



# MAULDIN & JENKINS

CPAs & ADVISORS

**CITY OF LEBANON, TENNESSEE**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2023**

**CITY OF LEBANON, TENNESSEE**  
**TABLE OF CONTENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Page Number</b>
<b><u>I. INTRODUCTORY SECTION:</u></b>	
List of Principal Officers	1
<b><u>II. FINANCIAL SECTION:</u></b>	
Independent Auditor’s Report	2-5
Management’s Discussion and Analysis	6-9
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	16-17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20-21
Notes to the Financial Statements	22-81
<b>Required Supplementary Information:</b>	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of the TCRS – Legacy Plan	82
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS – Legacy Plan	83
Schedule of Contributions – TCRS Legacy Plan	84
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	85
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS – Hybrid Plan	86
Schedule of Contributions – TCRS Hybrid Plan	87
Schedule of Changes in Total OPEB Liability Based on Participations in the City of Lebanon OPEB Plan	88

**CITY OF LEBANON, TENNESSEE**  
**TABLE OF CONTENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Page Number</b>
<b>II. <u>FINANCIAL SECTION (CONTINUED):</u></b>	
<b>Combining and Individual Fund Statements and Schedules:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	89
Combining Balance Sheet – Nonmajor Special Revenue Governmental Funds	90-91
Combining Balance Sheet – Nonmajor Capital Project Governmental Funds	92
Combining Balance Sheet – Nonmajor Debt Service Governmental Funds	93-94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Governmental Funds	96-97
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Governmental Funds	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Governmental Funds	99-100
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
State Street Aid Fund	101
Airport Operations Fund	102
Jimmy Floyd Family Life Center Fund	103
Electronic Traffic Citation Fund	104
Federal Asset Seizure Fund	105
Cemetery Maintenance Fund	106
Lebanon Housing Authority Fund	107
Tourism and Economic Development Fund	108
Spirit of Christmas Fund	109
Drug Enforcement Fund	110
Beautification Committee Fund	111
Law Enforcement Support Organization Fund	112
Citizens Emergency Response Team Fund	113
Police Local Option Fines Fund	114
Lebanon and Wilson County Community Park Fund	115
Airport Capital Projects Fund	116
Street Improvements Fund	117
Public Safety Building Bond Fund	118
2008 G.O. Bond Refunding Fund	119
2008 Bond Debt Service Fund	120
2004 Bond Debt Service Fund	121
2011 Bond Debt Service Fund	122
2013 Bond Debt Service Fund	123

**CITY OF LEBANON, TENNESSEE**  
**TABLE OF CONTENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Page Number</b>
<b>II. <u>FINANCIAL SECTION (CONTINUED):</u></b>	
<b>Combining and Individual Fund Statements and Schedules (Continued):</b>	
2016 Legends Drive Fund	124
2016 Airport Terminal Fund	125
Westside Park Debt Service Fund	126
Airport Maintenance Hanger Bond Fund	127
Radio Systems Bond Fund	128
Road Improvements Bond Fund	129
 <b>Other Supplementary Information:</b>	
Schedule of Changes in Long-Term Debt by Individual Issue	130-131
Schedule of Principal and Interest Requirements General Obligation Debt and Notes to be Repaid From Governmental Activities	132-134
Schedule of Principal and Interest Requirements General Obligation Debt and Notes to be Repaid from Business-Type Activities	135-139
Schedule of Changes in Lease Obligations by Individual Issue	140-141
Schedule of Principal and Interest Requirements - Leases	142
Schedule of Water and Sewer Rates - Unaudited	143
Schedule of Gas Rates - Unaudited	144
Schedule of Changes in Property Taxes Receivables - Unaudited	145
Property Tax Rates and Levies – All Overlapping Governments- Unaudited	146
 <b>III. <u>INTERNAL CONTROL AND COMPLIANCE SECTION:</u></b>	
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 <i>Government Auditing Standards</i>	147-148
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	149-151
Schedule of Expenditures of Federal Awards and State Financial Assistance	152-153
Schedule of Findings and Questioned Costs	154-159
Schedule of Prior Year Findings and Questioned Costs	160
Management’s Corrective Action Plan	161

**INTRODUCTORY  
SECTION**

**CITY OF LEBANON, TENNESSEE**

**LIST OF PRINCIPAL OFFICERS**

June 30, 2023

**Publicly Elected Officials**

Rick Bell, Mayor  
Joey Carmack, Ward 1 Councilor  
Fred Burton, Ward 2 Councilor  
Camille Burdine, Ward 3 Councilor  
Chris Crowell, Ward 4 Councilor  
Tick Bryan, Ward 5 Councilor  
Phil Morehead, Ward 6 Councilor

**Management Officials**

Commissioner of Finance and Revenue, Stuart Lawson, CMFO  
Commissioner of Public Works, Jeff Bains

**FINANCIAL  
SECTION**



## INDEPENDENT AUDITOR'S REPORT

---

**The Honorable Mayor and Members  
of the Board of Aldermen of the  
City of Lebanon, Tennessee**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Lebanon, Tennessee** (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lebanon, Tennessee as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained on *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

---

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

---

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 6 through 9) the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS-Legacy Plan, schedule of contributions based on participation in the public employee pension plan of the TCRS-Legacy Plan, the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS-Hybrid Plan, schedule of contributions based on participation in the public employee pension plan of the TCRS-Hybrid Plan, and schedule of changes in net OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, the schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of changes in long-term debt by individual issue, schedule of principal and interest requirements, the schedule of changes in lease obligations by individual issue, and schedule of principal and interest requirement – leases, as listed in the table of contents (collectively the "supplementary information"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

---

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, the schedule of changes in property taxes receivable, gas rates – unaudited, water and sewer rates – unaudited, and property tax rates and levies – all overlapping governments – unaudited, as listed in the table of contents, but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024, on our consideration of the City’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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Chattanooga, Tennessee  
May 16, 2024



**CITY OF LEBANON, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2023**

This section of the **City of Lebanon, Tennessee's** (the "City") report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the City's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- > The City's total net position was \$363.5 million. Of this amount, the net position of the Governmental activities was \$168.7 million and the net position of the Business type activities was \$194.8 million.
- > The City's governmental activities revenues from taxes and other sources were \$67.1 million and exceeded expenditures by \$208 thousand. The total change in fund balance for all governmental funds was \$6.7 million.
- > Revenues from the City's business-type activities were \$46.9 million, and the net operating income was \$8.9 million. The total change in net position for these activities was \$27.1 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

The City's combined net position increased \$60.0 million during the year ended June 30, 2023. Of this amount, Government activities increased by about \$32.9 million and the net position of the Business type activities increased by \$27.1 million.

	Governmental Activities		Business Type Activities		Total	
	2023	2022-Restated	2023	2022-Restated	2023	2022-Restated
Current and Other Assets	\$ 106,371,504	\$ 102,326,191	\$ 60,790,978	\$ 61,733,370	\$ 167,162,482	\$ 164,059,561
Capital Assets, net	133,084,899	101,648,284	181,590,533	157,277,698	314,675,432	258,925,982
Total Assets	<u>239,456,403</u>	<u>203,974,475</u>	<u>242,381,511</u>	<u>219,011,068</u>	<u>481,837,914</u>	<u>422,985,543</u>
Deferred Outflows of Resources	<u>14,456,870</u>	<u>12,307,544</u>	<u>3,201,401</u>	<u>4,731,715</u>	<u>17,658,271</u>	<u>17,039,259</u>
Long-Term Debt, net	54,692,718	44,478,577	42,988,180	45,478,918	97,680,898	89,957,495
Other Liabilities	11,564,859	10,803,773	6,314,640	2,565,414	17,879,499	13,369,187
Total Liabilities	<u>66,257,577</u>	<u>55,282,350</u>	<u>49,302,820</u>	<u>48,044,332</u>	<u>115,560,397</u>	<u>103,326,682</u>
Deferred Inflows of Resources	<u>18,984,191</u>	<u>25,301,946</u>	<u>1,471,191</u>	<u>7,946,957</u>	<u>20,455,382</u>	<u>33,248,903</u>
Net Position						
Net Investment in Capital Assets	101,829,806	75,490,116	143,543,607	117,751,405	245,373,413	193,241,521
Restricted	6,654,052	10,059,542	2,793,640	6,901,751	9,447,692	16,961,293
Unrestricted	60,187,647	50,148,065	48,471,654	43,098,338	108,659,301	93,246,403
Total Net Position	<u>\$ 168,671,505</u>	<u>\$ 135,697,723</u>	<u>\$ 194,808,901</u>	<u>\$ 167,751,494</u>	<u>\$ 363,480,406</u>	<u>\$ 303,449,217</u>

Net position of the City's governmental activities increased by about \$40.0 million. Of this amount, total assets increased by \$35.5 million and total liabilities increased by \$11 million. Over half of the governmental activities' net position is in net investment in capital assets.

The net position of the business-type activities increased \$27.0 million. Of this amount total assets increased by \$23.4 million and total liabilities increased by \$1.3 million. Almost all of the net position is in net investment in capital assets.



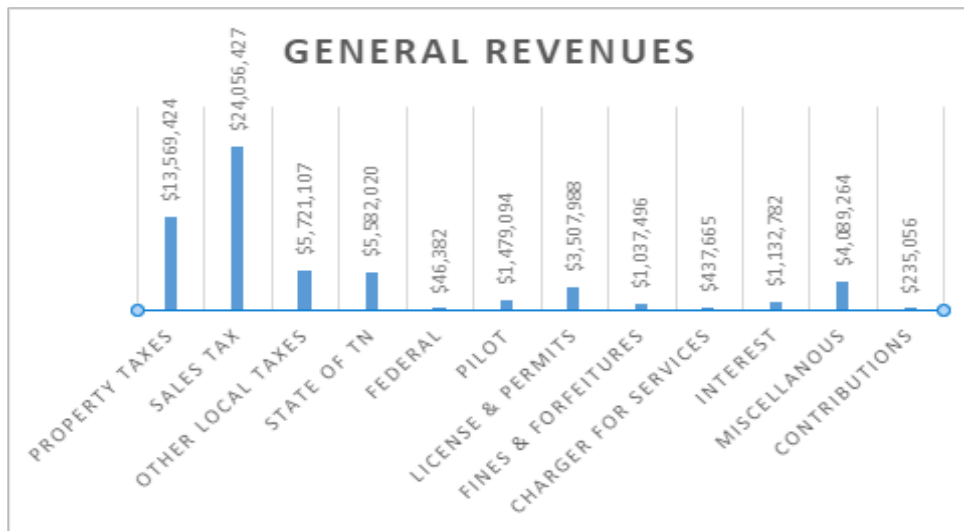
**CHANGES IN NET POSITION**

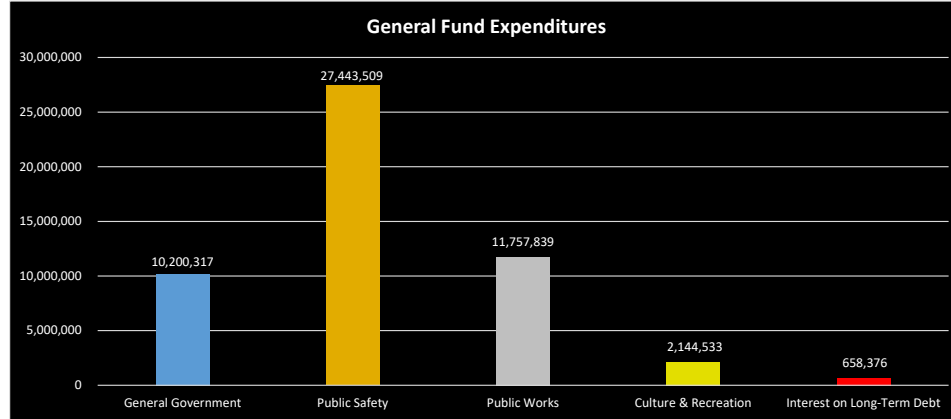
The following table shows the City's changes in net position for the fiscal years ended June 30, 2023

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 9,650,567	\$ 6,295,899	\$ 46,954,084	\$ 47,679,943	\$ 56,604,651	\$ 53,975,842
Operating Grants & Contributions	3,711,337	9,069,433	-	-	3,711,337	9,069,433
Capital Grants & Contributions	21,666,108	1,753,776	16,937,804	6,583,605	38,603,912	8,337,381
<b>General Revenues:</b>						
Property Taxes	13,596,559	12,426,458	-	-	13,596,559	12,426,458
Sales Tax	29,260,123	26,814,444	-	-	29,260,123	26,814,444
Other Local Taxes	5,721,107	5,537,486	-	-	5,721,107	5,537,486
Other	2,089,535	-	218,582	290,483	2,308,117	290,483
Unrestricted Interest Income	1,369,828	93,734	705,876	261,047	2,075,704	354,781
Gain on disposal of capital assets	-	-	169,564	-	169,564	-
Transfers In/Out	(737,142)	921,470	737,142	(921,470)	-	-
<b>Total General Revenues</b>	<b>86,328,022</b>	<b>62,912,700</b>	<b>65,723,052</b>	<b>53,893,608</b>	<b>152,051,074</b>	<b>116,806,308</b>
<b>Expenses</b>						
General Government	12,722,167	8,446,784	-	-	12,722,167	8,446,784
Public Safety	22,857,010	21,477,487	-	-	22,857,010	21,477,487
Public Works	10,938,756	7,936,854	-	-	10,938,756	7,936,854
Culture & Recreation	5,934,201	3,767,992	-	-	5,934,201	3,767,992
Interest on Long-Term Debt	902,106	703,786	-	-	902,106	703,786
Stormwater	-	-	1,790,252	1,224,818	1,790,252	1,224,818
Water & Sewer	-	-	23,600,745	21,773,193	23,600,745	21,773,193
Natural Gas	-	-	13,274,648	13,096,006	13,274,648	13,096,006
	<b>53,354,240</b>	<b>42,332,903</b>	<b>38,665,645</b>	<b>36,094,017</b>	<b>92,019,885</b>	<b>78,426,920</b>
<b>Change in Net Position</b>	<b>\$ 32,973,782</b>	<b>\$ 20,579,797</b>	<b>\$ 27,057,407</b>	<b>\$ 17,799,591</b>	<b>\$ 60,031,189</b>	<b>\$ 38,379,388</b>

**GENERAL FUND ANALYSIS**

The following charts summarize the revenues and expenditures for the General Fund for the fiscal year ended June 30, 2023.





The total revenues for the General Fund was \$60.9 million and the total expenditures were \$52.2 million. After factoring in Other Financing Sources (Uses) of (\$3.6) million, the net change in fund balance for the General Fund was \$5.1 million

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets:**

At June 30, 2023, the City had \$314.9 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.

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 12,854,867	\$ 12,854,867	\$ 3,036,879	\$ 2,563,086	\$ 15,891,746	\$ 15,417,953
Buildings	24,374,608	24,374,608	40,288,153	41,694,129	64,662,761	66,068,737
Improvements Other Than Buildings	66,551,107	66,551,107	118,038,377	101,258,607	184,589,484	167,809,714
Equipment	14,885,768	14,885,768	4,323,190	3,124,933	19,208,958	18,010,701
Leased Assets	1,452,935	1,452,935	44,952	57,906	1,497,887	1,510,841
Construction in Process	13,173,551	13,173,551	15,903,933	8,579,037	29,077,484	21,752,588
<b>Total</b>	<b>\$ 133,292,836</b>	<b>\$ 133,292,836</b>	<b>\$ 181,635,484</b>	<b>\$ 157,277,698</b>	<b>\$ 314,928,320</b>	<b>\$ 290,570,534</b>

This year's major capital additions included: water & sewer improvements, gas improvements, street construction and construction of a new sports complex.

The fiscal year ended June 30, 2024 budget includes capital expenditures of \$26.8 million. The City plans for developers to pay for part of these projects, receive grants, and the remainder will come from funds on hand.

**Long-Term Debt**

At June 30, 2023, the City had \$67.3 million in bonds, notes, capital leases and subscriptions outstanding. See note 7 to the financial statements for more information on long-term debt activity.

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 1,232,000	\$ 1,563,000	\$ 17,027,188	\$ 18,846,134	\$ 18,259,188	\$ 20,409,134
Notes Payable	26,022,060	22,567,287	20,519,088	22,668,413	46,541,148	45,235,700
Lease Payable	1,394,102	198,539	46,082	58,355	1,440,184	256,894
Subscription Payable	1,104,350	1,005,612	-	-	1,104,350	1,005,612
<b>Total</b>	<b>\$ 29,752,512</b>	<b>\$ 25,334,438</b>	<b>\$ 37,592,358</b>	<b>\$ 41,572,902</b>	<b>\$ 67,344,870</b>	<b>\$ 66,907,340</b>

Bond ratings: Aa2



#### GOVERNMENT-WIDE STATEMENTS

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

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

#### FUND FINANCIAL STATEMENTS

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

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

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

When preparing the General Fund for fiscal year 2024, increase for salaries, benefits, capital equipment and improvements were factored in. The City of Lebanon passed a 6% cost-of-living adjustment for its employees. The amount projected for revenues for appropriation in the General Fund budget is \$55.88 million, an increase of 10.03% compared to the amended budget for 2022-2023. Estimated property tax revenue is expected to increase by \$800,000, or 7% and estimated sales tax revenue is expected to increase by \$2.8 million or 15% compared to the amended budget for fiscal year 2023. Projected expenditures will decrease by 17.12% compared to the amended budget fiscal year 2023. Revenues are expected to exceed expenditures by approximately \$442,000.

Water & Sewer revenues are projected to decrease 40.79% compared to last year and expenses are expected to increase by 8.24%. Revenues are expected to exceed expenses by approximately \$8.5 million. The cash (over) for the Water & Sewer fund is estimated to be \$892,000 after factoring in non-cash expenses less principal and capital outlay. The main reason for the decrease in revenues is in developer's contributions and American Rescue Plan funds for capital projects that moved closer to completion.

Gas revenues are projected to increase 8.06% compared to the amended budget for fiscal year 2023. Expenses are projected to increase by about 9.73% compared to last year. Revenues are projected to exceed expenses by about \$1.54 million. The cash (over) for the Gas fund is estimated to be \$541,000 after factoring in non-cash expenses less principal and capital outlay.

Debt is expected to increase in fiscal year 2024 due to:

- 1) Water and Sewer Fund - Proposed loan of \$4 million for the design of treatment plant capacity upgrades.

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 of 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.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF LEBANON, TENNESSEE**

**STATEMENT OF NET POSITION  
JUNE 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lebanon Senior Citizens Center
<b>ASSETS</b>				
Cash and cash equivalents	\$ 74,635,378	\$ 44,841,457	\$ 119,476,835	\$ 219,287
Investments	8,566,865	5,004,022	13,570,887	-
Receivables:				
Taxes (net of allowance)	14,164,146	-	14,164,146	-
Accounts (net of allowance)	1,941,009	5,123,405	7,064,414	-
Sales tax	4,169,616	-	4,169,616	-
Lease receivables	326,548	487,832	814,380	-
Due from other governments	2,592,761	-	2,592,761	-
Due from component unit	3,321	-	3,321	-
Due from primary government	-	-	-	177
Due from others	-	67,955	67,955	-
Internal balances	(1,672,473)	1,672,473	-	-
Inventories	166,336	613,010	779,346	-
Prepaid items	354,144	187,184	541,328	-
Stabilization trust	996,269	315,879	1,312,148	-
Restricted assets:				
Cash and cash equivalents	127,584	2,477,761	2,605,345	-
Capital assets, not being depreciated	26,028,418	18,940,812	44,969,230	105,468
Capital assets, net of accumulated depreciation	107,056,481	162,649,721	269,706,202	693,279
<b>Total Assets</b>	<b>239,456,403</b>	<b>242,381,511</b>	<b>481,837,914</b>	<b>1,018,211</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows from pension	8,229,257	1,822,985	10,052,242	-
Deferred outflows from OPEB	6,222,490	1,359,816	7,582,306	-
Deferred charges on refunding	5,123	18,600	23,723	-
<b>Total Deferred Outflows of Resources</b>	<b>14,456,870</b>	<b>3,201,401</b>	<b>17,658,271</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable	2,337,744	5,219,165	7,556,909	2,229
Accrued expenses	3,463,192	898,582	4,361,774	4,898
Due to component unit	177	-	177	-
Due to primary government	-	-	-	3,321
Accrued interest payable	158,828	-	158,828	-
Customer deposits	72,005	250	72,255	-
Unearned revenue	5,532,913	196,643	5,729,556	-
Current portion of long-term liabilities	2,507,067	3,554,514	6,061,581	3,944
Noncurrent Liabilities :				
Due in more than one year	28,816,552	34,326,342	63,142,894	3,374
Net pension liability - TCRS	3,403,331	744,156	4,147,487	-
OPEB liability	19,965,768	4,363,168	24,328,936	-
<b>Total Liabilities</b>	<b>66,257,577</b>	<b>49,302,820</b>	<b>115,560,397</b>	<b>17,766</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	14,116,812	-	14,116,812	-
Deferred revenue - leases	305,066	473,168	778,234	-
OPEB related items	4,450,888	972,664	5,423,552	-
Pension related items - TCRS	111,425	25,359	136,784	-
<b>Total Deferred Inflows of Resources</b>	<b>18,984,191</b>	<b>1,471,191</b>	<b>20,455,382</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	101,829,806	143,543,607	245,373,413	791,429
Restricted for:				
General government	978,032	-	978,032	-
Public safety	686,761	-	686,761	-
Recreation	1,327,621	-	1,327,621	-
Capital projects	2,665,369	-	2,665,369	-
Debt service	-	2,027,034	2,027,034	-
Construction retainage	-	450,727	450,727	-
Stabilization trust	996,269	315,879	1,312,148	-
Unrestricted	60,187,647	48,471,654	108,659,301	209,016
<b>Total Net Position</b>	<b>\$ 168,671,505</b>	<b>\$ 194,808,901</b>	<b>\$ 363,480,406</b>	<b>\$ 1,000,445</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF LEBANON, TENNESSEE**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			Component Unit Lebanon Senior Citizens Center
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental Activities:								
General government	\$ 12,722,167	\$ 4,656,109	\$ 3,395,216	\$ -	\$ (4,670,842)	\$ -	\$ (4,670,842)	\$ -
Public safety	22,857,010	54,750	222,419	-	(22,579,841)	-	(22,579,841)	-
Public works	10,938,756	3,767,694	93,702	21,666,108	14,588,748	-	14,588,748	-
Culture and recreation	5,934,201	1,172,014	-	-	(4,762,187)	-	(4,762,187)	-
Interest on debt	902,106	-	-	-	(902,106)	-	(902,106)	-
Total Governmental Activities	<u>53,354,240</u>	<u>9,650,567</u>	<u>3,711,337</u>	<u>21,666,108</u>	<u>(18,326,228)</u>	<u>-</u>	<u>(18,326,228)</u>	<u>-</u>
Business-type Activities:								
Stormwater	1,790,252	2,444,929	-	7,584,694	-	8,239,371	8,239,371	-
Water and Sewer	23,600,745	31,045,265	-	9,330,610	-	16,775,130	16,775,130	-
Natural Gas	13,274,648	13,463,890	-	22,500	-	211,742	211,742	-
Total Business-type Activities	<u>38,665,645</u>	<u>46,954,084</u>	<u>-</u>	<u>16,937,804</u>	<u>-</u>	<u>25,226,243</u>	<u>25,226,243</u>	<u>-</u>
Total Primary Government	<u>\$ 92,019,885</u>	<u>\$ 56,604,651</u>	<u>\$ 3,711,337</u>	<u>\$ 38,603,912</u>	<u>\$ (18,326,228)</u>	<u>\$ 25,226,243</u>	<u>\$ 6,900,015</u>	<u>-</u>
<b>Component Unit:</b>								
Lebanon Senior Citizens Center	\$ 498,104	\$ 166,192	\$ 247,467	\$ -				\$ (84,445)
Total Component Units	<u>\$ 498,104</u>	<u>\$ 166,192</u>	<u>\$ 247,467</u>	<u>\$ -</u>				<u>\$ (84,445)</u>
General Revenues:								
					\$ 13,596,559	\$ -	\$ 13,596,559	\$ -
					29,260,123	-	29,260,123	-
					5,721,107	-	5,721,107	-
					2,089,535	218,582	2,308,117	105,687
					1,369,828	705,876	2,075,704	649
					-	169,564	169,564	-
					<u>52,037,152</u>	<u>1,094,022</u>	<u>53,131,174</u>	<u>106,336</u>
					(737,142)	737,142	-	-
					32,973,782	27,057,407	60,031,189	21,891
					<u>135,697,723</u>	<u>167,751,494</u>	<u>303,449,217</u>	<u>978,554</u>
					<u>\$ 168,671,505</u>	<u>\$ 194,808,901</u>	<u>\$ 363,480,406</u>	<u>\$ 1,000,445</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LEBANON, TENNESSEE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 63,290,561	\$ 11,344,817	\$ 74,635,378
Investments	8,529,980	36,885	8,566,865
Receivables (net of allowance):			
Property taxes	14,164,146	-	14,164,146
Sales taxes	4,169,616	-	4,169,616
Accounts	1,636,457	304,552	1,941,009
Due from other funds	891,761	-	891,761
Due from component unit	3,321	-	3,321
Due from other governments	2,484,763	107,998	2,592,761
Restricted cash	127,584	-	127,584
Prepaid items	338,234	15,910	354,144
Inventories	166,336	-	166,336
Stabilization trust	996,269	-	996,269
Lease receivable	-	326,548	326,548
Total Assets	<u>\$ 96,799,028</u>	<u>\$ 12,136,710</u>	<u>\$ 108,935,738</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,176,116	\$ 1,161,628	\$ 2,337,744
Accrued liabilities	1,329,029	2,134,163	3,463,192
Due to component unit	177	-	177
Due to other funds	2,538,865	25,369	2,564,234
Customer deposits	72,005	-	72,005
Unearned revenue	5,532,913	-	5,532,913
Total Liabilities	<u>10,649,105</u>	<u>3,321,160</u>	<u>13,970,265</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred - property taxes	14,116,812	-	14,116,812
Unavailable revenue - property taxes	27,135	-	27,135
Unavailable revenue - intergovernmental	2,749,446	101,864	2,851,310
Deferred inflows - leases	-	305,066	305,066
Total Deferred Inflows of Resources	<u>16,893,393</u>	<u>406,930</u>	<u>17,300,323</u>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Inventory	166,336	-	166,336
Prepays	338,234	15,910	354,144
<b>Restricted:</b>			
General government	-	978,032	978,032
Public safety	-	686,761	686,761
Culture and recreation	-	1,327,621	1,327,621
Capital projects	-	1,481,081	1,481,081
Public works	-	2,665,369	2,665,369
Stabilization trust	996,269	-	996,269
Debt service	-	526,039	526,039
<b>Committed:</b>			
Police	-	71,671	71,671
Cemetery	-	114,781	114,781
<b>Assigned:</b>			
Airport	-	310,469	310,469
Floyd Family Life Center	-	230,886	230,886
Unassigned	67,755,691	-	67,755,691
Total Fund Balances	<u>69,256,530</u>	<u>8,408,620</u>	<u>77,665,150</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 96,799,028</u>	<u>\$ 12,136,710</u>	<u>\$ 108,935,738</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LEBANON, TENNESSEE**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

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

Total Fund Balances - Governmental Funds	\$ 77,665,150
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds	133,084,899
Revenue not available to pay for current expenditures and, therefore, is deferred in the funds:	
Unavailable revenue - property taxes	27,135
Unavailable revenue - intergovernmental	2,851,310
Deferred outflows of resources - pensions and OPEB are not available to pay current expenditures and, therefore, are not reported in governmental funds	14,451,747
Deferred inflows of resources - pensions and OPEB are not due in the current period and, therefore, are not reported in governmental funds	(4,562,313)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(1,232,000)
Notes payable	(26,002,874)
Deferred charges on refunding	5,123
Premiums on notes	(19,186)
Lease payable	(1,394,102)
SBITAs payable	(1,104,350)
Accrued interest payable	(158,828)
Compensated absences payable	(1,571,107)
Total OPEB liability	(19,965,768)
Net pension liabilities	(3,403,331)
Net Position of Governmental Activities	\$ 168,671,505

The notes to the financial statements are an integral part of this statement.

**CITY OF LEBANON, TENNESSEE**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 43,346,958	\$ 631,463	\$ 43,978,421
Licenses and permits	3,507,988	-	3,507,988
Fines and forfeitures	1,037,496	514,914	1,552,410
Intergovernmental	7,107,496	3,118,696	10,226,192
Charges for services	437,665	1,135,164	1,572,829
Interest	1,132,782	237,046	1,369,828
Miscellaneous	4,089,264	497,147	4,586,411
Contributions	235,056	69,605	304,661
Total Revenues	<u>60,894,705</u>	<u>6,204,035</u>	<u>67,098,740</u>
<b>EXPENDITURES</b>			
Current:			
General government	10,200,317	377,422	10,577,739
Public safety	27,443,509	276,761	27,720,270
Public works	11,757,839	823,567	12,581,406
Culture and recreation	2,144,533	3,236,001	5,380,534
Capital Outlay	-	7,167,452	7,167,452
Debt Service:			
Principal	608,078	1,981,500	2,589,578
Interest and fiscal charges	50,298	792,642	842,940
Issuance costs	-	30,000	30,000
Total Expenditures	<u>52,204,574</u>	<u>14,685,345</u>	<u>66,889,919</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>8,690,131</u>	<u>(8,481,310)</u>	<u>208,821</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issuance	127,584	5,000,000	5,127,584
Proceeds from sale of capital assets	215,179	624	215,803
Issuance of leases and SBITAs	587,553	1,273,329	1,860,882
Transfers in	76,858	4,118,453	4,195,311
Transfers out	(4,559,570)	(372,883)	(4,932,453)
Total Other Financing Sources (Uses)	<u>(3,552,396)</u>	<u>10,019,523</u>	<u>6,467,127</u>
Net Change in Fund Balances	5,137,735	1,538,213	6,675,948
Fund Balance - Beginning, as Restated	<u>64,118,795</u>	<u>6,870,407</u>	<u>70,989,202</u>
Fund Balance - Ending	<u>\$ 69,256,530</u>	<u>\$ 8,408,620</u>	<u>\$ 77,665,150</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LEBANON, TENNESSEE**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Net Change in Fund Balance - Total Governmental Funds	\$	6,675,948
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which capital outlays exceeded depreciation in the current period:</p>		
Capital outlays		21,013,353
Depreciation expense		(7,330,245)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position.</p>		
Donated capital assets		16,872,176
Net book value of disposals		(226,715)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>		
Change in intergovernmental revenue		2,851,310
Change in property taxes		27,135
<p>Some expenses reported in the statement of activities, such as accrued leave, interest payable, debt premium amortization and OPEB liability, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>		
Compensated absences		(31,964)
Amortization of debt issuance premium		14,690
Change in accrued interest payable		(43,856)
Change in OPEB liability		(2,757,897)
Change in net pension liabilities		308,735
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds. These transactions do not have any effect on net position:</p>		
Issuance of capital lease		(1,357,392)
Issuance of debt		(5,127,584)
Issuance of SBITA		(503,490)
<p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any effect on net position:</p>		
Payments on notes payable		1,691,997
Payments on bonds payable		331,000
Payments on lease and financed purchases payable		161,829
Payments on SBITAs		404,752
Change in Net Position of Governmental Activities	\$	<u>32,973,782</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LEBANON, TENNESSEE**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property tax	\$ 12,450,000	\$ 12,450,000	\$ 13,569,424	\$ 1,119,424
Sales tax	19,200,000	22,029,739	24,056,427	2,026,688
Other local taxes	4,281,000	4,281,000	5,721,107	1,440,107
<b>Total Taxes</b>	<b>35,931,000</b>	<b>38,760,739</b>	<b>43,346,958</b>	<b>4,586,219</b>
Intergovernmental:				
Federal	-	-	46,382	46,382
State	6,714,496	9,194,496	5,582,020	(3,612,476)
Payment in lieu of taxes	1,404,057	1,404,057	1,479,094	75,037
<b>Total Intergovernmental</b>	<b>8,118,553</b>	<b>10,598,553</b>	<b>7,107,496</b>	<b>(3,491,057)</b>
Licenses and permits	1,688,500	1,688,500	3,507,988	1,819,488
Fines and forfeitures	819,000	819,000	1,037,496	218,496
Charges for services	361,150	361,150	437,665	76,515
Interest	185,000	266,570	1,132,782	866,212
Miscellaneous	967,200	1,287,578	4,089,264	2,801,686
Contributions	-	108,654	235,056	126,402
<b>Total Revenues</b>	<b>48,070,403</b>	<b>53,890,744</b>	<b>60,894,705</b>	<b>7,003,961</b>
<b>EXPENDITURES</b>				
General Government:				
Mayor council	319,509	881,055	545,993	335,062
City attorney & judicial	289,990	324,625	293,168	31,457
Financial administration	220,899	235,318	239,995	(4,677)
Building maintenance	250,699	304,258	246,280	57,978
Accounting	165,899	186,296	175,608	10,688
Customer billing	55,595	89,472	71,271	18,201
Purchasing	82,717	90,616	92,474	(1,858)
Computer equipment	557,880	1,063,628	680,937	382,691
Economic development	217,812	263,145	260,276	2,869
Mitchell house	187,073	203,728	151,311	52,417
Personnel	673,226	847,343	556,547	290,796
Risk assessment	161,351	171,373	157,870	13,503
General maintenance	766,913	927,345	655,451	271,894
Building inspection	650,001	708,741	598,486	110,255
Codes enforcement	288,075	295,296	244,791	50,505
Cemetery	191,380	205,767	179,486	26,281
Regional transportation authority dues	54,800	54,800	54,408	392
Special events	18,000	18,000	8,018	9,982
Dues	49,762	49,762	41,237	8,525
Donations	312,173	438,073	325,698	112,375
City holiday events	49,500	50,500	46,866	3,634
Johnson controls maintenance	14,248	14,248	-	14,248
Capital outlay	2,963,207	9,337,125	4,574,146	4,762,979
<b>Total General Government</b>	<b>8,540,709</b>	<b>16,760,514</b>	<b>10,200,317</b>	<b>6,560,197</b>
Public Safety:				
Public safety	26,061,987	29,130,630	26,439,071	2,691,559
Animal control	250,083	480,506	173,705	306,801
Radio communication	425,000	830,737	830,733	4
<b>Total Public Safety</b>	<b>26,737,070</b>	<b>30,441,873</b>	<b>27,443,509</b>	<b>2,998,364</b>

continued

**CITY OF LEBANON, TENNESSEE**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Public Works:				
Public works	\$ 1,688,665	\$ 3,124,971	\$ 1,873,552	\$ 1,251,419
Street	2,287,995	6,079,178	5,380,789	698,389
Sanitation	2,209,664	5,558,369	3,472,437	2,085,932
Traffic maintenance	572,541	743,108	567,113	175,995
Garage	441,061	584,702	463,948	120,754
Total Public Works	<u>7,199,926</u>	<u>16,090,328</u>	<u>11,757,839</u>	<u>4,332,489</u>
Culture and Recreation:				
Recreation administration	1,835,475	2,573,852	1,854,189	719,663
Recreation	287,561	300,157	290,344	9,813
Total Culture and Recreation	<u>2,123,036</u>	<u>2,874,009</u>	<u>2,144,533</u>	<u>729,476</u>
Debt Service:				
Principal	38,115	588,525	608,078	(19,553)
Interest and fiscal charges	-	1,082,711	50,298	1,032,413
Total Debt Service	<u>38,115</u>	<u>1,671,236</u>	<u>658,376</u>	<u>1,012,860</u>
Total Expenditures	<u>44,638,856</u>	<u>67,837,960</u>	<u>52,204,574</u>	<u>15,633,386</u>
<b>Excess (deficiency) of revenues over expenditures</b>	3,431,547	(13,947,216)	8,690,131	22,637,347
<b>OTHER FINANCING USES</b>				
Debt issuance	-	127,584	127,584	-
Proceeds from disposal of capital assets	60,000	60,000	215,179	(155,179)
Proceeds from lease	-	1,509,102	587,553	921,549
Transfers in	-	-	76,858	(76,858)
Transfers out	(3,082,420)	(13,935,144)	(4,559,570)	(9,375,574)
Total Other Financing Uses	<u>(3,022,420)</u>	<u>(12,238,458)</u>	<u>(3,552,396)</u>	<u>(8,686,062)</u>
Net Change in Fund Balances	<u>\$ 409,127</u>	<u>\$ (26,185,674)</u>	5,137,735	<u>\$ 13,951,285</u>
Fund Balance - Beginning, as Restated			<u>64,118,795</u>	
Fund Balance - Ending			<u>\$ 69,256,530</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF LEBANON, TENNESSEE**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023**

	Enterprise Funds			Totals
	Stormwater	Water & Sewer	Natural Gas	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 5,454,559	\$ 35,134,522	\$ 4,252,376	\$ 44,841,457
Investments	10,622	4,373,842	619,558	5,004,022
Accounts receivable, (net):				
Accounts	126,725	4,139,741	856,939	5,123,405
Lease receivable	-	487,832	-	487,832
Due from other funds	-	1,873,286	674,834	2,548,120
Due from others	-	-	67,955	67,955
Prepays	7,467	127,744	51,973	187,184
Inventory	-	370,025	242,985	613,010
Total current assets	<u>5,599,373</u>	<u>46,506,992</u>	<u>6,766,620</u>	<u>58,872,985</u>
Noncurrent assets:				
Capital assets, not being depreciated	81,998	17,979,829	878,985	18,940,812
Capital assets, net of accumulated depreciation	11,001,987	121,131,704	30,516,030	162,649,721
Total capital assets	<u>11,083,985</u>	<u>139,111,533</u>	<u>31,395,015</u>	<u>181,590,533</u>
Restricted cash and cash equivalents	-	2,477,761	-	2,477,761
Stabilization reserve	29,470	216,069	70,340	315,879
Total other noncurrent assets	<u>29,470</u>	<u>2,693,830</u>	<u>70,340</u>	<u>2,793,640</u>
Total noncurrent assets	<u>11,113,455</u>	<u>141,805,363</u>	<u>31,465,355</u>	<u>184,384,173</u>
Total assets	<u>16,712,828</u>	<u>188,312,355</u>	<u>38,231,975</u>	<u>243,257,158</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB related items	97,117	945,849	316,850	1,359,816
Pension related items	135,954	1,253,650	433,381	1,822,985
Refunding	-	18,600	-	18,600
Total deferred outflows of resources	<u>233,071</u>	<u>2,218,099</u>	<u>750,231</u>	<u>3,201,401</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	74,332	4,787,021	357,812	5,219,165
Accrued liabilities	-	757,062	141,520	898,582
Due to other funds	66,622	666,694	142,331	875,647
Customer deposits	-	150	100	250
Unearned revenues	-	62,947	133,696	196,643
Lease liability, current portion	-	1,643	7,109	8,752
Notes payable, current portion	-	2,005,364	-	2,005,364
Bonds payable, current portion	-	1,245,000	178,000	1,423,000
Compensated absences payable, current portion	2,862	82,876	31,660	117,398
Total current liabilities	<u>143,816</u>	<u>9,608,757</u>	<u>992,228</u>	<u>10,744,801</u>
Long-term liabilities:				
OPEB liability	311,613	3,034,896	1,016,659	4,363,168
Pension liability	53,245	517,370	173,541	744,156
Leases payable, non-current portion	-	10,930	26,400	37,330
Notes payable, non-current portion	-	18,513,724	-	18,513,724
Bonds payable, non-current portion	-	13,356,778	2,247,410	15,604,188
Compensated absences payable, non-current portion	21,455	122,404	27,241	171,100
Total long-term liabilities	<u>386,313</u>	<u>35,556,102</u>	<u>3,491,251</u>	<u>39,433,666</u>
Total liabilities	<u>530,129</u>	<u>45,164,859</u>	<u>4,483,479</u>	<u>50,178,467</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	2,047	17,050	6,262	25,359
OPEB related items	69,467	676,557	226,640	972,664
Deferred inflows - leases	-	473,168	-	473,168
Total deferred inflows of resources	<u>71,514</u>	<u>1,166,775</u>	<u>232,902</u>	<u>1,471,191</u>
<b>NET POSITION</b>				
Net investment in capital assets	11,083,985	103,523,526	28,936,096	143,543,607
Restricted for debt service	-	2,027,034	-	2,027,034
Restricted for construction retainage	-	450,727	-	450,727
Restricted for stabilization reserve	29,470	216,069	70,340	315,879
Unrestricted	5,230,801	37,981,464	5,259,389	48,471,654
Total net position	<u>\$ 16,344,256</u>	<u>\$ 144,198,820</u>	<u>\$ 34,265,825</u>	<u>\$ 194,808,901</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LEBANON, TENNESSEE**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Enterprise Funds			Total
	Stormwater	Water & Sewer	Natural Gas	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,436,182	\$ 30,632,178	\$ 13,336,709	\$ 46,405,069
Fines and forfeitures	8,747	-	-	8,747
Miscellaneous charges	-	413,087	127,181	540,268
Total Operating Revenues	<u>2,444,929</u>	<u>31,045,265</u>	<u>13,463,890</u>	<u>46,954,084</u>
<b>OPERATING EXPENSES</b>				
Purchased gas	-	-	8,158,689	8,158,689
Transmission and distribution	608,847	11,356,778	1,917,468	13,883,093
General and administrative	962,428	4,859,523	1,752,852	7,574,803
Depreciation and amortization	218,977	6,805,342	1,361,968	8,386,287
Total Operating Expenses	<u>1,790,252</u>	<u>23,021,643</u>	<u>13,190,977</u>	<u>38,002,872</u>
Operating Income	654,677	8,023,622	272,913	8,951,212
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	-	-	22,500	22,500
Interest and other income	57,984	572,558	75,334	705,876
Interest expense	-	(579,102)	(83,671)	(662,773)
Gain on disposal of capital assets	-	39,227	130,337	169,564
Miscellaneous revenue	84,454	127,987	6,141	218,582
Total Nonoperating Revenues (Expenses)	<u>142,438</u>	<u>160,670</u>	<u>150,641</u>	<u>453,749</u>
Income Before Capital Contributions and Transfers	797,115	8,184,292	423,554	9,404,961
Capital contributions	7,584,694	4,802,405	-	12,387,099
Capital grants	-	4,528,205	-	4,528,205
Transfers in	-	500,000	317,000	817,000
Transfers out	(3,000)	(71,027)	(5,831)	(79,858)
Change in Net Position	8,378,809	17,943,875	734,723	27,057,407
Net Position - Beginning, as Restated	<u>7,965,447</u>	<u>126,254,945</u>	<u>33,531,102</u>	<u>167,751,494</u>
Net Position - Ending	<u>\$ 16,344,256</u>	<u>\$ 144,198,820</u>	<u>\$ 34,265,825</u>	<u>\$ 194,808,901</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LEBANON, TENNESSEE**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Enterprise Funds			Total
	Stormwater	Water & Sewer	Natural Gas	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from consumers	\$ 2,425,186	\$ 30,937,467	\$ 13,640,254	\$ 47,002,907
Cash paid to suppliers of goods and services	(507,241)	(6,586,673)	(9,795,098)	(16,889,012)
Cash paid to employees for services	(1,122,953)	(9,097,318)	(2,473,807)	(12,694,078)
Net cash provided by operating activities	<u>794,992</u>	<u>15,253,476</u>	<u>1,371,349</u>	<u>17,419,817</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	(3,000)	(71,027)	(5,831)	(79,858)
Transfers in	-	500,000	317,000	817,000
Cash paid/received on interfund loans	-	(911,745)	214,087	(697,658)
Cash received from other activities	84,454	127,987	6,141	218,582
Proceeds from sale of assets	-	56,761	642,119	698,880
Cash received from grants	-	-	22,500	22,500
Net cash provided by (used in) non-capital financing activities	<u>81,454</u>	<u>(298,024)</u>	<u>1,196,016</u>	<u>979,446</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Construction and acquisition of property and equipment	(264,332)	(15,149,985)	(3,409,969)	(18,824,286)
Capital grants received	-	4,528,205	-	4,528,205
Proceeds from debt	-	25,330	-	25,330
Principal payments on long-term debt and contractual obligations	-	(3,361,680)	(173,001)	(3,534,681)
Interest and fiscal charges paid	-	(1,010,956)	(83,671)	(1,094,627)
Lease payments	-	(2,923)	(7,746)	(10,669)
Net cash used in capital and related financing activities	<u>(264,332)</u>	<u>(14,972,009)</u>	<u>(3,674,387)</u>	<u>(18,910,728)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest earned	57,984	572,558	75,334	705,876
Purchase of investments	(136)	(2,532,179)	(3,803)	(2,536,118)
Net cash provided by (used in) investing activities	<u>57,848</u>	<u>(1,959,621)</u>	<u>71,531</u>	<u>(1,830,242)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	669,962	(1,976,178)	(1,035,491)	(2,341,707)
Cash and Cash Equivalents - Beginning	<u>4,784,597</u>	<u>39,588,461</u>	<u>5,287,867</u>	<u>49,660,925</u>
Cash and Cash Equivalents - Ending	<u>\$ 5,454,559</u>	<u>\$ 37,612,283</u>	<u>\$ 4,252,376</u>	<u>\$ 47,319,218</u>
<b>CASH RECONCILIATION</b>				
Cash and cash equivalents	\$ 5,454,559	\$ 35,134,522	\$ 4,252,376	\$ 44,841,457
Restricted cash and cash equivalents	-	2,477,761	-	2,477,761
Total	<u>\$ 5,454,559</u>	<u>\$ 37,612,283</u>	<u>\$ 4,252,376</u>	<u>\$ 47,319,218</u>

continued

**CITY OF LEBANON, TENNESSEE**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Enterprise Funds			
	Stormwater	Water & Sewer	Natural Gas	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 654,677	\$ 8,023,622	\$ 272,913	\$ 8,951,212
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	218,977	6,805,342	1,361,968	8,386,287
(Increase) decrease:				
Accounts receivable	(19,743)	(384,281)	110,623	(293,401)
Leases receivable	-	213,536	-	213,536
Due from other funds	755	-	-	755
Due from others	-	-	(67,955)	(67,955)
Net pension asset	168,822	1,260,358	390,632	1,819,812
Deferred outflows from pension	99,508	511,324	110,753	721,585
Deferred outflows from OPEB	84,050	592,675	132,004	808,729
Prepays	(1,246)	(46,476)	(25,149)	(72,871)
Inventories	-	(78,907)	(1,768)	(80,675)
Stabilization reserve	(6,314)	(42,515)	(16,834)	(65,663)
Increase (decrease):				
Accounts payable and accrued liabilities	36,627	1,453,233	(233,602)	1,256,258
Customer deposits	-	150	100	250
Due to other funds	(147,581)	464,622	63,883	380,924
Unearned revenue	-	62,947	133,696	196,643
Compensated absences	4,228	(23,070)	(561)	(19,403)
Net pension liability	53,245	517,370	173,541	744,156
OPEB liability	(41,799)	(1,680,021)	(385,990)	(2,107,810)
Deferred inflows from pension	(243,683)	(1,824,893)	(561,602)	(2,630,178)
Deferred inflows from OPEB	(65,531)	(334,297)	(85,303)	(485,131)
Deferred inflows from leases	-	(237,243)	-	(237,243)
Net cash provided by operating activities	<u>\$ 794,992</u>	<u>\$ 15,253,476</u>	<u>\$ 1,371,349</u>	<u>\$ 17,419,817</u>
<b>NONCASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Donated capital assets	<u>\$ 7,584,694</u>	<u>\$ 4,802,405</u>	<u>\$ -</u>	<u>\$ 12,387,099</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

The City of Lebanon, Tennessee (the "City") 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. Private purpose trust funds are used to account for trust arrangements where the principal and interest benefit individuals, private organizations, or other governments. There are no Private purpose trust funds required to be reported in the City's financial statements.

**Primary Government.** The accompanying financial statements present the City (primary government) and its component unit, an entity for which the City is considered to be financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body, and (1) it is able to impose its will on the organization, or (2) there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize that those entities are legally separate from the City.

**Discretely Presented Component Units.** 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.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**C. Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's utility services and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The *water and sewer fund* accounts for the operating activities of the City's water and sewer services.

The *natural gas fund* accounts for the operating activities of the City's gas services.

The *stormwater fund* accounts for the operating activities of the City's stormwater system.

Additionally, the City reports the following fund types:

The *special revenue funds* account for various restricted licenses, permits, and fines for public safety and culture and recreation.

The *capital project funds* account for capital asset acquisition and construction of the City.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**D. Basis of Presentation – Fund Financial Statements (Continued)**

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied, even though the receivable is recognized in the prior period when the enforceable legal claim arises. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**E. Measurement Focus and Basis of Accounting (Continued)**

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Grant revenue has a period of availability of one year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and other long-term obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City. Certain revenues are required to be recognized as a receivable and either as revenue or unearned revenue, depending upon the revenue recognition policies of the entity.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**F. Budgetary Information**

**Budgetary Basis of Accounting.** Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds and certain proprietary funds. As an extension of the budget process, City Council may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. All annual appropriations lapse at fiscal year end. Legal level of budgetary control exists at the major function level in the general fund and at the fund level for all other funds.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**F. Budgetary Information (Continued)**

**Excess of Expenditures over appropriations.** For the fiscal year ended June 30, 2023, the following were instances where the annual expenditures exceeded the appropriations by greater than \$500 as follows:

**General Government:**

Financial administration	\$ 4,677
Purchasing	1,858

**Lebanon and Wilson County Community Park:**

Debt service issuance costs	30,000
-----------------------------	--------

These expenditures in excess of appropriations were funded with the use of available fund balance and revenues in excess of anticipated levels.

**Deficit Equity.** There were no instances of deficit fund equity in any City funds at June 30, 2023.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

Investments for the City are reported at fair value (generally based upon quoted market prices) except for the position in the Local Government Investment Pool (LGIP) and certificates of deposit. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The LGIP is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission (SEC). The LGIP has met the criteria under GASB Statement No. 79 to value its investments at amortized cost and has elected to do so. The City reports its investment in the LGIP at amortized cost.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**3. Inventories and Prepaid Items**

Inventories in the governmental funds are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than purchased.

Inventories for the proprietary funds are valued at the lower of average cost or market using the FIFO method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements and fund financial statements for the proprietary funds. The cost of prepaid items is recorded as an expense when consumed rather than when purchased. The payments are being recorded as expenditures on the fund level for the governmental funds.

**4. Capital Assets and Right-to-Use Assets**

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and right to use assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of \$1,000 and an estimated useful life in excess of one year. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**4. Capital Assets and Right-to-Use Assets (Continued)**

Land and Construction in Progress are not depreciated. The capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-40
Improvements other than buildings	20
Equipment	3-20

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Intangible right-to-use subscription assets are amortized over the shorter of the subscription terms or the useful life of the underlying IT assets.

**5. 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 the City's participation in the TCRS plans, and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the retirement plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the retirement plan. Investments are reported at fair value.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The City has three items that qualify for reporting in this category; deferred outflows related to refunding, deferred outflows related to pensions, and deferred outflows related to other postemployment benefits. All of these are reported in the government-wide statement of net position and the statement of net position for proprietary funds. These items result from the differences in the carrying value of refunded debt and its reacquisition price and from the requirements recognized under GASB 68 for pensions and GASB 75 for OPEB. The deferred outflows related to refunding amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions reflect payments made by the City not currently recognized by the pension plans and other changes in the net pension liability and are disclosed more in Note 9. The deferred outflows related to other postemployment benefits reflects payments made by the City not currently recognized by the OPEB plans and other changes in the net OPEB liability and are disclosed more in Note 8.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has five types of deferred inflows. One of these items arises only under a modified accrual basis of accounting. This item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes, as well as other receivables not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to deferred property taxes recorded in advance of the year in which they are intended to fund operations. This item is a deferred inflow in both the governmental fund balance sheet and the entity wide statement of net position. The third item relates to the recognition of employee pensions as required under GASB 68. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and are discussed more in Note 9. The fourth item relates to the recognition of other postemployment benefits as required under GASB 75. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and is discussed more in Note 8. The fifth item relates to long-term lease receivables which are deferred and recognized over the term of each lease.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**7. Net Position**

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund Equity for all other reporting is classified as “net position.”

**Net Position.** Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. The following are the classifications of net position.

*Net Investment in Capital Assets.* Consists of capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. When debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

*Restricted Net Position.* Restricted net position reflects the resources that are subject to restricted use and have been externally imposed by creditors, grantors or contributors, or by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position.* Unrestricted net position includes resources that are available for transactions relating to the general operations of the City and may be used at the discretion of the City to meet current expenses for any purpose.

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

**8. Fund Balance**

Generally, fund balance represents the difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**8. Fund Balance (Continued)**

Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

*Restricted* – Fund balances are reported as restricted when they include amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

*Committed* – Fund balances are reported as committed when they include amounts that can be used only for the specific purposes determined by a formal action (i.e. resolution) of the City Council. Further the limitation that has been placed on the resources can only be removed by the City Council with reversal of the action which committed the resources in the fund balance.

*Assigned* – Fund balances are reported as assigned when they include amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The council is authorized to assign amounts.

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all governmental funds.

**Flow Assumptions.** Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider investment earnings and then restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first and then followed by assigned fund balance. Unassigned fund balance is applied last.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**9. 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.

**10. Restricted Assets**

Certain resources set aside for the repayment of enterprise fund revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. These are reported as Restricted Funds on the statement of net position.

Restricted assets also consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the City's employees enrolled in the Hybrid plan of the TCRS - see note 9. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the City in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the City employees enrolled in the Hybrid plan to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the City has not withdrawn any funds from the trust to pay pension cost. Trust documents provide funds are not subject to the claims of general creditors of the City.

In addition, there are Construction Retainage accounts in the financial statements, which are limited to payment of retainage on jobs in progress to the contractors and are therefore reported as restricted assets.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as program revenues include, 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Property taxes receivable are recognized as of the date when an enforceable legal claim to the taxable property arises. This is January 1<sup>st</sup> in Tennessee and is referred to as the “lien date.” Revenues from property taxes are recognized in the period for which the taxes are levied. The City’s levy date is October 1<sup>st</sup>, even though the receivable and deferred inflow of resources are recognized in the prior period when the enforceable legal claim arises. Tax notices are typically mailed in October following the levy date and the majority of collections are received during the remainder of the calendar year. The tax due date is the last day of February of the following calendar year or the following business day if the last day of February is on a weekend. Penalty and interest are applied to all accounts with an outstanding balance after the due date.

**3. Compensated Absences**

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay them.

Employees of the City may accumulate up to 20 days of annual leave (fire employees accumulate 30 ½ days), which is fully vested.

**4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the utility departments are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**I. Other**

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2. DEPOSITS AND INVESTMENTS:**

***Deposits***

Deposits include demand deposits, money market accounts, and certificates of deposit managed by an agent of the City in the City's name.

***Custodial Credit Risk***

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes impose various restrictions on the City's and the Center's deposits and investments, including repurchase agreements. These restrictions are summarized for deposits as follows: all deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits.

The City's carrying amount of deposits was \$122,082,180 and the balance in financial institutions was \$124,550,070. Carrying amounts differ from financial institution balances primarily due to outstanding checks and deposits in transit. State statutes require collateral pledged by each financial institution to equal a certain percentage of the uninsured public deposits it holds. Members of the State of Tennessee Collateral Pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. The entire City's bank balance was covered by the State of Tennessee Collateral Pool, which is a multiple financial institution collateral pool, or by amounts insured by the Federal Deposit Insurance Corporation (FDIC), or with securities held by the pledging financial institution's trust department.

At June 30, 2023, the City's investment balances consisted of State of Tennessee Local Government Investment Pool (the "TN LGIP") investments of \$10,170,950 with maturity of less than a year. The City reports the TN LGIP balance as cash equivalents.

Investments in the State of TN LGIP are uncategorized in terms of credit risk because specific securities related to the City cannot be identified. The investments in US Treasury Notes were all rated Aaa by Moody's.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED):**

*Custodial Credit Risk (Continued)*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligation of the U.S. government, or bonds of public authorities, counties, or municipalities.

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The City does not have a formal policy for interest rate risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee Collateral Pool.

The maturities of the governmental and business-type funds' debt securities are categorized as follows:

	<u>Fair value</u>	<u>Percent of total</u>
Less than one year	<u>\$ 3,156,906</u>	<u>100%</u>
Total	<u>\$ 3,156,906</u>	<u>100%</u>

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is the measure by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal policy for credit risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee State Collateral Pool.

State statutes authorize the City to invest in bonds, notes, or treasury bills of the United States of America; nonconvertible debt securities of the Federal Home Loan Bank, The Federal National Mortgage Association, The Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; certificates of deposit and other evidences of deposit at state and federally chartered banks and savings and loan associations; obligations of the United States of America or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the fair value of the security itself is more than the amount of funds invested, provided, that municipalities may invest in reverse purchase agreements only if the comptroller of the treasury or the comptroller's designee approves repurchase agreements as an authorized investment, and if such investments are made in accordance with procedures established by the state funding board; the State of Tennessee Local Government Investment Pool (TN LGIP); and obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED):**

*Credit Risk (Continued)*

Specifically, the TN LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The TN LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the TN LGIP is required to maintain a 90-day or less weighted-average-maturity. There are no withdrawal restrictions related to the TN LGIP. The TN LGIP has not been rated by a nationally recognized statistical rating organization. At June 30, 2023, the LGIP had a weighted average maturity of 44 days.

The LGIP is audited as part of the Annual Comprehensive Financial Report for the State of Tennessee. That report may be obtained by writing Tennessee Department of Finance and Administration, Division of Accounts, 312 Rosa Parks Avenue, Suite 2100, Nashville, TN 37243 or can be accessed at [www.tn.gov/finance/rd-doa/fa-acffin-cafr.html](http://www.tn.gov/finance/rd-doa/fa-acffin-cafr.html). LGIP is reported as cash equivalents.

*Concentration of Credit Risk*

Concentration risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer. Other than its investment in U.S. Treasury obligations, the City entities and the governmental funds did not have any single investment that had a value in excess of 5% of the respective total investments.

The concentration of credit risk of the governmental and business-type funds' are as follows:

	<b>Amount</b>	<b>Portfolio</b>
Cash on hand and in banks	\$ 17,224	0.13%
Certificates of deposit	10,396,757	76.61%
U.S. Treasury obligations	2,392,861	17.63%
U.S. Government Agency Securities	764,045	5.63%
	<u>\$ 13,570,887</u>	<u>100.00%</u>

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED):**

*Fair Value Measurements*

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City's governmental and business-type funds have the following recurring fair value measurements as of June 30, 2023:

Investments	Fair value	Level 1	Level 2	Level 3
U.S. Treasury obligations	\$ 2,392,861	\$ 2,392,861	\$ -	\$ -
U.S. Government Agency Securities	764,045	764,045	-	-
	3,156,906	\$ 3,156,906	\$ -	\$ -
Cash on hand and in banks	17,224			
Certificates of deposit	10,396,757			
	\$ 13,570,887			

The U.S. Treasury obligations and U.S. Government Agency Securities are classified in Level 1 of the fair value hierarchy and values using prices quoted in active markets for those investments.

**NOTE 3. RECEIVABLES:**

Receivables as of year-end for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Nonmajor Funds	Total Governmental Funds
Receivables:			
Property taxes	\$ 14,796,281	\$ -	\$ 14,796,281
Sales taxes	4,169,616	-	4,169,616
Accounts	1,643,463	304,552	1,948,015
Gross receivables	20,609,360	304,552	20,913,912
Less allowance for uncollectibles	(635,820)	-	(635,820)
Net receivables	\$ 19,973,540	\$ 304,552	\$ 20,278,092

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 3. RECEIVABLES (CONTINUED):**

	<u>Stormwater Fund</u>	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total Proprietary Funds</u>
Receivables:				
Accounts	\$ 130,353	\$ 4,224,526	\$ 919,914	\$ 5,274,793
Gross receivables	130,353	4,224,526	919,914	5,274,793
Less allowance for uncollectibles	(3,628)	(84,785)	(62,975)	(151,388)
Net receivables	<u>\$ 126,725</u>	<u>\$ 4,139,741</u>	<u>\$ 856,939</u>	<u>\$ 5,123,405</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned and reflect these funds as unearned revenue in the financial statements.

**NOTE 4. LEASES AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS:**

***Lessee***

The City is a lessee for noncancellable leases of infrastructure, buildings and improvements, and furniture and equipment and other. The City recognizes a lease liability and an intangible right to use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$1,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 4. LEASES AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS**  
**(CONTINUED):**

***Lessee (Continued)***

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

***Lessor***

The City is a lessor for noncancellable leases of buildings. The lease receivable and a deferred inflow is recognized in the fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 4. LEASES AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS**  
**(CONTINUED):**

***Lessor (Continued)***

The City, as lessor, has entered into several lease agreements involving buildings. The City has a lease receivable of \$814,380 and a deferred inflow of \$778,234 as of June 30, 2023. The deferred inflows related to leases will be recognized as a revenue using the straight-line method over the life of each lease term. A reduction of the lease receivable of \$253,583 was recognized during the year ended June 30, 2023. The portion of deferred inflows amortized during 2023 was \$267,749.

<u>Lease</u>	<u>Contract Date</u>	<u>Maturity Date</u>
JECDB Airport	11/1/2017	6/1/2028
Aries Clean Energy	1/1/2021	5/31/2025

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 5. CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2023, was as follows:

**Governmental Activities**

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 12,429,476	\$ 425,391	\$ -	\$ 12,854,867
Construction in progress	-	13,173,551	-	13,173,551
Total capital assets, not being depreciated	<u>12,429,476</u>	<u>13,598,942</u>	<u>-</u>	<u>26,028,418</u>
Capital assets, being depreciated:				
Buildings	37,978,744	506,635	-	38,485,379
Right-to-use buildings	68,437	1,247,490	(68,364)	1,247,563
Improvements other than buildings	70,412,415	17,448,450	-	87,860,865
Equipment	37,490,616	4,449,561	(395,059)	41,545,118
Right-to-use equipment	264,676	104,847	(46,270)	323,253
Right-to-use subscriptions	1,108,047	529,604	-	1,637,651
Total capital assets, being depreciated	<u>147,322,935</u>	<u>24,286,587</u>	<u>(509,693)</u>	<u>171,099,829</u>
Less accumulated depreciation/amortization for:				
Buildings	(14,314,350)	(1,029,419)	-	(15,343,769)
Right-to-use buildings	(54,691)	(107,240)	68,364	(93,567)
Improvements other than buildings	(31,400,649)	(3,003,658)	-	(34,404,307)
Equipment	(24,334,603)	(2,706,921)	174,237	(26,867,287)
Right-to-use equipment	(65,339)	(90,354)	40,377	(115,316)
Right-to-use subscriptions	-	(392,653)	-	(392,653)
Total accumulated depreciation/amortization	<u>(70,169,632)</u>	<u>(7,330,245)</u>	<u>282,978</u>	<u>(77,216,899)</u>
Total capital assets, being depreciated, net	<u>77,153,303</u>	<u>16,956,342</u>	<u>(226,715)</u>	<u>93,882,930</u>
Governmental activities capital assets, net	<u>\$ 89,582,779</u>	<u>\$ 30,555,284</u>	<u>\$ (226,715)</u>	<u>\$ 119,911,348</u>

Beginning balances were restated within governmental capital assets 1) to remove accumulated depreciation related to previous years' costs being removed but not the related accumulated depreciation for each asset, 2) to include right-to-use subscription assets as a result of the implementation of GASB Statement No. 96, and 3) construction in progress were reclassified from depreciable categories to nondepreciable assets. The related liability is included in Note 7.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 5. CAPITAL ASSETS (CONTINUED):**

**Business-type Activities**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,563,086	\$ -	\$ (250,000)	\$ 723,793	\$ 3,036,879
Construction in progress	8,579,037	33,229,133	(279,314)	(25,624,923)	15,903,933
Total capital assets, not being depreciated	<u>11,142,123</u>	<u>33,229,133</u>	<u>(529,314)</u>	<u>(24,901,130)</u>	<u>18,940,812</u>
Capital assets, being depreciated:					
Buildings	77,373,194	-	-	801,689	78,174,883
Improvements other than buildings	184,760,525	-	-	22,030,340	206,790,865
Equipment	12,423,662	-	(22,954)	2,069,101	14,469,809
Right-to-use equipment	65,639	-	-	-	65,639
Total capital assets, being depreciated	<u>274,623,020</u>	<u>-</u>	<u>(22,954)</u>	<u>24,901,130</u>	<u>299,501,196</u>
Less accumulated depreciation/amortization for:					
Buildings	(35,679,065)	(2,207,665)	-	-	(37,886,730)
Improvements other than buildings	(83,501,918)	(5,250,570)	-	-	(88,752,488)
Equipment	(9,298,729)	(915,098)	22,257	-	(10,191,570)
Right-to-use equipment	(7,733)	(12,954)	-	-	(20,687)
Total accumulated depreciation/amortization	<u>(128,487,445)</u>	<u>(8,386,287)</u>	<u>22,257</u>	<u>-</u>	<u>(136,851,475)</u>
Total capital assets, being depreciated, net	<u>146,135,575</u>	<u>(8,386,287)</u>	<u>(697)</u>	<u>24,901,130</u>	<u>162,649,721</u>
Business -type capital assets, net	<u>\$ 157,277,698</u>	<u>\$ 24,842,846</u>	<u>\$ (530,011)</u>	<u>\$ -</u>	<u>\$ 181,590,533</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 2,169,569
Public Safety	1,693,798
Public Works	2,798,085
Culture and Recreation	668,793
	<u>\$ 7,330,245</u>
<b>Business-type Activities:</b>	
Stormwater	\$ 218,977
Water and Sewer	6,805,342
Natural Gas	1,361,968
	<u>\$ 8,386,287</u>

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

Interfund receivables and payables for the year ended June 30, 2023, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Stormwater Fund	\$ 66,577
General Fund	Water and Sewer Fund	665,481
General Fund	Natural Gas Fund	134,345
General Fund	Nonmajor Governmental Funds	25,358
		<u>\$ 891,761</u>
Water and Sewer Fund	General Fund	\$ 1,865,244
Water and Sewer Fund	Stormwater Fund	45
Water and Sewer Fund	Natural Gas Fund	7,986
Water and Sewer Fund	Nonmajor Governmental Funds	11
		<u>\$ 1,873,286</u>
Natural Gas Fund	General Fund	\$ 673,621
Natural Gas Fund	Water and Sewer Fund	1,213
		<u>\$ 674,834</u>

Interfund receivables of the General Fund represent cash disbursements made by the General Fund for which the timing of cash reimbursements have occurred subsequent to year-end. The interfund balances between the Water and Sewer Fund and the Natural Gas Fund represent loans to the General Fund. The interfund receivables between the proprietary funds represents timing of cash corrections for operations being made between the various funds.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED):**

The composition of interfund transfers as of June 30, 2023, is as follows:

Transfers In	Transfers Out	Amount
Nonmajor Governmental Funds	General Fund	\$ 3,745,570
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>372,883</u>
		<u>\$ 4,118,453</u>
Water and Sewer Fund	General Fund	<u>\$ 500,000</u>
Natural Gas Fund	General Fund	\$ 314,000
Natural Gas Fund	Stormwater Fund	<u>3,000</u>
		<u>\$ 317,000</u>
General Fund	Water and Sewer Fund	\$ 71,027
General Fund	Natural Gas Fund	<u>5,831</u>
		<u>\$ 76,858</u>

Interfund transfers are used to (1) move revenues from the funds with collection authorization to the debt service fund as debt service principal and interest payments become due, and (2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 7. LONG-TERM LIABILITIES:**

The following is a summary of debt transactions of the City for the year ended June 30, 2023:

	<b>Restated Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
General obligation bonds	\$ 1,563,000	\$ -	\$ (331,000)	\$ 1,232,000	\$ 345,000
Notes payable	22,567,287	5,127,584	(1,691,997)	26,002,874	1,412,806
Premium on notes	33,876	-	(14,690)	19,186	-
Net notes payable	<u>22,601,163</u>	<u>5,127,584</u>	<u>(1,706,687)</u>	<u>26,022,060</u>	<u>1,412,806</u>
Leases payable	198,539	1,357,392	(161,829)	1,394,102	182,712
Subscription payable	1,005,612	503,490	(404,752)	1,104,350	426,216
Net pension liability (asset) - Legacy	(5,008,249)	10,080,178	(1,685,862)	3,386,067	-
Net pension liability (asset) - Hybrid	(294,637)	946,386	(634,485)	17,264	-
Total OPEB liability	19,082,043	2,092,904	(1,209,179)	19,965,768	-
Compensated absences	1,539,143	157,808	(125,844)	1,571,107	140,333
Governmental activity Long-term liabilities	<u>\$ 40,686,614</u>	<u>\$ 20,265,742</u>	<u>\$ (6,259,638)</u>	<u>\$ 54,692,717</u>	<u>\$ 2,507,067</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 16,808,411	\$ -	\$ (1,363,001)	\$ 15,445,410	\$ 1,423,000
Premium on bonds	2,037,723	-	(455,945)	1,581,778	-
Net bonds payable	<u>18,846,134</u>	<u>-</u>	<u>(1,818,946)</u>	<u>17,027,188</u>	<u>1,423,000</u>
Notes payable	22,659,527	25,330	(2,171,680)	20,513,177	2,005,364
Premium on notes	8,886	-	(2,975)	5,911	-
Net notes payable	<u>22,668,413</u>	<u>25,330</u>	<u>(2,174,655)</u>	<u>20,519,088</u>	<u>2,005,364</u>
Leases payable	58,355	-	(12,273)	46,082	8,752
Net pension liability (asset) - Legacy	(1,718,700)	2,871,339	(412,673)	739,966	-
Net pension liability (asset) - Hybrid	(101,112)	229,660	(124,358)	4,190	-
Total OPEB liability	4,170,046	457,367	(264,245)	4,363,168	-
Compensated absences	370,015	88,441	(169,958)	288,498	117,398
Business-type activity Long-term liabilities	<u>\$ 44,293,151</u>	<u>\$ 3,672,137</u>	<u>\$ (4,977,108)</u>	<u>\$ 42,988,180</u>	<u>\$ 3,554,514</u>

Within the City's governmental activities, the compensated absences, lease payable, subscription payable, pension and OPEB liabilities are primarily liquidated by the General Fund. The beginning balances for the long-term liabilities were restated to reflect (1) the inclusion of Bond and Notes payable premiums (2) the inclusion of accrued vacation (3) removal of interfund loans and (4) for the recognition of subscription payable for the implementation of GASB No. 96.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

The annual requirements to amortize the bonds as of June 30, 2023 for the long-term debt and related interest are as follows:

Year Ending June 30,	Governmental Activities					
	General Obligation Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 345,000	\$ 57,060	\$ 1,412,806	\$ 412,620	\$ 1,757,806	\$ 469,680
2025	360,000	42,050	1,457,574	797,331	1,817,574	839,381
2026	257,000	26,350	1,279,600	754,091	1,536,600	780,441
2027	270,000	13,500	1,314,500	714,657	1,584,500	728,157
2028	-	-	1,349,400	673,766	1,349,400	673,766
2029-2033	-	-	7,129,000	2,715,230	7,129,000	2,715,230
2034-2038	-	-	7,105,900	1,536,186	7,105,900	1,536,186
2039-2043	-	-	3,518,094	558,219	3,518,094	558,219
2044-2048	-	-	1,436,000	181,343	1,436,000	181,343
	<u>\$ 1,232,000</u>	<u>\$ 138,960</u>	<u>\$ 26,002,874</u>	<u>\$ 8,343,443</u>	<u>\$ 27,234,874</u>	<u>\$ 8,482,403</u>

Year Ending June 30,	Business-Type Activities					
	General Obligation Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,423,000	\$ 682,751	\$ 2,005,364	\$ 433,508	\$ 3,428,364	\$ 1,116,259
2025	1,493,000	614,577	2,054,128	377,948	3,547,128	992,525
2026	1,565,000	542,943	2,058,036	323,444	3,623,036	866,387
2027	1,641,000	467,790	2,033,148	268,398	3,674,148	736,188
2028	1,718,000	388,917	1,591,182	211,706	3,309,182	600,623
2029-2033	3,372,000	1,025,386	5,959,196	664,763	9,331,196	1,690,149
2034-2038	3,973,000	334,346	3,377,530	207,236	7,350,530	541,582
2039-2042	260,410	9,129	1,434,593	40,960	1,695,003	50,089
	<u>\$ 15,445,410</u>	<u>\$ 4,065,839</u>	<u>\$ 20,513,177</u>	<u>\$ 2,527,963</u>	<u>\$ 35,958,587</u>	<u>\$ 6,593,802</u>

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

Details of long-term indebtedness are as follows:

Description	Interest Rate	Year Issued	Maturity	Original Issue	Balance June 30, 2023
<b>Governmental Activities</b>					
General obligation bonds					
General obligation, 2004	3.00%	2004	2025	\$ 2,725,000	\$ 227,000
General obligation, 2008	5.00%	2007	2027	3,840,000	<u>1,005,000</u>
Total general obligation bonds					<u>1,232,000</u>
Notes payable					
Floyd Center Johnson Controls	2.32%	2012	2024	775,548	140,568
General Fund Johnson Controls	2.32%	2012	2024	1,521,914	262,360
2016 Airport Terminal	3.00%	2016	2036	1,600,000	1,054,001
2016 GO Refunding	1.5%-3.0%	2016	2032	2,220,000	365,000
2017 West Side Park	2.29%	2017	2042	5,000,000	4,167,594
2017 Airport Maintenance Hangar	2.52%	2017	2042	1,000,000	813,600
2016 Legends Drive	2.50%	2016	2036	4,700,000	3,320,000
2018 Public Safety Complex	3.80%	2018	2039	5,500,000	4,912,001
2018 Radio Communication System	3.55%	2019	2039	5,700,000	4,824,799
2023 Sports Complex	2.79%	2023	2048	5,000,000	5,000,000
2019 Cromwell Lane	2.79%	2019	2039	1,800,000	<u>1,142,951</u>
Total notes payable					<u>26,002,874</u>
Total governmental activities					<u>27,234,874</u>
<b>Business-type Activities</b>					
General obligation bonds					
Water & Sewer					
2015 QEC Bonds	4.00%	2015	2035	3,500,000	3,500,000
2020 Refunding Bonds	5.00%	2020	2030	12,500,000	<u>9,520,000</u>
Total Water & Sewer					<u>13,020,000</u>
Gas					
2008 Bond	5.00%	2008	2029	1,100,000	448,000
2014 Bond	2.43%	2013	2033	1,000,000	609,000
2020 Bond	2.24%	2020	2040	1,500,000	<u>1,368,410</u>
Total Gas					<u>2,425,410</u>
Total general obligation bonds					<u>15,445,410</u>
Notes payable					
Water & Sewer					
State of TN 12-126	1.76%	2012	2025	2,940,832	1,886,888
State of TN 12-127	1.76%	2012	2035	1,323,960	881,154
State of TN 12-128	1.29%	2013	2036	1,622,555	1,143,905
State of TN 12-129	1.29%	2013	2036	1,140,502	807,255
State of TN 15-161	1.71%	2015	2037	587,600	431,852
State of TN 15-162	1.71%	2015	2038	1,271,000	750,249
State of TN 18-202	1.81%	2018	2039	800,000	680,054
State of TN 18-203	1.81%	2020	2039	300,000	129,069
State of TN 19-435	1.32%	2021	2040	4,300,000	4,205,752
State of TN 19-217	1.31%	2019	2041	1,400,000	1,275,221
2007 Revenue Bonds	5.00%	2007	2007	5,000,000	1,264,000
2008 Revenue Bonds	5.00%	2008	2029	4,150,000	1,235,778
2016 Refunding	Variable	2016	2032	2,285,000	1,470,000
2012 Water and Sewer System Improvements	2.23%	2012	2032	1,387,000	700,000
2012 Johnson Controls	1.82%	2012	2027	4,657,079	1,520,000
2013 Water and Sewer System Improvements	2.28%	2013	2033	1,800,000	1,002,000
2014 Water and Sewer System Improvements	3.00%	2014	2035	1,800,000	<u>1,130,000</u>
Total Water & Sewer					<u>20,513,177</u>
Total notes payable					<u>20,513,177</u>
Total business-type activities					<u>35,958,587</u>
Total debt					<u>\$ 63,193,461</u>

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Subscription-based Information Technology Arrangements**

On July 19, 2022, the City entered into a 36 month subscription for the use of ESRI. An initial subscription liability was recorded in the amount of \$124,794. As of June 30, 2023, the value of the subscription liability is \$82,294. The City is required to make monthly fixed payments of \$42,500. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of June 30, 2023 of \$124,794 with accumulated amortization of \$39,518 is included with equipment in the capital asset table.

On March 26, 2023, the City entered into a 36 month subscription for the use of Nixle Mass Notification Pro (2023-2026). An initial subscription liability was recorded in the amount of \$33,490. As of June 30, 2023, the value of the subscription liability is \$22,033. The City is required to make annual fixed payments of \$11,457. The subscription has an interest rate of 2.6560%. The value of the right to use asset as of June 30, 2023 of \$33,490 with accumulated amortization of \$2,946 is included with equipment in the capital asset table. The Vendor had a termination period of one month as of the subscription commencement.

On July 1, 2022, the City entered into a 59 month subscription for the use of Routeware. An initial subscription liability was recorded in the amount of \$272,493. As of June 30, 2023, the value of the subscription liability is \$222,431. The City is required to make monthly fixed payments of \$1,733. The subscription has an interest rate of 2.1570%. The value of the right to use asset as of June 30, 2023 of \$296,338 with accumulated amortization of \$59,532 is included with equipment in the capital asset table. The City had a termination period of three months as of the subscription commencement. The Vendor had a termination period of three months as of the subscription commencement.

On September 30, 2022, the City entered into a 36 month subscription for the use of Rock Solid Technologies. An initial subscription liability was recorded in the amount of \$74,303. As of June 30, 2023, the value of the subscription liability is \$49,929. The City is required to make annual fixed payments of \$24,500. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of June 30, 2023 of \$74,303 with accumulated amortization of \$19,159 is included with equipment in the capital asset table. The City has one extension option, each for 12 months. The City had a termination period of one month as of the subscription commencement. The Vendor had a termination period of one month as of the subscription commencement.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Subscription-based Information Technology Arrangements (continued)**

On December 1, 2022, The City entered into a 60 month subscription for the use of Routeware. An initial subscription liability was recorded in the amount of \$32,038. As of June 30, 2023, the value of the subscription liability is \$28,565. The City is required to make monthly fixed payments of \$580. The subscription has an interest rate of 3.3050%. The value of the right to use asset as of June 30, 2023 of \$37,234 with accumulated amortization of \$4,344 is included with equipment in the capital asset table. The City had a termination period of three months as of the subscription commencement. The Vendor had a termination period of three months as of the subscription commencement.

On July 1, 2022, the City entered into a 42 month subscription for the use of Ceridian Payroll Software. An initial subscription liability was recorded in the amount of \$211,273. As of June 30, 2023, the value of the subscription liability is \$173,814. The City is required to make monthly fixed payments of \$5,951. The subscription has an interest rate of 2.0930%. The value of the right to use asset as of June 30, 2023 of \$289,863 with accumulated amortization of \$82,818 is included with equipment in the capital asset table.

On February 1, 2023, the City entered into a 96 month subscription for the use of EKOS . An initial subscription liability was recorded in the amount of \$14,378. As of June 30, 2023, the value of the subscription liability is \$12,410. The City is required to make annual fixed payments of \$1,968. The subscription has an interest rate of 2.6820%. The value of the right to use asset as of June 30, 2023 of \$15,856 with accumulated amortization of \$826 is included with equipment in the capital asset table. The City has one extension option(s), each for 36 months. The City had a termination period of three months as of the subscription commencement. The Vendor had a termination period of three months as of the subscription commencement.

On April 1, 2023, the City entered into a 48 month subscription for the use of Recycle Coach. An initial subscription liability was recorded in the amount of \$18,146. As of June 30, 2023, the value of the subscription liability is \$13,691. The City is required to make annual fixed payments of \$4,455. The subscription has an interest rate of 2.3630%. The value of the right to use asset as of June 30, 2023 of \$18,146 with accumulated amortization of \$1,134 is included with equipment in the capital asset table. The City has one extension option(s), each for 12 months. The City had a termination period of three months as of the subscription commencement.

On March 31, 2023, the City entered into a 48 month subscription for the use of TeamViewer. An initial subscription liability was recorded in the amount of \$8,229. As of June 30, 2023, the value of the subscription liability is \$1,941. The City is required to make annual fixed payments of \$6,288. The subscription has an interest rate of 2.6560%. The value of the right to use asset as of June 30, 2023 of \$8,229 with accumulated amortization of \$531 is included with equipment in the capital asset table. The City has one extension option(s), each for 12 months.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Subscription-based Information Technology Arrangements (continued)**

On July 1, 2022, the City entered into a 24 month subscription for the use of Tyler Technologies. An initial subscription liability was recorded in the amount of \$133,927. As of June 30, 2023, the value of the subscription liability is \$66,917. The City is required to make annual fixed payments of \$67,102. The subscription has an interest rate of 0.2760%. The value of the right to use asset as of June 30, 2023 of \$133,927 with accumulated amortization of \$66,963 is included with equipment in the capital asset table. The City has one extension option(s), each for 12 months. The City had a termination period of two months as of the subscription commencement. The Vendor had a termination period of two months as of the subscription commencement.

On December 1, 2022, the City entered into a 36 month subscription for the use of West Proflex. An initial subscription liability was recorded in the amount of \$27,813. As of June 30, 2023, the value of the subscription liability is \$23,538. The City is required to make monthly fixed payments of \$795. The subscription has an interest rate of 3.2380%. The value of the right to use asset as of June 30, 2023 of \$27,813 with accumulated amortization of \$5,408 is included with equipment in the capital asset table.

On May 1, 2023, the City entered into a 36 month subscription for the use of Onbase. An initial subscription liability was recorded in the amount of \$102,595. As of June 30, 2023, the value of the subscription liability is \$67,595. The City is required to make annual fixed payments of \$35,000. The subscription has an interest rate of 2.3630%. The value of the right to use asset as of June 30, 2023 of \$122,035 with accumulated amortization of \$6,780 is included with equipment in the capital asset table. The City had a termination period of two months as of the subscription commencement. The Vendor had a termination period of one month as of the subscription commencement.

On July 1, 2022, the City entered into a 32 month subscription for the use of GrantStation. An initial subscription liability was recorded in the amount of \$624. As of June 30, 2023, the value of the subscription liability is \$416. The City is required to make annual fixed payments of \$209. The subscription has an interest rate of 0.3210%. The value of the right to use asset as of June 30, 2023 of \$624 with accumulated amortization of \$228 is included with equipment in the capital asset table.

On July 1, 2022, the City entered into a 48 month subscription for the use of Rok Technologies. An initial subscription liability was recorded in the amount of \$387,295. As of June 30, 2023, the value of the subscription liability is \$287,312. The City is required to make annual fixed payments of \$99,984. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of June 30, 2023 of \$387,296 with accumulated amortization of \$96,824 is included with equipment in the capital asset table. The City has one extension option, each for 12 months.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Subscription-based Information Technology Arrangements (continued)**

On February 1, 2023, the City entered into a 60 month subscription for the use of Presidio. An initial subscription liability was recorded in the amount of \$67,704. As of June 30, 2023, the value of the subscription liability is \$51,463. The City is required to make annual fixed payments of \$16,240. The subscription has an interest rate of 2.6820%. The value of the right to use asset as of June 30, 2023 of \$67,703 with accumulated amortization of \$5,642 is included with equipment in the capital asset table. The City had a termination period of one month as of the subscription commencement. The Vendor had a termination period of one month as of the subscription commencement.

The debt service to maturity on the City's outstanding subscription payables is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 426,216	\$ 22,212	\$ 448,428
2025	368,406	13,907	382,313
2026	221,938	5,943	227,881
2027	79,313	1,446	80,759
2028	4,694	174	4,868
2029-2031	3,783	153	3,936
Total	<u>\$ 1,104,350</u>	<u>\$ 43,835</u>	<u>\$ 1,148,185</u>

**Lease Liabilities**

**Governmental Activities –**

On October 1, 2022, the City entered into a 120 month lease as Lessee for the use of Direct Flight Solutions Airport New Lease #2 City Pays FBO. An initial lease liability was recorded in the amount of \$1,247,563. As of June 30, 2023, the value of the lease liability is \$1,181,868. The City is required to make monthly fixed payments of \$11,432. The lease has an interest rate of 3.3050%. The Buildings estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$1,247,563 with accumulated amortization of \$93,568 is included with Buildings in the capital asset table. The City has one extension option, each for 60 months. The City had a termination period of one month as of the lease commencement. The Lessor had a termination period of six months as of the lease commencement. The lease has a lease termination penalty of \$156,000.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Lease Liabilities (Continued)**

**Governmental Activities (Continued) –**

On October 1, 2022, the City entered into a 36 month lease as Lessee for the use of Harley Davidson Motorcycles-Police. An initial lease liability was recorded in the amount of \$25,767. As of June 30, 2023, the value of the lease liability is \$19,505. The City is required to make monthly fixed payments of \$750. The lease has an interest rate of 3.2380%. The Vehicles estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$25,766 with accumulated amortization of \$6,442 is included with Equipment in the Capital asset table.

On December 1, 2022, the City entered into a 120 month lease as Lessee for the use of Canon Copier - Finance. An initial lease liability was recorded in the amount of \$7,642. As of June 30, 2023, the value of the lease liability is \$7,242. The City is required to make monthly fixed payments of \$75. The lease has an interest rate of 3.3050%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$7,642 with accumulated amortization of \$446 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On January 1, 2023, the City entered into a 120 month lease as Lessee for the use of Canon Copier-Risk Management. An initial lease liability was recorded in the amount of \$5,300. As of June 30, 2023, the value of the lease liability is \$5,106. The City is required to make monthly fixed payments of \$51. The lease has an interest rate of 2.8530%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$5,300 with accumulated amortization of \$265 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On April 1, 2023, the City entered into a 120 month lease as Lessee for the use of Canon Copier-Economic Development. An initial lease liability was recorded in the amount of \$8,627. As of June 30, 2023, the value of the lease liability is \$8,498. The City is required to make monthly fixed payments of \$81. The lease has an interest rate of 2.3100%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$8,627 with accumulated amortization of \$216 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Lease Liabilities (Continued)**

**Governmental Activities (Continued) –**

On November 1, 2021, the City entered into a 24 month lease as Lessee for the use of Mower-Recreation. An initial lease liability was recorded in the amount of \$53,855. As of June 30, 2023, the value of the lease liability is \$9,601. The City is required to make monthly fixed payments of \$2,416. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$53,855 with accumulated amortization of \$44,879 is included with Equipment in the Capital asset table.

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier-Accounting. An initial lease liability was recorded in the amount of \$8,339. As of June 30, 2023, the value of the lease liability is \$5,203. The City is required to make monthly fixed payments of \$148. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$8,339 with accumulated amortization of \$3,311 is included with Equipment in the Capital asset table. The City has five extension option(s), each for 12 months.

On April 1, 2023, the City entered into a 24 month lease as Lessee for the use of Mower-Police. An initial lease liability was recorded in the amount of \$9,283. As of June 30, 2023, the value of the lease liability is \$8,131. The City is required to make monthly fixed payments of \$396. The lease has an interest rate of 2.4700%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$9,283 with accumulated amortization of \$1,160 is included with Equipment in the Capital asset table.

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier-Cemetery. An initial lease liability was recorded in the amount of \$3,467. As of June 30, 2023, the value of the lease liability is \$2,140. The City is required to make monthly fixed payments of \$62. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$3,467 with accumulated amortization of \$1,385 is included with Equipment in the Capital asset table. The City has five extension option(s), each for 12 months.

On March 1, 2023, the City entered into a 24 month lease as Lessee for the use of Mower-Maintenance Copy. An initial lease liability was recorded in the amount of \$53,210. As of June 30, 2023, the value of the lease liability is \$44,440. The City is required to make monthly fixed payments of \$2,275. The lease has an interest rate of 2.7070%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$53,210 with accumulated amortization of \$8,868 is included with Equipment in the Capital asset table.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Lease Liabilities (Continued)**

**Governmental Activities (Continued) –**

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier-Recreation #018. An initial lease liability was recorded in the amount of \$299. As of June 30, 2023, the value of the lease liability is \$185. The City is required to make monthly fixed payments of \$5. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$299 with accumulated amortization of \$119 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier-Recreation #016. An initial lease liability was recorded in the amount of \$4,101. As of June 30, 2023, the value of the lease liability is \$2,533. The City is required to make monthly fixed payments of \$74. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$4,101 with accumulated amortization of \$1,633 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 120 month lease as Lessee for the use of Canon Copier-PW Admin (Color). An initial lease liability was recorded in the amount of \$5,712. As of June 30, 2023, the value of the lease liability is \$5,202. The City is required to make monthly fixed payments of \$61. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$5,712 with accumulated amortization of \$1,136 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier-PW Admin. An initial lease liability was recorded in the amount of \$8,212. As of June 30, 2023, the value of the lease liability is \$5,069. The City is required to make monthly fixed payments of \$147.75. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$8,212 with accumulated amortization of \$3,281 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On April 21, 2022, the City entered into a 120 month lease as Lessee for the use of Canon Copier-Police #5. An initial lease liability was recorded in the amount of \$24,335. As of June 30, 2023, the value of the lease liability is \$21,850. The City is required to make monthly fixed payments of \$238. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$24,335 with accumulated amortization of \$2,907 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Lease Liabilities (Continued)**

**Governmental Activities (Continued) –**

On July 1, 2021, the City entered into a 116 month lease as Lessee for the use of Canon Copier-Police #1. An initial lease liability was recorded in the amount of \$4,498. As of June 30, 2023, the value of the lease liability is \$3,667. The City is required to make monthly fixed payments of \$45. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$4,498 with accumulated amortization of \$930 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 76 month lease as Lessee for the use of Canon Copier-Police #028. An initial lease liability was recorded in the amount of \$372. As of June 30, 2023, the value of the lease liability is \$262. The City is required to make monthly fixed payments of \$5. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$372 with accumulated amortization of \$117 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 75 month lease as Lessee for the use of Canon Copier-Police #027. An initial lease liability was recorded in the amount of \$6,362. As of June 30, 2023, the value of the lease liability is \$4,451. The City is required to make monthly fixed payments of \$93. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$6,362 with accumulated amortization of \$2,030 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 75 month lease as Lessee for the use of Canon Copier-Police #026. An initial lease liability was recorded in the amount of \$5,327. As of June 30, 2023, the value of the lease liability is \$3,726. The City is required to make monthly fixed payments of \$78.16. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$5,327 with accumulated amortization of \$1,702 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 75 month lease as Lessee for the use of Canon Copier-Police #025. An initial lease liability was recorded in the amount of \$6,363. As of June 30, 2023, the value of the lease liability is \$4,451. The City is required to make monthly fixed payments of \$93. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$6,363 with accumulated amortization of \$2,032 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Lease Liabilities (Continued)**

**Governmental Activities (Continued) –**

On July 1, 2021, the City entered into a 62 month lease as Lessee for the use of Canon Copier-Police #023. An initial lease liability was recorded in the amount of \$14,984. As of June 30, 2023, the value of the lease liability is \$9,457. The City is required to make monthly fixed payments of \$262. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$14,984 with accumulated amortization of \$5,760 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 62 month lease as Lessee for the use of Canon Copier-Police #022. An initial lease liability was recorded in the amount of \$14,984. As of June 30, 2023, the value of the lease liability is \$9,457. The City is required to make monthly fixed payments of \$262. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$14,984 with accumulated amortization of \$5,760 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 104 month lease as Lessee for the use of Canon Copier-Mayor. An initial lease liability was recorded in the amount of \$6,718. As of June 30, 2023, the value of the lease liability is \$5,316. The City is required to make monthly fixed payments of \$74. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$6,718 with accumulated amortization of \$1,546 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier-Legal (Accessory). An initial lease liability was recorded in the amount of \$303. As of June 30, 2023, the value of the lease liability is \$187. The City is required to make monthly fixed payments of \$5. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$303 with accumulated amortization of \$120 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier-Legal. An initial lease liability was recorded in the amount of \$7,994. As of June 30, 2023, the value of the lease liability is \$4,935. The City is required to make monthly fixed payments of \$144. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$7,994 with accumulated amortization of \$3,194 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Lease Liabilities (Continued)**

**Governmental Activities (Continued) –**

On July 1, 2021, the City entered into a 48 month lease as Lessee for the use of Canon Copier-JFFC. An initial lease liability was recorded in the amount of \$6,663. As of June 30, 2023, the value of the lease liability is \$3,432. The City is required to make monthly fixed payments of \$148. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$6,663 with accumulated amortization of \$3,293 is included with Equipment in the Capital asset table. The City has four extension options, each for 12 months.

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier-Human Resources. An initial lease liability was recorded in the amount of \$8,208. As of June 30, 2023, the value of the lease liability is \$5,069. The City is required to make monthly fixed payments of \$148. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$8,208 with accumulated amortization of \$3,269 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 48 month lease as Lessee for the use of Canon Copier-Fire. An initial lease liability was recorded in the amount of \$6,553. As of 06/30/2023, the value of the lease liability is \$3,377. The City is required to make monthly fixed payments of \$145. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$6,553 with accumulated amortization of \$3,232 is included with Equipment in the Capital asset table. The City has four extension options, each for 12 months.

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier-Engineering #019. An initial lease liability was recorded in the amount of \$4,886. As of June 30, 2023, the value of the lease liability is \$3,021. The City is required to make monthly fixed payments of \$88. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$4,886 with accumulated amortization of \$1,931 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier-Engineering #011. An initial lease liability was recorded in the amount of \$9,944. As of June 30, 2023, the value of the lease liability is \$6,138. The City is required to make monthly fixed payments of \$179. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$9,944 with accumulated amortization of \$3,973 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Lease Liabilities (Continued)**

**Governmental Activities (Continued) –**

On July 1, 2021, the City entered into a 60 month lease as Lessee for the use of Canon Copier-Engineering. An initial lease liability was recorded in the amount of \$945. As of June 30, 2023, the value of the lease liability is \$583. The City is required to make monthly fixed payments of \$17. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$945 with accumulated amortization of \$378 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

Annual Debt Service Requirements to Maturity for Governmental Lease Obligations for the City are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 182,712	\$ 42,723	\$ 225,435
2025	172,600	37,078	209,678
2026	148,233	31,926	180,159
2027	134,533	27,284	161,817
2028	135,655	22,845	158,500
2029-2033	620,369	45,089	665,458
Total	<u>\$ 1,394,102</u>	<u>\$ 206,945</u>	<u>\$ 1,601,047</u>

**Business-Type Activities –**

On June 27, 2022, the City entered into a 120 month lease as Lessee for the use of Canon Copier-Sewer Plant. An initial lease liability was recorded in the amount of \$5,469. As of June 30, 2023, the value of the lease liability is \$4,992. The City is required to make monthly fixed payments of \$54. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$5,469 with accumulated amortization of \$553 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On May 25, 2022, the City entered into a 120 month lease as Lessee for the use of Canon Copier-Water/Sewer. An initial lease liability was recorded in the amount of \$6,265. As of June 30, 2023, the value of the lease liability is \$2,836. The City is required to make monthly fixed payments of \$61. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$3,132 with accumulated amortization of \$689 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Lease Liabilities (Continued)**

**Business-Type Activities (Continued) –**

On July 1, 2021, the City entered into a 71 month lease as Lessee for the use of Plotter. An initial lease liability was recorded in the amount of \$41,192. As of June 30, 2023, the value of the lease liability is \$28,043. The City is required to make monthly fixed payments of \$635. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$41,192 with accumulated amortization of \$13,924 is included with Equipment in the Capital asset table. The City has one extension options, each for 12 months.

On July 1, 2021, the City entered into a 112 month lease as Lessee for the use of Canon Copier-Water Plant. An initial lease liability was recorded in the amount of \$5,866. As of June 30, 2023, the value of the lease liability is \$4,745. The City is required to make monthly fixed payments of \$60. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$5,866 with accumulated amortization of \$1,250 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

On March 31, 2022, the City entered into a 120 month lease as Lessee for the use of Canon Copier-Gas Dept. An initial lease liability was recorded in the amount of \$6,139. As of June 30, 2023, the value of the lease liability is \$5,466. The City is required to make monthly fixed payments of \$60. The lease has an interest rate of 3.1500%. The Equipment estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$9,980 with accumulated amortization of \$4,271 is included with Equipment in the Capital asset table. The City has five extension options, each for 12 months.

Annual Debt Service Requirements to Maturity for Business-Type Lease Obligations for the City are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 8,752	\$ 1,325	\$ 10,077
2025	9,032	1,045	10,077
2026	9,321	757	10,078
2027	8,984	459	9,443
2028	2,174	283	2,457
2029-2033	7,819	448	8,267
Total	<u>\$ 46,082</u>	<u>\$ 4,317</u>	<u>\$ 50,399</u>

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:**

**City of Lebanon OPEB Program**

The City's full-time employees are included in the City of Lebanon's medical and life insurance coverage. The plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

*Plan description/benefits provided*

Provisions for employees hired prior to July 1, 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 \$24 for each year of service for each child under the age of 18, for two 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 July 1, 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.

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. The plan is funded on a pay as you go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement 75.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):**

**City of Lebanon OPEB Program (Continued)**

*Employees Covered by Benefit Terms*

At July 1, 2023, the following employees of the city were covered by the benefit terms of the plan:

Retiree Participants	108
Beneficiaries	65
Active Participants	<u>422</u>
Total	<u>595</u>

*Total OPEB Liability*

The City's total OPEB liability of \$24,328,936 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2023.

*Changes in Total OPEB Liability*

	<u>Total OPEB Liability</u>
<b>Balance at 6/30/22</b>	<u>\$ 23,252,089</u>
Service cost	694,655
Interest	937,902
Experience losses	917,714
Assumption changes	(458,260)
Benefit payments	<u>(1,015,164)</u>
<b>Net changes</b>	<u>1,076,847</u>
Balance at 6/30/23	<u><u>\$ 24,328,936</u></u>

*Changes in Assumptions*

Effective July 1, 2023, the following changes were made to the actuarial assumptions and methods: 1) The discount rate is 4.13% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023, compared to the prior Statement No. 75 discount rate of 4.09% as of June 30, 2022. 2) Medical trend was updated to an initial rate of 6.25% grading to 5.20% over two years and following the Getzen scale thereafter reaching an ultimate rate of 3.94% in the year 2075.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):**

**City of Lebanon OPEB Program (Continued)**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current discount rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB liability	\$ 27,354,365	\$ 24,328,936	\$ 21,762,792

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare costs trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost rates:

	1% Decrease (5.25% decreasing to 4.20%)	Current Rate (6.25% decreasing to 5.20%)	1% Increase (7.25% decreasing to 6.20%)
Total OPEB liability	\$ 22,603,263	\$ 24,328,936	\$ 26,398,535

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.13%
Cost Method	Entry age normal
Inflation	2.50%
Health Care Trend Rates	6.25% - 5.20%, with ultimate trend rate in 2075
Salary Scale	2.5% per annum

Mortality rates were based on the PubG.H-2010 (total dataset headcount weighted Pub-2010 table) with Improvement Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of July 1, 2023 census data and plan information.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):**

**City of Lebanon OPEB Program (Continued)**

*OPEB Expense (Income) and Deferred Outflows/Inflows of Resources*

For the year ended June 30, 2023, the City recognized OPEB expense is \$1,988,849. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to OPEB are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,182,969	\$ -
Change in assumptions	3,399,337	5,423,552
Total	\$ 7,582,306	\$ 5,423,552

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

Year ending June 30:		
2024	\$	356,293
2025		356,293
2026		356,293
2027		356,293
2028		356,293
Thereafter		377,289
Total	\$	2,158,754

**NOTE 9. PENSION PLANS:**

**City of Lebanon, State Retirement System - Legacy**

*Plan Description*

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System ("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 publicly available financial report that can be obtained at: <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, State Retirement System - Legacy (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 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 2 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, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	237
Inactive Employees Entitled to but not yet Receiving Benefits	313
Active Employees	<u>206</u>
Total Employees	<u>756</u>

*Contributions*

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the employer contributions for the City were \$2,054,277 based on a rate of 14.96% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City'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 THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, State Retirement System - Legacy (Continued)**

*Net Pension Liability (Asset)*

The City's net pension liability (asset) was measured as of June 30, 2022, 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 the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

Actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. 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, 2020, actuarial experience study. A blend of future capital projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. The best-estimates are combined to produce 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 expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, State Retirement System - Legacy (Continued)**

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
U.S. Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-term Securities	0.00%	<u>1%</u>
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75 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 the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, State Retirement System - Legacy (Continued)**

*Changes in the Net Pension Liability*

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances at 6/30/2021</b>	\$ 81,009,334	\$ 87,736,283	\$ (6,726,949)
<b>Changes for the year:</b>			
Service cost	1,025,848	-	1,025,848
Interest	5,444,249	-	5,444,249
Differences between expected and actual experience	3,116,765	-	3,116,765
Contributions - employer	-	2,098,532	(2,098,532)
Net investment income	-	(3,343,411)	3,343,411
Benefit payments, including refunds of employee contributions	(2,759,293)	(2,759,293)	-
Administrative expense	-	(21,241)	21,241
<b>Net changes</b>	<b>6,827,569</b>	<b>(4,025,413)</b>	<b>10,852,982</b>
<b>Balances at 6/30/2022</b>	<b>\$ 87,836,903</b>	<b>\$ 83,710,870</b>	<b>\$ 4,126,033</b>

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<b>Net pension liability (asset)</b>	<b>\$ 17,254,492</b>	<b>\$ 4,126,033</b>	<b>\$ (6,628,554)</b>

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, State Retirement System - Legacy (Continued)**

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2023, the City recognized pension expense of \$2,613,496. For the year ended June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,647,396	\$ 84,849
Net difference between projected and actual earnings on pension plan investments	202,897	-
Changes in assumptions	3,879,939	-
Contributions subsequent to the measurement date	2,054,277	-
Total	\$ 8,784,509	\$ 84,849

City contributions subsequent to the measurement date of June 30, 2022, 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:

Fiscal Year Ending		
2024	\$	1,439,133
2025		1,548,376
2026		1,186,007
2027		2,471,867
	\$	6,645,383

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

*Payable to the Pension Plan*

At June 30, 2023, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, State Retirement System - Hybrid 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 publicly available financial report that can be obtained at:

[https://treasury.tn.gov/Retirement/Boards-andGovernance/Reporting-and-Investment Policies](https://treasury.tn.gov/Retirement/Boards-andGovernance/Reporting-and-Investment-Policies).

*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 nonservice-related disability eligibility. The service-related and nonservice-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. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, State Retirement System - Hybrid Plan (Continued)**

*Employees covered by benefit terms*

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	144
Active employees	<u>244</u>
Total	<u>391</u>

*Contributions*

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Employees contribute 5 percent 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, 2023 to the Public Employee Retirement Plan were \$597,217 based on a rate of 2.23 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)*

The City's net pension liability (asset) was measured as of June 30, 2022, and the total net 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 THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, State Retirement System - Hybrid Plan (Continued)**

*Actuarial Assumptions*

The total pension liability as of June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022 actuarial valuation, are based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. 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, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce 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 expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, State Retirement System - Hybrid Plan (Continued)**

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
U.S. Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-term Securities	0.00%	<u>1%</u>
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, State Retirement System - Hybrid Plan (Continued)**

*Changes in the Net Pension Liability (Asset)*

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances at 6/30/2021</b>	\$ 2,236,593	\$ 2,632,342	\$ (395,749)
<b>Changes for the year:</b>			
Service cost	601,695	-	601,695
Interest	191,133	-	191,133
Differences between expected and actual experience	244,888	-	244,888
Contributions - employer	-	184,831	(184,831)
Contributions - employees	-	574,012	(574,012)
Net investment income	-	(114,507)	114,507
Benefit payments, including refunds of employee contributions	(13,364)	(13,364)	-
Administrative expense	-	(23,823)	23,823
<b>Net changes</b>	<u>1,024,352</u>	<u>607,149</u>	<u>417,203</u>
<b>Balances at 6/30/2022</b>	<u>\$ 3,260,945</u>	<u>\$ 3,239,491</u>	<u>\$ 21,454</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the City calculated using the discount rate of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$ 963,511	\$ 21,454	\$ (682,329)

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, State Retirement System - Hybrid Plan (Continued)**

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2023, the City recognized a pension expense of \$110,459. For the year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 436,799	\$ 51,935
Net difference between projected and actual earnings on pension plan investments	55,325	-
Changes in Assumptions	178,392	-
Contributions subsequent to the measurement date	597,217	-
Total	\$ 1,267,733	\$ 51,935

City contributions subsequent to the measurement date of June 30, 2022, 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:

<u>Fiscal Year Ending</u>		
2024	\$	70,831
2025		71,166
2026		65,085
2027		134,997
2028		72,593
Thereafter		203,909
	\$	618,581

*Payable to the Pension Plan*

At June 30, 2023, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, TCRS Stabilization Trust**

*Legal Provisions*

The City of Lebanon, Tennessee is a member of the Tennessee Consolidated Retirement System (“TCRS”) Stabilization Reserve Trust. The City has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (“TCA”), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of the trust members are held and invested in the name of the trust for the benefit of each member. Each member’s funds are restricted for the payment of retirement benefits of that member’s employees. Trust funds are not subject to the claims of general creditors of the City.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The City may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

*Investment Balances*

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (“TRGT”). The TRGT is not registered with the Securities and Exchange Commission (“SEC”) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, TCRS Stabilization Trust (Continued)**

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
  
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
  
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, TCRS Stabilization Trust (Continued)**

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

On June 30, 2023, the City had the following investments held by the trust on its behalf:

<u>Investment</u>	<u>Weighted Average Maturity (days)</u>	<u>Maturities</u>	<u>Fair Value</u>
Investments at Fair Value			
Domestic Equity	N/A	N/A	\$ 406,766
Domestic Fixed Income	N/A	N/A	262,430
International Equity	N/A	N/A	183,701
International Fixed Income	N/A	N/A	52,486
Short Term Securities	N/A	N/A	13,122
Real Estate	N/A	N/A	131,215
Private Equities & Strategic Lending	N/A	N/A	262,428
			<u>\$ 1,312,148</u>

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, TCRS Stabilization Trust (Continued)**

Investment by Fair Value Level	Fair Value Measurements Using					NAV
	Fair Value 06/30/23	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Domestic Equity	\$ 406,766	\$ 406,766	\$ -	\$ -	\$ -	-
Domestic Fixed Income	262,430	-	262,430	-	-	-
International Equity	183,701	183,701	-	-	-	-
International Fixed Income	52,486	52,486	-	-	-	-
Short Term Securities	13,122	-	13,122	-	-	-
Real Estate	131,215	-	-	131,215	-	-
Private Equities & Strategic Lending	262,428	-	-	-	262,428	-
	<u>\$1,312,148</u>	<u>\$ 642,953</u>	<u>\$ 275,552</u>	<u>\$ 131,215</u>	<u>\$262,428</u>	

*Risks and Uncertainties*

The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have the ability to limit the credit ratings of individual investments made by the trust.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Lebanon, TCRS Stabilization Trust (Continued)**

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the city's investment in a single issuer. The City places no limit on the amount the City may invest in one issuer.

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the City to pay retirement benefits of the City's employees.

For further information concerning the City's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at:

<https://comptroller.tn.gov/content/dam/cot/sa/advancedsearch/disclaimer/2020/agl9091.pdf>.

**NOTE 10. COMMITMENTS AND CONTINGENCIES:**

**Contractual Commitments:**

Water, sewer and gas improvement projects in process at June 30, 2023 totaled \$31,805,986. At June 30, 2023, the City closed \$14,093,351 in water and sewer projects into fixed assets and expenses. Also, the City closed \$3,845,118 in gas projects into fixed assets and expenses. Construction costs during the fiscal year June 30, 2023 for the water and sewer and gas improvements was \$23,226,965. The City incurred construction costs of \$13,807,534 during the fiscal year ending June 30, 2023. This was for improvements to the Jimmy Floyd Family Life Center, park construction, airport construction, new traffic signals, and street paving. Total Contacts outstanding for buildings, road construction, and airport projects is \$25,065,600.

**Contingent Liabilities:**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 11. 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 12. RESTATEMENTS:**

The City has determined restatements to beginning net position were required (1) to remove compensated absences from governmental funds and reverse current year accruals back against expenditures, (2) to reclassify debt as interfund loans, (3) to remove prior year state shared receipts from current year and accrue current year state shared receipts, (4) to correct allowances, current year revenue, and fund balance based on management's prescribed method of allowances, (5) to record prior year and current year unbilled revenue, (6) to correct opening balance for deferred inflows related to leases (lessor) and to correct current year amortization of deferred inflows, (7) to record all activity to date for bond premiums through current year, (8) to recognize the deferred revenue associated with a project that was finished in prior year, and (9) to remove accumulated depreciation relating to assets which were removed in previous years. The effect of the restatements resulted in a change to beginning net position as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Activities</u>
Fund Balance/Net position, as previously reported	\$ 64,307,857	\$ 6,659,428	\$ 122,271,999
Adjustment for Acc State Share	1,057,738	235,255	1,292,993
Adjustment for compensated absences	603,662	-	-
Record lease receivable in gov't funds	-	(24,276)	-
Adjustment for interfund loans	(1,850,462)	-	(21,121)
SBITA implementation	-	-	102,435
Remove accumulated depreciation	-	-	12,051,417
Fund Balance / Net Position, governmental activities, as restated	<u>\$ 64,118,795</u>	<u>\$ 6,870,407</u>	<u>\$ 135,697,723</u>

**CITY OF LEBANON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

---

**NOTE 12. RESTATEMENTS (Continued):**

	<u>Stormwater</u>	<u>Water &amp; Sewer</u>	<u>Natural Gas</u>	<u>Business-Type Activities</u>
Fund Balance/Net position, as previously reported	\$ 7,965,447	\$ 123,831,277	\$ 33,114,078	\$ 164,910,802
Adjustment for unbilled revenue	-	1,147,422	417,024	1,564,446
Adjustment for deferred Inflow - leases	-	199,640	-	199,640
Adjustment for bond premiums	-	826,254	-	826,254
Adjustment for deferred revenue	-	250,352	-	250,352
Fund Balance / Net Position, business-type activities, as restated	<u>\$ 7,965,447</u>	<u>\$ 126,254,945</u>	<u>\$ 33,531,102</u>	<u>\$ 167,751,494</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF LEBANON, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND**  
**RELATED RATIOS BASED ON PARTICIPATION IN THE**  
**PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS - LEGACY PLAN**  
**PLAN YEAR ENDED JUNE 30**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total Pension Liability</b>									
Service Cost	\$ 936,571	\$ 989,346	\$ 944,930	\$ 989,129	\$ 1,131,382	\$ 1,081,735	\$ 1,050,414	\$ 1,019,705	\$ 1,025,848
Interest	3,399,484	3,646,565	3,607,189	3,947,625	4,444,447	4,620,488	4,842,450	5,117,602	5,444,249
Difference Between Expected and Actual Experience	661,593	(3,214,342)	1,856,474	4,119,182	(1,050,216)	(424,245)	281,713	68,834	3,116,765
Change in Assumptions	-	-	-	1,358,123	-	-	-	6,466,561	-
Benefit Payments, Including Refunds of Employee Contributions	(1,717,975)	(1,794,053)	(2,010,265)	(1,817,035)	(1,960,155)	(2,135,466)	(2,234,764)	(2,462,565)	(2,759,293)
<b>Net Change in Total Pension Liability</b>	3,279,673	(372,484)	4,398,328	8,597,024	2,565,458	3,142,512	3,939,813	10,210,137	6,827,569
<b>Total Pension Liability - Beginning</b>	45,248,873	48,528,546	48,156,062	52,554,390	61,151,414	63,716,872	66,859,384	70,799,197	81,009,334
<b>Total Pension Liability - Ending (a)</b>	\$ 48,528,546	\$ 48,156,062	\$ 52,554,390	\$ 61,151,414	\$ 63,716,872	\$ 66,859,384	\$ 70,799,197	\$ 81,009,334	\$ 87,836,903
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer	\$ 1,828,142	\$ 1,774,194	\$ 1,834,691	\$ 2,279,703	\$ 2,157,052	\$ 2,113,275	\$ 2,188,630	\$ 2,085,473	\$ 2,098,532
Net Investment Income	6,887,411	1,492,974	1,322,269	5,812,495	4,765,579	4,634,503	3,314,355	18,032,643	(3,343,411)
Benefit Payments, Including Refunds of Employee Contributions	(1,717,975)	(1,794,053)	(2,010,265)	(1,817,035)	(1,960,155)	(2,135,466)	(2,234,764)	(2,462,565)	(2,759,293)
Administrative Expense	(13,375)	(13,288)	(22,551)	(23,677)	(25,191)	(22,137)	(21,231)	(20,403)	(21,241)
<b>Net Change in Plan Fiduciary Net Position</b>	6,984,203	1,459,827	1,124,144	6,251,486	4,937,285	4,590,175	3,246,990	17,635,148	(4,025,413)
<b>Plan Fiduciary Net Position - Beginning</b>	41,507,025	48,491,228	49,951,055	51,075,199	57,326,685	62,263,970	66,854,145	70,101,135	87,736,283
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 48,491,228	\$ 49,951,055	\$ 51,075,199	\$ 57,326,685	\$ 62,263,970	\$ 66,854,145	\$ 70,101,135	\$ 87,736,283	\$ 83,710,870
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	\$ 37,318	\$ (1,794,993)	\$ 1,479,191	\$ 3,824,729	\$ 1,452,902	\$ 5,239	\$ 698,062	\$ (6,726,949)	\$ 4,126,033
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	99.92%	103.73%	97.19%	93.75%	97.72%	99.99%	99.01%	108.30%	95.30%
<b>Covered Payroll</b>	\$ 12,938,008	\$ 13,339,802	\$ 13,790,787	\$ 15,198,013	\$ 14,303,140	\$ 14,070,055	\$ 14,149,094	\$ 13,903,150	\$ 13,994,284
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	0.29%	-13.46%	10.73%	25.17%	10.16%	0.04%	4.93%	-48.38%	29.48%

*Changes of assumptions.* In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**CITY OF LEBANON, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN**  
**THE PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS - LEGACY PLAN**  
**FISCAL YEAR ENDED JUNE 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 1,828,142	\$ 1,774,194	\$ 1,834,691	\$ 2,024,375	\$ 2,157,052
Contributions in Relation to the Actuarially Determined Contribution	<u>1,828,142</u>	<u>1,774,194</u>	<u>1,834,691</u>	<u>2,279,703</u>	<u>2,157,052</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (255,328)</u>	<u>\$ -</u>
Covered Payroll	\$ 12,938,008	\$ 13,339,802	\$ 13,790,787	\$ 15,198,013	\$ 14,303,140
Contributions as a Percentage of Covered Payroll	14.13%	13.30%	13.30%	15.00%	15.08%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially Determined Contribution	\$ 2,110,521	\$ 2,181,335	\$ 2,078,521	\$ 2,092,936	\$ 2,054,277
Contributions in Relation to the Actuarially Determined Contribution	<u>2,110,521</u>	<u>2,188,630</u>	<u>2,085,473</u>	<u>2,098,532</u>	<u>2,054,277</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (7,295)</u>	<u>\$ (6,952)</u>	<u>\$ (5,596)</u>	<u>\$ -</u>
Covered Payroll	\$ 14,070,055	\$ 14,149,094	\$ 13,903,150	\$ 13,994,284	\$ 13,731,798
Contributions as a Percentage of Covered Payroll	15.00%	15.47%	15.00%	15.00%	14.96%

**CITY OF LEBANON, TENNESSEE**  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS – TCRS LEGACY PLAN  
Last Fiscal Year Ending June 30

---

**Notes to Schedule for TCRS Legacy Plan**

*Valuation Date:*

Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021, actuarial valuation.

*Methods and Assumptions Used to Determine Contribution Rates:*

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed (Not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based upon age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, 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	2.125%

*Change of Assumptions:*

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF LEBANON, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**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**  
**PLAN YEAR ENDED JUNE 30**

	2016	2017	2018	2019	2020	2021	2022
<b>Total Pension Liability</b>							
Service Cost	\$ 60,774	\$ 92,342	\$ 137,695	\$ 271,168	\$ 404,373	\$ 503,280	\$ 601,695
Interest	4,558	11,079	23,829	52,117	94,223	141,848	191,133
Difference Between Expected and Actual Experience	(9,959)	27,271	95,335	134,650	91,187	(60,389)	244,888
Change in Assumptions	-	4,922	-	-	-	220,190	-
Benefit Payments, Including Refunds of Employee Contributions	-	-	-	(323)	(20,415)	(43,162)	(13,364)
<b>Net Change in Total Pension Liability</b>	<b>55,373</b>	<b>135,614</b>	<b>256,859</b>	<b>457,612</b>	<b>569,368</b>	<b>761,767</b>	<b>1,024,352</b>
<b>Total Pension Liability - Beginning</b>	<b>-</b>	<b>55,373</b>	<b>190,987</b>	<b>447,846</b>	<b>905,458</b>	<b>1,474,826</b>	<b>2,236,593</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 55,373</b>	<b>\$ 190,987</b>	<b>\$ 447,846</b>	<b>\$ 905,458</b>	<b>\$ 1,474,826</b>	<b>\$ 2,236,593</b>	<b>\$ 3,260,945</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 34,759	\$ 89,004	\$ 156,337	\$ 67,833	\$ 108,449	\$ 138,908	\$ 184,831
Contributions - Employee	43,449	111,256	195,422	311,157	387,767	445,218	574,012
Net Investment Income	1,043	19,876	38,401	63,567	65,894	486,227	(114,507)
Benefit Payments, Including Refunds of Employee Contributions	-	-	-	(323)	(20,415)	(43,162)	(13,364)
Administrative Expense	(2,675)	(5,688)	(10,412)	(14,649)	(17,444)	(18,390)	(23,823)
Other	933	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>77,509</b>	<b>214,448</b>	<b>379,748</b>	<b>427,585</b>	<b>524,251</b>	<b>1,008,801</b>	<b>607,149</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>-</b>	<b>77,509</b>	<b>291,957</b>	<b>671,705</b>	<b>1,099,290</b>	<b>1,623,541</b>	<b>2,632,342</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 77,509</b>	<b>\$ 291,957</b>	<b>\$ 671,705</b>	<b>\$ 1,099,290</b>	<b>\$ 1,623,541</b>	<b>\$ 2,632,342</b>	<b>\$ 3,239,491</b>
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	<b>\$ (22,136)</b>	<b>\$ (100,970)</b>	<b>\$ (223,859)</b>	<b>\$ (193,832)</b>	<b>\$ (148,715)</b>	<b>\$ (395,749)</b>	<b>\$ 21,454</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>139.98%</b>	<b>152.87%</b>	<b>149.99%</b>	<b>121.41%</b>	<b>110.08%</b>	<b>117.69%</b>	<b>99.34%</b>
<b>Covered Payroll</b>	<b>871,710</b>	<b>\$ 2,225,577</b>	<b>\$ 3,908,422</b>	<b>\$ 6,223,123</b>	<b>\$ 8,158,315</b>	<b>\$ 8,904,344</b>	<b>\$ 11,476,112</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>-2.54%</b>	<b>-4.54%</b>	<b>-5.73%</b>	<b>-3.11%</b>	<b>-1.82%</b>	<b>-4.44%</b>	<b>0.19%</b>

*Changes of assumptions.* In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**CITY OF LEBANON, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN**  
**THE PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS - HYBRID PLAN**  
**FISCAL YEAR ENDED JUNE 30**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 17,325	\$ 25,149	\$ 53,546	\$ 248,919	\$ 108,449
Contributions in Relation to the					
Actuarially Determined Contribution	<u>34,759</u>	<u>89,004</u>	<u>156,337</u>	<u>560,471</u>	<u>108,449</u>
Contribution Deficiency (Excess)	<u>\$ (17,434)</u>	<u>\$ (63,855)</u>	<u>\$ (102,791)</u>	<u>\$ (311,552)</u>	<u>\$ -</u>
Covered Payroll	\$ 871,710	\$ 2,225,577	\$ 3,908,422	\$ 6,223,123	\$ 8,158,315
Contributions as a Percentage of					
Covered Payroll	3.99%	4.00%	4.00%	9.01%	1.33%
	<u>2021</u>	<u>2022</u>	<u>2023</u>		
Actuarially Determined Contribution	\$ 138,908	\$ 184,831	\$ 597,217		
Contributions in Relation to the					
Actuarially Determined Contribution	<u>138,908</u>	<u>184,831</u>	<u>597,217</u>		
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered Payroll	\$ 8,904,344	\$ 11,476,112	\$ 26,781,031		
Contributions as a Percentage of					
Covered Payroll	1.56%	1.61%	2.23%		

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

**CITY OF LEBANON, TENNESSEE**  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS – TCRS HYBRID PLAN  
Last Fiscal Year Ending June 30

---

**Notes to Schedule for TCRS Hybrid Plan**

*Valuation Date:*

Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021, actuarial valuation.

*Methods and Assumptions Used to Determine Contribution Rates:*

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed (Not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based upon age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, 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	2.125%

*Change of Assumptions:*

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF LEBANON, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**  
**BASED ON PARTICIPATION IN THE CITY OF LEBANON OPEB PLAN**  
**FISCAL YEAR ENDED JUNE 30**

	2018	2019	2020	2021	2022	2023
<b>Total OPEB Liability</b>						
Service Cost	\$ 480,821	\$ 635,119	\$ 677,990	\$ 723,754	\$ 1,087,750	\$ 694,655
Interest	494,544	526,893	667,737	690,769	641,162	937,902
Difference Between Expected and Actual Experience	-	1,193,921	-	3,734,489	-	917,714
Change in Assumptions	-	2,609,885	-	2,716,672	(6,270,260)	(458,260)
Benefit Payments, Including Refunds of Employee Contributions	(447,402)	(617,329)	(648,180)	(678,432)	(734,526)	(1,015,164)
<b>Net Change in Total OPEB Liability</b>	527,963	4,348,489	697,547	7,187,252	(5,275,874)	1,076,847
<b>Total OPEB Liability - Beginning</b>	15,766,712	16,294,675	20,643,164	21,340,711	28,527,963	23,252,089
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 16,294,675</u>	<u>\$ 20,643,164</u>	<u>\$ 21,340,711</u>	<u>\$ 28,527,963</u>	<u>\$ 23,252,089</u>	<u>\$ 24,328,936</u>
<b>Covered Payroll</b>	\$ 15,591,573	\$ 18,467,210	\$ 18,928,890	\$ 20,244,976	\$ 20,781,100	\$ 26,596,989
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	104.51%	111.78%	112.74%	140.91%	111.89%	91.47%

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No 75 related to this OPEB plan.

*Changes of assumptions*

Effective July 1, 2018, the following changes were made to the actuarial assumptions and methods: 1) The discount rate is 3.23% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 29, 2019, compared with the prior Statement No. 75 discount rate of 3.13%. 2) The mortality assumption was changed from RP-2014 Total Dataset Generational Mortality Tables Projected with Improvement Scale MP-2016 as of July 1, 2017 to RP-2014 Total Dataset Generational Mortality Tables Projected with Improvement Scale MP-2018 as of July 1, 2018. 3) The medical claims aging table was updated to be based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013. 4) The assumed trend rate for the medical claims was changed from 8% grading uniformly to 5% grade over 12 years to 7.5% grading uniformly to 6.75% over 3 years, and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075.

Effective July 1, 2023, the following changes were made to the actuarial assumptions and methods: 1) The discount rate is 4.13% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023, compared to the prior Statement No. 75 discount rate of 4.09% as of June 30, 2022. 2) Medical trend was updated to an initial rate of 6.25% grading to 5.20% over 2 years and following the Getzen scale thereafter reaching an ultimate rate of 3.94% in the year 2075.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## Nonmajor Governmental Funds

---

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**State Street Aid Fund**- This fund is used to provide city street improvements and installation and maintenance of traffic lights and street lighting.

**Airport Operations Fund**- This fund is used to run the day-to-day operations of the Lebanon Municipal Airport.

**Jimmy Floyd Family Life Center Fund**- This fund is used to collect revenues received from the activities provided at the City Recreation Center and pay any related expenses.

**Case Management (Electronic Traffic Citation Fund)**- This fund is used to collect revenues for each ticket issued by the local Police Department.

**Federal Asset Seizure Fund**- This fund is used to for necessary expenses associated with asset forfeitures enforced or administered by the Department of Justice.

**Cemetery Maintenance Fund**- This fund is used to pay for maintenance at the Cemetery.

**Lebanon Housing Authority**- This fund is used to provide a designated police officer for the Lebanon Housing Authority.

**Tourism & Economic Development Fund**- This fund is used to attract businesses and provide incentives to promote new growth in the City. Hotel/Motel Tax is collected at 4% in which 2% is designated to this fund.

**Spirit of Christmas Fund**- This fund is used to provide gifts for underprivileged families by collecting donations as the main revenue source.

**Drug Enforcement Fund**- This fund is used for drug enforcement expenditures and proceeds collected through local fines and seizures related to drug charges.

**Beautification Committee Fund**- This fund is used to promote beautification within the city by harnessing local schools' faculty and students to invest in projects related to improving and cleaning the City.

**Law Enforcement Support Organization Fund**- This fund is used to provide additional needs of the local Police Department by collecting revenues from the sale of assets provided to the City by the Federal Government.

**Citizens Emergency Response Team Fund**- This fund is used to provide for the citizens that support the local Police Department through volunteer activities.

### Capital Project Funds

Capital project funds are used to account for the accumulation and expenditures of funds set aside for large capital projects.

**Police Local Option Fines Fund** – This fund is used to account for the accumulation and expenditures of the police local option fines for capital projects.

**Lebanon and Wilson County Community Park Fund** – This fund is used to account for the accumulation and expenditures of the Lebanon and Wilson County Community Park's capital projects.

**Airport Capital Projects Fund** – This fund is used to account for the accumulation and expenditures of the Airport's capital projects.

**Street Improvements Fund** – This fund is used to account for the accumulation and expenditures of street improvement capital projects.

## Nonmajor Governmental Funds

---

### Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

**Public Safety Building Bond Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on the public safety building bond.

**2008 G.O. Bond Refunding Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on G.O. bond refunding.

**2008 Bond Debt Service Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on the 2008 bond.

**2004 Bond Debt Service Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on the 2004 bond.

**2011 Bond Debt Service Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on the 2011 bond.

**2013 Bond Debt Service Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on the 2013 bond.

**2016 Legends Drive Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on the 2016 Legends Drive bond.

**2016 Airport Terminal Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on the 2016 Airport Terminal bond.

**Westside Park Debt Service Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on the Westside Park bond.

**Airport Maintenance Hanger Bond Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on the airport maintenance hangar bond.

**Radio Systems Bond Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on the radio systems bond.

**Road Improvements Bond Fund** – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on road improvements bond.

**CITY OF LEBANON, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	<b>Nonmajor Governmental Funds</b>			
	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,628,404	\$ 6,190,374	\$ 526,039	\$ 11,344,817
Investments	36,885	-	-	36,885
Receivables	304,046	506	-	304,552
Lease receivable	326,548	-	-	326,548
Due from other governments	185	107,813	-	107,998
Prepaid items	15,910	-	-	15,910
<b>Total Assets</b>	<b>\$ 5,311,978</b>	<b>\$ 6,298,693</b>	<b>\$ 526,039</b>	<b>\$ 12,136,710</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 104,451	\$ 1,057,177	\$ -	\$ 1,161,628
Accrued liabilities	106,094	2,028,069	-	2,134,163
Due to other funds	25,358	11	-	25,369
<b>Total Liabilities</b>	<b>235,903</b>	<b>3,085,257</b>	<b>-</b>	<b>3,321,160</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - intergovernmental	-	101,864	-	101,864
Deferred inflows - leases	305,066	-	-	305,066
<b>Total Deferred Inflows of Resources</b>	<b>305,066</b>	<b>101,864</b>	<b>-</b>	<b>406,930</b>
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Prepaid items	15,910	-	-	15,910
<b>Restricted for:</b>				
General government	978,032	-	-	978,032
Public safety	248,999	437,762	-	686,761
Culture and recreation	134,892	1,192,729	-	1,327,621
Capital projects	-	1,481,081	-	1,481,081
Public works	2,665,369	-	-	2,665,369
Debt service	-	-	526,039	526,039
<b>Committed for:</b>				
Police	71,671	-	-	71,671
Cemetary	114,781	-	-	114,781
<b>Assigned for:</b>				
Airport	310,469	-	-	310,469
Floyd Family Life Center	230,886	-	-	230,886
<b>Total Fund Balances</b>	<b>4,771,009</b>	<b>3,111,572</b>	<b>526,039</b>	<b>8,408,620</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 5,311,978</b>	<b>\$ 6,298,693</b>	<b>\$ 526,039</b>	<b>\$ 12,136,710</b>

**CITY OF LEBANON, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

		<u>Special Revenue Funds</u>						
		State Street Aid Fund	Airport Operations Fund	Jimmy Floyd Family Life Center Fund	Electronic Traffic Citation Fund	Federal Asset Seizure Fund	Cemetary Maintenance Fund	Lebanon Housing Authority Fund
<b>ASSETS</b>								
Cash and cash equivalents		\$ 2,536,817	\$ 261,761	\$ 275,142	\$ 91,719	\$ 32,864	\$ 114,781	\$ 15,976
Investments		-	-	36,885	-	-	-	-
Receivables		228,270	36,446	16,268	88	-	-	5,080
Lease receivable		-	326,548	-	-	-	-	-
Due from other governments		-	185	-	-	-	-	-
Prepaid items		-	1,459	14,451	-	-	-	-
	<b>Total Assets</b>	<u>2,765,087</u>	<u>626,399</u>	<u>342,746</u>	<u>91,807</u>	<u>32,864</u>	<u>114,781</u>	<u>21,056</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable		55,343	9,373	35,580	-	-	-	-
Accrued liabilities		44,375	-	61,719	-	-	-	-
Due to other funds		-	32	110	20,136	-	-	5,080
	<b>Total Liabilities</b>	<u>99,718</u>	<u>9,405</u>	<u>97,409</u>	<u>20,136</u>	<u>-</u>	<u>-</u>	<u>5,080</u>
<b>Deferred Inflows of Resources</b>								
Deferred inflows - leases		-	305,066	-	-	-	-	-
	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>305,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>								
<b>Nonspendable:</b>								
Prepaid items		-	1,459	14,451	-	-	-	-
<b>Restricted for:</b>								
General government		-	-	-	-	-	-	-
Public safety		-	-	-	-	32,864	-	-
Public works		2,665,369	-	-	-	-	-	-
Culture and recreation		-	-	-	-	-	-	15,976
<b>Committed for:</b>								
Police		-	-	-	71,671	-	-	-
Cemetary		-	-	-	-	114,781	-	-
<b>Assigned for:</b>								
Airport		-	310,469	-	-	-	-	-
Floyd Family Life Center		-	-	230,886	-	-	-	-
	<b>Total Fund Balances</b>	<u>2,665,369</u>	<u>311,928</u>	<u>245,337</u>	<u>71,671</u>	<u>32,864</u>	<u>114,781</u>	<u>15,976</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>		<u>\$ 2,765,087</u>	<u>\$ 626,399</u>	<u>\$ 342,746</u>	<u>\$ 91,807</u>	<u>\$ 32,864</u>	<u>\$ 114,781</u>	<u>\$ 21,056</u>

**CITY OF LEBANON, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

		<b>Special Revenue Funds</b>						
		Tourism & Economic Development Fund	Spirit of Christmas Fund	Drug Enforcement Fund	Beatification Committee Fund	Law Enforcement Support Organization Fund	Citizens Emergency Response Team Fund	Total Nonmajor Special Revenue Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents		\$ 957,926	\$ 118,916	\$ 148,545	\$ 5,382	\$ 61,933	\$ 6,642	\$ 4,628,404
Receivables		-	-	-	-	-	-	36,885
Receivables		14,724	-	2,546	-	624	-	304,046
Lease receivable		-	-	-	-	-	-	326,548
Due from other governments		-	-	-	-	-	-	185
Prepaid items		-	-	-	-	-	-	15,910
	<b>Total Assets</b>	<u>972,650</u>	<u>118,916</u>	<u>151,091</u>	<u>5,382</u>	<u>62,557</u>	<u>6,642</u>	<u>5,311,978</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable		-	-	4,155	-	-	-	104,451
Accrued liabilities		-	-	-	-	-	-	106,094
Due to other funds		-	-	-	-	-	-	25,358
	<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>4,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,903</u>
<b>Deferred Inflows of Resources</b>								
Deferred inflows - leases		-	-	-	-	-	-	305,066
	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,066</u>
<b>Fund Balances</b>								
<b>Nonspendable:</b>								
Prepaid items		-	-	-	-	-	-	15,910
<b>Restricted for:</b>								
General government		972,650	-	-	5,382	-	-	978,032
Public safety		-	-	146,936	-	62,557	6,642	248,999
Public works		-	-	-	-	-	-	2,665,369
Culture and recreation		-	118,916	-	-	-	-	134,892
<b>Committed for:</b>								
Police		-	-	-	-	-	-	71,671
Cemetery		-	-	-	-	-	-	114,781
<b>Assigned for:</b>								
Public Library operations		-	-	-	-	-	-	310,469
Huntsville Tennis Center		-	-	-	-	-	-	230,886
	<b>Total Fund Balances</b>	<u>972,650</u>	<u>118,916</u>	<u>146,936</u>	<u>5,382</u>	<u>62,557</u>	<u>6,642</u>	<u>4,771,009</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>		<u>\$ 972,650</u>	<u>\$ 118,916</u>	<u>\$ 151,091</u>	<u>\$ 5,382</u>	<u>\$ 62,557</u>	<u>\$ 6,642</u>	<u>\$ 5,311,978</u>

CITY OF LEBANON, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS

JUNE 30, 2023

	<u>Capital Project Funds</u>				
	Police Local Option Fines Fund	Lebanon/Wilson County Community Park Fund	Airport Capital Projects Fund	Street Improvements Fund	Total Nonmajor Capital Projects Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 467,715	\$ 2,386,093	\$ 511,845	\$ 2,824,721	\$ 6,190,374
Receivables	506	-	-	-	506
Due from other governments	-	-	8,626	99,187	107,813
	<u>468,221</u>	<u>2,386,093</u>	<u>520,471</u>	<u>2,923,908</u>	<u>6,298,693</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	30,459	961,448	8,626	56,644	1,057,177
Accrued liabilities	-	231,916	-	1,796,153	2,028,069
Due to other funds	-	-	11	-	11
	<u>30,459</u>	<u>1,193,364</u>	<u>8,637</u>	<u>1,852,797</u>	<u>3,085,257</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - intergovernmental	-	-	-	101,864	101,864
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,864</u>	<u>101,864</u>
<b>Fund Balances</b>					
<b>Restricted for:</b>					
Public safety	437,762	-	-	-	437,762
Culture and recreation	-	1,192,729	-	-	1,192,729
Capital projects	-	-	511,834	969,247	1,481,081
	<u>437,762</u>	<u>1,192,729</u>	<u>511,834</u>	<u>969,247</u>	<u>3,111,572</u>
Total Fund Balances (Deficit)	<u>437,762</u>	<u>1,192,729</u>	<u>511,834</u>	<u>969,247</u>	<u>3,111,572</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 468,221</u>	<u>\$ 2,386,093</u>	<u>\$ 520,471</u>	<u>\$ 2,923,908</u>	<u>\$ 6,298,693</u>

**CITY OF LEBANON, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

		<u>Debt Service Funds</u>					
		<u>Public Safety Building Bond Fund</u>	<u>2008 G.O Bond Refunding Fund</u>	<u>2008 Bond Debt Service Fund</u>	<u>2004 Bond Debt Service Fund</u>	<u>2011 Bond Debt Service Fund</u>	<u>2013 Bond Debt Service Fund</u>
<b>ASSETS</b>							
Cash and cash equivalents		\$ 212,429	\$ -	\$ 20,869	\$ 16,648	\$ 10,719	\$ 413
Total Assets		<u>212,429</u>	<u>-</u>	<u>20,869</u>	<u>16,648</u>	<u>10,719</u>	<u>413</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Fund Balances							
Restricted for:							
Debt service		<u>212,429</u>	<u>-</u>	<u>20,869</u>	<u>16,648</u>	<u>10,719</u>	<u>413</u>
Total Fund Balances		<u>212,429</u>	<u>-</u>	<u>20,869</u>	<u>16,648</u>	<u>10,719</u>	<u>413</u>
Total Liabilities, Deferred Inflows and Fund Balances		<u>\$ 212,429</u>	<u>\$ -</u>	<u>\$ 20,869</u>	<u>\$ 16,648</u>	<u>\$ 10,719</u>	<u>\$ 413</u>

**CITY OF LEBANON, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

		<u>Debt Service Funds</u>						
		2016 Legends Drive Fund	2016 Airport Terminal Fund	Westside Park Debt Service Fund	Airport Maintenance Hanger Bond Fund	Radio Systems Bond Fund	Road Improvements Bond Fund	Total Nonmajor Debt Service Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents		\$ 30,048	\$ 9,980	\$ 110,278	\$ 17,457	\$ 48,042	\$ 49,156	\$ 526,039
Total Assets		<u>30,048</u>	<u>9,980</u>	<u>110,278</u>	<u>17,457</u>	<u>48,042</u>	<u>49,156</u>	<u>526,039</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Fund Balances								
Restricted for:								
Debt service		<u>30,048</u>	<u>9,980</u>	<u>110,278</u>	<u>17,457</u>	<u>48,042</u>	<u>49,156</u>	<u>526,039</u>
Total Fund Balances		<u>30,048</u>	<u>9,980</u>	<u>110,278</u>	<u>17,457</u>	<u>48,042</u>	<u>49,156</u>	<u>526,039</u>
Total Liabilities, Deferred Inflows and Fund Balances		<u>\$ 30,048</u>	<u>\$ 9,980</u>	<u>\$ 110,278</u>	<u>\$ 17,457</u>	<u>\$ 48,042</u>	<u>\$ 49,156</u>	<u>\$ 526,039</u>

CITY OF LEBANON, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023

	Nonmajor Governmental Funds			
	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 631,463	\$ -	\$ -	\$ 631,463
Charges for services	1,135,164	-	-	1,135,164
Fines and forfeitures	17,405	497,509	-	514,914
Intergovernmental	1,446,085	1,672,611	-	3,118,696
Interest	151,475	42,210	43,361	237,046
Contributions	69,605	-	-	69,605
Miscellaneous	487,947	9,200	-	497,147
Total Revenues	<u>3,939,144</u>	<u>2,221,530</u>	<u>43,361</u>	<u>6,204,035</u>
<b>EXPENDITURES</b>				
Current:				
General government	377,422	-	-	377,422
Public safety	269,160	7,601	-	276,761
Public works	727,162	96,405	-	823,567
Culture and recreation	3,185,397	50,604	-	3,236,001
Capital Outlay	432,584	6,734,868	-	7,167,452
Debt Service:				
Principal	81,077	6,262	1,894,161	1,981,500
Interest and fiscal charges	27,001	488	765,153	792,642
Issuance costs	-	30,000	-	30,000
Total Expenditures	<u>5,099,803</u>	<u>6,926,228</u>	<u>2,659,314</u>	<u>14,685,345</u>
Deficiency of Revenues under Expenditures	(1,160,659)	(4,704,698)	(2,615,953)	(8,481,310)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	5,000,000	-	5,000,000
Proceeds from lease	1,247,563	25,766	-	1,273,329
Proceeds from sale of capital assets	624	-	-	624
Transfers in	966,810	930,000	2,221,643	4,118,453
Transfers out	(372,883)	-	-	(372,883)
Total Other Financing Sources (Uses)	<u>1,842,114</u>	<u>5,955,766</u>	<u>2,221,643</u>	<u>10,019,523</u>
Net Change in Fund Balances	681,455	1,251,068	(394,310)	1,538,213
Fund Balances, Beginning of Year, as Restated	<u>4,089,554</u>	<u>1,860,504</u>	<u>920,349</u>	<u>6,870,407</u>
Fund Balances, End of Year	<u>\$ 4,771,009</u>	<u>\$ 3,111,572</u>	<u>\$ 526,039</u>	<u>\$ 8,408,620</u>

CITY OF LEBANON, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
 JUNE 30, 2023

	Special Revenue Funds						
	State Street Aid	Airport Operations	Jimmy Floyd Family Life Center	Electronic Traffic Citation Fund	Federal Asset Seizure Fund	Cemetery Maintenance Fund	Lebanon Housing Authority Fund
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	1,119,015	-	-	16,149	-
Fines and forfeitures	-	-	-	-	-	-	-
Intergovernmental	1,335,071	47,750	-	-	4,964	-	50,800
Interest	24,621	108,735	3,424	617	227	1,167	271
Contributions	-	25,000	300	-	-	-	-
Miscellaneous	-	386,847	15,104	30,303	-	-	-
<b>Total Revenues</b>	<b>1,359,692</b>	<b>568,332</b>	<b>1,137,843</b>	<b>30,920</b>	<b>5,191</b>	<b>17,316</b>	<b>51,071</b>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	39,632	-
Public safety	-	-	-	28,539	-	-	50,800
Public works	727,162	-	-	-	-	-	-
Culture and recreation	-	1,541,602	1,612,825	-	-	-	-
Capital Outlay	-	-	399,177	-	-	-	-
Debt Service:							
Principal	-	79,440	1,637	-	-	-	-
Interest and fiscal charges	-	26,865	136	-	-	-	-
<b>Total Expenditures</b>	<b>727,162</b>	<b>1,647,907</b>	<b>2,013,775</b>	<b>28,539</b>	<b>-</b>	<b>39,632</b>	<b>50,800</b>
Excess (Deficiency) of Revenues over Expenditures	632,530	(1,079,575)	(875,932)	2,381	5,191	(22,316)	271
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from lease	-	1,247,563	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Transfers in	17,150	60,000	858,000	-	-	-	2,160
Transfers out	(200,000)	(172,883)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(182,850)</b>	<b>1,134,680</b>	<b>858,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,160</b>
<b>Net Change in Fund Balances</b>	<b>449,680</b>	<b>55,105</b>	<b>(17,932)</b>	<b>2,381</b>	<b>5,191</b>	<b>(22,316)</b>	<b>2,431</b>
Fund Balances, Beginning of Year, as Restated	2,215,689	256,823	263,269	69,290	27,673	137,097	13,545
Fund Balances, End of Year	\$ 2,665,369	\$ 311,928	\$ 245,337	\$ 71,671	\$ 32,864	\$ 114,781	\$ 15,976

CITY OF LEBANON, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
JUNE 30, 2023

	Special Revenue Funds						Total Nonmajor Special Revenue Governmental Funds
	Tourism & Economic Development Fund	Spirit of Christmas Fund	Drug Enforcement Fund	Beatification Committee Fund	Law Enforcement Support Organization Fund	Citizens Emergency Response Team Fund	
	Fund	Fund	Fund	Fund	Fund	Fund	
<b>REVENUES</b>							
Taxes	\$ 631,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 631,463
Charges for services	-	-	-	-	-	-	1,135,164
Fines and forfeitures	-	-	17,405	-	-	-	17,405
Intergovernmental	-	-	7,500	-	-	-	1,446,085
Interest	9,171	801	718	87	1,261	375	151,475
Contributions	-	42,555	-	1,750	-	-	69,605
Miscellaneous	-	-	55,693	-	-	-	487,947
<b>Total Revenues</b>	<b>640,634</b>	<b>43,356</b>	<b>81,316</b>	<b>1,837</b>	<b>1,261</b>	<b>375</b>	<b>3,939,144</b>
<b>EXPENDITURES</b>							
Current:							
General government	330,040	-	-	7,750	-	-	377,422
Public safety	-	-	65,514	-	81,973	42,334	269,160
Public works	-	-	-	-	-	-	727,162
Culture and recreation	-	30,970	-	-	-	-	3,185,397
Capital Outlay	-	-	33,407	-	-	-	432,584
Debt Service							
Principal	-	-	-	-	-	-	81,077
Interest and fiscal charges	-	-	-	-	-	-	27,001
<b>Total Expenditures</b>	<b>330,040</b>	<b>30,970</b>	<b>98,921</b>	<b>7,750</b>	<b>81,973</b>	<b>42,334</b>	<b>5,099,803</b>
Excess (Deficiency) of Revenues over Expenditures	310,594	12,386	(17,605)	(5,913)	(80,712)	(41,959)	(1,160,659)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from lease	-	-	-	-	-	-	1,247,563
Proceeds from sale of capital assets	-	-	-	-	624	-	624
Transfers in	-	-	-	4,500	-	25,000	966,810
Transfer out	-	-	-	-	-	-	(372,883)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,500</b>	<b>624</b>	<b>25,000</b>	<b>1,842,114</b>
<b>Net Change in Fund Balances</b>	<b>310,594</b>	<b>12,386</b>	<b>(17,605)</b>	<b>(1,413)</b>	<b>(80,088)</b>	<b>(16,959)</b>	<b>681,455</b>
Fund Balances, Beginning of Year, as Restated	662,056	106,530	164,541	6,795	142,645	23,601	4,089,554
Fund Balances, End of Year	\$ 972,650	\$ 118,916	\$ 146,936	\$ 5,382	\$ 62,557	\$ 6,642	\$ 4,771,009

CITY OF LEBANON, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS  
 JUNE 30, 2023

	Capital Project Funds				
	Police Local Option Fines Fund	Lebanon/Wilson County Community Park Fund	Airport Capital Projects Fund	Street Improvements Fund	Total Nonmajor Capital Projects Governmental Funds
<b>REVENUES</b>					
Fines and forfeitures	\$ 497,509	\$ -	\$ -	\$ -	\$ 497,509
Intergovernmental	-	1,500,000	104,762	67,849	1,672,611
Interest	3,530	2,752	2,739	33,189	42,210
Miscellaneous	-	-	-	9,200	9,200
<b>Total Revenues</b>	<b>501,039</b>	<b>1,502,752</b>	<b>107,501</b>	<b>110,238</b>	<b>2,221,530</b>
<b>EXPENDITURES</b>					
Current:					
Public safety	7,601	-	-	-	7,601
Public works	-	-	-	96,405	96,405
Culture and recreation	-	-	50,604	-	50,604
Capital Outlay	379,269	5,929,794	162,722	263,083	6,734,868
Debt Service:					
Principal	6,262	-	-	-	6,262
Interest and fiscal charges	488	-	-	-	488
Issuance costs	-	30,000	-	-	30,000
<b>Total Expenditures</b>	<b>393,620</b>	<b>5,959,794</b>	<b>213,326</b>	<b>359,488</b>	<b>6,926,228</b>
Excess (Deficiency) of Revenues over Expenditures	107,419	(4,457,042)	(105,825)	(249,250)	(4,704,698)
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issuance	-	5,000,000	-	-	5,000,000
Proceeds from lease	25,766	-	-	-	25,766
Transfers in	-	350,000	380,000	200,000	930,000
<b>Total Other Financing Sources (Uses)</b>	<b>25,766</b>	<b>5,350,000</b>	<b>380,000</b>	<b>200,000</b>	<b>5,955,766</b>
<b>Net Change in Fund Balances</b>	<b>133,185</b>	<b>892,958</b>	<b>274,175</b>	<b>(49,250)</b>	<b>1,251,068</b>
Fund Balances, Beginning of Year	304,577	299,771	237,659	1,018,497	1,860,504
Fund Balances, End of Year	\$ 437,762	\$ 1,192,729	\$ 511,834	\$ 969,247	\$ 3,111,572

**CITY OF LEBANON, TENNESSEE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS**

**JUNE 30, 2023**

	<b>Debt Service Funds</b>					
	Public Safety Building Bond Fund	2008 G.O Bond Refunding Fund	2008 Bond Debt Service Fund	2004 Bond Debt Service Fund	2011 Bond Debt Service Fund	2013 Bond Debt Service Fund
<b>REVENUES</b>						
Interest	\$ 6,515	\$ 3,854	\$ 3,881	\$ 2,181	\$ 690	\$ 320
Total Revenues	<u>6,515</u>	<u>3,854</u>	<u>3,881</u>	<u>2,181</u>	<u>690</u>	<u>320</u>
<b>EXPENDITURES</b>						
Debt Service:						
Principal	189,164	315,000	222,000	109,000	50,000	194,638
Interest and fiscal charges	<u>203,726</u>	<u>9,450</u>	<u>36,943</u>	<u>10,493</u>	<u>10,146</u>	<u>13,864</u>
Total Expenditures	<u>392,890</u>	<u>324,450</u>	<u>258,943</u>	<u>119,493</u>	<u>60,146</u>	<u>208,502</u>
Excess (Deficiency) of Revenues over Expenditures	(386,375)	(320,596)	(255,062)	(117,312)	(59,456)	(208,182)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	<u>209,231</u>	<u>314,473</u>	<u>259,860</u>	<u>119,743</u>	<u>69,976</u>	<u>208,502</u>
Total Other Financing Sources (Uses)	<u>209,231</u>	<u>314,473</u>	<u>259,860</u>	<u>119,743</u>	<u>69,976</u>	<u>208,502</u>
Net Change in Fund Balances	(177,144)	(6,123)	4,798	2,431	10,520	320
Fund Balances, Beginning of Year	<u>389,573</u>	<u>6,123</u>	<u>16,071</u>	<u>14,217</u>	<u>199</u>	<u>93</u>
Fund Balances, End of Year	<u>\$ 212,429</u>	<u>\$ -</u>	<u>\$ 20,869</u>	<u>\$ 16,648</u>	<u>\$ 10,719</u>	<u>\$ 413</u>

CITY OF LEBANON, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE GOVERNMENTAL FUNDS

JUNE 30, 2023

	Debt Service Funds						
	2016 Airport Terminal Fund	2016 Airport Terminal Fund	Westside Park Debt Service Fund	Airport Maintenance Hanger Bond Fund	Radio Systems Bond Fund	Road Improvements Bond Fund	Total Nonmajor Debt Service Governmental Funds
<b>REVENUES</b>							
Interest	\$ 4,485	\$ 1,475	\$ 5,499	\$ 1,414	\$ 10,504	\$ 2,543	\$ 43,361
Total Revenues	4,485	1,475	5,499	1,414	10,504	2,543	43,361
<b>EXPENDITURES</b>							
Debt Service:							
Principal	236,000	77,259	174,000	33,100	222,000	72,000	1,894,161
Interest and fiscal charges	118,389	38,549	95,330	21,337	173,732	33,194	765,153
Total Expenditures	354,389	115,808	269,330	54,437	395,732	105,194	2,659,314
Excess (Deficiency) of Revenues over Expenditures	(349,904)	(114,333)	(263,831)	(53,023)	(385,228)	(102,651)	(2,615,953)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	354,639	115,870	199,685	57,014	250,297	62,353	2,221,643
Total Other Financing Sources (Uses)	354,639	115,870	199,685	57,014	250,297	62,353	2,221,643
Net Change in Fund Balances	4,735	1,537	(64,146)	3,991	(134,931)	(40,298)	(394,310)
Fund Balances, Beginning of Year	25,313	8,443	174,424	13,466	182,973	89,454	920,349
Fund Balances, End of Year	\$ 30,048	\$ 9,980	\$ 110,278	\$ 17,457	\$ 48,042	\$ 49,156	\$ 526,039

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 STATE STREET AID FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,185,000	\$ 1,185,000	\$ 1,335,071	\$ 150,071
Interest	8,000	8,000	24,621	16,621
Total Revenues	<u>1,193,000</u>	<u>1,193,000</u>	<u>1,359,692</u>	<u>166,692</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>1,185,000</u>	<u>1,203,000</u>	<u>727,162</u>	<u>475,838</u>
Total Expenditures	<u>1,185,000</u>	<u>1,203,000</u>	<u>727,162</u>	<u>475,838</u>
Excess (Deficiency) of Revenues over Expenditures	8,000	(10,000)	632,530	642,530
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	18,000	17,150	(850)
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Total Other Financing Sources	<u>(200,000)</u>	<u>(182,000)</u>	<u>(182,850)</u>	<u>(850)</u>
Net Change in Fund Balances	<u>\$ (192,000)</u>	<u>\$ (192,000)</u>	449,680	<u>\$ 641,680</u>
Fund Balance - Beginning, as restated			<u>2,215,689</u>	
Fund Balance - Ending			<u>\$ 2,665,369</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 AIRPORT OPERATIONS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 15,000	\$ 40,101	\$ 47,750	\$ 7,649
Interest	10,000	10,000	108,735	98,735
Contributions	25,000	25,000	25,000	-
Miscellaneous	368,800	389,000	386,847	(2,153)
Total Revenues	<u>418,800</u>	<u>464,101</u>	<u>568,332</u>	<u>104,231</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	308,430	1,817,891	1,541,602	276,289
Debt Service:				
Principal	-	79,441	79,440	1
Interest and fiscal charges	-	26,865	26,865	-
Total Expenditures	<u>308,430</u>	<u>1,924,197</u>	<u>1,647,907</u>	<u>276,290</u>
Excess (Deficiency) of Revenues over Expenditures	110,370	(1,460,096)	(1,079,575)	380,521
<b>OTHER FINANCING SOURCES</b>				
Proceeds from lease	-	1,258,052	1,247,563	10,489
Transfers in	60,000	185,000	60,000	125,000
Transfers out	(165,696)	(172,886)	(172,883)	3
Total Other Financing Sources	<u>(105,696)</u>	<u>1,270,166</u>	<u>1,134,680</u>	<u>135,492</u>
Net Change in Fund Balances	<u>\$ 4,674</u>	<u>\$ (189,930)</u>	55,105	<u>\$ 245,029</u>
Fund Balance - Beginning, as Restated			<u>256,823</u>	
Fund Balance - Ending			<u>\$ 311,928</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 JIMMY FLOYD FAMILY LIFE CENTER FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 1,182,500	\$ 1,193,209	\$ 1,119,015	\$ (74,194)
Interest	3,000	3,000	3,424	424
Contributions	-	300	300	-
Miscellaneous	-	15,074	15,104	30
Total Revenues	<u>1,185,500</u>	<u>1,211,583</u>	<u>1,137,843</u>	<u>(73,740)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	1,591,742	1,660,683	1,612,825	47,858
Capital outlay	71,000	404,464	399,177	5,287
Debt Service:				
Principal	-	1,637	1,637	-
Interest and fiscal charges	-	137	136	1
Total Expenditures	<u>1,662,742</u>	<u>2,066,921</u>	<u>2,013,775</u>	<u>53,146</u>
Deficiency of Revenues under Expenditures	(477,242)	(855,338)	(875,932)	(20,594)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>483,000</u>	<u>858,000</u>	<u>858,000</u>	<u>-</u>
Total Other Financing Sources	<u>483,000</u>	<u>858,000</u>	<u>858,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 5,758</u>	<u>\$ 2,662</u>	(17,932)	<u>\$ (20,594)</u>
Fund Balance - Beginning			<u>263,269</u>	
Fund Balance - Ending			<u>\$ 245,337</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 ELECTRONIC TRAFFIC CITATION FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 500	\$ 500	\$ 617	\$ 117
Miscellaneous	14,000	14,000	30,303	16,303
Total Revenues	<u>14,500</u>	<u>14,500</u>	<u>30,920</u>	<u>16,420</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	83,267	83,267	28,539	54,728
Total Expenditures	<u>83,267</u>	<u>83,267</u>	<u>28,539</u>	<u>54,728</u>
Excess (Deficiency) of Revenues over Expenditures	(68,767)	(68,767)	2,381	71,148
Net Change in Fund Balances	<u>\$ (68,767)</u>	<u>\$ (68,767)</u>	2,381	<u>\$ 71,148</u>
Fund Balance - Beginning			<u>69,290</u>	
Fund Balance - Ending			<u>\$ 71,671</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 FEDERAL ASSET SEIZURE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 4,964	\$ (20,036)
Interest	750	750	227	(523)
Total Revenues	<u>25,750</u>	<u>25,750</u>	<u>5,191</u>	<u>(20,559)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	7,500	7,500	-	7,500
Capital outlay	27,000	27,000	-	27,000
Total Expenditures	<u>34,500</u>	<u>34,500</u>	<u>-</u>	<u>34,500</u>
Excess (Deficiency) of Revenues over Expenditures	(8,750)	(8,750)	5,191	13,941
Net Change in Fund Balances	<u>\$ (8,750)</u>	<u>\$ (8,750)</u>	5,191	<u>\$ 13,941</u>
Fund Balance - Beginning			<u>27,673</u>	
Fund Balance - Ending			<u>\$ 32,864</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 CEMETERY MAINTENANCE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 28,500	\$ 28,500	\$ 16,149	\$ (12,351)
Interest	500	500	1,167	667
Total Revenues	<u>29,000</u>	<u>29,000</u>	<u>17,316</u>	<u>(11,684)</u>
<b>EXPENDITURES</b>				
Current:				
General government	10,500	45,500	39,632	5,868
Total Expenditures	<u>10,500</u>	<u>45,500</u>	<u>39,632</u>	<u>5,868</u>
Excess (Deficiency) of Revenues over Expenditures	18,500	(16,500)	(22,316)	(5,816)
Net Change in Fund Balances	<u>\$ 18,500</u>	<u>\$ (16,500)</u>	(22,316)	<u>\$ (5,816)</u>
Fund Balance - Beginning			<u>137,097</u>	
Fund Balance - Ending			<u>\$ 114,781</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 LEBANON HOUSING AUTHORITY FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 63,600	\$ 63,600	\$ 50,800	\$ (12,800)
Interest	100	100	271	171
Total Revenues	<u>63,700</u>	<u>63,700</u>	<u>51,071</u>	<u>(12,629)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	63,442	65,602	50,800	14,802
Total Expenditures	<u>63,442</u>	<u>65,602</u>	<u>50,800</u>	<u>14,802</u>
Excess (Deficiency) of Revenues over Expenditures	258	(1,902)	271	2,173
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	2,160	2,160	-
Total Other Financing Sources	<u>-</u>	<u>2,160</u>	<u>2,160</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 258</u>	<u>\$ 258</u>	2,431	<u>\$ 2,173</u>
Fund Balance - Beginning			<u>13,545</u>	
Fund Balance - Ending			<u>\$ 15,976</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 TOURISM AND ECONOMIC DEVELOPMENT FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 450,000	\$ 450,000	\$ 631,463	\$ 181,463
Interest	1,000	1,000	9,171	8,171
Total Revenues	<u>451,000</u>	<u>451,000</u>	<u>640,634</u>	<u>189,634</u>
<b>EXPENDITURES</b>				
Current:				
General government	491,730	491,730	330,040	161,690
Total Expenditures	<u>491,730</u>	<u>491,730</u>	<u>330,040</u>	<u>161,690</u>
Excess (Deficiency) of Revenues over Expenditures	(40,730)	(40,730)	310,594	351,324
Net Change in Fund Balances	<u>\$ (40,730)</u>	<u>\$ (40,730)</u>	310,594	<u>\$ 351,324</u>
Fund Balance - Beginning, as restated			<u>662,056</u>	
Fund Balance - Ending			<u>\$ 972,650</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 SPIRIT OF CHRISTMAS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 801	\$ 701
Contributions	20,000	34,420	42,555	8,135
Miscellaneous	5,000	5,000	-	(5,000)
Total Revenues	<u>25,100</u>	<u>39,520</u>	<u>43,356</u>	<u>3,836</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>16,550</u>	<u>30,970</u>	<u>30,970</u>	<u>-</u>
Total Expenditures	<u>16,550</u>	<u>30,970</u>	<u>30,970</u>	<u>-</u>
Excess of Revenues over Expenditures	8,550	8,550	12,386	3,836
Net Change in Fund Balances	<u>\$ 8,550</u>	<u>\$ 8,550</u>	12,386	<u>\$ 3,836</u>
Fund Balance - Beginning			<u>106,530</u>	
Fund Balance - Ending			<u>\$ 118,916</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 DRUG ENFORCEMENT FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 14,000	\$ 14,000	\$ 17,405	\$ 3,405
Intergovernmental	-	-	7,500	7,500
Interest	500	500	718	218
Miscellaneous	37,500	37,500	55,693	18,193
Total Revenues	<u>52,000</u>	<u>52,000</u>	<u>81,316</u>	<u>29,316</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	119,700	119,700	65,514	54,186
Capital outlay	34,900	34,900	33,407	1,493
Total Expenditures	<u>154,600</u>	<u>154,600</u>	<u>98,921</u>	<u>55,679</u>
Deficiency of Revenues over Expenditures	(102,600)	(102,600)	(17,605)	84,995
Net Change in Fund Balances	<u>\$ (102,600)</u>	<u>\$ (102,600)</u>	(17,605)	<u>\$ 84,995</u>
Fund Balance - Beginning			<u>164,541</u>	
Fund Balance - Ending			<u>\$ 146,936</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 BEAUTIFICATION COMMITTEE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 87	\$ (13)
Contributions	15,000	15,000	1,750	(13,250)
Total Revenues	<u>15,100</u>	<u>15,100</u>	<u>1,837</u>	<u>(13,263)</u>
<b>EXPENDITURES</b>				
Current:				
General government	15,000	15,000	7,750	7,250
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>7,750</u>	<u>7,250</u>
Excess (Deficiency) of Revenues over Expenditures	100	100	(5,913)	(6,013)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	4,500	4,500	4,500	-
Total Other Financing Sources	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 4,600</u>	<u>\$ 4,600</u>	(1,413)	<u>\$ (6,013)</u>
Fund Balance - Beginning			<u>6,795</u>	
Fund Balance - Ending			<u>\$ 5,382</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 LAW ENFORCEMENT SUPPORT ORGANIZATION FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 500	\$ 500	\$ 1,261	\$ 761
Total Revenues	<u>500</u>	<u>500</u>	<u>1,261</u>	<u>761</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	187,904	187,904	81,973	105,931
Total Expenditures	<u>187,904</u>	<u>187,904</u>	<u>81,973</u>	<u>105,931</u>
Excess of Revenues over Expenditures	(187,404)	(187,404)	(80,712)	106,692
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	75,000	75,000	624	(74,376)
Total Other Financing Sources	<u>75,000</u>	<u>75,000</u>	<u>624</u>	<u>(74,376)</u>
Net Change in Fund Balances	<u>\$ (112,404)</u>	<u>\$ (112,404)</u>	(80,088)	<u>\$ 32,316</u>
Fund Balance - Beginning			<u>142,645</u>	
Fund Balance - Ending			<u>\$ 62,557</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 CITIZENS EMERGENCY RESPONSE TEAM FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 25	\$ 25	\$ 375	\$ 350
Contributions	3,000	3,000	-	(3,000)
Total Revenues	<u>3,025</u>	<u>3,025</u>	<u>375</u>	<u>(2,650)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	43,850	43,850	42,334	1,516
Total Expenditures	<u>43,850</u>	<u>43,850</u>	<u>42,334</u>	<u>1,516</u>
Deficiency of Revenues over Expenditures	(40,825)	(40,825)	(41,959)	(1,134)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	25,000	25,000	25,000	-
Total Other Financing Sources	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (15,825)</u>	<u>\$ (15,825)</u>	(16,959)	<u>\$ (1,134)</u>
Fund Balance - Beginning			<u>23,601</u>	
Fund Balance - Ending			<u>\$ 6,642</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 POLICE LOCAL OPTION FINES FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 356,000	\$ 411,337	\$ 497,509	\$ 86,172
Interest	2,000	2,000	3,530	1,530
Total Revenues	<u>358,000</u>	<u>413,337</u>	<u>501,039</u>	<u>87,702</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	53,000	53,082	7,601	45,481
Capital outlay	305,000	379,270	379,269	1
Debt service:				
Principal	-	6,262	6,262	-
Interest and fiscal charges	-	489	488	1
Total Expenditures	<u>358,000</u>	<u>439,103</u>	<u>393,620</u>	<u>45,483</u>
Excess (Deficiency) of Revenues over Expenditures	-	(25,766)	107,419	133,185
<b>OTHER FINANCING SOURCES</b>				
Proceeds from lease	-	25,766	25,766	-
Total Other Financing Sources	<u>-</u>	<u>25,766</u>	<u>25,766</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	133,185	<u>\$ 133,185</u>
Fund Balance - Beginning			<u>304,577</u>	
Fund Balance - Ending			<u>\$ 437,762</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 LEBANON AND WILSON COUNTY COMMUNITY PARK FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 3,304,986	\$ 1,500,000	\$ (1,804,986)
Interest	-	-	2,752	2,752
Total Revenues	<u>-</u>	<u>3,304,986</u>	<u>1,502,752</u>	<u>(1,802,234)</u>
<b>EXPENDITURES</b>				
Capital outlay	-	18,724,983	5,929,794	12,795,189
Debt service:				
Issuance costs	-	-	30,000	(30,000)
Total Expenditures	<u>-</u>	<u>18,724,983</u>	<u>5,959,794</u>	<u>12,765,189</u>
Deficiency of Revenues over Expenditures	-	(15,419,997)	(4,457,042)	10,962,955
<b>OTHER FINANCING SOURCES</b>				
Debt issuance	-	5,000,000	5,000,000	-
Transfers in	-	9,825,000	350,000	(9,475,000)
Total Other Financing Sources	<u>-</u>	<u>14,825,000</u>	<u>5,350,000</u>	<u>(9,475,000)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (594,997)</u>	892,958	<u>\$ 1,487,955</u>
Fund Balance - Beginning			<u>299,771</u>	
Fund Balance - Ending			<u>\$ 1,192,729</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 AIRPORT CAPITAL PROJECTS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,800,250	\$ 1,806,250	\$ 104,762	\$ (1,701,488)
Interest	-	-	2,739	2,739
Total Revenues	<u>1,800,250</u>	<u>1,806,250</u>	<u>107,501</u>	<u>(1,698,749)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	-	437,700	50,604	387,096
Capital outlay	1,895,000	1,873,300	162,722	1,710,578
Total Expenditures	<u>1,895,000</u>	<u>2,311,000</u>	<u>213,326</u>	<u>2,097,674</u>
Deficiency of Revenues over Expenditures	(94,750)	(504,750)	(105,825)	398,925
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	380,000	380,000	-
Total Other Financing Sources	<u>-</u>	<u>380,000</u>	<u>380,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (94,750)</u>	<u>\$ (124,750)</u>	274,175	<u>\$ 398,925</u>
Fund Balance - Beginning			<u>237,659</u>	
Fund Balance - Ending			<u>\$ 511,834</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 STREET IMPROVEMENTS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,234,800	\$ 5,978,126	\$ 67,849	\$ (5,910,277)
Interest	-	13,090	33,189	20,099
Contributions	-	14,344,108	-	(14,344,108)
Miscellaneous	-	-	9,200	9,200
Total Revenues	<u>3,234,800</u>	<u>20,335,324</u>	<u>110,238</u>	<u>(20,225,086)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	281,000	2,092,415	96,405	1,996,010
Capital outlay	<u>3,628,900</u>	<u>23,920,879</u>	<u>263,083</u>	<u>23,657,796</u>
Total Expenditures	<u>3,909,900</u>	<u>26,013,294</u>	<u>359,488</u>	<u>25,653,806</u>
Deficiency of Revenues over Expenditures	(675,100)	(5,677,970)	(249,250)	5,428,720
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	-
Total Other Financing Sources	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	-
Net Change in Fund Balances	<u>\$ (475,100)</u>	<u>\$ (5,477,970)</u>	(49,250)	<u>\$ 5,428,720</u>
Fund Balance - Beginning			<u>1,018,497</u>	
Fund Balance - Ending			<u>\$ 969,247</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 PUBLIC SAFETY BUILDING BOND FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 250	\$ 250	\$ 6,515	\$ 6,265
Total Revenues	<u>250</u>	<u>250</u>	<u>6,515</u>	<u>6,265</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	209,000	207,690	189,164	18,526
Interest and fiscal charges	<u>188,585</u>	<u>189,895</u>	<u>203,726</u>	<u>(13,831)</u>
Total Expenditures	<u>397,585</u>	<u>397,585</u>	<u>392,890</u>	<u>4,695</u>
Deficiency of Revenues over Expenditures	(397,335)	(397,335)	(386,375)	10,960
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>397,585</u>	<u>397,585</u>	<u>209,231</u>	<u>(188,354)</u>
Total Other Financing Sources	<u>397,585</u>	<u>397,585</u>	<u>209,231</u>	<u>(188,354)</u>
Net Change in Fund Balances	<u>\$ 250</u>	<u>\$ 250</u>	(177,144)	<u>\$ (177,394)</u>
Fund Balance - Beginning			<u>389,573</u>	
Fund Balance - Ending			<u>\$ 212,429</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 2008 G.O. BOND REFUNDING FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 3,854	\$ 3,754
Total Revenues	<u>100</u>	<u>100</u>	<u>3,854</u>	<u>3,754</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	315,000	315,000	315,000	-
Interest and fiscal charges	9,450	9,450	9,450	-
Total Expenditures	<u>324,450</u>	<u>324,450</u>	<u>324,450</u>	<u>-</u>
Deficiency of Revenues over Expenditures	(324,350)	(324,350)	(320,596)	3,754
<b>OTHER FINANCING SOURCES</b>				
Transfers in	324,450	324,450	314,473	(9,977)
Total Other Financing Sources	<u>324,450</u>	<u>324,450</u>	<u>314,473</u>	<u>(9,977)</u>
Net Change in Fund Balances	<u>\$ 100</u>	<u>\$ 100</u>	(6,123)	<u>\$ (6,223)</u>
Fund Balance - Beginning			<u>6,123</u>	
Fund Balance - Ending			<u>\$ -</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL

2008 BOND DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 3,881	\$ 3,781
Total Revenues	<u>100</u>	<u>100</u>	<u>3,881</u>	<u>3,781</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	222,917	222,917	222,000	917
Interest and fiscal charges	61,350	61,350	36,943	24,407
Total Expenditures	<u>284,267</u>	<u>284,267</u>	<u>258,943</u>	<u>25,324</u>
Deficiency of Revenues over Expenditures	(284,167)	(284,167)	(255,062)	29,105
<b>OTHER FINANCING SOURCES</b>				
Transfers in	284,267	284,267	259,860	(24,407)
Total Other Financing Sources	<u>284,267</u>	<u>284,267</u>	<u>259,860</u>	<u>(24,407)</u>
Net Change in Fund Balances	<u>\$ 100</u>	<u>\$ 100</u>	4,798	<u>\$ 4,698</u>
Fund Balance - Beginning			<u>16,071</u>	
Fund Balance - Ending			<u>\$ 20,869</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 2004 BOND DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 2,181	\$ 2,081
Total Revenues	<u>100</u>	<u>100</u>	<u>2,181</u>	<u>2,081</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	109,250	109,250	109,000	250
Interest and fiscal charges	10,808	10,808	10,493	315
Total Expenditures	<u>120,058</u>	<u>120,058</u>	<u>119,493</u>	<u>565</u>
Deficiency of Revenues over Expenditures	(119,958)	(119,958)	(117,312)	2,646
<b>OTHER FINANCING SOURCES</b>				
Transfers in	120,058	120,058	119,743	(315)
Total Other Financing Sources	<u>120,058</u>	<u>120,058</u>	<u>119,743</u>	<u>(315)</u>
Net Change in Fund Balances	<u>\$ 100</u>	<u>\$ 100</u>	2,431	<u>\$ 2,331</u>
Fund Balance - Beginning			<u>14,217</u>	
Fund Balance - Ending			<u>\$ 16,648</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 2011 BOND DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 690	\$ 590
Total Revenues	<u>100</u>	<u>100</u>	<u>690</u>	<u>590</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	50,000	50,000	50,000	-
Interest and fiscal charges	10,225	10,225	10,146	79
Total Expenditures	<u>60,225</u>	<u>60,225</u>	<u>60,146</u>	<u>79</u>
Deficiency of Revenues over Expenditures	(60,125)	(60,125)	(59,456)	669
<b>OTHER FINANCING SOURCES</b>				
Transfers in	60,325	60,325	69,976	9,651
Total Other Financing Sources	<u>60,325</u>	<u>60,325</u>	<u>69,976</u>	<u>9,651</u>
Net Change in Fund Balances	<u>\$ 200</u>	<u>\$ 200</u>	10,520	<u>\$ 10,320</u>
Fund Balance - Beginning			<u>199</u>	
Fund Balance - Ending			<u>\$ 10,719</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 2013 BOND DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 320	\$ 220
Total Revenues	<u>100</u>	<u>100</u>	<u>320</u>	<u>220</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	198,402	194,639	194,638	1
Interest and fiscal charges	10,101	13,864	13,864	-
Total Expenditures	<u>208,503</u>	<u>208,503</u>	<u>208,502</u>	<u>1</u>
Deficiency of Revenues over Expenditures	(208,403)	(208,403)	(208,182)	221
<b>OTHER FINANCING SOURCES</b>				
Transfers in	208,505	208,505	208,502	(3)
Total Other Financing Sources	<u>208,505</u>	<u>208,505</u>	<u>208,502</u>	<u>(3)</u>
Net Change in Fund Balances	<u>\$ 102</u>	<u>\$ 102</u>	320	<u>\$ 218</u>
Fund Balance - Beginning			<u>93</u>	
Fund Balance - Ending			<u>\$ 413</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 2016 LEGENDS DRIVE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 190	\$ 4,485	\$ 4,295
Total Revenues	<u>100</u>	<u>190</u>	<u>4,485</u>	<u>4,295</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	236,250	236,250	236,000	250
Interest and fiscal charges	88,900	118,390	118,389	1
Total Expenditures	<u>325,150</u>	<u>354,640</u>	<u>354,389</u>	<u>251</u>
Deficiency of Revenues over Expenditures	(325,050)	(354,450)	(349,904)	4,546
<b>OTHER FINANCING SOURCES</b>				
Transfers in	325,150	354,550	354,639	89
Total Other Financing Sources	<u>325,150</u>	<u>354,550</u>	<u>354,639</u>	<u>89</u>
Net Change in Fund Balances	<u>\$ 100</u>	<u>\$ 100</u>	4,735	<u>\$ 4,635</u>
Fund Balance - Beginning			<u>25,313</u>	
Fund Balance - Ending			<u>\$ 30,048</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 2016 AIRPORT TERMINAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 115	\$ 1,475	\$ 1,360
Total Revenues	<u>100</u>	<u>115</u>	<u>1,475</u>	<u>1,360</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	77,321	77,321	77,259	62
Interest and fiscal charges	33,938	38,553	38,549	4
Total Expenditures	<u>111,259</u>	<u>115,874</u>	<u>115,808</u>	<u>66</u>
Deficiency of Revenues over Expenditures	(111,159)	(115,759)	(114,333)	1,426
<b>OTHER FINANCING SOURCES</b>				
Transfers in	111,260	115,860	115,870	10
Total Other Financing Sources	<u>111,260</u>	<u>115,860</u>	<u>115,870</u>	<u>10</u>
Net Change in Fund Balances	<u>\$ 101</u>	<u>\$ 101</u>	1,537	<u>\$ 1,436</u>
Fund Balance - Beginning			<u>8,443</u>	
Fund Balance - Ending			<u>\$ 9,980</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 WESTSIDE PARK DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 5,499	\$ 5,399
Total Revenues	<u>100</u>	<u>100</u>	<u>5,499</u>	<u>5,399</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	175,000	175,000	174,000	1,000
Interest and fiscal charges	98,459	98,459	95,330	3,129
Total Expenditures	<u>273,459</u>	<u>273,459</u>	<u>269,330</u>	<u>4,129</u>
Deficiency of Revenues over Expenditures	(273,359)	(273,359)	(263,831)	9,528
<b>OTHER FINANCING SOURCES</b>				
Transfers in	273,460	273,460	199,685	(73,775)
Total Other Financing Sources	<u>273,460</u>	<u>273,460</u>	<u>199,685</u>	<u>(73,775)</u>
Net Change in Fund Balances	<u>\$ 101</u>	<u>\$ 101</u>	(64,146)	<u>\$ (64,247)</u>
Fund Balance - Beginning			<u>174,424</u>	
Fund Balance - Ending			<u>\$ 110,278</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 AIRPORT MAINTENANCE HANGER BOND FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 1,414	\$ 1,314
Total Revenues	<u>100</u>	<u>100</u>	<u>1,414</u>	<u>1,314</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	33,100	33,100	33,100	-
Interest and fiscal charges	21,337	21,337	21,337	-
Total Expenditures	<u>54,437</u>	<u>54,437</u>	<u>54,437</u>	<u>-</u>
Deficiency of Revenues over Expenditures	(54,337)	(54,337)	(53,023)	1,314
<b>OTHER FINANCING SOURCES</b>				
Transfers in	54,437	54,437	57,014	2,577
Total Other Financing Sources	<u>54,437</u>	<u>54,437</u>	<u>57,014</u>	<u>2,577</u>
Net Change in Fund Balances	<u>\$ 100</u>	<u>\$ 100</u>	3,991	<u>\$ 3,891</u>
Fund Balance - Beginning			<u>13,466</u>	
Fund Balance - Ending			<u>\$ 17,457</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 RADIO SYSTEMS BOND FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 10,504	\$ 10,404
Total Revenues	<u>100</u>	<u>100</u>	<u>10,504</u>	<u>10,404</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	222,667	222,667	222,000	667
Interest and fiscal charges	179,719	179,719	173,732	5,987
Total Expenditures	<u>402,386</u>	<u>402,386</u>	<u>395,732</u>	<u>6,654</u>
Deficiency of Revenues over Expenditures	(402,286)	(402,286)	(385,228)	17,058
<b>OTHER FINANCING SOURCES</b>				
Transfers in	402,386	402,386	250,297	(152,089)
Total Other Financing Sources	<u>402,386</u>	<u>402,386</u>	<u>250,297</u>	<u>(152,089)</u>
Net Change in Fund Balances	<u>\$ 100</u>	<u>\$ 100</u>	(134,931)	<u>\$ (135,031)</u>
Fund Balance - Beginning			<u>182,973</u>	
Fund Balance - Ending			<u>\$ 48,042</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 ROAD IMPROVEMENTS BOND FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 2,543	\$ 2,443
Total Revenues	<u>100</u>	<u>100</u>	<u>2,543</u>	<u>2,443</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	73,167	73,167	72,000	1,167
Interest and fiscal charges	45,170	45,170	33,194	11,976
Total Expenditures	<u>118,337</u>	<u>118,337</u>	<u>105,194</u>	<u>13,143</u>
Deficiency of Revenues over Expenditures	(118,237)	(118,237)	(102,651)	15,586
<b>OTHER FINANCING SOURCES</b>				
Transfers in	118,337	118,337	62,353	(55,984)
Total Other Financing Sources	<u>118,337</u>	<u>118,337</u>	<u>62,353</u>	<u>(55,984)</u>
Net Change in Fund Balances	<u>\$ 100</u>	<u>\$ 100</u>	(40,298)	<u>\$ (40,398)</u>
Fund Balance - Beginning			<u>89,454</u>	
Fund Balance - Ending			<u>\$ 49,156</u>	

**OTHER SUPPLEMENTARY  
INFORMATION**

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Restated Outstanding July 1, 2022	Issued During Period	Paid During Period	Outstanding June 30, 2023
<b>Governmental Activities</b>								
<b>Bonds Payable Through Debt Service Fund</b>								
GO, 2004	\$ 2,725,000	3.00%	11/15/2004	2025	\$ 336,000	\$ -	\$ 109,000	\$ 227,000
GO, 2008	3,500,000	5.00%	12/20/2007	2027	1,227,000	-	222,000	1,005,000
<b>Notes Payable Through Debt Service Fund</b>								
Floyd Center Johnson Controls	775,548	2.32%	9/26/2012	2024	208,470	-	67,902	140,568
General Fund Johnson Controls	1,521,914	2.32%	9/26/2012	2024	389,096	-	126,736	262,360
2016 Airport Terminal	1,600,000	3.00%	6/14/2016	2036	1,131,260	-	77,259	1,054,001
2016 Refunding	2,220,000	Variable	8/24/2016	2032	730,000	-	365,000	365,000
2017 West Side Park	5,000,000	2.29%	3/16/2017	2042	4,341,594	-	174,000	4,167,594
2017 Airport Maintenance Hangar	1,000,000	2.52%	6/22/2017	2042	846,700	-	33,100	813,600
2016 Legends Drive	4,700,000	2.50%	8/24/2016	2036	3,556,000	-	236,000	3,320,000
2018 Public Safety Complex	5,500,000	3.80%	11/14/2018	2039	5,115,001	-	203,000	4,912,001
2018 Radio Communication System	5,700,000	3.55%	6/18/2019	2039	4,919,215	127,584	222,000	4,824,799
2023 Sports Complex Loan	5,000,000	2.79%	4/28/2023	2048	-	5,000,000	-	5,000,000
Total payable through debt service fund					22,800,336	5,127,584	1,835,997	26,091,923
<b>Notes Payable Through General Fund</b>								
2012 Software	600,000	2.82%	6/27/2012	2024	115,000	-	115,000	-
Total payable through general fund					115,000	-	115,000	-
<b>Notes Payable Through Street Improvements</b>								
2019 TMBF Crowell Lane	1,800,000	2.79%	12/20/2019	2039	1,214,951	-	72,000	1,142,951
Total payable through street improvements fund					1,214,951	-	72,000	1,142,951
<b>Total Governmental Activities</b>					<b>\$ 24,130,287</b>	<b>\$ 5,127,584</b>	<b>\$ 2,022,997</b>	<b>\$ 27,234,874</b>

*continued*

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Restated Outstanding July 1, 2022	Issued During Period	Paid During Period	Outstanding June 30, 2023
<b><u>Business-Type Activities</u></b>								
<b>Bonds Payable - Water and Sewer</b>								
2015 Energy Bond	\$ 3,500,000	4.00%	4/24/2015	2035	\$ 3,500,000	\$ -	\$ -	\$ 3,500,000
2020 Refunding	12,500,000	5.00%	12/15/2020	2030	10,710,000	-	1,190,000	9,520,000
<b>Notes Payable - Water and Sewer</b>								
State of TN 12-126	2,940,832	1.76%	4/23/2012	2025	2,027,084	-	140,196	1,886,888
State of TN 12-127	1,323,960	1.76%	4/23/2012	2035	943,626	-	62,472	881,154
State of TN 12-128	1,622,555	1.29%	1/2/2013	2036	1,223,105	-	79,200	1,143,905
State of TN 12-129	1,140,502	1.29%	1/2/2013	2036	862,395	-	55,140	807,255
State of TN 15-161	587,600	1.71%	5/11/2015	2037	458,936	-	27,084	431,852
State of TN 15-162	1,271,000	1.71%	5/11/2015	2038	793,473	-	43,224	750,249
State of TN 18-202	800,000	1.81%	2/12/2018	2039	715,106	-	35,052	680,054
State of TN 18-203	300,000	1.81%	7/1/2020	2039	130,885	-	1,816	129,069
State of TN 19-435	4,300,000	1.32%	1/21/2021	2040	4,274,670	25,330	94,248	4,205,752
State of TN 19-217	1,400,000	1.31%	12/13/2019	2041	1,336,469	-	61,248	1,275,221
2001 Revenue Bonds	4,000,000	3.12%	7/28/2003	2003	308,000	-	308,000	-
2007 Revenue Bonds	5,000,000	5.00%	6/28/2007	2007	1,556,000	-	292,000	1,264,000
2008 Revenue Bonds	4,150,000	5.00%	12/30/2008	2029	1,472,778	-	237,000	1,235,778
2016 Refunding	2,285,000	Variable	8/24/2016	2032	1,615,000	-	145,000	1,470,000
2012 Water and Sewer System Improvements	1,387,000	2.23%	2/22/2012	2032	770,000	-	70,000	700,000
2012 Johnson Controls	4,657,079	1.82%	9/28/2012	2027	1,865,000	-	345,000	1,520,000
2013 Water and Sewer System Improvements	1,800,000	2.28%	5/15/2013	2033	1,090,000	-	88,000	1,002,000
2014 Water and Sewer System Improvements	1,800,000	3.00%	12/9/2014	2035	1,217,000	-	87,000	1,130,000
Total payable through water and sewer fund					36,869,527	25,330	3,361,680	33,533,177
<b>Bonds Payable - Gas Fund</b>								
2008 Bond	1,100,000	5.00%	12/30/2008	2029	511,000	-	63,000	448,000
2014 Bond	1,000,000	2.43%	9/18/2013	2033	657,000	-	48,000	609,000
2020 Bond	1,500,000	2.24%	12/1/2020	2040	1,430,411	-	62,001	1,368,410
Total payable through gas fund					2,598,411	-	173,001	2,425,410
<b>Total Business-Type Activities</b>					<b>39,467,938</b>	<b>25,330</b>	<b>3,534,681</b>	<b>35,958,587</b>
<b>Total City Debt</b>					<b>\$ 63,598,225</b>	<b>\$ 5,152,914</b>	<b>\$ 5,557,678</b>	<b>\$ 63,193,461</b>

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Debt Service Funds - Notes

Fiscal Year Ending June 30	Floyd Center Johnson Controls		General Fund Johnson Controls		2016 Airport Terminal		2016 Refunding		2017 West Side Park		2017 Airport Maintenance Hangar	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 69,478	\$ 3,261	\$ 129,676	\$ 6,087	\$ 78,000	\$ 31,620	\$ 50,000	\$ 7,725	\$ 178,000	\$ 95,470	\$ 33,900	\$ 20,503
2025	71,090	1,649	132,684	3,078	78,000	29,280	55,000	6,225	182,000	91,394	34,800	19,648
2026	-	-	-	-	79,000	26,940	55,000	5,400	186,000	87,226	35,600	18,772
2027	-	-	-	-	80,000	24,570	55,000	4,575	190,000	82,967	36,500	17,874
2028	-	-	-	-	81,000	22,170	55,000	3,475	194,000	78,616	37,400	16,955
2029	-	-	-	-	82,000	19,740	60,000	2,375	199,000	74,173	38,400	16,012
2030	-	-	-	-	83,000	17,280	35,000	872	203,000	69,616	39,400	15,044
2031	-	-	-	-	84,000	14,790	-	-	208,000	64,967	40,400	14,052
2032	-	-	-	-	85,000	12,270	-	-	213,000	60,204	41,400	13,033
2033	-	-	-	-	86,000	9,720	-	-	218,000	55,326	42,400	11,990
2034	-	-	-	-	87,000	7,140	-	-	223,000	50,334	43,500	10,922
2035	-	-	-	-	88,000	4,530	-	-	228,000	45,228	44,600	9,825
2036	-	-	-	-	63,001	1,890	-	-	233,000	40,006	45,700	8,702
2037	-	-	-	-	-	-	-	-	238,000	34,671	46,900	7,550
2038	-	-	-	-	-	-	-	-	244,000	29,220	48,000	6,368
2039	-	-	-	-	-	-	-	-	249,000	23,633	49,300	5,158
2040	-	-	-	-	-	-	-	-	255,000	17,931	50,500	3,916
2041	-	-	-	-	-	-	-	-	261,000	12,091	51,800	2,643
2042	-	-	-	-	-	-	-	-	265,594	6,114	53,100	1,339
	<u>\$ 140,568</u>	<u>\$ 4,910</u>	<u>\$ 262,360</u>	<u>\$ 9,165</u>	<u>\$ 1,054,001</u>	<u>\$ 221,940</u>	<u>\$ 365,000</u>	<u>\$ 30,647</u>	<u>\$ 4,167,594</u>	<u>\$ 1,019,187</u>	<u>\$ 813,600</u>	<u>\$ 220,306</u>

*continued*

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Fiscal Year Ending June 30	Debt Service Funds - Notes								Street Improvements Fund - Notes					
	2016 Legends Drive		2018 Public Safety Complex		2018 Radio Communication System		2023 Sports Complex Loan		Total		2019 Cromwell Lane		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 239,000	\$ 83,000	\$ 211,000	\$ 182,647	\$ 230,000	\$ 172,495	\$ 119,000	\$ 189,625	\$ 1,338,054	\$ 380,430	\$ 74,752	\$ 32,190	\$ 74,752	\$ 32,190
2025	242,000	77,025	219,000	174,477	238,000	164,330	123,000	200,121	1,375,574	767,227	82,000	30,104	82,000	30,104
2026	244,000	70,975	227,000	166,003	246,000	155,881	128,000	195,078	1,200,600	726,275	79,000	27,816	79,000	27,816
2027	247,000	64,875	236,000	157,206	255,000	147,148	134,000	189,830	1,233,500	689,045	81,000	25,612	81,000	25,612
2028	250,000	58,700	245,000	148,067	265,000	138,095	139,000	184,336	1,266,400	650,414	83,000	23,352	83,000	23,352
2029	252,000	52,450	254,000	138,586	274,000	128,688	145,000	178,637	1,304,400	610,661	85,000	21,037	85,000	21,037
2030	255,000	46,150	264,000	128,744	284,000	118,961	151,000	172,692	1,314,400	569,359	88,000	18,665	88,000	18,665
2031	258,000	39,775	274,000	118,522	294,000	108,879	157,000	166,501	1,315,400	527,486	90,000	16,210	90,000	16,210
2032	261,000	33,325	284,000	107,920	305,000	98,442	163,000	160,064	1,352,400	485,258	93,000	13,699	93,000	13,699
2033	264,000	26,800	295,000	96,919	316,000	87,614	170,000	153,381	1,391,400	441,750	95,000	11,104	95,000	11,104
2034	267,000	20,200	306,000	85,500	328,000	76,396	177,000	146,411	1,431,500	396,903	98,000	8,454	98,000	8,454
2035	269,000	13,525	318,000	73,644	339,000	64,752	184,000	139,154	1,470,600	350,658	101,000	5,720	101,000	5,720
2036	272,000	6,800	330,000	61,332	352,000	52,718	192,000	131,610	1,487,701	303,058	93,199	2,901	93,199	2,901
2037	-	-	342,000	48,564	364,000	40,222	200,000	123,738	1,190,900	254,745	-	-	-	-
2038	-	-	355,000	35,321	378,000	27,300	208,000	115,538	1,233,000	213,747	-	-	-	-
2039	-	-	369,000	21,565	356,799	13,875	216,000	107,010	1,240,099	171,241	-	-	-	-
2040	-	-	383,001	7,277	-	-	225,000	98,154	913,501	127,278	-	-	-	-
2041	-	-	-	-	-	-	235,000	88,929	547,800	103,663	-	-	-	-
2042	-	-	-	-	-	-	244,000	79,294	562,694	86,747	-	-	-	-
2043	-	-	-	-	-	-	254,000	69,290	254,000	69,290	-	-	-	-
2044	-	-	-	-	-	-	265,000	58,876	265,000	58,876	-	-	-	-
2045	-	-	-	-	-	-	275,000	48,011	275,000	48,011	-	-	-	-
2046	-	-	-	-	-	-	287,000	36,736	287,000	36,736	-	-	-	-
2047	-	-	-	-	-	-	298,000	24,969	298,000	24,969	-	-	-	-
2048	-	-	-	-	-	-	311,000	12,751	311,000	12,751	-	-	-	-
	<u>\$ 3,320,000</u>	<u>\$ 593,600</u>	<u>\$ 4,912,001</u>	<u>\$ 1,752,294</u>	<u>\$ 4,824,799</u>	<u>\$ 1,595,796</u>	<u>\$ 5,000,000</u>	<u>\$ 3,070,736</u>	<u>\$ 24,859,923</u>	<u>\$ 8,106,578</u>	<u>\$ 1,142,951</u>	<u>\$ 236,864</u>	<u>\$ 1,142,951</u>	<u>\$ 236,864</u>

*continued*

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<b>Debt Service Funds - Bonds</b>							
<b>Fiscal Year Ending June 30</b>	<b>General Obligation Bonds Series 2004</b>		<b>General Obligation Bonds Series 2008</b>		<b>Total</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2024	\$ 112,000	\$ 6,810	\$ 233,000	\$ 50,250	\$ 345,000	\$ 57,060	
2025	115,000	3,450	245,000	38,600	360,000	42,050	
2026	-	-	257,000	26,350	257,000	26,350	
2027	-	-	270,000	13,500	270,000	13,500	
	<u>\$ 227,000</u>	<u>\$ 10,260</u>	<u>\$ 1,005,000</u>	<u>\$ 128,700</u>	<u>\$ 1,232,000</u>	<u>\$ 138,960</u>	

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM BUSINESS-TYPE ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<b>Natural Gas Fund - Bonds</b>									
<b>Fiscal Year Ending June 30</b>	<b>General Obligation Bonds Series 2004</b>		<b>General Obligation Bonds Series 2014</b>		<b>General Obligation Bonds Series 2020</b>		<b>Total</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2024	\$ 66,000	\$ 22,400	\$ 49,000	\$ 14,203	\$ 63,000	\$ 30,148	\$ 178,000	\$ 66,751	
2025	69,000	19,100	50,000	13,001	64,000	28,726	183,000	60,827	
2026	73,000	15,650	51,000	11,773	66,000	27,270	190,000	54,693	
2027	76,000	12,000	53,000	10,510	67,000	25,780	196,000	48,290	
2028	80,000	8,200	54,000	9,210	69,000	24,257	203,000	41,667	
2029	84,000	4,200	55,000	7,885	70,000	22,700	209,000	34,785	
2030	-	-	57,000	6,525	72,000	21,110	129,000	27,635	
2031	-	-	58,000	5,127	74,000	19,475	132,000	24,602	
2032	-	-	59,000	3,706	75,000	17,806	134,000	21,512	
2033	-	-	61,000	2,248	77,000	16,104	138,000	18,352	
2034	-	-	62,000	753	79,000	14,356	141,000	15,109	
2035	-	-	-	-	80,000	12,576	80,000	12,576	
2036	-	-	-	-	82,000	10,761	82,000	10,761	
2037	-	-	-	-	84,000	8,902	84,000	8,902	
2038	-	-	-	-	86,000	6,998	86,000	6,998	
2039	-	-	-	-	88,000	5,049	88,000	5,049	
2040	-	-	-	-	90,000	3,056	90,000	3,056	
2041	-	-	-	-	82,410	1,024	82,410	1,024	
	<u>\$ 448,000</u>	<u>\$ 81,550</u>	<u>\$ 609,000</u>	<u>\$ 84,941</u>	<u>\$ 1,368,410</u>	<u>\$ 296,098</u>	<u>\$ 2,425,410</u>	<u>\$ 462,589</u>	

*continued*

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM BUSINESS-TYPE ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Water and Sewer Fund - Notes**

Fiscal Year Ending June 30	State of TN 12-126		State of TN 12-127		State of TN 12-128		State of TN 12-129		State of TN 15-161		State of TN 15-162	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 142,680	\$ 31,860	\$ 63,576	\$ 15,000	\$ 80,232	\$ 15,168	\$ 55,848	\$ 10,716	\$ 27,552	\$ 7,164	\$ 43,968	\$ 13,080
2025	145,212	29,328	64,704	13,872	81,276	14,052	56,580	9,936	28,020	6,696	44,736	12,276
2026	147,792	26,748	65,856	12,720	82,320	12,948	57,312	9,168	28,500	6,216	45,504	11,472
2027	150,420	24,120	67,020	11,556	83,388	11,808	58,056	8,376	28,992	5,724	46,284	10,656
2028	153,084	21,456	68,208	10,368	84,480	10,656	58,812	7,572	29,496	5,220	47,088	9,816
2029	155,796	18,744	69,420	9,156	85,572	9,492	59,580	6,756	30,000	4,716	47,892	8,964
2030	158,568	15,972	70,656	7,920	86,676	8,316	60,348	5,940	30,516	4,200	48,720	8,100
2031	161,376	13,164	71,904	6,672	87,804	7,128	61,128	5,112	31,044	3,672	49,560	7,224
2032	164,244	10,296	73,188	5,388	88,944	5,916	61,920	4,272	31,584	3,132	50,412	6,336
2033	167,160	7,380	74,484	4,092	90,096	4,692	62,724	3,420	32,124	2,592	51,288	5,412
2034	170,124	4,416	75,804	2,772	91,272	3,444	63,540	2,544	32,676	2,040	52,164	4,500
2035	170,432	1,411	77,148	1,428	92,448	2,196	64,368	1,668	33,240	1,476	53,064	3,552
2036	-	-	39,186	180	93,648	912	65,196	792	33,816	900	53,988	2,592
2037	-	-	-	-	15,749	20	21,843	58	34,292	301	54,912	1,620
2038	-	-	-	-	-	-	-	-	-	-	55,860	624
2039	-	-	-	-	-	-	-	-	-	-	4,809	7
	<u>\$ 1,886,888</u>	<u>\$ 204,895</u>	<u>\$ 881,154</u>	<u>\$ 101,124</u>	<u>\$ 1,143,905</u>	<u>\$ 106,748</u>	<u>\$ 807,255</u>	<u>\$ 76,330</u>	<u>\$ 431,852</u>	<u>\$ 54,049</u>	<u>\$ 750,249</u>	<u>\$ 106,231</u>

*continued*

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM BUSINESS-TYPE ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Water and Sewer Fund - Notes**

Fiscal Year Ending June 30	State of TN 18-202		State of TN 18-203		State of TN 19-435		State of TN 19-217		2007 Revenue Bonds		2008 Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 35,688	\$ 12,012	\$ 5,508	\$ 2,292	\$ 190,368	\$ 54,372	\$ 61,944	\$ 16,332	\$ 301,000	\$ 63,200	\$ 248,000	\$ 61,789
2025	36,336	11,364	5,604	2,196	192,900	51,840	62,760	15,516	311,000	48,150	261,000	49,389
2026	36,996	10,704	5,712	2,088	195,456	49,284	63,588	14,688	321,000	32,600	274,000	36,339
2027	37,680	10,020	5,820	1,980	198,060	46,680	64,428	13,848	331,000	16,550	288,000	22,639
2028	38,364	9,336	5,916	1,884	200,688	44,052	65,268	13,008	-	-	164,778	8,239
2029	39,060	8,640	6,024	1,776	203,352	41,388	66,132	12,144	-	-	-	-
2030	39,768	7,932	6,144	1,656	206,052	38,688	67,008	11,268	-	-	-	-
2031	40,500	7,200	6,252	1,548	208,788	35,952	67,884	10,392	-	-	-	-
2032	41,244	6,456	6,372	1,428	211,560	33,180	68,784	9,492	-	-	-	-
2033	42,000	5,700	6,480	1,320	214,380	30,360	69,684	8,592	-	-	-	-
2034	42,756	4,944	6,600	1,200	217,224	27,516	70,608	7,668	-	-	-	-
2035	43,536	4,164	6,720	1,080	220,104	24,636	71,532	6,744	-	-	-	-
2036	44,340	3,360	6,840	960	223,032	21,708	72,480	5,796	-	-	-	-
2037	45,144	2,556	6,972	828	225,984	18,756	73,440	4,836	-	-	-	-
2038	45,972	1,728	7,092	708	228,984	15,756	74,400	3,876	-	-	-	-
2039	46,812	888	7,224	576	232,032	12,708	75,384	2,892	-	-	-	-
2040	23,858	126	7,356	444	235,116	9,624	76,380	1,896	-	-	-	-
2041	-	-	7,488	312	238,236	6,504	77,376	900	-	-	-	-
2042	-	-	7,632	168	241,404	3,336	26,141	70	-	-	-	-
2043	-	-	5,313	36	122,032	473	-	-	-	-	-	-
	<u>\$ 680,054</u>	<u>\$ 107,130</u>	<u>\$ 129,069</u>	<u>\$ 24,480</u>	<u>\$ 4,205,752</u>	<u>\$ 566,813</u>	<u>\$ 1,275,221</u>	<u>\$ 159,958</u>	<u>\$ 1,264,000</u>	<u>\$ 160,500</u>	<u>\$ 1,235,778</u>	<u>\$ 178,395</u>

*continued*

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM BUSINESS-TYPE ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Water and Sewer Fund - Notes**

Fiscal Year Ending June 30	2016 Refunding		2012 Water and Sewer System Improvements		2012 Johnson Controls		2013 Water and Sewer System Improvements		2014 Water and Sewer System Improvements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 150,000	\$ 33,688	\$ 71,000	\$ 15,610	\$ 350,000	\$ 24,479	\$ 90,000	\$ 22,846	\$ 88,000	\$ 33,900	\$ 2,005,364	\$ 433,508
2025	155,000	29,188	73,000	14,027	355,000	18,064	92,000	20,794	89,000	31,260	2,054,128	377,948
2026	155,000	26,863	74,000	12,399	320,000	11,921	95,000	18,696	90,000	28,590	2,058,036	323,444
2027	160,000	24,538	76,000	10,749	250,000	6,734	97,000	16,530	91,000	25,890	2,033,148	268,398
2028	160,000	21,338	78,000	9,054	245,000	2,229	99,000	14,318	93,000	23,160	1,591,182	211,706
2029	165,000	18,138	79,000	7,314	-	-	101,000	12,061	94,000	20,370	1,201,828	179,659
2030	170,000	14,013	81,000	5,553	-	-	103,000	9,758	95,000	17,550	1,223,456	156,866
2031	175,000	9,763	83,000	3,746	-	-	106,000	7,410	96,000	14,700	1,246,240	133,683
2032	180,000	4,950	85,000	1,895	-	-	108,000	4,993	97,000	11,820	1,268,252	109,554
2033	-	-	-	-	-	-	111,000	2,531	98,000	8,910	1,019,420	85,001
2034	-	-	-	-	-	-	-	-	99,000	5,970	921,768	67,014
2035	-	-	-	-	-	-	-	-	100,000	3,000	932,592	51,355
2036	-	-	-	-	-	-	-	-	-	-	632,526	37,200
2037	-	-	-	-	-	-	-	-	-	-	478,336	28,975
2038	-	-	-	-	-	-	-	-	-	-	412,308	22,692
2039	-	-	-	-	-	-	-	-	-	-	366,261	17,071
2040	-	-	-	-	-	-	-	-	-	-	342,710	12,090
2041	-	-	-	-	-	-	-	-	-	-	323,100	7,716
2042	-	-	-	-	-	-	-	-	-	-	275,177	3,574
2043	-	-	-	-	-	-	-	-	-	-	127,345	509
	<u>\$ 1,470,000</u>	<u>\$ 182,479</u>	<u>\$ 700,000</u>	<u>\$ 80,347</u>	<u>\$ 1,520,000</u>	<u>\$ 63,427</u>	<u>\$ 1,002,000</u>	<u>\$ 129,937</u>	<u>\$ 1,130,000</u>	<u>\$ 225,120</u>	<u>\$ 20,513,177</u>	<u>\$ 2,527,963</u>

*continued*

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM BUSINESS-TYPE ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<b>Water and Sewer Fund - Bonds</b>						
<b>Fiscal Year Ending June 30</b>	<b>2015 Energy Bond</b>		<b>2020 Refunding</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ -	\$ 140,000	\$ 1,245,000	\$ 476,000	\$ 1,245,000	\$ 616,000
2025	-	140,000	1,310,000	413,750	1,310,000	553,750
2026	-	140,000	1,375,000	348,250	1,375,000	488,250
2027	-	140,000	1,445,000	279,500	1,445,000	419,500
2028	-	140,000	1,515,000	207,250	1,515,000	347,250
2029	-	140,000	1,290,000	131,500	1,290,000	271,500
2030	-	140,000	1,340,000	67,000	1,340,000	207,000
2031	-	140,000	-	-	-	140,000
2032	-	140,000	-	-	-	140,000
2033	-	140,000	-	-	-	140,000
2034	-	140,000	-	-	-	140,000
2035	3,500,000	140,000	-	-	3,500,000	140,000
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
	<u>\$ 3,500,000</u>	<u>\$ 1,680,000</u>	<u>\$ 9,520,000</u>	<u>\$ 1,923,250</u>	<u>\$ 13,020,000</u>	<u>\$ 3,603,250</u>

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF CHANGES IN LEASE OBLIGATIONS BY INDIVIDUAL ISSUE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Additions	Retirements	Outstanding June 30, 2023
<b>Governmental Activities</b>								
<b>Equipment</b>								
Canon Copier - Accounting	\$ 8,339	3.15%	7/1/2021	7/13/2026	\$ 6,785	\$ -	\$ 1,582	\$ 5,203
Canon Copier - Cemetery	3,467	3.15%	7/1/2021	7/2/2026	2,809	-	669	2,140
Canon Copier - Engineering	945	3.15%	7/1/2021	6/30/2026	766	-	183	583
Canon Copier - Engineering #011	9,944	3.15%	7/1/2021	7/2/2026	8,059	-	1,921	6,138
Canon Copier - Engineering #019	4,886	3.15%	7/1/2021	7/22/2026	3,967	-	946	3,021
Canon Copier - Fire	6,553	3.15%	7/1/2021	7/20/2025	4,987	-	1,610	3,377
Canon Copier - Human Resources	8,208	3.15%	7/1/2021	7/8/2026	6,655	-	1,586	5,069
Canon Copier - JFFC	6,663	3.15%	7/1/2021	7/17/2025	5,069	-	1,637	3,432
Canon Copier - Legal	7,994	3.15%	7/1/2021	7/2/2026	6,479	-	1,544	4,935
Canon Copier - Legal (Accessory)	303	3.15%	7/1/2021	7/15/2026	245	-	58	187
Canon Copier - Mayor	6,718	3.15%	7/1/2021	3/9/2030	6,022	-	706	5,316
Canon Copier - Police #022	14,984	3.15%	7/1/2021	9/13/2026	12,252	-	2,795	9,457
Canon Copier - Police #023	14,984	3.15%	7/1/2021	9/13/2026	12,252	-	2,795	9,457
Canon Copier - Police #025	6,363	3.15%	7/1/2021	10/4/2027	5,415	-	964	4,451
Canon Copier - Police #026	5,327	3.15%	7/1/2021	10/4/2027	4,533	-	807	3,726
Canon Copier - Police #027	6,362	3.15%	7/1/2021	10/6/2027	5,415	-	964	4,451
Canon Copier - Police #028	372	3.15%	7/1/2021	11/5/2027	317	-	55	262
Canon Copier - Police #1	4,498	3.15%	7/1/2021	3/1/2031	4,084	-	417	3,667
Canon Copier - Police #5	24,335	3.15%	4/21/2022	4/20/2032	23,893	-	2,043	21,850
Canon Copier - PW Admin	8,212	3.15%	7/1/2021	7/2/2026	6,655	-	1,586	5,069
Canon Copier - PW Admin (Color)	5,712	3.15%	7/1/2021	7/20/2031	5,765	-	563	5,202
Canon Copier - Recreation #016	4,101	3.15%	7/1/2021	7/8/2026	3,326	-	793	2,533
Canon Copier - Recreation #018	299	3.15%	7/1/2021	7/16/2026	243	-	58	185
Mower - Maintenance	30,999	3.15%	7/1/2021	5/31/2023	15,019	-	15,019	-
Mower - Police	7,058	3.15%	7/1/2021	3/31/2023	3,065	-	3,065	-
Mower - Recreation	53,855	3.15%	11/1/2021	10/31/2023	37,807	-	28,206	9,601
Mower - Maintenance Copy	53,210	3.15%	3/1/2023	2/28/2025	-	53,210	8,770	44,440
Mower - Police	9,283	2.47%	4/1/2023	3/31/2025	-	9,283	1,152	8,131
Canon Copier - Economic Development	8,627	2.31%	4/1/2023	3/31/2033	-	8,627	129	8,498
Canon Copier - Risk Management	5,300	2.85%	1/1/2023	12/31/2032	-	5,300	194	5,106
Canon Copier - Finance	7,642	2.85%	12/1/2022	11/30/2032	-	7,642	400	7,242
Canon Copier - Finance	8,212	3.15%	7/1/2021	12/2/2022	6,655	-	6,655	-
Total equipment lease liability					<u>198,539</u>	<u>84,062</u>	<u>89,872</u>	<u>192,729</u>
<b>Vehicles</b>								
Harley Davidson Motorcycles-Police	25,766	3.24%	10/1/2022	9/30/2025	-	25,767	6,262	19,505
Total vehicle lease liability					<u>-</u>	<u>25,767</u>	<u>6,262</u>	<u>19,505</u>
<b>Buildings</b>								
Direct Flight Solutions Airport #2 City Pays FBO	68,364	0.19%	7/1/2021	9/30/2022	-	13,746	13,746	-
Direct Flight Solutions Airport New Lease #2 City Pays FBO	1,247,563	3.31%	10/1/2022	9/30/2032	-	1,247,563	65,695	1,181,868
Total building lease liability					<u>-</u>	<u>1,261,309</u>	<u>79,441</u>	<u>1,181,868</u>
<b>Total Governmental Activities</b>					<u>\$ 198,539</u>	<u>1,371,138</u>	<u>\$ 175,575</u>	<u>\$ 1,394,102</u>

*continued*

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF CHANGES IN LEASE OBLIGATIONS BY INDIVIDUAL ISSUE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Additions	Retirements	Outstanding June 30, 2023
<b>Business-Type Activities</b>								
Equipment								
Canon Copier - Gas Dept	\$ 6,139	3.15%	3/31/2022	2/29/2032	\$ 6,047	\$ -	\$ 581	\$ 5,466
Canon Copier - Sewer Plant	5,469	3.15%	6/27/2022	6/26/2032	6,539	-	1,547	4,992
Canon Copier - Water Plant	5,866	3.15%	7/1/2021	11/19/2030	6,381	-	1,636	4,745
Canon Copier - Water/Sewer	6,265	3.15%	5/25/2022	5/24/2032	4,180	-	1,344	2,836
Plotter	41,192	3.15%	7/1/2021	5/31/2027	35,208	-	7,165	28,043
Total equipment lease liability					<u>58,355</u>	<u>-</u>	<u>12,273</u>	<u>46,082</u>
<b>Total Business Type Activities</b>					<u>\$ 58,355</u>	<u>\$ -</u>	<u>\$ 12,273</u>	<u>\$ 46,082</u>
<b>Total Lease Liabilities</b>					<u>\$ 58,355</u>	<u>\$ -</u>	<u>\$ 12,273</u>	<u>\$ 46,082</u>

**CITY OF LEBANON, TENNESSEE**

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<b>Governmental Activities:</b>				
<b>Fiscal Year Ending June 30</b>	<b>Leases</b>			<b>Total</b>
	<b>Principal</b>	<b>Interest</b>		
2024	\$ 182,712	\$ 42,723	\$	225,435
2025	172,600	37,078		209,678
2026	148,233	31,926		180,159
2027	134,533	27,284		161,817
2028	135,655	22,845		158,500
2029	139,350	18,335		157,685
2030	143,710	13,679		157,389
2031	147,732	8,888		156,620
2032	150,840	3,969		154,809
2033	38,737	218		38,955
	<u>\$ 1,394,102</u>	<u>\$ 206,945</u>	<u>\$</u>	<u>1,601,047</u>
<b>Business-Type Activities:</b>				
<b>Fiscal Year Ending June 30</b>	<b>Leases</b>			<b>Total</b>
	<b>Principal</b>	<b>Interest</b>		
2024	\$ 8,752	\$ 1,325	\$	10,077
2025	9,032	1,045		10,077
2026	9,321	757		10,078
2027	8,984	459		9,443
2028	2,174	283		2,457
2029	2,244	214		2,458
2030	2,316	142		2,458
2031	1,901	73		1,974
2032	1,358	19		1,377
	<u>\$ 46,082</u>	<u>\$ 4,317</u>	<u>\$</u>	<u>50,399</u>

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF WATER AND SEWER RATES - UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

There were 13,113 metered water customers and 15,620 sewer customers billed during June, 2023. The policy of the City requires that all water customers be metered and that sewer charges be billed to each water customer who has sewer service available. Everything is billed in gallons.

Water and Sewer rates in effect at June 30, 2023, are as follows:

**WATER**

<b>Residential</b>				<u>Inside City</u>			<u>Outside City</u>	
First	0-1500	GA	0.006913	Per Gallon	\$10.37	0.010367	Per Gallon	\$15.55
Next	1501-over	GA	0.007312	Per Gallon		0.010968	Per Gallon	
<b>Commercial</b>				<u>Inside City</u>			<u>Outside City</u>	
First	0-1500	GA	0.007150	Per Gallon	\$10.73	0.010725	Per Gallon	\$16.09
Next	1501-99,999	GA	0.007312	Per Gallon		0.011500	Per Gallon	
Next	100,000-over	GA	0.006700	Per Gallon		0.011500	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	0.007700	Per Gallon		0.012500	Per Gallon	
<b>Commercial</b>				<u>Inside City</u>			<u>Outside City</u>	
First	0-1500	GA	0.007533	Per Gallon	\$11.30	0.011300	Per Gallon	\$16.95
Next	1501- over	GA	0.007700	Per Gallon		0.012750	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	0.014275	Per Gallon	\$21.41
Next	1501- over	GA	0.007700	Per Gallon		0.015625	Per Gallon	
<b>Commercial</b>				<u>Inside City</u>			<u>Outside City</u>	
First	0-1500	GA	0.007533	Per Gallon	\$11.30	0.014750	Per Gallon	\$22.13
Next	1501- over	GA	0.007700	Per Gallon		0.017000	Per Gallon	

Fee for replacing destroyed meter locks: \$35

Fee for Service call per trip required: \$50

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 GAS RATES - UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

There were 11,322 metered customers billed during the month of June, 2023. The policy of the City requires that all customers be metered.

Natural Gas rates in effect at June 30, 2023 are as follows:

	<u>Inside City</u>	<u>Outside City</u>
<b>1) <u>Residential</u></b>		
Minimum (0-1,000 Cubic Feet)	\$7.76	\$9.36
Minimum (Over 1,000 Cubic Feet)	7.98/1,000	9.62/1,000
<b>2) <u>Commercial</u></b>		
Customer Charge	\$20.00	\$20.00
(0-1,000 Cubic Feet)	\$7.05	\$8.88
(Over 1,000 Cubic Feet)	5.85/1,000	7.60/1,000
<b>2) <u>Multiple Dwellings- L.H.A.</u></b>		
Minimum (0-1,000 Cubic Feet)	\$7.76	
Minimum (Over 1,000 Cubic Feet)	\$7.98/1,000	
<b>4) <u>Interruptible</u></b>		
Demand Charge	\$750.00	\$750.00
First 3,500,000 Cubic Feet	\$2.06	\$2.46
All Over 3,500,000 Cubic Feet	\$1.74/3,500	\$2.06/3,500
Transport Fee	Variable	
<b>5) <u>Industrial</u></b>		
Customer Charge	\$100.00	\$100.00
Minimum (0-1,000 Cubic Feet)	\$8.03	\$9.68
Minimum (Over 1,000 Cubic Feet)	\$7.18/1,000	\$8.62/1,000

Number of miles of the Distribution System of Lines: 324.7 \*

\*this is miles of distribution main only. Gas service lines are not included in the number.

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLES - UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Tax Year	Property Tax Receivable Balance June 30, 2022	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Allowance for Uncollectibles	Net Receivable Balance June 30, 2023
2023	\$ -	\$ -	\$ 14,248,213	\$ -	\$ -	\$ -	\$ 14,248,213
Vouchers	100	21,499	-	-	21,076	-	523
2022	13,234,635	397,611	-	(3,443)	13,057,418	-	578,271
2021	295,086	-	-	(9,446)	186,646	-	117,886
2020	93,231	-	-	(1,496)	89,495	-	5,232
2019	3,249	-	-	18	1,519	-	1,712
2018	1,555	-	-	4	857	-	694
2017	617	-	-	3	193	-	421
2016	783	-	-	4	197	-	582
2015	453	-	-	-	176	-	277
2014	284	-	-	-	-	-	284
2013	587	-	-	-	-	-	587
2012	1,482	-	-	-	-	-	1,482
	<u>\$ 13,632,062</u>	<u>\$ 419,110</u>	<u>\$ 14,248,213</u>	<u>\$ (14,356)</u>	<u>\$ 13,357,577</u>	<u>\$ -</u>	<u>\$ 14,956,164</u>

**CITY OF LEBANON, TENNESSEE**

**PROPERTY TAX RATES AND LEVIES - ALL OVERLAPPING GOVERNMENTS - UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Last Five Fiscal Years**

Tax Rates

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>City</u>	<u>County</u>
2023	2022	\$ 0.68550	\$ 1.76890
2022	2021	1	2
2021	2020	1	2
2020	2019	1	2
2019	2018	1	2

Tax Levies

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>City</u>	<u>County</u>
2023	2022	\$ 13,234,635	\$ 121,544,155
2022	2021	12,230,613	108,557,148
2021	2020	11,666,289	108,869,779
2020	2019	11,313,354	108,869,779
2019	2018	7,576,977	106,423,487

**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***

---

**The Honorable Mayor and Members  
of the Board of Alderman of the  
City of Lebanon, Tennessee**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lebanon, Tennessee (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 16, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

---

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we and the other auditors 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 financial statements. 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 and those of other auditors, disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## City's Responses to the Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the responses.

## 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Chattanooga, Tennessee  
May 16, 2024



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

---

**The Honorable Mayor and Members  
of the Board of Alderman of the  
City of Lebanon, Tennessee**

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

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

We have audited the City of Lebanon, Tennessee's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

---

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

---

**Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Mauldin & Jenkins, LLC*

Chattanooga, Tennessee  
May 16, 2024

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Agency/Pass-through Agency/ Program or Cluster Title	Assistance Listing	Pass-through entity Identifying Number	Expenditures
<b>FEDERAL AWARDS</b>			
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	2021 BPV	\$ 6,312
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2022-15PBJA-22-GG-02778-JAGX	6,534
Total U.S. Department of Justice			<u>12,846</u>
<b>U.S. DEPARTMENT OF TREASURY:</b>			
Direct Program:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	5,291,445
Federal Asset Seizure Equitable Sharing	21.016	n/a	4,966
Total U.S. Department of Treasury			<u>5,296,411</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
Pass-through State of Tennessee:			
<i>Highway Planning and Construction :</i>			
Highway Planning & Construction Grant	20.205	n/a	2,429,319
Highway Planning & Construction Grant	20.205	n/a	119,532
Highway Planning & Construction Grant	20.205	n/a	76,324
Highway Planning & Construction Grant	20.205	n/a	40,188
Total Highway Planning and Construction			<u>2,665,363</u>
<i>Airport Improvement Program:</i>			
Airport Improvement Program	20.106	95-555-0175-22	35,542
Airport Improvement Program	20.106	95-555-0174-22	18,181
Airport Improvement Program	20.106	95-555-0176-22	39,991
Airport Improvement Program	20.106	95-555-0580-23	206,680
Airport Improvement Program	20.106	95-555-0178-23	86,597
Total Airport Improvement Programs			<u>386,991</u>
State and Community Highway Safety	20.600	Z23THS151	41,201
Total State and Community Highway Safety Cluster			<u>41,201</u>
Total U.S. Department of Transportation			<u>3,093,555</u>
<b>U.S. DEPARTMENT OF THE INTERIOR:</b>			
Pass-through State of Tennessee:			
Historic Preservation	15.904	32701-04412	21,400
Total U.S. Department of the Interior			<u>21,400</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY:</b>			
Pass-through State of Tennessee:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CW7 2019-435	25,330
Total Capitalization Grants for Clean Water State Revolving Fund Cluster			<u>25,330</u>
Total U.S. Environmental Protection Agency			<u>25,330</u>
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ <u>8,449,542</u></b>
<b>STATE AWARDS</b>			
<b>TENNESSEE DEPARTMENT OF TRANSPORTATION</b>			
Airport Improvement Program	n/a	95-555-0779-23	\$ 6,000
Airport Maintenance	n/a	95-555-0777-23	15,000
Total Tennessee Department of Transportation			<u>21,000</u>
<b>TOTAL STATE AWARDS</b>			<b>\$ <u>21,000</u></b>
<b>TOTAL FEDERAL AND STATE AWARDS</b>			<b>\$ <u>8,470,542</u></b>

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**NOTE A: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of the City of Lebanon, Tennessee under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in this schedule is presented in accordance with the 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). Because the schedule represents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE C: INDIRECT COST RATE**

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE D. OUTSTANDING LOANS**

The City's Capitalization Grants for Clean Water and Drinking Water State Revolving Fund loans have the following outstanding loan balances. The draws made during the year are included in the schedule of expenditures of federal awards. The balance of loans outstanding at June 30, 2023 consist of:

Capitalization Grants for Clean Water State Revolving Fund - SRF 2019-435	\$ 4,205,752
Capitalization Grants for Drinking Water State Revolving Fund - SRF 2019-217	1,275,221
	<u>\$ 5,480,973</u>

CITY OF LEBANON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

SECTION I  
SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued on whether financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?  yes  no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

CITY OF LEBANON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

SECTION II  
FINANCIAL STATEMENT FINDINGS

2023-001 Revenue Recognition and Related Receivables

**Criteria:** Generally accepted accounting principles require revenues to be recognized in the accounting period in which they are earned for exchange transactions and when the eligibility requirements of non-exchange transactions have been met, and funds are measurable and available.

**Condition:** During fiscal year 2023, several audit adjustments were required to correct the timing of the recognition of certain revenues.

**Context/Cause:** The following adjustments were required to correct the reporting of revenues as follows:

- During the current year-end close process, management did not adjust the prior year receivables for the current year activity related to the City's state shared revenues. The resulting adjustments included adjustments to the accounts receivable (\$1,204,000), fund balance (\$1,293,000), and various revenue accounts related to state shared revenues. For the General Fund and State Street Aid Fund, the entries resulted in a net decrease in current year revenues of \$82,000 and \$5,000, respectively.
- During the current year-end close process, management did not adjust the allowance related to the receivable for property tax. The resulting adjustments included adjustments to deferred revenue-property tax, real & personal property taxes, and fund balance. For the General Fund, the entry resulted in a net increase in current year revenues of \$483,000.
- During the testing of intergovernmental revenues, it was noted that \$102,000 of state grants were recognized as revenue that were received after 60 days of year end. These should have been recognized as deferred revenues in the current period. The resulting adjustments to the Street Improvements Fund included adjustments to the state grant account and unavailable intergovernmental revenues.
- During the year-ended June 30, 2023, the City had a timing difference in which the eligible costs for projects were incurred and the timing of when the draw down requests were filed. While the City had incurred costs on eligible projects, they had not submitted for reimbursement from the bond agency which should be recorded once all eligibility requirements are met under GASB 33, *Accounting for Financial Reporting for Nonexchange Transactions*. The resulting entry included adjustments to restricted cash with fiscal agent, issuance costs, other accounts receivable, and bond proceeds. For the Lebanon and Wilson County Community Park Fund the entries resulted in a net increase in other financing sources of \$900,000.
- During the annual close-out process, management was not recording the proprietary unbilled revenue, nor related receivables for services provided but not billed. The resulting adjustments included entries to book the current year accruals (Water & Sewer Fund - \$1,446,000 and Natural Gas - \$375,000), net position (Water & Sewer - \$1,147,000 and Natural Gas - \$417,000), and resulted in a net increase to Water & Sewer revenues of \$298,000 and resulted in a net decrease to Natural Gas revenues of \$42,000.

CITY OF LEBANON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

SECTION II  
FINANCIAL STATEMENT FINDINGS

**2023-001 Revenue Recognition and Related Receivables (Continued)**

**Effect:** Adjustments of approximately \$4,641,000 were required to correct the revenues and related receivables were required during the audit.

**Recommendation:** We recommend management carefully review all year-end balances of accrued revenues and consider applicable accounting guidance based on transaction type (exchange and non-exchange transactions) to ensure revenues are properly valued and reported in the proper period.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the finding. We will implement the necessary controls and procedures to ensure that revenues and receivables are properly identified, recorded, and reconciled in a timely manner and ensure that all transactions are being properly recognized during the correct period.

CITY OF LEBANON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

SECTION II  
FINANCIAL STATEMENT FINDINGS

2023-002 Expenditure/Expense and Related Assets/Liabilities

**Criteria:** Generally, expenditures/expenses should be recognized as soon as incurred, regardless of the timing of the related cash flows in accordance with generally accepted accounting principles (GAAP).

**Condition:** Misstatements were detected in the reporting of the City's expenditures/expenses and the related Statement of Net Position/Balance Sheet accounts.

**Context/Cause:** Audit adjustments were required to properly report the City's expenditures/expenses and related asset/liability accounts as follows:

- During testing of leases, it was noted that the City entered lease proceeds for prior-year leases in the current year. Entries of \$188,000 and \$5,000 were required to reverse the prior year's proceeds to the General Fund and the Jimmy Floyd Fund, respectively.
- During the year-end close process, the City properly included the estimated current portion of accrued compensated absences. However, the long-term and current portion of the liability should only be reported in governmental activities. The resulting adjustments include entries to Accrued Vacation Payables, Fund Balance, and various salaries accounts. The General Fund's liabilities were overstated by \$1,588,000, with \$604,000 of the adjustment increasing the Fund's opening fund balance. The Jimmy Floyd Family Life Center's liabilities were overstated by \$39,000.
- During the testing of advances, it was noted that the City had improperly recognized interfund loans to the General Fund as other financing sources and long-term liabilities in the prior years. The resulting adjustment to move these interfund loans to the General Fund resulted in an increase of the liabilities of \$1,300,000, with a restatement to the Fund's fund balance of \$1,850,000 for the opening balances.
- During the review of the Stabilization Reserve Trust Asset balances, it was noted that the City had not properly recognized Hybrid Retirement contributions over 4% as Stabilization Reserve Assets and had recognized them as retirement expenditures such as normal TCRS contributions. The resulting adjustment included entries to Stabilization Reserve asset, investment earnings, and retirement contribution expenditures. The General Fund's investment balance increased by \$274,000, while the related investment earnings were recorded and contribution expenditures reduced.
- During testing of unearned revenues of the Water & Sewer Fund, it was noted the eligible costs were incurred in prior years and the unearned revenue was eligible for recognition. The related adjustment increased the net position by \$250,000 within the Water & Sewer Fund.
- During testing of long-term liabilities, it was noted that premiums from the Series 2016 & Series 2020 Bonds had been improperly classified as deferred refunding transactions in the prior period. The resulting adjustment included entries to Series 2016 Bond premium, 2020 Bond premium, net position. The Water & Sewer Fund's balance sheet adjustments were \$1,283,000 to properly address unrecorded historical amortization of \$826,000.

CITY OF LEBANON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

SECTION II  
FINANCIAL STATEMENT FINDINGS

2023-002 Expenditure/Expense and Related Assets/Liabilities (Continued)

- During testing of leases, it was noted an adjustment was required to correct opening balances for deferred inflows and to correct current-year amortization of the Water & Sewer Fund. The resulting adjustment included entries to deferred inflows, fund balance, and revenue accounts of \$42,000.
- During testing of the capital assets for the City, it was noted the subledger accumulated depreciation expense did not agree with the financial statements. Historically, the asset costs were removed from the financials when an asset was disposed of, but the accumulated depreciation was not removed. As such, an adjustment of \$12,051,000 was required to increase net position through the removal of overstated beginning accumulated depreciation.
- During testing of the cutoff of capital projects, adjustments were made to increase the Water & Sewer Fund's construction in progress by \$1,954,000 for costs incurred as of June 30, 2023, but were not liquidated by June 30, 2023.

**Effects:** Audit adjustments totaling approximately \$21,245,000 were required to correctly report the City's expenditures/expenses and related assets or liabilities in accordance with GAAP.

**Recommendation:** We recommend the City carefully review all expenditures/expenses and related assets or liability accounts to ensure they are reported in the proper reporting period and in accordance with generally accepted accounting principles.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the finding. We will take necessary steps in the future to ensure that expenditures/expenses and their related assets or liabilities are properly recorded.

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**None noted.**

**CITY OF LEBANON, TENNESSEE**

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

**None noted.**



Stuart Lawson, Commissioner of Finance & Revenue  
200 North Castle Heights Avenue  
Lebanon, Tennessee 37087  
Phone: (615) 443-2805 ext. 2207  
Fax: (615) 443-1158

RICK BELL, Mayor  
200 North Castle Heights Avenue  
Lebanon, Tennessee 37087

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**2023-001 Revenue Recognition and Related Receivables**

**Contact Person Responsible for the Corrective Action Plan:** Stuart Lawson, Commissioner of Finance and Revenue

**Signature:** Stuart Lawson

**Corrective Action Plan:** The City is planning to make the necessary changes to properly review the revenues reported throughout the year.

**Anticipated Completion Date:** June 30, 2024

**2023-002 Expenditures / Expenses and Related Assets or Liability Accounts**

**Contact Person Responsible for the Corrective Action Plan:** Stuart Lawson, Commissioner of Finance and Revenue

**Signature:** Stuart Lawson

**Corrective Action Plan:** The City is planning to make the necessary changes to properly review the cut-off and accuracy of expenditures/expenses reported throughout the year.

**Anticipated Completion Date:** June 30, 2024