

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
CITY OF LEBANON, TENNESSEE  
YEAR ENDED JUNE 30, 2017**

## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b> .....	1-3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	4-11
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position .....	12
Statement of Activities .....	13
Balance Sheet – Governmental Funds .....	14-16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Statement of Net Position – Proprietary Funds .....	19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	20
Statement of Cash Flows – Proprietary Funds .....	21-22
Budgetary Comparison Statement – General Fund .....	23-25
Note to Budgetary Comparison Statement .....	26
<b>NOTES TO FINANCIAL STATEMENTS</b> .....	27-55
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Funding Progress for OPEB .....	56
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of the TCRS – Prior Plan .....	57
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS – Prior plan .....	58
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of the TCRS – Hybrid Plan .....	59

**TABLE OF CONTENTS – CONTINUED**

	<u>Page</u>
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS – Hybrid plan .....	60
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	61-62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	63
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	64-65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	66-67
Combining Balance Sheet – Nonmajor Capital Projects Funds .....	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds .....	69
Combining Balance Sheet – Nonmajor Debt Service Funds .....	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds .....	70
Combining Statements of Net Assets and Changes in Net Assets – Private Purpose Trust Funds .....	71
Statements of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual:	
Stormwater Fund .....	72
State Street Aid Fund .....	73
Drug Enforcement Fund .....	74
Jimmy Floyd Family Life Center Fund .....	75
Spirit of Christmas Fund .....	76
Airport Operations Fund .....	77
Beatification Committee .....	78
Lebanon Housing Authority .....	79
Cemetery Maintenance .....	80
Federal Asset Seizure Fund .....	81
Law Enforcement Support Organization .....	82
Citizens Emergency Response Team .....	83
Electronic Citation Fund .....	84
Police Local Option Fine Fund .....	85

## TABLE OF CONTENTS – CONTINUED

	<u>Page</u>
Airport Capital Projects Fund.....	86
Payment in Lieu of Sidewalks .....	87
Lebanon-Wilson County Community Park Fund.....	88
Street Improvements.....	89
2013 G.O. Bond Sinking Fund.....	90
2004 G.O. Bond Sinking Fund.....	91
2003 G.O. Bond Sinking Fund.....	92
2008 Refunding/2016 Refunding Bond Sinking Fund.....	93
2008 G.O. Bond Sinking Fund.....	94
2011 G.O. Bond Sinking Fund.....	95
2016 Legends Drive Bond Sinking Fund.....	96
2016 Airport Terminal Bond Sinking Fund.....	97

### SUPPLEMENTARY SCHEDULES

Classifications of Expenditures by City Departments - General Fund.....	98-100
Schedule of Operating Expenses - Department of Natural Gas Fund.....	101
Schedule of Operating Expenses - Department of Water and Sewer Fund.....	102-104
Schedule of General Long-term Debt.....	105-109
Schedule of Proprietary Funds Bonds and Notes Payable.....	110-114
Schedule of Additions and Retirements to Utility Plant.....	115
Schedule of Taxes Receivable.....	116
Schedule of Changes in Taxes Receivable.....	117
Schedule of Tax Rates and Assessments (Unaudited).....	118
Schedule of Gas Rates (Unaudited).....	119
Schedule of Water and Sewer Rates (Unaudited).....	120
Schedule of Insurance Coverage (Unaudited).....	121

## TABLE OF CONTENTS – CONTINUED

<b>SUPPLEMENTARY SCHEDULES, CONTUNED</b>	<u>Page</u>
Schedule of Fidelity Bonds of Principal Financial Officials (Unaudited).....	122
Schedule of Transfers.....	123
General Revenues by Source (Unaudited).....	124
General Governmental Expenditures by Function (Unaudited).....	125
Property Tax Levies and Collections (Unaudited).....	126
Assessed and Estimated Value of Taxable Property (Unaudited).....	127
Property Tax Rates and Tax Levies - All Overlapping Governments (Unaudited).....	128
Miscellaneous Statistical Data (Unaudited) .....	129-131
AWWA Reporting Worksheet (Unaudited).....	132
AWWA Performance Indicators (Unaudited).....	133
<b>FEDERAL FINANCIAL ASSISTANCE</b>	
Schedule of Expenditures of Federal Awards.....	134-135
<b>INTERNAL CONTROL AND COMPLIANCE SECTION</b>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government</u> <u>Auditing Standards</u> .....	136-137
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance Required by the Uniform Guidance.....	138-139
Schedule of Findings and Questioned Costs.....	140
Schedule of Prior Year Findings and Questioned Costs.....	141

**CITY OF LEBANON TENNESSEE**

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

**June 30, 2017**

**Publicly Elected Officials:**

Mayor Bernie Ash

Councilors:

Ward 1	Joey Carmack
Ward 2	Fred Burton
Ward 3	Rob Cesternino
Ward 4	Chris Crowell
Ward 5	Tick Bryan
Ward 6	Rick Bell

**Management Officials:**

Commissioner of Finance and Revenue Robert Springer, CMFO

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, 2017, and the related notes to the financial statements, which collectively comprise the City of Lebanon, Tennessee'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 schedule of the general fund of the City of Lebanon, Tennessee, as of June 30, 2017, 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 56-60 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 information and 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 February 23, 2018, 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 the City of Lebanon, Tennessee's internal control over financial reporting and compliance.

*Demsey Ventrose + Follos PLLC*

Lebanon, Tennessee  
February 23, 2018

## **CITY OF LEBANON, TENNESSEE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2017

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, 2017. Please read it conjunction with the City's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- > The City's total net position increased \$11.35 million or 6.87%. Of this amount, the net position of the Government activities increased by almost \$6.06 million and the net position of the Business type activities increased by \$5.29 million.
- > The City's governmental activities revenues from taxes and other sources were \$35.75 million and exceeded expenditures by \$6.06 million. Last year, revenues exceeded expenditures by \$5.7 million. Compared to last year revenues increased by 10.31% and expenditures increased by 11.28%.
- > Revenues from the City's business-type activities were \$27.71 million, and revenues exceeded expenses by \$5.29 million. Last year revenues exceeded expenses by \$7.12 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, statistical 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 shorter-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 Assets 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 assets indicate that the City's financial health is improving, whereas decreases in net assets 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 \$11.35 million during the year ended June 30, 2017. Of this amount, Government activities increased by about \$6.05 million and the net position of the Business type activities increased by \$5.29 million. In comparison, for the year ended June 30, 2016, the City's net position increased \$12.84 million. The following table is a comparison of net assets of the City during the fiscal years ended June 30, 2017 and 2016:

**CITY OF LEBANON , TENNESSEE NET POSITION**

	Governmental Activities		Business Type Activities		Total		Total Percentage Change 2017-2016
	2017	2016	2017	2016	2017	2016	
Current and Other Assets	\$ 41,144,294	\$ 36,417,431	\$ 22,278,564	\$ 24,338,713	\$ 63,422,858	\$ 60,756,144	4.39%
Capital Assets, net	57,475,784	52,411,453	139,803,727	135,879,769	197,279,511	188,291,222	4.77%
Total Assets	<b>98,620,078</b>	<b>88,828,884</b>	<b>162,082,291</b>	<b>160,218,482</b>	<b>260,702,369</b>	<b>249,047,366</b>	<b>4.68%</b>
Deferred Outflows of Resources	<b>2,663,280</b>	<b>3,092,845</b>	<b>1,031,962</b>	<b>1,037,918</b>	<b>3,681,879</b>	<b>4,130,763</b>	<b>-10.87%</b>
Long-Term Debt, net	14,490,735	9,553,393	51,845,610	54,440,822	66,336,345	63,994,215	3.66%
Other Liabilities	17,327,085	15,351,309	4,135,529	3,755,542	21,462,614	19,106,852	12.33%
Total Liabilities	<b>31,817,820</b>	<b>24,904,702</b>	<b>55,981,139</b>	<b>58,196,364</b>	<b>87,798,959</b>	<b>83,101,067</b>	<b>5.65%</b>
Deferred Inflows of Resources	<b>118,845</b>	<b>3,735,904</b>	<b>61,000</b>	<b>1,281,697</b>	<b>179,845</b>	<b>5,017,601</b>	
Net Position							
Net Investment in							
Capital Assets	42,985,049	42,858,060	87,958,117	81,438,947	130,943,166	124,297,007	5.35%
Restricted	1,892,713	2,164,971	684,190	391,402	2,576,903	2,556,374	0.80%
Unrestricted	24,468,931	18,258,092	18,429,808	19,947,988	42,885,376	38,206,080	12.25%
Total Net Position	<b>\$ 69,346,693</b>	<b>\$ 63,281,123</b>	<b>\$ 107,072,115</b>	<b>\$ 101,778,338</b>	<b>\$ 176,405,445</b>	<b>\$ 165,059,461</b>	<b>6.87%</b>

Net position of the City's governmental activities increased by about \$6.06 million. Of this amount, total assets increased by \$9.79 million and total liabilities increased by \$6.91 million. Over half of the governmental activities net position are invested in capital assets, net of related debt.

The net position of the business-type activities increased \$5.29 million. Of this amount total assets increased by \$1.86 million and total liabilities decreased by \$2.22 million. Almost all of the net position is invested in capital assets, net of related debt.

**Changes in Net Position**

The following table shows the City's changes in net position for the fiscal years ended June 30, 2017 and 2016:

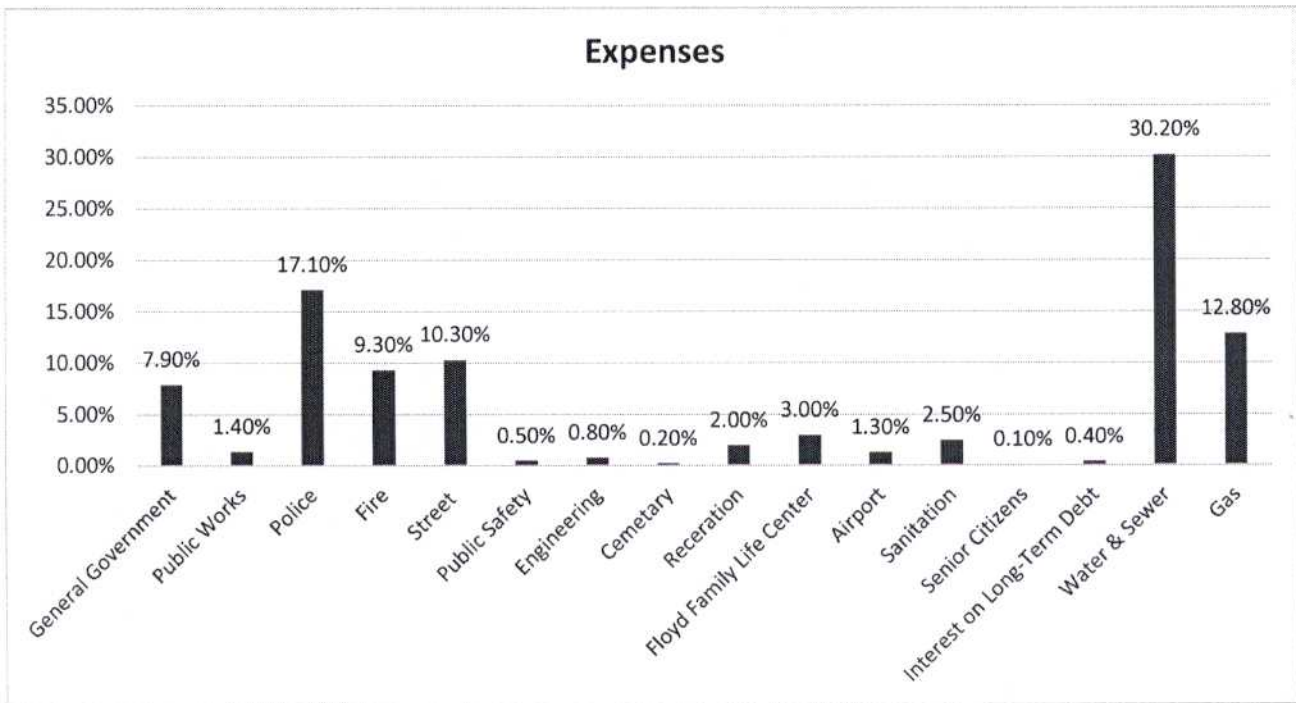
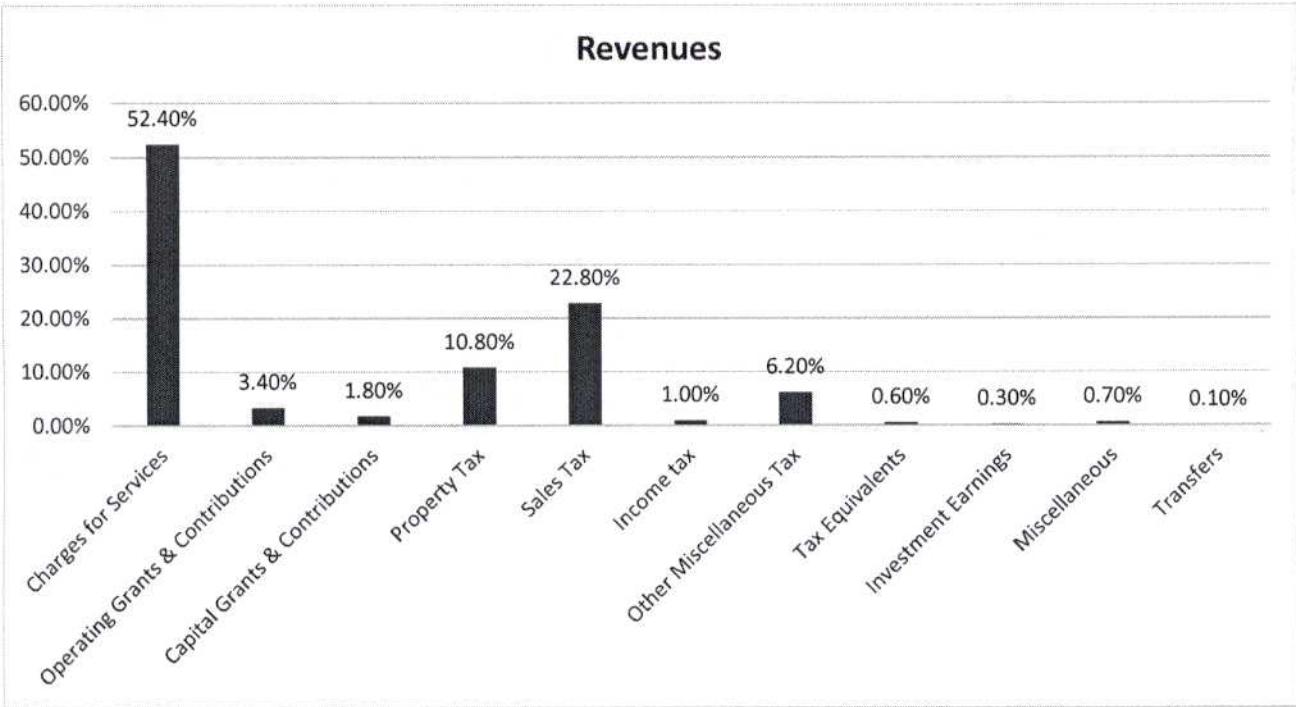
**CITY OF LEBANON, TENNESSEE CHANGE IN NET POSITION**

	Governmental Activities		Business Type Activities		Total		Total Percentage Change 2017-2016
	2017	2016	2017	2016	2017	2016	
<b>Revenues</b>							
<b>Program Revenues:</b>							
Charges for Services	\$ 5,852,170	\$ 4,950,179	\$ 27,396,766	\$ 25,903,301	\$ 33,248,936	\$ 30,853,480	7.76%
Operating Grants and Contribution	2,130,240	1,730,646	-	-	\$ 2,130,240	\$ 1,730,646	23.09%
Capital Grants and Contribution	773,660	1,471,519	398,628	588,358	\$ 1,172,288	\$ 2,059,877	-43.09%
<b>General Revenues:</b>							
Property Tax	6,830,294	5,761,718	-	-	\$ 6,830,294	\$ 5,761,718	18.55%
Sales Tax	14,449,590	13,382,059	-	-	\$ 14,449,590	\$ 13,382,059	7.98%
Income Tax	610,779	466,817	-	-	\$ 610,779	\$ 466,817	30.84%
Other Miscellaneous Tax	3,945,284	3,649,057	-	-	\$ 3,945,284	\$ 3,649,057	8.12%
Tax Equivalents	370,099	308,125	-	-	\$ 370,099	\$ 308,125	20.11%
Investment Earnings	118,860	69,259	93,734	74,478	\$ 212,594	\$ 143,737	47.90%
Miscellaneous	-	-	460,064	715,197	\$ 460,064	\$ 518,432	-35.67%
Transfers	676,179	624,349	(642,882)	(616,072)	\$ 33,297	\$ 8,277	
<b>Total Revenues</b>	<b>35,757,155</b>	<b>32,413,728</b>	<b>27,706,310</b>	<b>26,665,262</b>	<b>63,463,465</b>	<b>58,882,225</b>	<b>7.42%</b>
<b>Expenses</b>							
General Government	4,106,330	5,464,159	-	-	4,106,330	5,464,159	-24.81%
Public Works	748,232	980,764	-	-	748,232	980,764	-23.67%
Police	8,923,823	7,988,360	-	-	8,923,823	7,988,360	11.77%
Fire	4,858,208	4,173,787	-	-	4,858,208	4,173,787	16.46%
Street	5,384,657	3,075,511	-	-	5,384,657	3,075,511	75.15%
Public Safety	239,564	280,828	-	-	239,564	280,828	-14.65%
Engineering	420,189	379,031	-	-	420,189	379,031	10.92%
Cemetery	104,816	92,889	-	-	104,816	92,889	12.90%
Recreation	1,047,153	911,018	-	-	1,047,153	911,018	14.99%
Floyd Family Life Center	1,582,866	1,460,128	-	-	1,582,866	1,460,128	8.46%
Airport	688,764	423,534	-	-	688,764	423,534	62.66%
Sanitation	1,317,063	1,165,129	-	-	1,317,063	1,165,129	13.04%
Senior Citizens	55,340	55,719	-	-	55,340	55,719	-11.42%
Interest on Long-Term Debt	214,580	242,237	-	-	214,580	242,237	-11.42%
Water & Sewer	-	-	15,745,529	13,221,930	15,745,529	13,221,930	19.09%
Natural Gas	-	-	6,667,003	6,315,541	6,667,003	6,315,541	5.57%
	<b>29,691,586</b>	<b>26,693,094</b>	<b>22,412,532</b>	<b>19,537,471</b>	<b>52,104,118</b>	<b>46,230,566</b>	<b>12.73%</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 6,065,570</b>	<b>\$ 5,720,634</b>	<b>\$ 5,293,778</b>	<b>\$ 7,127,791</b>	<b>\$ 11,359,347</b>	<b>\$ 12,848,424</b>	<b>-11.69%</b>

The City's total revenues increased \$4.4 million from \$59.0 million to \$63.4 million.

The total cost of the City's programs and services increased \$3 million from \$26.7 million to \$29.7 million.

The following shows the percentage of revenues and expenses by program for the year ended June 30, 2017.



**Governmental Activities**

The governmental revenues increased by \$3.3 million and expenditures increased by \$3.0 million. The City had an increase of about \$1.06 million in sales tax and a \$1.07 million property taxes. 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, 2017 and 2016:

**CITY OF LEBANON, TENNESSEE NET COST OF GOVERNMENTAL ACTIVITIES**

	Total Cost Of Services		Percent Change	Net Cost of Services		Percent Change
	2017	2016	2017-2016	2017	2016	2017-2016
General Government	\$ 4,106,330	\$ 5,464,159	-24.81%	\$ 749,765	\$ 2,784,492	-73.00%
Public Works	748,232	980,764	-23.67%	355,292	255,704	39.10%
Police	8,923,823	7,988,360	11.77%	7,782,664	7,123,708	9.32%
Fire	4,858,208	4,173,787	16.46%	4,858,208	4,173,787	16.46%
Street	5,384,657	3,075,511	75.15%	3,851,850	1,677,360	129.76%
Public Safety	239,564	280,828	-14.65%	239,564	280,828	-14.65%
Engineering	420,189	379,031	10.92%	420,189	379,031	10.92%
Cemetery	104,816	92,889	12.90%	31,196	37,809	-17.34%
Recreation	1,047,153	911,018	14.99%	1,000,073	441,559	126.59%
Floyd Family Life Center	1,582,866	1,460,128	8.46%	417,995	351,502	19.12%
Airport	688,764	423,534	62.66%	(358,264)	(428,115)	-16.35%
Sanitation	1,317,063	1,165,129	13.04%	1,317,063	1,165,129	13.04%
Senior Citizens	55,340	55,719	-0.68%	55,340	55,719	-68.00%
<b>Total</b>	<b>\$ 29,477,005</b>	<b>\$ 26,450,857</b>	<b>11.49%</b>	<b>\$ 20,720,935</b>	<b>\$ 18,298,513</b>	<b>13.31%</b>

**Business-Type Activities**

Revenues of the City's business-type activities increased by \$1.04 million. Expenses increased by \$2.87 million. Revenues increased by 3.9% and expenses increased by 14.72% 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 \$4,237,126 excess of revenues over expenditures for the General fund for the fiscal year ended June 30, 2017.

- > Revenues for the General Fund were \$4.35 million more than budgeted.
- > Expenditures were \$3.64 million less than budgeted.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2017 the City had \$197.28 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 \$8.99 million or 4.77% over June 30, 2016 balances. The following table summarizes and compares the net capital assets for the fiscal years ended June 30, 2017 and 2016. For more detailed information on capital asset activity, see Note 8 to the financial statements.

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

	Governmental Activities		Business Type Activities		Total		Percent Change 2017-2016
	2017	2016	2017	2016	2017	2016	
Land	\$ 7,789,550	\$ 7,789,550	\$ 2,553,474	\$ 2,548,001	\$ 10,343,023	\$ 10,337,550	0.05%
Buildings	11,345,365	9,784,008	44,193,687	33,308,580	55,539,052	43,092,588	28.88%
Improvements Other Than Buildings	32,154,917	30,151,371	86,420,259	86,173,703	118,575,176	116,325,074	1.93%
Equipment	6,185,952	4,686,523	3,142,658	2,564,059	9,328,610	7,250,582	28.66%
Construction in Process	-	-	3,493,651	11,285,429	3,493,651	11,285,429	-69.04%
<b>Total</b>	<b>\$ 57,475,784</b>	<b>\$ 52,411,453</b>	<b>\$ 139,803,728</b>	<b>\$ 135,879,771</b>	<b>\$ 197,279,512</b>	<b>\$ 188,291,223</b>	<b>4.77%</b>

This year's major capital additions included: water & sewer improvements, gas improvements, Lebanon airport work and street construction.

This fiscal year ended June 30, 2018 budget includes capital expenditures of \$23.2 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, 2017, the City had \$66.34 million in bonds, notes and capital leases outstanding. This is a increase of \$2.34 million or 3.66% from June 30, 2016. The following table summarizes and compares long-term debt at June 30, 2017 and 2016. See note 3 to the financial statements for more information on long-term debt activity.

CITY OF LEBANON, TENNESSEE OUTSTANDING DEBT							Total Percent Change 2017-2016
	Governmental Activities		Business-Type Activities		Total		
	2017	2016	2017	2016	2017	2016	
General Obligation Bonds and Notes (Backed by the City)	\$14,490,735	\$9,553,393	\$0	\$0	\$14,490,735	\$9,553,393	51.68%
Revenue Bonds & Notes (Backed by specific tax and fee revenues)	-	-	51,845,611	54,440,787	51,845,611	54,440,787	-4.77%
	<u>\$14,490,735</u>	<u>\$9,553,393</u>	<u>\$51,845,611</u>	<u>\$54,440,787</u>	<u>\$66,336,346</u>	<u>\$63,994,180</u>	3.66%

Bond ratings: Aa3

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

When preparing the General fund for FY 2018, increase for salaries, and other benefits, capital equipment and improvements were factored in. The amount available for revenues for appropriation in the General fund budget is \$31,627,625 an increase of 7.06% compared to the amended budget for 16-17. Estimated Property tax revenue is expected to increase by \$394,427 or 1.76%. Also, estimated Sales tax revenue is expected to increase by \$650,000 or 6.28%. Both of these are compared to the amended budget for 16-17. Expenditures will increase by 2.14% compared to the amended budget for 16-17. Revenues are expected to exceed expenditures by about \$546 thousand.

Water and Sewer revenues are projected to go up about 23.07% compared to last year and expenses are going to increase about 7.76%. Revenues are expected to exceed expenses by about \$72 thousand.

Gas revenues are expected to be about the same compared to last year budget. Expenses are expected to decrease by about 8.7% compared to last year's budget. Revenues are expected expenses by about \$27 thousand.

Debt is expected to increase in FY 2018 due to:

- 1) General Fund- Loan of \$2,000,000 from the Gas fund to build a new fire hall.
- 2) Airport Construction- Loan of \$1,000,000 from the TML for a new airport maintenance hanger.
- 3) Street Construction- Balance of \$2,500,000 from the TML for Legends Drive extension.
- 4) Water & Sewer Fund- Proposed loan of \$2,700,000 from the TML for the water distribution system.
- 5) Water & Sewer Fund- Proposed \$4,600,000 from the TML for the sewer collection system.

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 fro 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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash	\$ 21,010,743	\$ 16,345,970	\$ 37,356,713	\$ 248,071
Investment in State Investment Pool	1,189,723	131,710	1,321,433	-
Certificate of Deposit	5,045,485	2,525,723	7,571,208	-
Investments	1,249,738	-	1,249,738	-
Other Restricted Funds	-	684,190	684,190	-
Accounts Receivable, Net	10,154,390	2,027,708	12,182,098	44
Internal Balances	1,907,077	(1,907,077)	-	-
Due from Component Unit	190	-	190	-
Inventories	122,754	378,638	501,392	-
Prepaid Expenses	464,194	148,460	612,654	-
Notes Receivable	-	1,943,242	1,943,242	-
Capital Assets:				
Non depreciable Assets	7,789,550	6,047,123	13,836,673	114,468
Depreciable Assets, Net of Depreciation	49,686,234	133,756,604	183,442,838	258,624
Total Capital Assets	57,475,784	139,803,727	197,279,511	373,092
Total Assets	98,620,078	162,082,291	260,702,369	621,207
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amount on 2008 Refunding	30,740	-	30,740	-
Deferred Amount Related to Pensions	2,632,540	1,031,962	3,664,502	-
Total Deferred Outflows	2,663,280	1,031,962	3,695,242	-
<b>LIABILITIES</b>				
Bank Overdraft	557,675	-	557,675	-
Accounts Payable	1,496,660	1,447,953	2,944,613	220
Due to Primary Government	-	-	-	190
Customer Deposits	24,955	250	25,205	-
Accrued Expenses	444,510	293,741	738,251	2,273
Unearned Revenue	7,313,255	-	7,313,255	-
Non-current Liabilities:				
Due in One Year:				
Compensated Absences	1,068,086	212,499	1,280,585	-
Debt	1,978,921	4,085,798	6,064,719	-
Due in More Than One Year:				
Debt, net	12,511,814	47,759,812	60,271,626	-
Net Pension Liability	1,039,860	417,195	1,457,055	-
OPEB Liability	5,382,084	1,763,891	7,145,975	-
Total Liabilities	31,817,820	55,981,139	87,798,959	2,683
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Amount on 2016 Refunding	118,845	61,000	179,845	-
	118,845	61,000	179,845	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	42,985,049	87,958,117	130,943,166	373,092
Restricted for:				
Note Proceeds	567,851	-	567,851	-
Debt Service	7,597	684,190	691,787	-
Public works	668,148	-	668,148	-
Drug Enforcement	567,361	-	567,361	-
Community Service	39,026	-	39,026	-
Police	42,730	-	42,730	-
Unrestricted	24,468,931	18,429,808	42,898,739	245,432
Total Net Position	\$ 69,346,693	\$ 107,072,115	\$ 176,418,808	\$ 618,524

See notes to financial statements

CITY OF LEBANON, TENNESSEE  
STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

Component Unit	Primary Government			Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Functions/Programs										
Primary Government:										
General Government	\$ 4,106,330	\$ 3,081,087	\$ 275,478	\$ -	\$ (749,765)	\$ -	\$ (749,765)	\$ -	\$ (749,765)	\$ (749,765)
Governmental Activities:										
Public Works	748,232	392,940	-	-	(355,292)	-	(355,292)	-	(355,292)	(355,292)
Police	8,923,823	425,754	715,405	-	(7,782,664)	-	(7,782,664)	-	(7,782,664)	(7,782,664)
Fire	4,858,208	-	-	-	(4,858,208)	-	(4,858,208)	-	(4,858,208)	(4,858,208)
Street	5,384,657	419,966	1,098,854	13,987	(3,851,850)	-	(3,851,850)	-	(3,851,850)	(3,851,850)
Public Safety	239,564	-	-	-	(239,564)	-	(239,564)	-	(239,564)	(239,564)
Engineering	420,189	-	-	-	(420,189)	-	(420,189)	-	(420,189)	(420,189)
Cemetery	104,816	73,620	-	-	(31,196)	-	(31,196)	-	(31,196)	(31,196)
Recreation	1,047,153	38,064	-	9,016	(1,000,073)	-	(1,000,073)	-	(1,000,073)	(1,000,073)
Floyd Family Life Center	1,582,866	1,164,871	-	-	(417,995)	-	(417,995)	-	(417,995)	(417,995)
Airport	688,764	255,868	40,503	750,657	358,264	-	358,264	-	358,264	358,264
Sanitation	1,317,063	-	-	-	(1,317,063)	-	(1,317,063)	-	(1,317,063)	(1,317,063)
Senior Citizens	55,340	-	-	-	(55,340)	-	(55,340)	-	(55,340)	(55,340)
Interest on Long-Term Debt	214,580	-	-	-	(214,580)	-	(214,580)	-	(214,580)	(214,580)
Total Governmental Activities:	29,691,585	5,852,170	2,130,240	773,660	(20,935,515)	-	(20,935,515)	-	(20,935,515)	(20,935,515)
Business-Type Activities:										
Water and Sewer	15,745,529	19,520,767	-	397,916	4,173,154	-	4,173,154	-	4,173,154	4,173,154
Natural Gas	6,667,003	7,875,999	-	712	1,209,708	-	1,209,708	-	1,209,708	1,209,708
Total Business-Type Activities:	22,412,532	27,396,766	-	398,628	5,382,862	-	5,382,862	-	5,382,862	5,382,862
Total Primary Government	52,104,117	33,248,936	2,130,240	1,172,288	(20,935,515)	-	(20,935,515)	-	(20,935,515)	(15,552,653)
Component Unit:										
Senior Citizens Center	439,619	271,496	320,828	-	-	-	-	-	-	189,255
Total	\$ 52,543,736	\$ 33,520,432	\$ 2,451,068	\$ 1,172,288	\$ (20,935,515)	\$ -	\$ (20,935,515)	\$ -	\$ (20,935,515)	\$ (15,363,398)
Change in Net Position										
Net Position, Beginning	63,281,123	6,065,570	63,281,123	63,281,123	69,346,693	63,281,123	69,346,693	63,281,123	69,346,693	63,281,123
Net Position, Ending	165,059,460	11,359,348	165,059,460	165,059,460	107,072,115	165,059,460	107,072,115	165,059,460	107,072,115	165,059,460
Total General Revenues and Transfers	27,001,085	676,179	27,001,085	27,001,085	69,346,693	27,001,085	69,346,693	27,001,085	69,346,693	27,001,085
Property Taxes, Levied for General Purposes	6,830,294	6,830,294	6,830,294	6,830,294	6,830,294	6,830,294	6,830,294	6,830,294	6,830,294	6,830,294
Sales Taxes	14,449,590	14,449,590	14,449,590	14,449,590	14,449,590	14,449,590	14,449,590	14,449,590	14,449,590	14,449,590
Income and Excise Tax	610,779	610,779	610,779	610,779	610,779	610,779	610,779	610,779	610,779	610,779
Other Miscellaneous Taxes	3,945,284	3,945,284	3,945,284	3,945,284	3,945,284	3,945,284	3,945,284	3,945,284	3,945,284	3,945,284
Tax Equivalent - TVA	370,099	370,099	370,099	370,099	370,099	370,099	370,099	370,099	370,099	370,099
Unrestricted Investment Earnings	118,860	118,860	118,860	118,860	118,860	118,860	118,860	118,860	118,860	118,860
Miscellaneous	460,064	460,064	460,064	460,064	460,064	460,064	460,064	460,064	460,064	460,064
Transfers	33,297	33,297	33,297	33,297	33,297	33,297	33,297	33,297	33,297	33,297
Change in Net Position	26,912,001	26,912,001	26,912,001	26,912,001	26,912,001	26,912,001	26,912,001	26,912,001	26,912,001	26,912,001
Total General Revenues and Transfers	118,971,553	118,971,553	118,971,553	118,971,553	118,971,553	118,971,553	118,971,553	118,971,553	118,971,553	118,971,553

CITY OF LEBANON, TENNESSEE  
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

ASSETS	General Fund	Other Governmental Funds	Total Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash	\$ 15,410,911	\$ 5,599,832	\$ 21,010,743
Investment in State Investment Pool	1,051,456	138,267	1,189,723
Certificate of Deposit	5,045,485	-	5,045,485
Investments	1,249,738	-	1,249,738
Accounts Receivable:			
State of Tennessee	2,239,111	185	2,239,296
Federal Government	26,611	-	26,611
Other	348,831	792,590	1,141,421
Due from Other Funds	1,988,183	662,040	2,650,223
Due from Component Unit	190	-	190
Inventories	122,754	-	122,754
Property Taxes - Net of Allowance			
For Uncollectible Taxes of \$664,591	6,747,062	-	6,747,062
Prepaid Expenses	442,392	21,802	464,194
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 34,672,724</u>	<u>\$ 7,214,716</u>	<u>\$ 41,887,440</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE  
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>LIABILITIES</b>			
Accounts Payable			
Vendors	\$ 663,439	\$ 833,221	\$ 1,496,660
Due to Other Funds	640,619	102,529	743,148
Bank Overdraft	-	557,675	557,675
Accrued Payroll and Related Items	333,029	25,178	358,207
Accrued Vacation Pay	294,266	7,337	301,603
Customer Deposits	24,955	-	24,955
Unearned Revenue	7,313,255	-	7,313,255
	<u>9,269,563</u>	<u>1,525,940</u>	<u>10,795,503</u>
<b>Total Liabilities</b>			
<b>FUND BALANCES</b>			
Fund Balances:			
Nonspendable	565,146	-	565,146
Restricted for:			
Bond Proceeds	567,851	-	567,851
Debt Service	-	93,900	93,900
Street	-	668,148	668,148
Drug Enforcement	-	567,361	567,361
Community Assistance	-	39,026	39,026
Police	-	42,730	42,730
Committed to:			
Airport	-	323,208	323,208
Cemetery	-	125,576	125,576
OPEB	952,048	36,673	988,721
Police	-	312,476	312,476
Assigned to:			
Recreation	1,461	117,252	118,713
Airport	1,585	504,893	506,478
Street	475,883	1,850,948	2,326,831
Public Works	-	979,542	979,542
Police	-	1,878	1,878
Floyd Family Life Center	-	25,165	25,165
Garage	262,970		262,970
Equipment	62,843	-	62,843
Unassigned	22,513,374	-	22,513,374
<b>Total Fund Balances</b>	<u>25,403,161</u>	<u>5,688,776</u>	<u>31,091,937</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 34,672,724</u>	<u>\$ 7,214,716</u>	

See notes to financial statements

CITY OF LEBANON, TENNESSEE  
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

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	\$	31,091,937
Capital Assets used in governmental funds are not reported in the fund Balance Sheet		57,475,784
Deferred Outflows are not reported in the fund Balance Sheet		2,663,280
Long-term debt is not reported in the fund Balance Sheet		(14,490,735)
Accrued Interest on long-term debt is not reported in the fund Balance Sheet		(86,303)
Net Pension Liability is not reported in the fund Balance Sheet		(1,039,860)
OPEB Liability on governmental funds is not reported in the fund Balance Sheet		(5,382,084)
Portion of Accrued Vacation not requiring current financial resources is not reported in the fund Balance Sheet		(766,481)
Deferred Inflows are not reported in the fund Balance Sheet		(118,845)
		(118,845)
Net Position of Governmental Activities	\$	69,346,693

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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes and Licenses	\$ 20,929,486	\$ -	\$ 20,929,486
TVA In- Lieu of Tax	370,099	-	370,099
State and Regional Apportionments and Grants	5,200,504	1,667,458	6,867,962
Federal Grants	244,412	-	244,412
Fines and Costs	852,113	12,856	864,969
Rents	24,000	-	24,000
Interest	101,417	17,442	118,859
Other Revenues	2,444,015	3,217,169	5,661,184
<b>Total Revenues</b>	<b>30,166,046</b>	<b>4,914,924</b>	<b>35,080,970</b>
<b>Expenditures</b>			
General Government	3,848,501	28,160	3,876,661
Public Works	317,096	394,365	711,461
Police	8,507,177	242,635	8,749,812
Fire	4,657,286	-	4,657,286
Street	3,232,628	510,391	3,743,019
Public Safety	227,641	-	227,641
Engineering	425,646	-	425,646
Cemetery	108,313	-	108,313
Recreation	846,644	30,000	876,644
Floyd Family Life Center	-	1,359,784	1,359,784
Airport	-	298,384	298,384
Sanitation	1,271,579	-	1,271,579
Senior Citizens Center	55,340	-	55,340
Garage	310,661	-	310,661
Debt Service:			
Principal	822,313	1,058,917	1,881,230
Interest	46,239	388,479	434,718
Capital Outlay	2,310,864	6,630,738	8,941,602
<b>Total Expenditures</b>	<b>26,987,928</b>	<b>10,941,853</b>	<b>37,929,781</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,178,118	(6,026,929)	(2,848,811)
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	-	2,659,624	2,659,624
Transfers to Other Funds	(2,270,424)	(389,200)	(2,659,624)
Gain on Refunding	13,279	-	13,279
Payment to Refunding Bond Agent	(1,619,185)	-	(1,619,185)
Debt Proceeds	4,259,160	4,454,763	8,713,923
Transfers - Tax Equivalents	676,178	-	676,178
<b>Net Other Financing Sources (Uses)</b>	<b>1,059,008</b>	<b>6,725,187</b>	<b>7,784,195</b>
<b>Net Change in Fund Balances</b>	<b>4,237,126</b>	<b>698,258</b>	<b>4,935,384</b>
<b>Fund Balances</b>			
July 01, 2016	20,551,623	4,981,517	25,533,140
Change in Encumbrances	614,412	9,000	623,412
<b>June 30, 2017</b>	<b>\$ 25,403,161</b>	<b>\$ 5,688,776</b>	<b>\$ 31,091,937</b>

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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$	4,935,384
Increase in Encumbrances		623,412
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		(3,934,856)
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		(8,713,903)
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		2,111,137
Payment to Bond Agent on Bond Refunding is not an expense in the Statement of Activites - instead, it is a reduction of debt on the Statement of Net Assets		1,515,000
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		(36,670)
Other charges ae not reported on the Statement of Activites - instead they are included in the Statement of Net Assets		6,369
Change in OPEB Liability is not reported as an expenditure in the governmental funds		(451,813)
Accrued interest on debt of the governmental funds is not reported as an expenditure in the governmental funds		(29,853)
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		9,007,410
Current year change in net pension liability due to implementation of GASB 68 is not reported in the governmental funds		993,801
Accrued vacation not requiring the use of current resources is not reported as an expenditure in the governmental funds		<u>40,152</u>
Change in Net Position of Governmental Activities	\$	<u><u>6,065,570</u></u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2017

ASSETS	Natural Gas Fund	Water and Sewer Fund	Total
<b>Current Assets:</b>			
Cash	\$ 4,845,188	\$ 11,500,782	\$ 16,345,970
Investment in State Investment Pool	131,710	-	131,710
Certificate of Deposit	1,011,597	1,514,126	2,525,723
Accounts Receivable - (Less Allowance for Doubtful Accts of \$ 56,573 )	311,616	1,313,136	1,624,752
Due from Other Funds	4,080	23,544	27,624
Other Receivables	-	402,956	402,956
Inventories	165,425	213,213	378,638
Prepaid Expenses	45,115	103,345	148,460
<b>Total Current Assets</b>	<b>6,514,731</b>	<b>15,071,102</b>	<b>21,585,833</b>
<b>Noncurrent Assets:</b>			
Other Restricted Funds	-	684,190	684,190
Notes Receivable	380,297	1,562,945	1,943,242
<b>Capital Assets:</b>			
Land	866,063	1,687,410	2,553,473
Buildings	2,528,867	67,253,266	69,782,133
Equipment	3,194,260	4,381,331	7,575,591
Improvements Other than Building	32,606,723	114,380,434	146,987,157
Construction in Process	1,122,213	2,371,437	3,493,650
Accumulated Depreciation	(15,160,350)	(75,427,927)	(90,588,277)
<b>Total Noncurrent Assets</b>	<b>25,538,073</b>	<b>116,893,086</b>	<b>142,431,159</b>
<b>Total Assets</b>	<b>32,052,804</b>	<b>131,964,188</b>	<b>164,016,992</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	360,138	1,214,623	1,574,761
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Current Portion of Long-Term Debt	231,000	3,854,798	4,085,798
Accounts Payable - Vendors	503,308	944,645	1,447,953
Due to Other Funds	642,086	1,292,615	1,934,701
Other Current Liabilities	44,538	124,165	168,703
Accrued Interest	933	42,563	43,496
Accrued Payroll and Related Items	24,781	57,011	81,792
Accrued Vacation Pay	53,675	158,824	212,499
<b>Total Current Liabilities</b>	<b>1,500,321</b>	<b>6,474,621</b>	<b>7,974,942</b>
<b>Noncurrent Liabilities:</b>			
Post Employment Benefits	432,519	1,331,371	1,763,890
Notes Payable	-	42,687,812	42,687,812
Utility Bonds Payable	1,572,000	3,500,000	5,072,000
Net Pension Liability	61,029	356,166	417,195
<b>Total Noncurrent Liabilities</b>	<b>2,065,548</b>	<b>47,875,349</b>	<b>49,940,897</b>
<b>Total Liabilities</b>	<b>3,565,869</b>	<b>54,349,970</b>	<b>57,915,839</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	163,570	379,229	542,799
Gain on Bond Refunding	-	61,000	61,000
	163,570	440,229	603,799
<b>NET POSITION</b>			
Net Investment in Capital Assets	23,354,776	64,603,341	87,958,117
Restricted for Debt Service	-	684,190	684,190
Unrestricted	5,328,727	13,101,081	18,429,808
<b>Total Net Position</b>	<b>\$ 28,683,503</b>	<b>\$ 78,388,612</b>	<b>\$ 107,072,115</b>

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, 2017

	Natural Gas Fund	Water and Sewer Fund	Total
Operating Revenues			
Charges for Services	\$ 7,875,999	\$ 19,520,767	\$ 27,396,766
Operating Expenses			
Utility Operating Expense	2,456,919	9,393,820	11,850,739
Natural Gas Purchased	3,165,448	-	3,165,448
Gasification Plant Operating	-	17,797	17,797
Depreciation	988,504	5,305,442	6,293,946
Total Operating Expenses	<u>6,610,871</u>	<u>14,717,059</u>	<u>21,327,930</u>
Operating Income	1,265,128	4,803,708	6,068,836
Nonoperating Revenue (Expenses)			
Other Revenues	8,636	451,428	460,064
Interest Revenue	24,325	69,409	93,734
Debt Issuance Costs	(3,607)	-	(3,607)
Interest Expense	(52,525)	(1,028,470)	(1,080,995)
Total Nonoperating Revenue (Expenses)	<u>(23,171)</u>	<u>(507,633)</u>	<u>(530,804)</u>
Income before Contributions and Transfers	1,241,957	4,296,075	5,538,032
Contributions and Transfers			
Contributed Capital	712	397,916	398,628
Transfers - Tax Equivalent	(276,476)	(366,406)	(642,882)
Total Contributions and Transfers	<u>(275,764)</u>	<u>31,510</u>	<u>(244,254)</u>
Change in Net Position	966,193	4,327,585	5,293,778
Net Position			
July 01, 2016	<u>27,717,310</u>	<u>74,061,027</u>	<u>101,778,337</u>
June 30, 2017	<u>\$ 28,683,503</u>	<u>\$ 78,388,612</u>	<u>\$ 107,072,115</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE  
STATEMENT CASH FLOWS  
PROPRIETARY FUNDS

Year Ended June 30, 2017

	Natural Gas Fund	Water and Sewer Fund	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers	\$ 7,760,071	\$ 19,247,976	\$ 27,008,047
Payments to Suppliers	(3,808,216)	(4,632,693)	(8,440,909)
Payments to Employees	(1,612,428)	(5,469,161)	(7,081,589)
Internal Activity - Payments (To) From Other Funds	416,809	846,731	1,263,540
Other Receipts (Payments)	-	747,642	747,642
Net Cash Provided By Operating Activities	2,756,236	10,740,495	13,496,731
<b>Cash Flows From Noncapital Financing Activities:</b>			
Transfers - Tax Equivalents	(276,476)	(366,406)	(642,882)
Net Cash (Used) By Noncapital Financing Activities	(276,476)	(366,406)	(642,882)
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Proceeds on Notes Payable	-	3,564,762	3,564,762
Debt Forgiveness	-	420,952	420,952
Debt Issuance Costs	(3,607)	-	(3,607)
Other Revenues	8,636	30,476	39,112
Payments for Capital Acquisitions	(3,053,903)	(6,758,806)	(9,812,709)
Principal Paid on Notes	(88,000)	(5,936,974)	(6,024,974)
Interest Paid	(53,425)	(1,028,470)	(1,081,895)
Bond Principal Paid	(135,000)	-	(135,000)
Issuance of Notes Receivable	(310,850)	(1,562,945)	(1,873,795)
Net Cash (Used) By Capital and Related Financing Activities	(3,636,149)	(11,271,005)	(14,907,154)
<b>Cash Flows From Investing Activities:</b>			
Interest Revenue	24,325	69,409	93,734
Increase in Investments	(4,307)	(532)	(4,839)
Net Cash Provided By Investing Activities	20,018	68,877	88,895
Net (Decrease) in Cash and Temporary Investments	(1,136,371)	(828,039)	(1,964,410)
<b>Cash and Temporary Investments:</b>			
July 01, 2016	6,113,269	13,013,011	19,126,280
June 30, 2017	\$ 4,976,898	\$ 12,184,972	\$ 17,161,870
<b>Non-Cash Capital and Related Financing Activities:</b>			
Capital Assets Acquired By Contributions From Developers	\$ 712	\$ 397,916	\$ 398,628
<b>Reconciliation to Statement of Net Position:</b>			
Cash	\$ 4,845,188	\$ 11,500,782	\$ 16,345,970
Investment in State Investment Pool	131,710	-	131,710
Other Restricted Funds	-	684,190	684,190
	\$ 4,976,898	\$ 12,184,972	\$ 17,161,870

See notes to financial statements

CITY OF LEBANON, TENNESSEE  
STATEMENT CASH FLOWS  
PROPRIETARY FUNDS

Year Ended June 30, 2017

	Natural Gas Fund	Water and Sewer Fund	Total
Cash Provided By Operating Activities:			
Operating Income	\$ 1,265,128	\$ 4,803,708	\$ 6,068,836
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	985,546	5,305,441	6,290,987
Provision for Losses on Accounts Receivable	(1,023)	(16,937)	(17,960)
Changes in Current and Deferred Items:			
(Increase) in Accounts Receivable	(114,905)	(255,854)	(370,759)
(Increase) in Deferred Outflows	(108,766)	(431,684)	(540,450)
Decrease in Other Receivables	-	747,642	747,642
(Increase) Decrease in Due From Other Funds	38,234	(17,656)	20,579
(Increase) Decrease in Inventories	1,036	(43,811)	(42,775)
(Increase) in Prepaid Expenses	(24,479)	(49,488)	(73,967)
Increase (Decrease) in Accounts Payable	267,392	(533,422)	(266,030)
Decrease in Net Pension Asset, Increase in Net Pension Liability	180,452	705,393	885,845
(Decrease) in Deferred Inflows	(150,518)	(527,380)	(677,898)
Increase in Due to Other Funds	378,575	864,386	1,242,961
(Decrease) in Accrued Payroll	(46,509)	(102,355)	(148,864)
Increase in Accrued Vacation Pay	7,179	33,805	40,984
Increase in Other Liabilities	44,438	124,015	168,453
Increase in Postemployment Benefits	34,456	134,691	169,147
Net Cash Provided By Operating Activities	<u>\$ 2,756,236</u>	<u>\$ 10,740,495</u>	<u>\$ 13,496,731</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE  
GENERAL FUND  
BUDGETARY COMPARISON STATEMENT  
Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		
<b>Revenues</b>				
<b>Taxes:</b>				
Real and Personalty	\$ 6,300,000	\$ 6,300,000	\$ 6,830,294	\$ 530,294
Wholesale Beer	975,000	975,000	1,071,598	96,598
Sales Tax	10,350,000	10,350,000	11,842,555	1,492,555
Cable TV Franchise Fee	275,000	275,000	380,825	105,825
Hotel and Motel Tax	300,000	300,000	394,197	94,197
Business Tax	-	-	9,050	9,050
Mixed Drink Tax	12,000	12,000	18,070	6,070
Liquor Tax	320,000	320,000	382,897	62,897
	<u>18,532,000</u>	<u>18,532,000</u>	<u>20,929,486</u>	<u>2,397,486</u>
<b>Tax Equivalents:</b>				
TVA In-Lieu of Tax	375,000	375,000	370,099	(4,901)
	<u>375,000</u>	<u>375,000</u>	<u>370,099</u>	<u>(4,901)</u>
<b>Federal, State and Regional</b>				
<b>Apportionments and Grants:</b>				
Sales Tax (St Sales C)	2,510,000	2,510,000	2,607,033	97,033
Income Tax	240,000	240,000	518,316	278,316
Petroleum Special	62,500	62,500	63,974	1,474
Highway Grants and Contracts	90,000	90,000	155,382	65,382
Beer Tax	15,000	15,000	15,804	804
Mixed Drink Tax	80,000	80,000	87,309	7,309
Excise Tax	20,000	20,000	92,462	72,462
Business Tax - County Clerk	-	-	143,757	143,757
Business Tax - Trustee	950,000	950,000	1,441,776	491,776
Police and Fire Salary Supplement	38,500	38,500	72,000	33,500
OJP Grants	-	-	32,507	32,507
D.E.A. Grant	17,200	17,200	11,252	(5,948)
HOME Grant	-	500,000	178,522	(321,478)
FBI Safe Streets	-	-	14,143	14,143
Highway Safety Grants	15,000	15,000	7,988	(7,012)
Organized Drug Enforcement Task Force	17,375	17,375	-	(17,375)
Telecommunications Sales Tax	2,000	2,000	2,691	691
	<u>4,057,575</u>	<u>4,557,575</u>	<u>5,444,916</u>	<u>887,341</u>
Fines and Costs	702,000	702,000	852,113	150,113
Rent - Other	24,000	24,000	24,000	-
Highway and Street Charges	25,000	25,000	72,654	47,654
Interest	40,000	40,000	101,417	61,417
Permits and Licenses	818,500	818,500	1,336,638	518,138

See notes to financial statements

	Budget		Actual	Variance
	Original	Final		
Cemetery Income	70,000	70,000	56,820	(13,180)
Park and Recreation Income	32,250	32,250	38,064	5,814
Interest and Penalty on Taxes and Licenses	23,000	23,000	27,409	4,409
Miscellaneous	536,800	617,699	840,927	223,228
Sale of Equipment	-	-	71,503	71,503
	<u>2,271,550</u>	<u>2,352,449</u>	<u>3,421,545</u>	<u>1,069,096</u>
Total Revenues	<u>25,236,125</u>	<u>25,817,024</u>	<u>30,166,046</u>	<u>4,349,022</u>
Expenditures				
City Department:				
Mayor and Council	233,181	628,816	455,131	173,685
City Attorney/Judicial	186,107	224,244	199,719	24,525
Financial Administration	164,392	178,931	176,490	2,441
Building Maintenance	82,896	86,774	86,019	755
Accounting	179,349	187,548	174,224	13,324
Customer Billing	20,560	14,956	26,338	(11,382)
Johnson Controls	93,055	93,055	93,055	-
Purchasing	42,902	43,034	41,260	1,774
Computer Equipment	313,065	317,895	311,645	6,250
Public Works	315,837	319,708	294,580	25,128
HOME Grant	-	500,000	178,585	321,415
Personnel	515,994	495,315	233,280	262,035
Traffic Maintenance	176,001	200,671	199,319	1,352
General Maintenance	288,826	313,109	289,329	23,780
Police	8,536,247	8,753,251	8,526,304	226,947
Fire	5,195,704	6,380,205	6,624,137	(243,932)
Building Inspection	608,163	610,392	508,581	101,811
Street	1,356,916	3,344,790	3,055,543	289,247
Animal Control	168,927	171,179	153,101	18,078
Public Safety	2,533,024	1,539,832	754,438	785,394
Engineering	1,056,926	1,084,331	302,500	781,831
Garage	366,520	370,095	310,661	59,434
Cemetery	122,020	122,275	108,313	13,962
Recreation	763,821	765,396	729,665	35,731
Special Events	42,000	42,000	29,830	12,170
Dues & Contributions	289,071	362,190	353,829	8,361
Community Park	244,667	365,945	222,734	143,211
EAC Committee	320	320	134	186
Sanitation	1,528,937	1,876,289	1,800,601	75,688
Drainage Migration	400,943	401,917	297,359	104,558
Risk Assessment	-	21,668	20,372	1,296
Accounting System Debt Service	18,000	18,000	17,987	13
Economic Development	118,233	155,564	114,737	40,827
Regional Transportation Authority	173,638	638,952	298,128	340,824
	<u>26,136,242</u>	<u>30,628,647</u>	<u>26,987,928</u>	<u>3,640,719</u>
Total Expenditures	<u>26,136,242</u>	<u>30,628,647</u>	<u>26,987,928</u>	<u>3,640,719</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE  
GENERAL FUND  
BUDGETARY COMPARISON STATEMENT  
Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		
Excess of Revenues Over (Under) Expenditures	(900,117)	(4,811,623)	3,178,118	7,989,741
Other Financing Sources (Uses):				
Transfers - Tax Equivalents	657,882	657,882	676,178	18,296
Operating Transfers From Other Fun	700,000	700,000	-	(700,000)
Operating Transfers To Other Funds	(2,267,778)	(2,477,190)	(2,270,424)	206,766
Bond Proceeds	-	-	2,220,000	2,220,000
Bond Premium	-	-	150,424	150,424
Gain on Refunding	-	-	13,279	13,279
Payment to Refunding Bond Agent	-	-	(1,619,185)	(1,619,185)
Loan Proceeds	2,000,000	2,000,000	1,888,736	(111,264)
Total Other Financing Sources (Uses)	<u>1,090,104</u>	<u>880,692</u>	<u>1,059,008</u>	<u>178,316</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 189,987</u>	<u>\$ (3,930,931)</u>	4,237,126	<u>\$ 8,168,057</u>
Fund Balances:				
July 01, 2016			20,551,623	
Change in Encumbrances			614,412	
June 30, 2017			<u>\$ 25,403,161</u>	

**CITY OF LEBANON, TENNESSEE**

**NOTE TO BUDGETARY COMPARISON STATEMENT**

**June 30, 2017**

**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, 2017**

**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, 2017

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, 2017

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, 2017**

**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. No interest was required to be capitalized for the year ended June 30, 2017. 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, 2017

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, 2017 amounted to \$557,675.

(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, 2017**

**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, 2016 in the amount of \$7,142,341 have been accrued in the General Fund and the Governmental Activities as receivable and unearned revenue at June 30, 2017.

**(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 City of Lebanon, Tennessee's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from City of Lebanon, Tennessee'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 \$8,050 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, 2017**

**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, 2017.

The carrying amount of the City's deposits with financial institutions was \$43,141,996 including \$3,788,457 in certificates of deposit, and the bank balance was \$42,046,079. 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 \$2,005,623 at June 30, 2017, of which \$684,190 is included in "Other Restricted Funds" and is restricted for debt service.

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 3 - LONG-TERM DEBT**

The City has the following bonds outstanding at June 30, 2017:

	Amount of Original Issue	Range of Maturity Dates	Range of Interest Rates
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
<b>General Obligation Bonds:</b>			
2004 TMBF Bonds	2,725,000	2006 - 2025	3.0%
2008 GO Refunding	3,840,000	2009 - 2023	3.0% - 4.1%
2008 TMBF Bonds	3,500,000	2008 - 2027	5.0%
2016 TMBF Airport Terminal	1,600,000	2017 - 2036	3.00%
2016 GO Refunding	2,220,000	2017 - 2030	1.5% - 3.0%
2016 TML Legends Drive	4,700,000	2018 - 2036	2.50%
2017 TMBF Airport Hangar	1,000,000	2018 - 2042	2.52%
2017 TML West Side Park	5,000,000	2018 - 2042	2.29%
<b>Business-Type Activities:</b>			
<b>Water and Sewer:</b>			
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 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%
TML 2014 Bonds	1,800,000	2016 - 2035	3.00%
2015 QEC Bonds	3,500,000	2035	4.00%
2016 Refunding Bonds	2,285,000	2018 - 2032	1.5% - 3.0%
<b>Natural Gas:</b>			
2008 Refunding 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, 2017**

**NOTE 3 - LONG-TERM DEBT - CONTINUED**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 7,860,279	\$ 12,920,000	\$ (3,086,000)	\$ 17,694,279	\$ 1,065,900
Notes & Leases	3,219,326	4,275,000	(526,858)	6,967,468	913,021
	<u>11,079,605</u>	<u>17,195,000</u>	<u>(3,612,858)</u>	<u>24,661,747</u>	<u>1,978,921</u>
Less:					
Amounts not yet borrowed	(1,526,212)	(8,631,521)	-	(10,157,733)	-
Gain on Refunding	-	-	(13,279)	(13,279)	-
Total Governmental Activities					
Long-Term Debt	<u>\$ 9,553,393</u>	<u>\$ 8,563,479</u>	<u>\$ (3,626,137)</u>	<u>\$ 14,490,735</u>	<u>\$ 1,978,921</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable:					
Natural Gas	\$ 2,026,000	\$ -	\$ (223,000)	\$ 1,803,000	\$ 231,000
Water & Sewer	52,949,002	4,084,651	(5,936,940)	\$ 51,096,713	3,854,798
	<u>54,975,002</u>	<u>4,084,651</u>	<u>(6,159,940)</u>	<u>52,899,713</u>	<u>4,085,798</u>
Less:					
Amounts not yet borrowed, net of forgiveness	(534,215)	(458,887)	-	(993,102)	-
Gain on Refunding	-	-	(61,000)	(61,000)	-
Total Business-Type Activities					
Long-Term Debt	<u>\$ 54,440,787</u>	<u>\$ 3,625,764</u>	<u>\$ (6,220,940)</u>	<u>\$ 51,845,611</u>	<u>\$ 4,085,798</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>
2018	\$ 1,065,900	\$ 560,947	\$ 913,021	\$ 112,809
2019	1,094,900	470,772	825,380	98,714
2020	1,118,700	439,932	790,319	85,496
2021	1,154,500	406,438	792,326	76,537
2022	1,181,300	370,212	804,757	68,459
2023-2027	4,797,900	1,329,048	2,841,666	218,078
2028-2032	3,026,000	739,665	-	102,450
2033-2037	2,750,100	361,638	-	39,450
2038-2042	1,491,700	105,803	-	-
Total	<u>\$ 17,681,000</u>	<u>\$ 4,784,455</u>	<u>\$ 6,967,469</u>	<u>\$ 801,993</u>

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 3 - LONG-TERM DEBT - CONTINUED**

	Primary Government			
	Business-Type Activities			
	Water and Sewer Bonds		Water and Sewer Notes	
	Principal	Interest	Principal	Interest
2018	\$ 1,529,000	\$ 730,636	\$ 2,325,798	\$ 587,308
2019	1,540,000	714,338	2,279,415	540,540
2020	1,587,800	630,395	2,235,636	492,615
2021	1,554,000	576,512	1,782,606	445,403
2022	1,603,000	524,880	1,810,784	406,420
2023-2027	7,272,000	1,856,074	9,698,010	1,476,953
2028-2032	3,061,778	965,853	6,899,200	421,233
2033-2037	3,908,000	440,411	1,948,652	63,400
2038-2042	-	-	-	-
Total	<u>\$ 22,055,578</u>	<u>\$ 6,439,099</u>	<u>\$ 28,980,101</u>	<u>\$ 4,433,872</u>

	Primary Government	
	Business-Type Activities	
	Natural Gas Bonds	
	Principal	Interest
2018	\$ 231,000	\$ 65,624
2019	95,000	56,541
2020	99,000	52,872
2021	103,000	49,066
2022	107,000	45,086
2023-2027	598,000	159,569
2028-2032	447,000	44,853
2033-2037	123,000	3,001
Total	<u>\$ 1,803,000</u>	<u>\$ 476,612</u>

**NOTE 4 - LIABILITY FOR COMPENSATED ABSENCES**

Full time exempt and non-exempt employees (excluding part time and seasonal employees) earn paid time off based on length of service, accruing with the first day of employment. New, non-exempt employees may not use earned PTO until after 90 days of employment. PTO may be used for vacation, personal illness, immediate family member illness, religious holidays, FMLA, maternity leave or other personal matters. The following tables show the accrual rates and rollover allowed:

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 4 - LIABILITY FOR COMPENSATED ABSENCES - CONTINUED**

Paid time off (PTO) accrual rates:

Years of service	Regular Full time Employees	Full Time Fire Department Employees **
1	5.54 hours per pay period	7.2 hours per pay period
2-5	7.08 hours per pay period	9.31 hours per pay period
6-10	7.70 hours per pay period	10.0 hours per pay period
11-15	8.62 hours per pay period	11.47 hours per pay period
16-20	9.24 hours per pay period	12.0 hours per pay period
21 plus	10.16 hours per pay period	13.62 hours per pay period

\*\* Non-exempt Fire Department employees work 24 hour shifts. Therefore, non-exempt Fire Department employees accrue PTO at a higher rate than all other regular full time City employees

Paid time off (PTO) rollover:

Years of service	Regular Full time Employees	Full Time Fire Department Employees
0-10	120 hours	168 hours
11 plus	160 hours	244 hours

As of June 30, 2017 the liability for accrued PTO is \$1,280,585.

**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.

**NOTE 6 - PENSION EXPENSE – PRIOR PLAN**

**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](http://www.treasury.tn.gov/tcrs). Employees hired after April 1, 2015 are covered under a hybrid plan of the TCRS – see Note 7.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

NOTE 6 - PENSION EXPENSE – CONTINUED

*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, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	192
Inactive employees entitled to but not yet receiving benefits	345
Active employees	289
	<u>826</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are 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, 2017, the Actuarially Determined Contribution (ADC) for Lebanon was \$2,244,581 based on a rate of 15.0% 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.

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

NOTE 6 - PENSION EXPENSE – CONTINUED

**Net Pension Liability (Asset)**

Lebanon’s net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of June 30, 2016 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, 2016 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 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.

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 6 - PENSION EXPENSE – CONTINUED**

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%
		<u>100%</u>

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.

**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 6/30/15	\$ 48,156,062	\$ 49,951,055	\$ (1,794,993)
Changes for the year:			
Service cost	944,930		944,930
Interest	3,607,189		3,607,189
Differences between expected and actual experience	1,856,474		1,856,474
Contributions-employer		1,834,691	(1,834,691)
Contributions-employees		-	-
Net investment income		1,322,269	(1,322,269)
Benefit payments, including refunds of employee contributions	(2,010,265)	(2,010,265)	-
Administrative expense		(22,551)	22,551
Net changes	<u>4,398,328</u>	<u>1,124,144</u>	<u>3,274,184</u>
Balance at 6/30/16	<u>\$ 52,554,390</u>	<u>\$ 51,075,199</u>	<u>\$ 1,479,191</u>

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 6 - PENSION EXPENSE – CONTINUED**

*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)	\$ 9,198,671	\$ 1,479,191	\$ (4,883,275)

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

*Pension expense.* For the year ended June 30, 2017, Lebanon recognized pension expense of 938,204.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2017, Lebanon reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 1,925,116	\$ (2,295,958)
Net difference between projected and actual earnings on pension plan investments	1,710,578	-
Contributions subsequent to the measurement date of June 30, 2016	2,244,581	-
Total	<u>\$ 5,880,275</u>	<u>\$ (2,295,958)</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2015 will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 6 - PENSION EXPENSE – CONTINUED**

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

Year Ended June 30:

2018	\$	102,433
2019		102,433
2020		856,584
2022		428,059
2022		(149,780)
Thereafter		-

**Payable to the Pension Plan**

At June 30, 2017, *Lebanon* reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2017.

**NOTE 7 - PENSION EXPENSE – HYBRID PLAN**

**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](http://www.treasury.tn.gov/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 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. 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 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. 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. benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 7 - PENSION EXPENSE – CONTINUED**

The service related and non-service related disability benefits are determined in the same manner as a service retirement.

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. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Employees covered by benefit terms.* At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	4
Active employees	44
	<hr/>
	48
	<hr/> <hr/>

*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% of salary. Lebanon makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees is reached. 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. Employer contributions for the year ended June 30, 2017 to the Public Employee Retirement Plan was \$87,780 based on a rate of 2.0 percent of covered payroll. The employer rate, when combined with member contributions, is 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, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 7 - PENSION EXPENSE – CONTINUED**

*Actuarial assumptions.* The total pension liability as of June 30, 2016 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, 2016 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 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%

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 7 - PENSION EXPENSE – CONTINUED**

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.

**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 6/30/15	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	60,774		60,774
Interest	4,558		4,558
Differences between expected and actual experience	(9,959)		(9,959)
Contributions-employer		34,759	(34,759)
Contributions-employees		43,449	(43,449)
Net investment income		1,043	(1,043)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense		(2,675)	2,675
Other Changes		933	(933)
Net changes	<u>55,373</u>	<u>77,509</u>	<u>(22,136)</u>
Balance at 6/30/14	<u>\$ 55,373</u>	<u>\$ 77,509</u>	<u>\$ (22,136)</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)	\$ (6,501)	\$ (22,136)	\$ (33,825)

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 7 - PENSION EXPENSE – CONTINUED**

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

*Pension expense.* For the year ended June 30, 2017, Lebanon recognized pension expense of \$20,218.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2017, Lebanon reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ (9,054)
Net difference between projected and actual earnings on pension plan investments	1,459	-
Contributions subsequent to the measurement date of June 30, 2016	87,780	-
Total	\$ 89,239	\$ (9,054)

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2015 will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:

	2018	\$ (540)
	2019	(540)
	2020	(540)
	2021	(540)
	2022	(905)
	Thereafter	(4,525)

**Payable to the Pension Plan**

At June 30, 2017, *Lebanon* reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2017.

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 8 – CAPITAL ASSETS**

A summary of changes in Capital Assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not being Depreciated:				
Land	\$ 7,789,550	\$ -	\$ -	\$ 7,789,550
Other Capital Assets:				
Buildings	22,582,305	2,078,081	(170,273)	24,830,659
Improvements Other Than Buildings	54,048,586	3,903,530	170,273	57,781,843
Equipment	19,681,401	3,025,799	36,638	22,670,562
Total Other Capital Assets at Historical Cost	<u>96,312,293</u>	<u>9,007,410</u>	<u>36,638</u>	<u>105,283,064</u>
Less Accumulated Depreciation for:				
Buildings	12,798,297	686,997	-	13,485,294
Improvements Other Than Buildings	23,897,215	1,729,711	-	25,626,926
Equipment	14,994,878	1,518,147	28,415	16,484,610
Total Accumulated Depreciation	<u>51,690,390</u>	<u>3,934,855</u>	<u>28,415</u>	<u>55,596,830</u>
Other Capital Assets, Net	<u>44,621,903</u>	<u>5,072,555</u>	<u>8,223</u>	<u>49,686,234</u>
Governmental Activities Capital Assets, Net	<u>\$ 52,411,453</u>	<u>\$ 5,072,555</u>	<u>\$ 8,223</u>	<u>\$ 57,475,784</u>

Depreciation Expense was charged to functions as follows:

General Government	\$ 209,181
Public Works	65,014
Public Safety	20,960
Police	521,352
Fire	385,802
Street	1,790,225
Cemetery	803
Recreation	205,309
Jimmy Floyd Family Life Center	277,061
Engineering	11,440
Sanitation	45,484
Airport	402,225
	<u>\$ 3,934,855</u>

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 8 – CAPITAL ASSETS - CONTINUED**

	Beginning Balance	Increases	Decreases	Ending Balance
Business Type Activities:				
Capital Assets Not being Depreciated:				
Land	\$ 2,548,001	\$ 5,473	\$ -	\$ 2,553,474
Construction in Process	11,285,429		7,791,778	3,493,651
Total Capital Assets Not Being Depreciated	13,833,429	5,473	7,791,778	6,047,124
Other Capital Assets:				
Buildings	57,150,360	12,631,773	-	69,782,133
Improvements Other Than Buildings	142,727,176	4,259,982	-	146,987,158
Equipment	6,469,703	1,128,804	22,915	7,575,592
Total Other Capital Assets at Historical Cost	206,347,239	18,020,559	22,915	224,344,883
Less Accumulated Depreciation for:				
Buildings	23,841,781	1,746,665	-	25,588,446
Improvements Other Than Buildings	56,553,473	4,013,426	-	60,566,899
Equipment	3,905,644	533,855	6,565	4,432,934
Total Accumulated Depreciation	84,300,897	6,293,946	6,565	90,588,279
Other Capital Assets, Net	122,046,342	11,726,613	16,350	133,756,604
Business Type Activities Capital Assets, Net	\$ 135,879,771	\$ 11,732,085	\$ 7,808,129	\$ 139,803,728

**NOTE 9 - 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 June 30,	Collections
2017	\$ 24,000
2018	24,000
2019	24,000
2020	24,000
2021	24,000
Thereafter	912,000
	\$1,032,000

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 10 - CONSTRUCTION COMMITMENTS**

Water and sewer and gas improvements projects in progress at June 30, 2017 totaled \$3,493,651. During the current fiscal year, the City closed \$17,960,051 of completed water and sewer projects into capital assets and expenses. The City also closed \$2,004,326 of completed gas projects into capital assets and expenses during the current fiscal year. Construction cost during the fiscal year ended June 30, 2017 for the water and sewer and gas improvements totaled \$10,933,205. At June 30, 2017, the City had total contracts outstanding for building and road construction of \$3,341,626. The majority of this is for work at the Lebanon Airport, road construction and road maintenance. The City had incurred construction costs of \$2,740,413 during the current fiscal year.

**NOTE 11 - TRANSFERS**

Transfers during the year ended June 30, 2017, are summarized as follows:

Governmental Funds

Transfers From	Major Fund General	Other Nonmajor Governmental Funds
Transfers To		
Governmental Funds:		
Major Funds:		
General	\$ -	\$ -
Other Nonmajor		
Governmental Funds	2,270,424	389,200
	\$ 2,270,424	\$ 389,200

**NOTE 12 – 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, 2017 are as follows:

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES – CONTINUED**

Due From	Primary Government				
	Governmental Funds		Proprietary Funds		
	Major Fund	Other	Water &		Natural
	General	Nonmajor Funds	Sewer	Gas	Total
<u>Due To</u>					
Governmental Funds:					
Major Funds:					
General	\$ -	61,545	\$ 1,292,615	\$ 642,086	\$ 1,996,246
Other Nonmajor Funds	648,582	13,458	-	-	662,040
Proprietary Funds:					
Water & Sewer	-	23,544	-		23,544
Natural Gas	100	3,980	-		4,080
	\$ 648,682	\$ 102,527	\$ 1,292,615	\$ 642,086	\$ 2,685,910

**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

**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, 2017, the City spent \$-.

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**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, 2017, the audited financial statements for the Board presented a net position of \$276,773.

**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.

**Provisions for employees hired prior to 07/01/2014 (grandfathered participants):**

The City's plan is a single employer plan that offers benefits to pre-65 retirees and their spouses. Prior to January 1, 2017, once a participant turns age 65, the medical provision provides benefits through a Medicare Advantage Plan. Subsequent to January 1, 2017, the City will no longer offer a Medicare Advantage Plan. Instead, the City will pay monthly cash payments to the retiree and eligible dependents to assist with Medicare premiums. Effective April 1, 2016, retirees receive a monthly stipend of \$4 for each year of service for each child under the age of 18, for 2 years, or until the child reaches the age of 18, whichever is first. Retirees receive a \$10,000 life insurance benefit until attainment of 85 years of age.

Employees who retire from the City are eligible for retiree health and life insurance coverage upon attaining age 65 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.

**Provisions for employees hired after 07/01/2014 (non-grandfathered participants):**

The City's plan is a single employer plan that offers benefits to pre-65 retirees. Prior to January 1, 2017, once a participant turns age 65, the medical provision provides benefits through a Medicare Advantage Plan. Subsequent to January 1, 2017, the City will no longer offer a Medicare Advantage Plan. Instead, the City will pay monthly cash payments to the retiree to assist with Medicare premiums. Retirees receive a \$10,000 life insurance benefit until attainment of 85 years of age.

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED**

Employees who retire from the City are eligible for retiree health and life insurance coverage upon attaining age 65 with 20 years of service or completion of 30 years of service

Annual OPEB Cost and Net OPEB Obligation

The OPEB cost and net OPEB obligation were based on the July 1, 2017 actuarial valuation for the City’s plan.

The OPEB cost is included in program expenses on the state of activities.

ARC	\$ 1,094,025
Interest on the NPO	293,626
Adjustment of the ARC	(319,288)
Annual OPEB Cost	1,068,363
Amount of Contribution	447,402
Increase/(decrease) in NPO	620,961
Net OPEB Obligation, 07/01/2016	6,525,015
Net OPEB Obligation, 06/30/2017	\$ 7,145,976

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2017 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
6/30/2016	Postemployment Benefits Plan	\$ 1,373,086	43.92%	\$ 6,525,015
6/30/2017	Postemployment Benefits Plan	\$ 1,068,363	41.88%	\$ 7,145,976

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

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Actuarial valuation date	7/1/2017
Actuarial accrued liability (AAL)	\$ 13,116,875
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>13,116,875</u>
Actuarial valuation of plan assets as a % of the AAL	0.0%
Covered payroll (active plan members)	15,211,291
UAAL as a % of covered payroll	86.2%

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 8% graded uniformly to 5% over a 12 year period. After January 1, 2017, cost of living adjustments will be applied to post-65 benefits for grandfathered retirees, instead of the health care cost trend rate. This does not apply to non-grandfathered retirees. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30 year period.

NOTE 18 – FAIR VALUE MEASUREMENTS

GASB Statement Number 72 *Fair Value Measurements and Disclosures* (GASB 72) defines fair value and expanded disclosures about fair value measurements. GASB 72 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GASB 72 also established a fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires the entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to

**CITY OF LEBANON, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2017**

**NOTE 18 – FAIR VALUE MEASUREMENTS - CONTINUED**

measure fair value are as follows::

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted process for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, primarily include certain common stock and preferred stock equities. These investments are traded daily in public markets in the United States and other foreign countries. The fair value of these investments is based on the last reported sales price on the last day of the plan year.

Investments that trade in markets that are not considered to be actively traded on a daily basis, but are valued based on quoted market prices, dealer and broker quotations, bid prices, or alternative pricing sources using observable inputs, are classified within Level 2. These include certain U.S. Government and foreign obligations, investment grade corporate bonds and bank loans, certain mortgage and asset backed securities, less liquid listed securities, certain government agency securities, and foreign currency exchange purchase and sales contracts. Common and collective trust funds, investment entities and short- term investment funds, whose underlying assets are primarily invested in securities that are actively traded, are fair valued based upon the redemption value of each unit on the last business day of the plan year.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 investments include private equity funds, real estate investment, limited partnerships, certain mortgage and asset backed and common and collective trust funds that are primarily invested in real estate. The fair value of these investments is determined by estimated provided by independent pricing sources in asset classes, non-binding bid prices from industry vendors and managers, and the net asset value on the last day of plan year.

The following table summarizes the classification of fair value assets as of June 30, 2017:

CITY OF LEBANON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

NOTE 18 – FAIR VALUE MEASUREMENTS - CONTINUED

Investments by fair value level	Total at			
	June 30, 2017	Level 1	Level 2	Level 3
Debt Securities				
US Treasury Securities	\$ 1,250,000	\$ 1,250,000	\$ -	\$ -

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF LEBANON TENNESSEE  
SCHEDULE OF FUNDING PROGRESS FOR OPEB  
June 30, 2017

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%
2015-2016	\$ -	\$ 17,190,832	\$ 17,190,832	0.0%	\$ 12,058,021	142.6%
2016-2017	\$ -	\$ 13,116,875	\$ 13,116,875	0.0%	\$ 15,211,291	86.2%

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 - PRIOR PLAN  
Last Fiscal Year ending June 30

	2014	2015	2016
Total pension liability			
Service cost	\$ 936,571	\$ 989,346	\$ 944,930
Interest	3,399,484	3,646,565	3,607,189
Changes in benefit terms	-	-	-
Differences between actual & expected experience	661,593	(3,214,342)	1,856,474
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	<u>(1,717,975)</u>	<u>(1,794,053)</u>	<u>(2,010,265)</u>
Net change in total pension liability	3,279,673	(372,484)	4,398,328
Total pension liability-beginning	<u>45,248,873</u>	<u>48,528,546</u>	<u>48,156,062</u>
Total pension liability-ending (a)	<u>\$ 48,528,546</u>	<u>\$ 48,156,062</u>	<u>\$ 52,554,390</u>
Plan fiduciary net position			
Contributions-employer	\$ 1,828,142	\$ 1,774,194	1,834,691
Contributions-employee	-	-	-
Net investment income	6,887,411	1,492,974	1,322,269
Benefit payments, including refunds of employee contributions	(1,717,975)	(1,794,053)	(2,010,265)
Administrative expense	<u>(13,375)</u>	<u>(13,288)</u>	<u>(22,551)</u>
Net change in plan fiduciary net position	6,984,203	1,459,827	1,124,144
Plan fiduciary net position-beginning	<u>41,507,025</u>	<u>48,491,228</u>	<u>49,951,055</u>
Plan fiduciary net position-ending (b)	<u>\$ 48,491,228</u>	<u>\$ 49,951,055</u>	<u>\$ 51,075,199</u>
Net Pension Liability (asset)-ending (a) – (b)	<u>\$ 37,318</u>	<u>\$ (1,794,993)</u>	<u>\$ 1,479,191</u>
Plan fiduciary net position as a percentage of total pension liability	99.92%	103.73%	97.19%
Covered-employee payroll	\$ 12,938,008	\$ 13,339,802	\$ 13,790,787
Net pension liability (asset) as a percentage of covered-employee payroll	0.29%	-13.46%	10.73%

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,828,142	\$ 1,774,194	\$ 1,834,691	\$ 2,244,581
Contributions in relation to the actuarially determined contribution	1,828,142	1,774,194	1,834,691	2,244,581
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 12,938,008	\$ 13,339,802	\$ 13,790,787	\$ 14,963,873
Contributions as a percentage covered-employee payroll	14.13%	13.30%	13.30%	15.00%

Valuation date: Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2015 actuarial valuation

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	Varies by year
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
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

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 - HYBRID PLAN  
Last Fiscal Year ending June 30

	2016
Total pension liability	
Service cost	\$ 60,774
Interest	4,558
Changes in benefit terms	-
Differences between actual & expected experience	(9,959)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	-
Net change in total pension liability	<u>55,373</u>
Total pension liability-beginning	-
Total pension liability-ending (a)	<u><u>\$ 55,373</u></u>
Plan fiduciary net position	
Contributions-employer	\$ 34,759
Contributions-employee	43,449
Net investment income	1,043
Benefit payments, including refunds of employee contributions	-
Administrative expense	(2,675)
Other	933
Net change in plan fiduciary net position	<u>77,509</u>
Plan fiduciary net position-beginning	-
Plan fiduciary net position-ending (b)	<u><u>\$ 77,509</u></u>
Net Pension Liability (asset)-ending (a) – (b)	<u><u>\$ (22,136)</u></u>
Plan fiduciary net position as a percentage of total pension liability	139.98%
Covered-employee payroll	\$ 871,710
Net pension liability (asset) as a percentage of covered-employee payroll	-2.54%

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

	2016	2017
Actuarially determined contribution	\$ 17,325	\$ 87,780
Contributions in relation to the actuarially determined contribution	34,759	87,780
Contribution deficiency (excess)	\$ (17,434)	\$ -
Covered-employee payroll	871,710	4,389,000
Contributions as a percentage covered-employee payroll	3.99%	2.00%

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	Varies by year
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
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, 2017

ASSETS	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Total Nonmajor Funds
Cash	\$ 2,923,522	\$ 25	\$ 2,676,285	\$ 5,599,832
Investment in State Investment Pool	36,673	101,594	-	138,267
Accounts Receivable:				
State of Tennessee	185	-	-	185
Other	59,622	-	732,968	792,590
Due from Other Funds	625,453	-	36,587	662,040
Prepaid Expenses	21,802	-	-	21,802
	<u>\$ 3,667,257</u>	<u>\$ 101,619</u>	<u>\$ 3,445,840</u>	<u>\$ 7,214,716</u>

See notes to financial statements

CITY OF LEBANON, TENNESSEE  
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2017

LIABILITIES	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Governmental Funds
Accounts Payable				
Vendors	\$ 129,182	\$ -	\$ 704,039	\$ 833,221
Due to Other Funds	93,093	6,957	2,479	102,529
Bank Overdraft	556,913	762	-	557,675
Accrued Payroll and Related Items	25,178	-	-	25,178
Accrued Vacation Pay	7,337	-	-	7,337
<b>Total Liabilities</b>	<b>811,703</b>	<b>7,719</b>	<b>706,518</b>	<b>1,525,940</b>
 FUND BALANCES				
Fund Balances:				
Restricted for:				
Debt Service		93,900	-	93,900
Street	668,148	-	-	668,148
Recreation	-	-	-	-
Drug Enforcement	567,361	-	-	567,361
Community Assistance	39,026	-	-	39,026
Police	42,730	-	-	42,730
Airport	-	-	-	-
Committed to:				
Airport	323,208	-	-	323,208
Cemetery	125,576	-	-	125,576
Police	19,252	-	293,224	312,476
OPEB	36,673	-	-	36,673
Assigned to:				
Recreation	-	-	117,252	117,252
Airport	26,995	-	477,898	504,893
Street	-	-	1,850,948	1,850,948
Public Works	979,542	-	-	979,542
Police	1,878	-	-	1,878
Floyd Family Life Center	25,165	-	-	25,165
<b>Total Fund Balances</b>	<b>2,855,554</b>	<b>93,900</b>	<b>2,739,322</b>	<b>5,688,776</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,667,257</b>	<b>\$ 101,619</b>	<b>\$ 3,445,840</b>	<b>\$ 7,214,716</b>

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, 2017

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Governmental Funds
<b>Revenues</b>				
State and Regional Apportionments and Grants	\$ 893,798	\$ -	\$ 773,660	\$ 1,667,458
Fines and Costs	12,856	-	-	12,856
Interest	10,869	1,955	4,618	17,442
Other Revenues	2,458,427	-	758,742	3,217,169
<b>Total Revenues</b>	<u>3,375,950</u>	<u>1,955</u>	<u>1,537,020</u>	<u>4,914,924</u>
<b>Expenditures</b>				
General Government	27,777	383	-	28,160
Public Works	394,365	-	-	394,365
Police	231,895	-	10,740	242,635
Street	413,739	-	96,652	510,391
Jimmy Floyd Family Life Center	1,359,784	-	-	1,359,784
Airport	193,627	-	104,757	298,384
Recreation	-	-	30,000	30,000
Debt Service:				
Principal	4,072	1,054,845	-	1,058,917
Interest	-	180,116	208,363	388,479
Capital Outlay	840,616	-	5,790,122	6,630,738
<b>Total Expenditures</b>	<u>3,465,875</u>	<u>1,235,344</u>	<u>6,240,634</u>	<u>10,941,853</u>
Excess (Deficiency) of Revenues Over Expenditures	(89,925)	(1,233,389)	(4,703,614)	(6,026,929)
<b>Other Financing Sources (Uses)</b>				
Loan Proceeds	-	-	4,454,763	4,454,763
Transfers From Other Funds	533,645	1,197,029	928,950	2,659,624
Transfers To Other Funds	(389,200)	-	-	(389,200)
<b>Total Other Financing Sources (Uses)</b>	<u>144,445</u>	<u>1,197,029</u>	<u>5,383,713</u>	<u>6,725,187</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	54,520	(36,360)	680,099	698,258
<b>Fund Balances</b>				
July 01, 2016	2,792,034	130,260	2,059,223	4,981,517
Increase in Encumbrances	9,000	-	-	9,000
<b>June 30, 2017</b>	<u>\$ 2,855,554</u>	<u>\$ 93,900</u>	<u>\$ 2,739,322</u>	<u>\$ 5,688,776</u>

See notes to financial statements

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

June 30, 2017

ASSETS	Stormwater Fund	State Street Aid	Drug Enforcement Fund	Jimmy Floyd Family Life Center	Spirit Of Christmas Fund	Airport Operations	Beautification Committee	Lebanon Housing Authority
Cash	\$ 1,019,495	\$ 758,446	\$ 430,021	\$ -	\$ 39,018	\$ 321,216	\$ 8	\$ 49,014
Investment in State Investment Pool	7,385	-	-	29,288	-	-	-	-
Due From Other Funds	-	-	-	600,000	-	1,200	-	-
Prepaid Expenses	1,692	-	-	17,116	-	1,490	-	1,504
Other Receivables	2,024	-	233	11,339	-	40,943	-	5,080
<b>Total Assets</b>	<b>\$ 1,030,596</b>	<b>\$ 758,446</b>	<b>\$ 430,254</b>	<b>\$ 657,743</b>	<b>\$ 39,018</b>	<b>\$ 364,849</b>	<b>\$ 8</b>	<b>\$ 55,598</b>
<b>LIABILITIES AND FUND BALANCE</b>								
Accounts Payable	\$ 213	\$ 90,298	\$ 16,488	\$ 11,332	\$ -	\$ 5,724	\$ -	\$ -
Due to Other Funds	40,643	-	25,044	5,715	-	8,998	-	12,393
Bank Overdraft	-	-	-	556,913	-	-	-	-
Accrued Payroll and Related Items	2,106	-	-	22,700	-	-	-	-
Accrued Vacation Pay	707	-	-	6,630	-	-	-	-
<b>Total Liabilities</b>	<b>43,669</b>	<b>90,298</b>	<b>41,532</b>	<b>603,290</b>	<b>-</b>	<b>14,722</b>	<b>-</b>	<b>12,393</b>
<b>Fund Balances:</b>								
<b>Restricted for:</b>								
Street	-	668,148	-	-	-	-	-	-
Drug Enforcement	-	-	388,722	-	-	-	-	-
Community Assistance	-	-	-	-	39,018	-	8	-
Police	-	-	-	-	-	-	-	42,730
<b>Committed to:</b>								
Airport	-	-	-	-	-	323,208	-	-
Cemetery	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
OPEB	7,385	-	-	29,288	-	-	-	-
<b>Assigned to:</b>								
Public Works	979,542	-	-	-	-	-	-	-
Floyd Family Life Center	-	-	-	25,165	-	-	-	-
Police	-	-	-	-	-	-	-	475
Airport	-	-	-	-	-	26,919	-	-
<b>Total Fund Balance</b>	<b>986,927</b>	<b>668,148</b>	<b>388,722</b>	<b>54,453</b>	<b>39,018</b>	<b>350,127</b>	<b>8</b>	<b>43,205</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,030,596</b>	<b>\$ 758,446</b>	<b>\$ 430,254</b>	<b>\$ 657,743</b>	<b>\$ 39,018</b>	<b>\$ 364,849</b>	<b>\$ 8</b>	<b>\$ 55,598</b>

See notes to financial statements

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

June 30, 2017

ASSETS	Cemetary Maintenance	Federal Asset Seizure	Law Enforcement Support Organization	Citizens Emergency Response Team	Electronic Citation	Total Nonmajor Funds
Cash	\$ 125,576	\$ 1,961	\$ 158,716	\$ 1,403	\$ 18,648	\$ 2,923,522
Investment in State Investment Pool	-	-	-	-	-	36,673
Due From Other Funds	-	23,761	-	-	492	625,453
Prepaid Expenses	-	-	-	-	-	21,802
Other Receivables	-	-	-	-	188	59,807
<b>Total Assets</b>	<b>\$ 125,576</b>	<b>\$ 25,722</b>	<b>\$ 158,716</b>	<b>\$ 1,403</b>	<b>\$ 19,328</b>	<b>\$ 3,667,257</b>
<b>LIABILITIES AND FUND BALANCE</b>						
Accounts Payable	\$ -	\$ 3,184	\$ 1,943	\$ -	\$ -	\$ 129,182
Due to Other Funds	-	-	300	-	-	93,093
Bank Overdraft	-	-	-	-	-	556,913
Accrued Payroll and Related Items	-	-	372	-	-	25,178
Accrued Vacation Pay	-	-	-	-	-	7,337
<b>Total Liabilities</b>	<b>-</b>	<b>3,184</b>	<b>2,615</b>	<b>-</b>	<b>-</b>	<b>811,703</b>
<b>Fund Balances:</b>						
<b>Restricted for:</b>						
Street	-	-	-	-	-	668,148
Drug Enforcement	-	22,538	156,101	-	-	567,361
Community Assistance	-	-	-	-	-	39,026
Police	-	-	-	-	-	42,730
<b>Committed to:</b>						
Airport	-	-	-	-	-	323,208
Cemetary	125,576	-	-	-	-	125,576
Police	-	-	-	-	19,252	19,252
OPEB	-	-	-	-	-	36,673
<b>Assigned to:</b>						
Public Works	-	-	-	-	-	979,542
Floyd Family Life Center	-	-	-	-	-	25,165
Police	-	-	-	1,403	-	1,878
Airport	-	-	-	-	76	26,995
<b>Total Fund Balance</b>	<b>125,576</b>	<b>22,538</b>	<b>156,101</b>	<b>1,403</b>	<b>19,328</b>	<b>2,855,554</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 125,576</b>	<b>\$ 25,722</b>	<b>\$ 158,716</b>	<b>\$ 1,403</b>	<b>\$ 19,328</b>	<b>\$ 3,667,257</b>

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, 2017

	Stormwater Fund	State Street Aid	Drug Enforcement Fund	Jimmy Floyd Family Life Center	Spirit Of Christmas Fund	Airport Operations	Beautification Committee	Lebanon Housing Authority
Revenues:								
State and Regional								
Apportionments and Grants	\$ -	\$ 879,498	\$ -	\$ -	\$ -	\$ 14,300	\$ -	\$ -
Contributions	-	-	-	-	15,912	25,000	5,000	-
Interest Income	2,656	3,342	1,390	31	40	1,406	45	196
Fines and Costs	-	-	12,856	-	-	-	-	-
Memberships, Fees and Concessions	-	-	-	1,109,118	-	-	-	66,294
Other	392,940	-	147,646	55,753	-	255,868	-	-
Total Revenues	<u>395,596</u>	<u>882,840</u>	<u>161,892</u>	<u>1,164,902</u>	<u>15,952</u>	<u>296,574</u>	<u>5,045</u>	<u>66,490</u>
Expenditures:								
Salaries	160,121	-	-	701,096	-	-	-	57,157
Payroll Taxes	11,789	-	-	52,363	-	-	-	4,373
Benefits	49,362	-	-	180,689	-	-	-	12,849
Other Operating Expenditures	173,094	413,739	66,649	425,633	14,580	193,627	7,562	-
Debt Service	4,072	-	-	-	-	-	-	-
Capital Outlay	964	183,300	247,513	116,046	-	-	-	-
Total Expenditures	<u>399,402</u>	<u>597,039</u>	<u>314,162</u>	<u>1,475,827</u>	<u>14,580</u>	<u>193,627</u>	<u>7,562</u>	<u>74,379</u>
Excess of Revenues Over (Under)								
Expenditures	(3,806)	285,801	(152,270)	(310,925)	1,372	102,947	(2,517)	(7,889)
Other Financing Sources (Uses):								
Operating Transfers To Other funds	(2,500)	(236,700)	-	-	-	(150,000)	-	-
Operating Transfers From Other Funds	231,145	-	-	300,000	-	-	2,500	-
Total Other Financing Sources (Uses)	<u>228,645</u>	<u>(236,700)</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>(150,000)</u>	<u>2,500</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	224,839	49,101	(152,270)	(10,925)	1,372	(47,053)	(17)	(7,889)
Fund Balances:								
July 01, 2016	762,088	619,047	540,992	65,378	37,646	397,180	25	51,094
Increase in Encumbrances	-	-	-	-	-	-	-	-
June 30, 2017	<u>\$ 986,927</u>	<u>\$ 668,148</u>	<u>\$ 388,722</u>	<u>\$ 54,453</u>	<u>\$ 39,018</u>	<u>\$ 350,127</u>	<u>\$ 8</u>	<u>\$ 43,205</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, 2017

	Cemetary Maintenance	Federal Asset Seizure	Law Enforcement Support Organization	Citizens Emergency Response Team	Electronic Citation	Total Nonmajor Funds
Revenues:						
State and Regional						
Apportionments and Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 893,798
Contributions	-	-	-	1,850	-	47,762
Interest Income	410	610	675	8	60	10,869
Fines and Costs	-	-	-	-	-	12,856
Memberships, Fees and Concessions	16,800	-	-	-	-	1,192,212
Other	-	151,961	200,385	-	13,900	1,218,453
Total Revenues	<u>17,210</u>	<u>152,571</u>	<u>201,060</u>	<u>1,858</u>	<u>13,960</u>	<u>3,375,950</u>
Expenditures:						
Salaries	-	-	1,105	-	-	919,479
Payroll Taxes	-	-	85	-	-	68,610
Benefits	-	-	-	-	-	242,900
Other Operating Expenditures	3,175	38,655	36,023	2,461	15,000	1,390,198
Debt Service	-	-	-	-	-	4,072
Capital Outlay	-	164,452	128,341	-	-	840,616
Total Expenditures	<u>3,175</u>	<u>203,107</u>	<u>165,554</u>	<u>2,461</u>	<u>15,000</u>	<u>3,465,875</u>
Excess of Revenues Over (Under) Expenditures	14,035	(50,536)	35,506	(603)	(1,040)	(89,925)
Other Financing Sources (Uses):						
Operating Transfers To Other funds	-	-	-	-	-	(389,200)
Operating Transfers From Other Funds	-	-	-	-	-	533,645
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,445</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	14,035	(50,536)	35,506	(603)	(1,040)	54,520
Fund Balances:						
July 01, 2016	111,541	73,074	120,595	2,006	11,368	2,792,034
Increase in Encumbrances	-	-	-	-	9,000	9,000
June 30, 2017	<u>\$ 125,576</u>	<u>\$ 22,538</u>	<u>\$ 156,101</u>	<u>\$ 1,403</u>	<u>\$ 19,328</u>	<u>\$ 2,855,554</u>

See notes to financial statements

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

June 30, 2017

ASSETS	Police Local Option Fine	Airport Capital Projects	Payment in Lieu of Sidewalks	Lebanon- Wilson County Community Park	Street Improvements	Total Nonmajor Funds
Cash	\$ 275,592	\$ 433,843	\$ 43,026	\$ 84,914	\$ 1,838,910	\$ 2,676,285
Investment in State Investment Pool	-	-	-	-	-	-
Due from Other Funds	29,630	-	-	-	6,957	36,587
Other Receivables	2,568	91,558	-	50,502	588,340	732,968
Total Assets	<u>\$ 307,790</u>	<u>\$ 525,401</u>	<u>\$ 43,026</u>	<u>\$ 135,416</u>	<u>\$ 2,434,207</u>	<u>\$ 3,445,840</u>
LIABILITIES AND FUND BALANCES						
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	1,279	1,200	-	-	-	2,479
Accounts Payable	13,287	46,303	-	18,164	626,285	704,039
Total Liabilities	<u>14,566</u>	<u>47,503</u>	<u>-</u>	<u>18,164</u>	<u>626,285</u>	<u>706,518</u>
Fund Balances:						
Committed to:						
Police	293,224					293,224
Assigned to:						
Recreation				117,252		117,252
Airport		477,898				477,898
Street			43,026		1,807,922	1,850,948
Total Fund Balances	<u>293,224</u>	<u>477,898</u>	<u>43,026</u>	<u>117,252</u>	<u>1,807,922</u>	<u>2,739,322</u>
Total Liabilities and Fund Balances	<u>\$ 307,790</u>	<u>\$ 525,401</u>	<u>\$ 43,026</u>	<u>\$ 135,416</u>	<u>\$ 2,434,207</u>	<u>\$ 3,445,840</u>

See notes to financial statements

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

Year Ended June 30, 2017

	Police Local Option Fine	Airport Capital Projects	Payment in Lieu of Sidewalks	Lebanon- Wilson County Community Park	Street Improvements	Total Nonmajor Funds
<b>Revenues</b>						
State Grants and Contracts	\$ -	\$ 750,657	\$ -	\$ 9,016	\$ 13,987	\$ 773,660
Other Revenues	398,998	1,203	-	-	347,312	747,513
Interest Earnings	902	(1,215)	150	403	4,378	4,618
<b>Total Revenues</b>	<u>399,900</u>	<u>750,645</u>	<u>150</u>	<u>9,419</u>	<u>365,677</u>	<u>1,525,791</u>
<b>Expenditures</b>						
Other Operating	10,740	104,757	-	30,000	96,652	242,149
Debt Service	208,363	-	-	-	-	208,363
Capital Outlay	156,159	2,215,817	-	81,827	3,336,319	5,790,122
<b>Total Expenditures</b>	<u>375,262</u>	<u>2,320,574</u>	<u>-</u>	<u>111,827</u>	<u>3,432,971</u>	<u>6,240,634</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	24,638	(1,569,929)	150	(102,408)	(3,067,294)	(4,714,843)
<b>Other Financing Sources (Uses)</b>						
Sale of Equipment	11,229	-	-	-	-	11,229
Bond Proceeds	-	1,531,738	-	100,502	2,822,523	4,454,763
Operating Transfers From Other Funds	-	252,150	-	-	676,800	928,950
<b>Total Other Financing Sources (Uses)</b>	<u>11,229</u>	<u>1,783,888</u>	<u>-</u>	<u>100,502</u>	<u>3,499,323</u>	<u>5,394,942</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	35,867	213,959	150	(1,906)	432,029	680,099
<b>Fund Balances</b>						
July 01, 2016	<u>257,357</u>	<u>263,939</u>	<u>42,876</u>	<u>119,158</u>	<u>1,375,893</u>	<u>2,059,223</u>
June 30, 2017	<u>\$ 293,224</u>	<u>\$ 477,898</u>	<u>\$ 43,026</u>	<u>\$ 117,252</u>	<u>\$ 1,807,922</u>	<u>\$ 2,739,322</u>

See notes to financial statements

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

June 30, 2017

ASSETS	2013 Bond Fund	2004 Bond Fund	2003 Bond Fund	2008 Refunding Bond Fund	2008 Bond Fund	2011 Bond Fund	2016 Legends Drive	2016 Airport Terminal	Total Nonmajor Funds
Cash	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 25
Investment in State Investment Pool	92	10,499	2,071	48,868	14,945	189	18,678	6,252	101,594
<b>Total Assets</b>	<b>\$ 115</b>	<b>\$ 10,499</b>	<b>\$ 2,071</b>	<b>\$ 48,868</b>	<b>\$ 14,945</b>	<b>\$ 191</b>	<b>\$ 18,678</b>	<b>\$ 6,252</b>	<b>\$ 101,619</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ 6,957	\$ -	\$ -	\$ -	\$ 6,957
Bank Overdraft	-	-	-	762	-	-	-	-	762
Fund Balances - Restricted for Debt Service	115	10,499	2,071	48,106	7,988	191	18,678	6,252	93,900
<b>Total Liabilities and Fund Balances</b>	<b>\$ 115</b>	<b>\$ 10,499</b>	<b>\$ 2,071</b>	<b>\$ 48,868</b>	<b>\$ 14,945</b>	<b>\$ 191</b>	<b>\$ 18,678</b>	<b>\$ 6,252</b>	<b>\$ 101,619</b>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

Year Ended June 30, 2017

	2013 Bond Fund	2004 Bond Fund	2003 Bond Fund	2008 Refunding Bond Fund	2008 Bond Fund	2011 Bond Fund	2016 Legends Drive	2016 Airport Terminal	Total Nonmajor Funds
<b>Revenues</b>									
Interest Income	\$ 61	\$ 243	\$ 360	\$ 658	\$ 398	\$ 55	\$ 11	\$ 169	\$ 1,955
<b>Expenditures</b>									
Bank Service Charges	-	-	-	383	-	-	-	-	383
Principal	188,845	93,000	205,000	280,000	166,000	50,000	-	72,000	1,054,845
Interest	40,033	15,532	8,405	50,374	32,305	11,384	13,476	8,607	180,116
<b>Total Expenditures</b>	<b>228,878</b>	<b>108,532</b>	<b>213,405</b>	<b>330,757</b>	<b>198,305</b>	<b>61,384</b>	<b>13,476</b>	<b>80,607</b>	<b>1,235,344</b>
<b>Excess of Revenues Over (Under)</b>									
Expenditures	(228,817)	(108,289)	(213,045)	(330,099)	(197,907)	(61,329)	(13,465)	(80,438)	(1,233,389)
<b>Other Financing Sources (Uses)</b>									
Operating Transfers From Other Funds	228,878	108,782	160,054	320,127	198,971	61,384	32,143	86,690	1,197,029
<b>Total Other Financing Sources (Uses)</b>	<b>228,878</b>	<b>108,782</b>	<b>160,054</b>	<b>320,127</b>	<b>198,971</b>	<b>61,384</b>	<b>32,143</b>	<b>86,690</b>	<b>1,197,029</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>61</b>	<b>493</b>	<b>(52,991)</b>	<b>(9,972)</b>	<b>1,064</b>	<b>55</b>	<b>18,678</b>	<b>6,252</b>	<b>(36,360)</b>
<b>Fund Balances</b>									
July 01, 2016	54	10,006	55,062	58,078	6,924	136	-	-	130,260
<b>June 30, 2017</b>	<b>\$ 115</b>	<b>\$ 10,499</b>	<b>\$ 2,071</b>	<b>\$ 48,106</b>	<b>\$ 7,988</b>	<b>\$ 191</b>	<b>\$ 18,678</b>	<b>\$ 6,252</b>	<b>\$ 93,900</b>

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, 2017

ASSETS

Cash	\$ <u>          -</u>
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LIABILITIES AND NET POSITION

Net Position, Held in Trust	\$ <u>          -</u>
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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS

Year Ended June 30, 2017

Additions	
Interest	\$           54
Reductions	
Miscellaneous Expenses	<u>          (130,592)</u>
Change in Net Position	(130,538)
Net Position	
July 01, 2016	<u>          130,538</u>
June 30, 2017	<u>          \$           -</u>

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

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Interest	\$ -	\$ -	\$ 2,656	\$ 2,656
Fees	189,000	189,000	392,940	203,940
Total Revenue	<u>189,000</u>	<u>189,000</u>	<u>395,596</u>	<u>206,596</u>
<b>Expenditures</b>				
Salaries	180,895	180,638	160,121	20,517
Payroll Taxes	13,838	13,481	11,789	1,692
Benefits	60,730	60,744	49,362	11,382
Other Operating Expenditures	232,832	251,883	173,094	78,789
Debt Service	4,180	4,180	4,072	108
Capital Outlay	2,700	2,700	964	1,736
Total Expenditures	<u>495,175</u>	<u>513,626</u>	<u>399,402</u>	<u>114,224</u>
Excess of Revenues Over (Under) Expenditures	(306,175)	(324,626)	(3,806)	320,820
<b>Other Financing Sources (Uses):</b>				
Transfers From Other Funds	230,645	230,645	231,145	500
Transfers to Other Funds	(2,000)	(4,500)	(2,500)	2,000
Total Other Financing Sources (Uses)	<u>228,645</u>	<u>226,145</u>	<u>228,645</u>	<u>2,500</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (77,530)</u>	<u>\$ (98,481)</u>	224,839	<u>\$ 323,320</u>
<b>Fund Balances</b>				
July 01, 2016			<u>762,088</u>	
June 30, 2017			<u>\$ 986,927</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, 2017

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Gas 1989	\$ 878,000	\$ 878,000	\$ 96,775	\$ (781,225)
Gas 3 cent	-	-	179,615	179,615
Gasoline & Motor Fuel Tax	-	-	603,108	603,108
Interest Income	-	-	3,342	3,342
Total Revenues	878,000	878,000	882,840	4,840
<b>Expenditures</b>				
Utilities and Other				
Operating Expenditures	530,000	523,316	413,739	109,577
Capital Expenditures	175,000	261,684	183,300	78,384
Total Expenditures	705,000	785,000	597,039	187,961
Excess of Revenues Over (Under)				
Expenditures	173,000	93,000	285,801	192,801
Other Financing Sources (Uses):				
Transfers to Other Funds	-	(236,700)	(236,700)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 173,000	\$ (143,700)	49,101	\$ 192,801
<b>Fund Balances</b>				
July 01, 2016			619,047	
June 30, 2017			\$ 668,148	

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, 2017

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Court Fines and Cost	\$ 18,000	\$ 18,000	\$ 12,856	\$ (5,144)
Interest Income	500	500	1,390	890
Other	65,000	86,388	147,646	61,258
Total Revenues	<u>83,500</u>	<u>104,888</u>	<u>161,892</u>	<u>57,004</u>
<b>Expenditures</b>				
Capital Expenditures	-	271,122	247,513	23,609
Other Operating Expenditures	130,100	141,488	66,649	74,839
Total Expenditures	<u>130,100</u>	<u>412,610</u>	<u>314,162</u>	<u>98,448</u>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	(46,600)	(307,722)	(152,270)	(41,444)
<b>Other Financing Sourced (Uses)</b>				
Transfers to Other Funds	(14,819)	(14,819)	-	14,819
Total Other Financing Sources (Uses)	<u>(14,819)</u>	<u>(14,819)</u>	<u>-</u>	<u>14,819</u>
<b>Excess of Revenues and Other Sources</b>				
Over (Under) Expenditures and Other Uses	<u>\$ (61,419)</u>	<u>\$ (322,541)</u>	(152,270)	<u>\$ (26,625)</u>
<b>Fund Balances</b>				
July 01, 2016			<u>540,992</u>	
June 30, 2017			<u>\$ 388,722</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, 2017

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Memberships, Fees and Concessions	\$ 1,284,360	\$ 1,284,360	\$ 1,109,118	\$ (175,242)
Rent	37,000	37,000	27,750	(9,250)
Other Revenues	-	28,003	28,003	-
Interest	500	500	31	(469)
Total Revenues	<u>1,321,860</u>	<u>1,349,863</u>	<u>1,164,902</u>	<u>(184,961)</u>
<b>Expenditures:</b>				
Salaries	683,441	710,159	701,096	9,063
Payroll Taxes	52,283	53,063	52,363	700
Benefits	176,386	180,689	180,689	-
Utilities	192,000	182,966	182,966	-
Telephone	25,150	21,922	21,922	-
Maintenance	32,000	58,431	58,431	-
Contractual Services	20,600	19,309	19,309	-
Supplies	98,750	94,824	93,891	933
Insurance	15,525	17,496	17,496	-
Other Operating Expenditures	39,865	31,933	31,618	315
Capital Outlay	-	117,945	116,046	1,899
Total Expenditures	<u>1,336,000</u>	<u>1,488,737</u>	<u>1,475,827</u>	<u>12,910</u>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	(14,140)	(138,874)	(310,925)	(172,051)
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	15,640	15,640	300,000	284,360
Total Other Financing Sources (Uses)	<u>15,640</u>	<u>15,640</u>	<u>300,000</u>	<u>284,360</u>
<b>Excess of Revenues and Other Sources Over</b>				
(Under) Expenditures and Other Uses	<u>\$ 1,500</u>	<u>\$ (123,234)</u>	(10,925)	<u>\$ 112,309</u>
<b>Fund Balances</b>				
July 01, 2016			<u>65,378</u>	
June 30, 2017			<u>\$ 54,453</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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 40	\$ 40
Contributions and Fundraiser	16,000	16,000	15,912	(88)
Total Revenues	16,000	16,000	15,952	(48)
Expenditures				
Other	24,000	24,000	14,580	9,420
Excess of Revenues Over (Under)				
Expenditures	\$ (8,000)	\$ (8,000)	1,372	\$ 9,372
Fund Balances				
July 01, 2016			37,646	
June 30, 2017			\$ 39,018	

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, 2017

	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>				
State Grant	\$ 13,000	\$ 13,000	\$ 14,300	\$ 1,300
Rent	170,100	170,100	216,403	46,303
Fuel Sales	10,000	10,000	17,519	7,519
Contributions	-	-	25,000	25,000
Other Revenues	-	10,973	21,946	10,973
Interest	250	250	1,406	1,156
Total Revenues	<u>193,350</u>	<u>204,323</u>	<u>296,574</u>	<u>92,251</u>
<b>Expenditures:</b>				
Utilities	12,000	20,417	20,417	-
Repairs & Maintenance	39,800	91,645	91,645	-
Contractual Services	25,000	7,374	7,374	-
Management Fee	32,000	45,220	45,220	-
Other Operating	41,250	28,971	28,971	-
Total Expenditures	<u>150,050</u>	<u>193,627</u>	<u>193,627</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	43,300	10,696	102,947	92,251
<b>Other Financing Sources (Uses):</b>				
Transfers to Other Funds	(150,000)	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (106,700)</u>	<u>\$ (139,304)</u>	(47,053)	<u>\$ 92,251</u>
<b>Fund Balance</b>				
July 01, 2016			<u>397,180</u>	
June 30, 2017			<u>\$ 350,127</u>	

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

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest	\$ -	\$ -	\$ 45	\$ 45
Contributions	15,500	15,500	5,000	(10,500)
	15,500	15,500	5,045	(10,455)
Expenditures				
Operating Expenditures	15,000	15,000	7,562	7,438
Excess of Revenues Over (Under)				
Expenditures	500	500	(2,517)	(17,893)
Other Financing Sources (Uses):				
Transfer from Other Funds	-	-	2,500	2,500
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Sources	\$ 500	\$ 500	(17)	\$ (15,393)
Fund Balances				
July 01, 2016			25	
June 30, 2017			\$ 8	

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Contract Fees	\$ 83,422	\$ 83,422	\$ 66,294	\$ (17,128)
Interest	-	-	196	196
Total Revenues	<u>83,422</u>	<u>83,422</u>	<u>66,490</u>	<u>(16,932)</u>
Expenditures				
Salaries	66,040	64,814	57,157	7,657
Payroll Taxes	5,052	5,052	4,373	679
Employee Benefits	12,330	13,556	12,849	707
Total Expenditures	<u>83,422</u>	<u>83,422</u>	<u>74,379</u>	<u>9,043</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	(7,889)	<u>\$ 7,889</u>
Fund Balances				
July 01, 2016			<u>51,094</u>	
June 30, 2017			<u>\$ 43,205</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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Cemetery Maintenance Fees	\$ 16,000	\$ 16,000	\$ 16,800	\$ 800
Interest Income	-	-	410	410
Total Revenues	16,000	16,000	17,210	1,210
Expenditures				
Other Operating Expense	8,175	5,000	3,175	1,825
Excess of Revenues Over (Under)				
Expenditures	\$ 7,825	\$ 11,000	14,035	\$ 1,210
Fund Balances				
July 01, 2016			111,541	
June 30, 2017			\$ 125,576	

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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Interest	\$ 500	\$ 500	\$ 610	\$ 110
Federal Payment - Asset Seizure	25,000	25,000	151,961	126,961
Total Revenues	<u>25,500</u>	<u>25,500</u>	<u>152,571</u>	<u>127,071</u>
Expenditures:				
Other Operating	28,000	41,655	38,655	3,000
Capital Outlay	-	259,358	164,452	94,906
Total Expenditures	<u>28,000</u>	<u>301,013</u>	<u>203,107</u>	<u>97,906</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (2,500)</u>	<u>\$ (275,513)</u>	(50,536)	<u>\$ 224,977</u>
Fund Balances				
July 01, 2016			73,074	
June 30, 2017			<u>\$ 22,538</u>	

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, 2017

	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>				
Interest Income	\$ -	\$ -	\$ 675	\$ 675
Other Revenues	40,000	40,000	200,385	160,385
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>201,060</u>	<u>161,060</u>
<b>Expenditures</b>				
Salaries	8,240	8,240	1,105	7,135
Payroll Taxes	630	630	85	545
Other Operating	45,500	55,500	36,023	19,477
Capital Expenditures	40,000	130,000	128,341	1,659
	<u>94,370</u>	<u>194,370</u>	<u>165,554</u>	<u>28,816</u>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	<u>\$ (54,370)</u>	<u>\$ (154,370)</u>	35,506	<u>\$ 189,876</u>
<b>Fund Balances</b>				
July 01, 2016			<u>120,595</u>	
June 30, 2017			<u>\$ 156,101</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Interest Income	\$ -	\$ -	\$ 8	\$ 8
Contributions	5,000	5,000	1,850	(3,150)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>1,858</u>	<u>(3,142)</u>
<b>Expenditures</b>				
Operating Expenses	5,000	5,000	2,461	2,539
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>2,461</u>	<u>2,539</u>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	<u>\$ -</u>	<u>\$ -</u>	(603)	<u>\$ (603)</u>
<b>Fund Balances</b>				
July 01, 2016			<u>2,006</u>	
June 30, 2017			<u>\$ 1,403</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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Other Revenues	\$ -	\$ -	\$ 13,900	\$ 13,900
Interest	-	-	60	60
Total Revenues	-	-	13,960	13,960
Expenditures				
Other Operating Expenditure	-	17,040	15,000	2,040
Excess of Revenues Over (Under) Expenditures	\$ -	\$ (17,040)	(1,040)	\$ 11,920
Fund Balances				
July 01, 2016			11,368	
Increase in Resserve for Encumbrances			9,000	
June 30, 2017			\$ 19,328	

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Interest	\$ -	\$ -	\$ 902	\$ 902
Local Option Court Fines	325,000	325,000	398,998	73,998
Total Revenues	<u>325,000</u>	<u>325,000</u>	<u>399,900</u>	<u>74,900</u>
Expenditures:				
Other Operating	37,495	37,495	10,740	26,755
Debt Service	254,000	254,000	208,363	45,637
Capital Outlay	-	157,123	156,159	964
Total Expenditures	<u>291,495</u>	<u>448,618</u>	<u>375,262</u>	<u>73,356</u>
Excess of Revenues Over (Under) Expenditures	33,505	(123,618)	24,638	\$ 148,256
Other Financing Sources (Uses):				
Sale of Equipment	<u>-</u>	<u>-</u>	<u>11,229</u>	<u>11,229</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 33,505</u>	<u>\$ (123,618)</u>	35,867	<u>\$ 159,485</u>
Fund Balances				
July 01, 2016			<u>257,357</u>	
June 30, 2017			<u>\$ 293,224</u>	

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

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
State Grant	\$ 955,850	\$ 955,850	\$ 750,657	\$ (205,193)
Other Revenues	-	-	1,203	1,203
Interest Earnings	-	-	(1,215)	(1,215)
Total Revenues	955,850	955,850	750,645	(205,205)
<b>Expenditures</b>				
Other Operating Expenditures	-	115,457	104,757	10,700
Airport Capital Outlay	3,558,000	3,631,543	2,215,817	1,415,726
Total Expenditures	3,558,000	3,747,000	2,320,574	1,426,426
<b>Excess of Revenues Over (Under)</b>				
Expenditures	(2,602,150)	(2,791,150)	(1,569,929)	1,221,221
<b>Other Financing Sources (Uses)</b>				
Bond Proceeds	2,350,000	2,350,000	1,531,738	(818,262)
Operating Transfers In	252,150	252,150	252,150	-
Total Other Financing Sources (Uses)	2,602,150	2,602,150	1,783,888	(818,262)
<b>Excess of Revenues and Other Sources</b>				
Over (Under) Expenditures and Other Uses	\$ -	\$ (189,000)	213,959	\$ 402,959
<b>Fund Balances</b>				
July 01, 2016			263,939	
June 30, 2017			\$ 477,898	

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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Earnings	\$ -	\$ -	\$ 150	\$ 150
Fees	5,000	5,000	-	(5,000)
Total Revenues	5,000	5,000	150	(4,850)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 5,000	\$ 5,000	150	\$ (4,850)
Fund Balances				
July 01, 2016			42,876	
June 30, 2017			\$ 43,026	

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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Contract	\$ -	\$ -	\$ 9,016	\$ 9,016
Interest Earnings	-	-	403	403
Total Revenues	-	-	9,419	9,419
Expenditures				
Other Operating Expenditures	-	324,498	30,000	294,498
Capital Outlay	-	4,750,502	81,827	4,668,675
Total Expenditures	-	5,075,000	111,827	4,963,173
Excess of Revenues Over (Under) Expenditures	-	(5,075,000)	(102,408)	4,972,592
Other Financing Sources (Uses)				
Bond Proceeds	-	5,000,000	100,502	4,899,498
Total Other Financing Sources (Uses)	-	5,000,000	100,502	4,899,498
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (75,000)	(1,906)	\$ 9,872,090
Fund Balances				
June 30, 2016, restated			119,158	
June 30, 2017			\$ 117,252	

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, 2017

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Interest Earnings	\$ -	\$ -	\$ 4,378	\$ 4,378
Contracts	320,000	320,000	13,987	(306,013)
Contributions	-	-	347,312	347,312
Total Revenues	<u>320,000</u>	<u>320,000</u>	<u>365,677</u>	<u>45,677</u>
<b>Expenditures</b>				
Capital Outlay	6,455,000	6,663,500	3,336,319	3,327,181
Other Operating Expenditures	150,588	200,638	96,652	103,986
Total Expenditures	<u>6,605,588</u>	<u>6,864,138</u>	<u>3,432,971</u>	<u>3,431,167</u>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	(6,285,588)	(6,544,138)	(3,067,294)	3,476,844
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	440,100	676,800	676,800	-
Bond Proceeds	5,000,000	5,000,000	2,822,523	2,177,477
Total Other Financing Sources (Uses)	<u>5,440,100</u>	<u>5,676,800</u>	<u>3,499,323</u>	<u>2,177,477</u>
<b>Excess of Revenues and Other Sources Over</b>				
(Under) Expenditures and Other Uses	<u>\$ (845,488)</u>	<u>\$ (867,338)</u>	432,029	<u>\$ (1,299,367)</u>
<b>Fund Balances</b>				
July 01, 2016			<u>1,375,893</u>	
June 30, 2017			<u>\$ 1,807,922</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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 61	\$ 61
Expenditures				
Principal Expense	188,845	188,845	188,845	-
Interest Expense	40,033	40,033	40,033	-
Total Expenditures	228,878	228,878	228,878	-
Excess of Revenues Over (Under) Expenditures	(228,878)	(228,878)	(228,817)	61
Other Financing Sources (Uses)				
Operating Transfers In (Out)	228,878	228,878	228,878	-
	228,878	228,878	228,878	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ -	61	\$ 61
Fund Balances				
July 01, 2016			54	
June 30, 2017			\$ 115	

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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 243	\$ 243
Expenses				
Principal Expense	93,000	93,000	93,000	-
Interest Expense	28,100	28,100	15,532	12,568
Total Expenses	<u>121,100</u>	<u>121,100</u>	<u>108,532</u>	<u>12,568</u>
Excess of Revenues Over (Under) Expenditures	(121,100)	(121,100)	(108,289)	12,811
Other Financing Sources (Uses) Operating Transfers In	<u>121,100</u>	<u>121,100</u>	<u>108,782</u>	<u>(12,318)</u>
	<u>121,100</u>	<u>121,100</u>	<u>108,782</u>	<u>(12,318)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	493	<u>\$ 493</u>
Fund Balances				
July 01, 2016			<u>10,006</u>	
June 30, 2017			<u>\$ 10,499</u>	

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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 360	\$ 360
Expenses				
Bank Service Charges	600	600	-	600
Principal Expense	205,000	205,000	205,000	-
Interest Expense	8,405	8,405	8,405	-
Total Expenses	214,005	214,005	213,405	600
Excess of Revenues Over (Under) Expenditures	(214,005)	(214,005)	(213,045)	960
Other Financing Sources (Uses) Operating Transfers In	213,405	213,405	160,054	(53,351)
	213,405	213,405	160,054	(53,351)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (600)	\$ (600)	(52,991)	\$ (52,391)
Fund Balances				
July 01, 2016			55,062	
June 30, 2017			\$ 2,071	

See notes to financial statements

CITY OF LEBANON, TENNESSEE  
 2008 REFUNDING/2016 REFUNDING BOND SINKING FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ 100	\$ 100	\$ 658	\$ 558
Expenses				
Bank Service Charges	400	400	383	17
Principal Expense	260,000	280,000	280,000	-
Interest Expense	82,300	62,300	50,374	11,926
Total Expenses	342,700	342,700	330,757	11,943
Excess of Revenues Over (Under)				
Expenditures	(342,600)	(342,600)	(330,099)	12,501
Other Financing Sources (Uses)				
Operating Transfers In	342,300	342,300	320,127	(22,173)
Total Other Financing Sources (Uses)	342,300	342,300	320,127	(22,173)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (300)	\$ (300)	(9,972)	\$ (9,672)
Fund Balances				
July 01, 2016			58,078	
June 30, 2017			\$ 48,106	

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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 398	\$ 398
Expenditures				
Principal	166,000	166,000	166,000	-
Interest	117,800	117,800	32,305	85,495
Total Expenditures	283,800	283,800	198,305	85,495
Excess of Revenues Over (Under) Expenditures	(283,800)	(283,800)	(197,907)	85,893
Other Financing Sources (Uses)				
Operating Transfers In	283,800	283,800	198,971	(84,829)
	283,800	283,800	198,971	(84,829)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ -	1,064	\$ 1,064
Fund Balances				
July 01, 2016			6,924	
June 30, 2017			\$ 7,988	

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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 55	\$ 55
Expenses				
Principal Expense	42,000	50,000	50,000	-
Interest Expense	25,000	17,000	11,384	5,616
Total Expenses	67,000	67,000	61,384	5,616
Excess of Revenues Over (Under)				
Expenditures	(67,000)	(67,000)	(61,329)	(5,561)
Other Financing Sources (Uses)				
Operating Transfers In	67,000	67,000	61,384	(5,616)
Total Other Financing Sources (Uses)				
Excess of Revenues and Other Sources				
Over (Under) Expenditures and Other				
Uses	\$ -	\$ -	55	\$ (11,177)
Fund Balances				
July 01, 2016			136	
June 30, 2017			\$ 191	

CITY OF LEBANON, TENNESSEE  
 2016 LEGENDS DRIVE SINKING FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ 11	\$ 11
Expenditures				
Interest Expense	51,000	51,000	13,476	37,524
Total Expenditures	51,000	51,000	13,476	37,524
Excess of Revenues Over (Under) Expenditures	(51,000)	(51,000)	(13,465)	(37,513)
Other Financing Sources (Uses)				
Operating Transfers In (Out)	51,000	51,000	32,143	(18,857)
	51,000	51,000	32,143	(18,857)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ -	18,678	\$ (56,370)
Fund Balances				
July 01, 2016			-	
June 30, 2017			\$ 18,678	

CITY OF LEBANON, TENNESSEE  
 2016 AIRPORT TERMINAL SINKING FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Interest Income	\$ -	\$ -	169	\$ 169
Expenditures				
Principal Expense	72,000	72,000	72,000	-
Interest Expense	17,760	17,760	8,607	9,153
Total Expenditures	<u>89,760</u>	<u>89,760</u>	<u>80,607</u>	<u>9,153</u>
Excess of Revenues Over (Under) Expenditures	(89,760)	(89,760)	(80,438)	(8,984)
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>89,760</u>	<u>89,760</u>	<u>86,690</u>	<u>(3,070)</u>
	89,760	89,760	86,690	(3,070)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	6,252	<u>\$ (12,054)</u>
Fund Balances				
July 01, 2016			<u>-</u>	
June 30, 2017			<u>\$ 6,252</u>	

See notes to financial statements

**SUPPLEMENTARY SCHEDULES**

CITY OF LEBANON, TENNESSEE  
CLASSIFICATION OF GENERAL FUND EXPENDITURES BY CITY DEPARTMENTS  
Year Ended June 30, 2017

	Total	Mayor & Council	City Attorney	Financial Admin.	Accounting	Customer Billing	Johnson Controls and Liquor Tax	Purchasing	Computer Equipment	Public Works	HOME Grant
Salaries	\$ 11,692,849	\$ 110,844	\$ 109,953	95,953	\$ 85,873	\$ 9,578	\$ -	\$ 25,632	\$ 78,873	\$ 167,204	\$ -
Payroll Taxes	855,259	8,012	7,663	6,879	6,309	588	-	1,943	5,736	12,954	-
Employer Paid Benefits	2,655,759	40,393	26,449	29,298	33,050	8,795	-	2,120	15,869	33,193	-
Retirement	1,598,285	14,012	15,794	13,965	11,198	1,189	-	3,914	11,647	23,423	-
Workmen's Compensation	363,158	1,486	591	565	761	70	-	131	2,338	1,772	-
Unemployment	3,026	-	-	-	-	-	-	-	-	-	-
Training	101,654	130	40	404	934	13	-	50	3,250	392	-
Communications	20,523	-	-	-	-	-	-	-	-	-	-
Postage and Shipping	12,635	51	137	3,232	969	11	-	2,368	36	151	-
Transportation Expense	2,535	7	-	4	-	-	-	-	5	12	-
Printing	36,734	1,712	1,359	882	999	20	-	-	-	1,224	-
Subscriptions	6,060	244	1,825	-	-	-	-	-	-	-	-
Dues	187,467	5,350	2,076	1,265	1,340	1,170	-	414	660	1,728	-
Utilities	236,258	-	-	-	-	-	-	-	-	18,893	-
Telephone	274,636	3,168	1,364	1,684	1,144	166	-	1,364	9,338	9,282	-
Engineering and Architect	14,112	-	-	-	-	-	-	-	-	-	-
Professional Fees	58,094	-	31,180	-	19,600	-	-	-	-	-	-
Data Processing	72,290	-	-	-	-	-	-	-	62,266	-	-
Medical	15,131	22	-	-	-	1	-	-	0	98	-
Maintenance	496,243	-	-	-	-	-	11,933	-	188	4,072	-
Travel and Meals	14,116	2,061	162	-	111	-	-	-	390	275	-
Public Relations	61,042	28,337	-	314	-	-	-	118	16	151	-
Contractual Services	2,813,036	484	240	5,344	9,918	4,462	-	-	88,477	1,480	178,585
Janitorial Services	373	-	-	-	-	-	-	-	-	332	-
Office Supplies	59,812	3,542	447	945	1,488	244	-	539	1,844	2,211	-
Operating Supplies	523,129	208,248	133	426	-	-	-	-	10	7,529	-
Street Signs	7,291	7,291	-	-	-	-	-	-	-	-	-
Uniforms	159,495	-	-	-	-	-	-	-	-	10	-
Gas	353,140	384	-	36	-	-	-	-	434	1,887	-
Motor Vehicle Parts	362,076	1	-	165	-	-	-	-	171	971	-
Materials	43,871	-	-	-	-	-	-	-	-	-	-
Insurance	392,433	2,711	306	9,129	214	-	-	1,940	-	7,151	-
Rent	13,674	-	-	-	316	31	-	727	-	-	-
Contributions	302,316	-	-	-	-	-	-	-	-	-	-
Debt Service	868,552	-	-	-	-	-	81,122	-	8,476	(4,662)	-
Capital Outlay	2,310,864	16,641	-	6,000	-	-	-	-	21,621	2,847	-
<b>Totals</b>	<b>\$ 26,987,928</b>	<b>\$ 455,131</b>	<b>\$ 199,719</b>	<b>\$ 176,490</b>	<b>\$ 174,224</b>	<b>\$ 26,338</b>	<b>\$ 93,055</b>	<b>\$ 41,260</b>	<b>\$ 311,645</b>	<b>\$ 294,580</b>	<b>\$ 178,585</b>

CITY OF LEBANON, TENNESSEE  
 CLASSIFICATION OF GENERAL FUND EXPENDITURES BY CITY DEPARTMENTS  
 Year Ended June 30, 2017

	Public Safety	Personnel	Traffic Maintenance	General Maintenance	Police	Fire	Building Inspection	Building Maintenance	Street	Animal Control	Drainage Migration	Risk Assesment
Salaries	\$ 301,364	\$ 151,396	\$ 100,400	\$ 141,962	\$ 5,126,124	\$ 2,833,428	\$ 313,911	\$ 16,704	\$ 434,251	\$ 91,598	\$ 130,364	16,506
Payroll Taxes	21,013	11,081	6,965	10,380	377,451	206,822	22,902	1,208	31,907	6,456	9,498	1,285
Employer Paid Benefits	38,648	22,676	22,539	22,771	1,098,172	616,977	87,838	3,340	151,517	27,908	30,030	1,060
Retirement	41,037	21,481	14,891	17,530	701,440	395,698	42,400	2,397	56,995	10,700	15,105	1,521
Workmen's Compensation	5,579	788	2,708	11,253	166,816	73,422	7,315	1,940	34,154	1,313	-	-
Unemployment	-	-	-	-	1,016	-	-	-	-	-	290	-
Training	150	944	-	-	44,135	48,022	170	-	18	175	-	-
Communications	-	-	-	-	4,889	14,668	-	-	387	-	-	-
Postage and Shipping	92	518	-	-	1,912	757	1,689	-	-	-	-	-
Transportation Expense	144	292	9	29	433	90	36	-	596	18	27	-
Printing	-	2,339	-	-	18,207	2,340	1,999	-	-	-	-	-
Subscriptions	-	51	-	-	30	2,722	-	-	-	-	-	-
Dues	1,655	2,150	585	1,425	31,492	15,925	2,210	255	4,170	745	915	-
Utilities	23,036	-	-	336	28,603	43,882	-	25,541	-	3,654	-	-
Telephone	8,559	3,033	45	1,506	89,819	88,925	8,652	475	1,390	-	-	-
Engineering and Architect	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	7,314	-	-	-	-	-	-	-	-	-	-	-
Data Processing	-	-	-	-	10,024	-	-	-	-	-	-	-
Medical	954	1,682	0	508	6,235	731	-	-	1,607	731	302	-
Maintenance	15,024	-	44,104	43,896	81,922	60,621	13	8,130	176,497	2,192	4,806	-
Travel	-	-	-	-	7,662	-	650	-	-	-	-	-
Public Relations	314	356	-	189	9,691	2,168	84	-	3,698	364	154	-
Contractual Services	6,701	9,530	6	15,387	82,135	52,921	3,257	7,815	1,884,681	115	54,523	-
Janitorial Services	-	-	-	-	-	-	-	41	-	-	-	-
Office Supplies	620	3,254	-	10	21,041	2,776	4,452	31	1,233	-	11,847	-
Operating Supplies	5,092	368	1,675	4,887	72,338	39,536	123	4,921	15,426	2,515	-	-
Street Signs	-	-	-	-	-	-	-	-	-	-	-	-
Uniforms	5,856	-	1,301	2,318	81,085	34,559	228	68	13,980	580	1,844	-
Gas	19,461	-	3,241	3,849	159,473	30,706	4,550	-	55,872	2,643	7,010	-
Motor Vehicle Parts	9,626	-	850	3,027	108,601	17,205	1,604	-	126,937	809	6,310	-
Materials	3,707	-	-	5,139	871	1,995	-	320	16,463	-	1,334	-
Insurance	-	1,341	-	2,927	175,561	69,190	4,498	12,833	13,724	585	-	-
Rent	-	-	-	-	-	1,200	-	-	11,400	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	764,518	-	-	-	-	-	-
Capital Outlay	238,492	-	-	-	19,126	1,202,333	-	-	18,640	-	23,000	-
Totals	\$ 754,438	\$ 233,280	\$ 199,319	\$ 289,329	\$ 8,526,304	\$ 6,624,137	\$ 508,581	\$ 86,019	\$ 3,055,543	\$ 153,101	\$ 297,359	\$ 20,372

CITY OF LEBANON, TENNESSEE  
 CLASSIFICATION OF GENERAL FUND EXPENDITURES BY CITY DEPARTMENTS  
 Year Ended June 30, 2017

	Engineering	Garage	Community	Recreation	Accounting System	Special Events	Contributions & Dues	Community Park	Sanitation	EAC Committee	Senior Citizens Center	Economic Development	Total
Salaries	\$ 148,532	\$ 172,105	\$ 53,125	\$ 335,886	-	-	-	\$ 41,581	\$ 459,635	-	\$ 117,203	\$ 22,764	\$ 11,692,849
Payroll Taxes	11,686	12,206	3,894	24,626	-	-	-	2,627	32,960	-	8,627	1,481	855,259
Employer Paid Benefits	25,874	57,236	5,420	82,713	-	-	-	5,529	130,083	-	29,173	6,998	2,655,759
Retirement	20,985	23,872	7,912	41,463	-	-	-	4,728	63,457	-	17,540	1,991	1,598,285
Workmen's Compensation	1,241	5,998	1,640	14,195	-	-	-	1,231	25,605	-	-	246	363,158
Unemployment	-	-	-	1,720	-	-	-	-	-	-	-	-	3,026
Training	1,243	1,088	-	-	-	-	-	-	-	-	-	496	101,654
Communications	-	-	-	-	-	-	-	-	579	-	-	-	20,523
Postage and Shipping	433	-	56	176	-	-	-	-	8	39	-	-	12,635
Transportation Expense	11	23	9	36	-	-	-	-	734	-	-	-	2,535
Printing	2,885	426	980	979	-	-	-	-	-	-	-	383	36,734
Subscriptions	53	1,036	99	-	-	-	-	-	-	-	-	-	6,060
Dues	4,701	2,160	255	1,575	-	-	88,063	330	3,945	-	990	9,918	187,467
Utilities	-	5,018	5,820	64,489	-	-	-	16,682	304	-	-	-	236,258
Telephone	1,583	2,153	18,646	21,332	-	-	-	-	346	-	-	662	274,636
Engineering and Architect	14,112	-	-	-	-	-	-	-	-	-	-	-	14,112
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	72,290
Data Processing	-	-	-	-	-	-	-	-	-	-	-	-	58,094
Medical	121	294	-	693	-	-	-	-	1,152	-	-	0	15,131
Maintenance	268	6,044	390	4,535	-	-	-	6,642	24,966	-	-	2,105	496,243
Travel	700	-	-	-	-	-	-	205	267	-	-	9,516	61,042
Public Relations	261	900	-	489	-	-	3,450	25,645	287,345	-	-	16,131	2,813,036
Contractual Services	60,462	376	1,830	15,186	-	-	-	-	-	-	-	-	373
Janitorial Services	-	-	299	-	-	-	-	-	415	95	-	94	59,812
Office Supplies	2,098	287	1,725	33,600	-	29,830	-	12,182	71,614	-	-	83	523,129
Operating Supplies	921	9,947	-	-	-	-	-	-	-	-	-	-	7,291
Street Signs	-	-	-	-	-	-	-	-	-	-	-	-	159,495
Uniforms	190	4,281	52	1,850	-	-	-	-	11,293	-	-	-	353,140
Gas	126	1,753	324	7,505	-	-	-	-	53,886	-	-	-	362,076
Motor Vehicle Parts	57	1,750	-	3,716	-	-	-	-	80,276	-	-	-	43,871
Materials	-	-	-	9,928	-	-	-	4,114	-	-	-	1,869	392,433
Insurance	(45)	1,518	5,837	58,455	-	-	-	-	22,689	-	-	-	13,674
Rent	-	-	-	-	-	-	262,316	-	-	-	-	-	302,316
Contributions	-	-	-	-	17,987	-	-	-	-	-	-	-	868,552
Debt Service	1,111	-	-	-	-	-	-	-	-	-	124,495	-	-
Capital Outlay	2,891	-	-	4,518	-	-	-	101,238	-	134	-	-	40,000
Totals	\$ 302,500	\$ 310,661	\$ 108,313	\$ 729,665	\$ 17,987	\$ 29,830	\$ 353,829	\$ 222,734	\$ 1,800,601	\$ 134	\$ 298,128	\$ 114,737	\$ 26,987,928

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

Year Ended June 30, 2017

	Transmission and Distribution	Customer Accounting & Collection	Administrative and General	Shop and Maintenance	Meter Reader	Total (Memorandum Only)
Salaries	\$ 458,044	\$ 40,697	\$ 385,981	\$ 51,831	\$ 25,297	\$ 961,850
Payroll Taxes	33,180	3,060	28,214	3,754	1,837	70,045
Employee Benefits	283,759	14,763	108,694	17,986	18,443	443,645
Pension Costs	26,081	2,847	20,595	2,644	1,015	53,182
Communications	296	-	-	-	-	296
Supplies and Publications	10,314	161	11,640	241	75	22,431
Dues	27,584	-	5,967	159	264	33,974
Utilities	56,148	861	17,990	7,063	492	82,554
Professional Services	-	-	27,838	-	-	27,838
Repair and Maintenance	89,881	-	1,554	9,457	92	100,984
Travel	4,458	-	2,402	-	-	6,860
Operating Supplies	63,585	1,271	32,091	4,438	3,993	105,378
Maintenance Supplies	76,689	-	1,947	2,457	4,588	85,681
Contractual Services	78,132	23,203	89,996	4,139	1,195	196,665
Insurance	50,596	-	9,589	3,484	935	64,604
Bad Debt Expense	-	9,317	-	-	-	9,317
Rent	4,584	164	490	-	-	5,238
Community Relations/Marketing	43,179	-	12,756	-	-	55,935
Miscellaneous	10,635	72	119,297	291	147	130,442
	<u>\$ 1,317,145</u>	<u>\$ 96,416</u>	<u>\$ 877,041</u>	<u>\$ 107,944</u>	<u>\$ 58,373</u>	<u>\$ 2,456,919</u>

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

Year Ended June 30, 2017

	Water	Sewer	Total
	<u>Purification Plant</u>		
Expenses			
Salaries	\$ 502,233	\$ -	\$ 502,233
Payroll Taxes	36,387	-	36,387
Employee Benefits	190,581	-	190,581
Pension Costs	26,119	-	26,119
Communications	-	-	-
Supplies and Publications	8,708	-	8,708
Dues and Subscriptions	3,503	-	3,503
Utilities	452,708	-	452,708
Professional Services	-	-	-
Miscellaneous	4,897	-	4,897
Repair and Maintenance	57,367	-	57,367
Travel	33	-	33
Operating Supplies	232,313	-	232,313
Maintenance Supplies	4,103	-	4,103
Insurance	33,825	-	33,825
Community Relations/Marketing	-	-	-
Contractual Services	141,148	-	141,148
Rent	-	-	-
Totals	<u>\$ 1,693,925</u>	<u>\$ -</u>	<u>\$ 1,693,925</u>

	<u>Shop and Maintenance</u>		
Expenses			
Salaries	\$ 67,814	\$ 62,693	\$ 130,507
Payroll Taxes	4,910	4,539	9,449
Employee Benefits	23,531	21,754	45,285
Pension Costs	3,345	3,094	6,439
Communications	-	-	-
Supplies and Publications	313	289	602
Dues	207	191	398
Miscellaneous	378	349	727
Utilities	9,844	9,232	19,076
Repair and Maintenance	12,501	11,585	24,086
Travel	-	-	-
Operating Supplies	5,898	5,472	11,370
Maintenance Supplies	3,202	2,958	6,160
Insurance	4,856	4,554	9,410
Contractual Services	5,581	5,196	10,777
Rent	-	-	-
Totals	<u>\$ 142,380</u>	<u>\$ 131,906</u>	<u>\$ 274,286</u>

Water	Sewer	Total
<u>Transmission and Distribution</u>		
\$ 684,065	\$ 437,799	\$ 1,121,864
48,863	31,563	80,426
202,718	149,950	352,668
39,652	25,116	64,768
-	-	-
2,467	1,744	4,211
10,139	3,760	13,899
97,244	106,570	203,814
-	4,512	4,512
2,824	909	3,733
33,394	14,587	47,981
227	-	227
30,865	53,075	83,940
60,830	50,805	111,635
28,243	13,592	41,835
-	-	-
32,270	360,585	392,855
-	775	775
<u>\$ 1,273,801</u>	<u>\$ 1,255,342</u>	<u>\$ 2,529,143</u>

Water	Sewer	Total
<u>Administrative and General</u>		
\$ 524,189	\$ 562,268	\$ 1,086,457
38,310	41,081	79,391
148,758	162,084	310,842
26,972	28,936	55,908
-	-	-
15,323	15,510	30,833
8,189	8,229	16,418
23,935	25,010	48,945
38,278	38,278	76,556
163,352	163,330	326,682
2,075	2,077	4,152
3,295	3,380	6,675
36,645	32,493	69,138
2,684	3,484	6,168
12,764	13,326	26,090
17,540	17,540	35,080
114,489	108,504	222,993
537	537	1,074
<u>\$ 1,177,335</u>	<u>\$ 1,226,067</u>	<u>\$ 2,403,402</u>

<u>Customer Accounting</u>		
\$ 54,785	\$ 53,219	\$ 108,004
4,119	4,001	8,120
19,874	19,306	39,180
3,738	3,631	7,369
-	-	-
217	211	428
-	-	-
97	94	191
1,160	1,126	2,286
-	-	-
-	-	-
1,711	1,662	3,373
-	-	-
-	-	-
31,235	30,342	61,577
220	214	434
<u>\$ 117,156</u>	<u>\$ 113,806</u>	<u>\$ 230,962</u>

<u>Sewer System Direct</u>		
\$ -	\$ 772,874	\$ 772,874
-	56,300	56,300
-	199,284	199,284
-	45,853	45,853
-	250	250
-	2,952	2,952
-	16,835	16,835
-	8,623	8,623
-	712,361	712,361
-	72,830	72,830
-	86	86
-	167,802	167,802
-	38,227	38,227
-	38,491	38,491
-	35,645	35,645
-	-	-
<u>\$ -</u>	<u>\$ 2,168,413</u>	<u>\$ 2,168,413</u>

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

Year Ended June 30, 2017

	Water	Sewer	Total
	<u>Meter Readers</u>		
Expenses			
Salaries	\$ 18,973	\$ 18,973	\$ 37,946
Payroll Taxes	1,378	1,378	2,756
Employee Benefits	13,372	13,832	27,204
Pension Costs	727	705	1,432
Supplies and Publications	59	59	118
Dues	198	198	396
Utilities	369	369	738
Repair and Maintenance	2,948	69	3,017
Travel	-	-	-
Operating Supplies	2,995	2,995	5,990
Insurance	704	704	1,408
Contractual Services	896	8,674	9,570
Miscellaneous	117	117	234
Repair and Maintenance	-	2,880	2,880
Totals	<u>\$ 42,736</u>	<u>\$ 50,953</u>	<u>\$ 93,689</u>



CITY OF LEBANON, TENNESSEE  
 SCHEDULE OF GENERAL LONG TERM DEBT  
 June 30, 2017

BONDS PAYABLE

	2016 TML Legends Drive			2017 TMBF Airport Hangar			2017 TML West Side Park			Total Bonds Payable		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 224,000	\$ 117,500	\$ 341,500	\$ 28,900	\$ 23,730	\$ 52,630	\$ 150,000	\$ 109,729	\$ 259,729	\$ 1,065,900	\$ 560,947	\$ 1,626,847
2019	226,000	111,900	337,900	29,900	24,472	54,372	154,000	111,065	265,065	1,094,900	470,772	1,565,672
2020	229,000	106,250	335,250	30,700	23,718	54,418	157,000	107,538	264,538	1,118,700	439,932	1,558,632
2021	231,000	100,525	331,525	31,500	22,945	54,445	161,000	103,943	264,943	1,154,500	406,438	1,560,938
2022	234,000	94,750	328,750	32,300	22,151	54,451	165,000	100,256	265,256	1,181,300	370,212	1,551,512
2023	236,000	88,900	324,900	33,100	21,337	54,437	169,000	96,478	265,478	1,211,100	331,530	1,542,630
2024	239,000	83,000	322,000	33,900	20,503	54,403	172,000	92,608	264,608	917,900	293,295	1,211,195
2025	242,000	77,025	319,025	34,800	19,648	54,448	176,000	88,669	264,669	945,800	263,677	1,209,477
2026	244,000	70,975	314,975	35,600	18,771	54,371	180,000	84,638	264,638	850,600	233,855	1,084,455
2027	247,000	64,875	311,875	36,500	17,874	54,374	184,000	80,516	264,516	872,500	206,691	1,079,191
2028	250,000	58,700	308,700	37,400	16,955	54,355	189,000	76,303	265,303	612,400	178,382	790,782
2029	252,000	52,450	304,450	38,400	16,012	54,412	193,000	71,975	264,975	625,400	163,332	788,732
2030	255,000	46,150	301,150	39,400	15,044	54,444	197,000	67,555	264,555	609,400	147,684	757,084
2031	258,000	39,775	297,775	40,400	14,052	54,452	202,000	63,044	265,044	584,400	132,440	716,840
2032	261,000	33,325	294,325	41,400	13,033	54,433	207,000	58,418	265,418	594,400	117,826	712,226
2033	264,000	26,800	290,800	42,400	11,990	54,390	211,000	53,678	264,678	603,400	102,968	706,368
2034	267,000	20,200	287,200	43,500	10,922	54,422	216,000	48,846	264,846	613,500	87,887	701,387
2035	269,000	13,525	282,525	44,600	9,825	54,425	221,000	43,899	264,899	622,600	72,560	695,160
2036	272,000	6,800	278,800	45,700	8,702	54,402	226,000	38,838	264,838	632,700	57,010	689,710
2037				46,900	7,550	54,450	231,000	33,663	264,663	277,900	41,213	319,113
2038				48,000	6,368	54,368	237,000	28,373	265,373	285,000	34,741	319,741
2039				49,300	5,158	54,458	242,000	22,946	264,946	291,300	28,104	319,404
2040				50,500	3,916	54,416	248,000	17,404	265,404	298,500	21,320	319,820
2041				51,800	2,643	54,443	253,000	11,725	264,725	304,800	14,368	319,168
2042				53,100	1,338	54,438	259,000	5,931	264,931	312,100	7,269	319,369
	<u>\$ 4,700,000</u>	<u>\$ 1,213,425</u>	<u>\$ 5,913,425</u>	<u>\$ 1,000,000</u>	<u>\$ 358,658</u>	<u>\$ 1,358,658</u>	<u>\$ 5,000,000</u>	<u>\$ 1,618,038</u>	<u>\$ 6,618,038</u>	<u>\$ 17,681,000</u>	<u>\$ 4,784,454</u>	<u>\$ 22,465,454</u>

CITY OF LEBANON, TENNESSEE  
 SCHEDULE OF GENERAL LONG TERM DEBT  
 June 30, 2017

NOTES PAYABLE

	Floyd Center Johnson Controls			General Fund Johnson Controls			2012 T.M.L.			2014 Lipox Tax Payable			Loan to Stormwater (Gas)			14/15 Loan to General (Gas)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 62,716	\$ 12,244	\$ 74,960	\$ 135,068	\$ 23,408	\$ 158,476	\$ 49,000	\$ 10,603	\$ 59,603	\$ 81,122	\$ -	\$ 81,122	\$ 3,390	\$ -	\$ 3,390	\$ 3,441	\$ -	\$ 3,441
2019	61,950	10,780	72,739	118,494	20,274	138,768	51,000	9,221	60,221	81,122	0	81,122	3,441	0	3,441	3,441	0	3,441
2020	63,388	9,351	72,739	121,376	17,525	138,901	52,000	7,783	59,783	81,122	0	81,122	3,493	0	3,493	3,493	0	3,493
2021	64,838	7,881	72,739	121,054	14,709	135,763	54,000	6,317	60,317	81,122	0	81,122	3,546	0	3,546	3,546	0	3,546
2022	66,363	6,376	72,739	123,862	11,901	135,763	55,000	4,794	59,794	81,122	0	81,122	3,600	0	3,600	3,600	0	3,600
2023	67,902	4,837	72,739	126,736	9,027	135,763	57,000	3,243	60,243	81,122	0	81,122	3,654	0	3,654	3,654	0	3,654
2024	69,478	3,261	72,739	129,676	6,087	135,763	58,000	1,636	59,636	81,119	0	81,119	1,230	0	1,230	1,230	0	1,234
2025	71,090	1,649	72,739	132,685	3,078	135,763	58,000	1,636	59,636	81,119	0	81,119	1,230	0	1,230	1,230	0	1,234
2026	\$ 527,765	\$ 56,388	\$ 584,153	\$ 1,008,921	\$ 106,009	\$ 1,114,960	\$ 376,000	\$ 43,597	\$ 419,597	\$ 567,851	\$ -	\$ 567,851	\$ 22,354	\$ -	\$ 22,354	\$ 22,354	\$ 1,093	\$ 23,447

CITY OF LEBANON, TENNESSEE  
 SCHEDULE OF GENERAL LONG TERM DEBT  
 June 30, 2017

NOTES PAYABLE

Year	15/16 Loan to General (Gas)			16/17 Loan to General (Gas)			16/17 Loan to General (W/S) RTA			16/17 Loan to General (W/S) Fire Trucks			16/17 Loan to General (W/S) Sr Citizens Bldg			Total Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 8,387	\$ 89	\$ 8,476	\$ 213,441	\$ 19,024	\$ 232,465	\$ 80,844	\$ 7,133	\$ 87,977	\$ 121,267	\$ 10,302	\$ 131,569	\$ 43,122	\$ 3,806	\$ 46,928	\$ 781,697	\$ 76,077	\$ 857,774
2019	1,430	3	1,433	213,586	16,878	230,464	81,638	5,318	86,956	122,484	8,274	130,758	43,534	2,946	46,480	790,319	66,539	856,858
2020				217,751	14,714	232,465	81,438	6,445	87,883	124,004	10,580	134,584	43,434	3,762	47,196	792,326	68,816	861,142
2021				217,170	18,810	235,980	82,668	5,824	88,492	124,004	8,756	132,760	44,088	3,106	47,194	804,297	56,474	860,771
2022				220,450	15,531	235,981	83,917	4,575	88,492	127,877	6,233	134,110	44,755	2,440	47,195	818,296	42,650	860,946
2023				223,779	12,199	235,978	84,756	4,009	88,765	129,697	6,622	136,319	45,201	2,335	47,536	823,838	35,851	859,689
2024				226,015	11,873	237,888	86,466	2,700	89,166	132,318	4,056	136,374	46,113	1,442	47,555	696,628	20,035	716,663
2025				230,577	7,110	237,687	88,212	959	89,171	132,318	1,439	133,757	47,043	510	47,553	502,804	5,465	508,269
2026				235,231	2,557	237,788	88,212		88,212	132,318		132,318	47,043		47,043			47,043
	\$ 9,817	\$ 92	\$ 9,909	\$ 2,000,000	\$ 118,696	\$ 2,118,696	\$ 730,000	\$ 43,493	\$ 773,493	\$ 1,125,000	\$ 63,324	\$ 1,188,324	\$ 400,000	\$ 23,745	\$ 423,745	\$ 6,810,092	\$ 459,330	\$ 7,269,422

CITY OF LEBANON, TENNESSEE  
 SCHEDULE OF GENERAL LONG TERM DEBT  
 June 30, 2017

CAPITAL LEASES

	6 Police Cars 2015			9 Police Cars 2016			Total Capital Leases		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 29,342	\$ 816	\$ 30,158	\$ 84,352	\$ 5,090	\$ 89,442	\$ 113,694	\$ 5,906	\$ 119,600
2019				43,683	1,037	44,720	43,683	1,037	44,720
	<u>\$ 29,342</u>	<u>\$ 816</u>	<u>\$ 30,158</u>	<u>\$ 128,035</u>	<u>\$ 6,127</u>	<u>\$ 134,162</u>	<u>\$ 157,377</u>	<u>\$ 6,943</u>	<u>\$ 164,320</u>

CITY OF LEBANON TENNESSEE  
 SCHEDULE OF PROPRIETARY FUND DEBT  
 June 30, 2017

WATER AND SEWER FUND BONDS

	TMBF 2001			TMBF 2006			TMBF 2008			TMBF 2010			TMBF 2012		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 241,000	\$ 51,199	\$ 292,199	\$ 250,000	\$ 144,350	\$ 394,350	\$ 185,000	\$ 124,839	\$ 309,839	\$ 73,000	\$ 34,249	\$ 107,249	\$ 62,000	\$ 24,441	\$ 86,441
2019	254,000	43,680	297,680	258,000	131,850	389,850	195,000	155,589	350,589	75,000	32,132	107,132	64,000	23,058	87,058
2020	266,000	35,755	301,755	266,000	118,950	384,950	204,000	105,839	309,839	77,000	29,959	106,959	65,000	21,631	86,631
2021	279,000	27,456	306,456	274,000	105,650	379,650	215,000	95,639	310,639	79,000	27,728	106,728	67,000	20,182	87,182
2022	293,000	18,751	311,751	283,000	91,950	374,950	225,000	84,889	309,889	82,000	25,425	107,425	68,000	18,687	86,687
2023	308,000	9,610	317,610	292,000	77,800	369,800	237,000	73,639	310,639	84,000	23,052	107,052	70,000	17,171	87,171
2024				301,000	63,200	364,200	248,000	61,789	309,789	86,000	20,621	106,621	71,000	15,610	86,610
2025				311,000	48,150	359,150	261,000	49,389	310,389	89,000	18,118	107,118	73,000	14,027	87,027
2026				321,000	32,600	353,600	274,000	36,339	310,339	91,000	15,544	106,544	74,000	12,399	86,399
2027				331,000	16,550	347,550	288,000	22,639	310,639	94,000	12,899	106,899	76,000	10,749	86,749
2028							164,778	8,239	173,017	97,000	10,167	107,167	78,000	9,054	87,054
2029										100,000	7,350	107,350	79,000	7,314	86,314
2030										102,000	4,462	106,462	81,000	5,553	86,553
2031										105,000	1,502	106,502	83,000	3,746	86,746
2032															
2033															
2034															
2035															
	\$ 1,641,000	\$ 186,451	\$ 1,827,451	\$ 2,887,000	\$ 831,050	\$ 3,718,050	\$ 2,496,778	\$ 818,829	\$ 3,315,607	\$ 1,234,000	\$ 263,206	\$ 1,497,206	\$ 1,096,000	\$ 205,517	\$ 1,301,517

CITY OF LEBANON TENNESSEE  
 SCHEDULE OF PROPRIETARY FUND DEBT  
 June 30, 2017

WATER AND SEWER FUND BONDS

	TMBF 2012 Johnson Controls			TMBF 2013			TML 2014			2015 QEC Energy Bonds			2016 Refunding Bonds			Total Water and Sewer Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 355,000	\$ 61,380	\$ 416,380	\$ 79,000	\$ 34,291	\$ 113,291	\$ 82,000	\$ 49,110	\$ 131,110	\$ -	\$ 140,000	\$ 140,000	\$ 130,000	\$ 55,538	\$ 185,538	\$ 1,529,000	\$ 730,636	\$ 2,259,636
2019	325,000	55,192	380,192	81,000	32,490	113,490	83,000	46,650	129,650	-	140,000	140,000	130,000	52,938	182,938	1,540,000	714,338	2,254,338
2020	330,000	49,231	379,231	83,000	30,643	113,643	84,000	44,160	128,160	-	140,000	140,000	135,000	50,338	185,338	1,587,800	630,395	2,218,195
2021	335,000	43,180	378,180	85,000	28,751	113,751	85,000	41,640	126,640	-	140,000	140,000	135,000	46,288	181,288	1,554,000	576,512	2,130,512
2022	340,000	37,037	377,037	86,000	26,813	112,813	86,000	39,090	125,090	-	140,000	140,000	140,000	42,238	182,238	1,603,000	524,880	2,127,880
2023	345,000	30,804	375,804	88,000	24,852	112,852	87,000	36,510	123,510	-	140,000	140,000	145,000	38,038	183,038	1,656,000	471,475	2,127,475
2024	350,000	24,479	374,479	90,000	22,846	112,846	88,000	33,900	121,900	-	140,000	140,000	150,000	33,688	183,688	1,384,000	416,132	1,800,132
2025	355,000	18,064	373,064	92,000	20,794	112,794	89,000	31,260	120,260	-	140,000	140,000	155,000	29,188	184,188	1,425,000	368,988	1,793,988
2026	320,000	11,921	331,921	95,000	18,696	113,696	90,000	28,590	118,590	-	140,000	140,000	155,000	26,863	181,863	1,420,000	322,951	1,742,951
2027	250,000	6,734	256,734	97,000	16,530	113,530	91,000	25,890	116,890	-	140,000	140,000	160,000	24,538	184,538	1,387,000	276,528	1,663,528
2028	245,000	2,230	247,230	99,000	14,318	113,318	93,000	23,160	116,160	-	140,000	140,000	160,000	21,338	181,338	936,778	228,506	1,165,284
2029				101,000	12,061	113,061	94,000	20,370	114,370	-	140,000	140,000	165,000	18,138	183,138	539,000	205,233	744,233
2030				103,000	9,758	112,758	95,000	17,550	112,550	-	140,000	140,000	170,000	14,013	184,013	551,000	191,335	742,335
2031				106,000	7,410	113,410	96,000	14,700	110,700	-	140,000	140,000	175,000	9,763	184,763	565,000	177,120	742,120
2032				108,000	4,993	112,993	97,000	11,820	108,820	-	140,000	140,000	180,000	4,950	184,950	470,000	163,659	633,659
2033				111,000	2,531	113,531	98,000	8,910	106,910	-	140,000	140,000				209,000	151,441	360,441
2034							99,000	5,970	104,970	-	140,000	140,000				99,000	145,970	244,970
2035							100,000	3,000	103,000	3,500,000	140,000	3,640,000				3,600,000	143,000	3,743,000
	<b>\$ 3,550,000</b>	<b>\$ 340,249</b>	<b>\$ 3,890,249</b>	<b>\$ 1,504,000</b>	<b>\$ 307,777</b>	<b>\$ 1,811,777</b>	<b>\$ 1,637,000</b>	<b>\$ 482,280</b>	<b>\$ 2,119,280</b>	<b>\$ 3,500,000</b>	<b>\$ 2,520,000</b>	<b>\$ 6,020,000</b>	<b>\$ 2,285,000</b>	<b>\$ 467,850</b>	<b>\$ 2,752,850</b>	<b>\$ 22,055,578</b>	<b>\$ 6,439,099</b>	<b>\$ 28,494,677</b>

CITY OF LEBANON TENNESSEE  
SCHEDULE OF PROPRIETARY FUND DEBT  
June 30, 2017

WATER AND SEWER FUND NOTES

	Loan - State of Tennessee 02-165			Loan - State of Tennessee 08-220			Loan - State of Tennessee 08-222			Loan - State of Tennessee 08-079			Loan - State of Tennessee 08-080			Loan - State of Tennessee 12-126		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 235,524	\$ 66,132	\$ 301,656	\$ 19,848	\$ 6,636	\$ 26,484	\$ 888,156	\$ 298,010	\$ 1,186,166	\$ 110,244	\$ 42,408	\$ 152,652	\$ 30,108	\$ 11,148	\$ 41,256	\$ 128,400	\$ 46,140	\$ 174,540
2019	241,116	60,540	301,656	20,328	6,156	26,484	907,896	277,143	1,185,039	112,848	39,804	152,652	30,852	10,404	41,256	130,668	43,872	174,540
2020	246,852	54,804	301,656	20,820	5,664	26,484	928,068	255,813	1,183,881	115,500	37,152	152,652	31,608	9,648	41,256	132,996	41,544	174,540
2021	252,708	48,948	301,656	21,324	5,160	26,484	948,696	234,008	1,182,704	118,224	34,428	152,652	32,388	8,868	41,256	135,348	39,192	174,540
2022	258,708	42,948	301,656	21,840	4,644	26,484	960,180	211,718	1,171,898	121,008	31,644	152,652	33,204	8,052	41,256	137,748	36,792	174,540
2023	264,864	36,792	301,656	22,368	4,116	26,484	991,332	188,934	1,180,266	123,852	28,800	152,652	34,020	7,236	41,256	140,196	34,344	174,540
2024	271,152	30,504	301,656	22,920	3,564	26,484	1,013,364	165,643	1,179,007	126,768	25,884	152,652	34,860	6,396	41,256	142,680	31,860	174,540
2025	277,596	24,060	301,656	23,472	3,012	26,484	1,035,876	141,834	1,177,710	129,756	22,896	152,652	35,724	5,532	41,256	145,212	29,328	174,540
2026	284,184	17,472	301,656	24,036	2,448	26,484	1,058,904	177,496	1,236,400	132,816	19,836	152,652	36,612	4,644	41,256	147,792	26,748	174,540
2027	290,940	10,716	301,656	24,624	1,860	26,484	1,082,436	92,618	1,175,054	135,936	16,716	152,652	37,524	3,732	41,256	150,420	24,120	174,540
2028	297,973	3,795	301,768	25,224	1,260	26,484	1,106,484	67,186	1,173,670	139,140	13,512	152,652	38,448	2,808	41,256	153,084	21,456	174,540
2029				25,836	648	26,484	1,131,072	41,190	1,172,262	142,416	10,236	152,652	39,408	1,884	41,292	155,796	18,744	174,540
2030				13,118	104	13,222	1,163,694	14,616	1,178,310	145,776	6,876	152,652	40,380	876	41,256	158,568	15,972	174,540
2031										149,208	3,444	152,652	13,824	87	13,911	161,376	13,164	174,540
2032										63,211	413	63,624				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
2036																		
2037																		
	<u>\$ 2,921,617</u>	<u>\$ 396,711</u>	<u>\$ 3,318,328</u>	<u>\$ 285,758</u>	<u>\$ 45,272</u>	<u>\$ 331,030</u>	<u>\$ 13,216,158</u>	<u>\$ 2,166,209</u>	<u>\$ 15,382,367</u>	<u>\$ 1,866,703</u>	<u>\$ 334,049</u>	<u>\$ 2,200,752</u>	<u>\$ 468,960</u>	<u>\$ 81,315</u>	<u>\$ 550,275</u>	<u>\$ 2,680,482</u>	<u>\$ 446,779</u>	<u>\$ 3,127,261</u>

CITY OF LEBANON TENNESSEE  
 SCHEDULE OF PROPRIETARY FUND DEBT  
 June 30, 2017

WATER AND SEWER FUND NOTES

	Loan - State of Tennessee 12-127			Loan - State of Tennessee 12-128			Loan - State of Tennessee 12-129			Loan - State of Tennessee 15-161			Loan - State of Tennessee 15-162			TMBF 2014			Total Water and Sewer Notes		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 57,204	\$ 21,372	\$ 78,576	\$ 74,256	\$ 20,256	\$ 94,512	\$ 51,696	\$ 14,244	\$ 65,940	\$ 24,864	\$ 9,852	\$ 34,716	\$ 35,498	\$ 19,475	\$ 74,973	\$ 650,000	\$ 31,635	\$ 681,635	\$ 2,325,798	\$ 887,308	\$ 2,913,106
2019	58,224	20,352	78,576	75,216	19,296	94,512	52,368	13,572	65,940	25,284	9,432	34,716	34,615	20,358	74,973	570,000	19,610	589,610	2,279,415	540,540	2,819,954
2020	59,256	19,320	78,576	76,200	18,312	94,512	53,052	12,888	65,940	25,728	8,988	34,716	35,556	19,417	74,973	490,000	9,065	499,065	2,235,636	492,615	2,728,251
2021	60,312	18,264	78,576	77,184	17,328	94,512	53,736	12,204	65,940	26,172	8,544	34,716	36,514	18,460	74,973				1,782,606	445,403	2,228,009
2022	61,380	17,196	78,576	78,180	16,332	94,512	54,432	11,508	65,940	26,616	8,100	34,716	37,488	17,486	74,973				1,810,784	406,420	2,217,204
2023	62,472	16,104	78,576	79,200	15,312	94,512	55,140	10,800	65,940	27,084	7,632	34,716	38,478	16,495	74,973				1,859,006	366,565	2,225,571
2024	63,576	15,000	78,576	80,232	14,280	94,512	55,848	10,092	65,940	27,552	7,164	34,716	39,486	15,487	74,973				1,898,438	325,874	2,224,312
2025	64,704	13,872	78,576	81,276	13,256	94,512	56,580	9,360	65,940	28,020	6,696	34,716	40,511	14,462	74,973				1,938,727	284,288	2,223,015
2026	65,856	12,720	78,576	82,320	12,192	94,512	57,312	8,628	65,940	28,500	6,216	34,716	41,554	13,419	74,973				1,979,886	301,819	2,281,705
2027	67,020	11,556	78,576	83,388	11,124	94,512	58,056	7,884	65,940	28,992	5,724	34,716	42,615	12,358	74,973				2,021,951	198,408	2,220,359
2028	68,208	10,368	78,576	84,480	10,032	94,512	58,812	7,128	65,940	29,496	5,220	34,716	43,694	11,279	74,973				2,063,043	154,044	2,217,088
2029	69,420	9,156	78,576	85,572	8,940	94,512	59,580	6,360	65,940	30,000	4,716	34,716	44,792	10,181	74,973				2,105,641	112,055	2,217,696
2030	70,656	7,920	78,576	86,676	7,836	94,512	60,348	5,592	65,940	30,516	4,200	34,716	45,909	9,064	74,973				2,153,641	73,056	2,226,697
2031	71,904	6,672	78,576	87,804	6,708	94,512	61,128	4,812	65,940	31,044	3,672	34,716	47,045	7,929	74,973				2,202,951	46,488	2,249,439
2032	73,188	5,388	78,576	88,944	5,568	94,512	61,920	4,020	65,940	31,584	3,132	34,716	48,200	6,773	74,973				2,253,291	35,590	2,288,881
2033	74,484	4,092	78,576	90,096	4,416	94,512	62,724	3,216	65,940	32,124	2,592	34,716	49,376	5,598	74,973				2,303,964	27,294	2,331,258
2034	75,804	2,772	78,576	91,272	3,240	94,512	63,540	2,400	65,940	32,676	2,040	34,716	50,571	4,402	74,973				2,354,987	19,270	2,374,257
2035	77,148	1,428	78,576	92,448	2,064	94,512	64,368	1,572	65,940	33,240	1,476	34,716	51,788	3,186	74,973				2,406,462	11,137	2,417,600
2036	39,186	180	39,366	15,749	864	39,366	65,196	744	65,940	33,816	900	34,716	73,025	1,948	74,973				304,871	4,636	309,507
2037				18		18	21,844	55	21,899	34,292	301	34,593	74,284	689	74,973				146,168	1,063	147,232
	\$ 1,340,002	\$ 213,732	\$ 1,553,734	\$ 1,604,141	\$ 207,354	\$ 1,811,495	\$ 1,127,680	\$ 147,079	\$ 1,274,759	\$ 387,640	\$ 106,597	\$ 694,197	\$ 1,271,000	\$ 228,465	\$ 1,499,465	\$ 1,710,000	\$ 60,310	\$ 1,770,310	\$ 28,980,100	\$ 4,433,871	\$ 33,413,971

CITY OF LEBANON TENNESSEE  
 SCHEDULE OF PROPRIETARY FUND DEBT  
 June 30, 2017

GAS BONDS

	2008 Refunding bond			2008 TML			2014 TMBF			Total Gas Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 140,000	\$ 5,600	\$ 145,600	\$ 49,000	\$ 39,150	\$ 88,150	\$ 42,000	\$ 20,874	\$ 62,874	\$ 231,000	\$ 65,624	\$ 296,624
2019				52,000	36,700	88,700	43,000	19,841	62,841	95,000	56,541	151,541
2020				54,000	34,100	88,100	45,000	18,772	63,772	99,000	52,872	151,872
2021				57,000	31,400	88,400	46,000	17,666	63,666	103,000	49,066	152,066
2022				60,000	28,550	88,550	47,000	16,536	63,536	107,000	45,086	152,086
2023				63,000	25,550	88,550	48,000	15,382	63,382	111,000	40,932	151,932
2024				66,000	22,400	88,400	49,000	14,203	63,203	115,000	36,603	151,603
2025				69,000	19,100	88,100	50,000	13,001	63,001	119,000	32,101	151,101
2026				73,000	15,650	88,650	51,000	11,773	62,773	124,000	27,423	151,423
2027				76,000	12,000	88,000	53,000	10,510	63,510	129,000	22,510	151,510
2028				80,000	8,200	88,200	54,000	9,210	63,210	134,000	17,410	151,410
2029				84,000	4,200	88,200	55,000	7,885	62,885	139,000	12,085	151,085
2030							57,000	6,525	63,525	57,000	6,525	63,525
2031							58,000	5,127	63,127	58,000	5,127	63,127
2032							59,000	3,706	62,706	59,000	3,706	62,706
2033							61,000	2,248	63,248	61,000	2,248	63,248
2034							62,000	753	62,753	62,000	753	62,753
	<u>\$ 140,000</u>	<u>\$ 5,600</u>	<u>\$ 145,600</u>	<u>\$ 783,000</u>	<u>\$ 277,000</u>	<u>\$ 1,060,000</u>	<u>\$ 880,000</u>	<u>\$ 194,011</u>	<u>\$ 1,074,011</u>	<u>1,803,000</u>	<u>476,611</u>	<u>2,279,611</u>

CITY OF LEBANON, TENNESSEE

SCHEDULE OF ADDITIONS AND RETIREMENTS TO UTILITY PLANT

June 30, 2017

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Department of Natural Gas:				
Land and Improvements	\$ 866,063	\$ -	\$ -	\$ 866,063
Buildings	2,510,361	18,507	-	2,528,868
Equipment	2,570,104	647,071	(22,915)	3,194,260
Transmission and Distribution	31,267,974	1,338,748	-	32,606,722
	<u>\$ 37,214,502</u>	<u>\$ 2,004,326</u>	<u>\$ (22,915)</u>	<u>\$ 39,195,913</u>
Department of Water and Sewer:				
Land and Improvements	\$ 1,681,937	\$ 5,473	\$ -	\$ 1,687,410
Buildings	54,639,999	12,613,267	-	67,253,266
Equipment	3,899,599	481,733	-	4,381,332
Improvements Other Than Buildings	111,459,201	2,921,233	-	114,380,434
	<u>\$ 171,680,736</u>	<u>\$ 16,021,705</u>	<u>\$ -</u>	<u>\$ 187,702,441</u>

**CITY OF LEBANON, TENNESSEE**  
**SCHEDULE OF TAXES RECEIVABLE**

**June 30, 2017**

General Fund

Uncollected Taxes:

Deferred 2017	\$ 7,142,341
Vouchers on Hand	0
2016	230,081
2015	31,636
2014	557
2013	828
2012	1,629
2011	104
2010	2,422
2009	226
2008	232
2007	642
2006	955
	<u>\$ 7,411,653</u>

-NOTE

All delinquent taxes through 2015 Tax year have been filed with the Clerk and Master.

**CITY OF LEBANON TENNESSEE**  
**SCHEDULE OF CHANGES IN TAXES RECEIVABLE**  
**Year Ended June 30, 2017**

Tax Year	Property Tax Receivable Balance June 30, 2016	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Allowance for Uncollectibles	Net Receivable Balance June 30, 2017
2017			\$ 7,142,341				\$ 7,142,341
Vouchers	\$ -	\$ 7,678			\$ 7,678		\$ -
2016	6,708,408	295,442		(88,282)	6,862,051		230,081
2015	161,430	-		(5,750)	135,544		31,636
2014	23,148	-		(897)	23,488		557
2013	1,488	-		(6)	666		828
2012	1,629	-		-	-		1,629
2011	104	-	-	-	-		104
2010	2,422	-	-	-	-		2,422
2009	226	-	-	-	-	-	226
2008	344	-	-	-	112		232
2007	642	-	-	-	-		642
2006	955	-	-	-	-		955
2005	2,697	-	-	2,697	-		-
	<u>\$6,903,493</u>	<u>\$303,120</u>	<u>\$7,142,341</u>	<u>(\$92,238)</u>	<u>\$7,029,539</u>	<u>\$0</u>	<u>\$ 7,411,653</u>

**CITY OF LEBANON TENNESSEE**

**SCHEDULE OF TAX RATES AND ASSESSMENTS**

**UNAUDITED**

**June 30, 2017**

	<u>Rate per \$100 of Assessed Valuation</u>	<u>Total Assessed Valuation</u>
2017	\$ 0.6075	\$ 1,175,736,471
2016	0.6075	1,145,490,181
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

**CITY OF LEBANON, TENNESSEE**  
**SCHEDULE OF NATURAL GAS RATES**

**UNAUDITED**

**Year Ended June 30, 2017**

There were 8,179 metered customers billed during the month of June, 2017. The policy of the City requires that all customers be metered.

Natural Gas rates in effect at June 30, 2017 are as follows:

	<u>Inside City</u>	<u>Outside City</u>
<b>1) <u>Residential</u></b>		
Minimum	\$5.00	\$5.00
First 1,000 Cubic Feet	\$7.87	\$9.47
All Over 1,000 Cubic Feet	\$8.09/1000	\$9.73/1000
<b>2) <u>Commercial</u></b>		
Customer Charge	\$20.00	\$20.00
First 10,000 Cubic Feet	\$8.99	\$10.85
All Over 10,000 Cubic Feet	\$7.71/1000	\$9.26/1000
<b>2) <u>Multiple Dwellings- L.H.A.</u></b>		
Minimum	\$5.00	
First 1,000 Cubic Feet	\$7.87	
All Over 1,000 Cubic Feet	\$8.09/1000	
<b>4) <u>Interruptible</u></b>		
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	
<b>5) <u>Industrial</u></b>		
Customer Charge	\$100.00	\$100.00
First 100,000 Cubic Feet	\$8.14/1000	\$9.79/1000
All Over 100,000 Cubic Feet	\$7.29/100MCF	\$8.73/100MCF

Number of miles of the Distribution System of Lines- 299

**CITY OF LEBANON, TENNESSEE**  
**SCHEDULE OF WATER AND SEWER RATES**

**UNAUDITED**

**Year Ended June 30, 2017**

There were 11,302 metered water customers and 11,655 sewer customers billed during June, 2017. 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, 2017, are as follows:

**WATER**

<b>Residential</b>			<u>Inside City</u>			<u>Outside City</u>		
First	0-2000	GA	0.006913	Per Gallon	\$10.37	0.010367	Per Gallon	\$15.55
Next	2001-7500	GA	0.007312	Per Gallon		0.010968	Per Gallon	
Next	7501- over	GA	0.007253	Per Gallon		0.010880	Per Gallon	
<b>Commercial</b>								
First	0-2000	GA	0.007150	Per Gallon	\$10.73	0.010725	Per Gallon	\$16.09
Next	2001-99,999	GA	0.007312	Per Gallon		0.010968	Per Gallon	
Next	100,000-199,999	GA	0.006000	Per Gallon		0.009000	Per Gallon	
Next	200,000-over	GA	0.005000	Per Gallon		0.007500	Per Gallon	

**SEWER (Water customers also)**

<b>Residential</b>			<u>Inside City</u>			<u>Outside City</u>		
First	0-1500	GA	0.007333	Per Gallon	\$11.00	0.011000	Per Gallon	\$16.50
Next	1501- over	GA	0.007600	Per Gallon		0.011550	Per Gallon	
<b>Commercial</b>								
First	0-1500	GA	0.007533	Per Gallon	\$11.30	0.011300	Per Gallon	\$16.95
Next	1501-99,999	GA	0.007600	Per Gallon		0.011500	Per Gallon	
Next	100,000- over	GA	0.007200	Per Gallon		0.010800	Per Gallon	

**SEWER ONLY (Metered Sewer)**

<b>Residential</b>			<u>Inside City</u>			<u>Outside City</u>		
First	0-1500	GA	0.007333	Per Gallon	\$11.00	0.014000	Per Gallon	\$21.00
Next	1501- over	GA	0.007600	Per Gallon		0.014750	Per Gallon	
<b>Commercial</b>								
First	0-1500	GA	0.007533	Per Gallon	\$11.30	0.014333	Per Gallon	\$21.50
Next	1501-99,999	GA	0.007600	Per Gallon		0.014750	Per Gallon	
Next	100,000- over	GA	0.007200	Per Gallon				

Fee for replacing destroyed meter locks: \$30

Fee for Service call per trip required: \$40

Fee for the reconnect fee for utilities that have been disconnected by the City: \$50

Water rate for water utility district will remain the same.

CITY OF LEBANON, TENNESSEE

SCHEDULE OF INSURANCE COVERAGE

UNAUDITED

JUNE 30, 2017

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

\$162,469,734 per occurrence  
\$225,000  
\$3,675,000  
\$162,469,734  
\$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 SALARIES AND FIDELITY  
BONDS OF PRINCIPAL FINANCIAL OFFICIALS**

**UNAUDITED**

**June 30, 2017**

	<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 TRANSFERS

Year Ended June 30, 2017

Transfers From	Governmental Funds				Total
	Major Funds	Other Nonmajor Governmental Funds			
		General	Stormwater	State Street Aid	
Transfers To					
Governmental Funds:					
Major Funds:					
General	\$ -	\$ -	\$ -	\$ -	\$ -
Nonmajor Funds:					
Stormwater		231,145			231,145
Floyd Family Life Center		300,000			300,000
2008 G.O. Refunding					
Bond Sinking		320,127			320,127
2003 G.O. Bond					
Sinking		160,054			160,054
2004 G.O. Bond					
Sinking		108,782			108,782
2008 G.O. Bond					
Sinking		198,971			198,971
2011 G.O. Bond					
Sinking		61,384			61,384
2013 G.O. Bond					
Sinking		228,878			228,878
2016 Legends Drive					
Sinking		32,143			32,143
2016 Airport Terminal					
Sinking		86,690			86,690
Airport Capital					
Projects		102,150		150,000	252,150
Street Improvements		440,100		236,700	676,800
Beatification Committee			2,500		2,500
Total	\$ 2,270,424	\$ 2,500	\$ 236,700	\$ 150,000	\$ 2,659,624

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues					
Taxes:					
Real and Personalty	\$ 6,830,294	\$ 5,761,718	\$ 5,777,997	\$ 5,378,029	\$ 3,045,833
Business Tax	1,594,583	1,364,190	1,481,951	1,050,900	1,133,291
Wholesale Beer	1,071,598	1,083,966	1,043,791	1,005,429	951,932
Sales Tax	11,842,555	11,276,908	10,262,957	9,636,331	8,917,967
Cable TV Franchise Fee	380,825	373,771	327,270	282,272	255,452
Hotel and Motel Tax	394,197	361,250	311,746	263,006	239,726
Liquor Tax	382,897	362,639	327,390	320,776	324,004
	<u>22,496,949</u>	<u>20,584,442</u>	<u>19,533,102</u>	<u>17,936,743</u>	<u>14,868,205</u>
Tax Equivalents:					
TVA Tax Replacement	370,099	308,125	304,331	290,541	299,451
	<u>370,099</u>	<u>308,125</u>	<u>304,331</u>	<u>290,541</u>	<u>299,451</u>
Federal, State and Regional					
Apportionments and Grants:					
Sales Tax	2,607,033	2,105,150	1,960,284	1,857,962	1,801,466
Income Tax	518,316	390,497	407,221	337,376	206,633
Street and Transportation Fund	63,974	53,296	53,455	53,616	53,675
Highway Grants and Contracts	155,382	164,701	117,791	96,473	103,709
Beer Tax	15,804	12,788	12,526	12,393	12,948
Alcoholic Beverage Tax	105,379	90,452	98,116	90,629	92,113
Corporate Excise Tax	92,462	76,319	47,652	30,747	21,044
Police and Fire Salary Supplement	72,000	70,200	69,000	68,400	63,600
COPS/JAG Grants	211,029	21,592	20,650	13,471	1,285
D.E.A. Grant	11,252	17,199	31,447	35,117	32,885
Highway Safety/Safe Street Grants	22,131	19,121	29,164	37,490	14,246
Organized Drug Task Force	-	-	6,191	37,159	3,423
Telecommunications	2,691	2,305	2,507	2,645	2,131
	<u>3,877,453</u>	<u>3,023,620</u>	<u>2,856,004</u>	<u>2,673,478</u>	<u>2,409,160</u>
Fines and Costs	852,113	844,868	713,305	735,012	665,299
Rents from Other City Departments	-	-	3,987	9,500	16,104
Rent - Other	24,000	42,000	54,000	24,000	24,000
Highway and Street Charges	72,654	75,318	32,471	23,884	12,466
Interest	101,417	58,129	70,886	83,847	59,353
Permits and Licenses	1,336,638	1,260,722	905,997	791,377	604,414
Cemetery Income	56,820	55,080	60,828	76,235	71,863
Park and Recreation Income	38,064	31,290	31,373	28,343	38,487
Interest and Penalty on Taxes and Licenses	27,409	27,810	37,680	23,537	25,738
Miscellaneous	840,927	433,375	347,700	398,654	299,808
Financing Sources	71,503	35,838	66,610	81,096	57,168
	<u>3,421,545</u>	<u>2,864,430</u>	<u>2,324,837</u>	<u>2,275,485</u>	<u>1,874,699</u>
	<u>\$ 30,166,046</u>	<u>\$ 26,780,617</u>	<u>\$ 25,018,274</u>	<u>\$ 23,176,247</u>	<u>\$ 19,451,514</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Mayor and Council	\$ 455,131	\$ 339,139	\$ 303,638	\$ 222,061	\$ 185,211
City Attorney/Judicial	199,719	179,469	185,883	179,703	175,462
Financial Administration	176,490	179,001	163,905	134,055	119,225
EAC Committee	134	228	171	234	170
Accounting	174,224	180,987	175,321	236,338	215,483
Sanitation	1,800,601	1,186,318	1,335,785	1,309,497	1,109,215
Customer Billing	26,338	26,959	35,226	35,475	13,131
Purchasing	41,260	44,416	43,399	54,950	49,409
Computer Equipment	311,645	211,214	229,730	214,839	188,118
Public Works	294,580	251,822	175,132	199,280	162,964
Warehouse	178,585	(380)	40,449	45,646	36,643
Personnel	233,280	288,329	231,613	79,197	73,085
General Maintenance	289,329	236,634	253,245	260,288	238,046
Police	8,526,304	7,791,166	7,577,294	8,364,368	7,316,426
Fire	6,624,137	4,697,257	3,998,986	3,975,030	3,492,672
Building Inspection	508,581	430,478	359,256	351,484	265,646
Building Maintenance	86,019	84,276	107,711	95,648	100,070
Street	3,055,543	1,408,746	2,960,669	2,390,262	2,103,489
Animal Control	153,101	215,803	159,085	88,328	95,287
Engineering	302,500	292,259	268,312	277,996	202,277
Garage	310,661	299,730	345,642	307,312	262,074
Cemetery	108,313	97,442	85,797	80,332	84,384
Recreation	729,665	724,948	993,132	740,510	831,243
Drainage Migration	297,359	56,131	50,000	50,000	600,000
Special Events	29,830	32,184	28,544	27,970	29,054
Dues	353,829	260,373	264,322	363,078	352,957
Community Park	222,734	89,450	214,947	83,764	93,431
Regional Transportation Authority	298,128	158,569	163,017	-	50,000
Traffic Maintenance	199,319	210,005	148,423	236,312	154,011
Public Safety	754,438	671,656	487,633	425,980	225,859
Johnson Controls	93,055	160,667	92,359	43,201	1,489,633
Risk Assessment	20,372	-	-	-	-
Accounting System Debt Service	17,987	36,169	38,641	35,875	52,803
Economic Development	114,737	35,074	-	-	-
Total Expenditures	<u>\$ 26,987,928</u>	<u>\$ 20,876,519</u>	<u>\$ 21,517,267</u>	<u>\$ 20,909,013</u>	<u>\$ 20,367,478</u>

**CITY OF LEBANON, TENNESSEE**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**UNAUDITED**  
**Years Ended June 30, 2017**

	<u>2017</u>
Total Tax Levy	\$ 7,003,922
Current Tax Collections	\$ 6,725,934
Percent of Levy Collected	96.03%
Delinquent Tax Collections	\$ 253,879
Total Tax Collections	\$ 6,979,813
Total Collections as Percent of Current Levy	99.66%
Outstanding Delinquent Taxes	\$ 266,712
Outstanding Delinquent Taxes as Percent of Current Levy	3.81%

**CITY OF LEBANON, TENNESSEE**

**ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY**

**UNAUDITED**

**Year Ended June 30, 2017**

	<u>2017</u>
<b>Real Property:</b>	
Assessed Value	\$ 1,040,469,845
Estimated Actual Value	3,329,446,700
<b>Personal Property:</b>	
Assessed Value	135,266,626
Estimated Actual Value	450,885,277
<b>Public Utility Property:</b>	
Assessed Value	48,632,360
Estimated Actual Value	48,632,360
<b>Total:</b>	
Assessed Value	1,224,368,831
Estimated Actual Value	3,828,964,337
Ratio of Total Assessed Value to Total Estimated Actual Value	   31.98%

**CITY OF LEBANON, TENNESSEE**

**PROPERTY TAX RATES AND LEVIES - ALL OVERLAPPING GOVERNMENTS**

**UNAUDITED**

**Last Five Fiscal Years**

Tax Rates

<u>Fiscal</u>	<u>Tax</u>		<u>City</u>	<u>County</u>
<u>Year</u>	<u>Year</u>			
2013	2012	\$	0.34560	\$2.5704/\$2.9604
2014	2013	\$	0.60750	\$2.5704/\$3.0204
2015	2014	\$	0.60750	\$2.5704/\$3.0204
2016	2015	\$	0.60750	\$2.5189/\$2.9016
2017	2016	\$	0.60750	\$2.5189/\$2.9016

Tax Levies

			<u>City</u>	<u>County</u>
2013	2012	\$	3,195,846	\$ 72,744,346
2014	2013	\$	5,369,617	\$ 78,849,633
2015	2014	\$	5,572,337	\$ 81,121,620
2016	2015	\$	5,646,898	\$ 83,299,252
2017	2016	\$	6,708,480	\$ 97,936,335

**CITY OF LEBANON, TENNESSEE**

**MISCELLANEOUS STATISTICAL DATA**

**UNAUDITED**

**June 30, 2017**

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

2017- 39.40

Paved Streets- 200.0 Miles

Sidewalks- 72 Miles

Sanitary Sewer Lines- 283 Miles

Fire Protection:

Number of Fire Stations- 3

Number of Employees- 55

Police Protection:

Number of Employees- 111

Vehicular Patrol Units- 108

**CITY OF LEBANON, TENNESSEE**

**MISCELLANEOUS STATISTICAL DATA**

**UNAUDITED**

**June 30, 2017**

Elections:

Number of Registered Voters- 15,372

Number of Votes Cast-

Last General Election- 10,781

Last Municipal Election- 10,781

Special Called Election- 1,450

Percentage of Registered Voters Voting

Last General Election- 70%

Last Municipal Election- 70%

Special Called Election- 9%

Population:

2017- 33,391

Gas System:

Number of Consumers- 8,179

Cubic Feet Billed for the

Year- 952,702,262

Distribution System- 299 Miles  
of Lines

Water System:

Number of Consumers- 11,302

Cubic Feet Billed for the

Year- 1,445,650,142

Distribution System- 252  
miles of Water Mains

Water Treatment Plant

Capacity- 12,000,000

Gallons Per Day

**CITY OF LEBANON, TENNESSEE**

**MISCELLANEOUS STATISTICAL DATA**

**UNAUDITED**

**June 30, 2017**

Sewer System:

Number of Users- 11,655

Sewer Plant Capacity-

10,000,000 Gallons Per Day

Number of Employees- 434

Principal Taxpayers

Type of Business

Lebanon HMA	Healthcare
Middle Tennessee Electric Membership Corp	Electric Co-op
McNabb Teresa	Real Estate
Lochinvar LLC	Manufacturing
Tennessee Service Corp	Auto Auction
Western A Midwest TN LLC	Distribution
SMBC Leasing & Finance Inc	Distribution
Dugdale Jonathan G	Real Estate
Duke Realty LTD	Real Estate
Cato Industrial Development	Real Estate



## AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0  
American Water Works Association  
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Click to access definition  
 Click to add a comment

Water Audit Report for: **City of Lebanon**  
Reporting Year: **2017** **7/2016 - 6/2017**

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.

Master Meter and Supply Error Adjustments

### WATER SUPPLIED

----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:		<input type="text" value="9"/>	<input type="text" value="2,095.472"/>	MG/Yr		<input type="text" value="5"/>	<input type="text" value="2.00%"/>	<input type="radio"/>	<input type="radio"/>	<input type="text" value=""/>	MG/Yr
Water imported:		<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr		<input type="text" value=""/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="text" value=""/>	<input type="text" value=""/>	MG/Yr
Water exported:		<input type="text" value="8"/>	<input type="text" value="401.199"/>	MG/Yr		<input type="text" value="5"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="text" value="2.003"/>	<input type="text" value=""/>	MG/Yr

**WATER SUPPLIED:**  MG/Yr

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

### AUTHORIZED CONSUMPTION

Billed metered:		<input type="text" value="7"/>	<input type="text" value="1,045.768"/>	MG/Yr
Billed unmetered:		<input type="text" value="7"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled metered:		<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled unmetered:		<input type="text" value="8"/>	<input type="text" value="8.811"/>	MG/Yr

**AUTHORIZED CONSUMPTION:**  MG/Yr

Click here: for help using option buttons below

Pct:  Value:  MG/Yr

Use buttons to select percentage of water supplied OR value

### WATER LOSSES (Water Supplied - Authorized Consumption)

MG/Yr

#### Apparent Losses

Unauthorized consumption:  MG/Yr  
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:		<input type="text" value="8"/>	<input type="text" value="32.343"/>	MG/Yr
Systematic data handling errors:		<input type="text" value="5"/>	<input type="text" value="31.897"/>	MG/Yr

**Apparent Losses:**  MG/Yr

Pct:  Value:

MG/Yr

### Real Losses (Current Annual Real Losses or CARL)

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

**WATER LOSSES:**  MG/Yr

### NON-REVENUE WATER

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

= Water Losses + Unbilled Metered + Unbilled Unmetered

### SYSTEM DATA

Length of mains:		<input type="text" value="9"/>	<input type="text" value="251.8"/>	miles
Number of active AND inactive service connections:		<input type="text" value="8"/>	<input type="text" value="11,460"/>	
Service connection density:		<input type="text" value=""/>	<input type="text" value="46"/>	conn./mile main

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

Average length of customer service line:

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

Average operating pressure:   psi

### COST DATA

Total annual cost of operating water system:		<input type="text" value="9"/>	<input type="text" value="\$6,272,157"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):		<input type="text" value="6"/>	<input type="text" value="\$13.24"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):		<input type="text" value="10"/>	<input type="text" value="\$621.87"/>	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

### WATER AUDIT DATA VALIDITY SCORE:

**\*\*\* YOUR SCORE IS: 79 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: Billed metered
- 2: Customer retail unit cost (applied to Apparent Losses)
- 3: Unauthorized consumption



## AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.  
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Water Audit Report for:   
 Reporting Year:

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 79 out of 100 \*\*\*

**System Attributes:**

Apparent Losses:	68.378	MG/Yr
+	Real Losses:	532.231
=	<b>Water Losses:</b>	<b>600.609</b>

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:	36.8%	
		Non-revenue water as percent by cost of operating system:	19.8%	Real Losses valued at Variable Production Cost

Operational Efficiency:	{	Apparent Losses per service connection per day:	16.35	gallons/connection/day
		Real Losses per service connection per day:	127.24	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	2.12	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 AND STATE FINANCIAL ASSISTANCE**

CITY OF LEBANON, TENNESSEE  
SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA#	CONTRACT #	EXPENDITURES
<b>FEDERAL AWARDS:</b>				
Pass Through Funding:				
Environmental Protection Agency through TN Department of Environment and Conservation	Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWF 2012-129	\$ 335,632
Environmental Protection Agency through TN Department of Environment and Conservation	Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW2 2015-161	334,841
Total Program 66.468				<u>\$ 670,474</u>
Pass Through Funding:				
Department of Transportation through TN Department of Transportation	DUI Enforcement Initiative	20.607	Z14GHS192	\$ 2,761
Department of Transportation through TN Department of Safety and Homeland Security	DUI Enforcement Initiative	20.607	Z17THS215	3,732
Total Program 20.607				<u>\$ 6,493</u>
Department of Justice passed through the TN Bureau Of Investigation	Public Safety Partnership and Community Policing Grants	16.710		1,464
Department of Housing and Urban Development passed through TN Housing Development Agency	Home Investment Partership Program	14.239	HM-1515-24	178,522
Department of Transportation passed through TN Department of Transportation	Airport Improvement Program	20.106	95-555-0154-16	\$ 137,700
Department of Transportation passed through TN Department of Transportation	Airport Improvement Program	20.106	95-555-0155-16	270,000
Total Program 20.106				<u>\$ 407,700</u>
Direct Funding:				
Department of Justice	Edward Byrne Memorial Justice Assistance	16.738	2015-DJ-BX-1034	\$ 12,462
Department of Justice	Edward Byrne Memorial Justice Assistance	16.738	2016-DJ-BX-0253	14,282
Total Program 16.738				<u>\$ 26,744</u>
Department of Justice	Bullet Proof Vest Partnership Program	16.607		5,763
TOTAL FEDERAL AWARDS				<u>\$ 1,297,160</u>
<b>STATE FINANCIAL ASSISTANCE:</b>				
Tennessee Department of Transportation	Airport Maintenance	N/A	95-555-1533-04	\$ 14,300
Tennessee Department of Transportation	Rotating Beacon	N/A	95-555-0751-04	19,750
Tennessee Department of Transportation	Westside Terminal	N/A	95-555-0453-16	260,266

CITY OF LEBANON, TENNESSEE  
SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR	PROGRAM/CLUSTER NAME	CFDA#	CONTRACT #	EXPENDITURES
Tennessee Department of Transportation	Runway Incursion	N/A	95-555-0154-16	15,300
Tennessee Department of Transportation	Mill & Pave Apron	N/A	95-555-0155-16	21,944
Tennessee Department of Transportation	Apron Crack Repair	N/A	95-555-0758-17	34,200
Tennessee Department of Transportation	Grounds Maintenance Equipment	N/A	95-555-0357-17	(7,500)
Tennessee Department of Environment and Conservation	Granular Activated Carbon Additions	N/A	DWF 2012-129	78,633
Tennessee Department of Environment and Conservation	S Hartmann Water System Improvements	N/A	DW2 2015-161	544,347
Tennessee Department of Environment and Conservation	S Hartmann Water System Improvements	N/A	DWF 2015-162	289,837
TOTAL STATE AWARDS				<u>\$ 1,271,077</u>
TOTAL FEDERAL AND STATE AWARDS				<u>\$ 2,568,237</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of federal awards and state financial assistance includes the federal and state 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 the requirements of the Uniform Guidance.

NOTE B - LOANS OUTSTANDING

At June 30, 2017, there were the following balances outstanding on loans obtained in prior years:

Loan #	Outstanding Balance	Percent Federal Funding	Payments in Current Fiscal Year
DWF 2012-127		81.48%	\$ 181
DWF 2012-128		81.48%	329,996

NOTE C - INDIRECT COST RATE

None of the expenditures listed above include indirect costs, therefore, the City of Lebanon does not use the 10% de minimus indirect cost rate allowed by Uniform Guidance.

**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 of the 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 schedule of the City of Lebanon, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Lebanon, Tennessee's basic financial statements, and have issued our report thereon dated February 23, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the City of Lebanon, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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.

*Demsey Ventrose + Folles PLLC*

Lebanon, Tennessee  
February 23, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE

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 of the State of Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited the City of Lebanon, Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Lebanon, Tennessee's major federal programs for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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 the City of Lebanon, Tennessee's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the 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, 2017.

***Other Matters***

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

### **Report on Internal Control over Compliance**

Management of the 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 the 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 the Uniform Guidance, 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 the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Dempsey Ventresca + Folles PLLC*

Lebanon, Tennessee  
February 23, 2018

**CITY OF LEBANON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2017**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified  
 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  
 2 CFR section 200.516(a)?   yes Xno

Identification of major programs:

<u>CFDA Number(s)</u> 66.468	<u>Name of Federal Program or Cluster</u> Environmental Protection Agency
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Dollar threshold used to distinguish  
 between Type A and Type B programs: \$750,000

Audit qualified as low-risk auditee? Xyes   no

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.

**CITY OF LEBANON**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2017**

Financial Statement Findings

No matters were reported.

Federal Award Findings and Questioned Costs

No matters were reported.