098)</u>	(50,891)	<u>\$ (100,299)</u>
Fund Balances				
July 01, 2014			<u>710,958</u>	
June 30, 2015			<u>\$ 660,067</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 JIMMY FLOYD FAMILY LIFE CENTER
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Memberships, Fees and Concessions	\$ 1,274,500	\$ 1,277,000	\$ 1,009,467	\$ (267,533)
Rent	37,000	37,000	30,235	(6,765)
Interest	500	500	1,215	715
Total Revenues	<u>1,312,000</u>	<u>1,314,500</u>	<u>1,040,917</u>	<u>(273,583)</u>
Expenditures:				
Salaries	579,315	608,927	559,122	49,805
Payroll Taxes	44,318	46,583	41,351	5,232
Benefits	182,109	205,905	164,511	41,394
Utilities	178,000	190,329	190,329	-
Telephone	16,680	16,680	16,077	603
Maintenance	30,000	32,500	30,056	2,444
Contractual Services	20,000	14,186	13,732	454
Supplies	97,000	90,517	89,757	760
Insurance	15,525	15,525	13,178	2,347
Other Operating Expenditures	37,365	37,241	25,715	11,526
Capital Outlay	49,200	49,200	47,370	1,830
Total Expenditures	<u>1,249,512</u>	<u>1,307,593</u>	<u>1,191,198</u>	<u>116,395</u>
Excess of Revenues Over (Under)				
Expenditures	62,488	6,907	(150,281)	(157,188)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	147,775	147,775
	<u>-</u>	<u>-</u>	<u>147,775</u>	<u>147,775</u>
Excess of Revenues and Other Sources Over				
(Under) Expenditures and Other Uses	<u>\$ 62,488</u>	<u>\$ 6,907</u>	<u>(2,506)</u>	<u>\$ (9,413)</u>
Fund Balances				
July 01, 2014			<u>12,402</u>	
June 30, 2015			<u>\$ 9,896</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 SPIRIT OF CHRISTMAS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 35	\$ 35
Contributions and Fundraiser	16,000	16,000	11,471	(4,529)
Total Revenues	<u>16,000</u>	<u>16,000</u>	<u>11,506</u>	<u>(4,494)</u>
Expenditures				
Other	<u>24,000</u>	<u>24,000</u>	<u>6,293</u>	<u>17,707</u>
Excess of Revenues Over (Under)				
Expenditures	<u><u>\$ (8,000)</u></u>	<u><u>\$ (8,000)</u></u>	5,213	<u><u>\$ 13,213</u></u>
Fund Balances				
July 01, 2014			<u>31,967</u>	
June 30, 2015			<u><u>\$ 37,180</u></u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 AIRPORT OPERATIONS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
State Grant	\$ 13,000	\$ 13,000	\$ 14,300	\$ 1,300
Rent	126,900	126,900	124,836	(2,064)
Fuel Sales	6,200	6,200	17,745	11,545
Interest	200	200	380	180
Total Revenues	<u>146,300</u>	<u>146,300</u>	<u>157,261</u>	<u>10,961</u>
Expenditures:				
Utilities	12,000	12,030	12,030	-
Repairs & Maintenance	39,800	52,624	51,624	1,000
Contractual Services	25,000	31,380	31,380	-
Management Fee	25,400	20,664	19,725	939
Other Operating	36,000	27,146	18,680	8,466
Total Expenditures	<u>138,200</u>	<u>143,844</u>	<u>133,439</u>	<u>10,405</u>
Excess of Revenues Over (Under) Expenditures	8,100	2,456	23,822	21,366
Other Financing Sources (Uses):				
Transfers from Other Funds	-	2,000	2,000	-
Transfers to Other Funds	-	(31,661)	(31,661)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(29,661)</u>	<u>(29,661)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 8,100</u>	<u>\$ (27,205)</u>	<u>(5,839)</u>	<u>\$ 21,366</u>
Fund Balance				
July 01, 2014			<u>327,833</u>	
June 30, 2015			<u>\$ 321,994</u>	

CITY OF LEBANON, TENNESSEE
 BEAUTIFICATION COMMITTEE
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Donations	\$ 15,000	\$ 15,000	\$ 8,572	\$ (6,428)
Interest	-	-	6	6
	<u>15,000</u>	<u>15,000</u>	<u>8,578</u>	<u>(6,422)</u>
Expenditures				
Operating Expenditures	15,000	18,157	13,177	4,980
Excess of Revenues Over (Under) Expenditures	-	(3,157)	(4,599)	(1,442)
Other Financing Sources (Uses):				
Transfer from Other Funds	-	-	3,948	3,948
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Sources	<u>\$ -</u>	<u>\$ (3,157)</u>	<u>(651)</u>	<u>\$ 2,506</u>
Fund Balances				
July 01, 2014			<u>709</u>	
June 30, 2015			<u>\$ 58</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 CEMETARY MAINTENANCE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Cemetary Maintenance Fees	\$ 12,000	\$ 12,000	\$ 19,800	\$ 7,800
Interest Income	-	-	83	83
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>19,883</u>	<u>7,883</u>
Expenditures				
Other Operating Expense	-	6,200	6,107	93
Excess of Revenues Over (Under)				
Expenditures	<u>\$ 12,000</u>	<u>\$ 5,800</u>	13,776	<u>\$ 7,883</u>
Fund Balances				
July 01, 2014			<u>83,467</u>	
June 30, 2015			<u>\$ 97,243</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 FEDERAL ASSET SEIZURE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Interest	\$ 250	\$ 250	\$ 897	\$ 647
Federal Payment - Asset Seizure	20,000	20,000	45,365	25,365
Total Revenues	<u>20,250</u>	<u>20,250</u>	<u>46,262</u>	<u>26,012</u>
Expenditures:				
Other Operating	78,000	78,000	10,695	67,305
Capital Outlay	65,000	266,969	251,996	14,973
Total Expenditures	<u>143,000</u>	<u>344,969</u>	<u>262,691</u>	<u>82,278</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (122,750)</u>	<u>\$ (324,719)</u>	(216,429)	<u>\$ 108,290</u>
Fund Balances				
July 01, 2014			277,220	
June 30, 2015			<u>\$ 60,791</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 FIDP
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Grants	\$ -	\$ -	\$ 481,372	\$ 481,372
Contribution	-	-	(52,936)	(52,936)
Interest	-	-	-	-
Total Revenues	-	-	428,436	428,436
Expenditures:				
Contributions in Aid of Construction	-	-	-	-
Other Operating Expenditures	105,000	340,886	245,067	95,819
Capital Expenditures	1,962,207	1,963,073	340,179	1,622,894
	2,067,207	2,303,959	585,246	1,718,713
Excess of Revenues Over (Under) Expenditures	(2,067,207)	(2,303,959)	(156,810)	(1,290,277)
Other Financing Sources (Uses)				
Transfer from Other Funds	-	-	152,203	152,203
	-	-	152,203	152,203
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (2,067,207)	\$ (2,303,959)	(4,607)	\$ (1,138,074)
Fund Balances				
July 01, 2014			6,074	
June 30, 2015			\$ 1,467	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
LAW ENFORCEMENT SUPPORT ORGANIZATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Interest Income	\$ -	\$ -	\$ 184	\$ 184
Donations	-	10,000	10,000	-
Other Revenues	20,000	73,500	74,794	1,294
Total Revenues	<u>20,000</u>	<u>83,500</u>	<u>84,978</u>	<u>1,478</u>
Expenditures				
Salaries	5,740	5,740	665	5,075
Payroll Taxes	439	439	51	388
Other Operating	33,000	75,100	55,349	19,751
Capital Expenditures	-	68,000	64,812	3,188
	<u>39,179</u>	<u>149,279</u>	<u>120,877</u>	<u>28,402</u>
Excess of Revenues Over (Under)				
Expenditures	(19,179)	(65,779)	(35,899)	29,880
Other Financing Sources (Uses):				
Transfer to Other Funds	-	(400)	(400)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses				
	<u>(19,179)</u>	<u>(66,179)</u>	<u>(36,299)</u>	<u>29,880</u>
Fund Balances				
July 01, 2014			<u>133,947</u>	
June 30, 2015			<u>\$ 97,648</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 FEDERAL COPS GRANT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest	\$ -	\$ -	\$ 161	\$ 161
Total Revenues	<u>-</u>	<u>-</u>	<u>161</u>	<u>161</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ -</u>	<u>\$ -</u>	161	<u>\$ (161)</u>
Fund Balances				
July 01, 2014			<u>79,303</u>	
June 30, 2015			<u>\$ 79,464</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 CITIZENS EMERGENCY RESPONSE TEAM
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 1	\$ 1
Donations	-	1,500	1,500	-
	<u>-</u>	<u>1,500</u>	<u>1,501</u>	<u>1</u>
Expenditures				
Operating Expenses	1,000	2,500	2,243	257
Total Expenditures	<u>1,000</u>	<u>2,500</u>	<u>2,243</u>	<u>257</u>
Excess of Revenues Over (Under)				
Expenditures	(1,000)	(1,000)	(742)	(256)
Other Financing Sources (Uses):				
Transfer from Other Funds	-	-	400	400
	<u>-</u>	<u>-</u>	<u>400</u>	<u>400</u>
Excess of Revenues and Other Sources Over				
(Under) Expenditures and Other Uses	(1,000)	(1,000)	(342)	144
Fund Balances				
July 01, 2014			<u>348</u>	
June 30, 2015			<u>\$ 6</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
LEBANON HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Contract Fees	\$ 135,000	\$ 135,000	\$ 94,431	\$ (40,569)
Interest	-	-	45	45
Total Revenues	<u>135,000</u>	<u>135,000</u>	<u>94,476</u>	
Expenditures				
Salaries	81,761	81,761	66,246	15,515
Payroll Taxes	6,254	6,254	5,068	1,186
Employee Benefits	51,319	51,319	13,223	38,096
Total Expenditures	<u>139,334</u>	<u>139,334</u>	<u>84,537</u>	<u>54,797</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (4,334)</u>	<u>\$ (4,334)</u>	9,939	<u>\$ 14,273</u>
Fund Balances				
July 01, 2014			<u>43,707</u>	
June 30, 2015			<u>\$ 53,646</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 ELECTRONIC CITATION FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Other Revenues	\$ -	\$ -	\$ 255	\$ 255
Interest	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>255</u>	<u>\$ 255</u>
Fund Balances				
July 01, 2014			<u>-</u>	
June 30, 2015			<u>\$ 255</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
POLICE LOCAL OPTION FINE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Interest	\$ -	\$ -	\$ 149	\$ 149
Local Option Court Fines	260,000	260,000	269,942	9,942
Total Revenues	<u>260,000</u>	<u>260,000</u>	<u>270,091</u>	<u>10,091</u>
Expenditures:				
Other Operating	10,300	10,300	36,843	(26,543)
Debt Service	-	-	203,378	(203,378)
Capital Outlay	300,000	300,000	178,713	121,287
Total Expenditures	<u>310,300</u>	<u>310,300</u>	<u>418,934</u>	<u>(108,634)</u>
Excess of Revenues Over (Under) Expenditures	(50,300)	(50,300)	(148,843)	\$ (98,543)
Other Financing Sources (Uses):				
Capital Lease proceeds	-	-	166,812	166,812
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Use	<u>\$ (50,300)</u>	<u>\$ (50,300)</u>	17,969	<u>\$ 68,269</u>
Fund Balances				
July 01, 2014			<u>202,671</u>	
June 30, 2015			<u>\$ 220,640</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 AIRPORT CAPITAL PROJECTS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
State Grant	\$ 1,964,667	\$ 2,146,836	\$ 1,569,157	\$ (577,679)
Contributions	-	25,000	-	(25,000)
Interest Earnings	-	-	(237)	(237)
Total Revenues	<u>1,964,667</u>	<u>2,171,836</u>	<u>1,568,920</u>	<u>(602,916)</u>
Expenditures				
Other Operating Expenditures	-	(1,442,667)	3,860	(1,446,527)
Airport Capital Outlay	732,000	2,440,195	1,535,670	904,525
Total Expenditures	<u>732,000</u>	<u>997,528</u>	<u>1,539,530</u>	<u>(542,002)</u>
Excess of Revenues Over (Under) Expenditures				
	1,232,667	1,174,308	29,390	(1,144,918)
Other Financing Sources (Uses)				
Operating Transfers In	205,000	263,359	288,359	25,000
Total Other Financing Sources (Uses)	<u>205,000</u>	<u>263,359</u>	<u>288,359</u>	<u>25,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses				
	<u>\$ 1,437,667</u>	<u>\$ 1,437,667</u>	317,749	<u>\$ (1,119,918)</u>
Fund Balances				
July 01, 2014, Restated			<u>286,741</u>	
June 30, 2015			<u>\$ 604,490</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 PAYMENT IN LIEU OF SIDEWALKS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Earnings	\$ -	\$ -	\$ 37	\$ 37
Fees	-	-	6,717	6,717
Total Revenues	<u>-</u>	<u>-</u>	<u>6,754</u>	<u>6,754</u>
Other Financing Sources (Uses):				
Transfer to Other Funds	-	(20,000)	-	20,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (20,000)</u>	6,754	<u>\$ 26,754</u>
Fund Balances				
July 01, 2014			<u>36,022</u>	
June 30, 2015			<u>\$ 42,776</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
LEBANON-WILSON COUNTY COMMUNITY PARK FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Contract	\$ 711,050	\$ 711,050	\$ 209,817	\$ (501,233)
Interest Earnings	-	-	58	58
Total Revenues	<u>711,050</u>	<u>711,050</u>	<u>209,875</u>	<u>(501,175)</u>
Expenditures				
Capital Outlay	888,812	889,332	334,344	554,988
Total Expenditures	<u>888,812</u>	<u>889,332</u>	<u>334,344</u>	<u>554,988</u>
Excess of Revenues Over (Under) Expenditures	(177,762)	(178,282)	(124,469)	53,813
Other Financing Sources (Uses)				
Operating Transfers In	100,000	100,000	100,000	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (77,762)</u>	<u>\$ (78,282)</u>	(24,469)	<u>\$ 53,813</u>
Fund Balances				
June 30, 2014, restated			<u>171,002</u>	
June 30, 2015			<u>\$ 146,533</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
2013 G.O. BOND SINKING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 11	\$ 11
Expenditures				
Principal Expense	171,805	171,805	171,792	13
Interest Expense	48,200	48,200	48,199	1
Total Expenditures	220,005	220,005	219,991	14
Excess of Revenues Over (Under) Expenditures	(220,005)	(220,005)	(219,980)	(3)
Other Financing Sources (Uses)				
Operating Transfers In (Out)	220,005	220,005	219,991	(14)
	220,005	220,005	219,991	(14)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ -	11	\$ (17)
Fund Balances				
July 01, 2014			23	
June 30, 2015			\$ 34	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 2004 G.O. BOND SINKING FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 91	\$ 91
Expenses				
Principal Expense	195,000	195,000	195,000	-
Interest Expense	36,660	36,660	10,302	26,358
Total Expenses	231,660	231,660	205,302	26,358
Excess of Revenues Over (Under)				
Expenditures	(231,660)	(231,660)	(205,211)	26,449
Other Financing Sources (Uses)				
Operating Transfers In	231,660	231,660	196,635	(35,025)
	231,660	231,660	196,635	(35,025)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ -	(8,576)	\$ (8,576)
Fund Balances				
July 01, 2014			18,301	
June 30, 2015			\$ 9,725	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 2003 G.O. BOND SINKING FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 103	\$ 103
Expenses				
Bank Service Charges	-	653	653	-
Principal Expense	190,000	190,000	190,000	-
Interest Expense	24,005	24,005	24,005	-
Total Expenses	<u>214,005</u>	<u>214,658</u>	<u>214,658</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(214,005)	(214,658)	(214,555)	103
Other Financing Sources (Uses)				
Operating Transfers In	214,005	214,005	214,605	600
	<u>214,005</u>	<u>214,005</u>	<u>214,605</u>	<u>600</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (653)</u>	50	<u>\$ 703</u>
Fund Balances				
July 01, 2014			<u>56,041</u>	
June 30, 2015			<u>\$ 56,091</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 2008 REFUNDING BOND SINKING FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 25	\$ 25
Expenses				
Bank Service Charges	-	-	383	(383)
Principal Expense	240,000	240,000	240,000	-
Interest Expense	100,660	100,660	100,658	2
Total Expenses	<u>340,660</u>	<u>340,660</u>	<u>341,041</u>	<u>(381)</u>
Excess of Revenues Over (Under) Expenditures	(340,660)	(340,660)	(341,016)	(356)
Other Financing Sources (Uses)				
Operating Transfers In	340,660	340,660	340,824	164
Total Other Financing Sources (Uses)	<u>340,660</u>	<u>340,660</u>	<u>340,824</u>	<u>164</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	(192)	<u>\$ (192)</u>
Fund Balances				
July 01, 2014			<u>58,202</u>	
June 30, 2015			<u>\$ 58,010</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 2008 G. O. BOND SINKING FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 70	\$ 70
Expenditures				
Principal	151,000	151,000	151,000	-
Interest	133,250	133,250	21,826	111,424
Total Expenditures	<u>284,250</u>	<u>284,250</u>	<u>172,826</u>	<u>111,424</u>
Excess of Revenues Over (Under) Expenditures	(284,250)	(284,250)	(172,756)	111,494
Other Financing Sources (Uses)				
Operating Transfers In	<u>284,250</u>	<u>284,250</u>	<u>173,409</u>	<u>(110,841)</u>
	<u>284,250</u>	<u>284,250</u>	<u>173,409</u>	<u>(110,841)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	653	<u>\$ 653</u>
Fund Balances				
July 01, 2014			<u>4,932</u>	
June 30, 2015			<u>\$ 5,585</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE
 2011 BOND SINKING FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 16	\$ 16
Expenses				
Principal Expense	39,000	39,000	39,000	-
Interest Expense	27,785	27,785	27,780	5
Total Expenses	<u>66,785</u>	<u>66,785</u>	<u>66,780</u>	<u>5</u>
Excess of Revenues Over (Under) Expenditures	(66,785)	(66,785)	(66,764)	11
Other Financing Sources (Uses)				
Operating Transfers In	<u>66,785</u>	<u>66,785</u>	<u>66,780</u>	<u>(5)</u>
Total Other Financing Sources (Uses)				
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	16	<u>\$ 6</u>
Fund Balances				
July 01, 2014			<u>73</u>	
June 30, 2015			<u>\$ 89</u>	

See notes to financial statements

SUPPLEMENTARY SCHEDULES

CITY OF LEBANON, TENNESSEE
CLASSIFICATION OF GENERAL FUND EXPENDITURES BY CITY DEPARTMENTS
Year Ended June 30, 2015

	Total	Mayor & Council	City Attorney	Financial Admin.	Accounting	Customer Billing	Johnson Controls and Liquor Tax	Purchasing	Computer Equipment	Public Works	Warehouse
Salaries	\$ 9,767,365	\$ 119,898	\$ 113,986	91,953	\$ 82,275	\$ 14,156	\$ -	\$ 25,479	\$ 60,406	\$ 89,399	\$ 24,412
Payroll Taxes	705,735	8,310	8,450	6,720	5,811	870	-	1,952	4,193	6,260	1,721
Employer Paid Benefits	3,061,368	53,908	31,678	26,864	35,670	7,412	-	3,591	19,661	21,563	8,203
Retirement	1,233,507	15,011	14,555	12,258	10,535	1,586	-	3,493	7,469	9,736	3,118
Workmen's Compensation	325,409	1,660	587	631	850	112	-	147	2,090	183	1,261
Unemployment	3,626	-	-	-	-	-	-	-	-	-	-
Training	69,738	848	487	688	490	-	-	-	3,250	255	-
Communications	25,899	-	-	-	-	-	-	-	-	1,358	-
Postage and Shipping	21,520	138	7	4,761	1,391	6,581	-	3,719	48	77	-
Transportation Expense	5,235	14	-	-	-	-	-	-	5	29	4
Printing	41,570	2,084	1,815	1,518	2,375	401	-	-	-	1,084	-
Subscriptions	6,095	475	1,406	-	-	(297)	-	-	-	94	-
Dues	88,744	50	1,149	25	-	120	-	103	-	366	-
Utilities	237,061	-	-	-	-	-	-	-	-	20,542	-
Telephone	202,241	2,907	1,504	2,041	1,241	401	-	1,483	10,226	8,310	69
Engineering and Architect	29,104	-	-	-	-	-	-	-	-	-	-
Professional Fees	55,557	-	7,330	1,050	28,250	-	-	-	-	-	-
Data Processing	88,235	-	-	-	-	-	-	-	76,503	-	-
Medical	18,180	-	-	-	-	-	-	-	-	-	-
Maintenance	300,242	-	-	-	-	24	11,248	-	940	5,425	6
Travel and Meals	15,581	2,492	392	569	138	-	-	-	-	-	-
Public Relations	57,055	46,712	-	346	-	-	-	40	68	30	-
Contractual Services	1,889,669	13,100	58	3,387	3,633	400	-	-	39,820	1,771	-
Janitorial Services	413	-	-	-	-	-	-	-	-	-	-
Office Supplies	77,566	5,099	2,059	3,480	2,061	2,419	-	373	3,748	5,209	-
Operating Supplies	290,046	1,696	131	425	16	868	-	-	552	8,069	359
Street Signs	6,167	6,167	-	-	-	-	-	-	-	-	-
Uniforms	118,879	-	-	-	-	-	-	-	-	-	67
Gas	407,336	595	-	-	-	-	(11)	-	597	1,552	870
Motor Vehicle Parts	260,853	3	-	-	-	-	-	-	154	816	191
Materials	98,637	-	-	-	-	-	-	-	-	-	-
Insurance	293,945	2,475	289	7,189	147	-	-	1,957	-	4,838	168
Rent	3,473	-	-	-	438	173	-	1,062	-	-	-
Contributions	187,922	-	-	-	-	-	-	-	-	-	-
Debt Service	120,503	-	-	-	-	-	81,122	-	-	-	-
Capital Outlay	1,402,791	19,996	-	-	-	-	-	-	-	(11,834)	-
Totals	\$ 21,517,267	\$ 303,638	\$ 185,883	\$ 163,905	\$ 175,321	\$ 35,226	\$ 92,359	\$ 43,399	\$ 229,730	\$ 175,132	\$ 40,449

CITY OF LEBANON, TENNESSEE
CLASSIFICATION OF GENERAL FUND EXPENDITURES BY CITY DEPARTMENTS
Year Ended June 30, 2015

	Public Safety	Personnel	Traffic Maintenance	General Maintenance	Police	Fire	Building Inspection	Building Maintenance	Street	Animal Control	Drainage Migration
Salaries	\$ 258,264	\$ 135,708	\$ 74,586	\$ 119,751	\$ 4,421,001	\$ 2,203,077	\$ 215,299	\$ 13,790	\$ 483,380	\$ 63,406	\$ -
Payroll Taxes	18,896	9,787	5,376	8,760	320,476	159,216	15,384	1,008	35,378	4,619	-
Employer Paid Benefits	59,484	34,125	25,300	34,084	1,247,127	734,234	71,532	3,946	187,883	47,265	-
Retirement	30,455	16,180	9,893	11,986	554,249	288,746	26,398	1,800	62,876	7,918	-
Workmen's Compensation	4,986	880	2,420	10,057	147,961	65,617	6,538	1,734	30,524	1,173	-
Unemployment	-	3,626	-	-	-	-	-	-	-	-	-
Training	234	1,343	-	-	41,040	16,151	2,206	-	-	130	-
Communications	-	-	112	-	10,572	11,524	-	-	1,574	-	-
Postage and Shipping	641	457	-	-	1,821	247	1,215	-	-	-	-
Transportation Expense	122	-	18	29	3,741	166	36	-	603	18	-
Printing	-	3,310	-	-	21,060	2,984	1,157	-	187	-	-
Subscriptions	78	-	-	-	-	3,067	-	-	-	-	-
Dues	725	950	-	-	7,117	250	325	-	-	520	-
Utilities	14,190	-	-	343	34,039	46,215	-	23,502	-	1,343	-
Telephone	6,536	2,966	63	1,092	67,799	60,162	5,881	188	1,252	524	-
Engineering and Architect	-	-	-	-	-	-	-	-	5,500	-	-
Professional Fees	18,927	-	-	-	-	-	-	-	-	-	-
Data Processing	-	-	-	-	11,712	20	-	-	-	-	-
Medical	963	12,265	-	-	2,995	391	-	-	-	1,316	-
Maintenance	20,441	-	10,125	27,772	57,662	46,122	213	5,418	72,275	2,211	-
Travel	135	(29)	-	-	8,825	865	835	-	105	-	-
Public Relations	500	3,449	-	88	3,415	100	-	-	1,515	-	-
Contractual Services	7,075	1,057	14	174	64,010	23,341	735	4,701	1,383,722	4,225	50,000
Janitorial Services	-	-	-	-	413	-	-	-	-	-	-
Office Supplies	2,300	4,743	261	338	23,269	4,486	3,650	124	945	8,241	-
Operating Supplies	5,468	169	593	3,877	62,984	45,215	713	6,417	17,617	10,570	-
Street Signs	-	-	-	-	-	-	-	-	-	-	-
Uniforms	4,300	-	1,121	2,447	60,978	23,318	-	117	10,837	900	-
Gas	15,584	-	3,189	6,228	193,898	31,098	3,091	-	72,998	2,072	-
Motor Vehicle Parts	6,741	-	1,387	3,550	84,743	26,476	657	-	78,794	193	-
Materials	7,050	-	-	1,974	1,258	1,700	-	95	67,710	-	-
Insurance	-	627	918	3,192	123,129	51,831	3,391	9,676	13,164	441	-
Rent	-	-	-	-	-	1,800	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	3,538	-	13,047	17,503	-	150,567	-	35,195	431,830	-	-
Totals	\$ 487,633	\$ 231,613	\$ 148,423	\$ 253,245	\$ 7,577,294	\$ 3,998,986	\$ 359,256	\$ 107,711	\$ 2,960,669	\$ 159,085	\$ 50,000

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CLASSIFICATION OF GENERAL FUND EXPENDITURES BY CITY DEPARTMENTS
Year Ended June 30, 2015

	Engineering	Garage	Cemetery	Recreation	Accounting System	Special Events	Contributions & Dues	Community Park	Sanitation	EAC Committee	Senior Citizens Center	Total
Salaries	\$ 141,818	\$ 152,634	\$ 37,150	\$ 283,008	\$ -	\$ -	\$ -	\$ 40,071	\$ 398,473	\$ -	\$ 101,963	\$ 9,767,365
Payroll Taxes	10,248	11,023	2,768	20,139	-	-	-	3,036	28,095	-	7,239	705,735
Employer Paid Benefits	35,548	68,070	8,394	104,159	-	-	-	283	150,838	-	40,546	3,061,368
Retirement	18,474	20,141	4,964	34,706	-	-	-	3,354	50,337	-	13,269	1,233,507
Workmen's Compensation	2,090	5,773	1,466	12,686	-	-	-	1,100	22,883	-	-	325,409
Unemployment	-	-	-	-	-	-	-	-	-	-	-	3,626
Training	2,616	-	-	-	-	-	-	-	-	-	-	69,738
Communications	-	-	-	-	-	-	-	-	739	-	-	25,899
Postage and Shipping	190	-	66	-	-	-	-	-	31	130	-	21,520
Transportation Expense	30	32	9	45	-	-	-	-	334	-	-	5,235
Printing	1,991	564	967	73	-	-	-	-	-	-	-	41,570
Subscriptions	142	1,116	-	14	-	-	-	-	-	-	-	6,095
Dues	644	-	-	-	-	-	76,400	-	-	-	-	88,744
Utilities	-	8,420	5,697	66,926	-	-	-	15,615	229	-	-	237,061
Telephone	2,286	2,915	9,325	12,162	-	-	-	-	910	-	-	202,241
Engineering and Architect	23,604	-	-	-	-	-	-	-	-	-	-	29,104
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	55,557
Data Processing	-	-	-	-	-	-	-	-	-	-	-	88,235
Medical	-	-	-	-	-	-	-	-	250	-	-	18,180
Maintenance	132	5,071	1,340	3,371	-	-	-	3,091	27,155	-	-	300,242
Travel	214	1,040	-	-	-	-	-	-	-	-	-	15,581
Public Relations	200	-	-	362	-	-	-	-	230	-	-	57,055
Contractual Services	26,122	191	3,185	16,857	-	-	-	8,874	233,217	-	-	1,889,669
Janitorial Services	-	-	-	-	-	-	-	-	-	-	-	413
Office Supplies	3,464	637	316	107	-	-	-	-	196	41	-	77,366
Operating Supplies	377	11,889	4,628	31,140	-	28,544	-	12,585	33,144	-	-	290,046
Street Signs	-	-	-	-	-	-	-	-	-	-	-	6,167
Uniforms	18	4,366	79	-	-	-	-	-	10,331	-	-	118,879
Gas	2,331	2,440	384	9,050	-	-	-	-	61,370	-	-	407,336
Motor Vehicle Parts	843	1,417	460	1,884	-	-	-	426	52,116	-	-	260,833
Materials	-	-	-	14,450	-	-	-	4,400	-	-	-	98,637
Insurance	475	1,233	4,401	44,519	-	-	-	-	19,883	-	-	293,943
Rent	-	-	-	-	-	-	-	-	-	-	-	3,473
Contributions	-	-	-	-	-	-	187,922	-	-	-	-	187,922
Debt Service	740	-	-	-	38,641	-	-	-	-	-	-	120,503
Capital Outlay	(6,287)	46,650	-	337,474	-	-	-	122,112	243,000	-	-	1,402,791
Totals	\$ 268,312	\$ 345,642	\$ 85,797	\$ 993,132	\$ 38,641	\$ 28,544	\$ 264,322	\$ 214,947	\$ 1,335,783	\$ 171	\$ 163,017	\$ 21,517,267

CITY OF LEBANON, TENNESSEE
DEPARTMENT OF NATURAL GAS SYSTEM FUND
SCHEDULE OF OPERATING EXPENSES

Year Ended June 30, 2015

	Transmission and Distribution	Customer Accounting & Collection	Administrative and General	Shop and Maintenance	Meter Reader	Total (Memorandum Only)
Salaries	\$ 366,564	\$ 31,283	\$ 330,949	\$ 64,157	\$ 23,384	\$ 816,337
Payroll Taxes	26,997	2,320	24,054	4,711	1,605	59,687
Employee Benefits	147,195	15,290	126,839	30,454	23,408	343,186
Pension Costs	15,432	1,399	14,036	2,545	1,019	34,431
Communications	368	-	679	-	-	1,047
Supplies and Publications	7,511	18,604	12,633	114	4	38,866
Dues	18,130	78	2,252	159	-	20,619
Utilities	46,695	519	24,209	8,446	194	80,063
Professional Services	-	-	28,019	-	-	28,019
Repair and Maintenance	50,625	65	1,796	8,605	66	61,157
Travel	5,876	-	1,212	149	-	7,237
Operating Supplies	70,846	1,591	51,911	4,650	3,332	132,330
Maintenance Supplies	50,986	-	2,903	3,424	4,264	61,577
Contractual Services	52,058	660	53,253	1,349	1,082	108,402
Insurance	41,274	-	9,042	3,636	705	54,657
Bad Debt Expense	-	(101,866)	-	-	-	(101,866)
Rent	4,386	101	548	-	-	5,035
Community Relations/Marketing	39,126	-	20,956	-	-	60,082
Miscellaneous	12,511	0	28,262	21,533	0	62,306
	<u>\$ 956,580</u>	<u>\$ (29,956)</u>	<u>\$ 733,553</u>	<u>\$ 153,932</u>	<u>\$ 59,063</u>	<u>\$ 1,873,172</u>

CITY OF LEBANON, TENNESSEE
DEPARTMENT OF WATER AND SEWER FUND
SCHEDULE OF OPERATING EXPENSES

Year Ended June 30, 2015

	Water	Sewer	Total
	<u>Purification Plant</u>		
Expenses			
Salaries	\$ 435,853	\$ -	\$ 435,853
Payroll Taxes	32,129	-	32,129
Employee Benefits	190,661	-	190,661
Pension Costs	19,183	-	19,183
Communications	-	-	-
Supplies and Publications	5,296	-	5,296
Dues and Subscriptions	602	-	602
Utilities	423,414	-	423,414
Professional Services	-	-	-
Miscellaneous	2,240	-	2,240
Repair and Maintenance	67,496	-	67,496
Travel	3,594	-	3,594
Operating Supplies	226,729	-	226,729
Maintenance Supplies	9,793	-	9,793
Insurance	25,478	-	25,478
Community Relations/Marketing	-	-	-
Contractual Services	122,198	-	122,198
Rent	-	-	-
Totals	<u>\$ 1,564,666</u>	<u>\$ -</u>	<u>\$ 1,564,666</u>

	Water	Sewer	Total
	<u>Shop and Maintenance</u>		
Expenses			
Salaries	\$ 60,481	\$ 49,429	\$ 109,910
Payroll Taxes	4,488	3,628	8,116
Employee Benefits	29,229	23,911	53,140
Pension Costs	2,421	2,060	4,481
Communications	-	-	-
Supplies and Publications	106	104	210
Dues	159	159	318
Miscellaneous	19,838	19,838	39,676
Utilities	8,352	8,318	16,670
Repair and Maintenance	6,473	6,470	12,943
Travel	149	149	298
Operating Supplies	4,260	4,047	8,307
Maintenance Supplies	2,796	2,361	5,157
Insurance	3,432	3,348	6,780
Contractual Services	1,336	1,336	2,672
Rent	-	-	-
Totals	<u>\$ 143,520</u>	<u>\$ 125,158</u>	<u>\$ 268,678</u>

	Water	Sewer	Total
<u>Transmission and Distribution</u>			
\$	470,287	\$ 363,614	\$ 833,901
	34,144	26,244	60,388
	198,533	188,953	387,486
	20,257	15,934	36,191
	-	11	11
	1,364	683	2,047
	5,164	219	5,383
	79,516	96,766	176,282
	-	5,909	5,909
	1,848	1,785	3,633
	36,563	53,324	89,887
	63	-	63
	20,386	48,094	68,480
	61,945	44,912	106,857
	20,937	9,902	30,839
	-	-	-
	38,000	145,180	183,180
	1,240	586	1,826
<u>\$</u>	<u>990,247</u>	<u>\$ 1,002,116</u>	<u>\$ 1,992,363</u>

	Water	Sewer	Total
<u>Administrative and General</u>			
\$	274,106	\$ 251,585	\$ 525,691
	19,795	18,443	38,238
	100,939	89,638	190,577
	11,689	10,789	22,478
	407	272	679
	9,529	7,538	17,067
	1,755	1,548	3,303
	16,541	12,935	29,476
	26,410	28,360	54,770
	26,123	26,498	52,621
	1,225	908	2,133
	749	517	1,266
	43,981	31,833	75,814
	2,941	3,249	6,190
	5,862	4,201	10,063
	12,573	8,382	20,955
	52,592	48,261	100,853
	1,675	1,025	2,700
<u>\$</u>	<u>608,892</u>	<u>\$ 545,982</u>	<u>\$ 1,154,874</u>

	Water	Sewer	Total
<u>Customer Accounting</u>			
\$	48,228	\$ 39,104	\$ 87,332
	3,577	2,900	6,477
	23,572	19,112	42,684
	2,157	1,749	3,906
	-	-	-
	28,681	23,255	51,936
	121	98	219
	(4,483)	-	(4,483)
	800	648	1,448
	101	82	183
	-	-	-
	2,453	1,989	4,442
	-	-	-
	-	-	-
	1,018	825	1,843
	156	126	282
<u>\$</u>	<u>106,381</u>	<u>\$ 89,888</u>	<u>\$ 196,269</u>

	Water	Sewer	Total
<u>Sewer System Direct</u>			
\$	-	\$ 514,783	\$ 514,783
	-	37,091	37,091
	-	236,434	236,434
	-	22,157	22,157
	-	18	18
	-	2,053	2,053
	-	11,760	11,760
	-	17,481	17,481
	-	596,464	596,464
	-	27,569	27,569
	-	205	205
	-	138,402	138,402
	-	12,836	12,836
	-	28,992	28,992
	-	119,173	119,173
	-	807	807
<u>\$</u>	<u>-</u>	<u>\$ 1,766,225</u>	<u>\$ 1,766,225</u>

CITY OF LEBANON, TENNESSEE
DEPARTMENT OF WATER AND SEWER FUND
SCHEDULE OF OPERATING EXPENSES

Year Ended June 30, 2015

	Water	Sewer	Total
	<u>Meter Readers</u>		
Expenses			
Salaries	\$ 17,537	\$ 17,537	\$ 35,074
Payroll Taxes	1,290	1,204	2,494
Employee Benefits	17,556	17,556	35,112
Pension Costs	736	764	1,500
Supplies and Publications	3	3	6
Utilities	146	146	292
Repair and Maintenance	2,188	50	2,238
Travel	-	-	-
Operating Supplies	3,981	2,517	6,498
Insurance	531	531	1,062
Contractual Services	811	8,311	9,122
Miscellaneous	-	-	-
Repair and Maintenance	-	2,138	2,138
Totals	<u>\$ 44,779</u>	<u>\$ 50,757</u>	<u>\$ 95,536</u>

CITY OF LEBANON, TENNESSEE
SCHEDULE OF GENERAL LONG-TERM DEBT
June 30, 2015

<u>2003 - General Obligation Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 200,000	\$ 16,405	\$ 216,405
2017	205,000	8,405	213,405
	<u>\$ 405,000</u>	<u>\$ 24,810</u>	<u>\$ 429,810</u>

<u>2003 TMBF Loan</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 91,000	\$ 30,810	\$ 121,810
2017	93,000	28,080	121,080
2018	96,000	25,290	121,290
2019	99,000	22,410	121,410
2020	101,000	19,440	120,440
2021	104,000	16,410	120,410
2022	107,000	13,290	120,290
2023	109,000	10,080	119,080
2024	112,000	6,810	118,810
2025	115,000	3,450	118,450
	<u>\$ 1,027,000</u>	<u>\$ 176,070</u>	<u>\$ 1,203,070</u>

<u>2008 - General Obligation Bond</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 250,000	\$ 91,658	\$ 341,658
2017	260,000	82,283	342,283
2018	270,000	71,883	341,883
2019	280,000	61,083	341,083
2020	290,000	49,883	339,883
2021	305,000	38,283	343,283
2022	315,000	26,083	341,083
2023	325,000	13,325	338,325
	<u>\$ 2,295,000</u>	<u>\$ 434,478</u>	<u>\$ 2,729,478</u>

<u>2012 Capital Outlay Note</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 47,000	\$ 13,282	\$ 60,282
2017	48,000	11,957	59,957
2018	49,000	10,603	59,603
2019	51,000	9,221	60,221
2020	52,000	7,783	59,783
2021	54,000	6,317	60,317
2022	55,000	4,794	59,794
2023	57,000	3,243	60,243
2024	58,000	1,636	59,636
	<u>\$ 471,000</u>	<u>\$ 68,836</u>	<u>\$ 539,836</u>

<u>Liquor Tax Note</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 81,122	\$ -	\$ 81,122
2017	81,122	-	81,122
2018	81,122	-	81,122
2019	81,122	-	81,122
2020	81,122	-	81,122
2021	81,122	-	81,122
2022	81,122	-	81,122
2023	81,122	-	81,122
2024	81,122	-	81,122
	<u>\$ 730,094</u>	<u>\$ -</u>	<u>\$ 730,094</u>

<u>Capital Lease - 12 Police Cars</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 49,860	\$ 1,394	\$ 51,255
	<u>\$ 49,860</u>	<u>\$ 1,394</u>	<u>\$ 51,255</u>

<u>Capital Lease - 6 Police Cars</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 53,988	\$ 4,617	\$ 58,605
2017	56,582	2,023	58,605
	<u>\$ 110,571</u>	<u>\$ 6,639</u>	<u>\$ 117,210</u>

<u>Capital Lease - 6 Police Cars 14/15</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 54,274	\$ 6,042	\$ 60,316
2017	56,883	3,433	60,316
2018	29,342	816	30,158
	<u>\$ 140,499</u>	<u>\$ 10,291</u>	<u>\$ 150,790</u>

CITY OF LEBANON, TENNESSEE
SCHEDULE OF GENERAL LONG-TERM DEBT - CONTINUED
June 30, 2015

<u>2008 TML Loan</u>			<u>2011 TMBF Loan</u>				
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 158,000	\$ 125,700	\$ 283,700	2016	\$ 41,000	\$ 26,423	\$ 67,423
2017	166,000	117,800	283,800	2017	42,000	24,996	66,996
2018	174,000	109,500	283,500	2018	44,000	23,535	67,535
2019	183,000	100,800	283,800	2019	45,000	22,003	67,003
2020	192,000	91,650	283,650	2020	47,000	20,437	67,437
2021	202,000	82,050	284,050	2021	48,000	18,802	66,802
2022	212,000	71,950	283,950	2022	50,000	17,131	67,131
2023	222,000	61,350	283,350	2023	52,000	15,391	67,391
2024	233,000	50,250	283,250	2024	53,000	13,582	66,582
2025	245,000	38,600	283,600	2025	55,000	11,737	66,737
2026	257,000	26,350	283,350	2026	57,000	9,823	66,823
2027	270,000	13,500	283,500	2027	59,000	7,840	66,840
	<u>\$ 2,514,000</u>	<u>\$ 889,500</u>	<u>\$ 3,403,500</u>	2028	61,000	5,787	66,787
				2029	63,000	3,664	66,664
				2030	42,279	1,471	43,750
				2031	-	-	-
					<u>\$ 759,279</u>	<u>\$ 222,622</u>	<u>\$ 981,901</u>

Floyd Center Johnson Controls Lease

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 57,110	\$ 14,958	\$ 72,068
2017	59,877	13,633	73,510
2018	62,736	12,244	74,980
2019	61,950	10,789	72,739
2020	63,388	9,351	72,739
2021	64,858	7,881	72,739
2022	66,363	6,376	72,739
2023	67,902	4,837	72,739
2024	69,478	3,261	72,739
2025	71,090	1,649	72,739
	<u>\$ 644,751</u>	<u>\$ 84,980</u>	<u>\$ 729,730</u>

G.O. Johnson Controls Lease

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 123,069	\$ 29,255	\$ 152,324
2017	128,968	26,400	155,368
2018	135,068	23,408	158,476
2019	118,494	20,274	138,768
2020	121,376	17,525	138,901
2021	121,054	14,709	135,763
2022	123,862	11,901	135,763
2023	126,736	9,027	135,763
2024	129,676	6,087	135,763
2025	132,685	3,078	135,763
	<u>\$ 1,260,988</u>	<u>\$ 161,663</u>	<u>\$ 1,422,651</u>

Truck Loan from Gas Department

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,290	\$ 412	\$ 3,702
2017	3,340	362	3,702
2018	3,390	312	3,702
2019	3,441	261	3,702
2020	3,493	209	3,702
2021	3,546	156	3,702
2022	3,600	103	3,702
2023	3,654	48	3,702
2024	1,230	4	1,234
	<u>\$ 28,984</u>	<u>\$ 1,867</u>	<u>\$ 30,851</u>

Truck Loan #2 from Gas Department

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,290	\$ 412	\$ 3,702
2017	3,340	362	3,702
2018	3,390	312	3,702
2019	3,441	261	3,702
2020	3,493	209	3,702
2021	3,546	156	3,702
2022	3,600	103	3,702
2023	3,654	48	3,702
2024	1,230	4	1,234
	<u>\$ 28,984</u>	<u>\$ 1,867</u>	<u>\$ 30,851</u>

CITY OF LEBANON, TENNESSEE
SCHEDULE OF PROPRIETARY FUNDS
BONDS AND NOTES PAYABLE
June 30, 2015

Water and Sewer TMBF2001 Bonds			
	Principal	Interest	Total
2016	\$ 219,000	\$ 65,208	\$ 284,208
2017	230,000	58,375	288,375
2018	241,000	51,199	292,199
2019	254,000	43,680	297,680
2020	266,000	35,755	301,755
2021	279,000	27,456	306,456
2022	293,000	18,751	311,751
2023	308,000	9,610	317,610
	<u>\$ 2,090,000</u>	<u>\$ 310,034</u>	<u>\$ 2,400,034</u>

Gas System Revenue & Tax Bond			
	Principal	Interest	Total
2016	\$ 125,000	\$ 15,688	\$ 140,688
2017	135,000	11,000	146,000
2018	140,000	5,600	145,600
	<u>\$ 400,000</u>	<u>\$ 32,288</u>	<u>\$ 432,288</u>

Water and Sewer TMBF2007 Bonds			
	Principal	Interest	Total
2016	\$ 235,000	\$ 168,200	\$ 403,200
2017	242,000	156,450	398,450
2018	250,000	144,350	394,350
2019	258,000	131,850	389,850
2020	266,000	118,950	384,950
2021	274,000	105,650	379,650
2022	283,000	91,950	374,950
2023	292,000	77,800	369,800
2024	301,000	63,200	364,200
2025	311,000	48,150	359,150
2026	321,000	32,600	353,600
2027	331,000	16,550	347,550
	<u>\$ 3,364,000</u>	<u>\$ 1,155,700</u>	<u>\$ 4,519,700</u>

Water and Sewer TMBF2005 Bonds			
	Principal	Interest	Total
2016	\$ 67,000	\$ 36,080	\$ 103,080
2017	70,000	33,400	103,400
2018	72,000	30,600	102,600
2019	75,000	27,720	102,720
2020	77,800	24,720	102,520
	<u>\$ 361,800</u>	<u>\$ 152,520</u>	<u>\$ 514,320</u>

Gas System TMBF2008 Bonds			
	Principal	Interest	Total
2016	\$ 45,000	\$ 43,750	\$ 88,750
2017	47,000	41,500	88,500
2018	49,000	39,150	88,150
2019	52,000	36,700	88,700
2020	54,000	34,100	88,100
2021	57,000	31,400	88,400
2022	60,000	28,550	88,550
2023	63,000	25,550	88,550
2024	66,000	22,400	88,400
2025	69,000	19,100	88,100
2026	73,000	15,650	88,650
2027	76,000	12,000	88,000
2028	80,000	8,200	88,200
2029	84,000	4,200	88,200
	<u>\$ 875,000</u>	<u>\$ 362,250</u>	<u>\$ 1,237,250</u>

Water and Sewer TMBF2008 Bonds			
	Principal	Interest	Total
2016	\$ 168,000	\$ 142,089	\$ 310,089
2017	177,000	133,689	310,689
2018	185,000	124,839	309,839
2019	195,000	115,589	310,589
2020	204,000	105,839	309,839
2021	215,000	95,639	310,639
2022	225,000	84,889	309,889
2023	237,000	73,639	310,639
2024	248,000	61,789	309,789
2025	261,000	49,389	310,389
2026	274,000	36,339	310,339
2027	288,000	22,639	310,639
2028	164,778	8,239	173,017
	<u>\$ 2,841,778</u>	<u>\$ 1,054,606</u>	<u>\$ 3,896,384</u>

Water and Sewer TMBF2014 Bonds			
	Principal	Interest	Total
2016	\$ 1,010,000	\$ 63,270	\$ 1,073,270
2017	700,000	44,585	744,585
2018	650,000	31,635	681,635
2019	570,000	19,610	589,610
2020	490,000	9,065	499,065
	<u>\$ 3,420,000</u>	<u>\$ 168,165</u>	<u>\$ 3,588,165</u>

CITY OF LEBANON, TENNESSEE
SCHEDULE OF PROPRIETARY FUNDS
BONDS AND NOTES PAYABLE - CONTINUED
June 30, 2015

<u>Loan Payable-State of Tennessee - 08-079</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 105,684	\$ 48,552	\$ 154,236
2017	108,180	46,020	154,200
2018	110,724	43,416	154,140
2019	113,328	40,752	154,080
2020	116,004	38,016	154,020
2021	118,728	35,232	153,960
2022	121,524	32,376	153,900
2023	124,392	29,448	153,840
2024	127,320	26,460	153,780
2025	130,320	23,400	153,720
2026	133,392	20,268	153,660
2027	136,524	17,052	153,576
2028	139,740	13,764	153,504
2029	143,040	10,404	153,444
2030	146,400	6,972	153,372
2031	149,856	3,444	153,300
2032	54,487	368	54,855
	<u>\$ 2,079,643</u>	<u>\$ 435,944</u>	<u>\$ 2,515,587</u>

<u>Loan Payable-State of Tennessee - 08-080</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 28,668	\$ 12,588	\$ 41,256
2017	29,376	11,880	41,256
2018	30,108	11,148	41,256
2019	30,852	10,404	41,256
2020	31,608	9,648	41,256
2021	32,388	8,868	41,256
2022	33,204	8,052	41,256
2023	34,020	7,236	41,256
2024	34,860	6,396	41,256
2025	35,724	5,532	41,256
2026	36,612	4,644	41,256
2027	37,524	3,732	41,256
2028	38,448	2,808	41,256
2029	39,408	1,884	41,292
2030	40,380	876	41,256
2031	13,824	87	13,911
	<u>\$ 527,004</u>	<u>\$ 105,783</u>	<u>\$ 632,787</u>

<u>Water and Sewer TMBF 2013 Bond</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 76,000	\$ 37,780	\$ 113,780
2017	77,000	36,047	113,047
2018	79,000	34,291	113,291
2019	81,000	32,490	113,490
2020	83,000	30,643	113,643
2021	85,000	28,751	113,751
2022	86,000	26,813	112,813
2023	88,000	24,852	112,852
2024	90,000	22,846	112,846
2025	92,000	20,794	112,794
2026	95,000	18,696	113,696
2027	97,000	16,530	113,530
2028	99,000	14,318	113,318
2029	101,000	12,061	113,061
2030	103,000	9,758	112,758
2031	106,000	7,410	113,410
2032	108,000	4,993	112,993
2033	111,000	2,531	113,531
	<u>1,657,000</u>	<u>381,604</u>	<u>2,038,604</u>

<u>Johnson Controls 2012 TMBF</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 283,000	\$ 73,464	\$ 356,464
2017	345,000	67,750	412,750
2018	355,000	61,380	416,380
2019	325,000	55,192	380,192
2020	330,000	49,231	379,231
2021	335,000	43,180	378,180
2022	340,000	37,037	377,037
2023	345,000	30,804	375,804
2024	350,000	24,479	374,479
2025	355,000	18,064	373,064
2026	320,000	11,921	331,921
2027	250,000	6,734	256,734
2028	245,000	2,230	247,230
	<u>4,178,000</u>	<u>481,463</u>	<u>4,659,463</u>

CITY OF LEBANON, TENNESSEE
SCHEDULE OF PROPRIETARY FUNDS
BONDS AND NOTES PAYABLE - CONTINUED
June 30, 2015

<u>Loan Payable-State of Tennessee - 02-165</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 224,724	\$ 76,932	\$ 301,656
2017	230,064	71,592	301,656
2018	235,524	66,132	301,656
2019	241,116	60,540	301,656
2020	246,852	54,804	301,656
2021	252,708	48,948	301,656
2022	258,708	42,948	301,656
2023	264,864	36,792	301,656
2024	271,152	30,504	301,656
2025	277,596	24,060	301,656
2026	284,184	17,472	301,656
2027	290,940	10,716	301,656
2028	297,973	3,795	301,768
	\$ 3,376,405	\$ 545,235	\$ 3,921,640

<u>Loan Payable-State of Tennessee - 08-220</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 18,912	\$ 7,572	\$ 26,484
2017	19,368	7,116	26,484
2018	19,848	6,636	26,484
2019	20,328	6,156	26,484
2020	20,820	5,664	26,484
2021	21,324	5,160	26,484
2022	21,840	4,644	26,484
2023	22,368	4,116	26,484
2024	22,920	3,564	26,484
2025	23,472	3,012	26,484
2026	24,036	2,448	26,484
2027	24,624	1,860	26,484
2028	25,224	1,260	26,484
2029	25,836	648	26,484
2030	13,118	104	13,222
	\$ 324,038	\$ 59,960	\$ 383,998

<u>Loan Payable-State of Tennessee - 08-222</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 849,960	\$ 338,393	\$ 1,188,353
2017	868,848	318,424	1,187,272
2018	888,156	298,010	1,186,166
2019	907,896	277,143	1,185,039
2020	928,068	255,813	1,183,881
2021	948,696	234,008	1,182,704
2022	960,180	211,718	1,171,898
2023	991,332	188,934	1,180,266
2024	1,013,364	165,643	1,179,007
2025	1,035,876	141,834	1,177,710
2026	1,058,904	177,496	1,236,400
2027	1,082,436	92,618	1,175,054
2028	1,106,484	67,186	1,173,670
2029	1,131,072	41,190	1,172,262
2030	1,163,694	14,616	1,178,310
	\$ 14,934,966	\$ 2,823,025	\$ 17,757,991

CITY OF LEBANON, TENNESSEE
SCHEDULE OF PROPRIETARY FUNDS
BONDS AND NOTES PAYABLE - CONTINUED
June 30, 2015

Loan Payable-State of Tennessee - 12-126			
	Principal	Interest	Total
2016	\$ 123,960	\$ 50,580	\$ 174,540
2017	126,156	48,384	174,540
2018	128,400	46,140	174,540
2019	130,668	43,872	174,540
2020	132,996	41,544	174,540
2021	135,348	39,192	174,540
2022	137,748	36,792	174,540
2023	140,196	34,344	174,540
2024	142,680	31,860	174,540
2025	145,212	29,328	174,540
2026	147,792	26,748	174,540
2027	150,420	24,120	174,540
2028	153,084	21,456	174,540
2029	155,796	18,744	174,540
2030	158,568	15,972	174,540
2031	161,376	13,164	174,540
2032	164,244	10,296	174,540
2033	167,160	7,380	174,540
2034	170,124	4,416	174,540
2035	158,670	1,411	160,081
	<u>\$ 2,930,598</u>	<u>\$ 545,743</u>	<u>\$ 3,476,341</u>

Loan Payable-State of Tennessee - 12-128 ***			
	Principal	Interest	Total
2016	\$ 11,621	\$ 30,254	\$ 41,875
2017	78,538	21,962	100,500
2018	79,557	20,943	100,500
2019	80,590	19,910	100,500
2020	81,635	18,865	100,500
2021	82,695	17,805	100,500
2022	83,768	16,732	100,500
2023	84,855	15,645	100,500
2024	85,956	14,544	100,500
2025	87,071	13,429	100,500
2026	88,201	12,299	100,500
2027	89,346	11,154	100,500
2028	90,505	9,995	100,500
2029	91,680	8,820	100,500
2030	92,869	7,631	100,500
2031	94,074	6,425	100,500
2032	95,295	5,205	100,500
2033	96,532	3,968	100,500
2034	97,784	2,715	100,500
2035	99,053	1,447	100,500
2036	58,373	252	58,625
	<u>\$ 1,750,000</u>	<u>\$ 259,998</u>	<u>\$ 2,009,998</u>

Loan Payable-State of Tennessee - 12-127 ***			
	Principal	Interest	Total
2016	\$ 55,716	\$ 22,860	\$ 78,576
2017	56,712	21,864	78,576
2018	57,720	20,856	78,576
2019	58,740	19,836	78,576
2020	59,784	18,792	78,576
2021	60,840	17,736	78,576
2022	61,920	16,656	78,576
2023	63,024	15,552	78,576
2024	64,140	14,436	78,576
2025	65,280	13,296	78,576
2026	66,432	12,144	78,576
2027	67,620	10,956	78,576
2028	68,820	9,756	78,576
2029	70,032	8,544	78,576
2030	71,280	7,296	78,576
2031	72,540	6,036	78,576
2032	73,824	4,752	78,576
2033	75,144	3,432	78,576
2034	76,476	2,100	78,576
2035	77,916	737	78,653
	<u>\$ 1,323,960</u>	<u>\$ 247,637</u>	<u>\$ 1,571,597</u>

Loan Payable-State of Tennessee - 12-129 ***			
	Principal	Interest	Total
2016	\$ 7,969	\$ 20,745	\$ 28,714
2017	53,855	15,060	68,914
2018	54,554	14,361	68,914
2019	55,261	13,653	68,914
2020	55,979	12,936	68,914
2021	56,705	12,209	68,914
2022	57,441	11,473	68,914
2023	58,186	10,728	68,914
2024	58,941	9,973	68,914
2025	59,706	9,208	68,914
2026	60,481	8,433	68,914
2027	61,266	7,649	68,914
2028	62,061	6,854	68,914
2029	62,866	6,048	68,914
2030	63,682	5,232	68,914
2031	64,508	4,406	68,914
2032	65,345	3,569	68,914
2033	66,193	2,721	68,914
2034	67,052	1,862	68,914
2035	67,922	992	68,914
2036	40,028	172	40,200
	<u>\$ 1,200,000</u>	<u>\$ 178,284</u>	<u>\$ 1,378,284</u>

*** Amortization schedules are estimated assuming full amount drawn and repayment beginning in the fiscal year ended June 30, 2016

CITY OF LEBANON, TENNESSEE
SCHEDULE OF PROPRIETARY FUNDS
BONDS AND NOTES PAYABLE - CONTINUED
June 30, 2015

Water and Sewer TMBF 2010 Bond				Water and Sewer TMBF 2011 Bond			
	Principal	Interest	Total		Principal	Interest	Total
2016	\$ 69,000	\$ 38,310	\$ 107,310	2016	\$ 119,000	\$ 83,564	\$ 202,564
2017	71,000	36,308	107,308	2017	123,000	79,529	202,529
2018	73,000	34,249	107,249	2018	127,000	75,360	202,360
2019	75,000	32,132	107,132	2019	131,000	71,054	202,054
2020	77,000	29,959	106,959	2020	135,000	66,614	201,614
2021	79,000	27,728	106,728	2021	140,000	62,037	202,037
2022	82,000	25,425	107,425	2022	145,000	57,291	202,291
2023	84,000	23,052	107,052	2023	150,000	52,376	202,376
2024	86,000	20,621	106,621	2024	155,000	47,291	202,291
2025	89,000	18,118	107,118	2025	160,000	42,036	202,036
2026	91,000	15,544	106,544	2026	165,000	36,612	201,612
2027	94,000	12,899	106,899	2027	171,000	31,019	202,019
2028	97,000	10,167	107,167	2028	177,000	25,222	202,222
2029	100,000	7,350	107,350	2029	183,000	19,221	202,221
2030	102,000	4,462	106,462	2030	189,000	13,018	202,018
2031	105,000	1,502	106,502	2031	195,000	6,611	201,611
	<u>\$ 1,374,000</u>	<u>\$ 337,823</u>	<u>\$ 1,711,823</u>		<u>\$ 2,465,000</u>	<u>\$ 768,852</u>	<u>\$ 3,233,852</u>

Water and Sewer TMBF 2012 Bond				Gas 2014 TMBF			
	Principal	Interest	Total		Principal	Interest	Total
2016	\$ 60,000	\$ 27,139	\$ 87,139	2016	\$ 40,000	\$ 23,352	\$ 63,352
2017	61,000	25,801	86,801	2017	41,000	22,380	63,380
2018	62,000	24,441	86,441	2018	42,000	21,384	63,384
2019	64,000	23,058	87,058	2019	43,000	20,363	63,363
2020	65,000	21,631	86,631	2020	45,000	19,319	64,319
2021	67,000	20,182	87,182	2021	46,000	18,225	64,225
2022	68,000	18,687	86,687	2022	47,000	17,107	64,107
2023	70,000	17,171	87,171	2023	48,000	15,965	63,965
2024	71,000	15,610	86,610	2024	49,000	14,799	63,799
2025	73,000	14,027	87,027	2025	50,000	13,608	63,608
2026	74,000	12,399	86,399	2026	51,000	12,393	63,393
2027	76,000	10,749	86,749	2027	53,000	11,154	64,154
2028	78,000	9,054	87,054	2028	54,000	9,866	63,866
2029	79,000	7,314	86,314	2029	55,000	8,554	63,554
2030	81,000	5,553	86,553	2030	57,000	7,217	64,217
2031	83,000	3,746	86,746	2031	58,000	5,832	63,832
2032	85,000	1,896	86,896	2032	59,000	4,423	63,423
	<u>\$ 1,217,000</u>	<u>\$ 258,457</u>	<u>\$ 1,475,457</u>	2033	61,000	2,989	63,989
				2034	62,000	1,507	63,507
					<u>\$ 961,000</u>	<u>\$ 250,436</u>	<u>\$ 1,211,436</u>

CITY OF LEBANON, TENNESSEE
SCHEDULE OF PROPRIETARY FUNDS
BONDS AND NOTES PAYABLE - CONTINUED
June 30, 2015

<u>Water and Sewer TML 2014**</u>			<u>Water and Sewer QEC Bonds</u>				
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	81,000	54,000	135,000	2016	-	131,056	131,056
2017	82,000	51,570	133,570	2017	-	140,000	140,000
2018	82,000	49,110	131,110	2018	-	140,000	140,000
2019	83,000	46,650	129,650	2019	-	140,000	140,000
2020	84,000	44,160	128,160	2020	-	140,000	140,000
2021	85,000	41,640	126,640	2021	-	140,000	140,000
2022	86,000	39,090	125,090	2022	-	140,000	140,000
2023	87,000	36,510	123,510	2023	-	140,000	140,000
2024	88,000	33,900	121,900	2024	-	140,000	140,000
2025	89,000	31,260	120,260	2025	-	140,000	140,000
2026	90,000	28,590	118,590	2026	-	140,000	140,000
2027	91,000	25,890	116,890	2027	-	140,000	140,000
2028	93,000	23,160	116,160	2028	-	140,000	140,000
2029	94,000	20,370	114,370	2029	-	140,000	140,000
2030	95,000	17,550	112,550	2030	-	140,000	140,000
2031	96,000	14,700	110,700	2031	-	140,000	140,000
2032	97,000	11,820	108,820	2032	-	140,000	140,000
2033	98,000	8,910	106,910	2033	-	140,000	140,000
2034	99,000	5,970	104,970	2034	-	140,000	140,000
2035	100,000	3,000	103,000	2035	3,500,000	140,000	3,640,000
	<u>1,800,000</u>	<u>587,850</u>	<u>2,387,850</u>		<u>3,500,000</u>	<u>2,791,056</u>	<u>6,291,056</u>

*** Amortization schedules are estimated assuming full amount drawn and repayment beginning in the fiscal year ended June 30, 2016

CITY OF LEBANON, TENNESSEE

SCHEDULE OF ADDITIONS AND RETIREMENTS TO UTILITY PLANT

June 30, 2015

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Department of Natural Gas:				
Land and Improvements	\$ 866,063	\$ -	\$ -	\$ 866,063
Buildings	2,229,412	45,395	-	2,274,807
Equipment	1,680,193	632,879	(11,362)	2,301,710
Transmission and Distribution	27,711,985	1,415,815	-	29,127,800
	<u>\$ 32,487,653</u>	<u>\$ 2,094,089</u>	<u>\$ -</u>	<u>\$ 34,570,380</u>
Department of Water and Sewer:				
Land and Improvements	\$ 1,678,215	\$ -	\$ -	\$ 1,678,215
Buildings	51,355,048	2,200,759	-	53,555,807
Equipment	2,936,568	98,726	-	3,035,294
Improvements Other Than Buildings	106,521,028	2,984,094	-	109,505,122
	<u>\$ 162,490,859</u>	<u>\$ 5,283,578</u>	<u>\$ -</u>	<u>\$ 167,774,437</u>

CITY OF LEBANON, TENNESSEE
SCHEDULE OF TAXES RECEIVABLE

June 30, 2015

General Fund

Uncollected Taxes:

Unearned 2015	\$ 5,646,898
Vouchers on Hand	-
2014	132,644
2013	35,269
2012	2,966
2011	104
2010	2,422
2009	226
2008	344
2007	642
2006	955
2005	2,697
2004	4,546
2003	4,619
	<u>\$ 5,834,332</u>

-NOTE

All delinquent taxes through 2013 Tax year have been filed with the Clerk and Master.

CITY OF LEBANON TENNESSEE
SCHEDULE OF CHANGES IN TAXES RECEIVABLE
Year Ended June 30, 2015

Tax Year	Property Tax Receivable Balance June 30, 2014	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Allowance for Uncollectibles	Net Receivable Balance June 30, 2015
2015	\$ -	\$ -	\$ 5,646,898	\$ -	\$ -	\$ -	\$ 5,646,898
Vouchers	148	7,881		(296)	8,325		-
2014	5,572,337	247,502		(577)	5,687,772		132,644
2013	218,049	-		165	182,615		35,269
2012	26,675	-		673	23,036		2,966
2011	1,722	-	-	-	1,618		104
2010	3,025	-		-	603		2,422
2009	471	-	-	-	245	-	226
2008	344	-		-	-		344
2007	642			-	-		642
2006	955			-	-		955
2005	2,697			-	-		2,697
2004	4,546			-	-		4,546
2003	4,619			-	-		4,619
2002	5,310			5,310	-		-
2001	4,491			4,491	-		-
	\$ 5,846,031	\$ 255,383	\$ 5,646,898	\$ 9,766	\$ 5,904,214	\$ -	\$ 5,834,332

CITY OF LEBANON TENNESSEE

SCHEDULE OF TAX RATES AND ASSESSMENTS

UNAUDITED

June 30, 2015

	<u>Rate per \$100 of Assessed Valuation</u>	<u>Total Assessed Valuation</u>
2015	\$ 0.6075	\$ 970,259,157
2014	0.6075	948,065,460
2013	0.6075	921,026,745
2012	0.346	924,693,263
2011	0.346	919,804,744
2010	0.335	926,190,622
2009	0.335	915,361,693
2008	0.335	886,874,986
2007	0.370	769,870,651
2006	0.440	750,646,700

CITY OF LEBANON, TENNESSEE

SCHEDULE OF NATURAL GAS RATES

UNAUDITED

Year Ended June 30, 2015

There were 7,635 metered customers billed during the month of June, 2015. The policy of the City requires that all customers be metered.

Natural Gas rates in effect at June 30, 2015 are as follows:

	<u>Inside City</u>	<u>Outside City</u>
1) <u>Residential</u>		
Minimum	\$5.00	\$5.00
First 1,000 Cubic Feet	\$7.23	\$8.83
All Over 1,000 Cubic Feet	\$7.45/1000	\$9.09/1000
2) <u>Commercial</u>		
Customer Charge	\$20.00	\$20.00
First 10,000 Cubic Feet	\$8.35	\$10.21
All Over 10,000 Cubic Feet	\$7.07/1000	\$8.62/1000
2) <u>Multiple Dwellings- L.H.A.</u>		
Minimum	\$5.00	
First 1,000 Cubic Feet	\$7.23	
All Over 1,000 Cubic Feet	\$7.45/1000	
4) <u>Interruptible</u>		
Demand Charge	\$750.00	\$750.00
First 3,500,000 Cubic Feet	\$2.06/1000	\$2.46/1000
All Over 3,500,000 Cubic Feet	\$1.74/3500	\$2.06/1000
Transport Fee	Variable	
5) <u>Industrial</u>		
Customer Charge	\$100.00	\$100.00
First 100,000 Cubic Feet	\$7.50/1000	\$9.15/1000
All Over 100,000 Cubic Feet	\$6.65/100MCF	\$8.09/100MCF

Number of miles of the Distribution System of Lines- 262

CITY OF LEBANON, TENNESSEE

SCHEDULE OF WATER AND SEWER RATES

UNAUDITED

Year Ended June 30, 2015

There were 10,951 metered water customers and 10,977 sewer customers billed during June, 2015. The policy of the City requires that all water customers be metered and that sewerage charges be billed to each water customer who has sewer service available. Nothing is billed in cubic feet anymore, everything is billed in gallons now.

Water and Sewer rates in effect at June 30, 2015, are as follows:

		Inside City			Outside City		
First	1-1500	GA		\$10.37			\$15.55
Next	1501-7500	GA	0.007312	Per Gallon \$54.84	0.010908	Per Gallon	\$81.81
Next	7501-30,000	GA	0.007085	Per Gallon \$212.55	0.010641	Per Gallon	\$319.23
Next	30,001-90,000	GA	0.006403	Per Gallon \$576.27	0.009638	Per Gallon	\$867.42
Next	90,001-217,000	GA	0.003970	Per Gallon \$861.49	0.005989	Per Gallon	\$1,299.61
Total	217,001	GA	0.003115	Per Gallon	0.004679	Per Gallon	
				\$1,715.52			\$2,583.62

All over 217,001 Gallon no max for water for Commercial and Residential and max of Sewer of \$60 and two months max of \$75.

Sewer Rates for Sewer Customers Only:

		Inside City			Outside City		
First	1-1500	GA		\$12.72			\$19.09
Next	1501-7500	GA	0.008943	Per Gallon \$67.07	0.013408	Per Gallon	\$58.72
Next	7501-30,000	GA	0.008703	Per Gallon \$261.09	0.013047	Per Gallon	\$228.89
Next	30,001-90,000	GA	0.007860	Per Gallon \$707.40	0.011804	Per Gallon	\$622.11
Next	90,001-217,000	GA	0.004879	Per Gallon \$1,058.74	0.007352	Per Gallon	\$935.01
Total	217,001	GA	0.003863	Per Gallon	0.005802	Per Gallon	
				\$2,107.02			\$1,863.82

All over 217,001 GA- There is no max for water for Residential Inside and Outside City and a max of \$60 for sewer for Residential Inside and \$90 for sewer for Residential Outside City for up to months.

CITY OF LEBANON, TENNESSEE

SCHEDULE OF INSURANCE COVERAGE

UNAUDITED

JUNE 30, 2014

TRAVELERS

POLICY # ZLP-15P45357

General Liability and
Law Enforcement Liability

Bodily Injury - \$6,000,000 per person
Bodily Injury - \$6,000,000 per occurrence
Property Damage - \$6,000,000 per occurrence
Other Loss - \$6,000,000 per occurrence
Fire - \$100,000 per occurrence

Errors or Omissions

\$6,000,000 per occurrence

POLICY # 810-0B165922

Automobile Liability

Bodily Injury - \$6,000,000 per person
Bodily Injury - \$6,000,000 per occurrence
Property Damage - \$6,000,000 per occurrence
Other Loss - \$6,000,000 per occurrence

Automobile Physical Damage

Comprehensive - \$500 deductible
Collision - \$1,000 deductible

POLICY 630-2D24444A

Blanket Limit
Electronic Data Processing
Mobile Equipment
Equipment Breakdown
Flood
Earthquake
Other Automatic Coverages
Employee Dishonesty
Crime

\$147,922,517 per occurrence
\$225,000
\$3,758,629
\$147,922,517
\$1,000,000 each occurrence
\$2,000,000 each occurrence
Various
\$150,000
\$150,000

POLICY UB5D113340

Workers Compensation

Bodily Injury by Accident \$1,000,000
Bodily Injury by Disease \$1,000,000/\$1,000,000

CITY OF LEBANON, TENNESSEE
SCHEDULE OF FIDELITY BONDS
OF PRINCIPAL FINANCIAL OFFICIALS

UNAUDITED

June 30, 2015

	<u>Bond</u>
Commissioner of Finance and Revenue- Robert Springer	\$500,000
Commissioner of Public Works- Jeff Baines	\$100,000
Purchasing Agent- Lisa Lane	\$100,000
General Employee Fidelity Bond	\$100,000

The fidelity bond coverage is carried with First insurance Group.

CITY OF LEBANON, TENNESSEE
SCHEDULE OF STATE GRANT ACTIVITY

Year Ended June 30, 2015

GRANTOR/PROGRAM	GRANT NUMBER	A/R OR DEFERRED		DISBURSEMENTS	A/R OR DEFERRED		
		AT JUNE 30, 2014	RECEIPTS		AT JUNE 30, 2015		
Tennessee Department of Transportation Aeronautics Division Airport Maintenance 2014/2015	99-555-1533-04	\$ -	\$ 14,300	\$ 14,300	\$ -		0 00
Tennessee Department of Transportation Aeronautics Division Above Ground Fuel Tank	95-555-0142-04	-	-	47,599	47,599		
Tennessee Department of Transportation Aeronautics Division T Hangar Engineering	95-555-0144-04	1,750	1,750	-	(0)		
Tennessee Department of Transportation Aeronautics Division T Hangar Construction	95-555-0145-04	41,831	930,949	1,267,553	378,435		PY AR is net of prefunding amount of \$8,334- disbursements were increased by this amount
Tennessee Department of Transportation Aeronautics Division Airport Layout Plan	95-555-0748-04	52,658	52,658	27,080	27,080	453,114	
Tennessee Department of Transportation Aeronautics Division Airport Apron Area Drainage	95-555-0747-04	14,889	257,000	242,112	0		PY AR is net of prefunding amount of \$6,550- disbursements were increased by this amount
Tennessee Department of Transportation Tennessee Highway Safety Plan DUI Enforcement Initiative	Z12GHS169	485	-	-	485		
Tennessee Department of Transportation Tennessee Highway Safety Plan DUI Enforcement Initiative	Z14GHS197	-	5,480	12,289	6,809		
Tennessee Department of Transportation Tennessee Highway Safety Plan DUI Enforcement Initiative	Z14GHS198	9,476	16,553	7,077	(0)		Disb increased by \$100 unlocated diff
Tennessee Department of Economic and Community Development FIDP Grant Permobil	GG-10-30897-00	268	268	-	-		
Tennessee Department of Economic and Community Development FIDP Grant So Fire.US, Inc		128,283	247,803	119,520	-		
Tennessee Department of Environment and Conservation State Revolving Fund Loan Clearwell Facilities Improvement	DWO 2012-126	454,421	2,690,127	2,468,042	232,337		

CITY OF LEBANON, TENNESSEE
SCHEDULE OF STATE GRANT ACTIVITY

Year Ended June 30, 2015

<u>GRANTOR/PROGRAM</u>	<u>GRANT NUMBER</u>	<u>A/R OR DEFERRED AT JUNE 30, 2014</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>A/R OR DEFERRED AT JUNE 30, 2015</u>
Tennessee Department of Environment and Conservation State Revolving Fund Loan Granular Activated Carbon Adds	DWF 2012-127	-	-	1,002,659	1,002,659
Tennessee Department of Environment and Conservation State Revolving Fund Loan Granular Activated Carbon Adds	DW1 2012-128	-	-	-	-
Tennessee Commission on Aging State Senior Center	2014-17	8,813	8,813	-	-
Tennessee Department of Transportation Community Based Grants to Control Litter Special Litter Grant	Z13SLG004	2,211	3,542	26,763	25,432
Tennessee Emergency Management Agency Public Assistance 2010 Flood	FEMA 1909-DR-TN	-	3,228	3,228	-
Total State Grant Activity		\$ 715,085	\$ 4,232,471	\$ 5,238,223	\$ 1,720,836

CITY OF LEBANON, TENNESSEE
SCHEDULE OF TRANSFERS

Year Ended June 30, 2015

Transfers From	Governmental Funds							Total
	Major Funds		Other Nonmajor Governmental Funds		Proprietary Funds			
	General	Stormwater	Law Enforcement Support Org	Airport Operations	Water/ Sewer	Gas		
Transfers To								
Governmental Funds:								
Major Funds:								
General	\$ -	\$ -	\$ -	\$ -	\$ 205,800	2,900	\$ 208,700	
Street Improvements	495,110						495,110	
Nonmajor Funds:								
Stormwater	155,000						155,000	
Floyd Family Life Center	126,505	660			15,291	5,319	147,775	
Airport Operations	2,000						2,000	
2008 G.O. Refunding								
Bond Sinking	340,824						340,824	
2003 G.O. Bond								
Sinking	214,605						214,605	
2004 G.O. Bond								
Sinking	196,635						196,635	
2008 G.O. Bond								
Sinking	173,409						173,409	
2011 G.O. Bond								
Sinking	66,780						66,780	
2013 G.O. Bond								
Sinking	219,991						219,991	
Airport Capital								
Projects	256,698			31,661			288,359	
FIDP								
Community Park								
Capital Projects	100,000				152,203		152,203	
Beatification Committee	500	3,448					3,948	
Citizens Emergency								
Response Team			400				400	
Total	\$ 2,348,057	\$ 4,108	\$ 400	\$ 31,661	\$ 373,294	\$ 8,219	\$ 2,765,739	

CITY OF LEBANON, TENNESSEE
GENERAL REVENUES BY SOURCE
UNAUDITED
YEARS ENDED JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues					
Taxes:					
Real and Personalty	\$ 5,777,997	\$ 5,378,029	\$ 3,045,833	\$ 3,111,415	\$ 3,071,579
Business Tax	1,481,951	1,050,900	1,133,291	1,036,086	923,464
Wholesale Beer	1,043,791	1,005,429	951,932	902,796	861,109
Sales Tax	10,262,957	9,636,331	8,917,967	8,448,311	7,759,586
Cable TV Franchise Fee	327,270	282,272	255,452	238,797	218,463
Hotel and Motel Tax	311,746	263,006	239,726	211,228	204,001
Liquor Tax	327,390	320,776	324,004	307,422	254,308
	<u>19,533,102</u>	<u>17,936,743</u>	<u>14,868,205</u>	<u>14,256,055</u>	<u>13,292,510</u>
Tax Equivalents:					
TVA Tax Replacement	304,331	290,541	299,451	303,373	280,015
	<u>304,331</u>	<u>290,541</u>	<u>299,451</u>	<u>303,373</u>	<u>280,015</u>
Federal, State and Regional					
Apportionments and Grants:					
Sales Tax	1,960,284	1,857,962	1,801,466	1,758,142	1,642,252
Income Tax	407,221	337,376	206,633	186,058	223,220
Street and Transportation Fund	53,455	53,616	53,675	53,720	53,256
Highway Grants and Contracts	117,791	96,473	103,709	99,752	115,090
Beer Tax	12,526	12,393	12,948	12,856	12,944
Alcoholic Beverage Tax	98,116	90,629	92,113	152,371	153,071
Corporate Excise Tax	47,652	30,747	21,044	24,538	27,175
UDSA Grant	-	0.00	-	-	-
Police and Fire Salary Supplement	69,000	68,400	63,600	65,400	59,400
LLEBG Grants	-	0.00	-	-	-
COPS/JAG Grants	20,650	13,471	1,285	45,290	231,217
Federal Asset Seizure Fund	-	-	-	-	-
Firefighters Grant	-	-	-	6,984	18,053
Tree Grant	-	-	-	-	-
D.E.A. Grant	31,447	35,117	32,885	17,029	17,565
Flood Grant	-	-	-	41,554	16,548
Highway Safety/Safe Street Grants	29,164	37,490	14,246	11,699	-
Organized Drug Task Force	6,191	37,159	3,423	100,587	28,827
Telecommunications	2,507	2,645	2,131	1,459	2,001
State Bus Tax	-	-	-	-	-
	<u>2,856,004</u>	<u>2,673,478</u>	<u>2,409,160</u>	<u>2,577,439</u>	<u>2,600,619</u>
Fines and Costs	713,305	735,012	665,299	614,744	669,671
Rents from Other City Departments	3,987	9,500	16,104	16,104	16,104
Rent - Other	54,000	24,000	24,000	24,000	27,244
Highway and Street Charges	32,471	23,884	12,466	21,677	26,405
Interest	70,886	83,847	59,353	80,864	98,518
Permits and Licenses	905,997	791,377	604,414	373,643	385,688
Cemetery Income	60,828	76,235	71,863	51,925	66,275
Park and Recreation Income	31,373	28,343	38,487	40,638	32,270
Interest and Penalty on Taxes and Licenses	37,680	23,537	25,738	34,188	(5,802)
Miscellaneous	347,700	398,654	299,808	234,193	267,726
Financing Sources	66,610	81,096	57,168	-	-
	<u>2,324,837</u>	<u>2,275,485</u>	<u>1,874,699</u>	<u>1,491,976</u>	<u>1,584,099</u>
	<u>\$ 25,018,274</u>	<u>\$ 23,176,247</u>	<u>\$ 19,451,514</u>	<u>\$ 18,628,843</u>	<u>\$ 17,757,243</u>

CITY OF LEBANON, TENNESSEE
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
UNAUDITED
YEARS ENDED JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Mayor and Council	\$ 303,638	\$ 222,061	\$ 185,211	\$ 200,475	\$ 182,324
City Attorney/Judicial	185,883	179,703	175,462	169,999	163,579
Financial Administration	163,905	134,055	119,225	148,426	144,722
Meter Readers	-	-	-	-	-
EAC Committee	171	234	170	111	175
Accounting	175,321	236,338	215,483	832,774	211,434
Sanitation	1,335,785	1,309,497	1,109,215	-	-
Farmers Market	-	-	-	-	-
Customer Billing	35,226	35,475	13,131	37,852	35,506
Purchasing	43,399	54,950	49,409	52,402	52,957
Computer Equipment	229,730	214,839	188,118	219,638	166,805
Public Works	175,132	199,280	162,964	166,073	176,426
Warehouse	40,449	45,646	36,643	45,422	40,011
Personnel	231,613	79,197	73,085	78,447	83,460
General Maintenance	253,245	260,288	238,046	253,847	235,083
Police	7,577,294	8,364,368	7,316,426	7,251,777	7,382,042
Fire	3,998,986	3,975,030	3,492,672	3,210,925	3,964,614
Building Inspection	359,256	351,484	265,646	272,645	167,563
Building Maintenance	107,711	95,648	100,070	75,952	74,419
Street	2,960,669	2,390,262	2,103,489	1,631,735	1,073,900
Animal Control	159,085	88,328	95,287	94,798	101,051
Engineering	268,312	277,996	202,277	268,152	276,289
Garage	345,642	307,312	262,074	251,035	232,379
Cemetary	85,797	80,332	84,384	79,545	68,790
Recreation	993,132	740,510	831,243	630,726	623,883
Drainage Migration	50,000	50,000	600,000	-	-
Special Events	28,544	27,970	29,054	26,861	3,169
Dues	264,322	363,078	352,957	349,316	269,329
Community Park	214,947	83,764	93,431	86,814	81,831
Regional Transportation Authority	163,017	-	50,000	50,000	25,000
Traffic Maintenance	148,423	236,312	154,011	193,000	394,180
Archives/Museum	-	-	-	-	-
Public Safety	487,633	425,980	225,859	240,383	152,684
Office Pool	-	-	-	-	-
Grants and Contributions	-	-	-	-	-
Johnson Controls	92,359	43,201	1,489,633	-	-
Accounting System Debt Service	38,641	35,875	52,803	-	-
Total Expenditures	<u>\$ 21,517,267</u>	<u>\$ 20,909,013</u>	<u>\$ 20,367,478</u>	<u>\$ 16,919,130</u>	<u>\$ 16,383,605</u>

CITY OF LEBANON, TENNESSEE

PROPERTY TAX LEVIES AND COLLECTIONS

Years Ended June 30, 2015

	<u>2015</u>
Total Tax Levy	5,819,839
Current Tax Collections	5,607,931
Percent of Levy Collected	96.36%
Delinquent Tax Collections	287,958
Total Tax Collections	5,895,889
Total Collections as Percent of Current Levy	101.31%
Outstanding Delinquent Taxes	187,434
Outstanding Delinquent Taxes as Percent of Current Levy	3.22%

CITY OF LEBANON, TENNESSEE

ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY

Year Ended June 30, 2015

	<u>2015</u>
Real Property:	
Assessed Value	838,508,995
Estimated Actual Value	2,666,114,800
Personal Property:	
Assessed Value	91,009,185
Estimated Actual Value	337,383,434
Public Utility Property:	
Assessed Value	41,168,045
Estimated Actual Value	41,168,045
Total:	
Assessed Value	970,686,225
Estimated Actual Value	3,044,666,279
Ratio of Total Assessed Value to Total Estimated Actual Value	31.88%

CITY OF LEBANON, TENNESSEE

PROPERTY TAX RATES AND LEVIES - ALL OVERLAPPING GOVERNMENTS

UNAUDITED

Last Five Fiscal Years

Tax Rates

<u>Fiscal</u> <u>Year</u>	<u>Tax</u> <u>Year</u>		<u>City</u>	<u>County</u>
2010	2009	\$	0.335	\$2.4327/\$2.8227
2011	2010	\$	0.335	\$2.4327/\$2.8227
2012	2011	\$	0.346	\$2.5704/\$2.9604
2013	2012	\$	0.346	\$2.5704/\$2.9604
2014	2013	\$	0.6075	\$2.5704/\$3.0204
2015	2014	\$	0.6075	\$2.5704/\$3.0204

Tax Levies

			<u>City</u>	<u>County</u>
2010	2009	\$	2,958,350	\$ 70,566,211
2011	2010	\$	2,987,434	\$ 72,115,351
2012	2011	\$	3,054,715	\$ 75,654,381
2013	2012	\$	3,195,846	\$ 72,744,346
2014	2013	\$	5,369,617	\$ 78,849,633
2015	2014	\$	5,572,337	\$ 81,121,620

CITY OF LEBANON, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 2015

Date of Incorporation- 1819

Date First Charter Adopted- June 28, 1911

Date Present Charter Adopted- 1993

Form of Government- Mayor and Council

Area- Square Miles
2015- 38.37

Paved Streets- 193.7 Miles

Sidewalks- 34 Miles

Sanitary Sewer Lines- 269 Miles

Fire Protection:

Number of Fire Stations- 3

Number of Employees- 52

Police Protection:

Number of Employees- 94

Vehicular Patrol Units- 93

CITY OF LEBANON, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 2015

Elections:

Number of Registered Voters- 15,528

Number of Votes Cast-

Last General Election- 10,105

Last Municipal Election- 5,798

Special Called Election- 1,450

Percentage of Registered Voters Voting

Last General Election- 65%

Last Municipal Election- 37%

Special Called Election- 9%

Population:

2015- 28,408

Gas System:

Number of Consumers- 7,635

Cubic Feet Billed for the

Year- 1,312,811,676

Distribution System- 262 Miles
of Lines

Water System:

Number of Consumers- 10,951

Cubic Feet Billed for the

Year- 1,428,245,789

Distribution System- 234
miles of Water Mains

Water Treatment Plant

Capacity- 12,000,000

Gallons Per Day

CITY OF LEBANON, TENNESSEE

MISCELLANEOUS STATISTICAL DATA

June 30, 2015

Sewer System:

Number of Users- 10,977

Sewer Plant Capacity-

10,000,000 Gallons Per Day

Number of Employees- 423

Principal Taxpayers

Type of Business

Lebanon HMA

Healthcare

Middle Tennessee Electric Membership Corp

Electric Co-op

Hamilton Station

Real Estate

Lochinvar LLC

Manufacturing

Tennessee Service Corp

Auto Auction

IIT Commerce Farms DC LLC

Distribution

SMBC Leasing & Finance Inc

Distribution

Genesco inc

Distribution

Duke Realty LTD

Real Estate

Callis Hills General

Real Estate



Click to access definition
Click to add a comment

Water Audit Report for: City of Lebanon
Reporting Year: 2015 7/2014 - 6/2015

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

Volume from own sources: 2,221.897 MG/Yr
 Water imported: 0.000 MG/Yr
 Water exported: 411.393 MG/Yr

WATER SUPPLIED: **1,765.923** MG/Yr

Master Meter and Supply Error Adjustments

Pcnt: 2.00% Value: MG/Yr
 MG/Yr
 MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Billed metered: 1,021.407 MG/Yr
 Billed unmetered: 0.025 MG/Yr
 Unbilled metered: 0.000 MG/Yr
 Unbilled unmetered: 10.384 MG/Yr

AUTHORIZED CONSUMPTION: **1,031.816** MG/Yr

Click here: for help using option buttons below

Pcnt: Value: MG/Yr

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption) **734.107** MG/Yr

Apparent Losses

Unauthorized consumption: 4.415 MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: 31.590 MG/Yr
 Systematic data handling errors: 31.897 MG/Yr

Apparent Losses: **67.902** MG/Yr

Pcnt: Value: MG/Yr
 MG/Yr
 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **666.206** MG/Yr

WATER LOSSES: **734.107** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **744.491** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: 233.7 miles
 Number of active AND inactive service connections: 11,188
 Service connection density: 48 conn./mile main

Are customer meters typically located at the curbstop or property line? Yes (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: 60.0 psi

COST DATA

Total annual cost of operating water system: \$5,018,888 \$/Year
 Customer retail unit cost (applied to Apparent Losses): \$11.25 \$/1000 gallons (US)
 Variable production cost (applied to Real Losses): \$603.00 \$/Million gallons Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 73 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

- PRIORITY AREAS FOR ATTENTION:**
- Based on the information provided, audit accuracy can be improved by addressing the following components:
- 1: Volume from own sources
 - 2: Billed metered
 - 3: Customer retail unit cost (applied to Apparent Losses)



Water Audit Report for:
 Reporting Year:

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 73 out of 100 ***

System Attributes:

Apparent Losses:	<input type="text" value="67.902"/>	MG/Yr
+ Real Losses:	<input type="text" value="666.206"/>	MG/Yr
= Water Losses:	<input type="text" value="734.107"/>	MG/Yr

Unavoidable Annual Real Losses (UARL): MG/Yr

Annual cost of Apparent Losses:

Annual cost of Real Losses: Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied:
 Non-revenue water as percent by cost of operating system: Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: gallons/connection/day
 Real Losses per service connection per day: gallons/connection/day
 Real Losses per length of main per day*:
 Real Losses per service connection per day per psi pressure: gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]:

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

FEDERAL FINANCIAL ASSISTANCE

CITY OF LEBANON, TENNESSEE
SCHEDULE OF FEDERAL AWARDS

Year Ended June 30, 2015

FEDERAL CFDA #	FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	GRANT NUMBER	A/R OR DEFERRED June 30, 2014	RECEIPTS	DISBURSEMENTS	A/R OR DEFERRED June 30, 2015
<u>MAJOR PROGRAMS</u>						
66.468	Environmental Protection Agency TN Department of Environment and Conservation Drinking Water State Revolving funds	DWO 2012-126	\$ 337,031	\$ 2,147,952	\$ 1,999,114	\$ 188,193
66.468	Environmental Protection Agency TN Department of Environment and Conservation Drinking Water State Revolving funds	DWF 2012-127	-	-	809,848	809,848
66.468	Environmental Protection Agency TN Department of Environment and Conservation Drinking Water State Revolving funds	DWI 2012-128	-	-	-	-
20.106	Department of Transportation TN Department of Transportation T Hangar Construction	95-555-0145-04	41,831	624,162	582,331	(0)
20.106	Department of Transportation TN Department of Transportation Above Ground Fuel Tank	95-555-0142-04	-	-	47,599	47,599
TOTAL MAJOR PROGRAMS			378,862	2,772,114	3,438,892	1,045,639
<u>NON-MAJOR PROGRAMS</u>						
20.607	Department of Transportation TN Department of Transportation DUI Enforcement Initiative	Z14GHS198	9,476	16,553	7,077	(0)
20.607	Department of Transportation TN Department of Transportation DUI Enforcement Initiative	Z14GHS197	-	5,480	12,289	6,809

CITY OF LEBANON, TENNESSEE
SCHEDULE OF FEDERAL AWARDS

Year Ended June 30, 2015

FEDERAL CFDA #	FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	GRANT NUMBER	A/R OR DEFERRED		A/R OR DEFERRED	
			June 30, 2014	RECEIPTS	DISBURSEMENTS	June 30, 2015
20.607	Department of Transportation TN Department of Transportation DUI Enforcement Initiative	Z12GHS169	485	-	-	485
16.738	Department of Justice N/A Edward Byrne Memorial Justice Assistance	2013-DJ-BX-1010	-	10,000	10,000	-
16.738	Department of Justice N/A Edward Byrne Memorial Justice Assistance	2014-DJ-BX-0889	-	-	-	-
16.607	Department of Justice N/A Bulletproof Vest Partnership Program		-	5,383	7,422	2,040
93.044	Department of Health & Human Services Greater Nashville Regional Council Special Programs for the Aging	2014-17	8,813	8,813		-
TOTAL NONMAJOR PROGRAMS			18,774	46,228	36,788	9,333
TOTAL FEDERAL AWARDS			\$ 397,635	\$ 2,818,342	\$ 3,475,680	\$ 1,054,973

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of federal awards includes the federal grant activity of the City of Lebanon, Tennessee, and is presented on the same basis of accounting as the City of Lebanon, Tennessee's basic financial statements. The information in this schedule is presented in accordance with OMB Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations."

1,054,973

INTERNAL CONTROL AND COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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*

To the Honorable Mayor, the Board of Aldermen
and the Commissioner of Finance and Revenue of the
City of Lebanon, Tennessee and the
Director of Local Government Audit, State of Tennessee

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparison schedules of the general and street improvements funds of City of Lebanon, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Lebanon, Tennessee's basic financial statements, and have issued our report thereon dated March 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Lebanon, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Lebanon, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lebanon, Tennessee's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lebanon, Tennessee's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2014-1.

City of Lebanon, Tennessee's Response to Findings

City of Lebanon, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Lebanon, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dempsey Vantrouse & Follis PLLC

Lebanon, Tennessee
March 14, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable Mayor, the Board of Aldemen and the
Commissioner of Finance and Revenue of the
City of Lebanon, Tennessee and the
Director of Local Government Audit, State of Tennessee

Report on Compliance for Each Major Federal Program

We have audited City of Lebanon, Tennessee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Lebanon, Tennessee's major federal programs for the year ended June 30, 2015. City of Lebanon, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Lebanon, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Lebanon, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Lebanon, Tennessee's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Lebanon, Tennessee, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with OMB Circular A-133. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of City of Lebanon, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Lebanon, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Lebanon, Tennessee's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Dempsey Vantrase & Follis PLLC

Lebanon, Tennessee
March 14, 2016

CITY OF LEBANON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified
 Internal control over financial reporting:
 Material weakness(es) identified? yes Xno
 Significant Deficiency(ies) identified
 not considered to be material weaknesses? yes Xnone reported
 Noncompliance material to financial statements
 noted? yes Xno

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? yes Xno
 Significant Deficiency(ies) identified
 not considered to be material weaknesses? yes Xnone reported
 Type of auditor's report issued on compliance
 for major programs: Unqualified
 Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? yes Xno

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.468	Environmental Protection Agency

Dollar threshold used to distinguish
 between Type A and Type B programs: \$300,000

Audit qualified as low-risk auditee? yes Xno

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.