

CITY OF LEBANON, TENNESSEE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



CITY OF LEBANON, TENNESSEE
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Page Number
<u>I. INTRODUCTORY SECTION:</u>	
List of Principal Officers	i
<u>II. FINANCIAL SECTION:</u>	
Independent Auditor’s Report	1-4
Management’s Discussion and Analysis	5-15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	22-23
Statement of Net Position – Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26-27
Notes to the Financial Statements	28-77
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	78
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS – Legacy Plan	79
Notes to Schedule for TCRS Legacy Plan	80
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	81
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS – Hybrid Plan	82
Notes to Schedule for TCRS Hybrid Plan	83
Schedule of Changes in Total OPEB Liability Based on Participation in the City of Lebanon OPEB Plan	84

CITY OF LEBANON, TENNESSEE
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Page Number
II. <u>FINANCIAL SECTION (CONTINUED)</u>:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	86
Combining Balance Sheet – Nonmajor Special Revenue Governmental Funds	87-88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Governmental Funds	89-90
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
State Street Aid Fund	91
Airport Operations Fund	92
Jimmy Floyd Family Life Center Fund	93
Public Safety Grant Fund:	
Electronic Traffic Citation Fund	94
Federal Asset Seizure Fund	95
Law Enforcement Support Organization Fund	96
Citizens Emergency Response Team Fund	97
Cemetery Maintenance Fund	98
Lebanon Housing Authority Fund	99
Tourism and Economic Development Fund	100
Spirit of Christmas Fund	101
Drug Enforcement Fund	102
Beautification Committee Fund	103
Police Local Option Fines Fund	104
Capital Projects Fund:	
Lebanon and Wilson County Community Park Fund	105
Airport Capital Projects Fund	106
Street Improvements Fund	107

CITY OF LEBANON, TENNESSEE
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Page Number
II. <u>FINANCIAL SECTION (CONTINUED):</u>	
Combining and Individual Fund Statements and Schedules (Continued):	
Debt Service Fund:	
Public Safety Building Bond Fund	108
2008 Bond Debt Service Fund	109
2004 Bond Debt Service Fund	110
2011 Bond Debt Service Fund	111
2013 Bond Debt Service Fund	112
2016 Legends Drive Fund	113
2016 Airport Terminal Fund	114
Westside Park Debt Service Fund	115
Airport Maintenance Hanger Bond Fund	116
Radio Systems Bond Fund	117
Road Improvements Bond Fund	118
Sports Complex Bond Fund	119
Sams Bond Fund	120
 Other Supplementary Information:	
Schedule of Changes in Long-Term Debt by Individual Issue	121-122
Schedule of Principal and Interest Requirements General Obligation Debt and Notes to be Repaid From Governmental Activities	123-125
Schedule of Principal and Interest Requirements General Obligation Debt and Notes to be Repaid from Business-Type Activities	126-130
Schedule of Changes in Lease Obligations by Individual Issue	131-132
Schedule of Water and Sewer Rates - Unaudited	133
Schedule of Gas Rates - Unaudited	134
Schedule of Changes in Property Taxes Receivables - Unaudited	135
Property Tax Rates and Levies – All Overlapping Governments- Unaudited	136
 III. <u>INTERNAL CONTROL AND COMPLIANCE SECTION:</u>	
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>	137-138
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	139-141
Schedule of Expenditures of Federal Awards and State Financial Assistance	142-143
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	144
Schedule of Findings and Questioned Costs	145-148
Schedule of Prior Year Findings and Questioned Costs	149
Management's Corrective Action Plan	150

**INTRODUCTORY
SECTION**

CITY OF LEBANON, TENNESSEE

LIST OF PRINCIPAL OFFICERS

June 30, 2025

Publicly Elected Officials

Rick Bell, Mayor
Joey Carmack, Ward 1 Councilor
Geri Ashley, 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

**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, 2025, 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 unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, 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 5 through 11) 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 total 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 awards and state financial assistance, 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, and the schedule of changes in lease obligations by individual issue, 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 December 22, 2025, 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.

A handwritten signature in black ink that reads 'Mauldin & Jenkins, LLC'.

Chattanooga, Tennessee
December 22, 2025

CITY OF LEBANON, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Fiscal Year Ended June 30, 2025

Management of the **City of Lebanon, Tennessee** presents the following narrative overview and analysis of the City's financial activities for the fiscal year ended **June 30, 2025**. This MD&A is intended to provide readers with an objective and easily understandable analysis of the City's financial performance. It should be read in conjunction with the accompanying basic financial statements and other information contained in this Annual Financial Report, prepared in accordance with GASB Statement No. 34 and the reporting terminology updated by GASB Statement No. 103.

FINANCIAL HIGHLIGHTS

- **Total net position** of the City was **\$454.3 million** at June 30, 2025.
 - **Governmental Activities** accounted for **\$193.8 million** of this amount.
 - **Business-Type Activities** accounted for **\$260.5 million**.
 - **Governmental Activities** generated **\$77 million** in revenues from taxes and other sources. Expenditures exceeded revenues by **\$10.8 million**, resulting in an overall **increase of \$5.4 million** in total governmental fund balances due to other financing sources and changes in fund activity.
 - **Business-Type Activities** generated **\$49.2 million** in operating and nonoperating revenues. The enterprise operations produced **net operating income of \$3.4 million**, contributing to a **\$35.2 million increase** in total net position for these activities.
-

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial report consists of three primary components:

1. **Management's Discussion and Analysis (MD&A)**
2. **Basic Financial Statements**
3. **Required Supplementary Information**

In addition to these required elements, the report includes supplementary schedules and internal control and compliance reports as required by the State of Tennessee, federal regulations, and Uniform Guidance (formerly OMB Circular A-133).

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the City's finances using the accrual basis of accounting, similar to a private-sector business. These statements present information about the City as a whole and distinguish between:

- **Governmental Activities**, which are primarily supported by taxes and intergovernmental revenues; and
- **Business-Type Activities**, which operate more like commercial enterprises and recover costs through user charges.

These statements offer both long-term and short-term perspectives of the City's financial condition.

Fund Financial Statements

Fund financial statements provide detailed information about the City's most significant funds.

- **Governmental Funds**

These statements focus on how current financial resources were raised and spent within the year and what remains available for future spending. They are reported using the modified accrual basis of accounting, which emphasizes near-term inflows and outflows of spendable resources.

- **Proprietary Funds**

These funds report activities for which the City charges customers a fee, such as water and sewer utilities. Proprietary funds use the accrual basis of accounting and provide both short-term and long-term financial information, similar to the government-wide statements.

Notes to the Financial Statements

The notes provide essential disclosures and additional detail to help readers fully understand the data presented in the government-wide and fund financial statements.

Required and Other Supplementary Information

Required supplementary information includes budget-to-actual comparisons and pension/OPEB schedules, which provide additional context for evaluating the City's long-term financial commitments. Supplementary schedules are included to present combining information on nonmajor governmental funds, utility operations, and statements required by federal and state regulatory agencies.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's overall financial position continued to strengthen in fiscal year 2025. For the year ended June 30, 2025, the City's combined net position increased by **approximately \$46.8 million**. Of this total:

- **Governmental activities** experienced an increase of **approximately \$11.6 million**, reflecting continued growth in the City's tax base and investment in capital assets.
- **Business-type activities** reported an increase of **approximately \$35.2 million**, driven primarily by ongoing utility system expansion and strong operating performance.

Governmental activities continue to maintain the largest share of resources dedicated to public services, while business-type activities—primarily water and sewer services—remain self-supporting and financially stable.

Table: Net Position Summary

(Governmental Activities, Business-Type Activities, and Total – FY 2024–2025)

Category	Governmental Activities 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Total 2025	Total 2024
Current and Other Assets	\$110,480,409	\$100,883,328	\$54,999,516	\$57,562,552	\$165,479,925	\$158,445,880
Capital Assets, net	168,677,736	149,777,893	245,174,381	211,291,330	\$413,852,117	\$361,069,223
Total Assets	279,158,145	250,661,221	300,173,897	268,853,882	579,332,042	519,515,103
Deferred Outflows of Resources	15,228,949	14,270,119	3,395,269	3,128,558	18,624,218	17,398,677
Long-Term Debt, net	38,443,292	26,667,915	26,340,877	30,355,821	64,784,169	57,023,736
Other Liabilities	41,261,991	36,901,686	15,795,110	15,450,825	57,057,101	52,352,511
Total Liabilities	79,705,283	63,569,601	42,135,987	45,806,646	121,841,270	109,376,247
Deferred Inflows of Resources	20,907,702	19,174,930	899,556	829,792	21,807,258	20,004,722
Net Position						
Net Investment in Capital Assets	128,884,075	121,661,738	214,205,162	177,559,366	343,089,237	299,221,104
Restricted	17,458,762	6,786,546	4,323,055	4,036,244	21,781,817	10,822,790
Unrestricted	47,431,272	53,738,525	42,005,406	43,750,392	89,436,678	97,488,917
Total Net Position	\$193,774,109	\$182,186,809	\$260,533,623	\$225,346,002	\$454,307,732	\$407,532,811

Governmental Activities

The net position of governmental activities **increased by approximately \$11.6 million** during fiscal year 2025. The primary components of this increase include:

- **Total assets increased by approximately \$28.5million**, largely due to continued investment in capital infrastructure.
- **Total liabilities increased by approximately \$16.1 million**, primarily due to the issuance of new debt to support capital projects.
- **Over half of the governmental activities' net position is invested in capital assets**, reflecting the City's commitment to long-term infrastructure development.

Despite the increase in liabilities, the City continues to maintain a healthy financial position supported by strong fund balances, stable revenues, and disciplined financial management.

Business-Type Activities

The net position of business-type activities increased by approximately **\$35.2 million** for the year ended June 30, 2025. Major contributing factors include:

- **Total assets increased by approximately \$31.3 million**, reflecting substantial investment in water and sewer infrastructure to support ongoing growth.
- **Total liabilities decreased by approximately \$3.7 million**, due primarily to scheduled debt service payments.
- **Nearly all the net position is invested in capital assets**, as the utility systems continue to expand to accommodate population and economic growth.

The business-type activities remain financially self-sufficient, generating sufficient operating income and cash flows to meet debt service, fund capital improvements, and support system development.

CHANGES IN NET POSITION

The following discussion provides an analysis of the changes in the City of Lebanon's net position for the fiscal year ended June 30, 2025. The information presented is intended to enhance the reader's understanding of the City's financial performance and should be reviewed in conjunction with the government-wide financial statements.

Table: Changes in Net Position

Category	Governmental Activities 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Total 2025	Total 2024
Program Revenues:	2025	2024	2025	2024	2025	2024
Charges for Services	\$7,814,596	\$8,319,617	\$49,269,831	\$44,432,340	\$57,084,427	\$52,751,957
Operating Grants & Contributions	2,279,862	2,436,261	-	-	2,279,862	2,436,261
Capital Grants & Contributions	7,151,373	11,504,957	31,133,387	22,491,671	38,284,760	33,996,628
General Revenues:						
Property Taxes	16,884,528	14,785,488	-	-	16,884,528	14,785,488
Sales Tax	33,507,556	30,620,899	-	-	33,507,556	30,620,899
Other Local Taxes	5,367,522	5,766,750	-	-	5,367,522	5,766,750
Other	3,808,622	3,090,845	779,067	450,596	4,587,689	3,541,441
Unrestricted Interest Income	2,196,077	1,668,238	1,168,403	1,695,303	3,364,480	3,363,541
Gain on Disposal of Capital Assets	-	-	28,498	17,743	28,984	17,743
Transfers In (Out)	753,000	-279,040	-753,000	279,040	-	-
Total General Revenues	79,763,136	77,914,015	81,626,186	69,366,693	161,389,322	147,280,708
Expenses:						
General Government	13,479,080	12,406,021	-	-	13,479,080	12,406,021
Public Safety	38,391,392	36,118,335	-	-	38,391,392	36,118,335
Public Works	9,800,131	10,509,233	-	-	9,800,131	10,509,233
Culture & Recreation	5,540,086	6,081,947	-	-	5,540,086	6,081,947
Interest on Long-Term Debt	965,147	1,066,235	-	-	965,147	1,066,235
Stormwater	-	-	3,055,305	2,089,984	3,055,305	2,089,984
Water & Sewer	-	-	28,730,697	25,497,656	28,730,697	25,497,656
Natural Gas	-	-	14,652,563	11,241,952	14,652,563	11,241,952
Total Expenses	68,175,836	66,181,771	46,438,565	38,829,592	114,614,401	105,011,363
Change in Net Position	\$11,587,300	\$11,732,244	\$35,187,621	\$30,537,101	\$46,774,921	\$42,269,345

Analysis of Changes in Net Position

Governmental Activities

Governmental activities experienced an increase in net position of **\$11.6 million**. Key factors contributing to this change include:

- **Total governmental revenues increased**, driven primarily by growth in property tax collections, continued strength in local sales tax, and increased development-related activity.

- **Program revenues decreased slightly**, reflecting lower one-time capital grants and contributions compared to FY 2024.
- **Total assets increased by \$28.5 million**, mainly due to ongoing investment in capital assets.
- **Total liabilities increased by \$16.1 million**, primarily due to additional debt incurred for capital projects.
- As is typical for the City, more than half of the governmental net position is invested in capital assets, reflecting the City's ongoing commitment to infrastructure and public facility development.

Business-Type Activities

Business-type activities reported an increase in net position of **\$35.2 million**, a larger gain than the prior fiscal year. Major drivers include:

- **Strong increases in capital contributions**, reflective of ongoing utility expansion to meet growth demands.
- **Charges for services increased by nearly \$4.8 million**, driven by customer growth across the City's water, sewer, and natural gas utilities.
- **Total assets increased by \$31.3 million**, attributable to utility system expansion and related capital improvements.
- **Total liabilities decreased by \$3.7 million**, due to scheduled debt service payments.
- Nearly all business-type net position is classified as net investment in capital assets, consistent with the capital-intensive nature of utility operations.

Capital Assets

- As of June 30, 2025, the City's investment in capital assets totaled **\$413.4 million**, net of accumulated depreciation. Capital assets include land, buildings, improvements, equipment, leased assets, construction in progress, and city-owned infrastructure such as streets, bridges, and utility systems constructed or acquired by the City. Capital assets are reported in accordance with GASB Statement No. 34, which requires the City to capitalize and depreciate infrastructure assets, and GASB Statement No. 103, which updates certain reporting requirements.

Capital Assets, Net of Depreciation

Capital Assets	Governmental Activities	Business-Type Activities	Total
Land	\$12,929,038	\$3,264,751	\$16,193,789
Buildings	21,239,121	48,099,327	69,338,448
Improvements Other Than Buildings	82,436,373	178,448,405	260,884,778
Equipment	15,742,454	6,748,708	22,491,162
Leased Assets, Net	2,194,485	42,315	2,236,800
Construction in Progress	34,136,265	8,570,875	42,707,140
Total Capital Assets	\$168,677,736	\$245,174,381	\$413,852,117

- Major capital additions during fiscal year 2025 included continued investment in water and sewer system improvements, street and roadway construction, and development of a new sports complex. These additions reflect the City’s ongoing commitment to infrastructure modernization and service capacity improvements.
- The fiscal year ended June 30, 2026 budget includes **\$127.8 million** in planned capital expenditures. These projects are expected to be funded primarily through a combination of federal and state grants, debt service, and existing financial resources.

Long-Term Debt

- At June 30, 2025, the City had approximately **\$68.8 million** in outstanding long-term obligations, consisting of general obligation bonds, notes payable, capital leases, and subscription-based liabilities. The City continues to maintain a strong credit position, supported by its **Aa2** bond rating.
- Additional details on long-term debt activity can be found in **Note 7** of the financial statements.

Outstanding Long-Term Debt

Long-Term Obligations	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$527,000	\$12,538,410	\$13,065,410
Notes Payable	37,180,496	16,440,813	53,621,309
Lease Payable	1,594,464	32,540	1,627,004
Subscription Payable	483,792	10,031	493,823
Total Long-Term Debt	\$39,798,784	\$29,859,036	\$68,807,546

- The City's debt levels remain within manageable ranges, and ongoing financial planning ensures the City retains sufficient capacity to meet future capital needs while upholding regulatory and fiscal stewardship obligations.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements present information about the City as a whole using accounting principles similar to those applied by private-sector organizations. The **Statement of Net Position** reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City. The **Statement of Activities** presents all revenues and expenses for the fiscal year, regardless of when cash is received or disbursed, in accordance with the accrual basis of accounting.

Together, these statements provide a comprehensive view of the City's overall financial condition and the changes in financial position during the fiscal year. An increase in net position indicates improving financial health, while a decrease may signal potential financial challenges. In assessing financial condition, the reader should also consider additional non-financial factors such as economic conditions, changes in the property tax base, and population trends.

The government-wide statements report the City's activities in three categories:

Governmental Activities

These activities include most of the City's core services—public safety, public works, parks and recreation, and general governmental administration. These services are primarily supported by taxes and intergovernmental revenues.

Business-Type Activities

These activities consist of services for which the City charges customers a fee intended to recover the cost of operations. The City's business-type activities include water, sewer, and gas utility operations.

Component Unit

The City's financial statements also include the Lebanon Senior Citizens Center as a discretely presented component unit. Although legally separate, the City is financially accountable for this organization.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds rather than the City as a whole. Funds are accounting structures that the City uses to monitor specific sources and uses of financial resources, ensuring compliance with legal, contractual, or internally established constraints. Some funds are required by state law or debt covenants, while others are created by the City Council for particular purposes.

The City utilizes two fund categories:

Governmental Funds

Governmental funds account for most of the City's basic services. These funds emphasize near-term inflows, outflows, and balances of expendable resources. They provide a short-term view of the City's operations and the resources available for future spending. Because this perspective differs from the long-term focus of the government-wide statements, reconciliations are provided to explain the differences between the governmental fund statements and the government-wide statements.

Proprietary Funds

Proprietary funds account for operations in which the City charges fees to customers to recover the cost of providing services. These funds provide both short- and long-term financial information similar to the government-wide business-type activity reporting and include the City's water, sewer, and gas utilities.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

In preparing the General Fund budget for fiscal year 2026, the City considered projected increases in salaries, employee benefits, capital equipment purchases, and infrastructure improvements.

General Fund revenues for fiscal year 2026 are projected at **\$62.6 million**, representing a **10% increase** compared to the original 2024–2025 budget. Property tax revenues are expected to rise by **\$1.2 million (8%)**, and sales tax revenues are projected to increase by **\$2.4 million (10%)**. General Fund expenditures are projected to increase by **9.9%**, with revenues expected to exceed expenditures by approximately **\$100,000**.

Water and Sewer Fund revenues are projected to decrease by **4%** compared to the original 2025 budget; however, revenues are expected to exceed expenses by **\$2.2 million**. After considering non-cash items such as depreciation and adjusting for principal and capital outlay, the cash surplus is estimated at **\$500,000**.

Gas Fund revenues are projected to increase by **0.02%** compared to the original 2025 budget. Revenues are expected to exceed expenses by **\$2.2 million**, resulting in an estimated cash surplus of **\$378,000** after adjusting for non-cash expenses, principal, and capital outlay.

Debt levels are projected to increase in fiscal year 2026 due to major capital financing needs, including:

1. **Water Fund** – \$81.4 million for the Water Treatment Plant Expansion
2. **Sewer Fund** – \$15 million for the new EQ Basin
3. **Gas Fund** – \$3 million for gas main replacement projects

As the City continues to experience rapid growth, long-term infrastructure investment remains a primary financial challenge.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is intended to provide citizens, taxpayers, customers, investors, and creditors with an overview of the City of Lebanon, Tennessee’s financial condition and to demonstrate the City’s accountability for the resources it receives. Questions concerning this report or requests for additional financial information should be directed to:

Commissioner of Finance and Revenue

City of Lebanon
200 Castle Heights Avenue North
Lebanon, Tennessee 37087

BASIC FINANCIAL STATEMENTS

CITY OF LEBANON, TENNESSEE

STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Unit
	Governmental	Business-type	Total	Lebanon
	Activities	Activities		Senior Citizens Center
ASSETS				
Cash and cash equivalents	\$ 60,715,527	\$ 36,356,026	\$ 97,071,553	\$ 296,297
Investments	9,628,666	5,578,871	15,207,537	-
Receivables:				
Taxes (net of allowance)	17,054,231	-	17,054,231	-
Accounts (net of allowance)	2,021,807	7,296,697	9,318,504	22,381
Sales tax	4,883,327	-	4,883,327	-
Lease receivables	276,667	-	276,667	-
Due from other governments	2,040,427	-	2,040,427	-
Due from component unit	10,573	-	10,573	-
Due from primary government	-	1,007,019	1,007,019	-
Due from others	-	12,512	12,512	-
Internal balances	1,090,182	(1,090,182)	-	-
Inventories	172,504	1,326,175	1,498,679	-
Prepaid items	510,392	189,343	699,735	-
Stabilization trust	1,898,692	527,996	2,426,688	-
Restricted assets:				
Cash and cash equivalents	10,177,414	3,795,059	13,972,473	-
Capital assets, not being depreciated	47,065,303	11,835,626	58,900,929	105,468
Capital assets, net of accumulated depreciation	121,612,433	233,338,755	354,951,188	750,985
Total Assets	279,158,145	300,173,897	579,332,042	1,175,131
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	9,519,720	2,183,836	11,703,556	-
Deferred outflows from OPEB	5,704,106	1,192,833	6,896,939	-
Deferred charges on refunding	5,123	18,600	23,723	-
Total Deferred Outflows of Resources	15,228,949	3,395,269	18,624,218	-
LIABILITIES				
Accounts payable	4,128,976	4,554,865	8,683,841	21,146
Accrued expenses	3,685,712	1,062,407	4,748,119	6,929
Due to primary government	-	-	-	10,573
Accrued interest payable	121,005	-	121,005	-
Customer deposits	108,955	250	109,205	-
Unearned revenue	976,965	231,872	1,208,837	-
Current portion of long-term liabilities	3,466,092	3,895,540	7,361,632	6,199
Noncurrent Liabilities :				
Due in more than one year	38,443,292	26,340,877	64,784,169	23,811
Net pension liability - TCRS Hybrid	166,374	42,667	209,041	-
Net pension liability - TCRS Legacy	6,165,142	1,314,314	7,479,456	-
OPEB liability	22,442,770	4,693,195	27,135,965	-
Total Liabilities	79,705,283	42,135,987	121,841,270	68,658
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	16,397,114	-	16,397,114	-
Deferred revenue - leases	244,052	-	244,052	-
OPEB related items	3,364,155	703,508	4,067,663	-
Pension related items - TCRS	902,381	196,048	1,098,429	-
Total Deferred Inflows of Resources	20,907,702	899,556	21,807,258	-
NET POSITION				
Net investment in capital assets	128,884,075	214,205,162	343,089,237	826,443
Restricted for:				
General government	839,163	-	839,163	-
Public safety	307,973	-	307,973	-
Recreation	150,884	-	150,884	-
Capital projects	9,200,496	-	9,200,496	-
Public service	4,004,786	-	4,004,786	-
Debt service	1,056,768	2,666,276	3,723,044	-
Construction retainage	-	1,128,783	1,128,783	-
Stabilization trust	1,898,692	527,996	2,426,688	-
Unrestricted	47,431,272	42,005,406	89,436,678	280,030
Total Net Position	\$ 193,774,109	\$ 260,533,623	\$ 454,307,732	\$ 1,106,473

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, 2025**

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	
Primary Government:								
Governmental Activities:								
General government	\$ 13,479,080	\$ 4,448,192	\$ 2,019,720	\$ -	\$ (7,011,168)	\$ -	\$ (7,011,168)	\$ -
Public safety	38,391,392	91,400	179,435	-	(38,120,557)	-	(38,120,557)	-
Public works	9,800,131	2,055,518	80,707	7,151,373	(512,533)	-	(512,533)	-
Culture and recreation	5,540,086	1,219,486	-	-	(4,320,600)	-	(4,320,600)	-
Interest on debt	965,147	-	-	-	(965,147)	-	(965,147)	-
Total Governmental Activities	<u>68,175,836</u>	<u>7,814,596</u>	<u>2,279,862</u>	<u>7,151,373</u>	<u>(50,930,005)</u>	<u>-</u>	<u>(50,930,005)</u>	<u>-</u>
Business-type Activities:								
Stormwater	3,055,305	2,466,105	-	10,025,221	-	9,436,021	9,436,021	-
Water and Sewer	28,730,697	31,647,859	-	21,108,166	-	24,025,328	24,025,328	-
Natural Gas	14,652,563	15,155,867	-	-	-	503,304	503,304	-
Total Business-type Activities	<u>46,438,565</u>	<u>49,269,831</u>	<u>-</u>	<u>31,133,387</u>	<u>-</u>	<u>33,964,653</u>	<u>33,964,653</u>	<u>-</u>
Total Primary Government	<u>\$ 114,614,401</u>	<u>\$ 57,084,427</u>	<u>\$ 2,279,862</u>	<u>\$ 38,284,760</u>	<u>\$ (50,930,005)</u>	<u>\$ 33,964,653</u>	<u>\$ (16,965,352)</u>	<u>-</u>
Component Unit:								
Lebanon Senior Citizens Center	\$ 656,860	\$ 163,902	\$ 409,347	\$ -				\$ (83,611)
Total Component Units	<u>\$ 656,860</u>	<u>\$ 163,902</u>	<u>\$ 409,347</u>	<u>\$ -</u>				<u>\$ (83,611)</u>
General Revenues:								
Property taxes					\$ 16,884,528	\$ -	\$ 16,884,528	\$ -
Sales taxes					33,507,556	-	33,507,556	-
Other local taxes					5,367,522	-	5,367,522	-
Other					3,808,622	779,067	4,587,689	160,291
Unrestricted interest income					2,196,077	1,168,403	3,364,480	1,897
Gain on disposal of capital assets					-	28,498	28,498	-
Total General Revenues					<u>61,764,305</u>	<u>1,975,968</u>	<u>63,740,273</u>	<u>162,188</u>
Transfers					753,000	(753,000)	-	-
Change in Net Position					11,587,300	35,187,621	46,774,921	78,577
Net Position, Beginning					182,186,809	225,346,002	407,532,811	1,027,896
Net Position, Ending					<u>\$ 193,774,109</u>	<u>\$ 260,533,623</u>	<u>\$ 454,307,732</u>	<u>\$ 1,106,473</u>

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

CITY OF LEBANON, TENNESSEE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 51,134,386	\$ 2,421,639	\$ 7,159,502	\$ 60,715,527
Cash and cash equivalents - restricted	-	10,177,414	-	10,177,414
Investments	9,587,908	-	40,758	9,628,666
Receivables (net of allowance):				
Property taxes	17,054,231	-	-	17,054,231
Sales taxes	4,883,327	-	-	4,883,327
Accounts	1,649,139	-	372,668	2,021,807
Due from other funds	1,109,017	50,000	1,250	1,160,267
Due from component unit	10,573	-	-	10,573
Due from other governments	321,516	1,718,726	185	2,040,427
Prepaid items	488,292	-	22,100	510,392
Inventories	172,504	-	-	172,504
Stabilization trust	1,898,692	-	-	1,898,692
Lease receivable	-	-	276,667	276,667
Total Assets	<u>\$ 88,309,585</u>	<u>\$ 14,367,779</u>	<u>\$ 7,873,130</u>	<u>\$ 110,550,494</u>
LIABILITIES				
Accounts payable	\$ 2,841,679	\$ 860,409	\$ 426,888	\$ 4,128,976
Accrued liabilities	1,708,050	1,893,053	84,609	3,685,712
Due to other funds	62,894	-	7,191	70,085
Customer deposits	108,955	-	-	108,955
Unearned revenue	548	966,516	9,901	976,965
Total Liabilities	<u>4,722,126</u>	<u>3,719,978</u>	<u>528,589</u>	<u>8,970,693</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred - property taxes	16,397,114	-	-	16,397,114
Unavailable revenue - property taxes	378,312	-	-	378,312
Unavailable revenue - intergovernmental	88,333	1,447,305	-	1,535,638
Deferred inflows - leases	-	-	244,052	244,052
Total Deferred Inflows of Resources	<u>16,863,759</u>	<u>1,447,305</u>	<u>244,052</u>	<u>18,555,116</u>
FUND BALANCES				
Nonspendable:				
Inventory	172,504	-	-	172,504
Prepays	488,292	-	22,100	510,392
Restricted:				
General government	-	-	839,163	839,163
Public safety	-	-	307,973	307,973
Culture and recreation	-	-	150,884	150,884
Capital projects	-	9,200,496	-	9,200,496
Public works	-	-	4,004,786	4,004,786
Stabilization trust	1,898,692	-	-	1,898,692
Debt service	-	-	1,056,768	1,056,768
Committed:				
Police	-	-	114,212	114,212
Cemetery	-	-	135,779	135,779
Assigned:				
Airport	-	-	302,349	302,349
Floyd Family Life Center	-	-	166,475	166,475
Unassigned:	64,164,212	-	-	64,164,212
Total Fund Balances	<u>66,723,700</u>	<u>9,200,496</u>	<u>7,100,489</u>	<u>83,024,685</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 88,309,585</u>	<u>\$ 14,367,779</u>	<u>\$ 7,873,130</u>	<u>\$ 110,550,494</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, 2025**

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

Total Fund Balances - Governmental Funds	\$ 83,024,685
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds	168,677,736
Revenue not available to pay for current expenditures and, therefore, is deferred in the funds:	
Unavailable revenue - property taxes	378,312
Unavailable revenue - intergovernmental	1,535,638
Deferred outflows of resources - pensions and OPEB are not available to pay current expenditures and, therefore, are not reported in governmental funds	15,223,826
Deferred inflows of resources - pensions and OPEB are not due in the current period and, therefore, are not reported in governmental funds	(4,266,536)
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	(527,000)
Notes payable	(37,180,496)
Deferred charges on refunding	5,123
Premiums on notes	(13,032)
Lease payable	(1,594,464)
SBITAs payable	(483,792)
Accrued interest payable	(121,005)
Compensated absences payable	(2,110,600)
Total OPEB liability	(22,442,770)
Net pension liabilities	(6,331,516)
<u>Net Position of Governmental Activities</u>	<u>\$ 193,774,109</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
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	General	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 50,153,438	\$ -	\$ 543,159	\$ 50,696,597
Licenses and permits	2,906,231	-	-	2,906,231
Fines and forfeitures	1,051,508	-	376,447	1,427,955
Intergovernmental	7,804,425	3,612,261	1,403,331	12,820,017
Charges for services	506,946	-	1,180,758	1,687,704
Interest	1,435,751	544,885	215,441	2,196,077
Miscellaneous	2,997,955	876	602,368	3,601,199
Contributions	195,514	1,376,392	79,724	1,651,630
Total Revenues	<u>67,051,768</u>	<u>5,534,414</u>	<u>4,401,228</u>	<u>76,987,410</u>
EXPENDITURES				
Current:				
General government	9,014,670	-	889,387	9,904,057
Public safety	33,724,380	-	114,094	33,838,474
Public works	12,509,357	129,260	700,076	13,338,693
Culture and recreation	2,002,172	143,020	2,282,280	4,427,472
Capital Outlay	-	20,533,470	1,201,677	21,735,147
Debt Service:				
Principal	633,099	-	2,929,883	3,562,982
Interest and fiscal charges	20,991	-	990,817	1,011,808
Total Expenditures	<u>57,904,669</u>	<u>20,805,750</u>	<u>9,108,214</u>	<u>87,818,633</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>9,147,099</u>	<u>(15,271,336)</u>	<u>(4,706,986)</u>	<u>(10,831,223)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from new bond issuance	15,000,000	-	-	15,000,000
Proceeds from sale of capital assets	281,425	-	67,074	348,499
Issuance of lease	88,437	-	-	88,437
Issuance of SBITA	51,830	-	26,717	78,547
Transfers in	-	23,595,629	5,269,913	28,865,542
Transfers out	(27,936,268)	-	(176,274)	(28,112,542)
Total Other Financing Sources (Uses)	<u>(12,514,576)</u>	<u>23,595,629</u>	<u>5,187,430</u>	<u>16,268,483</u>
Net Change in Fund Balances	(3,367,477)	8,324,293	480,444	5,437,260
Fund Balance - Beginning of Year	<u>70,091,177</u>	<u>876,203</u>	<u>6,620,045</u>	<u>77,587,425</u>
Fund Balance - Ending	<u>\$ 66,723,700</u>	<u>\$ 9,200,496</u>	<u>\$ 7,100,489</u>	<u>\$ 83,024,685</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, 2025**

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

Net Change in Fund Balance - Total Governmental Funds	\$	5,437,260
 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:		
Capital outlays		29,778,987
Depreciation expense		(10,645,247)
 The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position:		
Net book value of disposals		(236,091)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Change in intergovernmental revenue		1,530,513
Change in property taxes		143,714
 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:		
Compensated absences		(411,924)
Amortization of debt issuance premium		2,124
Change in accrued interest payable		44,537
Change in OPEB liability		(1,017,302)
Change in net pension liabilities		(1,361,835)
Remeasurement of right-to-use asset and related liabilities		(73,434)
 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:		
Issuance of lease payable		(88,437)
Issuance of notes payable		(15,000,000)
Issuance of SBITA		(78,547)
 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:		
Payments on notes payable		2,443,773
Payments on bonds payable		360,000
Payments on leases		284,665
Payments on SBITAs		474,544
Change in Net Position of Governmental Activities	\$	<u>11,587,300</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Taxes:				
Property tax	\$ 14,800,000	\$ 14,800,000	\$ 16,740,814	\$ 1,940,814
Sales tax	24,000,000	25,550,000	28,045,102	2,495,102
Other local taxes	4,877,000	4,878,525	5,367,522	488,997
Total Taxes	43,677,000	45,228,525	50,153,438	4,924,913
Intergovernmental:				
State	5,459,741	7,886,660	6,224,824	(1,661,836)
Payment in lieu of taxes	1,523,907	1,523,907	1,579,601	55,694
Total Intergovernmental	6,983,648	9,410,567	7,804,425	(1,606,142)
Licenses and permits	2,188,000	2,807,309	2,906,231	98,922
Fines and forfeitures	1,010,500	1,010,500	1,051,508	41,008
Charges for services	486,872	486,872	506,946	20,074
Interest	520,000	520,000	1,435,751	915,751
Miscellaneous	1,022,000	1,484,678	2,997,955	1,513,277
Contributions	240,000	712,405	195,514	(516,891)
Total Revenues	56,128,020	61,660,856	67,051,768	5,390,912
EXPENDITURES				
General Government:				
Mayor council	274,288	324,067	248,038	76,029
City attorney & judicial	328,877	477,547	420,021	57,526
Financial administration	220,182	257,320	219,502	37,818
Building maintenance	277,616	332,474	316,415	16,059
Accounting	207,527	234,366	200,411	33,955
Customer billing	39,661	83,911	53,151	30,760
Purchasing	96,754	103,066	91,086	11,980
Computer equipment	655,065	720,383	510,818	209,565
Economic development	277,994	335,917	285,204	50,713
Mitchell house	205,276	257,044	205,309	51,735
Personnel	817,990	691,982	581,620	110,362
Risk assessment	195,242	199,790	166,416	33,374
General maintenance	874,642	950,946	852,987	97,959
Building inspection	673,602	696,085	650,153	45,932
Codes enforcement	558,642	591,403	438,385	153,018
Cemetery	173,141	195,799	177,950	17,849
Regional transportation authority dues	54,408	54,408	54,408	-
Special events	130,000	130,042	85,869	44,173
Dues	52,289	57,072	42,398	14,674
Donations	340,173	614,798	337,273	277,525
City holiday events	61,500	61,875	61,874	1
Other	1,854,715	7,359,806	3,015,382	4,344,424
Total General Government	8,369,584	14,730,101	9,014,670	5,715,431
Public Safety:				
Public safety	32,421,906	35,469,448	32,808,662	2,660,786
Animal control	243,812	527,711	413,343	114,368
Radio communication	425,000	502,375	502,375	-
Total Public Safety	33,090,718	36,499,534	33,724,380	2,775,154

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, 2025**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Public Works:				
Public works	\$ 2,495,260	\$ 3,393,566	\$ 2,203,597	\$ 1,189,969
Street	2,460,534	5,778,720	4,565,762	1,212,958
Sanitation	3,229,836	6,114,700	4,494,202	1,620,498
Traffic maintenance	790,545	900,844	605,186	295,658
Garage	695,696	740,977	640,610	100,367
Total Public Works	<u>9,671,871</u>	<u>16,928,807</u>	<u>12,509,357</u>	<u>4,419,450</u>
Culture and Recreation:				
Recreation administration	2,176,326	2,971,522	1,655,332	1,316,190
Recreation	376,191	384,704	346,840	37,864
Total Culture and Recreation	<u>2,552,517</u>	<u>3,356,226</u>	<u>2,002,172</u>	<u>1,354,054</u>
Debt Service:				
Principal	-	610,018	633,099	(23,081)
Interest and fiscal charges	-	35,327	20,991	14,336
Total Debt Service	<u>-</u>	<u>645,345</u>	<u>654,090</u>	<u>(8,745)</u>
Total Expenditures	<u>53,684,690</u>	<u>72,160,013</u>	<u>57,904,669</u>	<u>14,255,344</u>
Excess (deficiency) of revenues over expenditures	2,443,330	(10,499,157)	9,147,099	19,646,256
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	750,000	750,000	15,000,000	14,250,000
Proceeds from sale of capital assets	55,000	55,000	281,425	226,425
Issuance of lease	-	-	88,437	88,437
Issuance of SBITA	-	-	51,830	51,830
Transfers out	(3,217,049)	(28,438,714)	(27,936,268)	502,446
Total Other Financing Sources (Uses)	<u>(2,412,049)</u>	<u>(27,633,714)</u>	<u>(12,514,576)</u>	<u>15,119,138</u>
Net Change in Fund Balances	<u>\$ 31,281</u>	<u>\$ (38,132,871)</u>	<u>(3,367,477)</u>	<u>\$ 34,765,394</u>
Fund Balance - Beginning			<u>70,091,177</u>	
Fund Balance - Ending			<u>\$ 66,723,700</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, 2025**

	Enterprise Funds			
	Stormwater	Water & Sewer	Natural Gas	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,769,702	\$ 30,379,229	\$ 1,207,095	\$ 36,356,026
Investments	11,738	4,899,479	667,654	5,578,871
Accounts receivable, (net):				
Accounts	206,093	5,856,351	1,234,253	7,296,697
Due from other funds	3,675	12,738	5,047	21,460
Due from other governments	-	1,007,019	-	1,007,019
Due from others	-	-	12,512	12,512
Prepays	10,845	136,111	42,387	189,343
Inventory	-	655,799	670,376	1,326,175
Total current assets	<u>5,002,053</u>	<u>42,946,726</u>	<u>3,839,324</u>	<u>51,788,103</u>
Noncurrent assets:				
Capital assets, not being depreciated	293,637	10,693,561	848,428	11,835,626
Capital assets, net of accumulated depreciation	<u>22,805,207</u>	<u>175,245,041</u>	<u>35,288,507</u>	<u>233,338,755</u>
Total capital assets	<u>23,098,844</u>	<u>185,938,602</u>	<u>36,136,935</u>	<u>245,174,381</u>
Restricted cash and cash equivalents	-	3,795,059	-	3,795,059
Stabilization reserve	47,168	354,326	126,502	527,996
Total other noncurrent assets	<u>47,168</u>	<u>4,149,385</u>	<u>126,502</u>	<u>4,323,055</u>
Total noncurrent assets	<u>23,146,012</u>	<u>190,087,987</u>	<u>36,263,437</u>	<u>249,497,436</u>
Total assets	<u>28,148,065</u>	<u>233,034,713</u>	<u>40,102,761</u>	<u>301,285,539</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related items	86,993	808,422	297,418	1,192,833
Pension related items	169,589	1,439,026	575,221	2,183,836
Refunding	-	18,600	-	18,600
Total deferred outflows of resources	<u>256,582</u>	<u>2,266,048</u>	<u>872,639</u>	<u>3,395,269</u>
LIABILITIES				
Current liabilities:				
Accounts payable	122,059	3,662,301	770,505	4,554,865
Accrued liabilities	-	865,306	197,101	1,062,407
Due to other funds	81,724	759,692	270,226	1,111,642
Customer deposits	-	150	100	250
Unearned revenues	2,139	63,202	166,531	231,872
Lease liability, current portion	272	1,750	7,873	9,895
Notes payable, current portion	-	2,058,036	-	2,058,036
Bonds payable, current portion	-	1,375,000	190,000	1,565,000
Compensated absences payable, current portion	18,971	164,307	74,387	257,665
Subscription payable, current portion	-	-	4,944	4,944
Total current liabilities	<u>225,165</u>	<u>8,949,744</u>	<u>1,681,667</u>	<u>10,856,576</u>
Long-term liabilities:				
OPEB liability	342,273	3,180,733	1,170,189	4,693,195
Net pension asset- TCRS Hybrid	3,862	27,065	11,740	42,667
Net pension liability - TCRS Legacy	97,318	875,144	341,852	1,314,314
Leases payable, non-current portion	886	10,493	11,266	22,645
Notes payable, non-current portion	-	14,386,792	-	14,386,792
Bonds payable, non-current portion	-	9,923,227	1,883,410	11,806,637
Compensated absences payable, non-current portion	15,125	93,353	11,238	119,716
Subscription payable	-	-	5,087	5,087
Total long-term liabilities	<u>459,464</u>	<u>28,496,807</u>	<u>3,434,782</u>	<u>32,391,053</u>
Total liabilities	<u>684,629</u>	<u>37,446,551</u>	<u>5,116,449</u>	<u>43,247,629</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	14,875	129,853	51,320	196,048
OPEB related items	<u>51,307</u>	<u>476,790</u>	<u>175,411</u>	<u>703,508</u>
Total deferred inflows of resources	<u>66,182</u>	<u>606,643</u>	<u>226,731</u>	<u>899,556</u>
NET POSITION				
Net investment in capital assets	23,097,686	157,073,121	34,034,355	214,205,162
Restricted for debt service	-	2,666,276	-	2,666,276
Restricted for construction retainage	-	1,128,783	-	1,128,783
Restricted for stabilization reserve	47,168	354,326	126,502	527,996
Unrestricted	<u>4,508,982</u>	<u>36,025,061</u>	<u>1,471,363</u>	<u>42,005,406</u>
Total net position	<u>\$ 27,653,836</u>	<u>\$ 197,247,567</u>	<u>\$ 35,632,220</u>	<u>\$ 260,533,623</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, 2025

	Enterprise Funds			Total
	Stormwater	Water & Sewer	Natural Gas	
OPERATING REVENUES				
Charges for services	\$ 2,456,460	\$ 31,584,369	\$ 15,078,606	\$ 49,119,435
Fines and forfeitures	9,645	-	-	9,645
Miscellaneous charges	-	63,490	77,261	140,751
Total Operating Revenues	<u>2,466,105</u>	<u>31,647,859</u>	<u>15,155,867</u>	<u>49,269,831</u>
OPERATING EXPENSES				
Purchased gas	-	-	7,397,272	7,397,272
Transmission and distribution	1,120,173	14,261,872	3,010,010	18,392,055
General and administrative	1,305,863	6,003,729	2,502,691	9,812,283
Depreciation and amortization	629,213	7,981,959	1,682,923	10,294,095
Total Operating Expenses	<u>3,055,249</u>	<u>28,247,560</u>	<u>14,592,896</u>	<u>45,895,705</u>
Operating Income (Loss)	(589,144)	3,400,299	562,971	3,374,126
NONOPERATING REVENUES (EXPENSES)				
Interest and other income	98,451	986,815	83,137	1,168,403
Interest expense	(56)	(483,137)	(59,667)	(542,860)
Gain on disposal of capital assets	-	27,536	962	28,498
Miscellaneous revenue	52,368	724,358	2,341	779,067
Total Nonoperating Revenues (Expenses)	<u>150,763</u>	<u>1,255,572</u>	<u>26,773</u>	<u>1,433,108</u>
Income Before Capital Contributions and Transfers	(438,381)	4,655,871	589,744	4,807,234
Capital contributions	10,008,821	20,155,584	-	30,164,405
Capital grants	16,400	952,582	-	968,982
Transfers out	(753,000)	-	-	(753,000)
Change in Net Position	<u>8,833,840</u>	<u>25,764,037</u>	<u>589,744</u>	<u>35,187,621</u>
Net Position - Beginning	<u>18,819,996</u>	<u>171,483,530</u>	<u>35,042,476</u>	<u>225,346,002</u>
Net Position - Ending	<u>\$ 27,653,836</u>	<u>\$ 197,247,567</u>	<u>\$ 35,632,220</u>	<u>\$ 260,533,623</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, 2025

	Enterprise Funds			Total
	Stormwater	Water & Sewer	Natural Gas	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from consumers	\$ 2,460,889	\$ 29,407,793	\$ 14,724,866	\$ 46,593,548
Cash paid to suppliers of goods and services	(1,775,784)	(14,135,376)	(10,472,676)	(26,383,836)
Cash paid to employees for services	(844,032)	(6,222,793)	(1,936,464)	(9,003,289)
Net cash provided by (used in) operating activities	(158,927)	9,049,624	2,315,726	11,206,423
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(753,000)	-	-	(753,000)
Cash paid/received on interfund loans	-	(11,692)	(4,200)	(15,892)
Cash received from other activities	52,368	724,358	2,341	779,067
Net cash provided by (used in) non-capital financing activities	(700,632)	712,666	(1,859)	10,175
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Construction and acquisition of property and equipment	(384,703)	(10,500,303)	(3,093,843)	(13,978,849)
Proceeds from sale of assets	-	27,536	962	28,498
Capital grants received	16,400	952,582	-	968,982
Principal payments on long-term debt and contractual obligations	-	(3,364,128)	(183,000)	(3,547,128)
Interest and fiscal charges paid	(56)	(843,322)	(59,667)	(903,045)
SBITA payments	-	-	(5,235)	(5,235)
Lease payments	(220)	(1,745)	(6,978)	(8,943)
Net cash used in capital and related financing activities	(368,579)	(13,729,380)	(3,347,761)	(17,445,720)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned	98,451	986,815	83,137	1,168,403
Purchase of investments	(621)	(345,292)	(33,038)	(378,951)
Net cash provided by investing activities	97,830	641,523	50,099	789,452
Net Decrease in Cash and Cash Equivalents	(1,130,308)	(3,325,567)	(983,795)	(5,439,670)
Cash and Cash Equivalents - Beginning	5,900,010	37,499,855	2,190,890	45,590,755
Cash and Cash Equivalents - Ending	\$ 4,769,702	\$ 34,174,288	\$ 1,207,095	\$ 40,151,085
CASH RECONCILIATION				
Cash and cash equivalents	\$ 4,769,702	\$ 30,379,229	\$ 1,207,095	\$ 36,356,026
Restricted cash and cash equivalents	-	3,795,059	-	3,795,059
Total	\$ 4,769,702	\$ 34,174,288	\$ 1,207,095	\$ 40,151,085

continued

CITY OF LEBANON, TENNESSEE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Enterprise Funds			
	Stormwater	Water & Sewer	Natural Gas	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (589,144)	\$ 3,400,299	\$ 562,971	\$ 3,374,126
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	629,213	7,981,959	1,682,923	10,294,095
Remeasurements of right-to-use assets	-	78	-	78
(Increase) decrease:				
Accounts receivable	(5,638)	(2,341,985)	(539,993)	(2,887,616)
Due from other funds	5,553	-	-	5,553
Due from others	-	-	74,482	74,482
Due from other governments	-	124,719	-	124,719
Deferred outflows from pension	(20,416)	(113,606)	(72,353)	(206,375)
Deferred outflows from OPEB	(4,400)	(40,892)	(15,044)	(60,336)
Prepays	(3,478)	(48,555)	(12,491)	(64,524)
Inventories		(240,699)	(13,697)	(254,396)
Stabilization reserve	(11,493)	(80,536)	(34,935)	(126,964)
Increase (decrease):				
Accounts payable and accrued liabilities	(250,579)	(581,843)	281,775	(550,647)
Due to other funds	24,844	481,770	139,681	646,295
Unearned revenue	422	(22,800)	34,510	12,132
Compensated absences	9,780	52,380	26,724	88,884
Net pension liability/asset	22,415	170,123	84,289	276,827
OPEB liability	28,466	264,537	97,323	390,326
Deferred inflows from pension	14,079	124,140	48,796	187,015
Deferred inflows from OPEB	(8,551)	(79,465)	(29,235)	(117,251)
Net cash provided by (used in) operating activities	<u>\$ (158,927)</u>	<u>\$ 9,049,624</u>	<u>\$ 2,315,726</u>	<u>\$ 11,206,423</u>
NONCASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Donated capital assets	<u>\$ 10,008,821</u>	<u>\$ 20,155,584</u>	<u>\$ -</u>	<u>\$ 30,164,405</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, 2025

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, 2025

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 *capital projects fund* account for capital asset acquisition and construction of the City.

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.

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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

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

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

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

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, 2025

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, 2025

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

F. Budgetary Information (Continued)

Excess of Expenditures over appropriations. For the fiscal year ended June 30, 2025, the following were instances where the annual expenditures exceeded the appropriations by greater than \$500 as follows:

General Government:

Debt service - principal	\$ 23,081
--------------------------	-----------

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

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, 2025

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, 2025

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, 2025

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, 2025

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, 2025

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, 2025

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, 2025

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 1st 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 1st, 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, 2025

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 \$111,044,026 and the balance in financial institutions was \$111,991,681. 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, 2025, the City's investment balances consisted of State of Tennessee Local Government Investment Pool (the TN LGIP) investments of \$4,932,448 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, 2025

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:

	Fair value	Percent of total
Less than one year	\$ 795,756	40%
1 - 5 Years	1,170,846	60%
Total	\$ 1,966,602	40%

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, 2025

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, 2025, the LGIP had a weighted average maturity of 45 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-ar.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:

	<u>Amount</u>	<u>Portfolio</u>
Cash on hand and in banks	\$ 37,765	0.25%
Certificates of deposit	13,203,170	86.82%
U.S. Treasury obligations	1,966,602	12.93%
	<u>\$ 15,207,537</u>	<u>100.00%</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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, 2025:

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:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Receivables:			
Property taxes	\$ 17,445,476	\$ -	\$ 17,445,476
Sales taxes	4,883,327	-	4,883,327
Accounts	1,650,634	372,668	2,023,302
Gross receivables	<u>23,979,437</u>	<u>372,668</u>	<u>24,352,105</u>
Less allowance for uncollectibles	<u>(392,740)</u>	-	<u>(392,740)</u>
Net receivables	<u>\$ 23,586,697</u>	<u>\$ 372,668</u>	<u>\$ 23,959,365</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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	\$ 215,813	\$ 6,010,846	\$ 1,275,098	\$ 7,501,757
Gross receivables	215,813	6,010,846	1,275,098	7,501,757
Less allowance for uncollectibles	(9,720)	(154,495)	(40,845)	(205,060)
Net receivables	<u>\$ 206,093</u>	<u>\$ 5,856,351</u>	<u>\$ 1,234,253</u>	<u>\$ 7,296,697</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, 2025

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 a noncancellable leases of a building. 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, 2025

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

Lessor (Continued)

The City, as lessor, has entered into a lease agreement involving a building. The City has a lease receivable of \$276,667 and a deferred inflow of \$244,052 as of June 30, 2025. The deferred inflows related to the lease will be recognized as a revenue using the straight-line method over the life of the lease term. A reduction of the lease receivable of \$25,642 was recognized during the year ended June 30, 2025. The portion of deferred inflows amortized during 2025 was \$30,507.

<u>Lease</u>	<u>Contract Date</u>	<u>Maturity Date</u>
JECDB Airport	11/1/2017	6/1/2028

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2025, was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer</u>	<u>Remeasurements</u>	<u>Ending Balance</u>
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 12,929,038	\$ -	\$ -	\$ -	\$ -	\$ 12,929,038
Construction in progress	19,853,337	25,562,475	(181,682)	(11,097,865)	-	34,136,265
Total capital assets, not being depreciated	<u>32,782,375</u>	<u>25,562,475</u>	<u>(181,682)</u>	<u>(11,097,865)</u>	<u>-</u>	<u>47,065,303</u>
Capital assets, being depreciated:						
Buildings	38,533,116	302,856	-	-	-	38,835,972
Right-to-use buildings	1,247,563	-	-	-	-	1,247,563
Improvements other than buildings	114,944,192	491,824	-	11,065,638	-	126,501,654
Equipment	45,475,147	3,169,914	(80,397)	32,227	-	48,596,891
Right-to-use equipment	996,559	88,422	(108,571)	-	2,155	978,565
Right-to-use subscriptions	1,700,578	163,496	(20,959)	-	-	1,843,115
Total capital assets, being depreciated	<u>202,897,155</u>	<u>4,216,512</u>	<u>(209,927)</u>	<u>11,097,865</u>	<u>2,155</u>	<u>218,003,760</u>
Less accumulated depreciation/amortization for:						
Buildings	(16,406,647)	(1,190,204)	-	-	-	(17,596,851)
Right-to-use buildings	(218,323)	(124,757)	-	-	-	(343,080)
Improvements other than buildings	(38,642,459)	(5,422,822)	-	-	-	(44,065,281)
Equipment	(29,687,705)	(3,219,506)	52,774	-	-	(32,854,437)
Right-to-use equipment	(173,172)	(197,907)	96,131	-	39	(274,909)
Right-to-use subscriptions	(773,331)	(490,051)	6,613	-	-	(1,256,769)
Total accumulated depreciation/amortization	<u>(85,901,637)</u>	<u>(10,645,247)</u>	<u>155,518</u>	<u>-</u>	<u>39</u>	<u>(96,391,327)</u>
Total capital assets, being depreciated, net	<u>116,995,518</u>	<u>(6,428,735)</u>	<u>(54,409)</u>	<u>11,097,865</u>	<u>2,194</u>	<u>121,612,433</u>
Governmental activities capital assets, net	<u>\$ 149,777,893</u>	<u>\$ 19,133,740</u>	<u>\$ (236,091)</u>	<u>\$ -</u>	<u>\$ 2,194</u>	<u>\$ 168,677,736</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 5. CAPITAL ASSETS (CONTINUED):

Business-type Activities

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,217,274	\$ 29,432	\$ -	\$ 18,045	\$ 3,264,751
Construction in progress	30,602,873	44,762,200	(631,130)	(66,163,068)	8,570,875
Total capital assets, not being depreciated	33,820,147	44,791,632	(631,130)	(66,145,023)	11,835,626
Capital assets, being depreciated:					
Buildings	83,031,774	-	-	7,735,008	90,766,782
Improvements other than buildings	222,855,579	-	-	56,743,192	279,598,771
Equipment	17,549,537	-	-	1,666,823	19,216,360
Right-to-use equipment	65,364	1,378	-	-	66,742
Right-to-use subscriptions	-	15,266	-	-	15,266
Total capital assets, being depreciated	323,502,254	16,644	-	66,145,023	389,663,921
Less accumulated depreciation/amortization for:					
Buildings	(40,114,531)	(2,552,924)	-	-	(42,667,455)
Improvements other than buildings	(94,720,425)	(6,429,941)	-	-	(101,150,366)
Equipment	(11,166,323)	(1,301,329)	-	-	(12,467,652)
Right-to-use equipment	(29,792)	(6,848)	-	-	(36,640)
Right-to-use subscriptions	-	(3,053)	-	-	(3,053)
Total accumulated depreciation/amortization	(146,031,071)	(10,294,095)	-	-	(156,325,166)
Total capital assets, being depreciated, net	177,471,183	(10,277,451)	-	66,145,023	233,338,755
Business -type capital assets, net	<u>\$ 211,291,330</u>	<u>\$ 34,514,181</u>	<u>\$ (631,130)</u>	<u>\$ -</u>	<u>\$ 245,174,381</u>

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

Governmental Activities:

General Government	\$ 3,169,157
Public Safety	2,453,746
Public Works	4,053,487
Culture and Recreation	968,857
	<u>\$ 10,645,247</u>

Business-type Activities:

Stormwater	\$ 629,213
Water and Sewer	7,981,959
Natural Gas	1,682,923
	<u>\$ 10,294,095</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund receivables and payables for the year ended June 30, 2025, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Stormwater Fund	\$ 81,325
General Fund	Water and Sewer Fund	756,711
General Fund	Natural Gas Fund	269,468
General Fund	Nonmajor Governmental Funds	1,513
		<u>\$ 1,109,017</u>
Stormwater Fund	General Fund	\$ 2,256
Stormwater Fund	Water and Sewer Fund	419
Stormwater Fund	Natural Gas Fund	200
Stormwater Fund	Nonmajor Governmental Funds	800
		<u>\$ 3,675</u>
Nonmajor Governmental Funds	Water and Sewer Fund	<u>\$ 1,250</u>
Capital Projects Fund	General Fund	<u>\$ 50,000</u>
Water and Sewer Fund	General Fund	\$ 8,517
Water and Sewer Fund	Stormwater Fund	399
Water and Sewer Fund	Natural Gas Fund	558
Water and Sewer Fund	Nonmajor Governmental Funds	3,264
		<u>\$ 12,738</u>
Natural Gas Fund	General Fund	\$ 2,121
Natural Gas Fund	Water and Sewer Fund	1,312
Natural Gas Fund	Nonmajor Governmental Funds	1,614
		<u>\$ 5,047</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, 2025

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

The composition of interfund transfers as of June 30, 2025, is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 5,093,639
Nonmajor Governmental Funds	Nonmajor Governmental Funds	176,274
		<u>\$ 5,269,913</u>
Capital Projects Fund	Stormwater Fund	\$ 753,000
Capital Projects Fund	General Fund	22,842,629
		<u>\$ 23,595,629</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. Transfers into the capital projects fund are for capital outlay appropriations.

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7. LONG-TERM LIABILITIES:

The following is a summary of debt transactions of the City for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Remeasurements	Ending Balance	Due Within One Year
Governmental activities:						
General obligation bonds	\$ 887,000	\$ -	\$ (360,000)	\$ -	\$ 527,000	\$ 257,000
Notes payable	24,624,269	15,000,000	(2,443,773)	-	37,180,496	1,519,600
Premium on notes	15,156	-	(2,124)	-	13,032	-
Net notes payable	<u>24,639,425</u>	<u>15,000,000</u>	<u>(2,445,897)</u>	<u>-</u>	<u>37,193,528</u>	<u>1,519,600</u>
Leases payable	1,776,567	88,437	(284,665)	14,125	1,594,464	273,235
Subscription payable	818,286	78,547	(474,544)	61,503	483,792	329,123
Net pension liability - Legacy	5,168,435	9,878,834	(8,882,127)	-	6,165,142	-
Net pension liability (asset) - Hybrid	(2,627)	1,765,794	(1,596,793)	-	166,374	-
Total OPEB liability	20,576,240	2,663,632	(797,102)	-	22,442,770	-
Compensated absences	1,698,676	1,338,559	(926,635)	-	2,110,600	1,087,134
Governmental activity Long-term liabilities	<u>\$ 55,562,002</u>	<u>\$ 30,813,803</u>	<u>\$ (15,767,763)</u>	<u>\$ 75,628</u>	<u>\$ 70,683,670</u>	<u>\$ 3,466,092</u>
Business-type activities:						
General obligation bonds	\$ 14,031,410	\$ -	\$ (1,493,000)	\$ -	\$ 12,538,410	\$ 1,565,000
Premium on bonds	1,179,517	-	(346,290)	-	833,227	-
Net bonds payable	<u>15,210,927</u>	<u>-</u>	<u>(1,839,290)</u>	<u>-</u>	<u>13,371,637</u>	<u>1,565,000</u>
Notes payable	18,494,941	-	(2,054,128)	-	16,440,813	2,058,036
Premium on notes	4,669	-	(654)	-	4,015	-
Net notes payable	<u>18,499,610</u>	<u>-</u>	<u>(2,054,782)</u>	<u>-</u>	<u>16,444,828</u>	<u>2,058,036</u>
Leases payable	40,027	1,378	(8,943)	78	32,540	9,895
Subscription payable	-	15,266	(5,235)	-	10,031	4,944
Net pension liability - Legacy	1,080,814	2,106,016	(1,872,516)	-	1,314,314	-
Net pension liability (asset) - Hybrid	(660)	452,847	(409,520)	-	42,667	-
Total OPEB liability	4,302,869	557,015	(166,689)	-	4,693,195	-
Compensated absences	288,497	317,426	(228,542)	-	377,381	257,665
Business-type activity Long-term liabilities	<u>\$ 39,422,084</u>	<u>\$ 3,449,948</u>	<u>\$ (6,585,517)</u>	<u>\$ 78</u>	<u>\$ 36,286,593</u>	<u>\$ 3,895,540</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.

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7. LONG-TERM LIABILITIES (CONTINUED):

The annual requirements to amortize the bonds as of June 30, 2025 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
2026	\$ 257,000	\$ 26,350	\$ 1,519,600	\$ 1,550,652	\$ 1,776,600	\$ 1,577,002
2027	270,000	13,500	1,568,500	1,465,805	1,838,500	1,479,305
2028	-	-	1,617,400	1,407,171	1,617,400	1,407,171
2029	-	-	1,672,400	1,346,492	1,672,400	1,346,492
2030	-	-	1,700,400	1,283,303	1,700,400	1,283,303
2031-2035	-	-	9,195,300	5,405,842	9,195,300	5,405,842
2036-2040	-	-	8,934,402	3,550,971	8,934,402	3,550,971
2041-2045	-	-	5,504,494	2,029,334	5,504,494	2,029,334
2046-2050	-	-	5,468,000	766,539	5,468,000	766,539
	<u>\$ 527,000</u>	<u>\$ 39,850</u>	<u>\$ 37,180,496</u>	<u>\$ 18,806,109</u>	<u>\$ 37,707,496</u>	<u>\$ 18,845,959</u>

Year Ending June 30,	Business-Type Activities					
	General Obligation Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	1,499,000	306,285	1,201,828	179,659	2,700,828	485,944
2030	1,469,000	234,635	1,223,456	156,866	2,692,456	391,501
2031-2035	4,125,000	792,151	5,375,400	446,607	9,500,400	1,238,758
2036-2040	430,000	34,766	2,232,141	118,028	2,662,141	152,794
2041-2045	91,410	1,024	725,622	11,799	817,032	12,823
	<u>\$ 12,538,410</u>	<u>\$ 2,768,511</u>	<u>\$ 16,440,813</u>	<u>\$ 1,716,507</u>	<u>\$ 28,979,223</u>	<u>\$ 4,485,018</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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, 2025
<u>Governmental Activities</u>					
General obligation bonds					
General obligation, 2008	5.00%	2007	2027	3,840,000	\$ 527,000
Total general obligation bonds					<u>527,000</u>
Notes payable					
2016 Airport Terminal	3.00%	2016	2036	1,600,000	898,001
2016 GO Refunding	1.5%-3.0%	2016	2032	2,220,000	260,000
2017 West Side Park	2.29%	2017	2042	5,000,000	3,807,594
2017 Airport Maintenance Hangar	2.52%	2017	2042	1,000,000	744,900
2016 Legends Drive	2.50%	2016	2036	4,700,000	2,839,000
2018 Public Safety Complex	3.80%	2018	2039	5,500,000	4,482,001
2025 Sams Club	4.89%	2025	2050	15,000,000	15,000,000
2024 Radio Communication System	4.97%	2024	2039	4,629,000	4,391,000
2023 Sports Complex	4.10%	2023	2048	5,000,000	4,758,000
Total notes payable					<u>37,180,496</u>
Total governmental activities					<u>37,707,496</u>
<u>Business-type Activities</u>					
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	6,965,000
Total Water & Sewer					<u>10,465,000</u>
Gas					
2008 Bond	5.00%	2008	2029	1,100,000	313,000
2014 Bond	2.43%	2013	2033	1,000,000	510,000
2020 Bond	2.24%	2020	2040	1,500,000	1,250,410
Total Gas					<u>2,073,410</u>
Total general obligation bonds					<u>12,538,410</u>
Notes payable					
Water & Sewer					
State of TN 12-126	1.76%	2012	2025	2,940,832	1,586,124
State of TN 12-127	1.76%	2012	2035	1,323,960	752,874
State of TN 12-128	1.29%	2013	2036	1,622,555	982,397
State of TN 12-129	1.29%	2013	2036	1,140,502	694,827
State of TN 15-161	1.71%	2015	2037	587,600	376,280
State of TN 15-162	1.71%	2015	2038	1,271,000	661,545
State of TN 18-202	1.81%	2018	2039	800,000	608,030
State of TN 18-203	1.81%	2020	2039	300,000	117,957
State of TN 19-435	1.32%	2021	2040	4,300,000	3,822,484
State of TN 19-217	1.31%	2019	2041	1,400,000	1,150,517
2007 Revenue Bonds	5.00%	2007	2007	5,000,000	652,000
2008 Revenue Bonds	5.00%	2008	2029	4,150,000	726,778
2016 Refunding	Variable	2016	2032	2,285,000	1,165,000
2012 Water and Sewer System Improvements	2.22%	2012	2032	1,387,000	556,000
2012 Johnson Controls	2.26%	2012	2027	4,657,079	815,000
2013 Water and Sewer System Improvements	2.28%	2013	2033	1,800,000	820,000
2014 Water and Sewer System Improvements	3.00%	2014	2035	1,800,000	953,000
Total Water & Sewer					<u>16,440,813</u>
Total notes payable					<u>16,440,813</u>
Total business-type activities					<u>28,979,223</u>
Total debt					<u>\$ 66,686,719</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7. LONG-TERM LIABILITIES (CONTINUED):

Subscription-based Information Technology Arrangements

Governmental Activities

As of June 30, 2025, the City had 26 active subscriptions. The subscriptions have annual fixed payments that range from \$209 to \$99,984 and interest rates that range from 0.3210% to 3.3050%. As of June 30, 2025, the total combined value of the subscription liability is \$483,792, and the total combined value of the short-term subscription liability is \$329,123. The combined value of the right-to-use asset as of June 30, 2025 of \$1,843,115 with accumulated amortization of \$1,256,769 included with right-to-use subscriptions in the capital asset table.

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>
2026	\$ 329,123	\$ 10,755	\$ 339,878
2027	139,266	3,567	142,833
2028	10,573	374	10,947
2029	2,738	131	2,869
2030	2,092	56	2,148
Total	<u>\$ 483,792</u>	<u>\$ 14,883</u>	<u>\$ 498,675</u>

Business-Type Activities

As of June 30, 2025, the City had 1 active subscription. The subscription has an annual fixed payment of \$5,235 and interest rate of 2.9010%. As of June 30, 2025, the total combined value of the subscription liability is \$10,031, and the total combined value of the short-term subscription liability is \$4,944. The combined value of the right-to-use asset as of June 30, 2025 of \$15,266 with accumulated amortization of \$3,053 included with right-to-use subscriptions in the capital asset table.

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>
2026	\$ 4,944	\$ 291	\$ 5,235
2027	5,087	148	5,235
Total	<u>\$ 10,031</u>	<u>\$ 439</u>	<u>\$ 10,470</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7. LONG-TERM LIABILITIES (CONTINUED):

Lease Liabilities

Governmental Activities

As of June 30, 2025, the City had one active building lease. The lease has monthly fixed payments of \$11,432 and interest rate of 3.3050%. As of June 30, 2025, the value of the lease liability is \$965,208, the value of the short-term lease liability is \$118,541. The value of the right-to-use asset as of June 30, 2025 of \$1,247,563 with accumulated amortization of \$343,080 is included with right-to-use 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.

As of June 30, 2025, the City had 33 active equipment leases. The leases have monthly fixed payments that range from \$7 to \$6,750 and interest rates that range from 0.0227% to 3.5490%. As of June 30, 2025, the total combined value of the lease liability is \$629,256, the total combined value of the short-term lease liability is \$154,694. The combined value of the right-to-use asset, as of June 30, 2025 of \$978,565 with accumulated amortization of \$274,909 is included with right-to-use equipment in the Capital asset table. The City has extension options that range from four to five extension options, each for 12 months.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2026	\$ 273,235	\$ 46,510	\$ 319,745
2027	245,909	38,267	284,176
2028	227,054	31,195	258,249
2029	233,065	24,235	257,300
2030	240,248	17,052	257,300
2031 - 2035	374,953	14,748	389,701
Total	<u>\$ 1,594,464</u>	<u>\$ 172,007</u>	<u>\$ 1,766,471</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7. LONG-TERM LIABILITIES (CONTINUED):

Lease Liabilities (Continued)

Business-Type Activities

As of June 30, 2025, the City had 7 active equipment leases. The leases have monthly fixed payments that range from \$12 to \$635 and interest rates that range from 2.6560% to 3.1500%. As of June 30, 2025, the total combined value of the lease liability is \$32,540, the total combined value of the short-term lease liability is \$9,895. The combined value of the right-to-use asset, as of June 30, 2025 of \$66,742 with accumulated amortization of \$36,640 is included with right-to-use equipment in the Capital asset table. The City has extension options that range from four to five extension options, each for 12 months.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2026	\$ 9,895	\$ 851	\$ 10,746
2027	9,574	536	10,110
2028	2,783	343	3,126
2029	2,871	255	3,126
2030	2,657	169	2,826
2031 - 2035	4,760	112	4,872
Total	<u>\$ 32,540</u>	<u>\$ 2,266</u>	<u>\$ 34,806</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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, 2025

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

City of Lebanon OPEB Program (Continued)

Employees Covered by Benefit Terms

At July 1, 2025, the following employees of the city were covered by the benefit terms of the plan:

Retiree Participants	113
Beneficiaries	74
Active Participants	<u>481</u>
Total	<u>668</u>

Total OPEB Liability

The City's total OPEB liability of \$27,135,965 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2025.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/24	\$ 24,879,109
Service cost	668,548
Interest	1,015,314
Differences between expected and actual experience	1,275,254
Assumption Changes	261,531
Benefit payments	(963,791)
Net changes	<u>2,256,856</u>
Balance at 6/30/25	<u>\$ 27,135,965</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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 (3.81 percent) or 1-percentage-point higher (5.81 percent) than the current discount rate:

	1% Decrease (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
Total OPEB liability	\$ 30,419,228	\$ 27,135,965	\$ 24,335,438

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 (6.50% decreasing to 5.60%)	Current Rate (7.50% decreasing to 6.60%)	1% Increase (8.50% decreasing to 7.60%)
Total OPEB liability	\$ 25,091,123	\$ 27,135,965	\$ 29,580,516

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2025, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.81%
Cost Method	Entry age normal
Inflation	2.50%
Health Care Trend Rates	7.50% - 6.60%, with ultimate trend rate in 2075
Salary Scale	2.5% per annum

Mortality rates were based on the PubG.H-2016 with Improvement Scale MP-2021.

The actuarial assumptions used in the July 1, 2025 valuation were based on the results of July 1, 2025 census data and plan information.

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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, 2025, the City recognized OPEB expense of \$2,193,833. At June 30, 2025, 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	\$ 4,230,688	\$ -
Change in assumptions	2,666,251	(4,067,663)
Total	\$ 6,896,939	\$ (4,067,663)

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:		
2026	\$	509,971
2027		509,971
2028		509,971
2029		509,971
2030		164,171
Thereafter		625,221
Total	\$	2,829,276

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, 2025

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, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	267
Inactive Employees Entitled to but not yet Receiving Benefits	303
Active Employees	<u>170</u>
Total Employees	<u>740</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9. PENSION PLANS (CONTINUED):

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

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, 2025, the employer contributions for the City were \$2,240,684 based on a rate of 15 percent 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.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2024, 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, 2024 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 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.

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9. PENSION PLANS (CONTINUED):

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

Actuarial Assumptions (continued)

Actuarial assumptions used in the June 30, 2024, 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. 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:

<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.

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9. PENSION PLANS (CONTINUED):

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

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.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a) - (b)
	<u>\$ 94,446,756</u>	<u>\$ 88,197,507</u>	<u>\$ 6,249,249</u>
Balances at 6/30/2023			
Changes for the year:			
Service cost	963,593	-	963,593
Interest	6,323,170	-	6,323,170
Differences between expected and actual experience	4,665,430	-	4,665,430
Contributions - employer	-	2,207,583	(2,207,583)
Net investment income	-	8,547,060	(8,547,060)
Benefit payments, including refunds of employee contributions	(3,467,526)	(3,467,526)	-
Administrative expense	-	(32,657)	32,657
Net changes	<u>8,484,667</u>	<u>7,254,460</u>	<u>1,230,207</u>
Balances at 6/30/2024	<u>\$ 102,931,423</u>	<u>\$ 95,451,967</u>	<u>\$ 7,479,456</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9. PENSION PLANS (CONTINUED):

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

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%)
Net pension liability (asset)	\$ 22,642,593	\$ 7,479,456	\$ (4,972,341)

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

For the year ended June 30, 2025, the City recognized pension expense of \$4,306,622. For the year ended June 30, 2025, 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	\$ 6,169,483	\$ -
Net difference between projected and actual earnings on pension plan investments	-	991,755
Changes in assumptions	1,293,313	-
Contributions subsequent to the measurement date	2,240,684	-
Total	\$ 9,703,480	\$ 991,755

City contributions subsequent to the measurement date of June 30, 2024, will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9. PENSION PLANS (CONTINUED):

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

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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>	
2026	\$ 2,534,542
2027	3,820,407
2028	643,566
2029	(527,474)
	<u>\$ 6,471,041</u>

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, 2025, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

City of Lebanon, State Retirement System - Hybrid Plan

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 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>.

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9. PENSION PLANS (CONTINUED):

City of Lebanon, State Retirement System - Hybrid Plan (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 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.

Employees covered by benefit terms

At the measurement date of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	244
Active employees	<u>354</u>
Total	<u>602</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9. PENSION PLANS (CONTINUED):

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

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. The City 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 City's state shared taxes if required employer contributions are not remitted. Employer contributions for the year ended June 30, 2025 to the Public Employee Retirement Plan were \$631,667 based on a rate of 2.31 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, 2024, and the total net pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2024, 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 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.

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9. PENSION PLANS (CONTINUED):

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2024 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:

<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, 2025

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)
	\$ 4,522,031	\$ 4,525,318	\$ (3,287)
Balances at 6/30/2023			
Changes for the year:			
Service cost	1,019,895	-	1,019,895
Interest	371,793	-	371,793
Differences between expected and actual experience	801,799	-	801,799
Contributions - employer	-	472,757	(472,757)
Contributions - employees	-	1,023,288	(1,023,288)
Net investment income	-	510,268	(510,268)
Benefit payments, including refunds of employee contributions	(67,767)	(67,767)	-
Administrative expense	-	(25,154)	25,154
Net changes	<u>2,125,720</u>	<u>1,913,392</u>	<u>212,328</u>
Balances at 6/30/2024	<u>\$ 6,647,751</u>	<u>\$ 6,438,710</u>	<u>\$ 209,041</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)	\$ 1,711,203	\$ 209,041	\$ (897,823)

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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, 2025, the City recognized a pension expense of \$184,414. For the year ended June 30, 2025, 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	\$ 1,234,949	\$ 38,047
Net difference between projected and actual earnings on pension plan investments	-	68,627
Changes in assumptions	133,460	-
Contributions subsequent to the measurement date	631,667	-
Total	\$ 2,000,076	\$ 106,674

City contributions subsequent to the measurement date of June 30, 2024, 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		
2026	\$	137,590
2027		207,505
2028		145,101
2029		141,964
2030		164,788
Thereafter		464,787
	\$	1,261,735

Payable to the Pension Plan

At June 30, 2025, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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, 2025, 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, 2025

NOTE 9. PENSION PLANS (CONTINUED):

City of Lebanon, TCRS Stabilization Trust (Continued)

Investment Balances (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, 2025

NOTE 9. PENSION PLANS (CONTINUED):

City of Lebanon, TCRS Stabilization Trust (Continued)

Investment Balances (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, 2025, 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			
U.S. Equity	N/A	N/A	\$ 752,272
Developed Market International Equity	N/A	N/A	339,736
Emerging Market International Equity	N/A	N/A	97,068
Private Equity and Strategic Lending	N/A	N/A	485,338
U.S. Fixed Income	N/A	N/A	485,338
Real Estate	N/A	N/A	242,669
Short-term Securities	N/A	N/A	24,267
			<u>\$ 2,426,688</u>

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9. PENSION PLANS (CONTINUED):

City of Lebanon, TCRS Stabilization Trust (Continued)

Investment by Fair Value Level	Fair Value Measurements Using					NAV
	Fair Value 06/30/25	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Domestic Equity	\$ 752,272	\$ 752,272	\$ -	\$ -	\$ -	-
Domestic Fixed Income	339,736	-	339,736	-	-	-
International Equity	97,068	97,068	-	-	-	-
International Fixed Income	485,338	485,338	-	-	-	-
Short Term Securities	485,338	-	485,338	-	-	-
Real Estate	242,669	-	-	242,669	-	-
Private Equities & Strategic Lending	24,267	-	-	-	24,267	-
	<u>\$ 2,426,688</u>	<u>\$ 1,334,678</u>	<u>\$ 825,074</u>	<u>\$ 242,669</u>	<u>\$ 24,267</u>	<u>\$ 24,267</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, 2025

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/advanced-search/disclaimer/2024/ag24054.pdf>.

NOTE 10. DEFINED CONTRIBUTION PLAN

The City administers a defined contribution plan in the form of a 401(K) plan as part of the State of Tennessee Hybrid Pension Plan. The City contributes 5% of covered payroll for all eligible employees hired after April 1, 2015. During 2025, the amount of payroll covered by the plan was \$41,180,493. The covered payroll represents wages related to the hybrid employees only since employer contributions are not made for legacy employees. Participants are 100% vested in employer contributions when they are made. Eligible employees are also automatically enrolled in the plan when hired with an additional employee contribution rate of 2%, with the ability to opt out of the additional employee contribution portion. During 2025, the City contributed \$2,198,134 to the plan which represents 5% of the covered payroll and 100% of the required contribution for the year. All employees are able to make voluntary contributions to the 401(K) plan up to the Internal Revenue Service code annual maximum.

CITY OF LEBANON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 11. COMMITMENTS AND CONTINGENCIES:

Contractual Commitments

During fiscal year 2024-2025, the City incurred \$27,064,392 in construction costs related to the development of a sports complex, airport enhancements, and roadway improvements. Total outstanding contracts for General Fund projects amounted to \$35,406,538.

As of June 30, 2025, water, sewer, and gas improvement projects in progress totaled \$64,299,228. During the fiscal year ended June 30, 2025, the City capitalized and expensed \$52,839,501 in completed water and sewer projects, and \$3,256,000 in completed gas projects.

The stormwater department managed improvement projects totaling \$10,616,628. During the fiscal year ended June 30, 2025, the City capitalized and expensed \$10,322,991 in completed stormwater projects.

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. While the City intends to vigorously defend these matters, the ultimate outcome of several cases cannot be determined at this time. Based on the current status of proceedings and the advice of legal counsel, management believes that an unfavorable outcome for certain claims is reasonably possible; however, the potential loss cannot be reasonably estimated at this time. For the remaining pending litigation, it is the opinion of City management that the ultimate resolution of these matters will not have a material adverse effect on the City's financial position.

NOTE 12. 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.

**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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	\$ 989,346	\$ 944,930	\$ 989,129	\$ 1,131,382	\$ 1,081,735	\$ 1,050,414	\$ 1,019,705	\$ 1,025,848	\$ 1,027,385	\$ 963,593
Interest	3,646,565	3,607,189	3,947,625	4,444,447	4,620,488	4,842,450	5,117,602	5,444,249	5,892,698	6,323,170
Difference Between Expected and Actual Experience	(3,214,342)	1,856,474	4,119,182	(1,050,216)	(424,245)	281,713	68,834	3,116,765	2,819,877	4,665,430
Change in Assumptions	-	-	1,358,123	-	-	-	6,466,561	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,794,053)	(2,010,265)	(1,817,035)	(1,960,155)	(2,135,466)	(2,234,764)	(2,462,565)	(2,759,293)	(3,130,107)	(3,467,526)
Net Change in Total Pension Liability	(372,484)	4,398,328	8,597,024	2,565,458	3,142,512	3,939,813	10,210,137	6,827,569	6,609,853	8,484,667
Total Pension Liability - Beginning	<u>48,528,546</u>	<u>48,156,062</u>	<u>52,554,390</u>	<u>61,151,414</u>	<u>63,716,872</u>	<u>66,859,384</u>	<u>70,799,197</u>	<u>81,009,334</u>	<u>87,836,903</u>	<u>94,446,756</u>
Total Pension Liability - Ending (a)	<u>\$ 48,156,062</u>	<u>\$ 52,554,390</u>	<u>\$ 61,151,414</u>	<u>\$ 63,716,872</u>	<u>\$ 66,859,384</u>	<u>\$ 70,799,197</u>	<u>\$ 81,009,334</u>	<u>\$ 87,836,903</u>	<u>\$ 94,446,756</u>	<u>\$ 102,931,423</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,774,194	\$ 1,834,691	\$ 2,279,703	\$ 2,157,052	\$ 2,113,275	\$ 2,188,630	\$ 2,085,473	\$ 2,098,532	\$ 2,054,297	\$ 2,207,583
Net Investment Income	1,492,974	1,322,269	5,812,495	4,765,579	4,634,503	3,314,355	18,032,643	(3,343,411)	5,589,856	8,547,060
Benefit Payments, Including Refunds of Employee Contributions	(1,794,053)	(2,010,265)	(1,817,035)	(1,960,155)	(2,135,466)	(2,234,764)	(2,462,565)	(2,759,293)	(3,130,107)	(3,467,526)
Administrative Expense	(13,288)	(22,551)	(23,677)	(25,191)	(22,137)	(21,231)	(20,403)	(21,241)	(27,409)	(32,657)
Net Change in Plan Fiduciary Net Position	1,459,827	1,124,144	6,251,486	4,937,285	4,590,175	3,246,990	17,635,148	(4,025,413)	4,486,637	7,254,460
Plan Fiduciary Net Position - Beginning	<u>48,491,228</u>	<u>49,951,055</u>	<u>51,075,199</u>	<u>57,326,685</u>	<u>62,263,970</u>	<u>66,854,145</u>	<u>70,101,135</u>	<u>87,736,283</u>	<u>83,710,870</u>	<u>88,197,507</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 49,951,055</u>	<u>\$ 51,075,199</u>	<u>\$ 57,326,685</u>	<u>\$ 62,263,970</u>	<u>\$ 66,854,145</u>	<u>\$ 70,101,135</u>	<u>\$ 87,736,283</u>	<u>\$ 83,710,870</u>	<u>\$ 88,197,507</u>	<u>\$ 95,451,967</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (1,794,993)</u>	<u>\$ 1,479,191</u>	<u>\$ 3,824,729</u>	<u>\$ 1,452,902</u>	<u>\$ 5,239</u>	<u>\$ 698,062</u>	<u>\$ (6,726,949)</u>	<u>\$ 4,126,033</u>	<u>\$ 6,249,249</u>	<u>\$ 7,479,456</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.73%	97.19%	93.75%	97.72%	99.99%	99.01%	108.30%	95.30%	93.38%	92.73%
Covered Payroll	\$ 13,339,802	\$ 13,790,787	\$ 15,198,013	\$ 14,303,140	\$ 14,070,055	\$ 14,149,094	\$ 13,903,150	\$ 13,994,284	\$ 13,695,309	\$ 14,717,220
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-13.46%	10.73%	25.17%	10.16%	0.04%	4.93%	-48.38%	29.48%	45.63%	50.82%

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.

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 1,834,691	\$ 2,024,375	\$ 2,157,052	\$ 2,110,521	\$ 2,181,335
Contributions in Relation to the					
Actuarially Determined Contribution	<u>1,834,691</u>	<u>2,279,703</u>	<u>2,157,052</u>	<u>2,110,521</u>	<u>2,188,630</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (255,328)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,295)</u>
Covered Payroll	\$ 13,790,787	\$ 15,198,013	\$ 14,303,140	\$ 14,070,055	\$ 14,149,094
Contributions as a Percentage of					
Covered Payroll	13.30%	15.00%	15.08%	15.00%	15.47%
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially Determined Contribution	\$ 2,078,521	\$ 2,092,936	\$ 2,048,819	\$ 2,201,697	\$ 2,240,684
Contributions in Relation to the					
Actuarially Determined Contribution	<u>2,085,473</u>	<u>2,098,532</u>	<u>2,054,297</u>	<u>2,207,583</u>	<u>2,240,684</u>
Contribution Deficiency (Excess)	<u>\$ (6,952)</u>	<u>\$ (5,596)</u>	<u>\$ (5,478)</u>	<u>\$ (5,886)</u>	<u>\$ -</u>
Covered Payroll	\$ 13,903,150	\$ 13,994,284	\$ 13,695,309	\$ 14,717,220	\$ 14,937,893
Contributions as a Percentage of					
Covered Payroll	15.00%	15.00%	15.00%	15.00%	15.00%

CITY OF LEBANON, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE FOR 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 2025 were calculated based on the June 30, 2023, 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	2023	2024
Total Pension Liability									
Service Cost	\$ 60,774	\$ 92,342	\$ 137,695	\$ 271,168	\$ 404,373	\$ 503,280	\$ 601,695	\$ 781,146	\$ 1,019,895
Interest	4,558	11,079	23,829	52,117	94,223	141,848	191,133	271,895	371,793
Difference Between Expected and Actual Experience	(9,959)	27,271	95,335	134,650	91,187	(60,389)	244,888	236,079	801,799
Change in Assumptions	-	4,922	-	-	-	220,190	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	-	-	-	(323)	(20,415)	(43,162)	(13,364)	(28,034)	(67,767)
Net Change in Total Pension Liability	<u>55,373</u>	<u>135,614</u>	<u>256,859</u>	<u>457,612</u>	<u>569,368</u>	<u>761,767</u>	<u>1,024,352</u>	<u>1,261,086</u>	<u>2,125,720</u>
Total Pension Liability - Beginning	<u>-</u>	<u>55,373</u>	<u>190,987</u>	<u>447,846</u>	<u>905,458</u>	<u>1,474,826</u>	<u>2,236,593</u>	<u>3,260,945</u>	<u>4,522,031</u>
Total Pension Liability - Ending (a)	<u>\$ 55,373</u>	<u>\$ 190,987</u>	<u>\$ 447,846</u>	<u>\$ 905,458</u>	<u>\$ 1,474,826</u>	<u>\$ 2,236,593</u>	<u>\$ 3,260,945</u>	<u>\$ 4,522,031</u>	<u>\$ 6,647,751</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 34,759	\$ 89,004	\$ 156,337	\$ 67,833	\$ 108,449	\$ 138,908	\$ 184,831	\$ 332,911	\$ 472,757
Contributions - Employee	43,449	111,256	195,422	311,157	387,767	445,218	574,012	746,440	1,023,288
Net Investment Income	1,043	19,876	38,401	63,567	65,894	486,227	(114,507)	252,485	510,268
Benefit Payments, Including Refunds of Employee Contributions	-	-	-	(323)	(20,415)	(43,162)	(13,364)	(28,034)	(67,767)
Administrative Expense	(2,675)	(5,688)	(10,412)	(14,649)	(17,444)	(18,390)	(23,823)	(17,975)	(25,154)
Other	933	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>77,509</u>	<u>214,448</u>	<u>379,748</u>	<u>427,585</u>	<u>524,251</u>	<u>1,008,801</u>	<u>607,149</u>	<u>1,285,827</u>	<u>1,913,392</u>
Plan Fiduciary Net Position - Beginning	<u>-</u>	<u>77,509</u>	<u>291,957</u>	<u>671,705</u>	<u>1,099,290</u>	<u>1,623,541</u>	<u>2,632,342</u>	<u>3,239,491</u>	<u>4,525,318</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 77,509</u>	<u>\$ 291,957</u>	<u>\$ 671,705</u>	<u>\$ 1,099,290</u>	<u>\$ 1,623,541</u>	<u>\$ 2,632,342</u>	<u>\$ 3,239,491</u>	<u>\$ 4,525,318</u>	<u>\$ 6,438,710</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (22,136)</u>	<u>\$ (100,970)</u>	<u>\$ (223,859)</u>	<u>\$ (193,832)</u>	<u>\$ (148,715)</u>	<u>\$ (395,749)</u>	<u>\$ 21,454</u>	<u>\$ (3,287)</u>	<u>\$ 209,041</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	139.98%	152.87%	149.99%	121.41%	110.08%	117.69%	99.34%	100.07%	96.86%
Covered Payroll	\$ 871,710	\$ 2,225,577	\$ 3,908,422	\$ 6,223,123	\$ 8,158,315	\$ 8,904,344	\$ 11,476,112	\$ 14,928,738	\$ 20,465,689
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-2.54%	-4.54%	-5.73%	-3.11%	-1.82%	-4.44%	0.19%	-0.02%	1.02%

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>	<u>2024</u>	<u>2025</u>
Actuarially Determined Contribution	\$ 138,908	\$ 184,831	\$ 332,911	\$ 472,757	\$ 631,667
Contributions in Relation to the					
Actuarially Determined Contribution	<u>138,908</u>	<u>184,831</u>	<u>332,911</u>	<u>472,757</u>	<u>631,667</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 8,904,344	\$ 11,476,112	\$ 14,928,738	\$ 20,465,689	\$ 27,344,892
Contributions as a Percentage of					
Covered Payroll	1.56%	1.61%	2.23%	2.31%	2.31%

The City places the actuarially determined contribution rate of covered payroll into the pension plan and places the remaining contributions of covered payroll into the Pension Stabilization Reserve Trust.

CITY OF LEBANON, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE FOR 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 2025 were calculated based on the June 30, 2023, 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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total OPEB Liability								
Service Cost	\$ 480,821	\$ 635,119	\$ 677,990	\$ 723,754	\$ 1,087,750	\$ 694,655	\$ 642,031	\$ 668,548
Interest	494,544	526,893	667,737	690,769	641,162	937,902	986,754	1,015,314
Difference Between Expected and Actual Experience	-	1,193,921	-	3,734,489	-	917,714	-	1,275,254
Change in Assumptions	-	2,609,885	-	2,716,672	(6,270,260)	(458,260)	-	261,531
Benefit Payments, Including Refunds of Employee Contributions	<u>(447,402)</u>	<u>(617,329)</u>	<u>(648,180)</u>	<u>(678,432)</u>	<u>(734,526)</u>	<u>(1,015,164)</u>	<u>(1,078,612)</u>	<u>(963,791)</u>
Net Change in Total OPEB Liability	527,963	4,348,489	697,547	7,187,252	(5,275,874)	1,076,847	550,173	2,256,856
Total OPEB Liability - Beginning	<u>15,766,712</u>	<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>	<u>24,879,109</u>
Total OPEB Liability - Ending (a)	<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>	<u>\$ 24,879,109</u>	<u>\$ 27,135,965</u>
Covered-employee Payroll	\$ 15,591,573	\$ 18,467,210	\$ 18,928,890	\$ 20,244,976	\$ 20,781,100	\$ 26,596,989	\$ 27,261,914	\$ 39,245,672
Net OPEB Liability as a Percentage of Covered-employee Payroll	104.51%	111.78%	112.74%	140.91%	111.89%	91.47%	91.26%	69.14%

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.

Effective July 1, 2025, the following changes were made to the actuarial assumptions and methods: 1) The discount rate is 4.81% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2025. 2) Medical trend (inflation) was updated to an initial rate 7.50% grading to 6.60% over 3 years and following the Getzen scale thereafter reaching an ultimate rate of 4.04% in the year 2075. 3) Mortality was updated to the headcount weighted PubG-2016 table with MP-2021 mortality improvement. 4) Disability and termination rates were updated to match the 2024 TCRS experience study.

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.

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.

Public Safety Grant Fund- This fund is used to 1.) collect revenues for each ticket issued by the local Police Department 2.) account for necessary expenses associated with asset forfeitures enforced or administered by the Department of Justice 3.) provide additional needs of the local Police Department by collecting revenues from the sale of assets provided to the City by the Federal Government and 4.) 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.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

CITY OF LEBANON, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

		Nonmajor Governmental Funds			
		Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$	5,824,060	\$ 40,674	\$ 1,294,768	\$ 7,159,502
Investments		40,758	-	-	40,758
Receivables		372,346	322	-	372,668
Lease receivable		276,667	-	-	276,667
Due from other funds		1,250	-	-	1,250
Due from other governments		185	-	-	185
Prepaid items		22,100	-	-	22,100
		<u>6,537,366</u>	<u>40,996</u>	<u>1,294,768</u>	<u>7,873,130</u>
Total Assets					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$	156,224	\$ 32,664	\$ 238,000	\$ 426,888
Accrued liabilities		84,609	-	-	84,609
Unearned revenue		9,901	-	-	9,901
Due to other funds		7,191	-	-	7,191
		<u>257,925</u>	<u>32,664</u>	<u>238,000</u>	<u>528,589</u>
Total Liabilities					
Deferred Inflows of Resources					
Deferred inflows - leases		244,052	-	-	244,052
Total Deferred Inflows of Resources		<u>244,052</u>	<u>-</u>	<u>-</u>	<u>244,052</u>
Fund Balances					
Nonspendable:					
Prepaid items		22,100	-	-	22,100
Restricted for:					
General government		839,163	-	-	839,163
Public safety		299,641	8,332	-	307,973
Culture and recreation		150,884	-	-	150,884
Public works		4,004,786	-	-	4,004,786
Debt service		-	-	1,056,768	1,056,768
Committed for:					
Police		114,212	-	-	114,212
Cemetary		135,779	-	-	135,779
Assigned for:					
Airport		302,349	-	-	302,349
Floyd Family Life Center		166,475	-	-	166,475
		<u>6,035,389</u>	<u>8,332</u>	<u>1,056,768</u>	<u>7,100,489</u>
Total Fund Balances					
Total Liabilities, Deferred Inflows and Fund Balances					
	\$	<u>6,537,366</u>	\$ <u>40,996</u>	\$ <u>1,294,768</u>	\$ <u>7,873,130</u>

CITY OF LEBANON, TENNESSEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Nonmajor Governmental Funds			
	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 543,159	\$ -	\$ -	\$ 543,159
Charges for services	1,180,758	-	-	1,180,758
Fines and forfeitures	18,406	358,041	-	376,447
Intergovernmental	1,403,331	-	-	1,403,331
Interest	152,069	8,093	55,279	215,441
Contributions	79,724	-	-	79,724
Miscellaneous	602,368	-	-	602,368
	Total Revenues	366,134	55,279	4,401,228
EXPENDITURES				
Current:				
General government	889,387	-	-	889,387
Public safety	106,097	7,997	-	114,094
Public works	700,076	-	-	700,076
Culture and recreation	2,282,280	-	-	2,282,280
Capital Outlay	54,915	1,146,762	-	1,201,677
Debt Service:				
Principal	120,293	5,817	2,803,773	2,929,883
Interest and fiscal charges	34,250	183	956,384	990,817
	Total Expenditures	1,160,759	3,760,157	9,108,214
Deficiency of Revenues under Expenditures	(207,483)	(794,625)	(3,704,878)	(4,706,986)
OTHER FINANCING SOURCES (USES)				
Issuance of SBITA	26,717	-	-	26,717
Proceeds from sale of capital assets	37,583	29,491	-	67,074
Transfers in	1,131,485	-	4,138,428	5,269,913
Transfers out	(176,274)	-	-	(176,274)
	Total Other Financing Sources (Uses)	29,491	4,138,428	5,187,430
Net Change in Fund Balances	812,028	(765,134)	433,550	480,444
Fund Balances, Beginning of Year	5,223,361	773,466	623,218	6,620,045
Fund Balances, End of Year	\$ 6,035,389	\$ 8,332	\$ 1,056,768	\$ 7,100,489

CITY OF LEBANON, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
JUNE 30, 2025

		Special Revenue Funds					
		State Street Aid Fund	Airport Operations Fund	Jimmy Floyd Family Life Center Fund	Cemetery Maintenance Fund	Lebanon Housing Authority Fund	Tourism & Economic Development Fund
ASSETS							
Cash and cash equivalents		\$ 3,810,989	\$ 273,505	\$ 237,513	\$ 135,779	\$ 16,571	\$ 622,118
Investments		-	-	40,758	-	-	-
Receivables		254,530	40,202	12,699	-	-	63,470
Lease receivable		-	276,667	-	-	-	-
Due from other funds		-	1,250	-	-	-	-
Due from other governments		-	185	-	-	-	-
Prepaid items		-	2,128	19,972	-	-	-
Total Assets		4,065,519	593,937	310,942	135,779	16,571	685,588
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable		51,358	40,853	44,620	-	-	-
Accrued liabilities		9,375	-	75,234	-	-	-
Unearned revenue		-	2,401	-	-	-	-
Due to other funds		-	2,154	4,641	-	-	396
Total Liabilities		60,733	45,408	124,495	-	-	396
Deferred Inflows of Resources							
Deferred inflows - leases		-	244,052	-	-	-	-
Total Deferred Inflows of Resources		-	244,052	-	-	-	-
Fund Balances							
Nonspendable:							
Prepaid items		-	2,128	19,972	-	-	-
Restricted for:							
General government		-	-	-	-	-	685,192
Public safety		-	-	-	-	-	-
Public works		4,004,786	-	-	-	-	-
Culture and recreation		-	-	-	-	16,571	-
Committed for:							
Police		-	-	-	-	-	-
Cemetery		-	-	-	135,779	-	-
Assigned for:							
Airport		-	302,349	-	-	-	-
Floyd Family Life Center		-	-	166,475	-	-	-
Total Fund Balances		4,004,786	304,477	186,447	135,779	16,571	685,192
Total Liabilities, Deferred Inflows and Fund Balances		\$ 4,065,519	\$ 593,937	\$ 310,942	\$ 135,779	\$ 16,571	\$ 685,588

(continued)

CITY OF LEBANON, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
JUNE 30, 2025

		Special Revenue Funds				
		Spirit of Christmas Fund	Drug Enforcement Fund	Beautification Committee Fund	Public Safety Grant Fund	Total Nonmajor Special Revenue Governmental Funds
ASSETS						
Cash and cash equivalents		\$ 134,313	\$ 192,486	\$ 158,054	\$ 242,732	\$ 5,824,060
Investments		-	-	-	-	40,758
Receivables		-	1,347	-	98	372,346
Lease receivable		-	-	-	-	276,667
Due from other funds		-	-	-	-	1,250
Due from other governments		-	-	-	-	185
Prepaid items		-	-	-	-	22,100
Total Assets		<u>134,313</u>	<u>193,833</u>	<u>158,054</u>	<u>242,830</u>	<u>6,537,366</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable		-	8,662	4,083	6,648	156,224
Accrued liabilities		-	-	-	-	84,609
Unearned revenue		-	7,500	-	-	9,901
Due to other funds		-	-	-	-	7,191
Total Liabilities		<u>-</u>	<u>16,162</u>	<u>4,083</u>	<u>6,648</u>	<u>257,925</u>
Deferred Inflows of Resources						
Deferred inflows - leases		-	-	-	-	244,052
Total Deferred Inflows of Resources		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,052</u>
Fund Balances						
Nonspendable:						
Prepaid items		-	-	-	-	22,100
Restricted for:						
General government		-	-	153,971	-	839,163
Public safety		-	177,671	-	121,970	299,641
Public works		-	-	-	-	4,004,786
Culture and recreation		134,313	-	-	-	150,884
Committed for:						
Police		-	-	-	114,212	114,212
Cemetery		-	-	-	-	135,779
Assigned for:						
Airport		-	-	-	-	302,349
Floyd Family Life Center		-	-	-	-	166,475
Total Fund Balances		<u>134,313</u>	<u>177,671</u>	<u>153,971</u>	<u>236,182</u>	<u>6,035,389</u>
Total Liabilities, Deferred Inflows and Fund Balances		<u>\$ 134,313</u>	<u>\$ 193,833</u>	<u>\$ 158,054</u>	<u>\$ 242,830</u>	<u>\$ 6,537,366</u>

CITY OF LEBANON, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds					
	State Street Aid	Airport Operations	Jimmy Floyd Family Life Center	Cemetery Maintenance Fund	Lebanon Housing Authority Fund	Tourism & Economic Development Fund
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 543,159
Charges for services	-	-	1,160,783	19,975	-	-
Fines and forfeitures	-	-	-	-	-	-
Intergovernmental	1,380,831	15,000	-	-	-	-
Interest	60,246	43,763	19,963	2,323	267	16,163
Contributions	-	25,000	-	-	-	-
Miscellaneous	-	479,874	-	-	-	-
Total Revenues	1,441,077	563,637	1,180,746	22,298	267	559,322
EXPENDITURES						
Current:						
General government	-	-	-	-	-	755,354
Public safety	-	-	-	-	-	-
Public works	700,076	-	-	-	-	-
Culture and recreation	-	316,013	1,922,677	-	-	-
Capital Outlay	-	-	8,762	-	-	-
Debt Service:						
Principal	-	113,698	6,595	-	-	-
Interest and fiscal charges	-	33,949	301	-	-	-
Total Expenditures	700,076	463,660	1,938,335	-	-	755,354
Excess (Deficiency) of Revenues over Expenditures	741,001	99,977	(757,589)	22,298	267	(196,032)
OTHER FINANCING SOURCES (USES)						
Issuance of SBITA	-	7,191	19,526	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	110,000	741,985	-	-	-
Transfers out	-	(176,274)	-	-	-	-
Total Other Financing Sources (Uses)	-	(59,083)	761,511	-	-	-
Net Change in Fund Balances	741,001	40,894	3,922	22,298	267	(196,032)
Fund Balances, Beginning of Year	3,263,785	263,583	182,525	113,481	16,304	881,224
Fund Balances, End of Year	\$ 4,004,786	\$ 304,477	\$ 186,447	\$ 135,779	\$ 16,571	\$ 685,192

(continued)

CITY OF LEBANON, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds				
	Spirit of Christmas Fund	Drug Enforcement Fund	Beautification Committee Fund	Public Safety Grant Fund	Total Nonmajor Special Revenue Governmental Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 543,159
Charges for services	-	-	-	-	1,180,758
Fines and forfeitures	-	18,406	-	-	18,406
Intergovernmental	-	7,500	-	-	1,403,331
Interest	1,490	2,200	1,480	4,174	152,069
Contributions	51,724	-	3,000	-	79,724
Miscellaneous	-	63,833	-	58,661	602,368
Total Revenues	53,214	91,939	4,480	62,835	3,979,815
EXPENDITURES					
Current:					
General government	-	-	134,033	-	889,387
Public safety	-	85,062	-	21,035	106,097
Public works	-	-	-	-	700,076
Culture and recreation	43,590	-	-	-	2,282,280
Capital Outlay	-	15,000	-	31,153	54,915
Debt Service					
Principal	-	-	-	-	120,293
Interest and fiscal charges	-	-	-	-	34,250
Total Expenditures	43,590	100,062	134,033	52,188	4,187,298
Excess (Deficiency) of Revenues over Expenditures	9,624	(8,123)	(129,553)	10,647	(207,483)
OTHER FINANCING SOURCES (USES)					
Issuance of SBITA	-	-	-	-	26,717
Proceeds from sale of capital assets	-	-	-	37,583	37,583
Transfers in	-	-	279,500	-	1,131,485
Transfer out	-	-	-	-	(176,274)
Total Other Financing Sources (Uses)	-	-	279,500	37,583	1,019,511
Net Change in Fund Balances	9,624	(8,123)	149,947	48,230	812,028
Fund Balances, Beginning of Year	124,689	185,794	4,024	187,952	5,223,361
Fund Balances, End of Year	\$ 134,313	\$ 177,671	\$ 153,971	\$ 236,182	\$ 6,035,389

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, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,310,000	\$ 1,310,000	\$ 1,380,831	\$ 70,831
Interest	35,000	35,000	60,246	25,246
Total Revenues	<u>1,345,000</u>	<u>1,345,000</u>	<u>1,441,077</u>	<u>96,077</u>
EXPENDITURES				
Current:				
Public works	<u>1,210,000</u>	<u>1,726,405</u>	<u>700,076</u>	<u>1,026,329</u>
Total Expenditures	<u>1,210,000</u>	<u>1,726,405</u>	<u>700,076</u>	<u>1,026,329</u>
Net Change in Fund Balances	<u>\$ 135,000</u>	<u>\$ (381,405)</u>	741,001	<u>\$ 1,122,406</u>
Fund Balance - Beginning			<u>3,263,785</u>	
Fund Balance - Ending			<u>\$ 4,004,786</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, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Interest	5,000	5,000	43,763	38,763
Contributions	25,000	25,000	25,000	-
Miscellaneous	480,500	542,630	479,874	(62,756)
Total Revenues	<u>525,500</u>	<u>587,630</u>	<u>563,637</u>	<u>(23,993)</u>
EXPENDITURES				
Current:				
Culture and recreation	395,450	398,751	316,013	82,738
Debt Service:				
Principal	-	113,699	113,698	1
Interest and fiscal charges	-	33,954	33,949	(5)
Total Expenditures	<u>395,450</u>	<u>546,404</u>	<u>463,660</u>	<u>82,734</u>
Excess (Deficiency) of Revenues over Expenditures	130,050	41,226	99,977	58,741
OTHER FINANCING SOURCES				
Issuance of SBITA	-	-	7,191	(7,191)
Transfers in	60,000	110,000	110,000	-
Transfers out	(164,803)	(176,277)	(176,274)	3
Total Other Financing Sources	<u>(104,803)</u>	<u>(66,277)</u>	<u>(59,083)</u>	<u>(7,188)</u>
Net Change in Fund Balances	<u>\$ 25,247</u>	<u>\$ (25,051)</u>	40,894	<u>\$ 65,929</u>
Fund Balance - Beginning			<u>263,583</u>	
Fund Balance - Ending			<u>\$ 304,477</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, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Charges for services	\$ 1,255,500	\$ 1,255,645	\$ 1,160,783	\$ (94,862)
Interest	8,000	8,000	19,963	11,963
Total Revenues	<u>1,263,500</u>	<u>1,263,645</u>	<u>1,180,746</u>	<u>(82,899)</u>
EXPENDITURES				
Current:				
Culture and recreation	1,860,713	1,940,089	1,922,677	17,412
Capital outlay	53,750	8,800	8,762	38
Debt Service:				
Principal	-	6,677	6,595	82
Interest and fiscal charges	-	326	301	25
Total Expenditures	<u>1,914,463</u>	<u>1,955,892</u>	<u>1,938,335</u>	<u>17,557</u>
Deficiency of Revenues under Expenditures	(650,963)	(692,247)	(757,589)	(65,342)
OTHER FINANCING SOURCES				
Issuance of SBITA	-	19,525	19,526	1
Transfers in	653,715	653,715	741,985	88,270
Total Other Financing Sources	<u>653,715</u>	<u>673,240</u>	<u>761,511</u>	<u>88,271</u>
Net Change in Fund Balances	<u>\$ 2,752</u>	<u>\$ (19,007)</u>	3,922	<u>\$ 22,929</u>
Fund Balance - Beginning			<u>182,525</u>	
Fund Balance - Ending			<u>\$ 186,447</u>	

CITY OF LEBANON, TENNESSEE

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

PUBLIC SAFETY GRANT FUND - ELECTRONIC TRAFFIC CITATION FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 1,000	\$ 1,000	\$ 1,772	\$ 772
Miscellaneous	60,000	60,000	58,661	(1,339)
Total Revenues	<u>61,000</u>	<u>61,000</u>	<u>60,433</u>	<u>(567)</u>
EXPENDITURES				
Current:				
Public safety	60,000	60,000	532	59,468
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>532</u>	<u>59,468</u>
Net Change in Fund Balances	<u>\$ 1,000</u>	<u>\$ 1,000</u>	59,901	<u>\$ 58,901</u>
Fund Balance - Beginning			<u>54,311</u>	
Fund Balance - Ending			<u>\$ 114,212</u>	
			Electronic Traffic Citation Fund	\$ 114,212
			Federal Asset Seizure Fund	7,577
			Law Enforcement Organization Fund	108,193
			Citizens Emergency Response Team Fund	<u>6,200</u>
			Total Public Safety Grant Fund	<u>\$ 236,182</u>

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 PUBLIC SAFETY GRANT FUND - FEDERAL ASSET SEIZURE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 45,000	\$ 45,000	\$ -	\$ (45,000)
Interest	750	750	307	(443)
Total Revenues	<u>45,750</u>	<u>45,750</u>	<u>307</u>	<u>(45,443)</u>
EXPENDITURES				
Current:				
Public safety	7,500	7,500	-	7,500
Capital outlay	75,000	75,000	31,153	43,847
Total Expenditures	<u>82,500</u>	<u>82,500</u>	<u>31,153</u>	<u>51,347</u>
Deficiency of Revenues over Expenditures	(36,750)	(36,750)	(30,846)	5,904
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	17,400	17,400
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>17,400</u>	<u>17,400</u>
Net Change in Fund Balances	<u>\$ (36,750)</u>	<u>\$ (36,750)</u>	(13,446)	<u>\$ 23,304</u>
Fund Balance - Beginning			<u>21,023</u>	
Fund Balance - Ending			<u>\$ 7,577</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 PUBLIC SAFETY GRANT FUND - LAW ENFORCEMENT SUPPORT ORGANIZATION FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 1,000	\$ 1,000	\$ 1,994	\$ 994
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,994</u>	<u>994</u>
EXPENDITURES				
Current:				
Public safety	125,904	125,904	20,403	105,501
Total Expenditures	<u>125,904</u>	<u>125,904</u>	<u>20,403</u>	<u>105,501</u>
Excess of Revenues over Expenditures	(124,904)	(124,904)	(18,409)	106,495
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	75,000	75,000	20,183	(54,817)
Total Other Financing Sources	<u>75,000</u>	<u>75,000</u>	<u>20,183</u>	<u>(54,817)</u>
Net Change in Fund Balances	<u>\$ (49,904)</u>	<u>\$ (49,904)</u>	1,774	<u>\$ 51,678</u>
Fund Balance - Beginning			<u>106,419</u>	
Fund Balance - Ending			<u>\$ 108,193</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 PUBLIC SAFETY GRANT FUND - CITIZENS EMERGENCY RESPONSE TEAM FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 150	\$ 150	\$ 101	\$ (49)
Contributions	3,000	3,000	-	(3,000)
Total Revenues	<u>3,150</u>	<u>3,150</u>	<u>101</u>	<u>(3,049)</u>
EXPENDITURES				
Current:				
Public safety	3,850	3,850	100	3,750
Total Expenditures	<u>3,850</u>	<u>3,850</u>	<u>100</u>	<u>3,750</u>
Net Change in Fund Balances	<u>\$ (700)</u>	<u>\$ (700)</u>	1	<u>\$ 701</u>
Fund Balance - Beginning			<u>6,199</u>	
Fund Balance - Ending			<u>\$ 6,200</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, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Charges for services	\$ 27,500	\$ 27,500	\$ 19,975	\$ (7,525)
Interest	2,000	2,000	2,323	323
Total Revenues	<u>29,500</u>	<u>29,500</u>	<u>22,298</u>	<u>(7,202)</u>
EXPENDITURES				
Current:				
General government	17,325	17,325	-	17,325
Total Expenditures	<u>17,325</u>	<u>17,325</u>	<u>-</u>	<u>17,325</u>
Net Change in Fund Balances	<u>\$ 12,175</u>	<u>\$ 12,175</u>	22,298	<u>\$ 10,123</u>
Fund Balance - Beginning			<u>113,481</u>	
Fund Balance - Ending			<u>\$ 135,779</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, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 267	\$ 267
Total Revenues	<u>-</u>	<u>-</u>	<u>267</u>	<u>267</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	267	<u>\$ 267</u>
Fund Balance - Beginning			<u>16,304</u>	
Fund Balance - Ending			<u>\$ 16,571</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, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Taxes	\$ 600,000	\$ 600,000	\$ 543,159	\$ (56,841)
Interest	15,000	15,000	16,163	1,163
Total Revenues	<u>615,000</u>	<u>615,000</u>	<u>559,322</u>	<u>(55,678)</u>
EXPENDITURES				
Current:				
General government	1,068,822	1,068,822	755,354	313,468
Total Expenditures	<u>1,068,822</u>	<u>1,068,822</u>	<u>755,354</u>	<u>313,468</u>
Net Change in Fund Balances	<u>\$ (453,822)</u>	<u>\$ (453,822)</u>	(196,032)	<u>\$ 257,790</u>
Fund Balance - Beginning			<u>881,224</u>	
Fund Balance - Ending			<u>\$ 685,192</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, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 1,000	\$ 1,000	\$ 1,490	\$ 490
Contributions	42,500	42,500	51,724	9,224
Total Revenues	<u>43,500</u>	<u>43,500</u>	<u>53,214</u>	<u>9,714</u>
EXPENDITURES				
Current:				
Culture and recreation	16,550	46,000	43,590	2,410
Total Expenditures	<u>16,550</u>	<u>46,000</u>	<u>43,590</u>	<u>2,410</u>
Net Change in Fund Balances	<u>\$ 26,950</u>	<u>\$ (2,500)</u>	9,624	<u>\$ 12,124</u>
Fund Balance - Beginning			<u>124,689</u>	
Fund Balance - Ending			<u>\$ 134,313</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, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 18,406	\$ 3,406
Intergovernmental	7,500	7,500	7,500	-
Interest	1,000	1,000	2,200	1,200
Miscellaneous	46,500	46,500	63,833	17,333
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>91,939</u>	<u>21,939</u>
EXPENDITURES				
Current:				
Public safety	119,700	138,420	85,062	53,358
Capital outlay	15,000	15,000	15,000	-
Total Expenditures	<u>134,700</u>	<u>153,420</u>	<u>100,062</u>	<u>53,358</u>
Net Change in Fund Balances	<u>\$ (64,700)</u>	<u>\$ (83,420)</u>	(8,123)	<u>\$ 75,297</u>
Fund Balance - Beginning			<u>185,794</u>	
Fund Balance - Ending			<u>\$ 177,671</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, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 100	\$ 100	\$ 1,480	\$ 1,380
Contributions	15,000	15,000	3,000	(12,000)
Total Revenues	<u>15,100</u>	<u>15,100</u>	<u>4,480</u>	<u>(10,620)</u>
EXPENDITURES				
Current:				
General government	15,000	290,000	134,033	155,967
Total Expenditures	<u>15,000</u>	<u>290,000</u>	<u>134,033</u>	<u>155,967</u>
Excess (Deficiency) of Revenues over Expenditures	100	(274,900)	(129,553)	145,347
OTHER FINANCING SOURCES				
Transfers in	4,500	279,500	279,500	-
Total Other Financing Sources	<u>4,500</u>	<u>279,500</u>	<u>279,500</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 4,600</u>	<u>\$ 4,600</u>	149,947	<u>\$ 145,347</u>
Fund Balance - Beginning			<u>4,024</u>	
Fund Balance - Ending			<u>\$ 153,971</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, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 480,000	\$ 480,000	\$ 358,041	\$ (121,959)
Interest	5,000	5,000	8,093	3,093
Total Revenues	<u>485,000</u>	<u>485,000</u>	<u>366,134</u>	<u>(118,866)</u>
EXPENDITURES				
Current:				
Public safety	53,000	42,218	7,997	34,221
Capital outlay	600,000	1,568,570	1,146,762	421,808
Debt service:				
Principal	-	10,537	5,817	4,720
Interest and fiscal charges	-	245	183	62
Total Expenditures	<u>653,000</u>	<u>1,621,570</u>	<u>1,160,759</u>	<u>460,811</u>
Deficiency of Revenues over Expenditures	(168,000)	(1,136,570)	(794,625)	341,945
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	29,491	29,491
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>29,491</u>	<u>29,491</u>
Net Change in Fund Balances	<u>\$ (168,000)</u>	<u>\$ (1,136,570)</u>	(765,134)	<u>\$ 371,436</u>
Fund Balance - Beginning			<u>773,466</u>	
Fund Balance - Ending			<u>\$ 8,332</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 CAPITAL PROJECTS FUND - LEBANON AND WILSON COUNTY COMMUNITY PARK FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 3,357,882	\$ 79,777	\$ (3,278,105)
Interest	-	-	7,146	7,146
Total Revenues	-	3,357,882	86,923	(3,270,959)
EXPENDITURES				
Capital outlay	-	9,025,882	4,962,605	4,063,277
Total Expenditures	-	9,025,882	4,962,605	4,063,277
Deficiency of Revenues over Expenditures	-	(5,668,000)	(4,875,682)	792,318
OTHER FINANCING SOURCES				
Transfers in	-	5,500,000	4,820,629	(679,371)
Total Other Financing Sources	-	5,500,000	4,820,629	(679,371)
Net Change in Fund Balances	\$ -	\$ (168,000)	(55,053)	\$ 112,947
Fund Balance - Beginning			231,699	
Fund Balance - Ending			\$ 176,646	
			\$ 176,646	
			15,699	
			9,008,151	
			\$ 9,200,496	

Lebanon and Wilson County Community Park Fund	\$ 176,646
Airport Capital Projects Fund	15,699
Street Improvements Fund	9,008,151
Total Capital Projects Fund	\$ 9,200,496

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 CAPITAL PROJECTS FUND - AIRPORT CAPITAL PROJECTS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 546,750	\$ 3,013,158	\$ 1,337,869	\$ (1,675,289)
Interest	-	-	2,487	2,487
Total Revenues	<u>546,750</u>	<u>3,013,158</u>	<u>1,340,356</u>	<u>(1,672,802)</u>
EXPENDITURES				
Current:				
Culture and recreation	80,000	144,675	143,020	1,655
Capital outlay	<u>525,000</u>	<u>3,052,047</u>	<u>1,312,676</u>	<u>1,739,371</u>
Total Expenditures	<u>605,000</u>	<u>3,196,722</u>	<u>1,455,696</u>	<u>1,741,026</u>
Deficiency of Revenues over Expenditures	(58,250)	(183,564)	(115,340)	68,224
OTHER FINANCING SOURCES				
Transfers in	-	-	50,000	50,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Net Change in Fund Balances	<u>\$ (58,250)</u>	<u>\$ (183,564)</u>	(65,340)	<u>\$ 118,224</u>
Fund Balance - Beginning			<u>81,039</u>	
Fund Balance - Ending			<u>\$ 15,699</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 CAPITAL PROJECTS FUND - STREET IMPROVEMENTS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,611,120	\$ 10,606,640	\$ 2,194,615	\$ (8,412,025)
Interest	-	-	535,252	535,252
Contributions	-	2,489,267	1,376,392	(1,112,875)
Miscellaneous	-	-	876	876
Total Revenues	<u>1,611,120</u>	<u>13,095,907</u>	<u>4,107,135</u>	<u>(8,988,772)</u>
EXPENDITURES				
Current:				
Public works	400,000	813,091	129,260	683,831
Capital outlay	<u>1,663,900</u>	<u>33,893,967</u>	<u>14,258,189</u>	<u>19,635,778</u>
Total Expenditures	<u>2,063,900</u>	<u>34,707,058</u>	<u>14,387,449</u>	<u>20,319,609</u>
Deficiency of Revenues over Expenditures	(452,780)	(21,611,151)	(10,280,314)	11,330,837
OTHER FINANCING SOURCES				
Transfers in	-	18,725,000	18,725,000	-
Total Other Financing Sources	-	<u>18,725,000</u>	<u>18,725,000</u>	-
Net Change in Fund Balances	<u>\$ (452,780)</u>	<u>\$ (2,886,151)</u>	8,444,686	<u>\$ 11,330,837</u>
Fund Balance - Beginning			<u>563,465</u>	
Fund Balance - Ending			<u>\$ 9,008,151</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - PUBLIC SAFETY BUILDING BOND FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 2,250	\$ 2,250	\$ 9,549	\$ 7,299
Total Revenues	<u>2,250</u>	<u>2,250</u>	<u>9,549</u>	<u>7,299</u>
EXPENDITURES				
Debt service:				
Principal	219,000	219,000	219,000	-
Interest and fiscal charges	174,477	174,477	174,477	-
Total Expenditures	<u>393,477</u>	<u>393,477</u>	<u>393,477</u>	<u>-</u>
Deficiency of Revenues over Expenditures	(391,227)	(391,227)	(383,928)	7,299
OTHER FINANCING SOURCES				
Transfers in	397,400	397,400	397,397	(3)
Total Other Financing Sources	<u>397,400</u>	<u>397,400</u>	<u>397,397</u>	<u>(3)</u>
Net Change in Fund Balances	<u>\$ 6,173</u>	<u>\$ 6,173</u>	13,469	<u>\$ 7,296</u>
Fund Balance - Beginning			<u>225,792</u>	
Fund Balance - Ending			<u>\$ 239,261</u>	
			\$ 239,261	
			34,042	
			13,358	
			12,146	
			451	
			42,722	
			14,064	
			117,609	
			20,197	
			70,782	
			92,986	
			399,150	
			<u>\$ 1,056,768</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - 2008 BOND DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 2,000	\$ 2,000	\$ 5,388	\$ 3,388
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>5,388</u>	<u>3,388</u>
EXPENDITURES				
Debt service:				
Principal	245,000	245,000	245,000	-
Interest and fiscal charges	38,600	38,600	28,304	10,296
Total Expenditures	<u>283,600</u>	<u>283,600</u>	<u>273,304</u>	<u>10,296</u>
Deficiency of Revenues over Expenditures	(281,600)	(281,600)	(267,916)	13,684
OTHER FINANCING SOURCES				
Transfers in	284,600	284,600	274,304	(10,296)
Total Other Financing Sources	<u>284,600</u>	<u>284,600</u>	<u>274,304</u>	<u>(10,296)</u>
Net Change in Fund Balances	<u>\$ 3,000</u>	<u>\$ 3,000</u>	6,388	<u>\$ 3,388</u>
Fund Balance - Beginning			<u>27,654</u>	
Fund Balance - Ending			<u>\$ 34,042</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - 2004 BOND DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 1,000	\$ 2,115	\$ 2,855	\$ 740
Total Revenues	<u>1,000</u>	<u>2,115</u>	<u>2,855</u>	<u>740</u>
EXPENDITURES				
Debt service:				
Principal	115,000	115,000	115,000	-
Interest and fiscal charges	3,450	4,565	4,564	1
Total Expenditures	<u>118,450</u>	<u>119,565</u>	<u>119,564</u>	<u>1</u>
Deficiency of Revenues over Expenditures	(117,450)	(117,450)	(116,709)	741
OTHER FINANCING SOURCES				
Transfers in	117,450	117,450	109,981	(7,469)
Total Other Financing Sources	<u>117,450</u>	<u>117,450</u>	<u>109,981</u>	<u>(7,469)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(6,728)	<u>\$ (6,728)</u>
Fund Balance - Beginning			<u>20,086</u>	
Fund Balance - Ending			<u>\$ 13,358</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - 2011 BOND DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 1,438	\$ 1,438	\$ 1,317	\$ (121)
Total Revenues	<u>1,438</u>	<u>1,438</u>	<u>1,317</u>	<u>(121)</u>
EXPENDITURES				
Debt service:				
Principal	55,000	55,000	55,000	-
Interest and fiscal charges	7,538	7,538	7,146	392
Total Expenditures	<u>62,538</u>	<u>62,538</u>	<u>62,146</u>	<u>392</u>
Deficiency of Revenues over Expenditures	(61,100)	(61,100)	(60,829)	271
OTHER FINANCING SOURCES				
Transfers in	61,100	61,100	61,087	(13)
Total Other Financing Sources	<u>61,100</u>	<u>61,100</u>	<u>61,087</u>	<u>(13)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	258	<u>\$ 258</u>
Fund Balance - Beginning			<u>11,888</u>	
Fund Balance - Ending			<u>\$ 12,146</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - 2013 BOND DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 400	\$ 400	\$ 18	\$ (382)
Total Revenues	<u>400</u>	<u>400</u>	<u>18</u>	<u>(382)</u>
EXPENDITURES				
Debt service:				
Principal	203,775	203,775	203,774	1
Interest and fiscal charges	4,728	4,728	4,728	-
Total Expenditures	<u>208,503</u>	<u>208,503</u>	<u>208,502</u>	<u>1</u>
Deficiency of Revenues over Expenditures	(208,103)	(208,103)	(208,484)	(381)
OTHER FINANCING SOURCES				
Transfers in	208,503	208,503	208,502	(1)
Total Other Financing Sources	<u>208,503</u>	<u>208,503</u>	<u>208,502</u>	<u>(1)</u>
Net Change in Fund Balances	<u>\$ 400</u>	<u>\$ 400</u>	18	<u>\$ (382)</u>
Fund Balance - Beginning			<u>433</u>	
Fund Balance - Ending			<u>\$ 451</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - 2016 LEGENDS DRIVE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 2,000	\$ 2,073	\$ 5,794	\$ 3,721
Total Revenues	<u>2,000</u>	<u>2,073</u>	<u>5,794</u>	<u>3,721</u>
EXPENDITURES				
Debt service:				
Principal	242,000	242,000	242,000	-
Interest and fiscal charges	77,025	135,098	135,096	2
Total Expenditures	<u>319,025</u>	<u>377,098</u>	<u>377,096</u>	<u>2</u>
Deficiency of Revenues over Expenditures	(317,025)	(375,025)	(371,302)	3,723
OTHER FINANCING SOURCES				
Transfers in	319,250	377,250	377,263	13
Total Other Financing Sources	<u>319,250</u>	<u>377,250</u>	<u>377,263</u>	<u>13</u>
Net Change in Fund Balances	<u>\$ 2,225</u>	<u>\$ 2,225</u>	5,961	<u>\$ 3,736</u>
Fund Balance - Beginning			<u>36,761</u>	
Fund Balance - Ending			<u>\$ 42,722</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - 2016 AIRPORT TERMINAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 750	\$ 750	\$ 1,880	\$ 1,130
Total Revenues	<u>750</u>	<u>750</u>	<u>1,880</u>	<u>1,130</u>
EXPENDITURES				
Debt service:				
Principal	78,000	78,000	78,000	-
Interest and fiscal charges	29,280	43,750	43,748	2
Total Expenditures	<u>107,280</u>	<u>121,750</u>	<u>121,748</u>	<u>2</u>
Deficiency of Revenues over Expenditures	(106,530)	(121,000)	(119,868)	1,132
OTHER FINANCING SOURCES				
Transfers in	110,400	110,400	121,832	11,432
Total Other Financing Sources	<u>110,400</u>	<u>110,400</u>	<u>121,832</u>	<u>11,432</u>
Net Change in Fund Balances	<u>\$ 3,870</u>	<u>\$ (10,600)</u>	1,964	<u>\$ 12,564</u>
Fund Balance - Beginning			<u>12,100</u>	
Fund Balance - Ending			<u>\$ 14,064</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - WESTSIDE PARK DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 2,500	\$ 2,500	\$ 6,881	\$ 4,381
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>6,881</u>	<u>4,381</u>
EXPENDITURES				
Debt service:				
Principal	182,000	182,000	182,000	-
Interest and fiscal charges	91,394	91,394	91,394	-
Total Expenditures	<u>273,394</u>	<u>273,394</u>	<u>273,394</u>	<u>-</u>
Deficiency of Revenues over Expenditures	(270,894)	(270,894)	(266,513)	4,381
OTHER FINANCING SOURCES				
Transfers in	280,607	280,607	273,338	(7,269)
Total Other Financing Sources	<u>280,607</u>	<u>280,607</u>	<u>273,338</u>	<u>(7,269)</u>
Net Change in Fund Balances	<u>\$ 9,713</u>	<u>\$ 9,713</u>	6,825	<u>\$ (2,888)</u>
Fund Balance - Beginning			<u>110,784</u>	
Fund Balance - Ending			<u>\$ 117,609</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - AIRPORT MAINTENANCE HANGER BOND FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 450	\$ 450	\$ 1,280	\$ 830
Total Revenues	<u>450</u>	<u>450</u>	<u>1,280</u>	<u>830</u>
EXPENDITURES				
Debt service:				
Principal	34,800	34,800	34,800	-
Interest and fiscal charges	19,649	19,649	19,649	-
Total Expenditures	<u>54,449</u>	<u>54,449</u>	<u>54,449</u>	<u>-</u>
Deficiency of Revenues over Expenditures	(53,999)	(53,999)	(53,169)	830
OTHER FINANCING SOURCES				
Transfers in	54,403	54,403	54,442	39
Total Other Financing Sources	<u>54,403</u>	<u>54,403</u>	<u>54,442</u>	<u>39</u>
Net Change in Fund Balances	<u>\$ 404</u>	<u>\$ 404</u>	1,273	<u>\$ 869</u>
Fund Balance - Beginning			<u>18,924</u>	
Fund Balance - Ending			<u>\$ 20,197</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - RADIO SYSTEMS BOND FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 4,000	\$ 4,000	\$ 8,876	\$ 4,876
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>8,876</u>	<u>4,876</u>
EXPENDITURES				
Debt service:				
Principal	238,000	238,000	238,000	-
Interest and fiscal charges	164,330	219,837	219,836	1
Total Expenditures	<u>402,330</u>	<u>457,837</u>	<u>457,836</u>	<u>1</u>
Deficiency of Revenues over Expenditures	(398,330)	(453,837)	(448,960)	4,877
OTHER FINANCING SOURCES				
Transfers in	402,293	457,800	504,282	46,482
Total Other Financing Sources	<u>402,293</u>	<u>457,800</u>	<u>504,282</u>	<u>46,482</u>
Net Change in Fund Balances	<u>\$ 3,963</u>	<u>\$ 3,963</u>	55,322	<u>\$ 51,359</u>
Fund Balance - Beginning			<u>15,460</u>	
Fund Balance - Ending			<u>\$ 70,782</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - ROAD IMPROVEMENTS BOND FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 3,091	\$ 3,091	\$ 1,323	\$ (1,768)
Total Revenues	<u>3,091</u>	<u>3,091</u>	<u>1,323</u>	<u>(1,768)</u>
EXPENDITURES				
Debt service:				
Principal	82,000	1,079,000	1,068,199	10,801
Interest and fiscal charges	30,111	30,111	27,321	2,790
Total Expenditures	<u>112,111</u>	<u>1,109,111</u>	<u>1,095,520</u>	<u>13,591</u>
Deficiency of Revenues over Expenditures	(109,020)	(1,106,020)	(1,094,197)	11,823
OTHER FINANCING SOURCES				
Transfers in	109,020	1,106,020	1,037,615	(68,405)
Total Other Financing Sources	<u>109,020</u>	<u>1,106,020</u>	<u>1,037,615</u>	<u>(68,405)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(56,582)	<u>\$ (56,582)</u>
Fund Balance - Beginning			<u>56,582</u>	
Fund Balance - Ending			<u>\$ -</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - SPORTS COMPLEX BOND FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ 10	\$ 10	\$ 6,243	\$ 6,233
Total Revenues	<u>10</u>	<u>10</u>	<u>6,243</u>	<u>6,233</u>
EXPENDITURES				
Debt service:				
Principal	123,000	123,000	123,000	-
Interest and fiscal charges	200,121	200,121	200,121	-
Total Expenditures	<u>323,121</u>	<u>323,121</u>	<u>323,121</u>	<u>-</u>
Deficiency of Revenues over Expenditures	(323,111)	(323,111)	(316,878)	6,233
OTHER FINANCING SOURCES				
Transfers in	323,111	323,111	323,110	(1)
Total Other Financing Sources	<u>323,111</u>	<u>323,111</u>	<u>323,110</u>	<u>(1)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	6,232	<u>\$ 6,232</u>
Fund Balance - Beginning			<u>86,754</u>	
Fund Balance - Ending			<u>\$ 92,986</u>	

CITY OF LEBANON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 DEBT SERVICE FUND - SAMS BOND FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 3,875	\$ 3,875
Total Revenues	<u>-</u>	<u>-</u>	<u>3,875</u>	<u>3,875</u>
EXPENDITURES				
Debt service:				
Interest and fiscal charges	-	401,390	-	401,390
Total Expenditures	<u>-</u>	<u>401,390</u>	<u>-</u>	<u>401,390</u>
Deficiency of Revenues over Expenditures	-	(401,390)	3,875	405,265
OTHER FINANCING SOURCES				
Transfers in	-	401,390	395,275	(6,115)
Total Other Financing Sources	<u>-</u>	<u>401,390</u>	<u>395,275</u>	<u>(6,115)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	399,150	<u>\$ 399,150</u>
Fund Balance - Beginning			<u>-</u>	
Fund Balance - Ending			<u>\$ 399,150</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, 2025**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2024	Issued During Period	Paid During Period	Outstanding June 30, 2025
Governmental Activities								
Bonds Payable Through Debt Service Fund								
GO, 2004	\$ 2,725,000	3.00%	11/15/2004	2025	\$ 115,000	\$ -	\$ 115,000	\$ -
GO, 2008	3,500,000	5.00%	12/20/2007	2027	772,000	-	245,000	527,000
Notes Payable Through Debt Service Fund								
Floyd Center Johnson Controls	775,548	2.32%	9/26/2012	2024	71,090	-	71,090	-
General Fund Johnson Controls	1,521,914	2.32%	9/26/2012	2024	132,684	-	132,684	-
2016 Airport Terminal	1,600,000	3.00%	6/14/2016	2036	976,001	-	78,000	898,001
2016 Refunding	2,220,000	Variable	8/24/2016	2032	315,000	-	55,000	260,000
2017 West Side Park	5,000,000	2.29%	3/16/2017	2042	3,989,594	-	182,000	3,807,594
2017 Airport Maintenance Hangar	1,000,000	2.52%	6/22/2017	2042	779,700	-	34,800	744,900
2016 Legends Drive	4,700,000	2.50%	8/24/2016	2036	3,081,000	-	242,000	2,839,000
2018 Public Safety Complex	5,500,000	3.80%	11/14/2018	2039	4,701,001	-	219,000	4,482,001
2025 Sams Club	15,000,000	4.89%	3/17/2025	2050	-	15,000,000	-	15,000,000
2024 Radio Communication System	4,629,000	4.97%	6/18/2024	2039	4,629,000	-	238,000	4,391,000
2023 Sports Complex Loan	5,000,000	2.79%	4/28/2023	2048	4,881,000	-	123,000	4,758,000
Total payable through debt service fund					<u>24,443,070</u>	<u>15,000,000</u>	<u>1,735,574</u>	<u>37,707,496</u>
Notes Payable Through Street Improvements								
2019 TMBF Crowell Lane	1,800,000	2.79%	12/20/2019	2039	1,068,199	-	1,068,199	-
Total payable through street improvements fund					<u>1,068,199</u>	<u>-</u>	<u>1,068,199</u>	<u>-</u>
Total Governmental Activities					<u>\$ 25,511,269</u>	<u>\$ 15,000,000</u>	<u>\$ 2,803,773</u>	<u>\$ 37,707,496</u>

continued

CITY OF LEBANON, TENNESSEE

**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding July 1, 2024</u>	<u>Issued During Period</u>	<u>Paid During Period</u>	<u>Outstanding June 30, 2025</u>
<u>Business-Type Activities</u>								
Bonds Payable - Water and Sewer								
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	8,275,000	-	1,310,000	6,965,000
Notes Payable - Water and Sewer								
State of TN 12-126	2,940,832	1.76%	4/23/2012	2025	1,731,336	-	145,212	1,586,124
State of TN 12-127	1,323,960	1.76%	4/23/2012	2035	817,578	-	64,704	752,874
State of TN 12-128	1,622,555	1.29%	1/2/2013	2036	1,063,673	-	81,276	982,397
State of TN 12-129	1,140,502	1.29%	1/2/2013	2036	751,407	-	56,580	694,827
State of TN 15-161	587,600	1.71%	5/11/2015	2037	404,300	-	28,020	376,280
State of TN 15-162	1,271,000	1.71%	5/11/2015	2038	706,281	-	44,736	661,545
State of TN 18-202	800,000	1.81%	2/12/2018	2039	644,366	-	36,336	608,030
State of TN 18-203	300,000	1.81%	7/1/2020	2039	123,561	-	5,604	117,957
State of TN 19-435	4,300,000	1.32%	1/21/2021	2040	4,015,384	-	192,900	3,822,484
State of TN 19-217	1,400,000	1.31%	12/13/2019	2041	1,213,277	-	62,760	1,150,517
2007 Revenue Bonds	5,000,000	5.00%	6/28/2007	2007	963,000	-	311,000	652,000
2008 Revenue Bonds	4,150,000	5.00%	12/30/2008	2029	987,778	-	261,000	726,778
2016 Refunding	2,285,000	Variable	8/24/2016	2032	1,320,000	-	155,000	1,165,000
2012 Water and Sewer System Improvements	1,387,000	2.23%	2/22/2012	2032	629,000	-	73,000	556,000
2012 Johnson Controls	4,657,079	1.82%	9/28/2012	2027	1,170,000	-	355,000	815,000
2013 Water and Sewer System Improvements	1,800,000	2.28%	5/15/2013	2033	912,000	-	92,000	820,000
2014 Water and Sewer System Improvements	1,800,000	3.00%	12/9/2014	2035	1,042,000	-	89,000	953,000
Total payable through water and sewer fund					<u>30,269,941</u>	<u>-</u>	<u>3,364,128</u>	<u>26,905,813</u>
Bonds Payable - Gas Fund								
2008 Bond	1,100,000	5.00%	12/30/2008	2029	382,000	-	69,000	313,000
2014 Bond	1,000,000	2.43%	9/18/2013	2033	560,000	-	50,000	510,000
2020 Bond	1,500,000	2.24%	12/1/2020	2040	1,314,410	-	64,000	1,250,410
Total payable through gas fund					<u>2,256,410</u>	<u>-</u>	<u>183,000</u>	<u>2,073,410</u>
Total Business-Type Activities					<u><u>32,526,351</u></u>	<u><u>-</u></u>	<u><u>3,547,128</u></u>	<u><u>28,979,223</u></u>
Total City Debt					<u>\$ 58,037,620</u>	<u>\$ 15,000,000</u>	<u>\$ 6,350,901</u>	<u>\$ 66,686,719</u>

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, 2025**

Debt Service Fund - Notes								
Fiscal Year Ending June 30	2016 Airport Terminal		2016 Refunding		2017 West Side Park		2017 Airport Maintenance Hangar	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 898,001</u>	<u>\$ 161,040</u>	<u>\$ 260,000</u>	<u>\$ 16,697</u>	<u>\$ 3,807,594</u>	<u>\$ 832,323</u>	<u>\$ 744,900</u>	<u>\$ 180,155</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, 2025**

Debt Service Funds - Notes												
Fiscal Year Ending June 30	2016 Legends Drive		2018 Public Safety Complex		2025 Sams Club		2024 Radio Communication System		2023 Sports Complex Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 244,000	\$ 70,975	\$ 227,000	\$ 166,003	\$ 319,000	\$ 762,025	\$ 246,000	\$ 218,233	\$ 128,000	\$ 195,078	\$ 1,519,600	\$ 1,550,652
2027	247,000	64,875	236,000	157,206	335,000	717,901	255,000	206,007	134,000	189,830	1,568,500	1,465,805
2028	250,000	58,700	245,000	148,067	351,000	701,519	265,000	193,333	139,000	184,336	1,617,400	1,407,171
2029	252,000	52,450	254,000	138,586	368,000	684,356	274,000	180,163	145,000	178,637	1,672,400	1,346,492
2030	255,000	46,150	264,000	128,744	386,000	666,360	284,000	166,545	151,000	172,692	1,700,400	1,283,303
2031	258,000	39,775	274,000	118,522	405,000	647,485	294,000	152,430	157,000	166,501	1,720,400	1,218,522
2032	261,000	33,325	284,000	107,920	425,000	627,680	305,000	137,818	163,000	160,064	1,777,400	1,152,314
2033	264,000	26,800	295,000	96,919	446,000	606,898	316,000	122,660	170,000	153,381	1,837,400	1,083,694
2034	267,000	20,200	306,000	85,500	468,000	585,089	328,000	106,954	177,000	146,411	1,899,500	1,012,550
2035	269,000	13,525	318,000	73,644	490,000	562,203	339,000	90,653	184,000	139,154	1,960,600	938,762
2036	272,000	6,800	330,000	61,332	514,000	538,242	352,000	73,805	192,000	131,610	2,001,701	862,387
2037	-	-	342,000	48,564	539,000	513,108	364,000	56,310	200,000	123,738	1,729,900	783,941
2038	-	-	355,000	35,321	566,000	486,751	378,000	38,219	208,000	115,538	1,799,000	711,417
2039	-	-	369,000	21,565	593,000	459,073	391,000	19,433	216,000	107,010	1,867,300	635,872
2040	-	-	383,001	7,277	623,000	430,076	-	-	225,000	98,154	1,536,501	557,354
2041	-	-	-	-	653,000	399,611	-	-	235,000	88,929	1,200,800	503,274
2042	-	-	-	-	685,000	367,679	-	-	244,000	79,294	1,247,694	454,426
2043	-	-	-	-	718,000	334,183	-	-	254,000	69,290	972,000	403,473
2044	-	-	-	-	754,000	299,072	-	-	265,000	58,876	1,019,000	357,948
2045	-	-	-	-	790,000	262,202	-	-	275,000	48,011	1,065,000	310,213
2046	-	-	-	-	829,000	223,571	-	-	287,000	36,736	1,116,000	260,307
2047	-	-	-	-	870,000	183,033	-	-	298,000	24,969	1,168,000	208,002
2048	-	-	-	-	912,000	140,490	-	-	311,000	12,751	1,223,000	153,241
2049	-	-	-	-	957,000	95,893	-	-	-	-	957,000	95,893
2050	-	-	-	-	1,004,000	49,096	-	-	-	-	1,004,000	49,096
	<u>\$ 2,839,000</u>	<u>\$ 433,575</u>	<u>\$ 4,482,001</u>	<u>\$ 1,395,170</u>	<u>\$ 15,000,000</u>	<u>\$ 11,343,596</u>	<u>\$ 4,391,000</u>	<u>\$ 1,762,563</u>	<u>\$ 4,758,000</u>	<u>\$ 2,680,990</u>	<u>\$ 37,180,496</u>	<u>\$ 18,806,109</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, 2025

Fiscal Year Ending June 30	Bonds			
	General Obligation Bonds Series 2008		Total	
	Principal	Interest	Principal	Interest
2026	\$ 257,000	\$ 26,350	\$ 257,000	\$ 26,350
2027	270,000	13,500	270,000	13,500
	<u>\$ 527,000</u>	<u>\$ 39,850</u>	<u>\$ 527,000</u>	<u>\$ 39,850</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, 2025**

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
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	157,560	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>\$ 1,586,124</u>	<u>\$ 143,707</u>	<u>\$ 752,874</u>	<u>\$ 72,252</u>	<u>\$ 982,397</u>	<u>\$ 77,528</u>	<u>\$ 694,827</u>	<u>\$ 55,678</u>	<u>\$ 376,280</u>	<u>\$ 40,189</u>	<u>\$ 661,545</u>	<u>\$ 80,875</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, 2025

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
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>\$ 608,030</u>	<u>\$ 83,754</u>	<u>\$ 117,957</u>	<u>\$ 19,992</u>	<u>\$ 3,822,484</u>	<u>\$ 460,601</u>	<u>\$ 1,150,517</u>	<u>\$ 128,110</u>	<u>\$ 652,000</u>	<u>\$ 49,150</u>	<u>\$ 726,778</u>	<u>\$ 67,217</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, 2025

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
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	919,720	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>\$ 1,165,000</u>	<u>\$ 119,603</u>	<u>\$ 556,000</u>	<u>\$ 50,710</u>	<u>\$ 815,000</u>	<u>\$ 20,884</u>	<u>\$ 820,000</u>	<u>\$ 86,297</u>	<u>\$ 953,000</u>	<u>\$ 159,960</u>	<u>\$ 16,440,813</u>	<u>\$ 1,716,507</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, 2025

Natural Gas Fund - Bonds								
Fiscal Year Ending June 30	General Obligation Bonds Series 2004		General Obligation Bonds Series 2014		General Obligation Bonds Series 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	-	-	91,410	1,024	91,410	1,024
	<u>\$ 313,000</u>	<u>\$ 40,050</u>	<u>\$ 510,000</u>	<u>\$ 57,737</u>	<u>\$ 1,250,410</u>	<u>\$ 237,224</u>	<u>\$ 2,073,410</u>	<u>\$ 335,011</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, 2025

Water and Sewer Fund - Bonds

Fiscal Year Ending June 30	2015 Energy Bond		2020 Refunding		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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
	<u>\$ 3,500,000</u>	<u>\$ 1,400,000</u>	<u>\$ 6,965,000</u>	<u>\$ 1,033,500</u>	<u>\$ 10,465,000</u>	<u>\$ 2,433,500</u>

CITY OF LEBANON, TENNESSEE

**SCHEDULE OF CHANGES IN LEASE OBLIGATIONS BY INDIVIDUAL ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2024	Additions	Retirements	Remeasurements	Outstanding June 30, 2025
Governmental Activities									
Equipment									
Canon Copier - Accounting	\$ 6,060	2.76%	11/1/2023	10/31/2033	\$ 5,692	\$ -	\$ 496	\$ 120	\$ 5,316
Canon Copier - Bldg Inspection 698895-22	4,751	2.76%	6/1/2024	6/29/2034	4,706	-	379	-	4,327
Canon Copier - Cemetery 698895-19	4,032	2.76%	6/1/2024	5/31/2034	3,994	-	325	-	3,669
Canon Copier - Engineering	945	3.15%	7/1/2021	6/30/2026	395	-	249	-	146
Canon Copier - Engineering #019	4,886	3.15%	7/1/2021	7/22/2026	2,045	-	2,046	1	-
Canon Copier - Engineering 698895-21	8,062	2.76%	6/1/2024	6/30/2034	8,055	-	577	-	7,478
Canon Copier - Engineering 698895-23	7,447	2.76%	9/1/2024	8/31/2034	-	7,447	519	-	6,928
Canon Copier - Fire	6,553	3.15%	7/1/2021	7/20/2025	1,715	-	1,715	-	-
Canon Copier - Fire 698895-18	6,993	2.76%	7/1/2024	5/31/2034	-	6,993	550	-	6,443
Canon Copier - JFFC 698895-20	4,902	2.76%	6/1/2024	5/31/2033	4,851	-	365	43	4,529
Canon Copier - Legal 698895-15	7,863	2.76%	11/1/2023	10/31/2033	7,387	-	644	-	6,743
Canon Copier - Mayor	6,718	3.15%	7/1/2021	3/9/2030	4,588	-	4,588	-	-
Canon Copier - Mayor 698895-24	8,512	2.76%	4/1/2025	5/31/2035	-	8,512	125	-	8,387
Canon Copier - Police #1	4,498	3.15%	7/1/2021	3/1/2031	3,237	-	369	-	2,868
Canon Copier - Police #5	24,335	3.15%	4/21/2022	4/20/2032	19,646	-	2,082	-	17,564
Canon Copier - Police 698895-13	5,220	2.45%	7/1/2023	4/30/2033	4,745	-	446	-	4,299
Canon Copier - Police 698895-14	5,220	2.45%	7/1/2023	4/30/2033	4,745	-	446	-	4,299
Canon Copier - PW Admin (Color)	5,712	3.15%	7/1/2021	7/20/2031	4,621	-	549	-	4,072
Canon Copier - Recreation 698895-17	4,851	2.76%	3/1/2024	2/28/2034	4,699	-	394	61	4,366
Canon Copier - Sanitation 698895-8	4,911	3.55%	7/1/2023	11/30/2032	4,464	-	424	-	4,040
Flock Safety 12.22.23-12.21.30	524,307	2.69%	12/22/2023	12/21/2030	443,307	-	69,066	-	374,241
Flock Safety Battery Packs	5,744	2.79%	7/11/2023	7/10/2027	4,260	-	1,381	-	2,879
Mower - Fire	7,159	3.02%	9/1/2023	8/31/2025	4,218	-	3,310	-	908
Mower - Maintenance 04.01.25-03.31.27	54,383	3.02%	4/1/2025	3/31/2027	-	54,383	2,332	-	52,051
Mower - Recreation 11/1/23-10/31/25	68,491	3.02%	11/1/2023	10/31/2025	34,328	11,087	28,969	11,671	28,117
Mower - Maintenance Copy	53,210	3.15%	3/1/2023	2/28/2025	18,017	15	20,261	2,229	-
Mower - Police	9,283	2.47%	4/1/2023	3/31/2025	3,528	-	3,528	-	-
Pitney Bowes	20,929	0.62%	7/1/2023	7/27/2027	16,054	-	4,905	-	11,149
Turf Tank	65,248	2.69%	8/1/2023	7/31/2030	55,248	-	8,513	-	46,735
Canon Copier - Economic Development	8,627	2.31%	4/1/2023	3/31/2033	7,712	-	737	-	6,975
Canon Copier - Risk Management	5,300	2.85%	1/1/2023	12/31/2032	4,631	-	447	-	4,184
Canon Copier - Finance	7,642	2.85%	12/1/2022	11/30/2032	6,575	-	631	-	5,944
Canon Copier - Finance 698895-11	749	0.02%	7/1/2023	1/31/2033	671	-	72	-	599
Total equipment lease liability					688,134	88,437	161,440	14,125	629,256
Vehicles									
Harley Davidson Motorcycles-Police	25,766	3.24%	10/1/2022	9/30/2025	11,011	-	11,011	-	-
Total vehicle lease liability					11,011	-	11,011	-	-
Buildings									
Direct Flight Solutions Airport New Lease #2 City Pays FBO	1,247,563	3.31%	10/1/2022	9/30/2032	1,077,422	-	112,214	-	965,208
Total building lease liability					1,077,422	-	112,214	-	965,208
Total Governmental Activities					\$ 1,776,567	88,437	\$ 284,665	\$ 14,125	\$ 1,594,464

continued

CITY OF LEBANON, TENNESSEE

**SCHEDULE OF CHANGES IN LEASE OBLIGATIONS BY INDIVIDUAL ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2024	Additions	Retirements	Remeasurements	Outstanding June 30, 2025
Business-Type Activities									
Equipment									
Canon Copier - Gas Dept	\$ 6,139	3.15%	3/31/2022	2/29/2032	\$ 4,909	\$ -	\$ 525	\$ -	\$ 4,384
Canon Copier - Sewer Plant	5,469	3.15%	6/27/2022	6/26/2032	4,499	-	465	78	4,112
Canon Copier - Water Plant	5,866	3.15%	7/1/2021	11/19/2030	4,161	-	552	-	3,609
Canon Copier - Water/Sewer	6,265	3.15%	5/25/2022	5/24/2032	5,105	-	584	-	4,521
Plotter	41,192	3.15%	7/1/2021	5/31/2027	21,208	-	6,452	-	14,756
Plotter / Printer	1,378	2.74%	7/24/2024	7/23/2029	-	1,378	220	-	1,158
Ferrellgas	285	2.66%	2/23/2023	2/22/2026	145	-	145	-	-
Total equipment lease liability					40,027	1,378	8,943	78	32,540
Total Business Type Activities					\$ 40,027	\$ 1,378	\$ 8,943	\$ 78	\$ 32,540
Total Lease Liabilities					\$ 1,816,594	\$ 89,815	\$ 293,608	\$ 14,203	\$ 1,627,004

CITY OF LEBANON, TENNESSEE

**SCHEDULE OF WATER AND SEWER RATES - UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

There were 13,934 metered water customers and 12,062 sewer customers billed during June, 2025. 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, 2025, are as follows:

WATER

Residential				<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	
Commercial				<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)

Residential				<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	
Commercial				<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)

Residential				<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	
Commercial				<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, 2025

There were 12,623 metered customers billed during the month of June, 2025. The policy of the City requires that all customers be metered.

Natural Gas rates in effect at June 30, 2025 are as follows:

	<u>Inside City</u>	<u>Outside City</u>
1) Residential		
Minimum (0-1,000 Cubic Feet)	\$8.47	\$10.07
Minimum (Over 1,000 Cubic Feet)	\$8.69	\$10.33
2) Commercial		
Customer Charge	\$20.00	\$20.00
(0-1,000 Cubic Feet)	\$9.59	\$11.45
(Over 1,000 Cubic Feet)	\$8.31	\$9.86
2) Multiple Dwellings- L.H.A.		
Minimum (0-1,000 Cubic Feet)	\$8.47	
Minimum (Over 1,000 Cubic Feet)	\$8.69	
4) Interruptible		
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	\$2.06
Transport Fee	Variable	
5) Industrial		
Customer Charge	\$100.00	\$100.00
Minimum (0-1,000 Cubic Feet)	\$8.74	\$10.39
Minimum (Over 1,000 Cubic Feet)	\$7.89	\$9.33

Number of miles of the Distribution System of Lines: 343.84 *

*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, 2025**

Tax Year	Property Tax Receivable Balance June 30, 2024	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Allowance for Uncollectibles	Net Receivable Balance June 30, 2025
2025	\$ -	\$ -	\$ 16,809,828	\$ -	\$ -	\$ -	\$ 16,809,828
Vouchers	37	17,555	-	-	17,592	-	-
2024	\$ 15,593,728	784,716	-	(12,443)	15,935,017	-	455,870
2023	560,118	41	-	(14,003)	458,689	-	115,473
2022	261,990	-	-	(221)	255,635	-	6,576
2021	4,422	-	-	536	908	-	2,978
2020	3,418	-	-	-	-	-	3,418
2019	152	-	-	-	-	-	152
2018	183	-	-	(13)	-	-	196
2017	417	-	-	-	-	-	417
2016	582	-	-	-	-	-	582
2015	277	-	-	(38)	-	-	315
2014	284	-	-	-	-	-	284
	<u>\$ 16,425,608</u>	<u>\$ 802,312</u>	<u>\$ 16,809,828</u>	<u>\$ (26,182)</u>	<u>\$ 16,667,841</u>	<u>\$ -</u>	<u>\$ 17,396,089</u>

CITY OF LEBANON, TENNESSEE

PROPERTY TAX RATES AND LEVIES - ALL OVERLAPPING GOVERNMENTS - UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Last Five Fiscal Years

Tax Rates

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>City</u>	<u>County</u>
2025	2024	\$ 0.68550	1.90890
2024	2023	0.68550	1.90890
2023	2022	0.68550	1.76890
2022	2021	0.68550	1.76870
2021	2020	0.85750	2.33450

Tax Levies

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>City</u>	<u>County</u>
2025	2024	\$ 15,593,728	\$ 142,360,133
2024	2023	14,248,213	135,555,478
2023	2022	13,234,635	121,544,155
2022	2021	12,230,613	108,557,148
2021	2020	11,666,289	106,164,080

**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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2025.

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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

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 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 disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-002.

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.

A handwritten signature in black ink that reads 'Mauldin & Jenkins, LLC'.

Chattanooga, Tennessee

December 22, 2025



**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, 2025. 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, 2025.

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.



Chattanooga, Tennessee

December 22, 2025

CITY OF LEBANON, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Agency/Pass-through Agency/ Program or Cluster Title	Assistance Listing	Pass-through entity Identifying Number	Expenditures
FEDERAL AWARDS			
U.S. DEPARTMENT OF TREASURY:			
Pass-through Tennessee Department of Environment and Conservation: COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	\$ 952,582
Total U.S. Department of Treasury			<u>952,582</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Pass-through State of Tennessee:			
<i>Highway Planning and Construction :</i>			
Highway Planning and Construction Grant	20.205	n/a	17,208
Highway Planning and Construction Grant	20.205	n/a	32,928
Highway Planning and Construction Grant	20.205	n/a	67,822
Highway Planning and Construction Grant	20.205	n/a	153,380
Highway Planning and Construction Grant	20.205	n/a	2,832
Highway Planning and Construction Grant	20.205	n/a	17,231
Highway Planning and Construction Grant	20.205	n/a	79,777
<i>Total Highway Planning and Construction</i>			<u>371,177</u>
Airport Improvement Program	20.106	95-555-0182-23	<u>15,343</u>
<i>State and Community Highway Safety:</i>			
State and Community Highway Safety	20.600	Z23THS151	9,538
State and Community Highway Safety	20.600	Z24THS159	26,962
<i>Total State and Community Highway Safety Cluster</i>			<u>36,500</u>
Safe Streets & Roads	20.939	693JJ32440179	<u>119,166</u>
Total U.S. Department of Transportation			<u>542,186</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 1,494,768</u></u>

CITY OF LEBANON, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Agency/Pass-through Agency/ Program or Cluster Title	Assistance Listing	Pass-through entity Identifying Number	Expenditures
STATE AWARDS			
TENNESSEE DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program	n/a	95-555-0357-25	\$ 80,000
Airport Improvement Program	n/a	95-555-0785-24	113,506
Airport Improvement Program	n/a	95-555-0786-25	15,000
Airport Improvement Program	n/a	95-555-0784-24	1,102,649
Airport Improvement Program	n/a	95-555-0781-23	26,753
Highway Maintenance	n/a	n/a	169,806
Widen Briskin Lane	n/a	n/a	2,653,132
Utility Relocation SR-141	n/a	STP-141 (18)	
<i>Total Tennessee Department of Transportation</i>			<u>4,160,845</u>
TENNESSEE DEPARTMENT OF JUSTICE			
Organized Crime Drug Enforcement Task Forces	n/a	n/a	1,853
Law Enforcement Hiring, Training & Recruitment Program	n/a	33501-2425132	55,000
Violent Crime Intervention Fund Police Grant	n/a	n/a	36,950
<i>Total Tennessee Department of Justice</i>			<u>93,803</u>
TOTAL STATE AWARDS			<u>\$ 4,254,648</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 5,749,417</u>

CITY OF LEBANON, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025. 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, 2025 consist of:

Capitalization Grants for Clean Water State Revolving Fund - SRF 2019-435	\$ 3,822,484
Capitalization Grants for Drinking Water State Revolving Fund - SRF 2019-217	<u>1,150,517</u>
	<u>\$ 4,973,001</u>

CITY OF LEBANON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

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, 2025

SECTION II
FINANCIAL STATEMENT FINDINGS

2025-001 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: During the testing of subsequent disbursements, it was noted audit adjustments were required to properly report the City's expenditures/expenses and related asset/liability accounts. An adjustment of approximately \$49,000 was required in the General Fund to increase expenditures and accounts payable. An adjustment of approximately \$703,000 was required in the Capital Projects Fund to increase expenditures and accounts payable.

Effects: Audit adjustments totaling approximately \$752,000 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, 2025

SECTION II
FINANCIAL STATEMENT FINDINGS

2025-002 Budget Compliance

Criteria: Tennessee Code Sections 6-56-202 and 6-56-205 requires that annual budgets be adopted by the local governing body each year which appropriate expenditures and revenues, whereby appropriated expenditures do not exceed the estimated revenues and available fund balance.

Condition: During fiscal year 2025, the City appropriated expenditures in excess of estimated revenues and available fund balance.

Context/Cause: During the mid-year appropriations the City increased appropriated expenditures in excess of the available fund balance and estimated revenues. The Airport Capital Projects Fund (included in the Capital Projects Fund), the Police Local Option Fines Fund (the nonmajor capital project fund), and the Federal Asset Seizure Fund (included in the Public Safety Grant Fund) budgets were set \$183,564, \$1,136,570, and \$36,750 in excess of available fund balance and estimated revenues.

Effect: While the appropriations were incorrectly made in excess of the available fund balance and estimated revenues, the actual expenditures were less than appropriations, therefore the funds did not report a deficit fund balance.

Recommendation: We recommend management carefully review budget amendments to ensure they have considered the available fund balance to ensure the budget amendment and final budget appropriations are balanced.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. The City of Lebanon will approve to spend funds out of fund balance at times during the fiscal year. We make sure at the end of the year that any of these funds don't overspend their fund balance. If needed, we will get Council approval to correct these funds with the appropriate budget amendments.

CITY OF LEBANON, TENNESSEE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

None reported

CITY OF LEBANON, TENNESSEE

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2024-001 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.

Status: Repeated Finding – See 2025-001.

2024-002 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 2024, several audit adjustments were required to correct the timing of the recognition of certain revenues.

Status: Resolved

2024-003 Budget Compliance

Criteria: Tennessee Code Sections 6-56-202 and 6-56-205 requires that annual budgets be adopted by the local governing body each year which appropriate expenditures and revenues, whereby appropriated expenditures do not exceed the estimated revenues and available fund balance.

Condition: During fiscal year 2024, the City appropriated expenditures in excess of estimated revenues and available fund balance.

Status: Repeated Finding – See 2025-002.

**2024-004 Reporting – Coronavirus State and Local Fiscal Recovery Funds
U.S. Department of Treasury - AL Number 21.027**

Criteria: Per review of the grant agreement between the U.S. Department of Treasury and the City of Lebanon, the City is required to submit quarterly Project Expenditure Reports.

Condition: During testing of reporting requirements, it was noted the quarterly reports did not report the correct cumulative nor current period expenditures.

Status: Resolved



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

RICK BELL, Mayor
200 North Castle Height Ave.
Lebanon, TN 37087

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

2025-001 Expenditures / Expenses and Related Assets or Liability Accounts

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

Signature: 

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, 2026

2025-002 Budget Compliance

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

Signature: 

Corrective Action Plan: The City will approve to spend funds out of fund balance at times during the fiscal year. We make sure at the end of the year that any of these funds do not overspend their fund balance. If needed, we will get Council approval to correct these funds with the appropriate budget amendments.

Anticipated Completion Date: June 30, 2026