

**COMPREHENSIVE**  
**ANNUAL FINANCIAL REPORT**  
Of  
**MT. LEBANON SCHOOL DISTRICT**  
Mt. Lebanon, Pennsylvania  
  
Fiscal year ended  
**June 30, 2015**

**BOARD OF SCHOOL DIRECTORS**

<u>Calendar 2014</u>	<u>Calendar 2015</u>
Elaine L. Cappucci, President	Lawrence M. Lebowitz, President
Lawrence M. Lebowitz, Vice-President	Mary D. Birks – Vice President
Mary D. Birks	Elaine L. Cappucci
William L. Cooper	William L. Cooper
Scott D. Goldman	Edward L. Kubit
Edward L. Kubit	William J. Moorhead
William J. Moorhead	Dale F. Ostergaard
Daniel L. Remely	Daniel L. Remely
Michael J. Riemer	Michael J. Riemer

Dr. Timothy J. Steinhauer, Superintendent  
Report Issued by the School District's Finance Office  
Janice R. Klein, Director of Business

### **COMPLIANCE STATEMENT**

The Mt. Lebanon School District continues its policy of non-discrimination on the basis of race, age, sex, religion, color, national origin, handicap or disability, as applicable in its educational programs, activities, or employment policies as required by Title IX of the 1972 Educational Amendments, Title VI of the Civil Rights Act of 1964, Section 504 Regulations of the Rehabilitation Act of 1973, the Americans with Disabilities Act and all other applicable state, federal and local law and ordinances.

For information regarding Title IX compliance, contact Mr. Brian McFeeley, Mt. Lebanon High School, 155 Cochran Road, Pittsburgh, PA 15228-1381, (412)344-2003. For information on section 504 compliance, contact the Facilities Director, Mt. Lebanon School District, 7 Horsman Drive, Pittsburgh, PA 15228-1107, (412) 344-2090. For information regarding the Americans with Disabilities Act, contact Human Resources, Mt. Lebanon School District, 7 Horsman Drive, Pittsburgh, PA 15228-1107, (412) 344-2080.

# TABLE OF CONTENTS

## INTRODUCTORY SECTION

	Page
Transmittal Letter .....	1
List of School District Officials.....	7
Organization Chart .....	8
Certificate of Excellence in Financial Reporting.....	9

## FINANCIAL SECTION

Independent Auditor's Report .....	11
Management's Discussion and Analysis (MD & A) .....	13

### **BASIC FINANCIAL STATEMENTS:**

Statement of Net Position .....	28
Statement of Activities .....	29
Balance Sheet – Governmental Funds .....	31
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	32
Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds.....	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	35
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual General Fund.....	36
Statement of Net Position-Proprietary Fund.....	38
Statement of Revenues, Expenses, and Changes in Net Position Proprietary Fund .....	39
Statement of Cash Flows-Proprietary Fund.....	40
Statement of Fiduciary Net Position.....	41
Statement of Changes in Fiduciary Net Position .....	42
Notes to Basic Financial Statements.....	43

### **REQUIRED SUPPLEMENTARY INFORMATION:**

Schedule of the School District's Proportionate Share of the Net Pension Liability.....	81
Schedule of School District Contributions .....	81
Postemployment Benefits Other Than Pension Benefits (OPEBs) Schedule of Funding Progress .....	82
Postemployment Benefits Other Than Pension Benefits (OPEBs) Factors & Trends used in Actuarial Valuation .....	83

### **SUPPLEMENTARY INFORMATION:**

Description of District Funds.....	85
Statement of Changes in Assets and Liabilities All Agency Funds.....	86

# TABLE OF CONTENTS

(Continued)

Detailed Schedule of General Fund Expenditures by Function and Object- Budget and Actual (GAAP BASIS).....	87
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## STATISTICAL SECTION

Description of Statistical Section.....	91
Expenses, Program Revenues, and Net (Expense)/Revenue .....	92
General Revenues and Total Change in Net Position.....	93
Net Position by Component.....	94
Changes in Net Position .....	95
Governmental Funds Revenues .....	96
General School District Expenditures by Function .....	97
Schedule of Expenditures by Object.....	98
Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds.....	99
Fund Balances, Governmental Funds .....	100
Tax Revenues by Source .....	101
Assessed Value and Property Tax Rates-Direct and Overlapping Governments .....	102
Property Tax Levies and Collections.....	103
Property Tax Levies by Governmental Unit.....	104
Assessed and Estimated Actual Value of Taxable Property .....	105
Principal Real Estate Taxpayers .....	106
Principal Employers .....	107
Mt. Lebanon School District Earned Income Tax Revenue Base and Collections .....	108
Computation of Direct and Overlapping Debt.....	109
Computation of Nonelectoral Debt Margin .....	110
Legal Debt Margin Information.....	111
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures .....	112
Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....	113
Outstanding Debt by Type.....	114
Historical Schedule of Tax Rates and Statistics .....	115
Schedule of Total Expenditures Per Pupil .....	116
Pupil/Teacher Ratio and Attendance .....	117
Information on Teaching Staff.....	118
Full-Time Equivalent Employees .....	119
Student Mean Test Scores .....	120
Student Test Scores .....	121
Program Results.....	123

## TABLE OF CONTENTS

(Continued)

Demographic and Economic Statistics .....	124
Municipality Construction Costs and Property Values .....	126
Building Information .....	127
Awards and Recognitions .....	128
Other Information .....	129
Map.....	130

# **INTRODUCTORY SECTION**



# Mt. Lebanon School District

7 Horsman Drive  
Pittsburgh PA 15228-1107  
(412) 344-2098

Office of the  
Superintendent

CITIZENS OF MT. LEBANON:

December 15, 2015

The Comprehensive Annual Financial Report of Mt. Lebanon School District (School District) for the fiscal year ended June 30, 2015 is submitted herewith. This report was prepared by the School District's Finance Office. Responsibility for both the accuracy of the data presented and the completeness and fairness of presentation, including all disclosures, rests with the School District. We believe that the data is accurately presented in all material respects, that it is presented in a manner designed to fairly present the financial position and results of operations of the School District as measured by the financial activity of the various funds and that all disclosures necessary to enable a reader to gain the maximum understanding of the School District's financial affairs have been included. The report from the independent auditors is presented to provide their opinion on whether or not the statements fairly present the financial position of the School District on June 30, 2015. Their unmodified opinion testifies to that fact.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

## AWARD FOR EXCELLENCE IN FINANCIAL REPORTING

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to Mt. Lebanon School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014.

In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to the program's standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Excellence is valid for a period of one year only. We believe our current report continues to conform to the programs' requirements, and we are submitting it to ASBO this year to determine its eligibility for another certificate for the year ended June 30, 2015.

## THE REPORTING ENTITY AND ITS SERVICES

Mt. Lebanon School District is a primary government as determined within the criteria established by the Governmental Accounting Standards Board (GASB). The basic criterion for determining inclusion in the reporting entity is financial accountability and the nature and significance of the relationship.

The School District has examined its relationship with the Parkway West Area Career and Technical School and the South Central Area School. These schools were determined to be joint ventures of the School District and accordingly, related net pro-rata shares of capital assets and long term debt have been recorded on the Statement of Net Position. The Municipality of Mt. Lebanon is a primary government by itself and is not a component unit of the School District.

Mt. Lebanon School District is a suburban public school district outside the city of Pittsburgh, Pennsylvania. The School District provides a comprehensive educational system from kindergarten through grade twelve, including regular instruction, special instruction and necessary support services.

Mt. Lebanon School District is governed by a nine-member elected School Board which establishes the budget and millage rate each year. There were 5,321 students in our educational system in 2014-15 who chose from a wide range of courses and offerings. Enrollment for 2015-16 is 5,361 with slightly growing enrollment projected over the next few years.

### Budgeting

In Mt. Lebanon, budgeting is a year-round process. Planning begins in the summer when goals and objectives for the next budget year are established. These goals are communicated to all staff members in anticipation of the budget cycle.

September marks the beginning of translating the planning process into monetary terms. Inventory, equipment and supply needs for the following school year are determined at each building based on census data. These needs are translated into specific bids as required by the Public School Code.

Review of budget requests occurs first at the building level by each principal, then by program supervisors responsible for specific areas of the budget. These requests are then translated into monetary terms in the form of detailed budgetary schedules.

The budget is presented to the community in its preliminary form during the month of January and in a proposed form in April. Revisions are made in response to community desires communicated through public hearings and discussions. Final passage of the budget occurs at the May School Board meeting. The spending plan is closely monitored in the Finance Office after implementation on July 1. The budget is prepared on a basis consistent with Generally Accepted Accounting Principles.

The budget is controlled by responsibility centers within program areas, and is reviewed monthly in order to assure funding plans are being implemented properly. Budgetary control is established by function and object within the General Fund to monitor expenditures which cannot legally exceed appropriated amounts. The School District also maintains an encumbrance accounting system to assist with budgetary control. Purchase orders are accrued at year end.

### Internal Controls

Internal controls within the School District are refined each year to provide reasonable, but not absolute, assurance regarding both the safeguarding of assets against loss from unauthorized use or disposition and reliability of financial records. Changes in internal control recognize that the cost of control should not exceed the benefits likely to be derived. Cost and benefits are discussed both with the School Board and the independent auditors as changes become desirable. We believe that the School District's internal control within the accounting system adequately safeguards assets and provides reasonable assurance as to proper recording of financial activity.

## ECONOMIC CONDITION

### Community

Mt. Lebanon is a thriving suburb located six miles southwest of Pittsburgh. Data from the 2010 Census indicates Mt. Lebanon's population is 33,137. This is 120-person increase from 2000. This same data also indicates that Mt. Lebanon's 19 & under population is at 8,326. This represents a 127-person increase. Mt. Lebanon is a full-service municipality and ranks as one of Western Pennsylvania's few suburban communities that has very healthy and traditional business districts, as well as providing the possibility of living in a home, within neighborhoods that have sidewalks and tree-lined streets.

Mt. Lebanon has consistently been considered one of the most desirable places to live in Pennsylvania and our real estate market reflects this sentiment. Since the housing crisis of 2008- 2009, the average sale price of residential homes has increased 11.0%, although for the first time since 2008 the average sale price of a residential home went down compared to the prior year. In 2014, the average sale price was \$249,768, or 2.1% below 2013. The housing stock is varied in style and price – 2014 sales ranged from \$45,000 to \$780,000 on 552 properties sold.

The commercial and business areas within the community are diverse and offer a prospective business a wealth of opportunity. There are small neighborhood commercial districts, a strong central and identifiable downtown area and mall-like developments. The area provides access to a regional market well in excess of one million persons. Mt. Lebanon is within minutes of world class cultural, educational, and recreational facilities and professional sports events. Mt. Lebanon is strategically located six miles southwest of the city of Pittsburgh. Pittsburgh has more than 100 universities and corporate centers and is one of the nation's leaders in research and development for software engineering, robotics, artificial intelligence, advanced materials and biomedicine.

#### School District

The Mt. Lebanon School District continues to garner state and national recognition for its high performing schools. The Pittsburgh Business Times (PBT) ranked the Mt. Lebanon School District #3 in the region and #5 in the State in the 2015 Guide to Western Pennsylvania Schools. The PBT also ranked Mt. Lebanon High School 11<sup>th</sup> Grade # 2 and Markham Elementary School #1 in the region. The annual Honor Roll ranks the 105 school districts in the region and the 495 districts in the state based on three years of scores from the Pennsylvania System of School Assessment tests.

Mt. Lebanon High School was ranked the # 1 High School in Pennsylvania by StartClass.com, an education research website that provides students, parents, and educators with information to confidently research education options. The top ranking was compiled from 2013-2014 data by the National Center for Educational Statistics. StartClass evaluated 3,291 schools in Pennsylvania on several factors including college entrance exam scores, state assessment scores, and class size to determine a Smart Rating for each. Mt Lebanon Senior High School received a rating of 100, indicating that it is a top public school in Pennsylvania and the only public high school to receive a score of 100.

U.S. News and World Report awarded Mt. Lebanon High School Silver ranking their 2015 list of the nation's top high schools. Newsweek included Mt. Lebanon High School on their 2015 list of top high schools in the nation.

The Mt. Lebanon School District was among the top ranked school districts in the nation in the 2015 Digital School Districts Survey by the Center for Digital Education and the National School Boards Association. Mt. Lebanon was the only school district in Pennsylvania awarded in the mid-sized student population category of 3,000 - 12,000 students. The survey showcases exemplary school boards' and districts' use of technology to govern the district, communicate with students, parents and the community, and improve district operations.

Lincoln Elementary School was awarded a National Blue Ribbon School in 2013. Lincoln also won Blue Ribbons in 2000-01 and 2002-03. Washington Elementary School was named a National Blue Ribbon School in 2004-05. In 1998-99 Mt. Lebanon High School was the recipient of its third National Blue Ribbon Award for excellence from the U.S. Department of Education and was given special recognition for the Fine Arts program.

In the area of Fine Art, Mt. Lebanon School District was named among the **Best Communities for Music Education** in 2015 by the NAMM Foundation. The award identifies school districts committed to music education as a conduit for success in school and in life.

The Frick Art & Historical Center awarded the Mt. Lebanon School District the *2010 Roy A. Hunt Foundation Award for Commitment to Education in the Arts and Humanities* and the High School was awarded the *Educational Theatre Association 2003 Outstanding School Award*. In 2000, the school district received the *National School of Character Award*.

In athletics, our teams continue to excel at the highest levels of state and local competition. The Boys' Lacrosse team won the 2015 WPIAL Championship.

The school district, a wide variety of high quality housing, a public recreation center unique in Western Pennsylvania, traditional and healthy business districts, and a wide array of community services is why Mt. Lebanon remains a very desirable place to live and raise a family.

#### County

Allegheny County provides the District with assessment information upon which we determine real estate tax rates and revenue. A county-wide reassessment occurred in 2012 which increased assessment on properties in our community effective in the 2014 fiscal year. The delay was intended to allow residents time to appeal assessments they believed were inaccurate. Additionally, the taxing bodies could appeal assessments which were far below recent sale prices. These new assessments provided higher revenue per mill in 2014 and 2015.

A change of methodology in collecting earned income taxes in fiscal 2013 from a local collection method to a county-wide method increased collections dramatically which continued into fiscal 2014. This was due primarily to the requirement of all employers to withhold EIT from employee paychecks regardless of their community of residence. This withholding requirement increased both the timeliness of collections as well as the number of people who paid their taxes. Collections in 2015 have increased slightly, but not to the degree seen in the prior two years.

#### State

Subsidies from the state for our 2015 budget continue to reflect a marked decrease in commitment to funding for education. There was no increase in the basic subsidy for regular education and a nominal increase for special education. The increase in total state subsidies was due to the state share of funding for their half of the retirement rate which increased from 16.93% of eligible salaries to 21.40% in this fiscal year. Gambling funds were sent to schools to offset resident property taxes. These funds had to be rebated to homeowners on a dollar for dollar basis as a reduction in their property tax bill. We anticipate these rebates to continue into the future.

What may not be evident from these financial statements is that the state has refused to approve funding their portion of construction costs by not approving the forms that begin the reimbursement phase of construction. Our district is behind in receipt of state funds from this source by over \$2.4 million. We anticipate that the funds will ultimately be approved and received, but have not recorded them on our financial records since their receipt is not imminent.

In June of 2006, the Pennsylvania Legislature passed Special Session Act 1 limiting the ability of school districts to raise taxes beyond an Index which is an inflationary factor. This has a significant impact upon the ability of schools to raise taxes for their programming. Fortunately for our district these millage increase limits have been sufficient to fund programming needs. This law may become a limiting factor into the future.

#### Federal

The economic condition of the United States stabilized as the economy slowly recovered from a national recession. In fiscal 2015 federal funding increased for programs, but decreased for ACCESS funding. Federal funding is not a large portion of our school funding.

### MAJOR INITIATIVES

To remain competitive and maintain the School District's mission to provide the best education possible for each and every student, the School District includes funds to provide the appropriate curriculum, facilities and support services to our students.

Budget goals for this year were to provide an excellent education system in adequate facilities at a cost reasonable for all residents. The superintendent and administration were given the direction to prepare a budget which addresses the strategic plan goal areas and facility needs for maintenance with little or no millage increase. We were able to fund all programs that were in effect in fiscal 2014 as well as adopt mathematics, accounting, science and computer texts, laptops and whiteboards for student use. The expansion of tuition students admittance was approved this year.

This year's General Fund expenditures increased 6.3% funded by a millage increase of .54 mills. The additional funding was needed to pay for the significant increase in PSERS retirement system rate mentioned above. Had this increase not occurred, little or no increase in millage would have been required to balance revenues with expenditures. There was a 5.75% increase in health insurance rates which accounts for almost 10% of our expenditure budget. Staffing for fiscal 2015 reflected the elimination of workshop salaries, extra duty pay for some activities and overtime costs. These issues, added to savings from three teacher retirements, helped us put together a budget with only a small operating cost increase. An increase in the PSERS retirement rate was the only cost increase which was significantly beyond inflationary amounts. All other cost areas were adequately budgeted with under-spending allowing for the payment of retiree healthcare costs directly from the operating budget rather than allocating it from the OPEB Reserve. Our millage rate is 11<sup>th</sup> out of 42 schools in our county.

Major capital spending this year continued with the progress on our high school renovation project. Spending was just over \$16.7 million this year compared to \$31 million in the Capital Fund last year. The new and renovated space is now substantially complete with only site work still on the construction schedule. This project is anticipated to cost about \$109 million over a four year cycle. Upon completion of this renovation, all of our buildings will have been renovated since 1995.

#### FINANCIAL POLICIES WITH A SIGNIFICANT IMPACT ON THIS YEAR'S FINANCIAL STATEMENTS

The financial decision to fund textbook adoptions from the Capital Budget reduced spending in the General Fund for books. However, the reduction in the textbook inventory in the General Fund increased the recognition of cost for books from earlier years.

Energy managers continue to be diligent in implementing changes in practices which have reduced our use of electricity over 30% from the program's initiation in 2004.

#### LONG TERM FINANCIAL PLANNING

Funds not used at year end are directed by Board Policy to be transferred to the Capital Fund if they fall beyond 6% of the subsequent year's General Fund expenditure budget. The District's policy to maintain a General Fund unassigned fund balance of 6% of expenditures assures continued financial stability as the renovations continue.

Also continuing this year are discussions with the School Board concerning GASB #45 Funding for Other Post Employment Benefits (OPEB). An actuarial valuation of our benefit programs was complete and the need to set money aside for these benefits has become apparent. The School Board revised its policy to permit transfer of fund balances in excess of 6% to both the Capital Fund as well as to assign funds to be used to offset future OPEB obligations. This was established as an assignment of the General Fund fund balance. The Board set aside \$2.675 million to pay for future OPEB retiree healthcare payments. These OPEB reserved funds were not required to be used for this fiscal year since there were adequate funds remaining unspent in the General Fund to cover these costs. The Board continues to look at these reserves annually to assure we have adequate funds to pay these costs.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, were adopted in fiscal 2015 resulting in a decrease in net position of \$123 million for governmental activities and \$1.9 million in

proprietary fund net position. This restatement reduced the net position on the entity wide statements, but not on the governmental fund statements.

#### INDEPENDENT AUDIT

Mt. Lebanon School District engages independent certified public accountants to audit the School District's annual financial statements. The auditor's report on the fiscal 2015 financial statements is included in the financial section of this report, and complies with applicable guidelines.

#### ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Office. Each member has our sincere appreciation for contributions made in the preparation of this report.

Without the leadership and support of the School Board, preparation of this report would not have been possible.

Respectfully,



Janice R. Klein  
Director of Business

MT. LEBANON SCHOOL DISTRICT  
**LIST OF SCHOOL DISTRICT OFFICIALS**

**CENTRAL OFFICE ADMINISTRATORS**

Timothy J. Steinhauer, Ed.D..... Superintendent  
Marybeth D. Irvin, Ph.D. .... Assistant Superintendent of Elementary  
Ronald P. Davis, Ed.D..... Assistant Superintendent of Secondary  
Cecile D. Bowman ..... Director of Communications  
Richard C. Marciniak, P.E. .... Director of Facilities/Project Manager  
Janice R. Klein..... Director of Business  
Kathryn A. Devine..... Director of Human Resources  
Christopher R. Stengel ..... Director of Technology

**BOARD OF SCHOOL DIRECTORS**

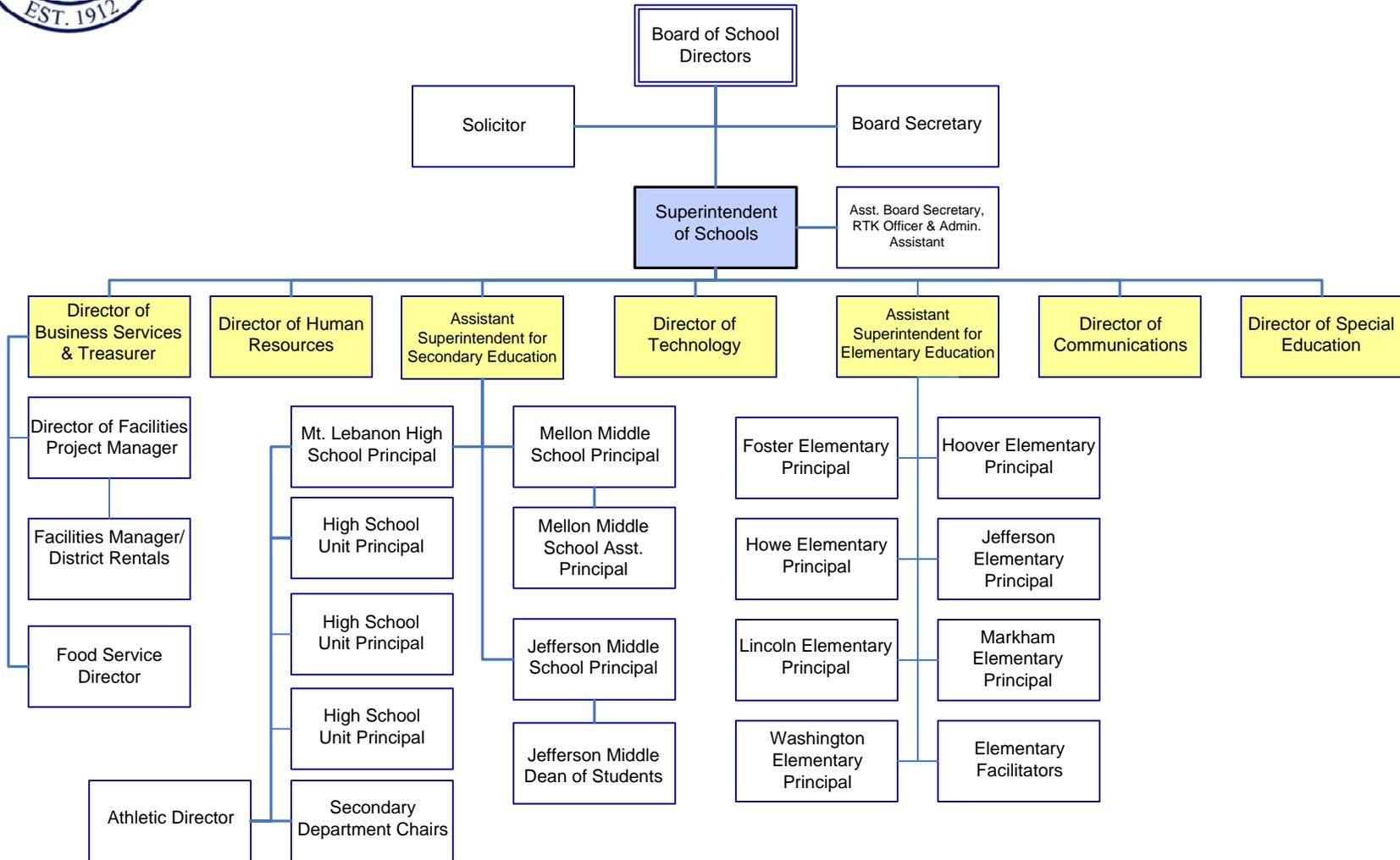
Lawrence M. Lebowitz..... President  
Mary D. Birks ..... Vice President  
Elaine L. Cappucci..... Director  
William L. Cooper ..... Director  
Edward L. Kubit ..... Director  
William J. Moorhead ..... Director  
Dale F. Ostergaard ..... Director  
Daniel L. Remely ..... Director  
Michael J. Riemer ..... Director

**OTHER BOARD SERVICES**

Cecile D. Bowman ..... Board Secretary  
Thomas P. Peterson ..... Solicitor  
Janice R. Klein..... Treasurer  
Maher Duessel ..... Independent Auditors  
Kelly Insurance ..... Insurance Agent



# Mt. Lebanon School District



# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

**Mt. Lebanon School District**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director



# **FINANCIAL SECTION**

## Independent Auditor's Report

Board of Directors  
Mt. Lebanon School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mt. Lebanon School District (School District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*" which requires the School District to record its proportionate share of the Public School Employees' Retirement System (PSERS) net pension liability and related items on the government-wide financial statements. Our opinion is not modified with respect to that matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, net pension liability, and postemployment benefits other than pension benefits (OPEBs) information on pages 13-27, 81, and 82-83, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, supplementary information on pages 85-89, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Maher Duessel**

Pittsburgh, Pennsylvania  
November 12, 2015

**MT. LEBANON SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**Required Supplementary Information (RSI)**

**June 30, 2015**

Our Management's Discussion and Analysis of Mt. Lebanon School District's (School District) financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2015. Please review this in conjunction with the School District's basic financial statements. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*," issued June 1999. The intent of this discussion and analysis is to look at the School District's financial performance as a whole.

**FINANCIAL HIGHLIGHTS**

Real Estate Tax is the main source of funding for the Mt. Lebanon School District. This revenue source comprises 68% of total General Fund revenues and is the only revenue source over which the School Board (Board) has control. The tax revenue received from real estate tax increased from 2014 by \$3,011,311 or 5.2%. This increase was primarily the result of a millage increase necessitated by increasing costs for the Public School Employees' Retirement System (PSERS) in which all our employees must participate. The PSERS employer rate increased 26.4% from 16.93% of salaries to 21.4% of salaries. Additionally, the millage rate rose to cover debt service payments due to the second bond issue for the High School Renovation Project. Bonds were issued with payments increasing over a three year period to minimize the one year impact of the cost of the new debt. The millage rate increased from 22.61 mills to 23.15 mills to accommodate these increased costs as well as the cost of operations. Another part of the increase in Real Estate Tax is due to delinquent tax collection in excess of budgeted amounts by over \$335,000.

In 2013, there was a County-wide reassessment of properties resulting in a large number of appeals which are not yet final. The School District set aside \$1 million dollars to pay refunds due as a result of the 150 properties with assessments of about \$140 million still under appeal. This is more fully disclosed in the notes to the financial statements on page 58.

Earned Income Tax (EIT) is another major tax revenue source for the School District. This tax is the result of a half percent rate on income earned by residents. The tax is not applied to passive income such as investment earnings. Income from this source rose from 2014 by \$209,780 or 2.9%. This is the fourth year of EIT increases in the community and is reflective of the economy recovering throughout the country.

The final large tax revenue source for the School District is the Realty Transfer Tax, which taxes one half percent on the sale of homes in our community. The rates on both this tax and the Earned Income Tax rate are not able to be changed per State law. Homes in our community range from small starter homes which are attractive to young families, to expansive properties.

The recovering housing market and continued low interest rates are reflected in this revenue source remaining at typical levels consistent with last year.

With interest rates on Federal Securities remaining close to zero again this year, the General Fund had investment earnings of \$42,682 which is about the same amount as the prior year.

State funding reflects an increase of \$1,225,820 or 7.5% from the prior year. This increase is predominantly due to the State's funding of half the cost of the Public School Employees' Retirement System (PSERS) costs. That rate increased 26.4% as is discussed above. While State revenue increased due to their funding of half this changing rate, please note that our expenditures for this program increased by twice that amount. The PSERS rate increase is expected to rise from 21.4% in fiscal 2015 to over 30% in future years. Other State subsidies did not rise appreciably.

In fiscal 2004, the School Board took action to officially set the Unassigned Fund Balance at 6% of the subsequent year's expenditure budget, requiring funds in excess of this amount to be transferred to the Capital Fund or another School District Fund. This calculation created assignments of fund balance in fiscal 2015 totaling \$4,786,355. Of this amount, \$2,111,355 is to be transferred to the Capital Fund and \$2,675,000 remains assigned for Other Post-Employment Benefit (OPEB) contributions for healthcare for our retired staff. The OPEB assignment was not transferred to a trust fund, so the funds remain in the General Fund. The Unassigned Fund Balance is \$5,528,625, or 6% of the fiscal 2016 Budget.

Expenditure levels decreased from \$114,630,692 to \$106,774,486 or \$7,856,206 or 6.9% from the prior year. This was largely due to a decrease in payments of \$13.5 million in the Capital Fund, primarily for the High School Renovation Project, which began in earnest after contracts were signed in January of 2012 and is now nearing completion. This project is anticipated to cost \$109 million at completion early in fiscal 2017. Offsetting this was an increase in operational costs in the General Fund of \$4.6 million based on current year operations. The largest part of this increase was for higher retirement costs for our employee benefits. While this cost increase was large, we reduced costs in other operational areas to keep our millage increase within legally permissible levels.

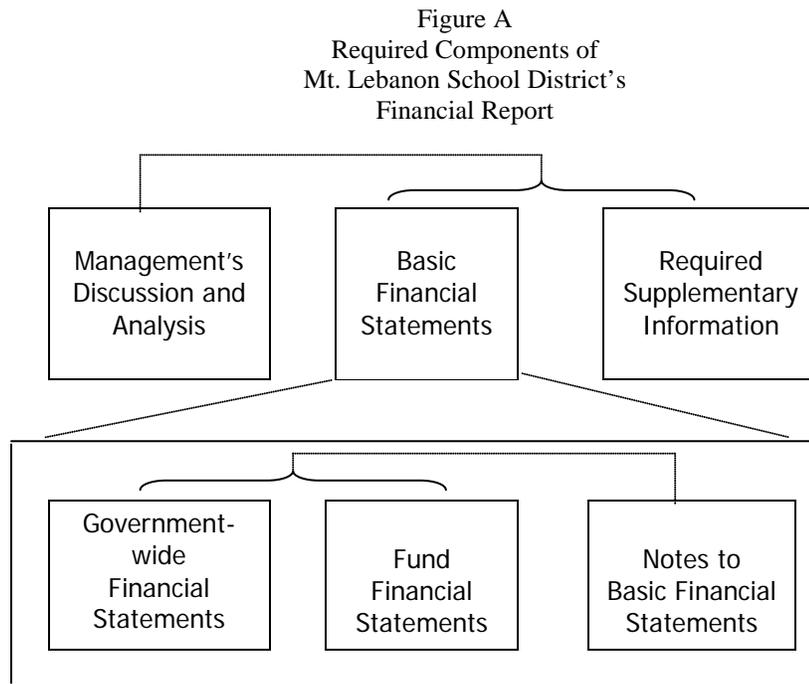
There was a transfer of \$2 million to the Capital Fund from the General Fund this year. The Board was waiting for the High School Renovation Project to proceed a little further before transferring the funds over to that Fund. The \$10.9 million transfer to the Debt Service Fund provides funding for outstanding debt.

The Capital Fund reflects the continuing costs of the High School Renovation Project. Since actual construction just began in 2012, spending in that area increased from \$2,705,313 in fiscal 2011 to \$31,115,201 in fiscal 2014. Spending in fiscal 2015 fell to \$17,634,313 as the completion of new and renovated spaces all opened. Site work remains as we look towards substantial completion in fiscal 2016. In October 2009, the first of two bond issues to fund the high school renovation was issued to pay early architect fees and begin construction management for this project. This bond issue had a principal value of \$69 million, but because of premiums on the sale of the bond, the School District acquired \$75 million in funds for the project. Fiscal 2014 reflected the float of the second and final bond issue to pay the remaining costs of the High School Renovation Project. Proceeds of the second high school bonds totaled \$35 million. We believe there remain sufficient funds from these borrowings to complete the project.

## USING THE BASIC FINANCIAL STATEMENT REPORT

This Basic Financial Statement Report consists of the Management’s Discussion and Analysis (this section), a series of financial statements and notes to those statements, and Required Supplementary Information. The Statement of Net Position and Statement of Activities, on pages 28 through 30, provides information about the activities of the School District as a whole and presents a longer-term view of the School District’s finances. Fund Financial Statements, which start on page 31, provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the School District’s most significant funds with all other non-major funds presented in total in one column. For the School District, the General Fund is the most significant fund. The financial statements include notes that explain some of the information in the financial statements and provide more detailed data. Lastly, Required Supplementary Information is included on pages 81 through 83 to provide information regarding the School District’s Pension and OPEB obligations.

Figure A shows how the required parts of the Financial Report are arranged and relate to one another:



### Reporting the School District as a Whole

#### Government-wide Statements

While the Fund Financial Statements beginning on page 31 contain the majority of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during Fiscal Year 2015?” The Statement of Net Position and the Statement of Activities answer this question.

The Government-wide Statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets, liabilities, deferred inflows of resources, deferred outflows of resources, and net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide financial statements report the School District's net position and how it has changed. Net position (the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources), is one way to measure the School District's financial health or position.

Over time, increases or decreases in the School District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's property tax base and the performance of the students.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities – Most of the School District's basic services are included here, such as instructional services, support services, operation and maintenance of plant, student transportation services, and administration. Property taxes and state and federal subsidies and grants finance most of these activities.
- Business-type activities – The School District operates a food service program and charges fees to staff, students, and visitors to help cover the costs of the food service operation.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Fund Financial Statements, which begin on page 31, provide detailed information about the most significant funds – not the School District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds – Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reflected on reconciliations on pages 32 and 35.

Proprietary fund – This fund is used to account for the School District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School District charges for services it provides – whether to outside customers or to other units in the School District – these services are generally reported in proprietary funds. The Food Service Fund is the School District’s only proprietary fund and uses the same basis of accounting as business-type activities; therefore, these statements will essentially match.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's total net position was (\$100,688,426) at June 30, 2014 (as restated) and (\$104,037,031) at June 30, 2015. This represents a decrease in net position of \$3,348,605, indicating that the School District’s overall financial position has decreased since fiscal year 2014. This decrease is almost entirely due to the newly required accounting disclosures for pension liabilities.

Most of the School District's net position is unrestricted. The remaining net position is the net investment in capital assets and restricted for special projects.

Table 1  
Fiscal Year Ended June 30, 2014  
Net Position

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>2014 Total</b>
Current and other assets	\$ 72,418,053	\$ 696,156	\$ 73,114,209
Capital assets	148,934,729	25,378	148,960,107
Total Assets	<u>\$ 221,352,782</u>	<u>\$ 721,534</u>	<u>\$ 222,074,316</u>
Deferred outflows for pension*	7,160,000	109,000	7,269,000
Deferred charge on refunding	2,453,471	-	2,453,471
Total Deferred Outflows*	<u>\$ 9,613,471</u>	<u>\$ 109,000</u>	<u>\$ 9,722,471</u>
Current and other liabilities	\$ 22,789,691	\$ 34,284	\$ 22,823,975
Long-term liabilities:			
Due within one year	5,449,087	-	5,449,087
Due in more than one year*	294,014,884	1,986,000	296,000,884
Total Liabilities*	<u>\$ 322,253,662</u>	<u>\$ 2,020,284</u>	<u>\$ 324,273,946</u>
Taxes received in advance	<u>\$ 8,211,267</u>	<u>\$ -</u>	<u>\$ 8,211,267</u>
Net investment in capital assets	\$ 9,110,550	\$ 25,378	\$ 9,135,928
Restricted	219,973	-	219,973
Unrestricted*	<u>(108,829,199)</u>	<u>(1,215,128)</u>	<u>(110,044,327)</u>
Total Net Position*	<u>\$ (99,498,676)</u>	<u>\$ (1,189,750)</u>	<u>\$ (100,688,426)</u>

\* As restated due to the recording of the net pension liability in accordance with GASB Statement No. 68. See Note 1 on page 53.

Table 1  
Fiscal Year Ended June 30, 2015  
Net Position

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>2015 Total</b>
Current and other assets	\$ 46,870,585	\$ 643,061	\$ 47,513,646
Capital assets	163,505,830	17,347	163,523,177
Total Assets	<u>\$ 210,376,415</u>	<u>\$ 660,408</u>	<u>\$ 211,036,823</u>
Deferred outflows for pension	\$ 12,534,049	\$ 176,806	\$ 12,710,855
Deferred charge on refunding	2,268,831	-	2,268,831
Total Deferred Outflows	<u>\$ 14,802,880</u>	<u>\$ 176,806</u>	<u>\$ 14,979,686</u>
Current and other liabilities	\$ 17,253,522	\$ 31,914	\$ 17,285,436
Long-term liabilities:			
Due within one year	5,629,155	-	5,629,155
Due in more than one year	288,798,470	1,977,000	290,775,470
Total Liabilities	<u>\$ 311,681,147</u>	<u>\$ 2,008,914</u>	<u>\$ 313,690,061</u>
Deferred inflows for pension	\$ 9,281,000	\$ 141,000	\$ 9,422,000
Taxes received in advance	6,941,479	-	6,941,479
Total Deferred Inflows	<u>\$ 16,222,479</u>	<u>\$ 141,000</u>	<u>\$ 16,363,479</u>
Net investment in capital assets	\$ 8,420,974	\$ 17,347	\$ 8,438,321
Restricted	255,610	-	255,610
Unrestricted	(111,400,915)	(1,330,047)	(112,730,962)
Total Net Position	<u>\$ (102,724,331)</u>	<u>\$ (1,312,700)</u>	<u>\$ (104,037,031)</u>

The results of this year's operations as a whole are reported in the Statement of Activities on pages 29 and 30. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The four largest general revenues are listed in Table 2.

Table 2  
Fiscal Year Ended June 30, 2015  
General Revenues

	<u>2013-14</u>	<u>2014-15</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
Real Estate Taxes	\$ 57,304,345	\$ 60,191,570	\$ 2,887,225	5.0%
Other Taxes - mainly Earned Income Taxes	8,135,195	8,306,579	171,384	2.1%
Grants and Subsidies - (mainly provided by the Commonwealth of Pennsylvania)	5,796,217	5,796,217	-	0.0%
State Property Tax reduction	1,703,512	1,703,049	(463)	0.0%

The 2015 government-wide financial statements offer a view of the financial condition of the School District on a consolidated basis. For example, investment earnings (Statement of Activities, page 30) not only include interest earnings in the General Fund, but also interest earnings in the Capital Fund and all other Governmental Funds. These General Revenues have shown an increase from fiscal 2014 of \$3.1 million, which is reflective of the tax increases described previously.

Tables 3A and 3B take the information from the Statement of Activities, rearranging it slightly, so you can see our total revenues and expenditures for the year as compared to last year.

Table 3A  
Fiscal Year Ended June 30, 2014  
Changes in Net Position

	Governmental Activities	Business-type Activities	2014 Total
Revenues:			
Program revenues:			
Charges for services	\$ 372,992	\$ 1,187,378	\$ 1,560,370
Operating grants and contributions	10,132,893	370,422	10,503,315
General revenues:			
Property taxes	57,304,345	-	57,304,345
Other taxes	8,135,195	-	8,135,195
Grants, subsidies, and contributions:			
Unrestricted	5,796,217	-	5,796,217
Investment earnings	66,871	708	67,579
Other income	1,787,107	-	1,787,107
<b>Total revenues</b>	<b>83,595,620</b>	<b>1,558,508</b>	<b>85,154,128</b>
Expenses:			
Instructional services	46,855,630	-	46,855,630
Pupil services	3,232,610	-	3,232,610
Instructional support services	1,839,474	-	1,839,474
Administration	4,740,511	-	4,740,511
Pupil health services	881,965	-	881,965
Financial services	981,773	-	981,773
Operation and maintenance of plant	8,737,963	-	8,737,963
Student transportation services	1,168,135	-	1,168,135
Other support services	1,623,112	-	1,623,112
Student activities	2,016,593	-	2,016,593
Community services	567,524	-	567,524
Intergovernmental:			
Special education	2,607,664	-	2,607,664
Other	639,574	-	639,574
Interest on long-term debt	7,788,905	-	7,788,905
Food services	-	1,620,151	1,620,151
<b>Total expenses</b>	<b>83,681,433</b>	<b>1,620,151</b>	<b>85,301,584</b>
<b>Gain/Loss before transfers</b>	<b>(85,813)</b>	<b>(61,643)</b>	<b>(147,456)</b>
Transfers	(69,162)	69,162	-
<b>Change in net position</b>	<b>(154,975)</b>	<b>7,519</b>	<b>(147,456)</b>
Net position:			
Beginning of year	23,939,299	679,731	24,619,030
Cumulative effect of implementation of GASB Statement No. 68	(123,283,000)	(1,877,000)	(125,160,000)
<b>End of year</b>	<b>\$ (99,498,676)</b>	<b>\$ (1,189,750)</b>	<b>\$ (100,688,426)</b>

Table 3B  
Fiscal Year Ended June 30, 2015  
Changes in Net Position

	Governmental Activities	Business-type Activities	2015 Total
Revenues:			
Program revenues:			
Charges for services	\$ 573,164	\$ 1,281,785	\$ 1,854,949
Operating grants and contributions	11,353,854	423,718	11,777,572
General revenues:			
Property taxes	60,191,570	-	60,191,570
Other taxes	8,306,579	-	8,306,579
Grants, subsidies, and contributions:			
Unrestricted	5,796,217	-	5,796,217
Investment earnings	70,566	544	71,110
Other income	1,795,622	-	1,795,622
<b>Total revenues</b>	<b>88,087,572</b>	<b>1,706,047</b>	<b>89,793,619</b>
Expenses:			
Instructional services	53,223,139	-	53,223,139
Pupil services	3,532,605	-	3,532,605
Instructional support services	1,944,810	-	1,944,810
Administration	5,177,670	-	5,177,670
Pupil health services	904,583	-	904,583
Financial services	1,016,024	-	1,016,024
Operation and maintenance of plant	9,695,398	-	9,695,398
Student transportation services	1,315,148	-	1,315,148
Other support services	1,739,976	-	1,739,976
Student activities	2,212,476	-	2,212,476
Community services	619,865	-	619,865
Intergovernmental:			
Special Education	2,150,060	-	2,150,060
Other	661,790	-	661,790
Interest on long-term debt	7,050,680	-	7,050,680
Food services	-	1,898,000	1,898,000
<b>Total expenses</b>	<b>91,244,224</b>	<b>1,898,000</b>	<b>93,142,224</b>
<b>Gain/Loss before transfers</b>	<b>(3,156,652)</b>	<b>(191,953)</b>	<b>(3,348,605)</b>
Transfers	(69,003)	69,003	-
Change in net position	(3,225,655)	(122,950)	(3,348,605)
Net position:			
Beginning of year, as restated *	(99,498,676)	(1,189,750)	(100,688,426)
End of year	\$ (102,724,331)	\$ (1,312,700)	\$ (104,037,031)

\* As restated due to the recording of the net pension liability in accordance with GASB Statement No. 68. See previous page.

Table 4 shows the School District's functional areas as well as each program's net cost for governmental activities (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table 4  
Fiscal Year Ended June 30, 2015  
Governmental Activities

Functions/Programs	2015 Total Expense of Services	2015 Net Expense of Services	2014 Net Expense of Services
Instructional services	\$ 53,223,139	\$ 44,711,301	\$ 39,501,463
Pupil services	3,532,605	3,219,758	2,970,013
Instructional support services	1,944,810	1,796,131	1,711,489
Administration	5,177,670	4,768,277	4,401,995
Pupil health services	904,583	825,069	712,867
Financial services	1,016,024	954,664	929,309
Operation and maintenance of plant	9,695,398	9,157,890	8,302,798
Student transportation services	1,315,148	1,146,738	968,440
Other support services	1,739,976	1,650,286	1,550,709
Student activities	2,212,476	1,951,097	1,793,383
Community services	619,865	585,526	538,495
Intergovernmental:			
Special education	2,150,060	1,551,595	2,073,174
Other	661,790	661,790	639,574
Interest on long-term debt	7,050,680	6,337,084	7,081,839
Total governmental activities	<u>\$ 91,244,224</u>	<u>79,317,206</u>	<u>73,175,548</u>
Less:			
Unrestricted grants, subsidies		<u>5,796,217</u>	<u>5,796,217</u>
<b>Total needs from local taxes and     other revenues</b>		<u>\$ 73,520,989</u>	<u>\$ 67,379,331</u>

The dependence upon tax revenues for governmental activities is apparent. The School District had expenses for governmental activities of \$91,244,224, while only \$573,164 has been provided from program specific charges and \$11,353,854 has been provided by the State and Federal Governments as operating grants. The School District also received \$5,796,217 from the State for Basic Education expenses, which leaves \$73,520,989 of expenses required to be covered by tax assessments and other revenues. Approximately, 81 percent of School District activities are supported through taxes and other general revenues. The community, as a whole, is the primary support for School District students.

### Business-Type Activities

The only business-type activity of the School District is the Food Services operation. This program had operating revenues of \$1,281,785 and operating expenses of \$1,898,000 for fiscal year 2015. Non-operating revenues totaled \$424,262. Additionally, the School District transferred into the food services fund the cost charged for overhead, which totaled \$69,003.

## THE SCHOOL DISTRICT'S FUNDS

The General Fund, which accounts for the School District's operations, represents the School District's most significant major fund. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds on pages 33 and 34 is summarized in Table 5.

Table 5  
Fiscal Year Ended June 30, 2015  
Summary of Governmental Change in Fund Balance

	<u>Beginning Fund Balance</u>	<u>Net Change in Fund Balance</u>	<u>Ending Fund Balance</u>
2015:			
General Fund	\$ 12,739,201	\$ (2,135,872)	\$ 10,603,329
Capital Fund	27,643,898	(15,606,451)	12,037,447
Debt Service Fund	1,468,874	(963,333)	505,541
Other Governmental Funds	219,973	35,637	255,610
2015 - Total Governmental Funds	<u>\$ 42,071,946</u>	<u>\$ (18,670,019)</u>	<u>\$ 23,401,927</u>
2014 - Total Governmental Funds	<u>\$ 37,178,758</u>	<u>\$ 4,893,188</u>	<u>\$ 42,071,946</u>

The decrease in the General Fund is due to a Board approved transfer of \$2 million to the Capital Fund to provide funding for small projects around the District at all ten sites as directed by the Board Policy on use of fund balance. The decrease in fund balance in the Capital Fund is due to the final stages of the High School Renovation Project nearing completion, spending funds borrowed for such purpose. The Debt Service Fund decrease is a planned reduction per the bond structure for the 2013 General Obligation Bonds which prepared for a three year implementation of the millage increase necessitated by the additional debt for the High School Project. Fiscal 2016 will be the final year those funds will be used to mitigate the need for a millage increase.

### General Fund Budgeting Highlights

The School District's General Fund budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The only fund for which a budget is legally required is the General Fund.

During the fiscal year, the Board authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. The budgeting systems are designed to tightly control budgets by making administrators responsible for their individual budget areas. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided on pages 9 and 10. The budget transfer amendments were primarily composed of a reclassification of intergovernmental expenditures.

For the General Fund, revenues were more than final budgeted amounts by \$917,991. The increase is predominantly due to increased Real Estate Tax collections beyond those originally anticipated. The increase is due to favorable results on property assessment appeals from the

2013 reassessment of all properties in the community. While a large number of those appeals are still outstanding, the early results were not as great a reduction in value as anticipated. This was supplemented by a greater collection of delinquent real estate taxes than budgeted. But the increased taxes in this area were offset by lower subsidies from the State for construction reimbursement being held from approval until the State has enough funds in its budget to pay their share of the cost of the High School Renovation Project. They are currently five years in arrears, amounting to almost \$2.4 million in funds due to the District. They are about 54 months behind on their approval of these reimbursements. We are hopeful of receiving these funds from prior years by the end of fiscal 2017 but have not recorded them as revenue receivable until more certainty surrounds the collectability.

Other revenue sources were up or down by offsetting amounts in various areas. The gift amount is high due to a new Capital Campaign dedicated to obtaining funds for future capital needs and program enhancements. The Capital Campaign funds are included in the General Fund.

Expenditures were budgeted at \$77,063,666 while actual expenditures were \$77,287,208, resulting in a negative variance of \$223,542. This over spending is due to including the OPEB retiree healthcare payments in the General Fund rather than reducing the OPEB fund balance for their costs. A \$2 million transfer from the General Fund Assigned Fund Balance to the Capital Fund also overdrew the budgeted amount in the area of fund transfers since it was approved after the Budget was approved in May. While many categories of spending were either up or down compared to the budget, they are within typical parameters and offset one another.

The General Fund net change in fund balance was less than budgeted by \$1,385,872 primarily because of the transfer to the Capital Projects Fund, leading to a decrease in the unassigned fund balance for fiscal 2015 of \$2,135,872.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **CAPITAL ASSETS**

At June 30, 2015, the School District's Governmental Activities had \$163,505,830 invested in a broad range of capital assets, including land, site improvements, buildings, equipment, and vehicles. This amount represents a net increase (including additions, deletions, and depreciation) of \$14.6 million from last year. The large increase is due to improvements in the High School building and site.

Table 6  
 Governmental Activities  
 Fiscal Year Ended June 30, 2015  
 Capital Assets - Net of Depreciation (if applicable)

	<u>2014</u>	<u>2015</u>
Land	\$ 547,024	\$ 547,024
Construction in Progress	88,742,208	-
Buildings and Improvements	102,401,310	207,085,374
Furniture and Equipment	15,528,019	16,310,043
Accumulated Depreciation	<u>(58,283,832)</u>	<u>(60,436,611)</u>
Total (net)	<u>\$ 148,934,729</u>	<u>\$ 163,505,830</u>

For more detail of Capital Assets, please refer to the notes to basic financial statements, page 63.

## DEBT ADMINISTRATION

As of June 30, 2015, the School District had total outstanding bond principal of \$157,075,000. More detailed information about our long-term liabilities is included in the notes to basic financial statements beginning on page 59.

Table 7  
 Fiscal Year Ended June 30, 2015  
 Long-Term Obligations

	<u>2014</u>	<u>2015</u>
General Obligation Bonds and Notes:		
2005 General Obligation Bonds	\$ 52,335,000	\$ 52,155,000
2009 General Obligation Bonds	1,540,000	1,040,000
2009 A General Obligation Bonds	62,665,000	60,635,000
2011 General Obligation Bonds	5,790,000	3,915,000
2013 General Obligation Bonds	<u>34,745,000</u>	<u>34,740,000</u>
Total	<u>\$ 157,075,000</u>	<u>\$ 152,485,000</u>

## NEXT YEAR'S BUDGETS AND RATES

The General Fund Budget for the 2016 year is \$4.2 million higher than the original budget for 2015. This represents a 4.8% increase in budgeted expenditures, \$2.4 million of which is in the area of employee benefits, predominantly due to the increase in the PSERS retirement rate from 21.4% to 25.84% of salaries. Salary increases, while up only 1.8%, account for \$806,810 of the budgeted increase. A large number of retirements from the teaching staff helped mitigate the total cost increase in this area as a new teacher is about \$60,000 less expensive than a more experienced one. Another large area of budget increase is due to budgeting for an increase in the second year of payments towards the 2013 General Obligation Bonds for the High School Project. The total impact of the cost of these bonds was phased in over a three year period. There are small increases or decreases in most other accounts.

There was a 4.2% increase in Real Estate Tax revenue budgeted for 2016, reflected in a millage increase of .40 mills. The millage rate increased from 23.15 mills to 23.55 mills. This budget reflects our School District's millage rate at 10<sup>th</sup> of 42 school systems in Allegheny County.

The School Board approved a 2015 budget which balanced revenues and expenditures using \$750,000 of the growing fund balance to minimize raising taxes in the year after a county-wide. This practice continued into 2016 as we continue to carefully evaluate the results of the outstanding appeals on property assessments still awaiting court determination. This practice will likely continue one more year through fiscal 2017 as the PSERS retirement rate rises near its anticipated peak. After adjusting our millage rate to cover the PSERS rate at that time, we can then focus on reducing the use of the fund balance to balance our budgeted revenues with expenditures at that time. By utilizing the fund balance to minimize the increase in tax rate in any one year, the Board will have time to balance the tax rate in a fiscally prudent method.

The comparison of revenues and expenditures categories is as follows:

Table 8  
BUDGETED REVENUES

	<b>2014-15</b>	<b>2015-16</b>	<b>Increase/ (Decrease)</b>	<b>%</b>
Local	\$ 67,989,613	\$ 70,251,983	\$ 2,262,370	3.3%
State	18,220,250	19,483,032	1,262,782	6.9%
Federal/Other	964,646	1,158,734	194,088	20.1%
Use of Fund Balance	750,000	750,000	-	na
Use of OPEB Reserve	-	500,000	500,000	na
<b>Total</b>	<b>\$ 87,924,509</b>	<b>\$ 92,143,749</b>	<b>\$ 4,219,240</b>	<b>4.8%</b>

BUDGETED EXPENDITURES

	<b>2014-15</b>	<b>2015-16</b>	<b>Increase/ (Decrease)</b>	<b>%</b>
Instruction	\$ 50,417,594	\$ 52,807,162	\$ 2,389,568	4.7%
Support Services	24,119,782	24,867,991	748,209	3.1%
Non-instruction/Community	2,432,212	2,514,926	82,714	3.4%
Fund Transfers/Debt	10,954,921	11,953,670	998,749	9.1%
<b>Total</b>	<b>\$ 87,924,509</b>	<b>\$ 92,143,749</b>	<b>\$ 4,219,240</b>	<b>4.8%</b>

Act 1 of 2006 limits the ability of school boards to raise millage rates above an inflationary index without asking the community to approve that budget via a voting referendum. This budget did not exceed the Index increase of 1.9%. This budget does reflect the second year of phased increases in debt service for the cost of the 2013 bonds, which complete funding for the High School Renovation Project.

## **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Janice R. Klein, Director of Business, Mt. Lebanon School District, 7 Horsman Drive, Mt. Lebanon, PA 15228, 412-344-2098, [jklein@mtlsd.net](mailto:jklein@mtlsd.net).

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 32,002,922	\$ 543,414	\$ 32,546,336
Cash and cash equivalents - restricted	9,426,219	-	9,426,219
Property taxes receivable, net of allowance for uncollectible	682,973	-	682,973
Earned income taxes receivable	1,317,316	-	1,317,316
Intergovernmental receivable	2,118,204	16,188	2,134,392
Other receivables	58,516	160,610	219,126
Internal balances	107,261	(107,261)	-
Prepaid assets	14,957	-	14,957
Inventory	682,339	30,110	712,449
Investment in joint ventures	459,878	-	459,878
Capital assets:			
Non-depreciable	547,024	-	547,024
Depreciable, net of accumulated depreciation	162,958,806	17,347	162,976,153
<b>Total Assets</b>	<b>210,376,415</b>	<b>660,408</b>	<b>211,036,823</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	2,268,831	-	2,268,831
Deferred outflows of resources for pension	12,534,049	176,806	12,710,855
<b>Total Deferred Outflows of Resources</b>	<b>14,802,880</b>	<b>176,806</b>	<b>14,979,686</b>
<b>Liabilities:</b>			
Accounts payable and other current liabilities	2,812,223	8,123	2,820,346
Accounts payable - restricted	1,117,232	-	1,117,232
Retainage payable - restricted	1,959,223	-	1,959,223
Accrued salaries and benefits	9,842,626	-	9,842,626
Accrued interest payable	1,522,218	-	1,522,218
Unearned revenue	-	23,791	23,791
Non-current liabilities:			
Due within one year	5,629,155	-	5,629,155
Due in more than one year	288,798,470	1,977,000	290,775,470
<b>Total Liabilities</b>	<b>311,681,147</b>	<b>2,008,914</b>	<b>313,690,061</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows of resources for pension	9,281,000	141,000	9,422,000
Taxes received in advance	6,941,479	-	6,941,479
<b>Total Deferred Inflows of Resources</b>	<b>16,222,479</b>	<b>141,000</b>	<b>16,363,479</b>
<b>Net Position:</b>			
Net investment in capital assets	8,420,974	17,347	8,438,321
Restricted for special projects	255,610	-	255,610
Unrestricted	(111,400,915)	(1,330,047)	(112,730,962)
<b>Total Net Position</b>	<b>\$ (102,724,331)</b>	<b>\$ (1,312,700)</b>	<b>\$ (104,037,031)</b>

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

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Governmental Activities:</u>							
Instructional services	\$ 53,223,139	\$ 475,051	\$ 8,036,787	\$ -	\$ (44,711,301)	\$ -	\$ (44,711,301)
Pupil services	3,532,605	-	312,847	-	(3,219,758)	-	(3,219,758)
Instructional support services	1,944,810	-	148,679	-	(1,796,131)	-	(1,796,131)
Administration	5,177,670	-	409,393	-	(4,768,277)	-	(4,768,277)
Pupil health services	904,583	-	79,514	-	(825,069)	-	(825,069)
Financial services	1,016,024	-	61,360	-	(954,664)	-	(954,664)
Operation and maintenance of plant	9,695,398	-	537,508	-	(9,157,890)	-	(9,157,890)
Student transportation services	1,315,148	-	168,410	-	(1,146,738)	-	(1,146,738)
Other support services	1,739,976	-	89,690	-	(1,650,286)	-	(1,650,286)
Student activities	2,212,476	98,113	163,266	-	(1,951,097)	-	(1,951,097)
Community services	619,865	-	34,339	-	(585,526)	-	(585,526)
<u>Intergovernmental:</u>							
Special education	2,150,060	-	598,465	-	(1,551,595)	-	(1,551,595)
Other	661,790	-	-	-	(661,790)	-	(661,790)
Unallocated expenses - excluding direct expenses reported as a function above:							
Interest on long-term debt	7,050,680	-	713,596	-	(6,337,084)	-	(6,337,084)
Total governmental activities	<u>91,244,224</u>	<u>573,164</u>	<u>11,353,854</u>	<u>-</u>	<u>(79,317,206)</u>	<u>-</u>	<u>(79,317,206)</u>

(Continued)

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

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

(Continued)

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food services	1,898,000	1,281,785	423,718	-	-	(192,497)	(192,497)
<b>Total</b>	<u>\$ 93,142,224</u>	<u>\$ 1,854,949</u>	<u>\$ 11,777,572</u>	<u>\$ -</u>	<u>(79,317,206)</u>	<u>(192,497)</u>	<u>(79,509,703)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net of uncollectibles				60,191,570	-		60,191,570
Earned Income Tax				7,392,185	-		7,392,185
Real Estate Transfer Tax				789,122	-		789,122
Public Utility Realty Tax				81,601	-		81,601
Local Services Tax Revenue				43,671	-		43,671
Grants, subsidies, and contributions not restricted to a specific program				5,796,217	-		5,796,217
State property tax reduction				1,703,049	-		1,703,049
Investment earnings				70,566	544		71,110
Other income				92,573	-		92,573
Transfers				(69,003)	69,003		-
Total general revenues and transfers				<u>76,091,551</u>	<u>69,547</u>		<u>76,161,098</u>
<b>Change in Net Position</b>				<u>(3,225,655)</u>	<u>(122,950)</u>		<u>(3,348,605)</u>
<b>Net Position:</b>							
Beginning of year, as restated (See Note 1)				<u>(99,498,676)</u>	<u>(1,189,750)</u>		<u>(100,688,426)</u>
End of year				<u>\$ (102,724,331)</u>	<u>\$ (1,312,700)</u>		<u>\$ (104,037,031)</u>

(Concluded)

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

# MT. LEBANON SCHOOL DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2015

	General Fund	Capital Fund	Debt Service Fund	Nonmajor Special Revenue Fund	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 25,963,035	\$ 5,278,736	\$ 505,541	\$ 255,610	\$ 32,002,922
Cash and cash equivalents - restricted	-	9,426,219	-	-	9,426,219
Receivables:					
Property taxes	682,973	-	-	-	682,973
Tuition	53,663	-	-	-	53,663
Federal and state governmental grants	1,940,158	-	-	-	1,940,158
Earned income taxes	1,317,316	-	-	-	1,317,316
Realty transfer taxes	178,046	-	-	-	178,046
Other	4,853	-	-	-	4,853
Due from other funds	107,261	-	-	-	107,261
Inventory	273,392	408,947	-	-	682,339
Prepaid insurance	14,957	-	-	-	14,957
<b>Total Assets</b>	<b>\$ 30,535,654</b>	<b>\$ 15,113,902</b>	<b>\$ 505,541</b>	<b>\$ 255,610</b>	<b>\$ 46,410,707</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 2,812,223	\$ -	\$ -	\$ -	\$ 2,812,223
Accounts payable - restricted	-	1,117,232	-	-	1,117,232
Retainage payable - restricted	-	1,959,223	-	-	1,959,223
Accrued payroll and payroll - related liabilities	9,842,626	-	-	-	9,842,626
<b>Total Liabilities</b>	<b>12,654,849</b>	<b>3,076,455</b>	<b>-</b>	<b>-</b>	<b>15,731,304</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - property taxes	335,997	-	-	-	335,997
Taxes received in advance	6,941,479	-	-	-	6,941,479
<b>Total Deferred Inflows of Resources</b>	<b>7,277,476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,277,476</b>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	273,392	408,947	-	-	682,339
Prepaid insurance	14,957	-	-	-	14,957
Restricted	-	6,349,764	505,541	255,610	7,110,915
<b>Assigned to:</b>					
Capital projects	2,111,355	5,278,736	-	-	7,390,091
OPEB obligations	2,675,000	-	-	-	2,675,000
Unassigned	5,528,625	-	-	-	5,528,625
<b>Total Fund Balance</b>	<b>10,603,329</b>	<b>12,037,447</b>	<b>505,541</b>	<b>255,610</b>	<b>23,401,927</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 30,535,654</b>	<b>\$ 15,113,902</b>	<b>\$ 505,541</b>	<b>\$ 255,610</b>	<b>\$ 46,410,707</b>

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

# MT. LEBANON SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2015

<b>Total Fund Balance - Governmental Funds</b>		<b>\$ 23,401,927</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$223,942,441 and the accumulated depreciation is \$60,436,611.</p>		163,505,830
<p>The investment in joint ventures does not represent a financial asset that would be recorded as an asset in the governmental funds.</p>		459,878
<p>Property taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.</p>		335,997
<p>Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. At year-end, these items consist of:</p>		
Bond issue premium of \$8,652,802 net of amortization of \$1,972,013	\$ (6,680,789)	
Deferred charge on refunding of \$3,842,581 net of amortization of \$1,573,750	<u>2,268,831</u>	(4,411,958)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
Bonds payable	(152,485,000)	
Accrued interest payable	(1,522,218)	
Net pension liability, net of related deferred inflows and outflows of resources	(126,573,951)	
Other post-employment benefits	(2,894,963)	
Compensated absences	<u>(2,539,873)</u>	<u>(286,016,005)</u>
<b>Total Net Position - Governmental Activities</b>		<b><u><u>\$ (102,724,331)</u></u></b>

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

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Capital Fund	Debt Service Fund	Nonmajor Special Revenue Fund	Total
<b>Revenues:</b>					
Local sources:					
Real estate tax and penalties	\$ 60,288,038	\$ -	\$ -	\$ -	\$ 60,288,038
Earned income tax	7,392,185	-	-	-	7,392,185
Realty transfer tax	789,122	-	-	-	789,122
Public utility tax	81,601	-	-	-	81,601
Investment earnings	42,682	27,862	-	22	70,566
Rental of facilities	14,687	-	-	-	14,687
Tuition from patrons	475,051	-	-	-	475,051
Gifts and grants	203,994	-	-	53,086	257,080
Other local sources, including IDEA funds	832,221	-	-	-	832,221
<b>Total local sources</b>	<b>70,119,581</b>	<b>27,862</b>	<b>-</b>	<b>53,108</b>	<b>70,200,551</b>
State sources:					
Basic education subsidies	5,796,217	-	-	-	5,796,217
Social Security/retirement subsidies	6,358,540	-	-	-	6,358,540
Special education subsidies	2,544,853	-	-	-	2,544,853
Transportation subsidies	128,157	-	-	-	128,157
Medical, dental, and nurse care	-	-	-	-	-
Property tax reduction allocation	1,703,049	-	-	-	1,703,049
Other state aid	1,029,008	-	-	-	1,029,008
<b>Total state sources</b>	<b>17,559,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,559,824</b>
Federal sources:					
Elementary and Secondary Education Act	406,160	-	-	-	406,160
Other federal grants	6,935	-	-	-	6,935
<b>Total federal sources</b>	<b>413,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>413,095</b>
<b>Total revenues</b>	<b>88,092,500</b>	<b>27,862</b>	<b>-</b>	<b>53,108</b>	<b>88,173,470</b>

(Continued)

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

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015  
(Continued)

	General Fund	Capital Fund	Debt Service Fund	Nonmajor Special Revenue Fund	Total
<b>Expenditures:</b>					
Current:					
Instructional services	48,649,480	361,891	-	-	49,011,371
Pupil services	3,278,213	-	-	-	3,278,213
Instructional support services	1,816,542	-	-	-	1,816,542
Administration	4,830,055	-	-	-	4,830,055
Pupil health services	840,139	-	-	-	840,139
Financial services	956,766	-	-	-	956,766
Operation and maintenance of plant	8,667,908	506,639	-	-	9,174,547
Student transportation services	1,259,033	-	-	-	1,259,033
Other support services	1,606,599	41,903	-	-	1,648,502
Student activities	2,059,180	-	-	17,471	2,076,651
Community services	351,526	-	-	-	351,526
Capital outlay	-	16,723,880	-	-	16,723,880
Intergovernmental:					
Special education	2,073,633	-	-	-	2,073,633
Other	898,134	-	-	-	898,134
Debt service:					
Principal	-	-	4,590,000	-	4,590,000
Interest	-	-	7,245,494	-	7,245,494
<b>Total expenditures</b>	<b>77,287,208</b>	<b>17,634,313</b>	<b>11,835,494</b>	<b>17,471</b>	<b>106,774,486</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>10,805,292</b>	<b>(17,606,451)</b>	<b>(11,835,494)</b>	<b>35,637</b>	<b>(18,601,016)</b>
<b>Other Financing Sources (Uses):</b>					
Transfer in	-	2,000,000	10,872,161	-	12,872,161
Transfer out	(12,941,164)	-	-	-	(12,941,164)
<b>Total other financing sources (uses)</b>	<b>(12,941,164)</b>	<b>2,000,000</b>	<b>10,872,161</b>	<b>-</b>	<b>(69,003)</b>
<b>Net Change in Fund Balance</b>	<b>(2,135,872)</b>	<b>(15,606,451)</b>	<b>(963,333)</b>	<b>35,637</b>	<b>(18,670,019)</b>
<b>Fund Balance:</b>					
Beginning of year	12,739,201	27,643,898	1,468,874	219,973	42,071,946
End of year	<u>\$ 10,603,329</u>	<u>12,037,447</u>	<u>\$ 505,541</u>	<u>\$ 255,610</u>	<u>\$ 23,401,927</u>

(Concluded)

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

# MT. LEBANON SCHOOL DISTRICT

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

**Net Change in Fund Balance - Governmental Funds** \$ (18,670,019)

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

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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

	Capital outlays	\$ 16,723,880	
	Less: depreciation expense	<u>(2,152,779)</u>	14,571,101

Some taxes will not be collected for several months after Mt. Lebanon School District's (School District) year-end; they are not considered "available" revenues in the governmental funds. Unavailable revenue changed by this amount during the year.

(96,468)

The issuance of long-term obligations (e.g., bonds, leases, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

	Accrued interest on bonds	14,406	
	Principal repayments on debt	4,590,000	
	Amortization of bond premiums	365,048	
	Amortization of deferred charge on refunding	<u>(184,640)</u>	4,784,814

Because the investment in joint ventures is not recorded on the fund statements, as it represents the School District's investment in the joint ventures' capital assets, the change in the School District's investment is reflected on the statement of activities.

10,570

In the statement of activities, certain operating expenses (pension, compensated absences and other postemployment benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

(3,825,653)

**Change in Net Position of Governmental Activities** \$ (3,225,655)

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

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local sources:				
Real estate tax and penalties	\$ 58,849,012	\$ 58,849,014	\$ 60,288,038	\$ 1,439,024
Earned income tax	7,467,525	7,467,525	7,392,185	(75,340)
Realty transfer tax	775,000	775,000	789,122	14,122
Public utility tax	85,000	85,000	81,601	(3,399)
Investment earnings	140,000	140,000	42,682	(97,318)
Rental of facilities	30,000	30,000	14,687	(15,313)
Tuition from patrons	416,077	416,077	475,051	58,974
Gifts and grants	-	-	203,994	203,994
Other local sources, including IDEA funds	761,999	761,997	832,221	70,224
Total local sources	68,524,613	68,524,613	70,119,581	1,594,968
State sources:				
Basic education subsidies	5,831,801	5,831,801	5,796,217	(35,584)
Social Security/retirement subsidies	6,414,702	6,414,702	6,358,540	(56,162)
Special education subsidies	2,565,274	2,565,274	2,544,853	(20,421)
Transportation subsidies	120,000	120,000	128,157	8,157
Medical, dental, and nurse care	120,000	120,000	-	(120,000)
Property tax reduction allocation	1,703,049	1,703,049	1,703,049	-
Other state aid	1,465,424	1,465,424	1,029,008	(436,416)
Total state sources	18,220,250	18,220,250	17,559,824	(660,426)
Federal sources:				
Elementary and Secondary Education Act	279,646	279,646	406,160	126,514
Other federal grants	150,000	150,000	6,935	(143,065)
Total federal sources	429,646	429,646	413,095	(16,551)
Total revenues	87,174,509	87,174,509	88,092,500	917,991

(Continued)

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

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2015

(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures:</b>				
Current:				
Instructional services	50,417,594	48,650,742	48,649,480	1,262
Pupil services	3,233,895	3,278,309	3,278,213	96
Instructional support services	2,006,020	1,817,145	1,816,542	603
Administration	5,148,577	4,831,549	4,830,055	1,494
Pupil health services	880,021	841,046	840,139	907
Financial services	1,097,735	957,759	956,766	993
Operation and maintenance of plant	8,758,255	8,668,295	8,667,908	387
Student transportation services	1,323,916	1,264,058	1,259,033	5,025
Other support services	1,671,363	1,607,063	1,606,599	464
Student activities	2,110,442	2,059,357	2,059,180	177
Community services	321,770	352,920	351,526	1,394
Intergovernmental:				
Special education	-	2,073,633	2,073,633	-
Other	75,000	661,790	898,134	(236,344)
Total expenditures	<u>77,044,588</u>	<u>77,063,666</u>	<u>77,287,208</u>	<u>(223,542)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>10,129,921</u>	<u>10,110,843</u>	<u>10,805,292</u>	<u>694,449</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out	(10,879,921)	(10,860,843)	(12,941,164)	(2,080,321)
Budgetary reserve	-	-	-	-
Total other financing sources (uses)	<u>(10,879,921)</u>	<u>(10,860,843)</u>	<u>(12,941,164)</u>	<u>(2,080,321)</u>
<b>Net Change in Fund Balance</b>	<u>(750,000)</u>	<u>(750,000)</u>	<u>(2,135,872)</u>	<u>(1,385,872)</u>
<b>Fund Balance:</b>				
Beginning of year	<u>12,739,201</u>	<u>12,739,201</u>	<u>12,739,201</u>	<u>-</u>
End of year	<u>\$ 11,989,201</u>	<u>\$ 11,989,201</u>	<u>\$ 10,603,329</u>	<u>\$ (1,385,872)</u>

(Concluded)

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

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2015

	Enterprise Fund Food Service
<b>Assets:</b>	
<hr/>	
Current assets:	
Cash and cash equivalents	\$ 543,414
Intergovernmental receivable	16,188
Other receivables	160,610
Inventory	30,110
Total current assets	750,322
Non-current assets:	
Equipment, furniture, and fixtures	873,201
Less accumulated depreciation	(855,854)
Total non-current assets	17,347
<b>Total Assets</b>	<b>767,669</b>
<b>Deferred Outflows of Resources:</b>	
<hr/>	
Deferred outflows of resources for pension	176,806
<b>Liabilities:</b>	
<hr/>	
Current liabilities:	
Accounts payable and other current liabilities	8,123
Due to other funds	107,261
Unearned revenue	23,791
Total current liabilities	139,175
Non-current liabilities:	
Net pension liability	1,977,000
<b>Total Liabilities</b>	<b>2,116,175</b>
<b>Deferred Inflows of Resources:</b>	
<hr/>	
Deferred inflows of resources for pension	141,000
<b>Net Position:</b>	
<hr/>	
Net investment in capital assets	17,347
Unrestricted	(1,330,047)
<b>Total Net Position</b>	<b>\$ (1,312,700)</b>

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

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Enterprise Fund Food Service</u>
<b>Operating Revenue:</b>	
<u>Sale of food</u>	<u>\$ 1,281,785</u>
<b>Operating Expenses:</b>	
Salaries and wages	629,989
Employee benefits	331,622
Food	783,970
Operation	69,003
Supplies	75,385
Depreciation	<u>8,031</u>
Total operating expenses	<u>1,898,000</u>
<b>Net Operating Loss</b>	<u>(616,215)</u>
<b>Non-operating Revenues:</b>	
Federal programs:	
Subsidies	238,820
Donated commodities	64,283
State subsidies	120,615
Earnings on investments	<u>544</u>
Total non-operating revenues	<u>424,262</u>
Loss before transfers	(191,953)
<b>Interfund Transfers:</b>	
<u>Transfers in</u>	<u>69,003</u>
<b>Change in Net Position</b>	(122,950)
<b>Net Position:</b>	
<u>Beginning of year, as restated (see Note 1)</u>	<u>(1,189,750)</u>
End of year	<u><u>\$ (1,312,700)</u></u>

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

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2015

	Enterprise Fund Food Service
<b>Cash Flows From Operating Activities:</b>	
Receipts from users	\$ 1,281,785
Payments to employees	(897,417)
Payments to suppliers	(876,323)
	(491,955)
<b>Cash Flows From Non-Capital Financing Activities:</b>	
Grants and subsidies received:	
State	28,357
Federal	254,854
Transfer	84,680
	367,891
<b>Cash Flows From Investing Activities:</b>	
Earnings on investments	544
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(123,520)
<b>Cash and Cash Equivalents:</b>	
Beginning of year	666,934
End of year	\$ 543,414
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:</b>	
Net operating loss	\$ (616,215)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:	
Depreciation expense	8,031
Pension expense	194,000
Donated commodities	64,283
Change in assets, liabilities, and deferred outflows of resources:	
Other receivables	(17,662)
Inventory	7,784
Unearned revenue	1,315
Accounts payable and other current liabilities	(3,685)
Deferred outflows of resources for pensions	(129,806)
Total adjustments	124,260
Net cash provided by (used in) operating activities	\$ (491,955)

**Non-Cash, Non-Capital Financing Transactions:**

Mt. Lebanon School District received donated commodities of \$65,598 from the Department of Agriculture.

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

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
<b><u>Assets:</u></b>		
Cash and cash equivalents	<u>\$ 91,101</u>	<u>\$ 157,492</u>
<b><u>Liabilities:</u></b>		
Due to student organizations	<u>-</u>	<u>157,492</u>
<b><u>Net Position:</u></b>		
Held in trust for scholarships	<u><u>\$ 91,101</u></u>	<u><u>\$ -</u></u>

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

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Trust Fund</u>
<b>Additions:</b>	
Contributions:	
Private donations	\$ 16,299
Investment earnings:	
Interest	<u>5</u>
Total additions	<u>16,304</u>
<b>Deductions:</b>	
Education scholarships	21,106
Payments to others	<u>8,182</u>
Total deductions	<u>29,288</u>
<b>Change in Net Position</b>	(12,984)
<b>Net Position:</b>	
Beginning of year	<u>104,085</u>
End of year	<u>\$ 91,101</u>

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

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies:

#### Reporting Entity

Mt. Lebanon School District (School District) is governed by an elected nine-member Board of Directors (Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the School District (the primary government). Potential component units were assessed to determine if the significance of their operational or financial relationship with the School District would require inclusion in the reporting entity.

Consistent with applicable guidance, the criteria for inclusion of any entity (component unit) into a primary governmental unit's financial statements includes, but is not limited to, legal standing, fiscal dependency, imposition of will, financial benefit or burden, and appointment of a voting majority of the governing board. The School District presently has no component units that meet the above criteria.

The Special Schools and related authorities, as more fully described in Note 6, are considered joint ventures of the School District. Accordingly, related pro-rata shares of capital assets are included on the government-wide financial statements as investment in joint ventures. Separate audited financial statements of the Special Schools are available in the School District's business office.

#### Government-Wide and Fund 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 non-fiduciary activities of the School District. For the most part, the effect of inter-fund activity has been removed from these statements, except for inter-fund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as

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# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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program revenues include 1) charges to parents, residents or other school districts for tuition, 2) operating grants and contributions as required by the Pennsylvania Department of Education, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes and grants not restricted to a specific program.

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. Major individual governmental funds and the major proprietary fund are reported as separate columns in the fund financial statements.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary fund, and fiduciary fund 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. Earned income taxes are recognized when the underlying wages are earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 School District considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. State and federal grants 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. All other revenue items are considered to be measurable and available only when cash is received by the School District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to pension, compensated absences, post-employment benefits, and any claims or judgments, are recorded only when payment is due.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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The School District reports the following major governmental funds:

The General Fund is the School District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The Capital Fund is utilized to account for capital projects of a general nature with funding derived from bond proceeds or transfers from the General Fund.

The Debt Service Fund accounts for the accumulation of resources for, and payment of, principal, interest, and other associated costs on long-term general obligation debt of governmental funds.

The School District reports the following major proprietary fund:

The Food Service Fund is authorized under Section 504 of the Public School Code of 1949 to account for all revenues and expenses pertaining to cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (i.e., expenses, including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the School District reports the following fiduciary fund types:

The Private Purpose Trust Fund is used to account for resources legally held in trust for use by the School District for scholarships. All resources of the fund, including any earnings on invested resources, may be used to support the organization's activities. There is no requirement that any portion of these resources be preserved as capital.

The School District's Student Activities Fund is used to account for assets held by the School District in a trustee capacity for student activities. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 School District's Enterprise Fund are charges to students and faculty for the sale of food. Operating expenses for enterprise funds include the cost of sales and services, administrative

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

### Deposits and Investments

For purposes of the statement of cash flows, the School District'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 and pooled funds investments subject to daily withdrawal to be cash equivalents.

Investments are stated at fair value, which approximates market.

### Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances."

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Inter-fund services provided and used are not eliminated in the process of consolidation.

All tax receivables are shown net of an allowance for uncollectible amounts. There is no allowance for the other receivables since they are deemed fully collectible by management.

### Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category:

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In conjunction with pension accounting requirements, the effect of the change in the School District's proportion and payments made to the Public School Employees' Retirement System (PSERS) subsequent to the measurement date are recorded as a deferred outflow of resources related to pensions on the government-wide and proprietary fund financial statements. These amounts are determined based on the actuarial valuation performed for the PSERS plan. The effect of the change in proportion is recognized over the average expected remaining service lives of active and inactive members, which was 5.15 years as of June 30, 2013. Payments subsequent to the measurement date will be recorded as a reduction to the net pension liability in the next fiscal year. Note 8 presents additional information about the PSERS plan.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category:

Property taxes received in advance represent amounts for which there is a legal enforceable claim as of June 30, 2015 (as the 2015 tax levy was issued on June 1), but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the statement of net position and the balance sheet.

Unavailable revenue is reported only on the balance sheet and represents delinquent property taxes which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.

In conjunction with pension accounting requirements, the difference between expected and actual investment earnings is recorded as a deferred inflow of resources related to pensions on the government-wide and proprietary fund financial statements. This amount is determined based on the actuarial valuation performed for the PSERS plan. This amount will be recognized over 5 years.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### Inventory and Prepaid Items

Textbooks are recorded as instructional expenditures of the General Fund or the Capital Fund, as applicable, when consumed. An annual estimate of the year-end inventory cost value is made, approximating the first-in, first-out method of inventory valuation, which assumes a five-year average life and applies a value factor to purchases of textbooks over the last five years. The estimated cost is recorded as an inventory asset with an offsetting nonspendable fund balance.

Inventory recorded in the Food Service Fund consists of donated commodities from the U.S. Department of Agriculture (USDA), which is recorded at estimated value provided by the USDA and other food items recorded at cost. Inventory in the Food Service Fund is recorded as an expense when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the School District during the current fiscal year was \$7,050,680. Of this amount, none was included as part of the cost of capital assets under construction in connection with business-type activities.

Property, plant, and equipment of the School District are depreciated using the straight-line method over the following estimated useful lives:

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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<u>Asset Type</u>	<u>Years</u>
Buildings and improvements	40-60
Public domain infrastructure	20
Vehicles (including buses)	8-15
Office furniture and fixtures	10-20
Equipment	6-20
Computer equipment	5
Food service equipment	10

### Compensated Absences

Compensated absences are a recognition of the obligation the School District has to pay when its staff retire or resign from employment for accrued sick leave, vacation, and life insurance benefits. Costs are calculated based on employee groups and their entitlements through contractual obligations. The entitlements by group are:

- Teachers, upon retirement with 15 years of service, are reimbursed for unused sick days at the rate of \$40 per day for the first 100 days and \$50 per day for an additional 180 days. The maximum payment is \$13,000.
- Administrators with 10 years of service are entitled to \$80 per day for unused sick days up to a maximum payment of \$15,000. They are also paid a per diem for unused vacation days.
- Clerical, Secretarial, and Personal Care Assistants (PCAs) union members with 12 years of service, up to 20 years of service, are entitled to reimbursement of unused sick days at the rate of \$30 per day with a maximum payout of \$4,000. Workers with 20 or more years of service are entitled to reimbursement of unused sick days at a rate of \$40 per day with a maximum payout of \$5,000. All unused vacation days are paid at a per diem rate.
- Specialists and Administrative Assistants with 10 years of service are entitled to reimbursement of unused sick days at the rate of \$40 per day with a maximum payout of \$5,000. All unused vacation days are paid at a per diem rate.
- Custodial and Maintenance workers with 12 years of service, up to 20 years of service, are entitled to reimbursement of unused sick days at the rate of \$30 per day with a maximum payout of \$4,000. Workers with 20 or more years of service are entitled to reimbursement of unused sick days at a rate of \$40 per

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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day with a maximum payout of \$5,000. All unused vacation days are paid at a per diem rate.

Calculation of the compensated absence liability amount is determined by the appropriate vacation, sick, and salary-related payments which would be available to employees if they would leave or retire from the School District. Such amounts are reflected as long-term liabilities in the government-wide financial statements and as current liabilities if retirements are likely within the upcoming fiscal year. A liability for these amounts is reported in governmental funds only to the extent owed as a result of employee resignations and retirements. It is expected that the General Fund will continue to provide funds for the payment of compensated absences.

### Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, and deferred charges on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds are reported net of the applicable bond premium. All applicable bond premiums, discounts, and deferred charges on refunding are deferred and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

In both the fund and government-wide financial statements issue costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

It is expected that the General Fund will continue to provide funds for the debt service payments.

### Postemployment Benefits

In the government-wide financial statements and proprietary fund financial statements, long-term liabilities related to postemployment benefits, including pensions, health insurance, and life insurance are calculated based on actuarial valuations as described in Notes 8 and 9.

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# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes such items as prepaid insurance and inventory.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are legally restricted for construction costs for the high school renovation and funds raised from outside parties to be used to purchase athletic equipment, playground equipment, and technology.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the School Board. Such commitment is made via a School Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires a School Board resolution. The School District currently does not have any committed funds.
- Assigned – This category represents intentions of the School Board to use the funds for specific purposes.

The School Board established a policy that General Fund amounts exceeding 6% of the next year's budgeted expenditures will either help pay for retiree healthcare obligations or be transferred to the Capital Fund for use in future capital projects, unless such funds exceed 8% of budgeted expenditures. If such funds exceed 8%, those funds in excess of 8% will be allocated at the Board's discretion. The actual assignment is made by the School Board after the end of each year.

This category also includes the residual balance in the Capital Fund.

- Unassigned – This category represents all other funds not otherwise defined.

The School District's policy is to use funds in the order of the most restrictive to the least restrictive.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. The amounts reported as restricted net position at June 30, 2015 represent funds raised from outside parties to be used to purchase athletic equipment, playground equipment, and technology.
- Unrestricted – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of “net investment in capital assets” or the “restricted” components of net position. The net investment in joint ventures is also reflected here.

The School District’s policy is to use funds in the order of the most restrictive to the least restrictive.

### Budgetary Information

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis for the General Fund. This is the only fund for which a budget is required and for which taxes may be levied. The Public School Code

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# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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allows the School Board to authorize budget transfer amendments beginning 90 days after the start of each fiscal year. The School District's management does not have the authority to approve the budget or any budget transfer amendments. The budget data reflected in the financial statements includes the effect of Board-approved budget transfer amendments and, for comparative purposes, the actual results have also been presented. The budget transfer amendments made during the year were not significant and were primarily composed of a reclassification of intergovernmental expenditures. The School District expenditures, excluding transfers to other funds, may not legally exceed the revised budget amounts by function and object. Accordingly, the legal level of budgetary control is at the object level within each function and fund. Function is defined as a program area such as instructional services, and object is defined as the nature of the expenditure such as salaries or supplies. During fiscal year 2015, certain costs recorded as intergovernmental – other expenditures exceeded budget; however, these costs do not fall within legal budgetary limitations.

Unexpended appropriations are reviewed at the end of the year. Any items that are expected to be liquidated are recorded as a current liability.

### Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### Adoption of Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 68, “*Accounting and Financial Reporting for Pensions*,” and Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date*,” were adopted in the current year by the School District. As a result of this implementation, the government-wide net position as of July 1, 2014 was restated with a decrease of \$123,283,000 and the business-type activities and proprietary fund net position were restated with a decrease of \$1,877,000 to record the School District’s proportionate share of the PSERS total pension liability. The proportionate share is calculated utilizing the School District’s one-year reported covered payroll as it relates to PSERS total one-year reported covered payroll. The pension liability and its related components are described more fully in Note 8.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### Pending Pronouncements

GASB has issued the following statements that will become effective in future years as shown below. Management has not yet determined the impact of these statements on the financial statements:

GASB Statement No. 72, "*Fair Value Measurement and Application*," is effective for the period beginning after June 15, 2015 (the School District's 2016 fiscal year). This statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*," is effective for the period beginning after June 15, 2015 (the School District's 2016 fiscal year) – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for the period beginning after June 15, 2016 (the School District's 2017 fiscal year). This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68).

GASB Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*," is effective the period beginning after June 15, 2016 (the School District's 2017 fiscal year). This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement replaces Statement No. 43.

GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," is effective for the period beginning after June 15, 2017 (the School District's 2018 fiscal year). This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement replaces the requirements of Statement No. 45.

GASB Statement No. 76, "*Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*," is effective for the period beginning after June 15, 2015 (the School District's 2016 fiscal year). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55.

GASB Statement No. 77, “*Tax Abatement Disclosures*,” effective for fiscal years beginning after December 15, 2015 (the School District’s 2017 fiscal year). This statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government’s finances.

### 2. CASH AND CASH EQUIVALENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest funds consistent with sound business practices in the following types of investments and deposit accounts:

- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- Shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 provided (a) the funds are invested in investments listed above, (b) the investment company is managed so as to maintain its share at a constant net asset value, and (c) the investment company is rated in the highest category by a nationally recognized rating agency.

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. There were no deposit or investment transactions during

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

the year that were in violation of either the state statutes or the policy of the School District.

Throughout the year ended June 30, 2015, the School District invested its funds only in one or more of the above-authorized investments. At June 30, 2015, the carrying values of the School District's deposits and investments were as follows:

	Deposits	PSDLAF CDs	Pooled Funds	Total
General Fund	\$ -	\$ 22,500,000	\$ 3,463,035	\$ 25,963,035
Capital Fund	4,658,750	-	10,046,205	14,704,955
Debt Service Fund	505,541	-	-	505,541
Other Governmental Funds	-	-	255,610	255,610
Proprietary Fund	-	500,000	43,414	543,414
Trust and Agency Funds	-	-	248,593	248,593
	\$ 5,164,291	\$ 23,000,000	\$ 14,056,857	\$ 42,221,148

Pooled Funds	
Bank Value:	
Pennsylvania School District	
Liquid Asset Fund (PSDLAF)	\$ 3,780,874
Pennsylvania Local Government	
Investment Trust (PLGIT)	10,667,311
Reconciling Items	(391,328)
Total Pooled Funds	\$ 14,056,857
Carrying Value	\$ 14,056,857

PSDLAF and PLGIT were established as common law trusts organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of these funds is to enable such governmental units to pool available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. The School District's deposits in these pooled funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are reflected as cash and cash equivalents on the balance sheet. The fair value of the School District's position in the external investment pools is the same as

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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the value of the pool shares. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania.

### Deposits

The following is a description of the School District's deposit risks:

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires deposits exceeding FDIC limits be collateralized. At year-end, \$4,664,291 of the School District's \$5,164,291 bank balance for its deposits was not covered by the FDIC. A separate collateral agreement was signed on April 8, 2009 to have all deposits at Citizens Bank, beyond those FDIC-insured, kept separately in a safekeeping account at Bank of New York pledged for the benefit of the School District with such eligible collateral adjusted to market value daily.

### Investments

The following is a description of the School District's investment risks:

*Credit Risk* – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The School District's investment policy requires that investments be rated in the highest category by a nationally recognized rating agency. As of June 30, 2015, investments in PSDLAF and PLGIT (described above) have received an AAAM rating from Standard & Poor's.

*Interest Rate Risk* – The School District's investment policy does not place limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All of the School District's investments in PSDLAF and PLGIT have a maturity of one year or less.

*Concentration of Credit Risk* – The risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy requires that investments are made with an investment company that is managed so as to maintain its shares at a constant net asset value in accordance with 17 CFR 270 2a-7 (relating to money market funds). This policy does not apply to the School District's investments in government securities and external investment pools. The School District's investments comply with this policy.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### 3. PROPERTY TAXES

Assessed valuation of the School District is based upon 100% of market value, based upon assessed valuations provided by Allegheny County. The municipal tax collector bills and collects property taxes on behalf of the School District. The schedule for property taxes levied for fiscal year 2015 was as follows:

June 1, 2014	- tax levy date
Through July 31, 2014	- 2% discount period
Through September 30, 2014	- face payment period
Beginning October 1, 2014	- 10% penalty period
July 15, 2015	- lien filing date

The School District tax rate for all purposes in fiscal year 2015 was 23.15 mills (\$23.15 per \$1,000 assessed valuation) on a total assessed valuation of approximately \$3.0 billion.

Allegheny County completed a countywide reassessment in early 2012. The reassessment increased overall assessments in the School District by approximately 25.1% from the May 2012 assessments used in the 2012-2013 budget. The School District estimated a reduced assessment of 4.5% for the outstanding appeals primarily due to the significant number of outstanding assessment appeals and appeals by commercial properties. As a result, in May 2013, the Board reduced real estate taxes by 4.52 mills or 20% for the 2013-2014 school year. There were many tax appeal hearings held during the 2013-2014 year and as of July 2014, the School District estimated about 250 outstanding appeals for an assessment value of over \$175 million. In accordance with Act 1's anti-windfall rules, the School District transferred \$1,000,000 of real estate taxes collected in 2013-2014 to a new liability account in order to address real estate tax refunds on the properties still in the appeal process. Future refunds for 2013-2014 will be charged against this liability account until the School District is confident that all substantial appeals have been settled. As of June 30, 2015, the balance of this account remains at \$1,000,000. Every year, the balance of this account, if any, will be reviewed with the board as to future options.

### 4. ALLOWANCE FOR DOUBTFUL ACCOUNTS

General Fund property taxes receivable have been reported net of an allowance for doubtful accounts of \$210,302 at June 30, 2015.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### 5. LONG-TERM DEBT

The School District periodically issues long-term debt in conjunction with major capital projects, including school building construction and athletic facilities, and refundings of existing debt obligations to lower the overall interest expense.

#### 2005 General Obligation Bonds

During fiscal year 2006, the School District issued \$52,980,000 of 2005 General Obligation Bonds (2005 Bonds) for the purpose of advance refunding the outstanding 2003 General Obligation Bonds and to pay all costs and expenses incurred in connection with the issuance and sale of the 2005 Bonds. The 2005 Bonds bear interest semi-annually at rates ranging from 3.00% to 4.35% and mature in 2031. Future debt service payments on the 2005 Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 185,000	\$ 2,285,133	\$ 2,470,133
2017	200,000	2,278,380	2,478,380
2018	2,930,000	2,270,880	5,200,880
2019	3,065,000	2,133,170	5,198,170
2020	3,210,000	1,989,115	5,199,115
2021-2025	18,385,000	7,614,155	25,999,155
2026-2030	22,650,000	3,341,769	25,991,769
2031	1,530,000	66,555	1,596,555
	<u>\$ 52,155,000</u>	<u>\$ 21,979,157</u>	<u>\$ 74,134,157</u>

When there is advance refunding, the refunded bonds are considered defeased and the liability for those bonds is removed from the statement of net position. In prior years, the School District defeased the 2003 General Obligation Bonds by placing the proceeds of the new 2005 Bonds in an account to provide for all future debt service payments on the old bonds. As of June 30, 2015, no defeased bonds remained.

#### 2009 General Obligation Bonds

During fiscal year 2009, the School District issued \$3,715,000 of 2009 General Obligation Bonds (2009 Bonds) for the purpose of currently refunding the outstanding 2002 General Obligations Bonds and to pay all costs and expenses incurred in connection with the issuance and sale of the 2009 Bonds. The 2009

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# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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Bonds bear interest semi-annually at rates ranging from 2.00% to 2.9% and mature in fiscal year 2017. Future debt service payments on the 2009 Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 515,000	\$ 22,178	\$ 537,178
2017	525,000	7,613	532,613
	<u>\$ 1,040,000</u>	<u>\$ 29,791</u>	<u>\$ 1,069,791</u>

### 2009 Series A General Obligation Bonds

During fiscal year 2010, the School District issued \$69,000,000 of 2009 Series A General Obligation Bonds (2009 Series A Bonds) for the purpose of providing a portion of the funds for the School District's senior high school renovation project, to provide funds for various other capital projects throughout the School District, and to pay all costs and expenses incurred in connection with the issuance and sale of the 2009 Series A Bonds. The 2009 Series A Bonds bear interest semi-annually at rates ranging from 2.00% to 5.00% and mature in fiscal year 2034. Future debt service payments on the 2009 Series A Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,105,000	\$ 2,971,838	\$ 5,076,838
2017	2,190,000	2,887,638	5,077,638
2018	2,280,000	2,778,138	5,058,138
2019	2,370,000	2,709,738	5,079,738
2020	2,475,000	2,591,238	5,066,238
2021-2025	14,115,000	10,968,226	25,083,226
2026-2030	17,685,000	7,087,750	24,772,750
2031-2034	17,415,000	2,227,750	19,642,750
	<u>\$ 60,635,000</u>	<u>\$ 34,222,316</u>	<u>\$ 94,857,316</u>

### 2011 General Obligation Bonds

During fiscal year 2011, the School District issued \$10,690,000 of 2011 General Obligation Bonds (2011 Bonds) for the purpose of refunding, on a current basis, the 2004 Bonds and to pay all costs and expenses incurred in connection with the issuance and sale of the 2011 Bonds. The 2011 Bonds bear interest semi-annually at rates ranging from 2.00% to 3.00% and mature in fiscal year 2017. Future debt service payments on the 2011 Bonds are as follows:

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,930,000	\$ 78,575	\$ 2,008,575
2017	1,985,000	24,813	2,009,813
	<u>\$ 3,915,000</u>	<u>\$ 103,388</u>	<u>\$ 4,018,388</u>

### 2013 General Obligation Bonds

During fiscal year 2014, the School District issued \$34,745,000 of 2013 General Obligation Bonds (2013 Bonds) for the purpose of the completion of the renovations of the high school, various other capital improvements throughout the School District, and the payment of costs of issuing the bonds. The 2013 Bonds bear interest semi-annually at rates ranging from 3.00% to 5.00% and mature in fiscal year 2035. Future debt service payments on the 2013 Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 5,000	\$ 1,709,144	\$ 1,714,144
2017	5,000	1,708,994	1,713,994
2018	275,000	1,708,844	1,983,844
2019	265,000	1,697,844	1,962,844
2020	290,000	1,687,244	1,977,244
2021-2025	1,900,000	8,231,220	10,131,220
2026-2030	2,705,000	7,742,844	10,447,844
2031-2035	29,295,000	4,907,500	34,202,500
	<u>\$ 34,740,000</u>	<u>\$ 29,393,634</u>	<u>\$ 64,133,634</u>

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Changes to the School District's long-term liabilities were as follows:

	Balance at June 30, 2014	Issuance of Debt/ Additions	Repayment of Principal/ Deletions	Balance at June 30, 2015	Due within one year
Compensated absences	\$ 2,353,783	\$ 644,779	\$ (458,689)	\$ 2,539,873	\$ 889,155
OPEBs	2,546,351	719,517	(370,905)	2,894,963	-
General Obligation Bonds	157,075,000	-	(4,590,000)	152,485,000	4,740,000
Total long-term liabilities	\$ 161,975,134	\$ 1,364,296	\$ (5,419,594)	157,919,836	\$ 5,629,155
		Plus: unamortized premium		6,680,789	
		Plus: net pension liability (see Note 10)		129,827,000	
		Total long-term liabilities		\$ 294,427,625	

### 6. SPECIAL SCHOOLS

The School District is one of twelve member school districts of the Parkway West Career & Technology Center (Parkway). Parkway, which provides vocational-technical education and training for high school students, is controlled and governed by the Joint Board, which is composed of School Board members from all of the member school districts. Direct oversight of Parkway's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district.

In addition, the School District is one of five members of the Pathfinder School (Pathfinder). Pathfinder, which provides special education and training programs for exceptional children, is controlled and governed by the South Central Area Special Schools Committee, which is composed of representatives from each participating school district. The School District's share of annual operating and capital costs for Parkway and Pathfinder (collectively known as Special Schools) fluctuates based on the percentage enrollment in the applicable school and are reflected as expenditures of the General Fund. Amounts paid to Parkway and Pathfinder by the School District in the current fiscal year were approximately \$300,000 and \$600,000, respectively. The net current assets of the Special Schools at June 30, 2015 are to be used to fund future year's operations and are not significant.

The Special Schools' outstanding debt is secured by the rentals payable to the Special Schools by the member school districts. A pro rata portion of the capital assets is recorded in the School District's government-wide financial statements. The balance at June 30, 2015 was \$459,878. Separate audited financial statements of the Special Schools are available in the School District's business office.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

### 7. CAPITAL ASSETS

A summary of changes in capital assets during fiscal year 2015 are as follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
<b>Governmental Activities:</b>				
Non-depreciable assets:				
Land	\$ 547,024	\$ -	\$ -	\$ 547,024
Construction in progress	88,742,208	15,782,973	(104,525,181)	-
Total non-depreciable assets	89,289,232	15,782,973	(104,525,181)	547,024
Depreciable assets:				
Buildings and improvements	102,401,310	104,684,064	-	207,085,374
Equipment, furniture, and fixtures	15,528,019	782,024	-	16,310,043
Total depreciable assets	117,929,329	105,466,088	-	223,395,417
Less: accumulated depreciation for:				
Buildings and improvements	(39,950,032)	(1,033,334)	-	(40,983,366)
Equipment, furniture, and fixtures	(18,333,800)	(1,119,445)	-	(19,453,245)
Total accumulated depreciation	(58,283,832)	(2,152,779)	-	(60,436,611)
Governmental activities capital assets, net	<u>\$ 148,934,729</u>	<u>\$ 119,096,282</u>	<u>\$(104,525,181)</u>	<u>\$ 163,505,830</u>
	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
<b>Business-Type Activities:</b>				
Equipment	\$ 873,201	\$ -	\$ -	\$ 873,201
Less: accumulated depreciation	(847,823)	(8,031)	-	(855,854)
Business-type activities capital assets, net	<u>\$ 25,378</u>	<u>\$ (8,031)</u>	<u>\$ -</u>	<u>\$ 17,347</u>

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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Depreciation expense was charged to functions/programs of the School District as follows:

**Governmental Activities:**

Instructional services	\$ 1,359,252
Pupil services	91,592
Instructional support services	50,754
Administration	134,950
Pupil health services	23,473
Financial services	26,732
Operation and maintenance of plant	242,179
Student transportation services	35,177
Other support services	44,888
Student activities	57,533
Community services	9,822
Intergovernmental - special education	<u>76,427</u>
Total depreciation expense - governmental activities	<u>\$ 2,152,779</u>
Business-type activities:	
Food services	<u>\$ 8,031</u>

## 8. RETIREMENT BENEFITS

### Summary of Significant Accounting Policies

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 Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability is primarily recorded as a governmental activity expected to be paid from the General Fund. The remaining portion is recorded in the Cafeteria Fund.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

### Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

### Health Insurance Premium Assistance Program

In addition, PSERS provides a Health Insurance Premium Assistance Program (Premium Assistance) for all eligible annuitants who qualify and elect to participate. Under this program, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible annuitants must obtain their health insurance through either their school employer or the PSERS' Health Options Program. The Premium Assistance is not included in the calculation of the net pension liability as it does not qualify under the provisions of GASB Statement No. 68.

### Member Contributions

The following illustrates the member's contribution as a percent of the member's qualifying compensation:

**Active members who joined PSERS prior to July 22, 1983:**

Membership Class T-C	5.25%
Membership Class T-D	6.50%

**Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:**

Membership Class T-C	6.25%
Membership Class T-D	7.50%

**Members who joined PSERS after June 30, 2001, and before July 1, 2011:**

Membership Class T-D	7.50%
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**Members who joined PSERS after June 30, 2011:**

Membership Class T-E*	7.50%
Membership Class T-F**	10.30%

- \* Shared risk program could cause future contribution rates to fluctuate between 7.50% and 9.50%.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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\*\* Shared risk program could cause future contribution rates to fluctuate between 10.30% and 12.30%.

### Employer Contributions

The School District's contractually required pension contribution rate for fiscal year ended June 30, 2015 was 20.50% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the School District was required to contribute 0.90% of covered payroll to the Premium Assistance.

The contribution rate will increase to 25.84% in fiscal year 2016 and is projected to grow to 31.83% by fiscal year 2025.

The School District contributed approximately \$9.6 million to PSERS for the year ended June 30, 2015, which represents its contribution towards pension benefits and Premium Assistance. Approximately \$9.4 million was contributed by the General Fund and approximately \$0.2 million was contributed by the Cafeteria Fund. Approximately \$1.5 million is owed to PSERS as of June 30, 2015, which represents the School District's required contribution for the summer payroll. Contributions are remitted quarterly.

In accordance with Act 29, the Commonwealth of Pennsylvania reimburses school districts for at least one-half of contributions made to PSERS. The School District recorded reimbursements from the Commonwealth approximating \$4.7 million during the current year. Because the Commonwealth payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

### Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2015, the School District reported a liability of \$131.804 million for its proportionate share of the net pension liability. Of this amount, \$1,977,000 is recorded in the Cafeteria Fund, as that is the portion that relates to the cafeteria employees.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2013 to June 30, 2014. The School District's proportion of the net pension liability was calculated utilizing the

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# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

employer's one-year reported covered payroll as it relates to PSERS total one-year reported covered payroll. At June 30, 2014, the School District's proportion was 0.3330%, which was a decrease of 0.0095% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense of \$12.932 million. \$12.738 million was recorded as a governmental activity; \$194,000 was recorded in the Cafeteria Fund. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on pension plan investments:		
Governmental activity	\$ -	\$ 9,281,000
Business-type activity/proprietary fund	-	141,000
Changes in proportion:		
Governmental activity	3,087,000	-
Business-type activity/proprietary fund	47,000	-
School District contributions subsequent to the measurement date:		
Governmental activity	9,447,049	-
Business-type activity/proprietary fund	129,806	-
Total	<u>\$ 12,710,855</u>	<u>\$ 9,422,000</u>

\$9,576,855 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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<u>Year Ended June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities/ Proprietary Fund</u>
2016	\$ (1,576,000)	\$ (24,000)
2017	(1,576,000)	(24,000)
2018	(1,576,000)	(24,000)
2019	(1,576,000)	(24,000)
2020	110,000	2,000
Total	<u>\$ (6,194,000)</u>	<u>\$ (94,000)</u>

### Actuarial Assumptions

The total pension liability as of June 30, 2014 was determined by rolling forward PSERS' total pension liability as of the June 30, 2013 actuarial valuation to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.50%, includes inflation at 3.00%
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1.0%, and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the PSERS Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public markets global equity	19%	5.0%
Private markets (equity)	21%	6.5%
Private real estate	13%	4.7%
Global fixed income	8%	2.0%
U.S. long treasuries	3%	1.4%
TIPS	12%	1.2%
High yield bonds	6%	1.7%
Cash	3%	0.9%
Absolute return	10%	4.8%
Risk parity	5%	3.9%
MLPs/infrastructure	3%	5.3%
Commodities	6%	3.3%
Financing (LIBOR)	-9%	1.1%
	<u>100%</u>	

### Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current contribution rate and that the contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan 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.

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# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rates described above, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	<u>\$ 164,407,000</u>	<u>\$ 131,804,000</u>	<u>\$ 103,970,000</u>

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PSERS Comprehensive Annual Financial Report, which can be found on the PSERS' website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

## **9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs)**

### **PLAN DESCRIPTION**

In addition to the pension benefits previously described, the School District provides the following postemployment benefits as part of its single-employer defined benefit plan:

- ✓ Teachers: medical and prescription drug, with an opt-out provision
- ✓ Administrators: medical and prescription drug for retiree and spouse, life insurance
- ✓ Secretarial or clerical employees covered under the collective bargaining unit: medical and prescription drug, life insurance (if hired before July 1, 1999)
- ✓ Administrative assistants and specialists: medical, prescription drug, and life insurance
- ✓ Custodial and maintenance employees covered under the collective bargaining unit: medical and prescription drug
- ✓ Cafeteria employees: retiree may purchase health insurance, dental, and vision benefits

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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The benefit limits and employee and employer contributions are established through employee contracts and past practices. The plan is not accounted for as a trust fund, an irrevocable trust has not been established, the plan does not issue a separate report, and activity of the plan is reported in the School District's General Fund. The Board has assigned \$2,675,000 of the General Fund fund balance to be used for future OPEBs.

Details of the benefits provided are as follows:

### Teachers

The School District provides post-retirement medical insurance and prescription drug coverage to all eligible teacher retirees in accordance with the requirements set forth by the employee contract. The retiree must be at least age 55 with at least 25 years of PSERS service and at least 15 years of service with the School District. The School District pays for the coverage, which shall continue until the earlier of when the retiree qualifies for Medicare (age 65) or 10 years after their retirement date if retired under a past contract. The retiree must remit any premium assistance available to the retiree through PSERS, plus the retiree is responsible for the contribution percentage paid while active (including that percentage of any premium increase after retirement). The retiree may purchase spouse and/or dependent health insurance, dental, and vision benefits with the School District at the retiree's expense.

Currently, 41 retirees meet the eligibility requirements to receive these medical benefits.

### Administrators

The School District provides post-retirement medical insurance and prescription drug coverage to all eligible retired administrators in accordance with the requirements set forth by the employee contract. The retiree must be at least age 55 with 25 years of PSERS service. The School District pays for the coverage, which shall continue until the retiree qualifies for Medicare (age 65). The retiree must remit any premium assistance available to the retiree through PSERS, plus the retiree is responsible for the same contributions paid by active members of the Mt. Lebanon Education Association. The retiree may purchase spouse and/or dependent health insurance, dental, and vision benefits with the School District at the retiree's expense.

Upon age 55 with 25 years of service, \$5,000 or equivalent is paid into a group term life insurance policy.

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# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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Currently, 5 retirees meet the eligibility requirements to receive these medical benefits.

### Secretarial or Clerical Employees or Personal Care Assistants Covered under the Collective Bargaining Unit

The School District provides post-retirement medical insurance and prescription drug coverage to all eligible secretarial or clerical or personal care assistant retirees covered under the collective bargaining unit in accordance with the requirements set forth by the employee contract. The retiree must be at least age 62 with 12 years of service. The School District pays for such coverage, which shall continue for 36 months after the retirement date or when the retiree reaches Medicare eligibility (age 65), whichever occurs first. The retiree pays the School District at least the amount of the premium assistance available to the retiree through PSERS, plus the retiree is responsible for the same contributions paid by active members of the collective bargaining unit. The retiree may purchase spouse and/or dependent health insurance, dental, and vision benefits with the School District at the retiree's expense.

If hired before July 1, 1999, \$3,000 or equivalent is paid into a group term life insurance policy.

Currently, three retirees meet the eligibility requirements to receive these medical benefits.

### Administrative Assistants and Specialists

The School District provides post-retirement medical insurance to all eligible retired administrative assistants and specialists in accordance with the requirements set forth in agreements signed each year. The retiree must be at least age 62 with 10 years of service. The School District pays for such coverage, which shall continue until the retiree is age 65. The retiree must pay at least the amount of any premium assistance available to the retiree through PSERS.

Upon age 62 with 10 years of service, \$3,000 or equivalent is paid into a group term life insurance policy.

Currently, one retiree meets the eligibility requirements to receive these medical benefits.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### Custodial and Maintenance Employees Covered under the Collective Bargaining Unit

The School District provides post-retirement medical insurance and prescription drug coverage to all eligible custodial and maintenance retirees covered under the collective bargaining unit in accordance with the requirements set forth by the employee contract. The retiree must be at least age 62 with 12 years of service. The School District pays for such coverage, which shall continue for 36 months after the retirement date or when the retiree reaches Medicare eligibility (age 65), whichever occurs first. The retiree pays the School District at least the amount of the premium assistance available to the retiree through PSERS, plus the retiree is responsible for the same contributions paid by active members of the collective bargaining unit. The retiree may purchase spouse and/or dependent health insurance, dental, and vision benefits with the School District at the retiree's expense.

Currently, two retirees meet the eligibility requirements to receive these medical benefits.

### Cafeteria Employees

Covered retirees include any full-time employee who retires into the Pennsylvania Public School Employees Retirement System (PSERS). The retiree may purchase health insurance, dental, and vision benefits with the School District at the retiree's expense until the earlier of age 65 or Medicare eligibility.

## **FUNDING POLICY**

The School District's General Fund expenditures for postemployment medical, prescription drug, dental, and vision benefits for all teachers, administrators, secretarial, clerical, administrative assistants and specialists, custodial and maintenance employees covered under the collective bargaining unit (as applicable) were \$370,905 (net of \$229,124 of retiree contributions) in 2015. These benefits are expensed when incurred and are financed on a pay-as-you-go basis.

The School District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a 30-year period.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

The most significant assumption change for the July 1, 2014 actuarial valuation is the assumption for coverage type for future retirees for the administrators. It has been updated to 100% of retiring administrators selecting individual coverage to reflect the current arrangement in which retired administrators reimburse the School District for spousal coverage. This did not have a significant impact on the valuation results.

The following table shows the component of the School District's annual OPEB cost for the year, the amount actually contributed, and changes in the School District's net OPEB obligation:

Annual required contribution	\$ 761,255
Interest on net OPEB obligation	114,586
Adjustment to annual required contribution	<u>(156,324)</u>
Annual OPEB cost	719,517
Contributions made	<u>(370,905)</u>
Increase in net OPEB obligation	348,612
Net OPEB obligation - beginning of year	<u>2,546,351</u>
Net OPEB obligation - end of year	<u>\$ 2,894,963</u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>% of AOC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 719,517	51.55%	\$ 2,894,963
June 30, 2014	629,796	64.05%	2,546,351
June 30, 2013	633,441	64.90%	2,319,960

The ARC for the current year was computed as of July 1, 2014 using the following actuarial assumptions:

- actuarial cost method - entry age normal cost;
- amortization method - level dollar;
- amortization period - 30 years open;
- discount rate - 4.5% compounded annually;
- mortality – RP-2000 Combined Mortality Table projected with 75% of scale AA; and
- health care cost trend rates – 5% for 2015 and later.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

The schedule of funding progress for the OPEBs is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-PUC (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
July 1, 2014	\$ -	\$ 6,988,311	\$ 6,988,311	0.0%	\$ 37,641,866	18.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Healthcare cost trend assumptions are based on recent experience and anticipated future cost increases under the School District's medical plans. Amounts determined regarding the funded status and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress included as Required Supplementary Information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### 10. HEALTH INSURANCE CONSORTIUM

The School District is one of forty-eight members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. The School District paid approximately \$9 million to the Consortium during fiscal year 2015.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net assets or deficiency in net assets, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2015, the Consortium had net assets of approximately \$42 million, of which approximately \$1.7 million is attributable to the School District.

### 11. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at June 30, 2015 are summarized below:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Major Funds:		
General	\$ 107,261	\$ -
Food Service	-	107,261
Total	<u>\$ 107,261</u>	<u>\$ 107,261</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers through June 30, 2015 are summarized below:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ -	\$12,941,164
Capital	2,000,000	-
Debt Service	10,872,161	-
Food Service	69,003	-
Total	<u>\$12,941,164</u>	<u>\$12,941,164</u>

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# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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Transactions between funds which are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected within the next fiscal year, the transactions are accounted for through the various due from and due to accounts.

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move revenues to finance the high school construction project, and (3) provide operating support to the cafeteria fund.

### 12. LEASES

The School District has entered into non-cancelable operating leases for copiers, computers, and other equipment and software. Lease payments made during the fiscal year ended June 30, 2015 were approximately \$520,000. Future minimum lease rental payments are as follows for the fiscal years ending June 30:

2016	\$ 255,977
2017	251,258
2018	197,940
2019	147,842
2020	28,952
2021	<u>1,294</u>
	<u>\$ 883,263</u>

### 13. CONTINGENCIES AND OTHER COMMITMENTS

#### Litigation

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

#### Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The School District maintains insurance through an independent insurance carrier for

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# MT. LEBANON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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these types of business losses. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years. There have been no significant changes in insurance coverage since the prior fiscal year. Management believes the insurance coverage is sufficient to cover the School District against potential losses.

### Other Commitments

There is an ongoing appeal process through which a taxpayer may contest the assessed value of their property. This process could result in reductions in tax revenues and refunds of taxes previously collected. Various appeals are outstanding at June 30, 2015. The ultimate outcome of these appeals is uncertain.

The School District is currently renovating its high school. The School District has signed various prime contracts related to this construction project totaling \$94 million (adjusted by change orders and change directives). The remaining payments to the prime contractors as of June 30, 2015 are approximately \$4.6 million.

## **14. SUBSEQUENT EVENT**

On October 19, 2015, the Board took action to refinance the 2005 General Obligation Bonds by issuing \$52,425,000 as 2015 General Obligation Bonds, netting reduced debt service payments over four years of \$1.7 million plus \$3.9 million at closing for future capital projects. The 2015 Bonds were rated Aa1 by Moody's.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

# MT. LEBANON SCHOOL DISTRICT

## SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years\*

	<u>2015</u>
School District's proportion of the net pension liability	0.3330%
School District's proportionate share of the net pension liability	\$ 131,804,000
School District's covered-employee payroll	\$ 42,498,124
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	310.1407%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	57.2382%

\* The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the

## SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS

Last 10 Fiscal Years\*\*

	<u>2015</u>
Contributions recognized by PSERS	\$ 8,797,615
School District's covered employee payroll	\$ 44,330,171
Contributions as a percentage of covered-employee payroll	19.8457%

\*\* The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

# MT. LEBANON SCHOOL DISTRICT

## POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs) SCHEDULE OF FUNDING PROGRESS

FOR THE YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/14	\$ -	\$ 6,988,311	\$ 6,988,311	0%	\$ 37,641,866	18.6%
7/1/12	-	6,277,370	6,277,370	0%	36,416,723	17.2%
7/1/10	-	7,507,139	7,507,139	0%	35,163,420	21.3%

# MT. LEBANON SCHOOL DISTRICT

## POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs) FACTORS AND TRENDS USED IN ACTUARIAL VALUATION

FOR THE YEAR ENDED JUNE 30, 2015

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the

Actuarial valuation date	07/01/14
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years
Actuarial assumptions:	
Discount rate	4.50%
Healthcare cost trend rates:	5.00%

Premium Schedules (annual rates) as of July 1, 2014:

		Medical/Rx	
		<u>Keystone HMO</u>	<u>PPO</u>
Single	\$	6,135.96	\$
			6,568.32
Parent/Child		13,763.04	14,726.40
Parent/Children		15,139.20	16,198.92
Husband/Wife		16,668.96	17,843.28
Family		17,332.20	18,552.12

# **SUPPLEMENTARY INFORMATION**

MT. LEBANON SCHOOL DISTRICT

**DESCRIPTION OF DISTRICT FUNDS**

**MAJOR FUNDS**

**GENERAL FUND**

The General Fund accounts for all transactions of the School District which are not required to be accounted for in other funds. The General Fund is used to account for the ordinary operations of the School District which are financed from taxes and other local revenues. It also reflects transfers to the Debt Service, Capital Projects and Enterprise (Food Service) Funds.

**CAPITAL FUND**

The Capital Fund accounts for transactions related to major capital improvements in the District. Renovations to our high school is ongoing.

**DEBT SERVICE FUND**

The Debt Service Fund accounts for all payments on School District's General Obligation Bond Issues.

**MAJOR PROPRIETARY FUND**

**FOOD SERVICE FUND**

The District has only one Business Type Fund, the Food Service Fund. This fund accounts for all transactions related to offering breakfast and lunch programs to our students.

**OTHER GOVERNMENTAL FUNDS**

**FIDUCIARY FUNDS**

The Student Activities Fund represents funds for student organizations for which the School District acts as custodian. These funds were obtained as a result of student fundraising activities and belong to the student groups.

The Private Purpose Trust Fund is used to account for resources held in trust for scholarships and fundraising events.

**SPECIAL REVENUE FUND**

This Fund is used to provide college scholarships to some graduating students.

# MT. LEBANON SCHOOL DISTRICT

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2015</u>
<hr/> <b>Assets</b> <hr/>				
Cash and cash equivalents	<u>\$ 182,898</u>	<u>\$ 807,206</u>	<u>\$ 832,612</u>	<u>\$ 157,492</u>
<hr/> <b>Liabilities</b> <hr/>				
Due to student organizations	<u>\$ 182,898</u>	<u>\$ 807,206</u>	<u>\$ 832,612</u>	<u>\$ 157,492</u>

MT. LEBANON SCHOOL DISTRICT

**DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY FUNCTION AND OBJECT  
BUDGET AND ACTUAL (GAAP BASIS)**

Year ended June 30, 2015

INSTRUCTIONAL SERVICES

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Regular Instruction</b>				
Salaries	\$26,314,190	\$26,413,190	\$26,413,126	\$64
Employee Benefits	12,921,599	13,149,149	13,149,107	42
Contracted Services	(47,057)	42,993	42,986	7
Repair and Rental Services	18,640	18,640	18,545	95
Purchased Services	312,767	259,167	259,113	54
Supplies and Materials	962,454	901,863	901,819	44
Dues and Fees	9,350	10,120	10,113	7
<b>Subtotal</b>	<b>40,491,943</b>	<b>40,795,122</b>	<b>40,794,809</b>	<b>313</b>
<b>Special Instruction</b>				
Salaries	4,207,330	4,267,380	4,267,362	18
Employee Benefits	2,020,736	2,037,286	2,037,240	46
Contracted Services	2,875,603	605,665	605,606	59
Supplies and Materials	152,595	147,772	147,728	44
<b>Subtotal</b>	<b>9,256,264</b>	<b>7,058,103</b>	<b>7,057,936</b>	<b>167</b>
<b>Other Instructional Programs</b>				
Salaries	195,320	339,920	339,919	1
Employee Benefits	80,728	104,978	104,948	30
Repair and Rental Services	142,000	167,430	167,396	34
Supplies and Materials	4,750	(15,850)	(15,944)	94
<b>Subtotal</b>	<b>422,798</b>	<b>596,478</b>	<b>596,319</b>	<b>159</b>
<b>Continuing Education</b>				
Salaries	151,200	131,300	131,267	33
Employee Benefits	71,889	48,139	48,137	2
Repair and Rental Services	22,500	20,600	20,532	68
Purchased Services \ Supplies	1,000	1,000	479	521
<b>Subtotal</b>	<b>246,589</b>	<b>201,039</b>	<b>200,415</b>	<b>624</b>
<b>Total Instructional Services</b>	<b>50,417,594</b>	<b>48,650,742</b>	<b>48,649,480</b>	<b>1,262</b>
<b>Pupil Services</b>				
Salaries	2,117,367	2,184,567	2,184,525	42
Employee Benefits	1,061,633	1,041,833	1,041,813	20
Contracted Services	25,200	12,050	12,040	10
Purchased Services	2,750	200	185	15
Supplies and Materials	23,645	39,659	39,650	9
Dues and Fees	3,300	0	0	0
<b>Subtotal</b>	<b>\$3,233,895</b>	<b>\$3,278,309</b>	<b>\$3,278,213</b>	<b>\$96</b>

(Continued)

MT. LEBANON SCHOOL DISTRICT

**DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY FUNCTION AND OBJECT  
BUDGET AND ACTUAL (GAAP BASIS)**

Year ended June 30, 2015

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Instructional Support Services</b>				
Salaries	\$1,112,572	\$1,065,572	\$1,065,568	\$4
Employee Benefits	675,415	572,515	572,491	24
Contracted Services	28,000	21,600	21,582	18
Repair and Rental Services	29,821	16,461	16,436	25
Purchased Services	138,323	121,273	121,229	44
Supplies and Materials	21,889	19,724	19,236	488
<b>Subtotal</b>	<u>2,006,020</u>	<u>1,817,145</u>	<u>1,816,542</u>	<u>603</u>
<b>Administration</b>				
Salaries	2,943,885	2,996,235	2,996,233	2
Employee Benefits	1,505,805	1,443,105	1,443,081	24
Contracted Services	569,678	326,200	326,199	1
Purchased Services	73,822	26,972	26,046	926
Supplies and Materials	49,387	37,137	36,616	521
Dues and Fees	6,000	1,900	1,880	20
<b>Subtotal</b>	<u>5,148,577</u>	<u>4,831,549</u>	<u>4,830,055</u>	<u>1,494</u>
<b>Pupil Health Services</b>				
Salaries	578,799	558,299	558,288	11
Employee Benefits	281,622	264,772	264,738	34
Contracted Services	10,300	10,800	10,756	44
Supplies and Materials	9,300	7,175	6,357	818
<b>Subtotal</b>	<u>880,021</u>	<u>841,046</u>	<u>840,139</u>	<u>907</u>
<b>Financial Services</b>				
Salaries	524,972	439,922	439,896	26
Employee Benefits	251,763	207,563	207,553	10
Contracted Services	10,000	2,750	2,750	0
Repair and Rental Services	295,000	303,999	303,989	10
Purchased Services	4,000	4,000	3,092	908
Supplies and Materials	12,000	(475)	(514)	39
<b>Subtotal</b>	<u>1,097,735</u>	<u>957,759</u>	<u>956,766</u>	<u>993</u>
<b>Operation &amp; Maintenance of Plant</b>				
Salaries	3,650,894	3,727,694	3,727,661	33
Employee Benefits	1,780,743	1,781,843	1,781,835	8
Contracted Services	825,305	503,495	503,450	45
Repair and Rental Services	552,610	493,660	493,639	21
Purchased Services	345,632	325,882	325,854	28
Supplies and Materials	1,603,071	1,835,721	1,835,469	252
<b>Subtotal</b>	<u>\$8,758,255</u>	<u>\$8,668,295</u>	<u>\$8,667,908</u>	<u>\$387</u>

(Continued)

MT. LEBANON SCHOOL DISTRICT

**DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY FUNCTION AND OBJECT  
BUDGET AND ACTUAL (GAAP BASIS)**

Year ended June 30, 2015

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Student Transportation Services</b>				
Salaries	\$292,755	\$279,855	\$279,810	\$45
Employee Benefits	143,342	137,367	133,691	3,676
Repair and Rental Services	1,276	1,276	0	1,276
Purchased Services	855,162	802,029	802,027	2
Supplies and Materials	31,381	43,531	43,505	26
<b>Subtotal</b>	<u>1,323,916</u>	<u>1,264,058</u>	<u>1,259,033</u>	<u>5,025</u>
<b>Other Support Services</b>				
Salaries	627,845	631,995	631,992	3
Employee Benefits	305,222	299,272	299,225	47
Contracted Services	258,668	208,200	208,159	41
Repair and Rental Services	171,098	143,798	143,759	39
Purchased Services	11,332	8,000	7,759	241
Supplies and Materials	16,698	8,898	8,881	17
Dues and Fees	280,500	306,900	306,824	76
<b>Subtotal</b>	<u>1,671,363</u>	<u>1,607,063</u>	<u>1,606,599</u>	<u>464</u>
<b>Student Activities</b>				
Salaries	1,232,776	1,246,523	1,246,519	4
Employee Benefits	598,871	546,471	546,459	12
Contracted Services	77,280	72,023	72,022	1
Repair and Rental Services	17,799	11,749	11,715	34
Purchased Services	19,231	30,731	30,684	47
Supplies and Materials	147,835	117,560	117,529	31
Dues and Fees	16,650	34,300	34,252	48
<b>Subtotal</b>	<u>2,110,442</u>	<u>2,059,357</u>	<u>2,059,180</u>	<u>177</u>
<b>Community Services</b>				
Salaries	213,275	237,975	237,952	23
Employee Benefits	107,595	114,045	114,028	17
Contracted Services	150	150	(525)	675
Supplies and Materials	750	750	71	679
Dues and Fees	0	0	0	0
<b>Subtotal</b>	<u>321,770</u>	<u>352,920</u>	<u>351,526</u>	<u>1,394</u>
<b>Intergovernmental</b>				
Special Education	0	2,073,633	2,073,633	0
<b>Other</b>	<u>75,000</u>	<u>661,790</u>	<u>898,134</u>	<u>(236,344)</u>
<b>Subtotal</b>	<u>75,000</u>	<u>2,735,423</u>	<u>2,971,767</u>	<u>(236,344)</u>
<b>Total General Fund Expenditures</b>	<u>\$77,044,588</u>	<u>\$77,063,666</u>	<u>\$77,287,208</u>	<u>(\$223,542)</u> (Concluded)



# **STATISTICAL SECTION**

MT. LEBANON SCHOOL DISTRICT

**DESCRIPTION OF STATISTICAL SECTION**

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

**CONTENTS**

**PAGE(S)**

**FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the School District’s financial performance and well-being have changed over time.

92-100

**REVENUE CAPACITY**

These schedules contain information to help the reader assess the School District’s most significant local revenue sources: the property tax, the earned income tax, and federal and state subsidies.

100-108

**DEBT CAPACITY**

These schedules present information to help the reader assess the affordability of the School District’s current levels of outstanding debt and the School District’s ability to issue additional debt in the future.

109-114

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District’s financial activities take place.

115-119

**OPERATING INFORMATION**

These schedules contain service and infrastructure data to help the reader understand how the information in the School District’s financial report relates to the services the School District provides.

120-130

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

MT. LEBANON SCHOOL DISTRICT  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental Activities:										
Instruction	\$36,595,877	\$39,477,948	\$40,896,970	\$42,446,094	\$42,142,150	\$41,641,578	\$43,512,017	\$43,915,623	\$46,855,630	\$53,223,139
Pupil Services	2,649,479	2,786,187	2,834,745	3,066,825	3,139,349	3,170,406	3,060,588	2,980,031	3,232,610	3,532,605
Instructional Support Services	2,528,704	2,601,467	2,585,990	2,822,607	2,738,888	2,799,921	2,180,133	2,061,329	1,839,474	1,944,810
Administration	3,730,685	4,206,344	4,158,999	4,210,571	4,418,809	4,122,789	4,580,050	4,648,621	4,740,511	5,177,670
Pupil Health Services	563,746	639,379	705,864	754,463	775,048	743,864	894,490	817,274	881,965	904,583
Fiscal Services	995,127	1,005,912	1,059,409	1,065,416	1,080,999	972,508	1,162,837	999,374	981,773	1,016,024
Operation and Maintenance of Plant	7,865,535	8,028,573	8,231,826	7,912,981	8,328,024	7,798,144	7,779,298	7,920,327	8,737,963	9,695,398
Pupil Transportation Services	813,013	1,105,252	1,026,084	1,066,162	1,088,955	1,106,780	1,118,689	1,298,391	1,168,135	1,315,148
Other Support Services	1,676,193	1,652,964	1,761,358	2,023,463	1,726,041	1,657,453	1,628,463	1,650,932	1,623,112	1,739,976
Student Activities	1,791,872	1,941,750	1,932,049	1,850,420	2,006,483	1,885,204	1,958,653	1,977,012	2,016,593	2,212,476
Community Services	444,095	466,947	492,207	500,092	470,938	354,195	382,154	345,941	567,524	619,865
Intergovernmental	2,254,349	2,747,704	2,771,884	2,339,387	2,462,844	3,004,045	3,098,715	3,137,240	3,247,238	2,811,850
Interest on Long-Term Debt	2,917,589	3,210,927	3,157,005	3,165,682	3,230,992	6,971,523	5,849,949	5,725,492	7,788,905	7,050,680
Business Type Activities:										
Food Services	1,399,801	1,428,146	1,420,230	1,479,616	1,549,887	1,629,145	1,668,599	1,653,037	1,620,151	1,898,000
Loss on Disposal on Capital Assets	1,756,851	0	0	0	0	0	0	0	0	0
<b>Total Primary Government Expenses</b>	<b>67,982,916</b>	<b>71,299,500</b>	<b>73,034,620</b>	<b>74,703,779</b>	<b>75,159,407</b>	<b>77,857,555</b>	<b>78,874,635</b>	<b>79,130,624</b>	<b>85,301,584</b>	<b>93,142,224</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services	234,921	309,658	199,791	243,918	306,016	287,674	241,743	279,213	372,992	573,164
Operating Grants and Contributions	6,673,574	8,291,325	8,463,526	8,277,635	9,281,671	9,730,294	8,357,832	9,023,772	10,132,893	11,353,854
Business Type Activities:										
Charges for Services	1,158,739	1,209,952	1,224,161	1,307,096	1,287,939	1,388,183	1,336,976	1,224,568	1,187,378	1,281,785
Operating Grants and Contributions	108,581	95,488	120,287	162,707	189,835	274,040	241,372	345,487	370,422	423,718
<b>Total Primary Government Program Revenues</b>	<b>8,175,815</b>	<b>9,906,423</b>	<b>10,007,765</b>	<b>9,991,356</b>	<b>11,065,461</b>	<b>11,680,191</b>	<b>10,177,923</b>	<b>10,873,040</b>	<b>12,063,685</b>	<b>13,632,521</b>
<b>Net (Expense)/Revenue</b>										
<b>Total Primary Government</b>	<b>(\$59,807,101)</b>	<b>(\$61,393,077)</b>	<b>(\$63,026,855)</b>	<b>(\$64,712,423)</b>	<b>(\$64,093,946)</b>	<b>(\$66,177,364)</b>	<b>(\$68,696,712)</b>	<b>(\$68,257,584)</b>	<b>(\$73,237,899)</b>	<b>(\$79,509,703)</b>

MT. LEBANON SCHOOL DISTRICT  
**GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION**

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Net (Expense)/Revenue</b>										
Total Primary Government Net Expense	(\$59,807,101)	(\$61,393,077)	(\$63,026,855)	(\$64,712,423)	(\$64,093,946)	(\$66,177,364)	(\$68,696,712)	(\$68,257,584)	(\$73,237,899)	(\$79,509,703)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property Taxes Levied for General Purposes	48,815,733	49,693,130	50,522,332	49,018,157	51,755,572	54,724,426	54,646,078	56,545,264	57,304,345	60,191,570
Other Taxes Levied for General Purposes	6,256,248	6,550,873	6,850,652	6,553,815	6,645,443	6,786,259	7,164,367	7,996,303	8,135,195	8,306,579
Unrestricted Grants and Contributions	5,426,002	5,563,847	5,687,113	5,584,093	5,020,923	4,761,007	5,584,093	5,584,093	5,796,217	5,796,217
Investment Earnings	1,571,818	2,026,129	1,619,858	1,077,973	645,949	500,453	179,857	113,078	67,579	71,110
Other Income	8,248	120,461	107,910	100,176	139,575	108,134	44,581	96,632	83,595	92,573
Miscellaneous	33,273	0	0	0	0	0	0	0	0	0
State Property Tax Reduction	0	0	0	1,700,448	1,698,235	1,698,323	1,698,229	1,698,149	1,703,512	1,703,049
<b>Total Primary Government</b>	<b>62,111,322</b>	<b>63,954,440</b>	<b>64,787,865</b>	<b>64,034,662</b>	<b>65,905,697</b>	<b>68,578,602</b>	<b>69,317,205</b>	<b>72,033,519</b>	<b>73,090,443</b>	<b>76,161,098</b>
<b>Change in Net Position</b>										
<b>Total Primary Government</b>	<b>\$2,304,221</b>	<b>\$2,561,363</b>	<b>\$1,761,010</b>	<b>(\$677,761)</b>	<b>\$1,811,751</b>	<b>\$2,401,238</b>	<b>\$620,493</b>	<b>\$3,775,935</b>	<b>(\$147,456)</b>	<b>(\$3,348,605)</b>

MT. LEBANON SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities</b>										
Net investment in capital assets	(\$544,086)	\$178,361	(\$882,436)	\$1,829,898	\$2,257,530	\$3,458,794	\$4,813,773	\$8,117,594	\$9,110,550	\$8,420,974
Unrestricted	12,864,173	13,845,338	17,292,173	13,868,514	15,274,102	16,483,089	15,708,925	16,173,103	(108,829,199)*	(111,400,915)
Restricted	0	892,317	243,928	205,597	181,099	95,081	137,892	158,726	219,973	255,610
<b>Subtotal Governmental Activities</b>	<b>12,320,087</b>	<b>14,916,016</b>	<b>16,653,665</b>	<b>15,904,009</b>	<b>17,712,731</b>	<b>20,036,964</b>	<b>20,660,590</b>	<b>24,449,423</b>	<b>(99,498,676)</b>	<b>(102,724,331)</b>
<b>Business Type Activities</b>										
Net investment in capital assets	160,228	126,332	84,490	76,140	64,196	52,114	45,821	34,527	25,378	17,347
Unrestricted	394,810	394,140	459,343	539,588	554,561	643,648	646,808	645,204	(1,215,128)*	(1,330,047)
<b>Subtotal Business Type Activities</b>	<b>555,038</b>	<b>520,472</b>	<b>543,833</b>	<b>615,728</b>	<b>618,757</b>	<b>695,762</b>	<b>692,629</b>	<b>679,731</b>	<b>(1,189,750)</b>	<b>(1,312,700)</b>
<b>Total Activities</b>										
Net investment in capital assets	(383,858)	304,693	(797,946)	1,906,038	2,321,726	3,510,908	4,859,594	8,152,121	9,135,928	8,438,321
Unrestricted	13,258,983	14,239,478	17,751,516	14,408,102	15,828,663	17,126,737	16,355,733	16,818,307	(110,044,327)*	(112,730,962)
Restricted	0	892,317	243,928	205,597	181,099	95,081	137,892	158,726	219,973	255,610
<b>Total Net Position</b>	<b>\$12,875,125</b>	<b>\$15,436,488</b>	<b>\$17,197,498</b>	<b>\$16,519,737</b>	<b>\$18,331,488</b>	<b>\$20,732,726</b>	<b>\$21,353,219</b>	<b>\$25,129,154</b>	<b>(\$100,688,426)*</b>	<b>(\$104,037,031)</b>

\*Net Position was restated as of July 1, 2013 to record the net pension liability and related components as required under GASB Statement #68 by \$123,283,000 for governmental activities and by \$1,877,000 for business-type activities.

MT. LEBANON SCHOOL DISTRICT

**CHANGES IN NET POSITION**

LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:										
Net Position:										
Beginning of Year	\$9,963,442	\$12,320,087	\$14,916,016	\$16,653,665	\$15,904,009	\$17,712,731	\$20,036,964	\$20,660,590	(\$99,343,701)*	(\$99,498,676)
End of Year	<u>12,320,087</u>	<u>14,916,016</u>	<u>16,653,665</u>	<u>15,904,009</u>	<u>17,712,731</u>	<u>20,036,964</u>	<u>20,660,590</u>	<u>24,449,423</u>	<u>(99,498,676)*</u>	<u>(102,724,331)</u>
Change in Net Position	2,356,645	2,595,929	1,737,649	(749,656)	1,808,722	2,324,233	623,626	3,788,833	(154,975)*	(3,225,655)
Business Type Activities:										
Net Position:										
Beginning of Year	607,462	555,038	520,472	543,833	615,728	618,757	695,762	692,629	(1,197,269)*	(1,189,750)
End of Year	<u>555,038</u>	<u>520,472</u>	<u>543,833</u>	<u>615,728</u>	<u>618,757</u>	<u>695,762</u>	<u>692,629</u>	<u>679,731</u>	<u>(1,189,750)*</u>	<u>(1,312,700)</u>
Change in Net Position	(52,424)	(34,566)	23,361	71,895	3,029	77,005	(3,133)	(12,898)	7,519*	(122,950)
Total-All Activities										
Net Position:										
Beginning of Year	10,570,904	12,875,125	15,436,488	17,197,498	16,519,737	18,331,488	20,732,726	21,353,219	(100,540,970)*	(100,688,426)
End of Year	<u>12,875,125</u>	<u>15,436,488</u>	<u>17,197,498</u>	<u>16,519,737</u>	<u>18,331,488</u>	<u>20,732,726</u>	<u>21,353,219</u>	<u>25,129,154</u>	<u>(100,688,426)*</u>	<u>(104,037,031)</u>
Change in Net Position	<u><u>\$2,304,221</u></u>	<u><u>\$2,561,363</u></u>	<u><u>\$1,761,010</u></u>	<u><u>(\$677,761)</u></u>	<u><u>\$1,811,751</u></u>	<u><u>\$2,401,238</u></u>	<u><u>\$620,493</u></u>	<u><u>\$3,775,935</u></u>	<u><u>(\$147,456)*</u></u>	<u><u>(\$3,348,605)</u></u>

\* Net position was restated as of July 1, 2013 to adjust the unamortized bond issue costs as required under GASB Statement #65 by \$510,124.

Net position was restated as of July 1, 2013 to record the net pension liability and related components as required under GASB Statement #68 by \$123,283,000 for governmental activities and by \$1,877,000 for business-type activities.

**MT. LEBANON SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Federal Sources:</b>										
Federal Grants	\$290,511	\$648,038	\$688,350	\$702,079	\$1,827,167	\$2,359,372	\$666,951	\$512,002	\$545,750	\$413,095
<b>Total Federal Sources</b>	<u>290,511</u>	<u>648,038</u>	<u>688,350</u>	<u>702,079</u>	<u>1,827,167</u>	<u>2,359,372</u>	<u>666,951</u>	<u>512,002</u>	<u>545,750</u>	<u>413,095</u>
<b>State Sources:</b>										
Basic Education Subsidies	5,135,391	5,315,129	5,421,501	5,584,093	5,020,923	4,761,007	5,584,093	5,584,093	5,796,217	5,796,217
Social Security/ Retirement Subsidies	2,000,312	2,579,865	2,841,218	2,559,271	2,540,080	2,612,487	3,361,467	4,138,444	5,179,397	6,358,540
Special Education Subsidies	2,367,508	2,506,694	2,598,029	2,538,943	2,560,695	2,589,760	2,518,259	2,521,957	2,550,087	2,544,853
Construction Subsidies	936,167	931,795	823,726	942,121	919,584	794,738	678,063	702,894	707,066	713,596
Transportation Subsidies	76,932	81,194	107,780	105,944	124,437	154,886	115,489	118,273	166,074	128,157
Property Tax Reduction Allocation	0	0	0	1,700,448	1,698,235	1,698,323	1,698,229	1,698,149	1,703,512	1,703,049
Medical, Dental and Nurse Care Subsidies	125,000	125,000	85,994	91,807	120,607	118,327	117,152	117,590	99,320	0
State Grants and Other	359,559	898,718	814,078	532,460	382,587	356,721	148,833	133,272	132,331	315,412
<b>Total State Sources</b>	<u>11,000,869</u>	<u>12,438,395</u>	<u>12,692,326</u>	<u>14,055,087</u>	<u>13,367,148</u>	<u>13,086,249</u>	<u>14,221,585</u>	<u>15,014,672</u>	<u>16,334,004</u>	<u>17,559,824</u>
<b>Local Sources:</b>										
Real Estate Taxes	48,883,771	49,557,411	50,589,807	49,032,399	51,697,076	55,130,569	54,685,072	56,544,466	57,276,727	60,288,038
Earned Income Taxes	5,294,788	5,695,884	6,053,990	5,879,153	5,783,167	6,094,304	6,445,280	7,135,252	7,182,405	7,392,185
Occupation Taxes	40,179	48,018	26,083	26,150	0	0	0	0	0	0
Realty Transfer Taxes	842,257	720,672	689,115	564,684	736,767	574,866	596,130	728,037	825,839	789,122
Public Utility Taxes	79,024	86,299	81,464	74,808	80,728	79,608	81,571	84,597	78,508	81,601
Investment Earnings	1,555,499	2,002,510	1,601,451	1,065,427	639,969	498,339	161,901	112,156	66,871	70,566
Rental of Facilities	80,326	120,461	94,273	98,541	85,869	80,829	94,145	16,176	18,031	14,687
Tuition from Patrons	234,921	309,658	199,791	243,918	306,016	287,674	241,743	235,812	274,089	475,051
Gifts and Grants	110,728	114,402	146,579	274,968	162,912	130,164	135,212	152,353	201,553	257,080
Other Revenues	697,468	654,337	623,384	539,062	693,493	655,846	659,636	759,137	749,883	832,221
<b>Total Local Sources</b>	<u>57,818,961</u>	<u>59,309,652</u>	<u>60,105,937</u>	<u>57,799,110</u>	<u>60,185,997</u>	<u>63,532,199</u>	<u>63,100,690</u>	<u>65,767,986</u>	<u>66,673,906</u>	<u>70,200,551</u>
<b>Total Revenues</b>	<u>\$69,110,341</u>	<u>\$72,396,085</u>	<u>\$73,486,613</u>	<u>\$72,556,276</u>	<u>\$75,380,312</u>	<u>\$78,977,820</u>	<u>\$77,989,226</u>	<u>\$81,294,660</u>	<u>\$83,553,660</u>	<u>\$88,173,470</u>

MT. LEBANON SCHOOL DISTRICT  
**GENERAL SCHOOL DISTRICT EXPENDITURES BY FUNCTION**  
 LAST TEN FISCAL YEARS

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Current Expenditures:</b>										
Instructional Services	\$34,991,557	\$37,771,733	\$38,713,912	\$39,448,922	\$39,809,966	\$40,005,330	\$41,567,676	\$42,415,665	\$45,106,493	\$49,011,371
Pupil Services	2,561,997	2,692,590	2,738,026	2,959,471	3,026,765	3,054,279	2,949,078	2,886,992	3,136,318	3,278,213
Instructional Support Services	2,445,210	2,514,075	2,497,759	2,723,802	2,640,665	2,697,364	2,100,702	1,996,973	1,784,681	1,816,542
Administration	3,601,617	4,057,999	4,009,161	4,055,938	4,252,527	3,971,778	4,413,180	4,503,696	4,599,303	4,830,055
Pupil Health	545,132	617,900	681,781	728,053	747,253	716,617	861,900	791,758	856,053	840,139
Financial Services	962,269	972,120	1,023,263	1,028,121	1,042,232	937,106	1,128,174	968,360	952,707	956,766
Operation and Maintenance of Plant	7,597,946	7,750,846	7,942,944	7,980,553	8,032,424	7,517,574	7,497,850	7,679,317	8,485,585	9,174,547
Student Transportation Services	784,238	1,068,123	991,075	1,027,967	1,048,684	1,066,240	1,077,931	1,257,854	1,133,339	1,259,033
Other Support Services	1,618,243	1,593,609	1,696,841	1,660,595	1,657,663	1,597,363	1,569,208	1,599,476	1,574,938	1,648,502
Student Activities	1,735,070	1,880,490	1,870,165	1,931,031	1,940,256	1,791,092	1,875,984	1,900,603	1,946,285	2,059,180
Scholarships	0	0	0	2,589	1,300	26,013	11,734	15,159	10,553	17,471
Community Services	429,432	451,261	475,413	482,585	454,049	341,221	368,231	335,140	339,921	351,526
Intergovernmental	2,254,349	2,747,704	2,771,884	2,339,387	2,462,844	2,894,013	2,985,816	3,040,383	3,367,678	2,971,767
<b>Subtotal Noncapital Expenditures</b>	<b>59,527,060</b>	<b>64,118,450</b>	<b>65,412,224</b>	<b>66,369,014</b>	<b>67,116,628</b>	<b>66,615,990</b>	<b>68,407,464</b>	<b>69,391,376</b>	<b>73,293,854</b>	<b>78,215,112</b>
<b>Capital Outlay:</b>										
Capitalized	11,706,822	1,100,260	1,440,822	1,376,695	1,822,593	2,417,478	12,467,376	42,968,801	29,576,394	16,723,880
Non-Capitalized	303,280	258,007	802,367	461,385	2,475,279	859	3,545	0	0	0
<b>Subtotal Capital Outlay</b>	<b>12,010,102</b>	<b>1,358,267</b>	<b>2,243,189</b>	<b>1,838,080</b>	<b>4,297,872</b>	<b>2,418,337</b>	<b>12,470,921</b>	<b>42,968,801</b>	<b>29,576,394</b>	<b>16,723,880</b>
<b>Debt Service:</b>										
Principal	1,845,000	1,890,000	1,940,000	2,000,000	1,950,000	2,930,000	3,605,000	4,315,000	4,445,000	4,590,000
Interest	2,871,272	3,063,885	3,012,109	2,987,326	2,818,938	7,060,082	5,976,834	5,854,845	6,367,619	7,245,494
Issuance Costs	672,306	0	0	69,378	438,300	73,819	0	0	947,825	0
<b>Subtotal Debt Service</b>	<b>5,388,578</b>	<b>4,953,885</b>	<b>4,952,109</b>	<b>5,056,704</b>	<b>5,207,238</b>	<b>10,063,901</b>	<b>9,581,834</b>	<b>10,169,845</b>	<b>11,760,444</b>	<b>11,835,494</b>
<b>Total Expenditures</b>	<b>\$76,925,740</b>	<b>\$70,430,602</b>	<b>\$72,607,522</b>	<b>\$73,263,798</b>	<b>\$76,621,738</b>	<b>\$79,098,228</b>	<b>\$90,460,219</b>	<b>\$122,530,022</b>	<b>\$114,630,692</b>	<b>\$106,774,486</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>										
	7.92%	7.73%	7.57%	7.51%	7.11%	15.00%	14.01%	14.66%	14.75%	15.13%

MT. LEBANON SCHOOL DISTRICT  
**SCHEDULE OF EXPENDITURES BY OBJECT**  
 LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012*</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Salaries	\$36,039,333	\$38,034,370	\$38,887,197	\$40,019,113	\$40,889,621	\$40,882,168	\$41,804,508	\$41,719,880	\$42,671,150	\$44,612,370
Fringe Benefits	11,732,145	12,888,868	13,637,624	13,460,617	13,557,523	13,918,985	15,198,467	16,797,135	19,097,544	21,793,639
Contracted Services	13,413,439	2,204,496	3,414,145	3,370,837	3,393,295	3,230,294	3,221,670	3,199,605	3,111,395	3,368,610
Repair and Rental Services	1,464,842	1,276,462	1,312,310	1,315,242	1,236,939	1,022,221	1,135,392	967,000	1,017,203	984,231
Purchased Services	2,494,074	3,028,335	2,891,787	2,986,113	3,074,266	3,023,557	2,766,080	2,636,034	2,831,261	2,842,638
Supplies	1,605,642	1,361,552	1,324,768	1,470,224	1,314,291	1,275,316	1,794,382	1,153,618	1,247,712	1,206,498
Utilities	1,539,553	1,710,506	1,844,809	1,746,295	1,466,297	1,315,435	958,923	1,114,503	1,303,699	1,349,398
Books	481,122	764,987	794,302	802,938	774,402	715,520	178,489	532,394	504,965	433,486
Equipment	881,964	1,232,738	1,076,139	882,784	721,626	773,089	686,787	630,797	564,185	554,960
Dues and Fees	56,448	59,355	71,785	64,297	62,063	63,626	65,960	70,182	49,491	72,310
Debt Service	5,388,578	4,953,885	4,952,109	5,562,331	4,838,100	9,990,082	9,581,834	10,169,845	10,812,619	11,020,033
Other*	1,828,600	2,915,048	2,400,547	1,583,007	5,293,315	2,887,935	13,067,727	43,539,029	31,419,468	18,536,313
<b>Total Expenditures</b>	<u>\$76,925,740</u>	<u>\$70,430,602</u>	<u>\$72,607,522</u>	<u>\$73,263,798</u>	<u>\$76,621,738</u>	<u>\$79,098,228</u>	<u>\$90,460,219</u>	<u>\$122,530,022</u>	<u>\$114,630,692</u>	<u>\$106,774,486</u>

\*The significant increase beginning in 2012 is due to the high school construction project.

MT. LEBANON SCHOOL DISTRICT

**OTHER FINANCING SOURCES AND USES AND NET CHANGE IN  
FUND BALANCES, GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(\$7,815,399)	\$1,965,483	\$879,091	(\$707,522)	(\$1,241,426)	(\$120,408)	(\$12,470,993)	(\$41,235,362)	(\$31,077,032)	(\$18,601,016)
<b>Other Financing Sources (Uses)</b>										
General Long-Term Debt Issued	53,013,273	-	-	3,715,000	69,000,000	10,690,000	-	-	34,745,000	-
Payments to Refund Bond Escrow Agent	(52,873,972)	-	-	(3,615,000)	-	(10,982,821)	-	-	-	-
Premium on Issuance of Bonds	540,580	-	-	-	6,451,200	366,640	-	-	1,294,382	-
Transfers In	6,368,110	9,138,939	7,724,246	5,493,169	4,768,938	15,628,928	9,591,833	10,169,845	13,964,516	12,872,161
Transfers Out	(6,431,848)	(9,203,460)	(7,791,345)	(5,562,331)	(4,838,100)	(15,670,741)	(9,660,995)	(10,239,007)	(14,033,678)	(12,941,164)
<b>Total Other Financing Sources (Uses)</b>	616,143	(64,521)	(67,099)	30,838	75,382,038	32,006	(69,162)	(69,162)	35,970,220	(69,003)
<b>Net Change in Fund Balances</b>	<u>(\$7,199,256)</u>	<u>\$1,900,962</u>	<u>\$811,992</u>	<u>(\$676,684)</u>	<u>\$74,140,612</u>	<u>(\$88,402)</u>	<u>(\$12,540,155)</u>	<u>(\$41,304,524)</u>	<u>\$4,893,188</u>	<u>(\$18,670,019)</u>

MT. LEBANON SCHOOL DISTRICT  
**FUND BALANCES, GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$1,969,863	\$2,005,053	\$1,874,699	\$1,316,414	\$1,088,787	-	-	-	-	-
Unreserved	8,262,018	7,025,346	7,131,622	8,216,680	11,929,586	-	-	-	-	-
Nonspendable	-	-	-	-	-	\$1,090,055	\$899,775	\$456,076	\$358,517	\$288,349
Assigned	-	-	-	-	-	4,050,512	4,408,159	6,733,779	7,105,213	4,786,355
Unassigned	-	-	-	-	-	4,700,870	4,835,070	4,989,870	5,275,471	5,528,625
Total General Fund	10,231,881	9,030,399	9,006,321	9,533,094	13,018,373	9,841,437	10,143,004	12,179,725	12,739,201	10,603,329
All Other Governmental Funds										
Reserved	4,703,076	2,485,603	2,008,067	2,190,056	74,372,577	-	-	-	-	-
Unreserved	-	5,319,917	6,633,523	5,248,077	3,720,889	-	-	-	-	-
Nonspendable	-	-	-	-	-	598,298	762,997	697,275	466,474	408,947
Restricted	-	-	-	-	-	70,492,308	58,267,697	16,411,843	23,532,034	7,110,915
Assigned	-	-	-	-	-	10,091,394	9,309,584	7,889,915	5,334,237	5,278,736
Total All Other Governmental Funds	4,703,076	7,805,520	8,641,590	7,438,133	78,093,466	81,182,000	68,340,278	24,999,033	29,332,745	12,798,598
Grand Total General and All Other Governmental Fund Balances	<u>\$14,934,957</u>	<u>\$16,835,919</u>	<u>\$17,647,911</u>	<u>\$16,971,227</u>	<u>\$91,111,839</u>	<u>\$91,023,437</u>	<u>\$78,483,282</u>	<u>\$37,178,758</u>	<u>\$42,071,946</u>	<u>\$23,401,927</u>

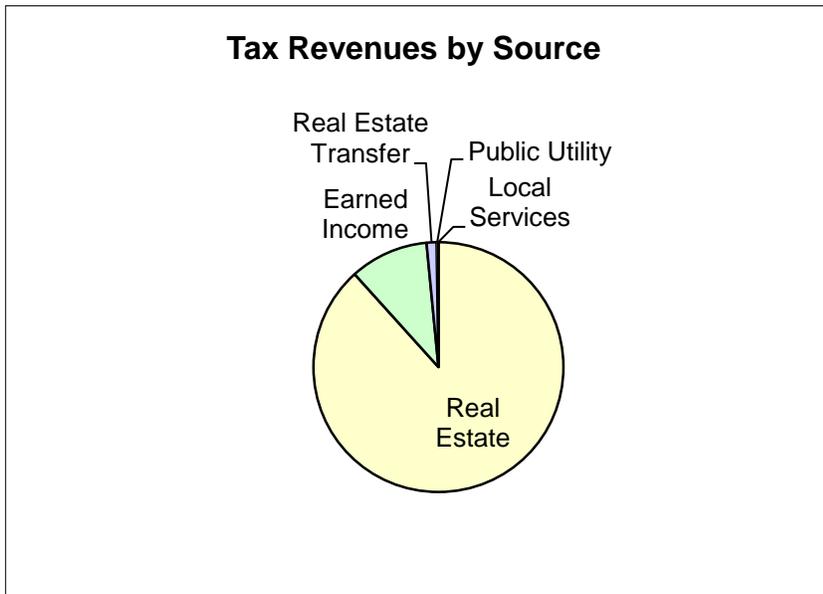
The District implemented GASB Statement #54 in 2011, which changed the fund balance classifications.

MT. LEBANON SCHOOL DISTRICT

**TAX REVENUES BY SOURCE**

LAST TEN FISCAL YEARS

<b>Fiscal Year Ended</b>	<b>Real Estate Taxes</b>	<b>Earned Income Tax</b>	<b>Real Estate Transfer Tax</b>	<b>Public Utility Tax</b>	<b>Local Services Tax</b>	<b>Total Taxes</b>
2006	\$48,883,771	\$5,294,788	\$842,257	\$79,024	\$40,719	\$55,140,559
2007	49,557,411	5,695,884	720,672	86,299	48,018	56,108,284
2008	50,589,807	6,053,990	689,115	81,464	26,083	57,440,459
2009	49,032,399	5,879,153	564,684	74,808	26,150	55,577,194
2010	51,697,076	5,783,167	736,767	80,728	44,781	58,342,519
2011	55,130,569	6,094,304	574,866	79,608	37,481	61,916,828
2012	54,685,072	6,445,280	596,130	81,571	41,271	61,849,324
2013	56,544,466	7,135,252	728,037	84,597	48,417	64,540,769
2014	57,276,727	7,182,405	825,839	78,508	48,443	65,411,922
2015	60,288,038	7,392,185	789,122	81,601	43,671	68,594,617



MT. LEBANON SCHOOL DISTRICT  
**ASSESSED VALUE AND PROPERTY TAX RATES  
 DIRECT AND OVERLAPPING GOVERNMENTS**

LAST TEN FISCAL YEARS

Tax Rates (per \$1,000 of Assessed Valuation)

<u>Fiscal Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>	<u>Assessed Valuation</u>
2006	4.57	23.18	4.69	32.44	\$2,171,329,944
2007	4.79	23.56	4.69	33.04	2,164,018,756
2008	4.97	23.56	4.69	33.22	2,154,641,502
2009	4.97	23.81	4.69	33.47	2,171,398,932
2010	4.89	24.11	4.69	33.69	2,175,275,286
2011	4.89	26.63	4.69	36.21	2,159,216,301
2012	4.76	26.63	4.69	36.58	2,164,809,298
2013	5.43	27.13	5.69	38.25	2,156,859,685
2014	4.51	22.61	4.73	31.85	2,624,320,623
2015	4.51	23.15	4.73	32.39	2,640,643,028

Source: Municipal information is from the Municipal Finance Office. County information is from the Allegheny County Annual Financial Reports.

Note: Allegheny County assessment records do not allow categorization by class, use or ownership. Mt. Lebanon does not tax personal property.

MT. LEBANON SCHOOL DISTRICT  
**PROPERTY TAX LEVIES AND COLLECTIONS**

LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Adjusted Total Tax Levy*</b>	<b>Face Value of Current Tax Collections</b>	<b>Percent of Total Tax Levy Collected</b>	<b>Collected at Discount</b>	<b>Percent of Total Levy at Discount</b>	<b>Outstanding Delinquent Taxes</b>	<b>Delinquent Taxes as Percent of Levy</b>	<b>Collections in Subsequent Years</b>	<b>Collections to Date</b>	<b>Percentage Collected to Date</b>
2006	\$49,996,330	\$48,732,909	97.5%	\$42,595,386	85.2%	\$970,715	1.9%	\$887,406	\$887,406	99.81%
2007	50,826,704	49,063,088	96.5%	43,156,898	84.9%	1,681,061	3.3%	1,240,210	1,240,210	99.02%
2008	51,077,750	49,383,562	96.7%	42,532,136	83.3%	1,385,830	2.7%	1,187,132	1,187,132	99.55%
2009	51,931,900	48,678,765	93.7%	41,026,145	79.0%	3,253,135	6.3%	1,299,111	1,299,111	95.59%
2010	50,361,750	49,271,523	97.8%	42,944,333	85.3%	1,090,227	2.2%	933,552	933,552	99.64%
2011	55,806,653	54,796,333	98.2%	48,682,008	87.2%	1,010,320	1.8%	1,135,159	1,135,159	100.25%
2012	55,792,497	55,143,005	98.8%	48,400,849	86.8%	649,492	1.2%	639,295	639,295	99.98%
2013	56,831,726	56,040,132	98.6%	51,018,625	89.8%	799,709	1.4%	237,154	237,154	98.91%
2014	58,863,222	58,978,955	100.2%	51,352,176	87.2%	154,386	0.3%	505,695	505,695	100.68%
2015	61,111,274	60,568,563	99.1%	53,820,000	88.1%	542,711	0.9%	0**	0**	99.00%

Source: Mt. Lebanon Tax Office

\*Adjusted tax levy as of June 30th reflects additions and exonerations granted to property owners.

\*\*Liened taxes begin July 1 of subsequent year.

MT. LEBANON SCHOOL DISTRICT  
**PROPERTY TAX LEVIES\* BY GOVERNMENTAL UNIT**  
 LAST TEN FISCAL YEARS

<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County (1)</u>	<u>Total</u>
2006	\$9,804,097	\$49,753,167	\$9,703,796	\$69,261,060
2007	10,421,757	51,285,409	10,209,192	71,916,358
2008	10,671,034	51,356,440	10,082,120	72,109,594
2009	10,644,640	52,483,059	10,029,272	73,156,971
2010	10,646,040	56,278,107	9,911,540	76,835,687
2011	10,289,825	55,841,535	10,138,504	76,269,864
2012	11,715,440	56,800,174	12,276,400	80,792,014
2013	12,232,981	58,531,225	12,829,706	83,593,912
2014	12,169,293	60,753,044	12,761,007	85,683,344
2015	12,336,080	62,706,995	12,937,840	87,980,915

(1) County Real Estate Tax on Mt. Lebanon Properties.

\*Original amount levied. Does not reflect subsequent exonerations and additions.

Source: Municipal information is from the Municipal Finance Office. County information is from the Allegheny County Annual Financial Reports.

MT. LEBANON SCHOOL DISTRICT

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Taxable Assessed Value</u>	<u>Exempt Real Property</u>	<u>Total</u>	<u>Estimated Actual Value (1)</u>	<u>Mt. Lebanon School Millage Rate</u>
2006	\$2,171,329,944	\$219,487,540	\$2,390,817,484	\$1,908,474,300	23.18
2007	2,164,018,756	218,095,440	2,382,114,196	1,993,089,900	23.56
2008	2,154,641,502	279,749,900	2,434,391,402	1,938,043,900	23.56
2009	2,171,398,932	213,444,340	2,384,843,272	2,027,218,508	23.81
2010	2,175,275,286	224,737,840	2,400,013,126	2,048,838,690	24.11
2011	2,159,216,301	224,767,840	2,383,984,141	2,149,416,467	26.63
2012	2,164,809,298	225,175,340	2,389,984,638	2,149,370,980	26.63
2013	2,156,859,685	230,844,340	2,387,704,025	2,227,695,480	27.13
2014	2,624,320,623	469,117,122	3,093,437,745	2,227,695,480	22.61
2015	2,640,643,028	372,261,922	3,012,904,950	2,526,070,683	23.15

(1) Data provided by State Tax Equalization Board

Notes: Allegheny County assessment records do not allow categorization by class, use or ownership.

Mt. Lebanon does not tax personal property.

Sources: Mt. Lebanon Tax Office

Mt. Lebanon School District Comprehensive Annual Financial Report

MT. LEBANON SCHOOL DISTRICT  
**PRINCIPAL REAL ESTATE TAXPAYERS**

6/30/15 AND 6/30/06

Taxpayer	June 30, 2015			June 30, 2006		
	Estimated Actual Values of Real Property (1)	Rank	Percentage of Total Assessed Valuation	Estimated Actual Values of Real Property (1) (2)	Rank	Percentage of Total Assessed Valuation
The Galleria (L&B Southpoint) - <i>Retail Shops</i>	\$31,665,300	1	1.16%	\$16,150,000	2	0.74%
Brookdale Senior Housing (A.H. Pennsylvania) - <i>Senior Housing</i>	19,090,000	2	0.70	18,560,900	1	0.85
Bower Hill Development - <i>Co-op Apartments</i>	17,500,000	3	0.64	11,699,700	3	0.54
Concordia Luthern - <i>Senior Housing/Health</i>	12,862,752	4	0.47	-	-	-
IHP/Bower Hill LLC - <i>Apartments</i>	9,400,000	5	0.35	6,831,700	4	0.31
Tithonus Mount Lebanon - <i>Personal Care Facility</i>	8,138,900	6	0.30	-	-	-
Virginia Manor Shops - <i>Retail Shops</i>	6,355,400	7	0.23	-	-	-
St. Clair Memorial Hospital - <i>Medical Offices</i>	6,026,680	8	0.22	5,777,120	8	0.27
Pendale Towers - <i>Apartments</i>	6,000,000	9	0.22	5,253,200	9	0.24
900 Washington Road - <i>Co-op Apartments</i>	5,374,700	10	0.20	-	-	-
650 Washington Road Associates - <i>Office Building</i>	-	-	-	6,193,900	7	0.29
Asbury Health - <i>Personal Care Facility</i>	-	-	-	5,782,984	5	0.27
Jon Pan Realty Inc - <i>Retail Shops</i>	-	-	-	5,555,000	6	0.26
1121 Bower Hill Road - <i>Office Building</i>	-	-	-	4,971,000	10	0.23
<b>Total</b>	<u>\$122,413,732</u>		<u>4.50%</u>	<u>\$86,775,504</u>		<u>4.00%</u>
<b>Total Taxable Assessed Valuation</b>	<u>\$2,718,872,379</u>			<u>\$2,171,329,944</u>		

(1) Assessed valuation based on the valuation of property for taxes collected in 2014 and 2005 respectively, and a review of the 10 largest taxpayers for the Municipality.

(2) Assessment valuations were converted to 100% value.

Source: Mt. Lebanon Tax Office.

Mt. Lebanon Comprehensive Annual Financial Reports.

MT. LEBANON SCHOOL DISTRICT

**PRINCIPAL EMPLOYERS**

CURRENT YEAR AND TEN YEARS AGO

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
St. Clair Hospital	2,197	1	22.3%	2,044	1	22.0%
Mt. Lebanon School District	705	2	7.1	814	2	8.8
Asbury Health Center	379	3	3.8	334	3	3.6
Baptist Homes Nursing	245	4	2.5	233	6	2.5
Mt. Lebanon Municipality	229	5	2.3	314	4	3.4
Family Hospice	181	6	1.8	-	-	-
Keystone Oaks School District	175	7	1.8	206	8	2.2
Concordia of South Hills	147	8	1.5	223	7	2.4
Giant Eagle	133	9	1.3	175	9	1.9
Devonshire of Mt. Lebanon	129	10	1.3	-	-	-
Bradley Center	-	-	-	234	5	2.5
Mt. Lebanon Manor	-	-	-	139	10	1.5
<b>Total</b>	<u>4,520</u>		<u>45.7%</u>	<u>4,716</u>		<u>50.8%</u>
<b>Total Employees</b>	<u>9,868</u>			<u>9,282</u>		

Source: Mt. Lebanon Tax Office for the calendar year for year 2014 and 2005.

MT. LEBANON SCHOOL DISTRICT

**MT. LEBANON SCHOOL DISTRICT EARNED INCOME TAX  
REVENUE BASE AND COLLECTIONS**

LAST TEN YEARS

<u>Calendar Year</u>	<u>Tax Rate</u>	<u>Net Earned Income Tax Collected</u>	<u>Refunds</u>	<u>Total Earned Income Tax Collected</u>
2005	0.5	5,003,430	(291,358)	5,294,788
2006	0.5	5,409,415	(286,469)	5,695,884
2007	0.5	5,787,283	(266,707)	6,053,990
2008	0.5	5,879,153	(352,068)	6,231,221
2009	0.5	5,783,167	(440,606)	6,223,773
2010	0.5	6,094,304	(350,280)	6,444,584
2011	0.5	6,445,280	(306,335)	6,751,615
2012	0.5	7,135,252	(718,391) *	7,853,643
2013	0.5	6,821,124	(125,450)	6,946,574
2014	0.5	7,392,185	(151,543)	7,543,728

Source: Mt. Lebanon Tax Office.

\* This year had an increase of refunds due to the transitioning to a new tax collector. Carryovers to the next year did not happen because of this transition. Refunds were the result of this action.

MT. LEBANON SCHOOL DISTRICT  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
 YEAR ENDED JUNE 30, 2015

<b>Direct Debt</b>	<b><u>Percentage of Applicable Debt</u></b>	<b><u>Face Amount Outstanding</u></b>
General Obligation Bonds	100.0%	\$152,485,000
<b>Total Direct Debt</b>		<u>152,485,000</u>
<b>Overlapping Debt</b>		
Allegheny County	3.6%	32,266,257 (1) (2)
Mt. Lebanon, Pennsylvania	100.0%	<u>30,200,000 (2)</u>
<b>Total Overlapping Debt</b>		<u>62,466,257</u>
<b>Total Direct and Overlapping Debt</b>		<u><u>\$214,951,257</u></u>

**RATIOS**

<b><u>Direct Debt To:</u></b>		<b><u>Direct and Overlapping Debt To:</u></b>	
Assessed Value	5.8%	Assessed Value	8.1%
Market Value	6.0%	Market Value	8.5%
Per Capita	\$4,602	Per Capita	\$6,487
	Assessed Value	\$2,640,643,028	
	Market Value	\$2,526,070,683	
	Population	33,137	

(1) Percentage based on Mt. Lebanon's assessed value as a percentage of Allegheny County's assessed value.

(2) As of December 31, 2014.

Source: Municipal information from the Municipal Finance Office.  
 County information from the County Finance Office.

MT. LEBANON SCHOOL DISTRICT  
**COMPUTATION OF NONELECTORAL DEBT MARGIN\***

AS OF JUNE 30, 2015

Formula for Debt Limit	<u>Fiscal Year Ended June 30</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total General Fund Revenues, Food Service Revenues and Interest on Bond Proceeds	\$82,844,702	\$85,023,503	\$89,826,409
Less: Required Deductions Included in Total Revenues			
a. Construction Subsidies	702,894	707,066	713,596
b. Receipts Pledged to Self-Liquidating Debt or Payments under Leases or Guaranties	-	-	-
c. Interest Earned on Sinking Fund	-	-	-
d. Grant Payments for Special Projects	-	-	184,459
e. Sale of Property and Nonrecurring Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net Revenues	82,141,808	84,316,437	88,928,354
Total Net Revenues for Three Years	255,386,599		
Borrowing Base - Average Net Revenues for Three-Year Period	85,128,866		
Multiplier	225%		
Total Nonelectoral Debt Limit	191,539,949		
Less: Amount of Debt Applicable to Debt Limit	<u>152,485,000</u>		
	<u>\$39,054,949</u>		

\*Note: Act 50 of 1998 amended Section 8022 of the Local Government Unit Debt Act to set the Nonelectoral Debt Limit at 225% of the district's borrowing base as calculated above.

MT. LEBANON SCHOOL DISTRICT  
**LEGAL DEBT MARGIN INFORMATION**  
 LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$146,313,417	\$155,747,202	\$161,449,886	\$164,246,971	\$166,534,694	\$170,864,693	\$175,337,503	\$180,316,889	\$184,015,592	\$191,539,949
Total Net Debt Applicable to Limit	<u>76,935,265</u>	<u>75,023,642</u>	<u>73,062,019</u>	<u>71,140,396</u>	<u>144,437,189</u>	<u>141,468,789</u>	<u>137,523,011</u>	<u>132,867,233</u>	<u>157,075,000</u>	<u>152,485,000</u>
Legal Debt Margin	<u>\$69,378,152</u>	<u>\$80,723,560</u>	<u>\$88,387,867</u>	<u>\$93,106,575</u>	<u>\$22,097,505</u>	<u>\$29,395,904</u>	<u>\$37,814,492</u>	<u>\$47,449,656</u>	<u>\$26,940,592</u>	<u>\$39,054,949</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	52.58%	48.17%	45.25%	43.31%	86.73%	82.80%	78.43%	73.69%	85.36%	79.61%

MT. LEBANON SCHOOL DISTRICT

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL  
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Funds Expenditures</u>	<u>Ratio of Debt Service to General Expenditures</u>
2006	\$1,845,000	\$2,803,567	\$4,648,567	\$76,925,740	7.8
2007	1,890,000	3,063,885	4,953,885	70,430,602	7.0
2008	1,940,000	3,012,109	4,952,109	72,607,522	6.8
2009	**2,000,000	2,987,326	*4,987,326	73,263,798	6.8
2010	1,950,000	2,818,938	4,768,938	76,621,738	6.2
2011	**2,930,000	7,060,082	*9,990,082	79,098,228	12.6
2012	3,605,000	5,976,834	9,581,834	90,460,219	10.6
2013	4,315,000	5,854,845	10,169,845	122,530,022	8.3
2014	4,445,000	6,367,619	*10,812,619	114,630,692	9.5
2015	4,590,000	7,245,494	11,835,494	106,774,486	11.1

\*Excludes issue costs.

\*\*Excludes payments related to refunded bonds.

MT. LEBANON SCHOOL DISTRICT  
**RATIO OF NET BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA**

LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Population</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Gross Bonded Debt</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>	<b>Ratio of Net Bonded Debt to Estimated Actual Value</b>
2006	33,017	\$2,171,329,944	\$1,908,474,300	\$76,935,265	\$52,939	\$76,882,326	3.5%	\$2,314	4.0%
2007	33,017	2,164,018,756	1,993,089,900	75,023,642	52,939	74,970,703	3.5%	2,271	3.8%
2008	33,017	2,154,641,502	1,938,043,900	73,062,019	52,939	73,009,080	3.4%	2,211	3.8%
2009	33,017	2,171,398,932	2,027,218,508	71,140,396	0	71,140,396	3.3%	2,155	3.5%
2010	33,137	2,175,275,286	2,048,838,690	144,437,189	0	144,437,189	6.6%	4,359	7.0%
2011	33,137	2,159,216,301	2,149,416,467	141,468,789	0	141,468,789	6.6%	4,269	6.6%
2012	33,137	2,164,809,298	2,149,370,980	137,523,011	0	137,523,011	6.4%	4,150	6.4%
2013	33,137	2,156,859,685	2,227,695,480	132,867,233	0	132,867,233	6.2%	4,010	6.0%
2014	33,137	2,624,320,623	2,526,070,683	164,120,837	1,468,874	162,651,963	6.3%	4,908	6.4%
2015	33,137	2,640,643,028	2,526,070,683	152,485,000	505,541	151,979,459	5.8%	4,586	6.0%

MT. LEBANON SCHOOL DISTRICT

**OUTSTANDING DEBT BY TYPE**

LAST TEN FISCAL YEARS

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
2002 General Obligation Bonds	\$4,705,000	\$4,355,000	\$3,995,000	-	-	-	-	-	-	-
2002 Series A General Obligation Bonds	6,025,000	4,690,000	3,320,000	\$1,910,000	\$460,000	-	-	-	-	-
2004 General Obligation Bonds	12,705,000	12,505,000	12,300,000	12,095,000	11,880,000	-	-	-	-	-
2005 General Obligation Bonds	52,975,000	52,970,000	52,965,000	52,960,000	52,955,000	\$52,845,000	\$52,680,000	\$52,510,000	\$52,335,000	\$52,155,000
2009 General Obligation Bonds	-	-	-	3,715,000	3,435,000	2,975,000	2,505,000	2,025,000	1,540,000	1,040,000
2009 A General Obligation Bonds	-	-	-	-	69,000,000	68,300,000	66,505,000	64,620,000	62,665,000	60,635,000
2011 General Obligation Bonds	-	-	-	-	-	10,575,000	9,400,000	7,620,000	5,790,000	3,915,000
2013 General Obligation Bonds	-	-	-	-	-	-	-	-	34,745,000	34,740,000
<b>Total Debt</b>	<b>\$76,410,000</b>	<b>\$74,520,000</b>	<b>\$72,580,000</b>	<b>\$70,680,000</b>	<b>\$137,730,000</b>	<b>\$134,695,000</b>	<b>\$131,090,000</b>	<b>\$126,775,000</b>	<b>\$157,075,000</b>	<b>\$152,485,000</b>
Ratio of Debt to Personal Income	6.9%	6.7%	6.5%	6.4%	12.4%	12.1%	11.8%	11.4%	14.1%	13.7%
Debt Per Capita	\$2,314	\$2,257	\$2,198	\$2,141	\$4,171	\$4,080	\$3,970	\$3,840	\$4,757	\$4,618

MT. LEBANON SCHOOL DISTRICT

**HISTORICAL SCHEDULE OF TAX RATES AND STATISTICS**

LAST 30 YEARS

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Millage Rate</u>	<u>Earned Income Tax Rate</u>	<u>Realty Transfer Tax Rate</u>	<u>School Buildings In Use</u>	<u>Enrollment</u>
1986	\$227,028,845	82.5	1/2	1/2	9	5,031
1987	228,065,160	82.5	1/2	1/2	8	4,940
1988	232,065,680	82.5	1/2	1/2	8	4,903
1989	239,415,420	82.5	1/2	1/2	8	4,889
1990	249,651,570	88.25	1/2	1/2	8	4,900
1991	264,528,535	92.75	1/2	1/2	8	4,947
1992	271,208,015	98.5	1/2	1/2	8	5,008
1993	281,925,660	98.5	1/2	1/2	8	5,040
1994	289,355,500	98.5	1/2	1/2	8	5,229
1995	339,035,520	90.5	1/2	1/2	8	5,364
1996	340,838,695	90.5	1/2	1/2	8	5,435
1997	338,378,140	90.5	1/2	1/2	8	5,546
1998	336,504,000	91	1/2	1/2	8	5,659
1999	340,928,320	94.9	1/2	1/2	10	5,751
2000	347,621,185	96.4	1/2	1/2	10	5,728
2001	353,449,835	98.65	1/2	1/2	10	5,672
2002	1,855,927,051	20.76	1/2	1/2	10	5,616
2003	2,122,631,133	18.12	1/2	1/2	10	5,616
2004	2,141,508,681	20.16	1/2	1/2	10	5,576
2005	2,113,921,663	22.76	1/2	1/2	10	5,505
2006	2,171,329,944	23.18	1/2	1/2	10	5,454
2007	2,164,018,756	23.56	1/2	1/2	10	5,436
2008	2,154,641,502	23.56	1/2	1/2	10	5,416
2009	2,171,398,932	23.81	1/2	1/2	10	5,294
2010	2,175,275,286	24.11	1/2	1/2	10	5,302
2011	2,159,216,301	26.63	1/2	1/2	10	5,268
2012	2,164,809,298	26.63	1/2	1/2	10	5,297
2013	2,156,859,685	27.13	1/2	1/2	10	5,268
2014	2,624,320,623	22.61	1/2	1/2	10	5,218
2015	2,640,643,028	23.15	1/2	1/2	10	5,321

Source: School District Finance Office.

MT. LEBANON SCHOOL DISTRICT  
**SCHEDULE OF TOTAL EXPENDITURES PER PUPIL**

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Expenditures</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Cost Per Pupil General Fund</u>	<u>Percent Increase(Decrease) General Fund</u>
*2006	\$76,925,740	5,454	\$14,104	\$10,914	1.7%
2007	70,430,602	5,436	12,956	11,773	7.9%
2008	72,607,522	5,416	13,406	12,056	2.4%
2009	73,263,798	5,294	13,839	12,479	3.5%
2010	76,621,738	5,302	14,451	12,544	0.5%
2011	79,098,228	5,268	15,015	12,583	0.3%
**2012	90,460,219	5,297	17,078	12,816	1.9%
**2013	122,530,022	5,268	23,259	13,084	2.1%
**2014	114,630,692	5,218	21,968	13,210	0.9%
**2015	106,774,486	5,321	20,067	12,954	(1.9%)

\*Reflects the elementary school renovations.

\*\*Reflects the high school renovations.

Source: All Governmental Fund Expenditures or General Fund Expenditures as noted.

MT. LEBANON SCHOOL DISTRICT  
**PUPIL/TEACHER RATIO AND ATTENDANCE**

LAST TEN FISCAL YEARS

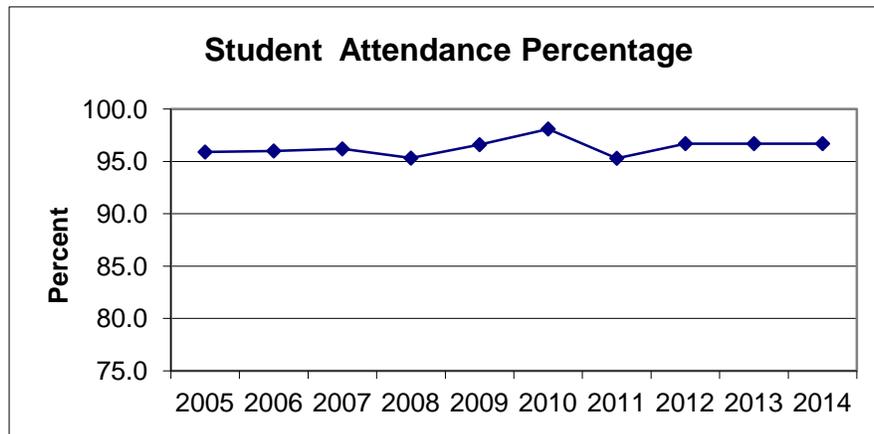
<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Teaching Staff*</b>	<b>Pupil/Teacher Ratio</b>	<b>Student Attendance Percentage</b>	<b>Number of Free &amp; Reduced**</b>	<b>Percentage of Free &amp; Reduced**</b>
2006	5,454	383	14.2	96.0%	223	4.09%
2007	5,436	387	14.0	96.2%	235	4.32%
2008	5,416	389	13.9	95.3%	247	4.56%
2009	5,294	382	13.9	96.6%	249	4.70%
2010	5,302	385	13.8	98.1%	335	6.32%
2011	5,268	382	13.8	95.3%	***431	8.19%
2012	5,297	384	13.8	96.7%	433	8.19%
2013	5,268	382	13.8	96.8%	412	7.82%
2014	5,218	378	13.8	96.9%	499	9.52%
2015	5,321	380	14.0	96.0%	539	10.13%

\*Reflects full-time equivalents for professional staff excluding Administrators, but including all special subject areas.

\*\*These are students eligible under Federal guidelines for free or reduced price lunches. All numbers were taken from the month of October for the years which information is available.

\*\*\*This is the first school year all 10 schools participated in the National School Lunch Program.

Source: School District Human Resource Department and Finance Office.



**MT. LEBANON SCHOOL DISTRICT**  
**INFORMATION ON TEACHING STAFF**  
**LAST TEN YEARS**

<b>Fiscal Year</b>		<b>Education</b>						<b>Average Salary/ Total</b>
		<b>Bachelors</b>	<b>Bachelors +15</b>	<b>Masters</b>	<b>Masters+30</b>	<b>Masters+60</b>	<b>Ph D</b>	
2006	Salary Range	\$38,903-79,394	\$39,825-81,275	\$41,659-85,019	\$42,141-86,003	\$42,738-87,220	\$42,878-87,507	\$58,770
	Number of Teachers	42	89	257	26	13	4	431
2007	Salary Range	\$39,955-81,540	\$40,907-83,483	\$42,786-87,319	\$43,268-88,303	\$43,865-89,520	\$44,005-89,807	\$60,414
	Number of Teachers	34	102	253	30	11	5	435
2008	Salary Range	\$41,006-83,686	\$41,989-85,691	\$43,913-89,619	\$44,395-90,603	\$44,992-91,820	\$45,132-92,107	\$62,599
	Number of Teachers	30	91	265	36	11	4	437
2009	Salary Range	\$42,057-85,832	\$43,071-87,899	\$45,040-91,919	\$45,522-92,903	\$46,119-94,120	\$46,259-94,407	\$64,448
	Number of Teachers	25	82	274	38	11	4	434
2010	Salary Range	\$43,989-87,978	\$45,054-90,107	\$47,110-94,219	\$47,602-95,203	\$48,210-96,420	\$48,354-96,707	\$66,875
	Number of Teachers	17	84	280	42	10	3	436
2011	Salary Range	\$45,000-89,600	\$46,000-91,900	\$48,000-96,000	\$48,500-97,000	\$49,000-98,200	\$49,500-98,600	\$66,726
	Number of Teachers	16	81	280	42	10	4	433
2012	Salary Range	\$46,000-91,200	\$46,500-93,800	\$49,000-97,800	\$49,500-98,000	\$50,000-100,000	\$50,500-100,500	\$68,095
	Number of Teachers	15	76	282	43	9	6	431
2013	Salary Range	\$46,500-92,500	\$47,000-95,700	\$50,000-99,700	\$50,500-100,700	\$51,000-101,800	\$51,500-102,300	\$69,265
	Number of Teachers	14	77	281	43	8	5	428
2014	Salary Range	\$47,000-93,500	\$47,500-97,700	\$51,000-101,800	\$51,500-102,800	\$52,000-103,800	\$52,500-104,300	\$71,170
	Number of Teachers	19	68	284	42	8	5	426
2015	Salary Range	\$47,500-95,000	\$48,000-99,600	\$52,000-103,600	\$52,500-104,600	\$53,000-104,600	\$53,500-106,100	\$73,719
	Number of Teachers	18	66	287	42	10	5	428

Source: School District Human Resource Department.

MT. LEBANON SCHOOL DISTRICT  
**FULL-TIME EQUIVALENT EMPLOYEES**

LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Supervisory</b>										
Central Administration	6.00	7.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00
Supervisors Of Instruction	7.60	7.60	8.00	8.00	8.00	8.00	3.00	2.00	1.00	1.00
Principals	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Assistant Principals/Athletic Director	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.00	6.00	6.00
<b>Total Supervisory</b>	<b>30.10</b>	<b>31.10</b>	<b>30.50</b>	<b>30.50</b>	<b>30.50</b>	<b>30.50</b>	<b>26.50</b>	<b>25.00</b>	<b>24.00</b>	<b>24.00</b>
<b>Instruction</b>										
Elementary Classroom Teachers	104.00	102.50	104.00	102.00	104.00	105.50	106.50	104.50	104.50	107.50
Secondary Classroom Teachers	171.80	174.90	173.70	169.20	166.70	164.90	165.15	164.90	162.50	161.42
Other Classroom Teachers*	107.40	109.20	111.70	110.50	114.60	112.00	112.80	112.60	110.60	111.10
<b>Total Instruction</b>	<b>383.20</b>	<b>386.60</b>	<b>389.40</b>	<b>381.70</b>	<b>385.30</b>	<b>382.40</b>	<b>384.45</b>	<b>382.00</b>	<b>377.60</b>	<b>380.02</b>
<b>Student Services</b>										
Guidance Counselors	22.90	22.90	22.50	22.50	22.50	22.50	22.50	21.50	21.50	21.50
Psychologists	4.00	4.00	4.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Nurses	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Librarians	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
<b>Total Student Services</b>	<b>42.90</b>	<b>42.90</b>	<b>42.50</b>	<b>43.50</b>	<b>43.50</b>	<b>43.50</b>	<b>42.50</b>	<b>41.50</b>	<b>41.50</b>	<b>41.50</b>
<b>Support and Administration</b>										
Clerical/Secretarial	61.56	61.56	61.56	61.56	61.58	60.83	61.68	56.41	55.69	55.69
Administrative Assistant/Specialists	23.50	25.00	29.00	30.50	31.50	30.50	30.50	30.50	29.00	30.00
Other Support Staff**	40.03	43.53	44.50	45.50	45.50	46.00	43.00	40.50	41.50	42.50
Service Workers***	94.50	94.60	97.60	99.64	100.14	99.93	100.21	97.96	97.43	97.43
<b>Total Support and Administration</b>	<b>219.59</b>	<b>224.69</b>	<b>232.66</b>	<b>237.20</b>	<b>238.72</b>	<b>237.26</b>	<b>235.39</b>	<b>225.37</b>	<b>223.62</b>	<b>225.62</b>
<b>TOTAL</b>	<b>675.79</b>	<b>685.29</b>	<b>695.06</b>	<b>692.90</b>	<b>698.02</b>	<b>693.66</b>	<b>688.84</b>	<b>673.87</b>	<b>666.72</b>	<b>671.14</b>

\*Other Classroom Teachers = Art, Music, PE, Sp. Ed., Speech/Lang, GAT, Fed. Programs, Strive, FLES.

\*\*Other Support Staff = PCA, Health Aides.

\*\*\*Service workers = Custodians, Head Custodians, Skilled Trades, Cafeteria.

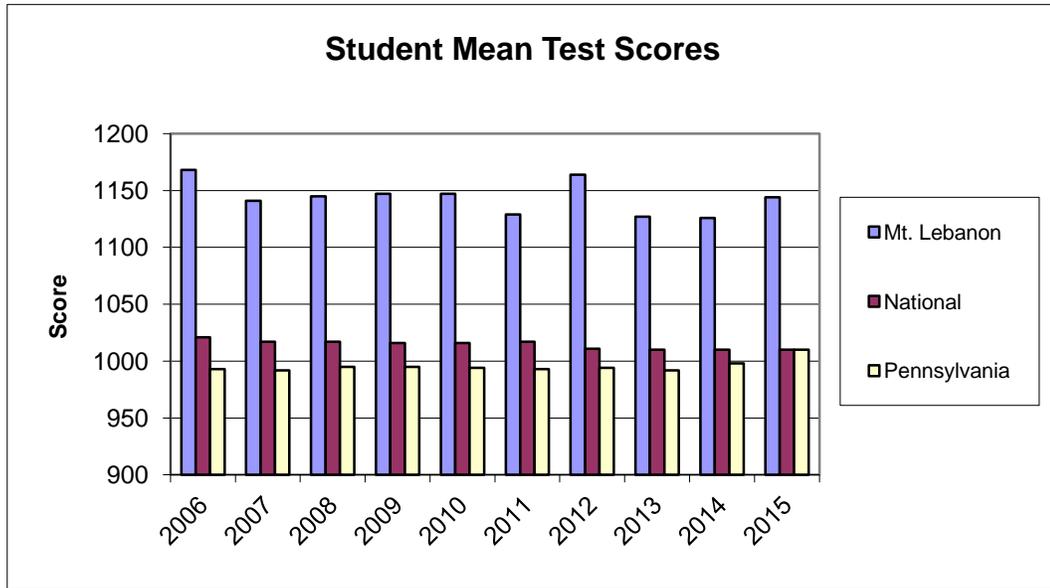
Source: School District Human Resource Department.

**MT. LEBANON SCHOOL DISTRICT**  
**STUDENT MEAN TEST SCORES**

LAST TEN YEARS

<u>Graduation Year</u>	<u>Scholastic Aptitude Test - SAT 1</u>			<u>National Merit Results</u>	
	<u>Mt. Lebanon</u>	<u>National</u>	<u>Pennsylvania</u>	<u>Number Semi-Finalists</u>	<u>Number Commended</u>
2007	1141	1017	992	13	23
2008	1145	1017	995	9	22
2009	1147	1016	995	8	22
2010	1147	1016	994	5	12
2011	1129	1017	993	12	19
2012	1164	1011	994	7	13
2013	1127	1010	992	3	14
2014	1126	1010	998	11	16
2015	1144	1010	1001	4	15
2016	1138	1006	1003	10	15

Source: School District Guidance Office.

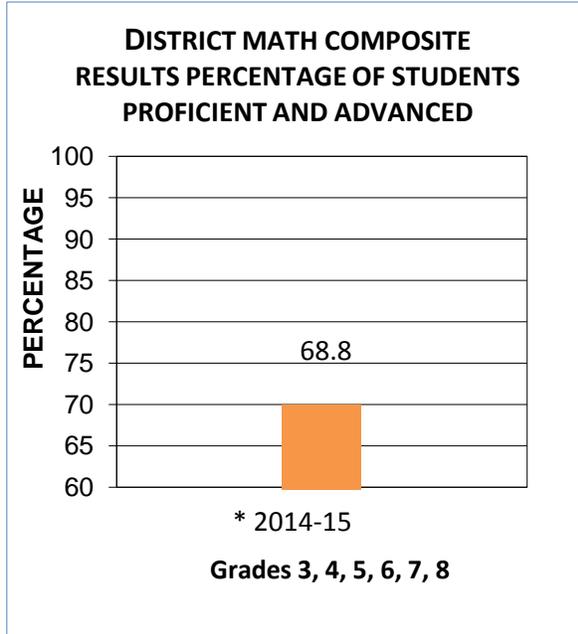
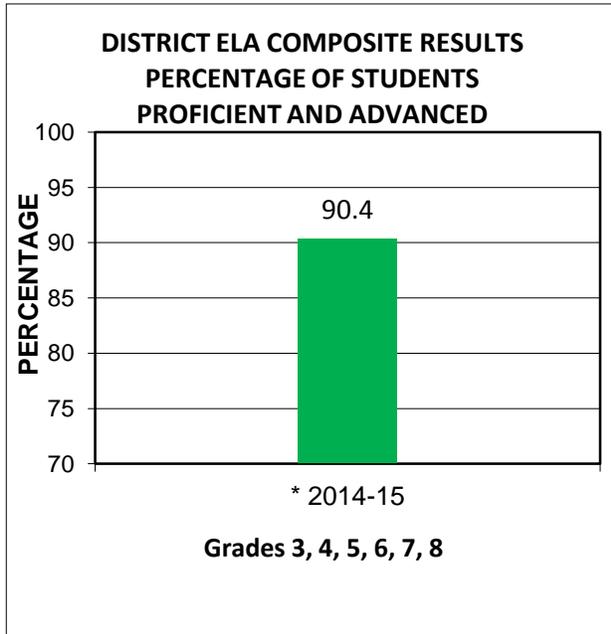
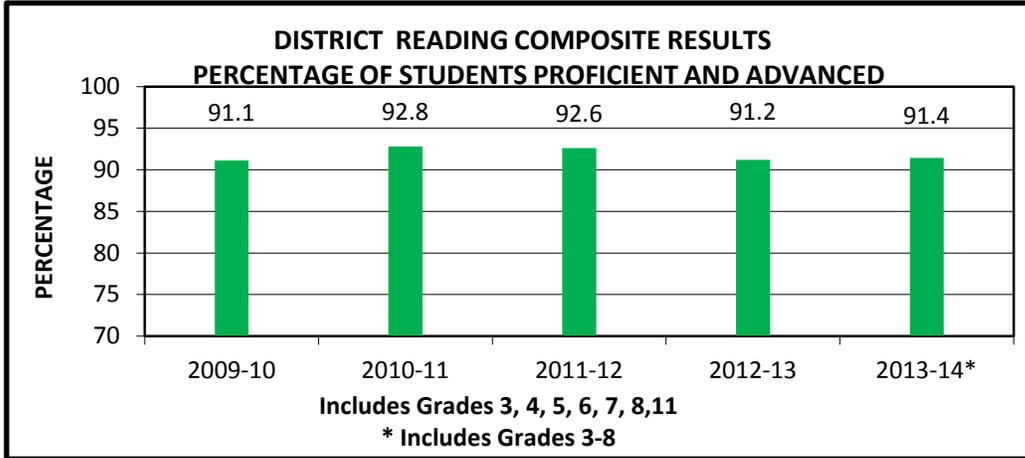


# MT. LEBANON SCHOOL DISTRICT

## STUDENT TEST SCORES

### LAST FIVE YEARS

PSSA tests are state mandated tests required by all students in Pennsylvania.

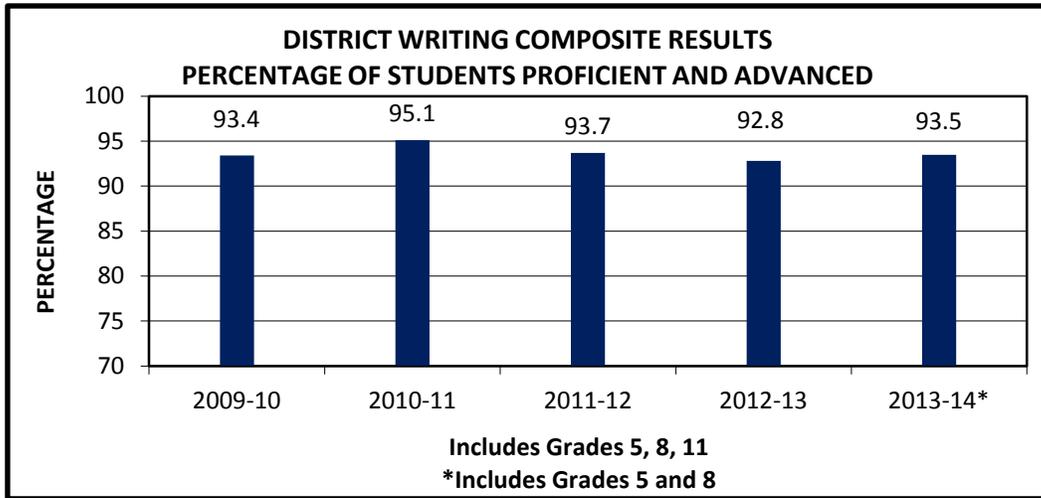
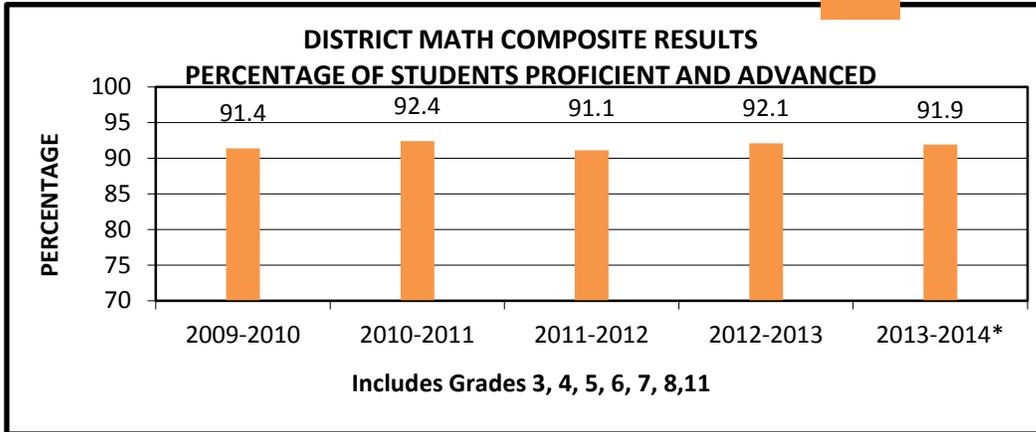


\* This is the first year of a new PSSA Assessment aligned to the new PA Core Standards

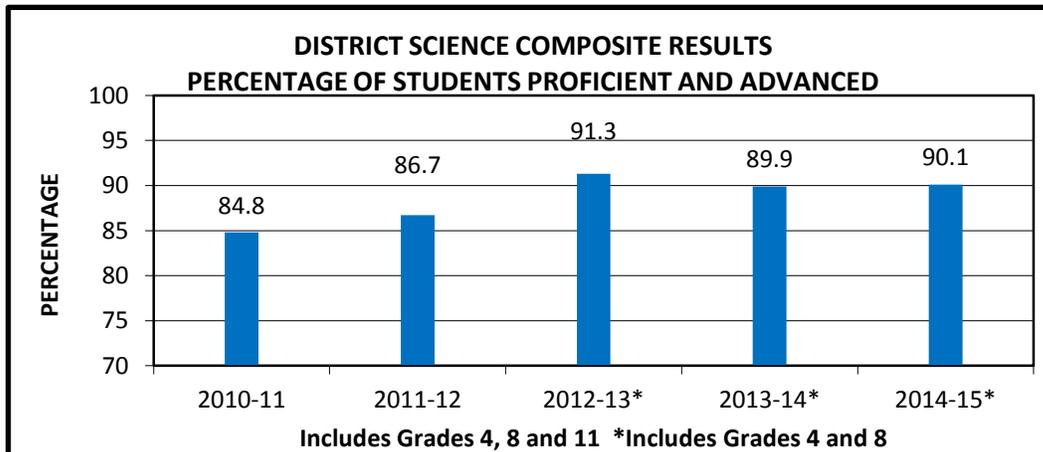
# MT. LEBANON SCHOOL DISTRICT

## STUDENT TEST SCORES

LAST FIVE YEARS



**NOTE:** This Writing graph is for historical data purposes. Writing has been combined with Reading in the new ELA Assessment.



## MT. LEBANON SCHOOL DISTRICT

### PROGRAM RESULTS

Student achievement is the best indicator of the success of a school system. Student objectives and various standardized scores are monitored to assure that we continue to meet the needs of our students, and continue to provide an effective program in a variety of subject areas.

According to available statistics, 93.2% of Mt. Lebanon's class of 2015 is continuing its education at:

- |  |       |
|--|-------|
| • Four-year college                            | 83.1% |
| • Junior or community college                  | 10.1% |
| • Vocational, technical or professional school | 1.4%  |
| • Armed services                               | 1.2%  |

During the 2014-2015 school year, 658 Advanced Placement exams were taken with 89% of the students achieving a score of 3 or better. Advanced Placement course offerings included 19 course offerings: Biology, Calculus BC, Chemistry, Computer Science A, English Literature & Composition, English Language & Composition, Environmental GeoScience (Environmental Science), European History, Languages (French, German, Spanish), Music Theory, Physics (Mechanics and Electricity & Magnetism) Psychology, Statistics, Studio Art, United States Government & Politics and United States History.

The Mt. Lebanon class of 2016 SAT Reasoning average score, including Critical Reading and Mathematics, was 1138 with approximately 86% of the class taking the exam. This score is 132 points higher than the national average and 135 points higher than the Pennsylvania average. The mean score for the writing test for Mt. Lebanon students was 566. This is 82 points higher than the national mean and 84 points higher than the Pennsylvania mean. Students of all abilities at Mt. Lebanon are taking the SAT Reasoning test and are being accounted for very favorably in state comparisons.

For those students who took the ACT exam, the average composite score was 25.6 compared to the national average of 21.0 and Pennsylvania state average of 22.9. Average composite scores include English, Mathematics, Reading and Science results. Mt. Lebanon students exceeded national and state averages in all four content areas.

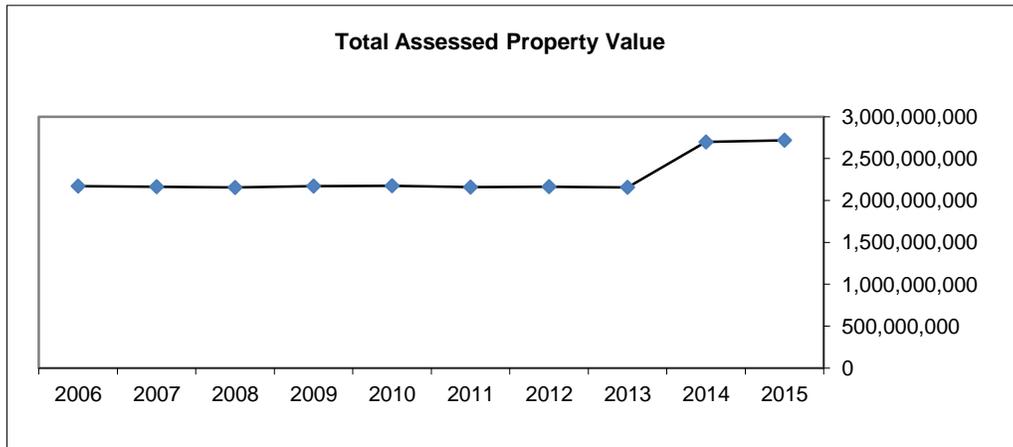
**MT. LEBANON SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN YEARS**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Total Personal Income (2)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Household Income (1)</b>	<b>Median Age (1)</b>
2006	33,017	\$1,111,088,084	\$33,652	\$60,783	41.8
2007	33,017	1,111,088,084	33,652	60,783	41.8
2008	33,017	1,111,088,084	33,652	60,783	41.8
2009	33,017	1,111,088,084	33,652	60,783	41.8
2010	33,137	1,415,314,407	42,711	74,003	43.8
2011	33,137	1,415,314,407	42,711	74,003	43.8
2012	33,137	1,415,314,407	42,711	74,003	43.8
2013	33,137	1,415,314,407	42,711	74,003	43.8
2014	33,137	1,415,314,407	42,711	74,003	43.8
2015	33,137	1,415,314,407	42,711	74,003	43.8

(1) Source: U.S. Census, Census of population, 2000 U.S. Census; 2010 U.S. Census

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



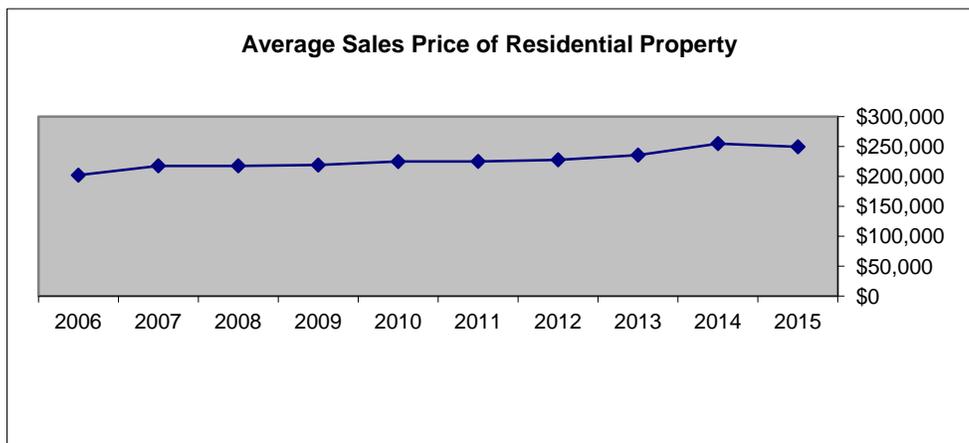
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MT. LEBANON SCHOOL DISTRICT  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**

LAST TEN YEARS

Educational Attainment Bachelor's Degree or higher	School Enrollment (3)	Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value (5)
61.0%	5,454	3.6%	\$202,249	\$2,171,329,944
61.0	5,436	3.4	217,963	2,164,018,756
61.0	5,416	3.4	217,963	2,154,641,502
61.0	5,294	3.5	219,228	2,171,398,932
61.0	5,302	5.0	224,979	2,175,275,286
61.0	5,268	5.3	225,237	2,159,216,301
64.1	5,297	4.8	228,008	2,164,809,298
64.1	5,268	4.7	235,838	2,156,859,685
64.1	5,218	4.5	255,115	2,622,540,155
64.1	5,321	3.6	249,768	2,718,872,379

- (3) Enrollment as of September 1 of the Fiscal Year Ended
- (4) Source: US Dept. of Labor & PA Center for Workforce Information & Analysis
- (5) Source: Mt. Lebanon Tax Office



(Concluded)

MT. LEBANON SCHOOL DISTRICT  
**MUNICIPALITY CONSTRUCTION COSTS AND PROPERTY VALUES**  
 LAST TEN CALENDAR YEARS

Calendar Year	Building Permits Issued	Estimated Value of Construction(1)	Occupancy Permits Issued	Total Property Value	Property Value (2)	
					Taxable	Exempt
2005	667	\$28,465,410	107	\$2,390,817,484	\$2,171,329,944	\$219,487,540
2006	657	23,672,730	78	2,382,114,196	2,164,018,756	218,095,440
2007	705	22,865,653	93	2,434,391,402	2,154,641,502	279,749,900
2008	604	15,542,003	67	2,384,843,272	2,171,398,932	213,444,340
2009	689	14,855,044	127	2,400,013,126	2,175,275,286	224,737,840
2010	733	36,463,804	50	2,383,984,141	2,159,216,301	224,767,840
2011	682	18,645,425	47	2,389,984,638	2,164,809,298	225,175,340
2012	635	128,540,359	45	2,387,704,025	2,156,859,685	230,844,340
2013	482	15,186,564	31	3,167,159,295	2,698,042,173	469,117,122
2014	526	16,872,741	24	3,091,134,301	2,718,872,379	372,261,922

(1) Construction detail obtained from Mt. Lebanon Inspection Office.

(2) Assessed valuation per Tax Office (as of billing date).

Notes: Bank deposit data is not available. All banks and savings institutions located in Mt. Lebanon are branch offices. Allegheny County assessment records do not allow categorization by use or ownership.

MT. LEBANON SCHOOL DISTRICT

**BUILDING INFORMATION**

YEAR ENDED JUNE 30, 2015

<u>Building</u>	<u>Year of Construction</u>		<u>Classrooms</u>	<u>Enrollment</u>	<u>Capacity</u>	<u>Percentage of Capacity Used</u>	<u>Staffing</u>		<u>Building Square Footage</u>	<u>Site Acreage</u>
	<u>Original</u>	<u>Latest Renovation</u>					<u>Professional</u>	<u>Support</u>		
<b><u>Elementary Schools</u></b>										
Washington	1921	2005	25	417	434	96.1%	33	17	74,428	7.5 (3)
Lincoln	1925	2004	28	438	510	85.9%	35	13	74,510	3.5
Markham	1929	2004	29	325	432	75.2%	26	11	42,513	6.1
Howe	1929	2003	29	359	468	76.7%	26	13	65,662	7.1
Foster	1940	2003	25	264	389	67.9%	20	13	53,560	5.4
Jefferson	1950	2004	23	343	343	100.0%	24	14	51,519	17.7 (1)
Hoover	1963	2005	21	237	342	69.3%	19	8	68,661	5.9
<b><u>Secondary Schools</u></b>										
Jefferson	1959	1998	61	589	833	70.7%	60	15	100,835	17.7 (1)
Mellon	1938	1998	59	662	840	78.8%	67	20	111,566	7.5 (3)
Senior High (inc. Stadium)	1930	2014	136	1707	2250	75.9%	136	28	454,817	28.6 (2)

- (1) The Jefferson Elementary and the Jefferson Middle School share a joint site totaling 17.7 acres.  
 (2) The Senior High Facility houses the central administration and district support services totaling 17 professional and 30 support staff. Also included are 34 cafeteria employees and 69 custodial/maintenance employees.  
 (3) The Mellon Middle School and Washington Elementary share a joint site totaling 7.5 acres.

Source: School District Human Resource Department, Finance Office and Facilities Department.

## MT. LEBANON SCHOOL DISTRICT

### AWARDS AND RECOGNITIONS

**Districts of Distinction** The Mt. Lebanon School District was recognized as a District of Distinction by District Administration, a leading national education publication. Districts of Distinction is a national recognition program created by District Administration magazine to honor school districts that are leading the way with new and innovative ideas. The District was among the 62 districts honored nationwide in 2015.

**Pittsburgh Business Times Guide to Western PA Schools** Mt Lebanon School District ranked #3 in Allegheny County and #5 in the state in the 2015 Pittsburgh Business Times Guide to Western PA Schools. Markham Elementary School ranked #1 in the region for 4<sup>th</sup> Grade and Mt. Lebanon High School ranked #2. The annual Honor Roll ranks the 105 school districts in the region and the 495 districts in the state based on three years of scores from the Pennsylvania System of School Assessment tests.

**2014-2015 Digital School District Winner** The Mt. Lebanon School District was among the top ranked school districts in the nation in the tenth annual Digital School Districts Survey by the Center for Digital Education (CDE) and the National School Boards Association (NSBA). Mt. Lebanon was the only school district in Pennsylvania awarded in the mid-sized student population category of 3,000-12,000 students. The survey showcases exemplary school boards' and districts' use of technology to govern the district, communicate with students, parents and the community, and improve district operations.

**Newsweek Magazine List of America's Best High Schools** Newsweek Magazine placed Mt. Lebanon High School on the list of "America's Best High Schools" in 2015, ranking the school 346 out of the top 2,000 high schools in the nation.

**U.S. News and World Report 2015 Best High School** Mt. Lebanon High School was awarded a silver ranking in the 2015 U.S. News and World Report Best High School Ranking. The high school was ranked #10 in Pennsylvania. The ranking is based primarily on the number of AP tests taken by seniors.

**Lincoln 2013 Blue Ribbon** Lincoln Elementary School was awarded a National Blue Ribbon by the U.S. Department of Education in 2013. This is Lincoln's third National Blue Ribbon. U.S. Secretary of Education Arne Duncan recognized 286 schools in 2013 based on their overall academic excellence of their progress in improving student academic achievement.

**National Blue Ribbon Schools** Washington Elementary School was awarded a National Blue Ribbon by the U.S. Department of Education in 2003-2004. Lincoln Elementary School was awarded a National Blue Ribbon by the U.S. Department of Education in 2013, 2000-2001 and 2002-2003. Mt. Lebanon High School was awarded a National Blue Ribbon by the U.S. Department of Education in 1983-84, 1990-91 and 1997-98.

**Community for Music Education** The Mt. Lebanon School District was named among the Best 100 Communities for Music Education (BCME) in 2015 by the NAMM Foundation. BCME is a nationwide survey that acknowledges schools and districts across the U.S. for their commitment and support for music education as part of the core curriculum. This is the 7<sup>th</sup> year in a row that the Mt. Lebanon School District has been designated a Best Community for Music Education.

**HealthierUS School Challenge** The USDA 2012 HealthierUS School Challenge Bronze award was given to all seven Mt. Lebanon School District elementary schools. This award recognizes the Mt. Lebanon School District's effort to provide healthy items on our school lunch menus and provide students with physical education and opportunities for physical activity. The HealthierUS School Challenge is a voluntary national certification initiative for schools participating in the National School Lunch Program.

**Roy A. Hunt Foundation Award for Commitment to Education in the Arts and Humanities** The Frick Art and History Center selected the Mt. Lebanon School District for the 2010 Roy A. Hunt Foundation Award for Commitment to Education in the Arts and Humanities. This was the first time an entire school district was honored with this award.

**Boys Lacrosse 2015 WPIAL Champions**  
**Girls Lacrosse 2014 WPIAL Champions**  
**Girls Cross Country 2013 WPIAL Champions**  
**Boys Lacrosse 2013 WPIAL Champions**

## MT. LEBANON SCHOOL DISTRICT

### OTHER INFORMATION

In 1902, the first trolley line from Pittsburgh enabled the Mt. Lebanon area to begin development. Ten years later, the citizens of the Mt. Lebanon area of Scott Township voted to incorporate what is now Mt. Lebanon under the legislative act providing for establishment of "First Class Township" government.

It was in July of 1912 that the Mt. Lebanon School District came into legal existence, established by decree of the Court of Quarter Sessions. At that time, the School District was considered a fourth-class district with a five-member School Board.

In 1912, the school housing consisted of a six-room frame building at the corner of Washington Road and Cedar Boulevard, and a one-room frame building at Beadling Road. The close of World War I signaled the beginning of a planned program of expansion including site selections and bond issues for the building of the ten schools that now reside in the District.

Completion of the Liberty Tubes in 1924 marked a period of rapid growth in the community. By 1961, Mt. Lebanon's population had grown to 35,361 from 1,705 in 1912, thus changing its rating to a second-class school district with nine School Board members.

Throughout its history, Mt. Lebanon residents have always given top priority to their school system, which has enjoyed an excellent national reputation for education of its children. Currently, about 90% of the District's seniors enter some type of post-secondary education and the number of students chosen as National Merit Finalists has continued to place Mt. Lebanon as one of the top high schools in the country.

Enrichment programs occur at every educational level for most children. Advanced placement courses at the High School often permit college-bound students to receive credit toward their freshman year.

Within the six square miles of the community, there are seven elementary schools, two middle schools and one Senior High School. The structure of the schools is K-5, 6-8 and 9-12. All schools are located in areas which permit all, except exceptional children, to walk to school.

The nine-member elected School Board annually establishes the School District budget and millage rate. Each member serves a four-year term with elections occurring every two years for expired terms. Board meetings are usually held the second and third Monday of each month.

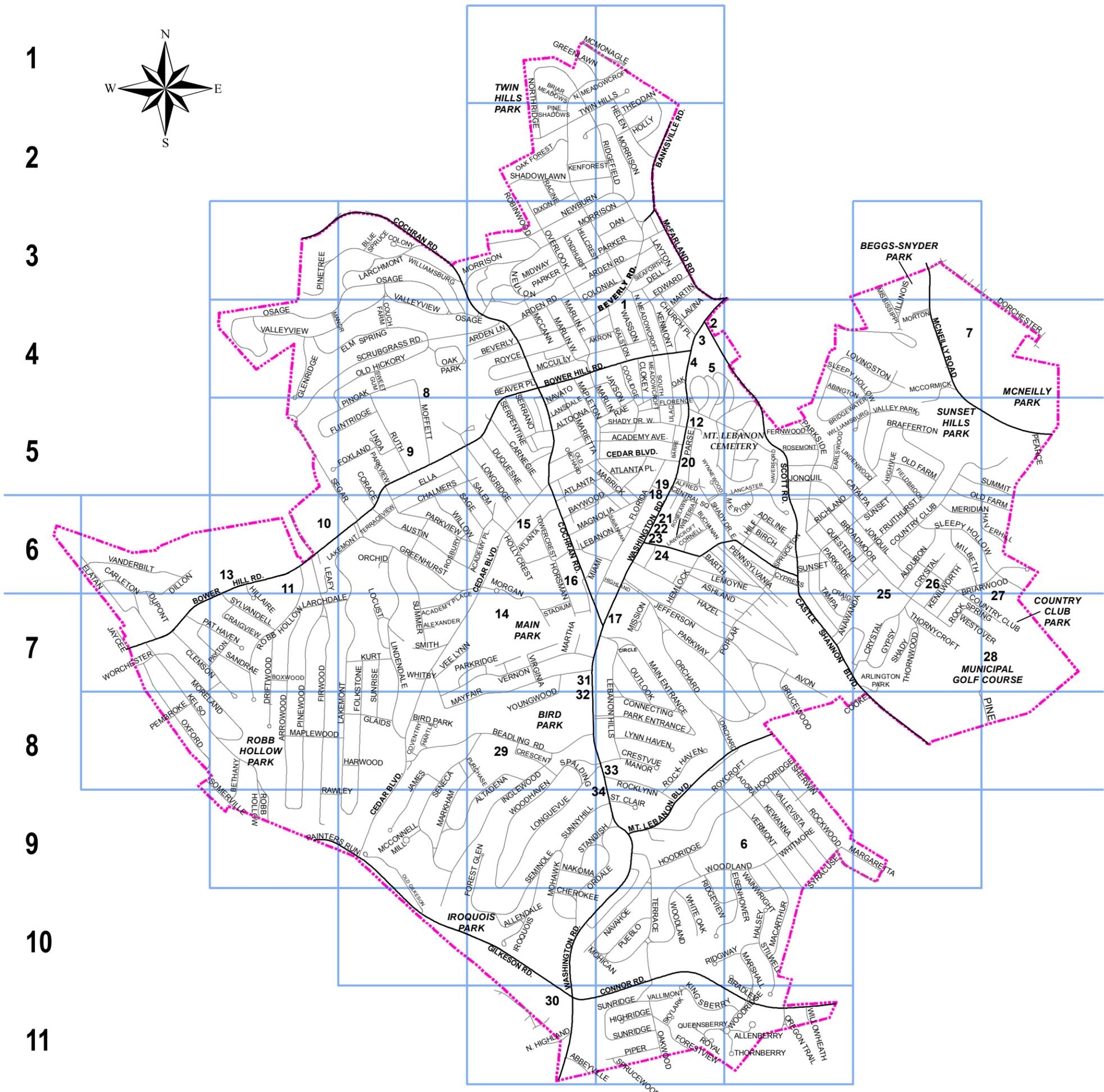
The 2014-15 school staff includes 428 certificated classroom teachers with an average salary in fiscal 2015 of \$73,719. Of these teachers, 80% hold masters degrees or doctorates. Average class size at the elementary level is 22.07 students per classroom teacher. At the secondary level, average class size ranges from 20.82 to 25.01 students per teacher, excluding special subjects.

The School District encourages the active involvement of parents, residents and community groups. Voluntary ad hoc advisory committees for various topics provide valuable information and assistance to the District throughout the year. An active PTA makes possible a wide variety of activities and services not provided through the general School District budget.

# MT. LEBANON, PENNSYLVANIA

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|--|-------------------------------------|--|
| 1 LINCOLN ELEMENTARY SCHOOL              | 13 TEMPLE EMANUEL                   | 25 HOWE ELEMENTARY SCHOOL                          |
| 2 MT. LEBANON UNITED METHODIST           | 14 RECREATION CENTER                | 26 SUNSET HILLS PRESBYTERIAN CHURCH                |
| 3 MT. LEBANON UNITED PRESBYTERIAN CHURCH | 15 MT. LEBANON CHRISTIAN CHURCH     | 27 ST. WINIFRED'S CHURCH                           |
| 4 ST. BERNARD CHURCH                     | 16 MT. LEBANON HIGH SCHOOL          | 28 MUNICIPAL GOLF COURSE                           |
| 5 ST. BERNARD SCHOOL                     | 17 MT. LEBANON UNITED LUTHERAN      | 29 MARKHAM ELEMENTARY SCHOOL                       |
| 6 FOSTER ELEMENTARY SCHOOL               | 18 PUBLIC PARKING GARAGE            | 30 HOLY CROSS ORTHODOX CHURCH                      |
| 7 SETON-LA SALLE HIGH SCHOOL             | 19 MUNICIPAL BUILDING               | 31 ST. PAUL'S EPISCOPAL CHURCH                     |
| 8 BOWER HILL COMMUNITY CHURCH            | 20 PUBLIC PARKING GARAGE            | 32 FIRST CHURCH OF CHRIST SCIENTIST OF MT. LEBANON |
| 9 JEFFERSON ELEMENTARY AND MIDDLE SCHOOL | 21 WASHINGTON ELEMENTARY SCHOOL     | 33 BEVERLY HEIGHTS PRESBYTERIAN CHURCH             |
| 10 ST. CLAIR HOSPITAL                    | 22 MELLON MIDDLE SCHOOL             | 34 UNITARIAN UNIVERSALIST CHURCH OF SOUTH HILLS    |
| 11 HOOVER ELEMENTARY SCHOOL              | 23 SOUTHMINSTER PRESBYTERIAN CHURCH |  |
| 12 PUBLIC SAFETY BUILDING                | 24 PUBLIC LIBRARY                   |  |