

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
Of
MT. LEBANON SCHOOL DISTRICT
Mt. Lebanon, Pennsylvania

Fiscal year ended
June 30, 2014

BOARD OF SCHOOL DIRECTORS

Calendar <u>2013</u>	Calendar <u>2014</u>
Elaine L. Cappucci, President	Elaine L. Cappucci, President
Lawrence M. Lebowitz, Vice-President	Lawrence M. Lebowitz, Vice-President
Mary D. Birks	Mary D. Birks
William L. Cooper	William L. Cooper
Scott D. Goldman	Scott D. Goldman
Edward L. Kubit	Edward L. Kubit
Dale F. Ostergaard	William J. Moorhead
Josephine C. Posti	Daniel L. Remely
Daniel L. Remely	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.

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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, 2014

The Comprehensive Annual Financial Report of Mt. Lebanon School District (School District) for the fiscal year ended June 30, 2014 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, 2014. 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, 2013.

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, 2014.

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 5,218 students in our educational system in 2013-14 who chose from a wide range of courses and offerings. Enrollment for 2014-15 is 5,321 with stable 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.

In 2013, according to the Mt. Lebanon CAFR, the average price for housing in Mt. Lebanon increased to \$255,115, an increase of 8.25% from 2012. Since 2009, the average market price of a home has increased over 11.6%. The housing stock is varied in style and price – 2013 sales ranged from \$25,000 to \$1,181,000. In addition to the sales price increase in 2013, the number of homes sold increased 5.1% over 2012.

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 #1 in the region and #2 in the State in the 2014 Guide to Western Pennsylvania Schools. The PBT also ranked both Mt. Lebanon High School 11th Grade and Jefferson Middle School 8th Grade #1 in the region in the 2014 Guide to Western Pennsylvania Schools. 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.

Nine Mt. Lebanon schools-Foster, Hoover, Howe, Lincoln, Washington, Markham, and Jefferson elementary schools, and Jefferson Middle School and Mt. Lebanon High School- were awarded the 2013 Governor's Award for Excellence in Academics based on achieving a score of 90 or above on the Pennsylvania School Performance Profile. Mt. Lebanon High School achieved the highest score of all schools in Allegheny County and was ranked third in the state.

U.S. News and World Report awarded Mt. Lebanon High School Silver ranking on their 2014 list of the nation's top high schools. Newsweek included Mt. Lebanon High School on their 2014 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 tenth annual 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 2014 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 girls Cross

Country team was the 2013 WPIAL Champions.

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 a higher revenue per mill in 2014 and required the District to reduce millage so that revenues received did not exceed legal parameters.

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.

State

Subsidies from the state for our 2014 budget reflected a marked decrease in commitment to funding for education. There was a nominal increase in basic subsidies for regular education and no increase for special education. The reduction in funding of educational subsidies was more than offset by increases in the state share of funding for their half of the retirement rate which increased from 12.36% of eligible salaries to 16.93% 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 \$1.8 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 or 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 2013 and again in 2014 federal funding declined due to reductions in ACCESS funding. We anticipate further reductions due to Sequestration budget cuts.

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 2013 as well as adopt social studies texts, AED equipment and laptops for student use. A math coach was added as well as additional ESL funding for our student population.

This year's expenditures were increased 5.5% even though millage decreased 4.52 mills. The additional funding came from the county-wide property reassessment which increased revenue per mill over 20%. At year end there were still a significant number of outstanding assessment appeals which will require refunds of revenues when the appeals are settled over the next few years. We have placed aside funds to settle these future claims. There was a 5% increase in health insurance rates which accounts for almost 10% of our expenditure budget. Staffing for fiscal 2014 reflected the elimination of three teacher positions and overtime costs. These issues, added to savings from seven 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. These operating cost increases added to lower utility usage and falling rates during the year created a final expenditure amount significantly under budgeted amounts. Our millage rate is 11th 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 \$31 million this year compared to \$43 million in the Capital Fund last year. This project is anticipated to cost about \$109 million over a four year construction cycle. This year we focused on funding the remainder of this project since only \$75 million of the project had been funded through issuance of bonds prior to this fiscal year. The District issued the final \$35 million in bonds to completely fund this project in fiscal 2014. 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 begin 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. This, combined with falling utility rate charges, is reflected in significantly lower energy costs in fiscal 2013 and 2014.

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. These funds will reduce the amount of money the Board will have to borrow to complete the high school renovation project. This is one of the greatest issues pressuring the District's need to increase millage into the near future. The District's policy to maintain a General Fund unassigned fund balance of 6% of expenditures assures continued financial stability as the renovations continue.

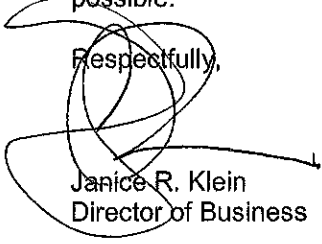
Also continuing this year are discussions with the School Board concerning GASB #45 Funding for Other Post Employment Benefits (OPEB). An actuarial valuation of our benefit programs was complete and the need to set money aside for these benefits has become apparent. The School Board revised its policy 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.

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..... Superintendent
Marybeth D. Irvin Assistant Superintendent of Elementary
Ronald P. Davis Assistant Superintendent of Secondary
Cissy Bowman Director of Communications
Carl S. Salemi..... Director of Physical Plant
Janice R. Klein..... Director of Business
Steve Scheurer Director of Human Resources
Christopher R. Stengel Director of Technology

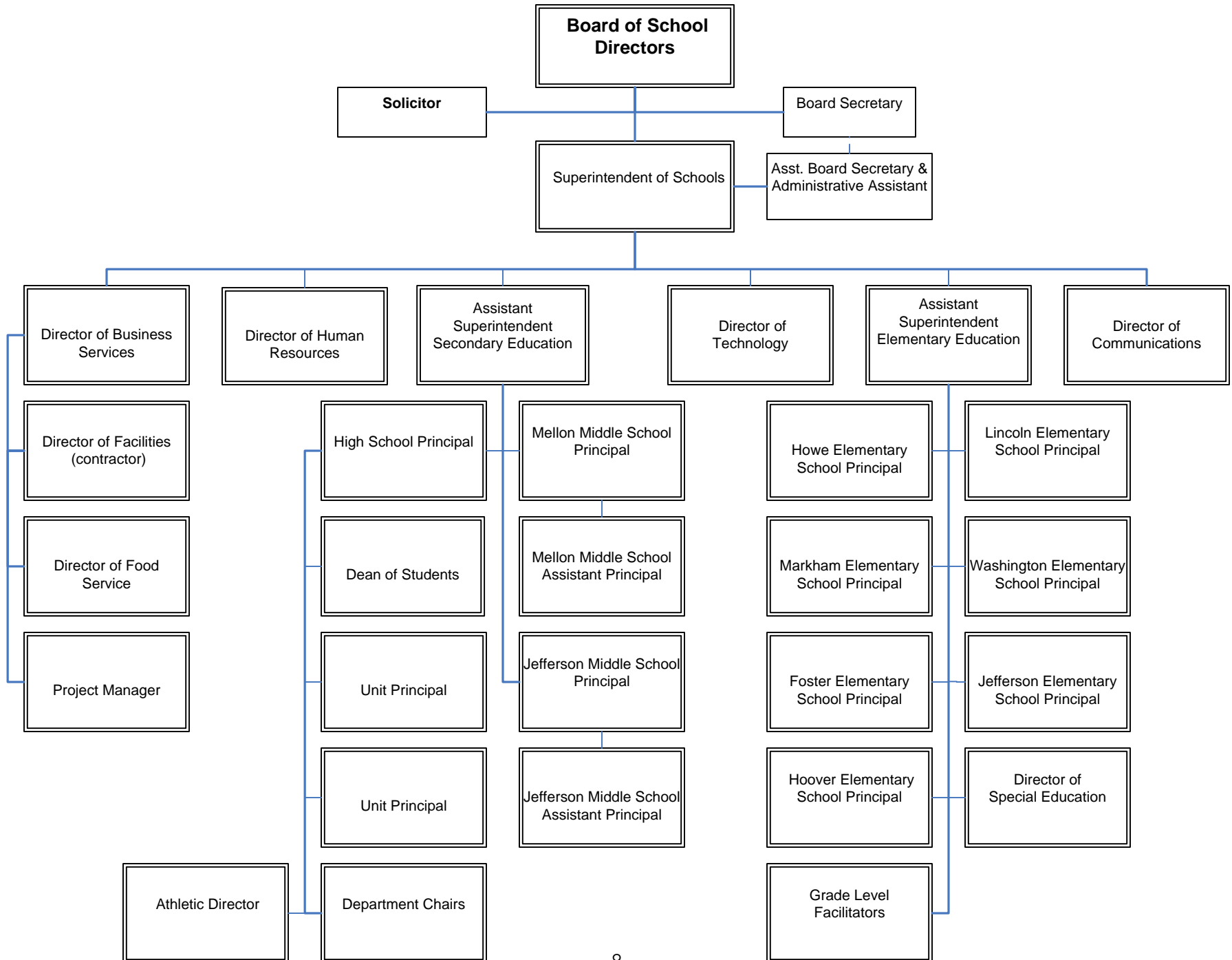
BOARD OF SCHOOL DIRECTORS

Elaine L. Cappucci..... President
Lawrence M. Lebowitz Vice President
Mary D. Birks Director
William L. Cooper Director
Scott D. Goldman Director
Edward L. Kubit Director
William J. Moorhead 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 Organization Chart



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, 2013

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



Terrie S. Simmons, RSBA, CSBO
President

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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General

Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13-26 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, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 combining and individual nonmajor fund financial statements are 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
October 17, 2014

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

Required Supplementary Information (RSI)

June 30, 2014

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, 2014. 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 69% 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 2013 by \$759,081 or 1.3%. This increase was the result of a county-wide property reassessment, which created a large increase in assessment, requiring a commensurate reduction in millage to assure our total real estate tax dollars did not exceed legal parameters determined by Act 1 of 2006. The Board approved a reduction in millage rate of 4.52 mills, which produced additional taxes of 2.3% over the prior year collections. The millage rate dropped from 27.13 mills to 22.61 mills. The other factor mitigating the increase was the result of lower lien tax collections due to high collections in fiscal 2013 resulting from a number of property sales in the community with large outstanding liens, since the sale of the property results in payment of back taxes at closing, which did not recur in 2014.

Since appeals of some 2013 property assessments are not yet final, the District set aside \$1 million dollars to pay refunds due as a result of the 250 properties with assessments of about \$175 million still under appeal. This is more fully disclosed in the footnotes to the financial statements.

Earned Income Tax (EIT) is another major tax revenue 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 2013 by \$47,153 or 0.7%. This is the third year of EIT increases in the community and is partially reflective of the economy beginning to recover throughout the country. It is also the result of a change in collection practice in Pennsylvania. EIT collection was performed at the local level through calendar year 2011. Beginning in 2012, county-wide collectors were mandated and withholding was required by all employers. There were a couple month delays in receipt of early taxes due to the change in collectors, but this was offset by more residents having monthly deductions of EIT withholding, resulting in a faster paced collection during the second half of fiscal 2012 and fiscal

2013. 2014 marked the first year of stable collections based on the new system and a recovering local economy.

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 a loosening of mortgage qualifications returned this revenue source to more typical levels. Revenue reflects an increase of \$97,802, or 13.4%, which is reflective of the return to a typical number of home sales.

With interest rates on Federal Securities remaining close to zero this year, the School District experienced \$45,499 or 40.2% less in investment earnings compared to the prior year. This decrease was anticipated, since interest rates continue to remain low, replacing higher earning investments with lower rates.

State funding reflects an increase of \$1,319,332 or 8.8% 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) contribution rate, which is a mandated retirement plan for our staff. The rate of the mandatory payments increased from 12.36% of salaries to 16.93% of salaries this year and to 21.4% in fiscal 2015. 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 beyond 30% in future years.

For the tenth year in a row, Unassigned Fund Balance in the General Fund was not needed in fiscal 2014 to balance the operating budget. This was because in fiscal 2004, the School Board took action to officially set the 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 2014 totaling \$7,105,213. Of this amount, \$4,430,213 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 \$5,275,471, or 6% of the fiscal 2015 Budget.

Expenditure levels decreased from \$122,530,022 to \$114,630,692 or \$7,899,330 or 6.4% from the prior year. This was due to a \$12.3 million decrease in payments in the Capital Fund, primarily for the High School Renovation Project, which began in earnest after contracts were signed in January of 2012. This project is anticipated to cost \$109 million at completion in fiscal 2017. Offsetting this was an increase in operational costs in the General Fund of \$3.8 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.

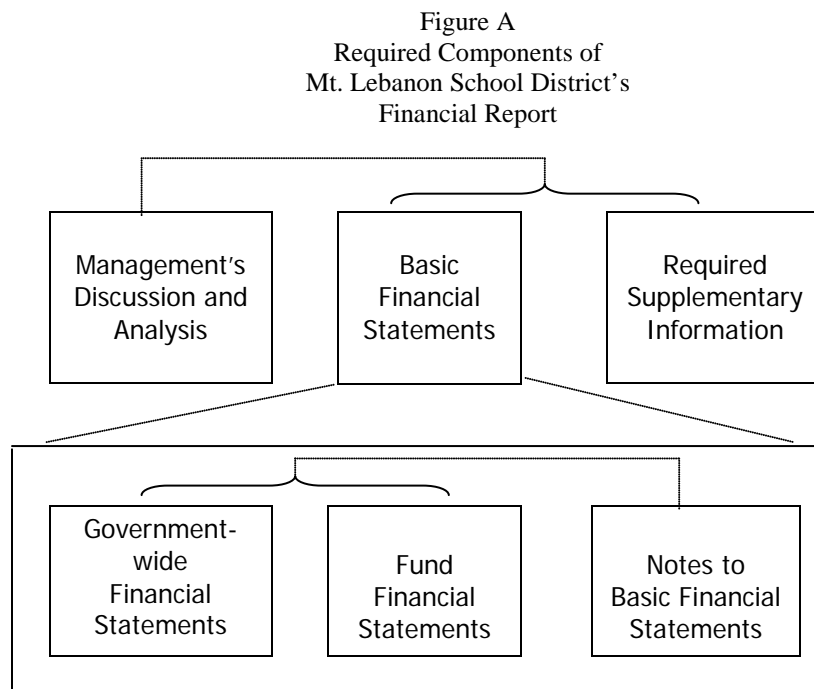
There was no transfer to the Capital Fund from the General Fund this year. Action was taken to make a transfer after year end. The Board was waiting for the High School Renovation Project to proceed a little further before transferring the funds over to that Fund. The \$12.3 million transfer to the Debt 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 \$12,979,062 in fiscal 2012 to \$43,416,183 in fiscal 2013 and \$31,115,201 in fiscal 2014. We anticipate the spending in fiscal 2015 to stay at this level. 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. Some of these funds continue to be reflected in the fund balance of the Capital Fund. Fiscal 2014 reflects the float of the second and final bond issue to pay the remaining costs of the High School Renovation Project. Proceeds of the bonds totaled \$35 million.

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 27 through 29, 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 30, 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 73 and 72 to provide information regarding the School District's 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 30 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 2014?” 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, and deferred outflows of resources. 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 30, 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 31 and 34.

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 \$24,471,574 at June 30, 2014 and \$24,619,030, as restated, at June 30, 2013. This represents a decrease in net position of \$147,456, indicating that the School District’s overall financial position has decreased since fiscal year 2013. This decrease is largely due to the continued construction of the High School Renovation Project at our largest school building and the issuance of debt to complete that project.

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

	Governmental Activities	Business-type Activities	2014 Total
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 charge on refunding	<u>\$ 2,453,471</u>	<u>\$ -</u>	<u>\$ 2,453,471</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	163,571,884	-	163,571,884
Total Liabilities	<u>\$ 191,810,662</u>	<u>\$ 34,284</u>	<u>\$ 191,844,946</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	14,453,801	661,872	15,115,673
Total Net Position	<u>\$ 23,784,324</u>	<u>\$ 687,250</u>	<u>\$ 24,471,574</u>

Table 1
Fiscal Year Ended June 30, 2013
Net Position

	Governmental Activities	Business-type Activities	2013 Total
Current and other assets	\$ 66,271,306	\$ 677,587	\$ 66,948,893
Capital assets	121,583,475	34,527	121,618,002
Total Assets	<u>\$ 187,854,781</u>	<u>\$ 712,114</u>	<u>\$ 188,566,895</u>
Deferred charge on refunding	<u>\$ 2,638,111</u>	<u>\$ -</u>	<u>\$ 2,638,111</u>
Current and other liabilities	\$ 21,258,579	\$ 32,383	\$ 21,290,962
Long-term liabilities:			
Due within one year	5,275,036	-	5,275,036
Due in more than one year	132,118,797	-	132,118,797
Total Liabilities	<u>\$ 158,652,412</u>	<u>\$ 32,383</u>	<u>\$ 158,684,795</u>
Taxes received in advance	<u>\$ 7,901,181</u>	<u>\$ -</u>	<u>\$ 7,901,181</u>
Net investment in			
capital assets	\$ 7,607,470	\$ 34,527	\$ 7,641,997
Restricted	158,726	-	158,726
Unrestricted	16,173,103	645,204	16,818,307
Total Net Position, as restated	<u>\$ 23,939,299</u>	<u>\$ 679,731</u>	<u>\$ 24,619,030</u>

The results of this year's operations as a whole are reported in the Statement of Activities on pages 28 and 29. 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, 2014
General Revenues

	2013-14	2012-13	Increase/ (Decrease)	%
Real Estate Taxes	\$ 57,304,345	\$56,545,264	\$ 759,081	1.3%
Other Taxes - mainly Earned Income Taxes	8,135,195	7,996,303	138,892	1.7%
Grants and Subsidies - (mainly provided by the Commonwealth of Pennsylvania)	5,796,217	5,584,093	212,124	3.8%
State Property Tax reduction	1,703,512	1,698,149	5,363	0.3%

The 2014 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 29) 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 2013 of \$1.1 million, which is reflective of the tax increases and subsidy increases from the State for retirement cost increases.

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
Total revenues	<u>83,595,620</u>	<u>1,558,508</u>	<u>85,154,128</u>
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
Total expenses	<u>83,681,433</u>	<u>1,620,151</u>	<u>85,301,584</u>
Gain/Loss before transfers	(85,813)	(61,643)	(147,456)
Transfers	<u>(69,162)</u>	<u>69,162</u>	<u>-</u>
Change in net position	(154,975)	7,519	(147,456)
Net position:			
Beginning of year, as restated (see Note 1)	<u>23,939,299</u>	<u>679,731</u>	<u>24,619,030</u>
End of year	<u>\$ 23,784,324</u>	<u>\$ 687,250</u>	<u>\$ 24,471,574</u>

Table 3B
Fiscal Year Ended June 30, 2013
Changes in Net Position

	Governmental Activities	Business-type Activities	2013 Total
Revenues:			
Program revenues:			
Charges for services	\$ 279,213	\$ 1,224,568	\$ 1,503,781
Operating grants and contributions	9,023,772	345,487	9,369,259
General revenues:			
Property taxes	56,545,264	-	56,545,264
Other taxes	7,996,303	-	7,996,303
Grants, subsidies, and contributions:			
Unrestricted	5,584,093	-	5,584,093
Investment earnings	112,156	922	113,078
Other income	1,794,781	-	1,794,781
Total revenues	<u>81,335,582</u>	<u>1,570,977</u>	<u>82,906,559</u>
Expenses:			
Instructional services	43,915,623	-	43,915,623
Pupil services	2,980,031	-	2,980,031
Instructional support services	2,061,329	-	2,061,329
Administration	4,648,621	-	4,648,621
Pupil health services	817,274	-	817,274
Financial services	999,374	-	999,374
Operation and maintenance of plant	7,920,327	-	7,920,327
Student transportation services	1,298,391	-	1,298,391
Other support services	1,650,932	-	1,650,932
Student activities	1,977,012	-	1,977,012
Community services	345,941	-	345,941
Intergovernmental:			
Special Education	2,428,449	-	2,428,449
Other	708,791	-	708,791
Interest on long-term debt	5,725,492	-	5,725,492
Food services	-	1,653,037	1,653,037
Total expenses	<u>77,477,587</u>	<u>1,653,037</u>	<u>79,130,624</u>
Gain/Loss before transfers	3,857,995	(82,060)	3,775,935
Transfers	<u>(69,162)</u>	<u>69,162</u>	<u>-</u>
Change in net position	3,788,833	(12,898)	3,775,935
Net position:			
Beginning of year, as restated *	<u>20,150,466</u>	<u>692,629</u>	<u>20,843,095</u>
End of year	<u>\$ 23,939,299</u>	<u>\$ 679,731</u>	<u>\$ 24,619,030</u>

* Fiscal year ended June 30, 2013 audited financial statements, prior to GASB 65 application (see Note 1), presented Governmental Activities' net position as \$20,660,590, beginning of year, and \$24,449,423, end of year.

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, 2014
Governmental Activities

Functions/Programs	2014 Total Expense of Services	2014 Net Expense of Services	2013 Net Expense of Services
Instructional services	\$ 46,855,630	\$ 39,501,463	\$ 37,449,074
Pupil services	3,232,610	2,970,013	2,777,904
Instructional support services	1,839,474	1,711,489	1,937,031
Administration	4,740,511	4,401,995	4,373,577
Pupil health services	881,965	712,867	644,086
Financial services	981,773	929,309	952,776
Operation and maintenance of plant	8,737,963	8,302,798	7,579,126
Student transportation services	1,168,135	968,440	1,153,150
Other support services	1,623,112	1,550,709	1,593,862
Student activities	2,016,593	1,793,383	1,837,720
Community services	567,524	538,495	321,749
Intergovernmental:			
Special education	2,607,664	2,073,174	1,823,158
Other	639,574	639,574	708,791
Interest on long-term debt	7,788,905	7,081,839	5,022,598
Total governmental activities	<u>\$ 83,681,433</u>	<u>73,175,548</u>	<u>68,174,602</u>
Less:			
Unrestricted grants, subsidies		<u>5,796,217</u>	<u>5,584,093</u>
Total needs from local taxes and other revenues		<u><u>\$ 67,379,331</u></u>	<u><u>\$ 62,590,509</u></u>

The dependence upon tax revenues for governmental activities is apparent. The School District had expenses for governmental activities of \$83,681,433, while only \$372,992 has been provided from program specific charges and \$10,132,893 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 \$67,379,331 of expenses required to be covered by tax assessments and other revenues. Approximately, 92 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 \$1,187,378 and operating expenses of \$1,620,151 for fiscal year 2014. Non-operating revenues totaled \$371,130. Additionally, the School District transferred into the food services fund the cost charged for overhead, which totaled \$69,162.

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 32 and 33 is summarized in Table 5.

Table 5
Fiscal Year Ended June 30, 2014
Summary of Governmental Change in Fund Balance

	<u>Beginning Fund Balance</u>	<u>Net Change in Fund Balance</u>	<u>Ending Fund Balance</u>
2014:			
General Fund	\$ 12,179,725	\$ 559,476	\$ 12,739,201
Capital Fund	23,157,423	4,486,475	27,643,898
Debt Service Fund	-	1,468,874	1,468,874
Other Governmental Funds	1,841,610	(1,621,637)	219,973
2014 - Total Governmental Funds	<u>\$ 37,178,758</u>	<u>\$ 4,893,188</u>	<u>\$ 42,071,946</u>
2013 - Total Governmental Funds	<u>\$ 78,483,282</u>	<u>\$ (41,304,524)</u>	<u>\$ 37,178,758</u>

The increase in the General Fund is due to the positive operating balance from additional tax revenue. The increases in fund balance in the Capital Fund and the Debt Service Fund are indicative of the bond issue during the year. The decrease in fund balance for the Other Governmental Funds is due primarily to closing out the Asbestos Capital Fund.

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 35 and 36. 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 \$215,492. The increase is predominantly due to increased Real Estate Tax, Earned Income Tax, and Realty Transfer Tax collections beyond those originally anticipated. This was 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 four years in arrears, amounting to almost \$1.8 million in funds due to the

District. They are about 42 months behind on their approval of these reimbursements. We are hopeful of receiving these funds from prior years by the end of fiscal 2015.

Other revenue sources were up or down by offsetting amounts in various areas due to an economy which is not yet recovered to the extent anticipated when the budget was developed.

Expenditures were budgeted at \$73,035,463 while actual expenditures were \$72,692,319, resulting in a positive variance of \$343,144. By State law, all expenditure budgets must have positive year-end balances except for debt service and fund transfers. Funds in the salary area are saved when we have staff going on unpaid leaves being replaced by low cost substitutes or when we have retirements or resignations during the year that are not known at the time the budget is approved. We are also able to save money by delaying replacement of some budgeted positions. By not having additional health insurance payments and reduced salaries, we were able to moderate salary costs in this spending plan. There was an increase in the retirement rate paid for our employee PSERS retirement plan which created additional costs for all employee benefits. Most other spending categories were within budgeted amounts as anticipated.

The General Fund revenues and other financing sources of the School District were more than final budgeted expenditures and other financing uses by \$559,476 leading to an increase in the unassigned fund balance for fiscal 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2014, the School District's Governmental Activities had \$148,934,729 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 \$27 million from last year. The large increase is due to the Construction in Progress on the High School.

Table 6
Governmental Activities
Fiscal Year Ended June 30, 2014
Capital Assets - Net of Depreciation (if applicable)

	2014	2013
Land	\$ 547,024	\$ 547,024
Construction in Progress	88,742,208	59,926,137
Buildings and Improvements	102,401,310	102,270,655
Furniture and Equipment	15,528,019	14,898,351
Accumulated Depreciation	(58,283,832)	(56,058,692)
Total (net)	<u>\$ 148,934,729</u>	<u>\$ 121,583,475</u>

For more detail of Capital Assets, please refer to the notes to basic financial statements, page 61.

DEBT ADMINISTRATION

As of June 30, 2014, 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 30. New debt was issued this year in the amount of \$35 million. This amount is due to the issuance of the final financing bonds for the high school project.

Table 7
Fiscal Year Ended June 30, 2014
Long-Term Obligations

	2014	2013
General Obligation Bonds and Notes:		
2005 General Obligation Bonds	\$ 52,335,000	\$ 52,510,000
2009 General Obligation Bonds	1,540,000	2,025,000
2009 A General Obligation Bonds	62,665,000	64,620,000
2011 General Obligation Bonds	5,790,000	7,620,000
2013 General Obligation Bonds	34,745,000	-
Total	<u>\$ 157,075,000</u>	<u>\$ 126,775,000</u>

NEXT YEAR'S BUDGETS AND RATES

The General Fund Budget for the 2015 year is \$4.8 million higher than the original budget for 2014. This represents a 5.7% increase in budgeted expenditures, \$2.7 million of which is in the area of employee benefits, predominantly due to the increase in the PSERS retirement rate from 16.93% to 21.4% of salaries. Another large area of budget increase is due to budgeting for the first year of payments towards the 2013 General Obligation Bonds for the High School Project. There are small increases or decreases in most other accounts. Few teacher retirements are reflected in the salary increases of 3.5% overall.

There was a 3.7% increase in Real Estate Tax revenue budgeted for 2015, reflected in a millage increase of .54 mills. The millage rate increased from 22.61 mills to 23.15 mills. This budget reflects our School District's millage rate at 11th 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 reassessment which created some tax bills that far exceeded the average increase in our community. Additionally, we are anticipating a number of retirements by the end of fiscal 2015, which will offset the need for a large tax increase in fiscal 2016. By utilizing the fund balance to minimize the increase in tax rate in 2015, 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

	2014-15	2013-14	Increase/ (Decrease)	%
Local	\$ 67,989,613	\$ 66,831,183	\$ 1,158,430	1.7%
State	18,220,250	15,082,569	3,137,681	20.8%
Federal/Other	964,646	1,250,751	(286,105)	-22.9%
Use of Fund Balance	750,000	-	750,000	n/a
Total	<u>\$ 87,924,509</u>	<u>\$ 83,164,503</u>	<u>\$ 4,760,006</u>	5.7%

BUDGETED EXPENDITURES

	2014-15	2013-14	Increase/ (Decrease)	%
Instruction	\$ 50,417,594	\$ 47,449,661	\$ 2,967,933	6.3%
Support Services	24,119,782	23,136,523	983,259	4.2%
Non-instruction/Community	2,432,212	2,290,279	141,933	6.2%
Fund Transfers/Debt	10,954,921	10,288,040	666,881	6.5%
Total	<u>\$ 87,924,509</u>	<u>\$ 83,164,503</u>	<u>\$ 4,760,006</u>	5.7%

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 2.1% plus exceptions for the high cost of the mandated retirement payments for the PSERS system of which our staff must participate. This budget does reflect the increase 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.

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 37,484,190	\$ 666,934	\$ 38,151,124
Cash and cash equivalents - restricted	30,024,634	-	30,024,634
Property taxes receivable, net of allowance for uncollectible	512,689	-	512,689
Earned income taxes receivable	1,114,099	-	1,114,099
Intergovernmental receivable	1,875,950	11,264	1,887,214
Other receivables	40,608	71,648	112,256
Internal balances	91,584	(91,584)	-
Prepaid assets	22,435	-	22,435
Inventory	802,556	37,894	840,450
Investment in joint ventures	449,308	-	449,308
Capital assets:			
Non-depreciable	89,289,232	-	89,289,232
Depreciable, net of accumulated depreciation	59,645,497	25,378	59,670,875
Total Assets	221,352,782	721,534	222,074,316
Deferred Outflows of Resources:			
Deferred charge on refunding	2,453,471	-	2,453,471
Liabilities:			
Accounts payable and other current liabilities	2,924,337	11,808	2,936,145
Accounts payable - restricted	4,441,826	-	4,441,826
Retainage payable - restricted	3,519,648	-	3,519,648
Accrued salaries and benefits	10,367,256	-	10,367,256
Accrued interest payable	1,536,624	-	1,536,624
Unearned revenue	-	22,476	22,476
Non-current liabilities:			
Due within one year	5,449,087	-	5,449,087
Due in more than one year	163,571,884	-	163,571,884
Total Liabilities	191,810,662	34,284	191,844,946
Deferred Inflows of Resources:			
Taxes received in advance	8,211,267	-	8,211,267
Net Position:			
Net investment in capital assets	9,110,550	25,378	9,135,928
Restricted for special projects	219,973	-	219,973
Unrestricted	14,453,801	661,872	15,115,673
Total Net Position	\$ 23,784,324	\$ 687,250	\$ 24,471,574

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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instructional services	\$ 46,855,630	\$ 280,089	\$ 7,074,078	\$ -	\$ (39,501,463)	\$ -	\$ (39,501,463)
Pupil services	3,232,610	-	262,597	-	(2,970,013)	-	(2,970,013)
Instructional support services	1,839,474	-	127,985	-	(1,711,489)	-	(1,711,489)
Administration	4,740,511	-	338,516	-	(4,401,995)	-	(4,401,995)
Pupil health services	881,965	-	169,098	-	(712,867)	-	(712,867)
Financial services	981,773	-	52,464	-	(929,309)	-	(929,309)
Operation and maintenance of plant	8,737,963	-	435,165	-	(8,302,798)	-	(8,302,798)
Student transportation services	1,168,135	-	199,695	-	(968,440)	-	(968,440)
Other support services	1,623,112	-	72,403	-	(1,550,709)	-	(1,550,709)
Student activities	2,016,593	92,903	130,307	-	(1,793,383)	-	(1,793,383)
Community services	567,524	-	29,029	-	(538,495)	-	(538,495)
Intergovernmental:							
Special education	2,607,664	-	534,490	-	(2,073,174)	-	(2,073,174)
Other	639,574	-	-	-	(639,574)	-	(639,574)
Unallocated expenses - excluding direct expenses reported as a function above:							
Interest on long-term debt	7,788,905	-	707,066	-	(7,081,839)	-	(7,081,839)
Total governmental activities	83,681,433	372,992	10,132,893	-	(73,175,548)	-	(73,175,548)

(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, 2014

(Continued)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food services	1,620,151	1,187,378	370,422	-	-	(62,351)	(62,351)
Total	<u>\$ 85,301,584</u>	<u>\$ 1,560,370</u>	<u>\$ 10,503,315</u>	<u>\$ -</u>	<u>(73,175,548)</u>	<u>(62,351)</u>	<u>(73,237,899)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net of uncollectibles					57,304,345	-	57,304,345
Local Services Tax Revenue					48,443	-	48,443
Public Utility Realty Tax					78,508	-	78,508
Earned Income Tax					7,182,405	-	7,182,405
Real Estate Transfer Tax					825,839	-	825,839
Grants, subsidies, and contributions not restricted to a specific program					5,796,217	-	5,796,217
State property tax reduction					1,703,512	-	1,703,512
Investment earnings					66,871	708	67,579
Other income					83,595	-	83,595
Transfers					(69,162)	69,162	-
Total general revenues and transfers					<u>73,020,573</u>	<u>69,870</u>	<u>73,090,443</u>
Change in Net Position					(154,975)	7,519	(147,456)
Net Position:							
Beginning of year, as restated (See Note 1)					<u>23,939,299</u>	<u>679,731</u>	<u>24,619,030</u>
End of year					<u>\$ 23,784,324</u>	<u>\$ 687,250</u>	<u>\$ 24,471,574</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, 2014

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 30,681,079	\$ 5,334,237	\$ 1,468,874	\$ -	\$ 37,484,190
Cash and cash equivalents - restricted	-	29,804,661	-	219,973	30,024,634
Receivables:					
Property taxes	512,689	-	-	-	512,689
Tuition	34,008	-	-	-	34,008
Federal and state governmental grants	1,711,604	-	-	-	1,711,604
Earned income taxes	1,114,099	-	-	-	1,114,099
Realty transfer taxes	164,346	-	-	-	164,346
Other	6,600	-	-	-	6,600
Due from other funds	91,584	-	-	-	91,584
Inventory	336,082	466,474	-	-	802,556
Prepaid insurance	22,435	-	-	-	22,435
Total Assets	\$ 34,674,526	\$ 35,605,372	\$ 1,468,874	\$ 219,973	\$ 71,968,745
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,924,337	\$ -	\$ -	\$ -	\$ 2,924,337
Accounts payable - restricted	-	4,441,826	-	-	4,441,826
Retainage payable - restricted	-	3,519,648	-	-	3,519,648
Accrued payroll and payroll - related liabilities	10,367,256	-	-	-	10,367,256
Total Liabilities	13,291,593	7,961,474	-	-	21,253,067
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	432,465	-	-	-	432,465
Taxes received in advance	8,211,267	-	-	-	8,211,267
Total Deferred Inflows of Resources	8,643,732	-	-	-	8,643,732
Fund Balances:					
Nonspendable:					
Inventory	336,082	466,474	-	-	802,556
Prepaid insurance	22,435	-	-	-	22,435
Restricted	-	21,843,187	1,468,874	219,973	23,532,034
Assigned to:					
Capital projects	4,430,213	5,334,237	-	-	9,764,450
OPEB obligations	2,675,000	-	-	-	2,675,000
Unassigned	5,275,471	-	-	-	5,275,471
Total Fund Balance	12,739,201	27,643,898	1,468,874	219,973	42,071,946
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 34,674,526	\$ 35,605,372	\$ 1,468,874	\$ 219,973	\$ 71,968,745

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, 2014

Total Fund Balance - Governmental Funds \$ 42,071,946

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

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 \$207,218,561 and the accumulated depreciation is \$58,283,832. 148,934,729

The investment in joint ventures does not represent a financial asset that would be recorded as an asset in the governmental funds. 449,308

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. 432,465

The actuarially accrued other post-employment benefit (OPEB) obligation for the School District's employees is not recorded on the fund financial statements. (2,546,351)

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:

Bond issue premium of \$8,652,802 net of amortization of \$1,606,965	\$ (7,045,837)	
Deferred charge on refunding of \$3,842,581 net of amortization of \$1,389,110	<u>2,453,471</u>	(4,592,366)

Long-term liabilities, including bonds payable, 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:

Bonds payable	(157,075,000)	
Accrued interest payable	(1,536,624)	
Compensated absences	<u>(2,353,783)</u>	<u>(160,965,407)</u>

Total Net Position - Governmental Activities \$ 23,784,324

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, 2014

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total
Revenues:					
Local sources:					
Real estate tax and penalties	\$ 57,276,727	\$ -	\$ -	\$ -	\$ 57,276,727
Earned income tax	7,182,405	-	-	-	7,182,405
Realty transfer tax	825,839	-	-	-	825,839
Public utility tax	78,508	-	-	-	78,508
Investment earnings	49,985	16,726	-	160	66,871
Rental of facilities	18,031	-	-	-	18,031
Tuition from patrons	274,089	-	-	-	274,089
Gifts and grants	129,774	-	-	71,779	201,553
Other local sources, including IDEA funds	749,883	-	-	-	749,883
Total local sources	66,585,241	16,726	-	71,939	66,673,906
State sources:					
Basic education subsidies	5,796,217	-	-	-	5,796,217
Social security/retirement subsidies	5,179,397	-	-	-	5,179,397
Special education subsidies	2,550,087	-	-	-	2,550,087
Transportation subsidies	166,074	-	-	-	166,074
Medical, dental, and nurse care	99,320	-	-	-	99,320
Property tax reduction allocation	1,703,512	-	-	-	1,703,512
Other state aid	839,397	-	-	-	839,397
Total state sources	16,334,004	-	-	-	16,334,004
Federal sources:					
Elementary and Secondary Education Act	282,875	-	-	-	282,875
Other federal grants	262,875	-	-	-	262,875
Total federal sources	545,750	-	-	-	545,750
Total revenues	83,464,995	16,726	-	71,939	83,553,660

(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, 2014
(Continued)

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total
Expenditures:					
Current:					
Instructional services	44,804,824	301,669	-	-	45,106,493
Pupil services	3,136,318	-	-	-	3,136,318
Instructional support services	1,784,681	-	-	-	1,784,681
Administration	4,599,303	-	-	-	4,599,303
Pupil health services	843,969	12,084	-	-	856,053
Financial services	946,707	6,000	-	-	952,707
Operation and maintenance of plant	8,220,231	265,354	-	-	8,485,585
Student transportation services	1,133,339	-	-	-	1,133,339
Other support services	1,569,063	5,875	-	-	1,574,938
Student activities	1,946,285	-	-	10,553	1,956,838
Community services	339,921	-	-	-	339,921
Capital outlay	-	29,576,394	-	-	29,576,394
Intergovernmental:					
Special education	2,510,937	-	-	-	2,510,937
Other	856,741	-	-	-	856,741
Debt service:					
Principal	-	-	4,445,000	-	4,445,000
Interest	-	-	6,367,619	-	6,367,619
Bond issue costs	-	947,825	-	-	947,825
Total expenditures	72,692,319	31,115,201	10,812,619	10,553	114,630,692
Excess (Deficiency) of Revenues Over Expenditures	10,772,676	(31,098,475)	(10,812,619)	61,386	(31,077,032)
Other Financing Sources (Uses):					
Proceeds from the issuance of bonds	-	34,745,000	-	-	34,745,000
Premium on issuance of bonds	-	1,294,382	-	-	1,294,382
Transfer in	-	1,683,023	12,281,493	-	13,964,516
Transfer out	(10,213,200)	(2,137,455)	-	(1,683,023)	(14,033,678)
Total other financing sources (uses)	(10,213,200)	35,584,950	12,281,493	(1,683,023)	35,970,220
Net Change in Fund Balance	559,476	4,486,475	1,468,874	(1,621,637)	4,893,188
Fund Balance:					
Beginning of year	12,179,725	23,157,423	-	1,841,610	37,178,758
End of year	\$ 12,739,201	27,643,898	\$ 1,468,874	\$ 219,973	\$ 42,071,946

(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, 2014

Net Change in Fund Balance - Governmental Funds \$ 4,893,188

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	\$ 29,576,394	
Less: depreciation expense	<u>(2,225,140)</u>	27,351,254

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. 27,618

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.

Proceeds from bond issuance	(34,745,000)	
Accrued interest on bonds	(629,599)	
Principal repayments on debt	4,445,000	
Premium on bond issuance	(1,294,382)	
Amortization of bond premiums	340,778	
Amortization of deferred charge on refunding	<u>(184,640)</u>	(32,067,843)

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. 14,342

In the statement of activities, certain operating expenses (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.

(373,534)

Change in Net Position of Governmental Activities \$ (154,975)

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources:				
Real estate tax and penalties	\$ 56,862,544	\$ 56,862,544	\$ 57,276,727	\$ 414,183
Earned income tax	6,850,940	6,850,940	7,182,405	331,465
Realty transfer tax	775,000	775,000	825,839	50,839
Public utility tax	85,000	85,000	78,508	(6,492)
Investment earnings	140,331	140,331	49,985	(90,346)
Rental of facilities	-	-	18,031	18,031
Tuition from patrons	241,075	241,075	274,089	33,014
Gifts and grants	-	-	129,774	129,774
Other local sources, including IDEA funds	790,626	790,626	749,883	(40,743)
Total local sources	65,745,516	65,745,516	66,585,241	839,725
State sources:				
Basic education subsidies	5,774,060	5,774,060	5,796,217	22,157
Social security/retirement subsidies	5,249,964	5,249,964	5,179,397	(70,567)
Special education subsidies	2,565,274	2,565,274	2,550,087	(15,187)
Transportation subsidies	120,000	120,000	166,074	46,074
Medical, dental, and nurse care	120,000	120,000	99,320	(20,680)
Property tax reduction allocation	1,698,149	1,698,149	1,703,512	5,363
Other state aid	1,259,415	1,259,415	839,397	(420,018)
Total state sources	16,786,862	16,786,862	16,334,004	(452,858)
Federal sources:				
Elementary and Secondary Education Act	342,580	342,580	282,875	(59,705)
Other federal grants	374,545	374,545	262,875	(111,670)
Total federal sources	717,125	717,125	545,750	(171,375)
Total revenues	83,249,503	83,249,503	83,464,995	215,492

(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, 2014

(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
Current:				
Instructional services	47,499,661	44,856,504	44,804,824	51,680
Pupil services	3,193,571	3,192,835	3,136,318	56,517
Instructional support services	1,920,069	1,875,757	1,784,681	91,076
Administration	4,904,021	4,618,661	4,599,303	19,358
Pupil health services	818,114	846,714	843,969	2,745
Financial services	1,013,752	979,852	946,707	33,145
Operation and maintenance of plant	8,414,680	8,228,040	8,220,231	7,809
Student transportation services	1,270,148	1,140,259	1,133,339	6,920
Other support services	1,637,168	1,690,668	1,569,063	121,605
Student activities	1,969,118	1,969,118	1,946,285	22,833
Community services	321,161	342,161	339,921	2,240
Intergovernmental:				
Special education	-	2,593,152	2,510,937	82,215
Other	-	701,742	856,741	(154,999)
Debt service:				
Principal	74,000	-	-	-
Total expenditures	73,035,463	73,035,463	72,692,319	343,144
Excess (Deficiency) of Revenues Over Expenditures	10,214,040	10,214,040	10,772,676	558,636
Other Financing Sources (Uses):				
Transfer out	(10,214,040)	(10,214,040)	(10,213,200)	840
Budgetary reserve	-	-	-	-
Total other financing sources (uses)	(10,214,040)	(10,214,040)	(10,213,200)	840
Net Change in Fund Balance	-	-	559,476	559,476
Fund Balance:				
Beginning of year	12,179,725	12,179,725	12,179,725	-
End of year	<u>\$ 12,179,725</u>	<u>\$ 12,179,725</u>	<u>\$ 12,739,201</u>	<u>\$ 559,476</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, 2014

	Enterprise Fund Food Service
Assets:	
Current assets:	
Cash and cash equivalents	\$ 666,934
Intergovernmental receivable	11,264
Other receivables	71,648
Inventory	37,894
Total current assets	787,740
Non-current assets:	
Equipment, furniture, and fixtures	873,201
Less accumulated depreciation	(847,823)
Total non-current assets	25,378
Total Assets	813,118
Liabilities:	
Current liabilities:	
Accounts payable and other current liabilities	11,808
Due to other funds	91,584
Unearned revenue	22,476
Total Current Liabilities	125,868
Net Position:	
Net investment in capital assets	25,378
Unrestricted	661,872
Total Net Position	\$ 687,250

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, 2014

	Enterprise Fund Food Service
Operating Revenue:	
Sale of food	\$ 1,187,378
Operating Expenses:	
Salaries and wages	596,852
Employee benefits	178,423
Food	717,347
Operation	69,162
Supplies	49,218
Depreciation	9,149
Total operating expenses	1,620,151
Net Operating Loss	(432,773)
Non-operating Revenues:	
Federal programs:	
Subsidies	214,519
Donated commodities	54,288
State subsidies	101,615
Earnings on investments	708
Total non-operating revenues	371,130
Loss before transfers	(61,643)
Interfund Transfers:	
Transfers in	69,162
Change in Net Position	7,519
Net Position:	
Beginning of year	679,731
End of year	\$ 687,250

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, 2014

	Enterprise Fund Food Service
Cash Flows From Operating Activities:	
Receipts from users	\$ 1,187,378
Payments to employees	(775,275)
Payments to suppliers	(775,744)
Net cash provided by (used in) operating activities	(363,641)
Cash Flows From Non-Capital Financing Activities:	
Grants and subsidies received:	
State	32,776
Federal	230,553
Transfer	89,898
Net cash provided by (used in) non-capital financing activities	353,227
Cash Flows From Investing Activities:	
Earnings on investments	708
Net Increase (Decrease) in Cash and Cash Equivalents	(9,706)
Cash and Cash Equivalents:	
Beginning of year	676,640
End of year	\$ 666,934
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:	
Net operating loss	\$ (432,773)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:	
Depreciation expense	9,149
Donated commodities	54,288
Change in assets and liabilities:	
Other receivables	(348)
Inventory	4,142
Deferred revenue	(1,784)
Accounts payable and other current liabilities	3,685
Total adjustments	69,132
Net cash provided by (used in) operating activities	\$ (363,641)
Non-Cash, Non-Capital Financing Transactions:	

Mt. Lebanon School District received donated commodities of \$52,504 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, 2014

	Private Purpose Trust Fund	Agency Funds
Assets:		
Cash and cash equivalents	\$ 104,085	\$ 182,898
Liabilities:		
Due to student organizations	-	182,898
Net Position:		
Held in trust for scholarships	\$ 104,085	\$ -

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, 2014

	Private Purpose Trust Fund
Additions:	
Contributions:	
Private donations	\$ 22,306
Investment earnings:	
Interest	9
Total additions	22,315
Deductions:	
Education scholarships	15,401
Payments to others	10,045
Total deductions	25,446
Change in Net Position	(3,131)
Net Position:	
Beginning of year	107,216
End of year	\$ 104,085

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, 2014

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 conform 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.

The criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity,"* and GASB Statement No. 39, *"Determining Whether Certain Organizations are Component Units an Amendment of GASB Statement No. 14,"* and GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34,"* are followed by the School District to determine which governmental organizations should be included or excluded from the reporting entity. 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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 compensated absences, post-employment benefits, and any claims or judgments, are recorded only when payment is due.

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.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 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.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. 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 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's deferred inflows of resources include property taxes received in advance and unavailable revenue. Property taxes received in advance represent amounts for which there is a legal enforceable claim as of June 30, 2014 (as the 2014 tax levy was issued on June 1), but which were levied to finance fiscal year 2014 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.

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.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 \$6,841,080. 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:

<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:

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

- 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 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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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.

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.
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MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

- 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.

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

will be liquidated with the restricted assets reported. The amounts reported as restricted net position at June 30, 2014 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 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 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 2014, there were no instances where actual expenditures materially exceeded the budget amounts.

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 Pronouncement

The requirements of the following Governmental Accounting Standards Board (GASB) Statement were adopted for the School District's financial statements:

- Statement No. 65, "*Items Previously Reported as Assets and Liabilities.*" This statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. As a result of this statement, net position was restated as of July 1, 2013 to adjust the unamortized bond issue costs by \$510,124.

Pending Pronouncements

GASB has issued Statement No. 68, "*Accounting and Financial Reporting for Pensions,*" and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date,*" effective for fiscal years beginning after June 15, 2014 (the School District's 2015 fiscal year). These statements revise existing guidance for the financial reports of most pension plans, and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The effect of implementation of these statements has not yet been determined, but is expected to be significant.

GASB has issued Statement No. 69, "*Government Combinations and Disposals of Government Operations,*" effective for fiscal years beginning after December 15, 2013 (the School District's 2015 fiscal year). This statement provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The effect of implementation of this statement has not yet been determined.

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:

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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

Throughout the year ended June 30, 2014, the School District invested its funds only in one or more of the above-authorized investments. At June 30, 2014, the carrying values of the School District's deposits and investments were as follows:

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Deposits</u>	<u>CDs</u>	<u>Pooled Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 28,288,000	\$ 2,393,079	\$ 30,681,079
Capital Fund	5,196,927	8,680,000	21,261,971	35,138,898
Debt Service Fund	1,468,874	-	-	1,468,874
Other Governmental Funds	-	-	219,973	219,973
Proprietary Fund	-	550,000	116,934	666,934
Trust and Agency Funds	-	-	286,983	286,983
	<u>\$ 6,665,801</u>	<u>\$ 37,518,000</u>	<u>\$ 24,278,940</u>	<u>\$ 68,462,741</u>

<u>Pooled Funds</u>	
Bank Value:	
Pennsylvania School District	
Liquid Asset Fund (PSDLAF)	\$ 2,982,911
Pennsylvania Local Government	
Investment Trust (PLGIT)	21,556,141
Reconciling Items	<u>(260,112)</u>
Total Pooled Funds	<u>\$ 24,278,940</u>
Carrying Value	<u>\$ 24,278,940</u>

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 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:

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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, \$6,165,801 of the School District's \$6,665,801 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, 2014, 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.

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 2014 was as follows:

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

June 1, 2013	- tax levy date
Through July 31, 2013	- 2% discount period
Through September 30, 2013	- face payment period
Beginning October 1, 2013	- 10% penalty period
July 15, 2014	- lien filing date

The School District tax rate for all purposes in fiscal year 2014 was 22.61 mills (\$22.61 per \$1,000 assessed valuation) on a total assessed valuation of approximately \$2.7 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. At that time, 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 \$320,895 at June 30, 2014.

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.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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>
2015	\$ 180,000	\$ 2,291,523	\$ 2,471,523
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
2020-2024	17,605,000	8,396,975	26,001,975
2025-2029	21,725,000	4,267,706	25,992,706
2030-2031	6,445,000	346,913	6,791,913
	<u>\$ 52,335,000</u>	<u>\$ 24,270,680</u>	<u>\$ 76,605,680</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, 2014, 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 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:

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Fiscal Year	Principal	Interest	Total
2015	\$ 500,000	\$ 35,693	\$ 535,693
2016	515,000	22,178	537,178
2017	525,000	7,613	532,613
	<u>\$ 1,540,000</u>	<u>\$ 65,484</u>	<u>\$ 1,605,484</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:

Fiscal Year	Principal	Interest	Total
2015	\$ 2,030,000	\$ 3,073,338	\$ 5,103,338
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
2020-2024	13,510,000	11,650,464	25,160,464
2025-2029	16,895,000	7,932,500	24,827,500
2030-2034	21,285,000	3,293,000	24,578,000
	<u>\$ 62,665,000</u>	<u>\$ 37,296,654</u>	<u>\$ 99,961,654</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, 2014

Fiscal Year	Principal	Interest	Total
2015	\$ 1,875,000	\$ 135,650	\$ 2,010,650
2016	1,930,000	78,575	2,008,575
2017	1,985,000	24,813	2,009,813
	<u>\$ 5,790,000</u>	<u>\$ 239,038</u>	<u>\$ 6,029,038</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:

Fiscal Year	Principal	Interest	Total
2015	\$ 5,000	\$ 1,709,294	\$ 1,714,294
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
2020-2024	1,745,000	8,304,820	10,049,820
2025-2029	2,535,000	7,860,988	10,395,988
2030-2034	21,290,000	5,972,000	27,262,000
2035	8,620,000	431,000	9,051,000
	<u>\$ 34,745,000</u>	<u>\$ 31,102,928</u>	<u>\$ 65,847,928</u>

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

	Balance at June 30, 2013	Issuance of Debt/ Additions	Repayment of Principal/ Deletions	Balance at June 30, 2014	Due within one year
Compensated absences	\$ 2,206,640	\$ 714,561	\$ (567,418)	\$ 2,353,783	\$ 859,087
OPEBs	2,319,960	226,391	-	2,546,351	-
General Obligation Bonds	126,775,000	34,745,000	(4,445,000)	157,075,000	4,590,000
Total long-term debt	<u>\$ 131,301,600</u>	<u>\$ 35,685,952</u>	<u>\$ (5,012,418)</u>	161,975,134	<u>\$ 5,449,087</u>
		Plus: unamortized premium		<u>7,045,837</u>	
		Total long-term debt (net)		<u>\$ 169,020,971</u>	

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, 2014 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, 2014 was \$449,308. 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, 2014

7. CAPITAL ASSETS

A summary of changes in capital assets during fiscal year 2014 are as follows:

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 547,024	\$ -	\$ -	\$ 547,024
Construction in progress	59,926,137	28,816,071	-	88,742,208
Total non-depreciable assets	60,473,161	28,816,071	-	89,289,232
Depreciable assets:				
Buildings and improvements	102,270,655	130,655	-	102,401,310
Equipment, furniture, and fixtures	14,898,351	629,668	-	15,528,019
Total depreciable assets	117,169,006	760,323	-	117,929,329
Less: accumulated depreciation for:				
Buildings and improvements	(38,879,299)	(1,070,733)	-	(39,950,032)
Equipment, furniture, and fixtures	(17,179,393)	(1,154,407)	-	(18,333,800)
Total accumulated depreciation	(56,058,692)	(2,225,140)	-	(58,283,832)
Governmental activities capital assets, net	<u>\$ 121,583,475</u>	<u>\$ 27,351,254</u>	<u>\$ -</u>	<u>\$ 148,934,729</u>
	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Business-Type Activities:				
Equipment	\$ 873,201	\$ -	\$ -	\$ 873,201
Less: accumulated depreciation	(838,674)	(9,149)	-	(847,823)
Business-type activities capital assets, net	<u>\$ 34,527</u>	<u>\$ (9,149)</u>	<u>\$ -</u>	<u>\$ 25,378</u>

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Governmental Activities:

Instructional services	\$ 1,375,603
Pupil services	96,292
Instructional support services	54,793
Administration	141,208
Pupil health services	25,912
Financial services	29,066
Operation and maintenance of plant	252,378
Student transportation services	34,796
Other support services	48,174
Student activities	59,755
Community services	10,436
Intergovernmental - special education	<u>96,727</u>
Total depreciation expense - governmental activities	<u>\$ 2,225,140</u>
Business-type activities:	
Food services	<u>\$ 9,149</u>

8. RETIREMENT BENEFITS

Plan Description

Substantially, all full-time and part-time employees of the School District participate in the Public School Employees' Retirement System (PSERS), a governmental cost sharing, multiple employer defined benefit plan administered by the Public School Employees' Retirement System Board of Trustees under the authority of the Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C.S. 8101-8535). PSERS provides retirement and disability benefits, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants. PSERS issues a publicly available comprehensive annual financial report (CAFR) that may be obtained by making a request in writing to Beth Girman, Office of Financial Management, Public School Employees' Retirement System, 5 North 5th Street, Harrisburg, PA 17101-1905. The CAFR is also available on the publications page of the PSERS website at www.pfers.state.pa.us.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Funding Policy

The contribution policy is established in the Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa.C.S. 8101-9102) and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. Active members who joined the system prior to July 22, 1983 are required to contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation. Members who joined the system on or after July 22, 1983 and who were active or inactive as of July 1, 2001 contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation. Members who joined the system after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

School districts must contribute at rates based upon an actuarial valuation. For the fiscal year ended June 30, 2014, the rate of employer contributions was 16.93% of covered payroll. This rate is composed of a pension contribution rate of 16.00% for pension benefits and 0.93% for healthcare insurance premium assistance. The contribution rate for school districts will increase to 21.40% for fiscal year 2015. Although future years' rates have not yet been determined, it is currently projected that rates will increase to 25.84% in fiscal year 2016.

During fiscal year 2014, the School District recorded approximately \$7.2 million as retirement expense in the General Fund, allocated across each function in a ratio consistent with related salary expense. 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 received reimbursement from the Commonwealth of Pennsylvania approximating \$3.6 million. This reimbursement is recorded as revenue under the Social Security/retirement subsidies line in the General Fund. For fiscal years 2013 and 2012, the School District's contributions, net of the Commonwealth of Pennsylvania reimbursement, approximated \$2.3 million and \$1.5 million, respectively, which were equal to its required contributions for each year.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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

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 benefits 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 medical 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 may purchase dependent health insurance, dental, and vision benefits with the School District at the retiree's expense. The School District's cost is fixed at the amount

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

payable at the time of retirement. The retiree is responsible for any premium increases after retirement, but must at least cover the \$100 per month premium assistance supplement provided by PSERS.

Currently, 68 retirees meet the eligibility requirements to receive these medical benefits.

Administrators

The School District provides post-retirement medical insurance and prescription drug benefits 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 service. The School District pays for coverage for medical insurance and prescription drug benefits for the retiree and his/her spouse. This coverage shall continue until the retiree and spouse qualifies for Medicare (age 65). The retiree pays \$100 to the School District for this coverage.

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

Currently, 11 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 benefits 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 may purchase dependent health insurance, dental, and vision benefits with the School District at the retiree's expense. The retiree pays \$100 to the School District for this coverage, plus the entire cost of dependent coverage.

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.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 agreement 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, plus the entire cost of the dependent coverage.

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

Currently, none of the retirees meet the eligibility requirements to receive these medical benefits.

Custodial and Maintenance Employees Covered under the Collective Bargaining Unit

The School District provides post-retirement medical insurance and prescription drug benefits 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 may purchase dependent health insurance, dental, and vision benefits with the School District at the retiree's expense. The retiree pays the School District at least the amount of the premium assistance available to the retiree through PSERS, plus the entire cost of dependent coverage, if elected.

Currently, one retiree meets 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 District at the retiree's expense until the earlier of age 65 or Medicare eligibility.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 \$403,405 (net of \$280,818 of retiree contributions) in 2014. 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 closed period not to exceed 30 years.

A few assumptions were updated for the July 2012 actuarial report that impacted the calculation of the ARC. As a result, the ARC is approximately 27% lower than at July 1, 2010 (the date of the previous actuarial report). The most significant factors were a clarification of the administrator group's eligibility for benefits and actual changes in insurance premium rates from 2010 to 2012, which were significantly less than the assumed trend rates in the 2010 valuation for that time period.

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	\$ 667,824
Interest on net OPEB obligation	104,398
Adjustment to annual required contribution	<u>(142,426)</u>
Annual OPEB cost	629,796
Contributions made	<u>(403,405)</u>
Increase in net OPEB obligation	226,391
Net OPEB obligation - beginning of year	<u>2,319,960</u>
Net OPEB obligation - end of year	<u><u>\$ 2,546,351</u></u>

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Fiscal Year Ending	Annual OPEB Cost	% of AOC Contributed	Net OPEB Obligation
June 30, 2014	\$ 629,796	64.05%	\$ 2,546,351
June 30, 2013	633,441	64.90%	2,319,960
June 30, 2012	881,619	63.72%	2,097,618

The ARC for the current year was computed as of July 1, 2012 using the following actuarial assumptions:

- actuarial cost method - entry age normal cost;
- amortization method - level dollar;
- amortization period - 30 years;
- discount rate - 4.5% compounded annually;
- mortality – RP-2000 Combined Mortality Table projected with 75% of scale AA; and
- health care cost trend rates - declining scale beginning with a 6.75% increase for 2013, with the rate decreasing by 0.25% each year thereafter to 5% for 2020 and later.

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, 2012	\$ -	\$ 6,277,370	\$ 6,277,370	0.0%	\$ 36,416,723	17.2%

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.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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.

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 \$8.7 million to the Consortium during fiscal year 2014.

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, 2014, the Consortium had net assets of approximately \$30 million, of which approximately \$1.2 million is attributable to the School District.

11. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at June 30, 2014 are summarized below:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Major Funds:		
General	\$ 91,584	\$ -
Food Service	-	91,584
Total	<u>\$ 91,584</u>	<u>\$ 91,584</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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers through June 30, 2014 are summarized below:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ -	\$10,213,200
Capital	1,683,023	2,137,455
Debt Service	12,281,493	-
Nonmajor Funds	-	1,683,023
Food Service	69,162	-
Total	<u>\$14,033,678</u>	<u>\$14,033,678</u>

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 after closing out the Asbestos Capital Fund, 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, 2014 were approximately \$749,000. Future minimum lease rental payments are as follows for the fiscal years ending June 30:

2015	\$ 657,231
2016	146,966
2017	109,846
2018	<u>53,600</u>
	<u>\$ 967,643</u>

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 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, 2014. 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 \$95 million (adjusted by change orders and change directives). The remaining payments to the prime contractors as of June 30, 2014 are approximately \$18.3 million.

REQUIRED SUPPLEMENTARY INFORMATION

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2014

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
7/1/12	\$ -	\$ 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%
7/1/08	-	10,374,463	10,374,463	0%	35,652,310	29.1%

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2014

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

Actuarial valuation date	07/01/12
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years
Actuarial assumptions:	
Discount rate	4.50%
Healthcare cost trend rates:	

<u>Year</u>	<u>Medical/Rx</u>
2014	6.50%
2015	6.25%
2016	6.00%
2017	5.75%
2018	5.50%
2019	5.25%
2020 and later	5.00%

Premium Schedules (annual rates) as of July 1, 2012:

Medical/Rx			
	<u>Keystone HMO</u>		<u>PPO</u>
Single	\$ 5,526.00	\$	5,804.88
Parent/Child	12,394.92		13,014.60
Parent/Children	13,634.28		14,316.00
Husband/Wife	15,012.00		15,769.20
Family	15,609.36		16,395.72

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 Elementary Schools were the most recent projects reflected in this fund, and renovations to the 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.

ASBESTOS CAPITAL FUND

The Asbestos Fund is a Capital Fund funded from the settlement of a lawsuit. It is used for asbestos removal projects at the high school facility.

MT. LEBANON SCHOOL DISTRICT

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

JUNE 30, 2014

	Special Revenue Fund	Asbestos Capital Fund	Total
Assets			
Cash and cash equivalents - restricted	\$ 219,973	\$ -	\$ 219,973
Total Assets	<u>\$ 219,973</u>	<u>\$ -</u>	<u>\$ 219,973</u>
Fund Balance			
Restricted	\$ 219,973	\$ -	\$ 219,973
Total Fund Balance	<u>\$ 219,973</u>	<u>\$ -</u>	<u>\$ 219,973</u>

MT. LEBANON SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Fund	Asbestos Capital Fund	Total
Revenues:			
Investment earnings	\$ 21	\$ 139	\$ 160
Gifts and grants	71,779	-	71,779
Total revenues	71,800	139	71,939
Expenditures:			
Student activities	10,553	-	10,553
Total expenditures	10,553	-	10,553
Excess (Deficiency) of Revenues Over Expenditures	61,247	139	61,386
Other Financing Sources (Uses):			
Transfer out	-	(1,683,023)	(1,683,023)
Net Change in Fund Balance	61,247	(1,682,884)	(1,621,637)
Fund Balance:			
Beginning of year	158,726	1,682,884	1,841,610
End of year	\$ 219,973	\$ -	\$ 219,973

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014
Assets				
Cash and cash equivalents	\$ 170,897	\$ 494,492	\$ 482,491	\$ 182,898
Liabilities				
Due to student organizations	\$ 170,897	\$ 494,492	\$ 482,491	\$ 182,898

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2014

INSTRUCTIONAL SERVICES

Regular Instruction

	Original Budget	Final Budget	Actual	Variance
Salaries	\$25,579,075	\$25,081,075	\$25,080,555	\$520
Employee Benefits	11,391,210	11,499,210	11,498,501	709
Contracted Services	658,906	31,306	29,244	2,062
Repair and Rental Services	19,390	20,390	20,158	232
Purchased Services	532,540	0	0	0
Supplies and Materials	872,751	947,509	947,258	251
Dues and Fees	121,367	114,412	109,634	4,778
Subtotal	39,175,239	37,693,902	37,685,350	8,552

Special Instruction

Salaries	3,937,550	4,138,550	4,138,454	96
Employee Benefits	1,751,408	1,799,408	1,799,096	312
Contracted Services	1,916,725	455,078	445,865	9,213
Supplies and Materials	146,545	98,872	98,585	287
Subtotal	7,752,228	6,491,908	6,482,000	9,908

Other Instructional Programs

Salaries	116,688	313,688	313,083	605
Employee Benefits	51,902	85,902	85,692	210
Repair and Rental Services	162,000	62,000	60,668	1,332
Supplies and Materials	4,750	4,750	1,953	2,797
Subtotal	335,340	466,340	461,396	4,944

Continuing Education

Salaries	136,000	126,000	117,779	8,221
Employee Benefits	60,504	49,004	41,003	8,001
Repair and Rental Services	39,600	27,600	15,801	11,799
Purchased Services \ Supplies	750	1,750	1,494	256
Subtotal	236,854	204,354	176,077	28,277

Total Instructional Services

47,499,661 44,856,504 44,804,824 51,680

Pupil Services

Salaries	2,176,697	2,176,697	2,155,724	20,973
Employee Benefits	967,359	960,159	940,020	20,139
Contracted Services	21,800	21,800	10,162	11,638
Purchased Services	3,300	3,300	0	3,300
Supplies and Materials	23,615	29,079	28,988	91
Dues and Fees	800	1,800	1,424	376
Subtotal	\$3,193,571	\$3,192,835	\$3,136,318	\$56,517

(Continued)

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2014

Instructional Support Services	Original Budget	Final Budget	Actual	Variance
Salaries	\$1,074,185	\$1,072,586	\$1,051,069	\$21,517
Employee Benefits	609,138	559,638	511,811	47,827
Contracted Services	29,000	29,000	21,350	7,650
Repair and Rental Services	4,000	7,000	6,938	62
Purchased Services	22,323	22,323	16,542	5,781
Supplies and Materials	181,423	185,210	176,971	8,239
Subtotal	<u>1,920,069</u>	<u>1,875,757</u>	<u>1,784,681</u>	<u>91,076</u>
Administration				
Salaries	2,876,702	2,945,702	2,945,409	293
Employee Benefits	1,350,475	1,280,475	1,276,781	3,694
Contracted Services	307,100	269,100	268,441	659
Purchased Services	321,471	60,471	47,643	12,828
Supplies and Materials	41,273	55,913	55,364	549
Dues and Fees	7,000	7,000	5,665	1,335
Subtotal	<u>4,904,021</u>	<u>4,618,661</u>	<u>4,599,303</u>	<u>19,358</u>
Pupil Health Services				
Salaries	552,775	576,775	576,008	767
Employee Benefits	245,739	249,839	249,742	97
Contracted Services	10,300	10,800	10,756	44
Supplies and Materials	9,300	9,300	7,463	1,837
Subtotal	<u>818,114</u>	<u>846,714</u>	<u>843,969</u>	<u>2,745</u>
Financial Services				
Salaries	483,745	428,745	424,954	3,791
Employee Benefits	215,007	215,007	187,359	27,648
Contracted Services	5,000	5,000	5,000	0
Repair and Rental Services	295,000	314,500	314,242	258
Purchased Services	3,000	4,600	4,595	5
Supplies and Materials	12,000	12,000	10,557	1,443
Subtotal	<u>1,013,752</u>	<u>979,852</u>	<u>946,707</u>	<u>33,145</u>
Operation & Maintenance of Plant				
Salaries	3,507,204	3,545,204	3,544,945	259
Employee Benefits	1,559,298	1,549,298	1,548,911	387
Contracted Services	825,305	598,305	598,205	100
Repair and Rental Services	552,610	487,610	487,038	572
Purchased Services	332,192	326,552	323,383	3,169
Supplies and Materials	1,638,071	1,721,071	1,717,749	3,322
Subtotal	<u>\$8,414,680</u>	<u>\$8,228,040</u>	<u>\$8,220,231</u>	<u>\$7,809</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, 2014

Student Transportation Services	Original Budget	Final Budget	Actual	Variance
Salaries	\$285,754	\$274,754	\$274,684	\$70
Employee Benefits	126,686	124,686	120,000	4,686
Repair and Rental Services	1,276	1,276	0	1,276
Purchased Services	825,051	695,162	694,915	247
Supplies and Materials	31,381	44,381	43,740	641
Subtotal	<u>1,270,148</u>	<u>1,140,259</u>	<u>1,133,339</u>	<u>6,920</u>
Other Support Services				
Salaries	598,488	649,488	599,133	50,355
Employee Benefits	266,032	266,032	260,173	5,859
Contracted Services	171,000	223,000	222,607	393
Repair and Rental Services	172,500	172,500	161,007	11,493
Purchased Services	92,000	7,000	6,003	997
Supplies and Materials	16,648	16,648	8,415	8,233
Dues and Fees	320,500	356,000	311,725	44,275
Subtotal	<u>1,637,168</u>	<u>1,690,668</u>	<u>1,569,063</u>	<u>121,605</u>
Student Activities				
Salaries	1,170,939	1,212,939	1,212,399	540
Employee Benefits	520,884	475,884	474,961	923
Contracted Services	79,330	79,330	62,720	16,610
Repair and Rental Services	17,799	17,799	15,379	2,420
Purchased Services	20,231	38,231	37,761	470
Supplies and Materials	142,035	127,035	126,036	999
Dues and Fees	17,900	17,900	17,029	871
Subtotal	<u>1,969,118</u>	<u>1,969,118</u>	<u>1,946,285</u>	<u>22,833</u>
Community Services				
Salaries	221,568	237,568	236,954	614
Employee Benefits	98,643	103,643	103,495	148
Contracted Services	200	200	(528)	728
Supplies and Materials	750	750	0	750
Dues and Fees	0	0	0	0
Subtotal	<u>321,161</u>	<u>342,161</u>	<u>339,921</u>	<u>2,240</u>
Debt Service				
Debt Service and Transfers	10,288,040	10,214,040	10,213,200	840
Intergovernmental				
Special Education	0	2,593,152	2,510,937	82,215
Other	0	701,742	856,741	(154,999)
Subtotal	<u>0</u>	<u>3,294,894</u>	<u>3,367,678</u>	<u>(72,784)</u>
Total General Fund Expenditures	<u><u>\$83,249,503</u></u>	<u><u>\$83,249,503</u></u>	<u><u>\$82,905,519</u></u>	<u><u>\$343,984</u></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.

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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.

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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.

93-100

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.

101-106

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.

107-111

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.

112-122

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
Instruction	\$36,310,481	\$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
Pupil Services	2,770,348	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
Instructional Support Services	2,804,733	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
Administration	4,294,251	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
Pupil Health Services	528,037	563,746	639,379	705,864	754,463	775,048	743,864	894,490	817,274	881,965
Fiscal Services	948,989	995,127	1,005,912	1,059,409	1,065,416	1,080,999	972,508	1,162,837	999,374	981,773
Operation and Maintenance of Plant	8,171,020	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
Pupil Transportation Services	880,271	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
Other Support Services	1,661,290	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
Student Activities	1,676,808	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
Community Services	312,697	444,095	466,947	492,207	500,092	470,938	354,195	382,154	345,941	567,524
Intergovernmental	2,199,866	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
Interest on Long-Term Debt	3,372,302	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
Business Type Activities:										
Food Services	1,283,827	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
Loss on Disposal on Capital Assets	0	1,756,851	0	0	0	0	0	0	0	0
Total Primary Government Expenses	67,214,920	67,982,916	71,299,500	73,034,620	74,703,779	75,159,407	77,857,555	78,874,635	79,130,624	85,301,584
Program Revenues										
Governmental Activities:										
Charges for Services	118,880	234,921	309,658	199,791	243,918	306,016	287,674	241,743	279,213	372,992
Operating Grants and Contributions	6,612,473	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
Capital Grants and Contributions	0	0	0	0	0	0	0	0	0	0
Business Type Activities:										
Charges for Services	1,086,370	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
Operating Grants and Contributions	98,970	108,581	95,488	120,287	162,707	189,835	274,040	241,372	345,487	370,422
Total Primary Government Program Revenues	7,916,693	8,175,815	9,906,423	10,007,765	9,991,356	11,065,461	11,680,191	10,177,923	10,873,040	12,063,685
Net (Expense)/Revenue										
Total Primary Government	(\$59,298,227)	(\$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)

MT. LEBANON SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Total Primary Government Net Expense	(\$59,298,227)	(\$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)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes Levied for General Purposes	47,285,517	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
Other Taxes Levied for General Purposes	5,871,491	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
Unrestricted Grants and Contributions	5,170,251	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
Investment Earnings	1,041,514	1,571,818	2,026,129	1,619,858	1,077,973	645,949	500,453	179,857	113,078	67,579
Other Income	115,779	8,248	120,461	107,910	100,176	139,575	108,134	44,581	96,632	83,595
Miscellaneous	(1,329,325)	33,273	0	0	0	0	0	0	0	0
State Property Tax Reduction	0	0	0	0	1,700,448	1,698,235	1,698,323	1,698,229	1,698,149	1,703,512
Total Primary Government	58,155,227	62,111,322	63,954,440	64,787,865	64,034,662	65,905,697	68,578,602	69,317,205	72,033,519	73,090,443
Change in Net Position										
Total Primary Government	(\$1,143,000)	\$2,304,221	\$2,561,363	\$1,761,010	(\$677,761)	\$1,811,751	\$2,401,238	\$620,493	\$3,775,935	(\$147,456)

MT. LEBANON SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in capital assets	(\$357,763)	(\$544,086)	\$178,361	(\$882,436)	\$1,829,898	\$2,257,530	\$3,458,794	\$4,813,773	\$8,117,594	\$9,110,550
Unrestricted	10,321,205	12,864,173	13,845,338	17,292,173	13,868,514	15,274,102	16,483,089	15,708,925	16,173,103	14,453,801
Restricted	0	0	892,317	243,928	205,597	181,099	95,081	137,892	158,726	219,973
Subtotal Governmental Activities	9,963,442	12,320,087	14,916,016	16,653,665	15,904,009	17,712,731	20,036,964	20,660,590	24,449,423	23,784,324
Business Type Activities										
Net investment in capital assets	223,786	160,228	126,332	84,490	76,140	64,196	52,114	45,821	34,527	25,378
Unrestricted	383,676	394,810	394,140	459,343	539,588	554,561	643,648	646,808	645,204	661,872
Subtotal Business Type Activities	607,462	555,038	520,472	543,833	615,728	618,757	695,762	692,629	679,731	687,250
Total Activities										
Net investment in capital assets	(133,977)	(383,858)	304,693	(797,946)	1,906,038	2,321,726	3,510,908	4,859,594	8,152,121	9,135,928
Unrestricted	10,704,881	13,258,983	14,239,478	17,751,516	14,408,102	15,828,663	17,126,737	16,355,733	158,726	219,973
Restricted	0	0	892,317	243,928	205,597	181,099	95,081	137,892	16,818,307	15,115,673
Total Net Position	<u>\$10,570,904</u>	<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>\$24,471,574</u>

MT. LEBANON SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net Position:										
Beginning of Year	\$11,077,354	\$9,963,442	\$12,320,087	\$14,916,016	\$16,653,665	\$15,904,009	\$17,712,731	\$20,036,964	\$20,660,590	\$23,939,299*
End 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	24,449,423	23,784,324
Change in Net Position	(1,113,912)	2,356,645	2,595,929	1,737,649	(749,656)	1,808,722	2,324,233	623,626	3,788,833	(154,975)
Business Type Activities:										
Net Position:										
Beginning of Year	636,550	607,462	555,038	520,472	543,833	615,728	618,757	695,762	692,629	679,731
End of Year	607,462	555,038	520,472	543,833	615,728	618,757	695,762	692,629	679,731	687,250
Change in Net Position	(29,088)	(52,424)	(34,566)	23,361	71,895	3,029	77,005	(3,133)	(12,898)	7,519
Total-All Activities										
Net Position:										
Beginning of Year	11,713,904	10,570,904	12,875,125	15,436,488	17,197,498	16,519,737	18,331,488	20,732,726	21,353,219	24,619,030
End 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	25,129,154	24,471,574
Change in Net Position	(\$1,143,000)	\$2,304,221	\$2,561,363	\$1,761,010	(\$677,761)	\$1,811,751	\$2,401,238	\$620,493	\$3,775,935	(\$147,456)

* 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.

MT. LEBANON SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Federal Sources:										
Federal Grants	\$414,112	\$290,511	\$648,038	\$688,350	\$702,079	\$1,827,167	\$2,359,372	\$666,951	\$512,002	\$545,750
Total Federal Sources	414,112	290,511	648,038	688,350	702,079	1,827,167	2,359,372	666,951	512,002	545,750
State Sources:										
Basic Education Subsidies	5,034,709	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
Social Security/ Retirement Subsidies	2,012,680	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
Special Education Subsidies	2,353,469	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
Construction Subsidies	784,507	936,167	931,795	823,726	942,121	919,584	794,738	678,063	702,894	707,066
Transportation Subsidies	75,772	76,932	81,194	107,780	105,944	124,437	154,886	115,489	118,273	166,074
Property Tax Reduction Allocation	0	0	0	0	1,700,448	1,698,235	1,698,323	1,698,229	1,698,149	1,703,512
Medical, Dental and Nurse Care Subsidies	130,000	125,000	125,000	85,994	91,807	120,607	118,327	117,152	117,590	99,320
State Grants and Other	365,443	359,559	898,718	814,078	532,460	382,587	356,721	148,833	133,272	132,331
Total State Sources	10,756,580	11,000,869	12,438,395	12,692,326	14,055,087	13,367,148	13,086,249	14,221,585	15,014,672	16,334,004
Local Sources:										
Real Estate Taxes	46,985,258	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
Earned Income Taxes	5,069,541	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
Occupation Taxes	0	40,179	48,018	26,083	26,150	0	0	0	0	0
Realty Transfer Taxes	744,112	842,257	720,672	689,115	564,684	736,767	574,866	596,130	728,037	825,839
Public Utility Taxes	57,838	79,024	86,299	81,464	74,808	80,728	79,608	81,571	84,597	78,508
Investment Earnings	1,033,243	1,555,499	2,002,510	1,601,451	1,065,427	639,969	498,339	161,901	112,156	66,871
Rental of Facilities	115,779	80,326	120,461	94,273	98,541	85,869	80,829	94,145	16,176	18,031
Tuition from Patrons	118,880	234,921	309,658	199,791	243,918	306,016	287,674	241,743	235,812	274,089
Gifts and Grants	80,034	110,728	114,402	146,579	274,968	162,912	130,164	135,212	152,353	201,553
Other Revenues	531,998	697,468	654,337	623,384	539,062	693,493	655,846	659,636	759,137	749,883
Total Local Sources	54,736,683	57,818,961	59,309,652	60,105,937	57,799,110	60,185,997	63,532,199	63,100,690	65,767,986	66,673,906
Total Revenues	<u>\$65,907,375</u>	<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>

MT. LEBANON SCHOOL DISTRICT

GENERAL SCHOOL DISTRICT EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Current Expenditures:										
Instructional Services	\$33,806,943	\$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
Pupil Services	2,666,147	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
Instructional Support Services	2,690,636	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
Administration	4,121,261	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
Pupil Health	505,666	545,132	617,900	681,781	728,053	747,253	716,617	861,900	791,758	856,053
Financial Services	911,760	962,269	972,120	1,023,263	1,028,121	1,042,232	937,106	1,128,174	968,360	952,707
Operation and Maintenance of Plant	7,853,433	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
Student Transportation Services	841,427	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
Other Support Services	1,591,527	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
Student Activities	1,614,610	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
Scholarships	0	0	0	0	2,589	1,300	26,013	11,734	15,159	10,553
Community Services	300,549	429,432	451,261	475,413	482,585	454,049	341,221	368,231	335,140	339,921
Intergovernmental	2,199,866	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
Subtotal Noncapital Expenditures	59,103,825	59,527,060	64,118,450	65,412,224	66,369,014	67,116,628	66,615,990	68,407,464	69,391,376	73,293,854
Capital Outlay:										
Capitalized	20,019,822	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
Non-Capitalized	1,009,151	303,280	258,007	802,367	461,385	2,475,279	859	3,545	0	0
Subtotal Capital Outlay	21,028,973	12,010,102	1,358,267	2,243,189	1,838,080	4,297,872	2,418,337	12,470,921	42,968,801	29,576,394
Debt Service:										
Principal	1,650,000	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
Interest	3,308,634	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
Issuance Costs	0	672,306	0	0	69,378	438,300	73,819	0	0	947,825
Subtotal Debt Service	4,958,634	5,388,578	4,953,885	4,952,109	5,056,704	5,207,238	10,063,901	9,581,834	10,169,845	11,760,444
Total Expenditures	\$85,091,432	\$76,925,740	\$70,430,602	\$72,607,522	\$73,263,798	\$76,621,738	\$79,098,228	\$90,460,219	\$122,530,022	\$114,630,692
Debt Service as a Percentage of Noncapital Expenditures	8.39%	7.92%	7.73%	7.57%	7.51%	7.11%	15.00%	14.01%	14.66%	14.75%

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

	2005	2006	2007	2008	2009	2010	2011	2012*	2013	2014
Salaries	\$36,317,334	\$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
Fringe Benefits	11,058,456	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
Contracted Services	3,439,497	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
Repair and Rental Services	21,153,147	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
Purchased Services	2,429,956	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
Supplies	1,286,845	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
Utilities	1,555,144	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
Books	731,976	481,122	764,987	794,302	802,938	774,402	715,520	178,489	532,394	504,965
Equipment	1,497,554	881,964	1,232,738	1,076,139	882,784	721,626	773,089	686,787	630,797	564,185
Dues and Fees	61,458	56,448	59,355	71,785	64,297	62,063	63,626	65,960	70,182	49,491
Debt Service	4,958,634	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
Other*	601,431	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
Total Expenditures	\$85,091,432	\$76,925,740	\$70,430,602	\$72,607,522	\$73,263,798	\$76,621,738	\$79,098,228	\$90,460,219	\$122,530,022	\$114,630,692

*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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Excess of Revenues Over										
(Under) Expenditures	(\$19,184,057)	(\$7,815,399)	\$1,965,483	\$879,091	(\$707,522)	(\$1,241,426)	(\$120,408)	(\$12,470,993)	(\$41,235,362)	(\$31,077,032)
Other Financing Sources (Uses)										
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	6,283,419	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
Transfers Out	(6,344,547)	(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)
Total Other Financing Sources (Uses)	(61,128)	616,143	(64,521)	(67,099)	30,838	75,382,038	32,006	(69,162)	(69,162)	35,970,220
Net Change in Fund Balances	<u>(\$19,245,185)</u>	<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>

MT. LEBANON SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$5,567,501	\$1,969,863	\$2,005,053	\$1,874,699	\$1,316,414	\$1,088,787	-	-	-	-
Unreserved	1,848,243	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
Assigned	-	-	-	-	-	-	4,050,512	4,408,159	6,733,779	7,105,213
Unassigned	-	-	-	-	-	-	4,700,870	4,835,070	4,989,870	5,275,471
Total General Fund	7,415,744	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
All Other Governmental Funds										
Reserved	14,718,469	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
Restricted	-	-	-	-	-	-	70,492,308	58,267,697	16,411,843	23,532,034
Assigned	-	-	-	-	-	-	10,091,394	9,309,584	7,889,915	5,334,237
Total All Other Governmental Funds	14,718,469	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
Grand Total General and All Other Governmental Fund Balances	<u>\$22,134,213</u>	<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>

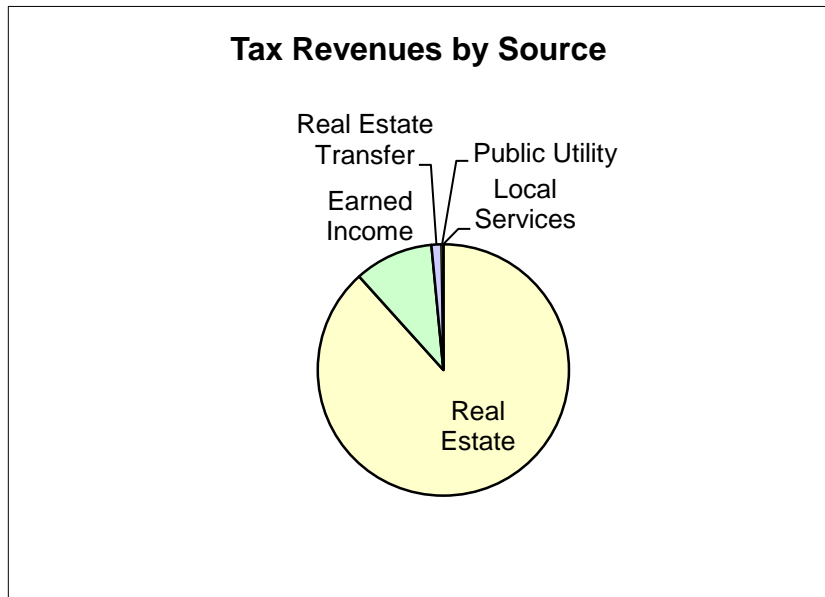
The District implemented GASB Statement #54 in 2011, which changed the fund balance classifications.

MT. LEBANON SCHOOL DISTRICT

TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

Fiscal Year Ended	Real Estate Taxes	Earned Income Tax	Real Estate Transfer Tax	Public Utility Tax	Local Services Tax	Total Taxes
2005	\$46,985,258	\$5,069,541	\$744,112	\$57,838	-	\$52,856,749
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



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>
2005	4.34	22.76	4.69	31.79	\$2,113,921,663
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	2,622,540,155

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

Fiscal Year	Adjusted Total Tax Levy*	Face Value of Current Tax Collections	Percent of Total Tax Levy Collected	Collected at Discount	Percent of Total Levy at Discount	Outstanding Delinquent Taxes	Delinquent Taxes as Percent of Levy	Collections in Subsequent Years	Collections to Date	Percentage Collected to Date
2005	\$48,502,237	\$47,217,522	97.4%	\$41,851,854	86.3%	\$1,592,336	3.3%	\$717,997	\$717,997	97.99%
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%	1,239,270	1,239,270	99.01%
2008	51,077,750	49,383,562	96.7%	42,532,136	83.3%	1,385,830	2.7%	1,183,845	1,183,845	99.54%
2009	51,931,900	48,678,765	93.7%	41,026,145	79.0%	3,253,135	6.3%	1,295,927	1,295,927	95.58%
2010	50,361,750	49,271,523	97.8%	42,944,333	85.3%	1,090,227	2.2%	920,762	920,762	99.62%
2011	55,806,653	54,796,333	98.2%	48,682,008	87.2%	1,010,320	1.8%	1,120,556	1,120,556	100.22%
2012	55,747,372	55,143,005	98.9%	48,400,849	86.8%	604,367	1.1%	591,114	591,114	99.97%
2013	56,839,841	56,040,132	98.6%	51,018,625	89.8%	799,709	1.4%	111,783	111,783	98.67%
2014	59,189,892	58,978,955	99.6%	51,352,176	86.8%	154,386	0.3%	0	0	99.70%

Source: Mt. Lebanon Tax Office

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

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>
2005	\$9,265,241	\$48,597,926	\$9,716,849	\$67,580,016
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

(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

Year	Assessed Value	Exempt Real Property	Total	Estimated Actual Value (1)	Mt. Lebanon School Millage Rate
2005	\$2,113,921,663	\$267,403,910	\$2,381,325,573	\$2,046,675,967	22.76
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	2,622,540,155	469,117,122	3,091,657,277	2,227,695,480	22.61

(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

6/30/14 AND 6/30/05

Taxpayer	June 30, 2014			June 30, 2005		
	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	1.21%	\$16,150,000	2	0.76%
Brookdale Senior Housing (A.H. Pennsylvania) - <i>Senior Housing</i>	19,090,000	2	0.73	18,560,900	1	0.88
Bower Hill Development - <i>Co-op Apartments</i>	17,500,000	3	0.67	11,699,700	3	0.55
Concordia Luthern - <i>Senior Housing/Health</i>	9,860,260	4	0.38	-	-	-
IHP/Bower Hill LLC - <i>Apartments</i>	9,400,000	5	0.36	6,831,700	4	0.32
Tithonus Mount Lebanon - <i>Personal Care Facility</i>	8,138,900	6	0.31	-	-	-
Virginia Manor Shops - <i>Retail Shops</i>	6,355,400	7	0.24	-	-	-
St. Clair Memorial Hospital - <i>Medical Offices</i>	6,026,680	8	0.23	5,831,220	8	0.28
Pendale Towers - <i>Apartments</i>	6,000,000	9	0.23	5,253,000	9	0.25
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>	-	-	-	6,652,600	5	0.31
Asbury Villas - <i>Retirement Community</i>	-	-	-	6,504,850	6	0.31
Beverly Enterprises - <i>Personal Care Facility</i>	-	-	-	4,756,900	10	0.23
Total	<u>\$119,411,240</u>		<u>4.55%</u>	<u>\$88,434,770</u>		<u>4.18%</u>
Total Taxable Assessed Valuation	<u>\$2,622,540,155</u>			<u>\$2,113,921,663</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

Employer	2014			2005		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
St. Clair Memorial Hospital	2,173	1	23.1%	1,924	1	19.6%
Mt. Lebanon School District	888	2	9.4	1,061	2	10.8
Asbury Health Center	452	3	4.8	278	4	2.8
Mt. Lebanon Municipality	235	4	2.5	413	3	4.2
Baptist Homes Nursing	237	5	2.5	243	5	2.5
Keystone Oaks School District	171	6	1.8	223	6	2.3
Family Hospice	179	7	1.9	-	-	-
Concordia of South Hills	148	8	1.6	-	-	-
Devonshire of Mt. Lebanon	147	9	1.6	-	-	-
Super Value Holding	132	10	1.4	142	8	1.4
Giant Eagle	-	-	-	170	7	1.7
Mt. Lebanon Manor	-	-	-	154	9	1.6
Panera Bread	-	-	-	120	10	1.2
Total	4,762		50.6%	4,728		48.3%
Total Employees	9,403			9,798		

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>
2004	0.5%	\$4,761,576	(\$307,965)	\$5,069,541
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

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, 2014

Direct Debt	Percentage of Applicable Debt	Face Amount Outstanding
General Obligation Bonds	100.0%	\$164,120,837
Total Direct Debt		<u>164,120,837</u>
Overlapping Debt		
Allegheny County	3.5%	30,145,928 (1) (2)
Mt. Lebanon, Pennsylvania	100.0%	<u>28,395,000 (2)</u>
Total Overlapping Debt		<u>58,540,928</u>
Total Direct and Overlapping Debt		<u><u>\$222,661,765</u></u>

RATIOS

<u>Direct Debt To:</u>		<u>Direct and Overlapping Debt To:</u>	
Assessed Value	6.3%	Assessed Value	8.5%
Market Value	7.4%	Market Value	10.0%
Per Capita	\$4,953	Per Capita	\$6,719
		Assessed Value	\$2,622,540,155
		Market Value	\$2,227,695,480
		Population	33,137

(1) 3.5% of total debt based on Mt. Lebanon's assessed value as a percentage of Allegheny County's assessed value.

(2) As of December 31, 2013.

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, 2014

Formula for Debt Limit	Fiscal Year Ended June 30		
	2012	2013	2014
Total General Fund Revenues, Food Service Revenues and Interest on Bond Proceeds	\$79,504,779	\$82,844,702	\$85,023,503
Less: Required Deductions Included in Total Revenues			
a. Construction Subsidies	678,063	702,894	707,066
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	-	-	-
e. Sale of Property and Nonrecurring Revenues	-	-	-
Net Revenues	78,826,716	82,141,808	84,316,437
Total Net Revenues for Three Years	245,284,961		
Borrowing Base - Average Net Revenues for Three-Year Period	81,761,654		
Multiplier	225%		
Total Nonelectoral Debt Limit	183,963,721		
Less: Amount of Debt Applicable to Debt Limit	157,075,000		
	<u>\$26,888,721</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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$132,361,993	\$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
Total Net Debt Applicable to Limit	75,801,982	76,935,265	75,023,642	73,062,019	71,140,396	144,437,189	141,468,789	137,523,011	132,867,233	157,075,000
Legal Debt Margin	<u>\$56,560,011</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	57.27%	52.58%	48.17%	45.25%	43.31%	86.73%	82.80%	78.43%	73.69%	85.36%

MT. LEBANON SCHOOL DISTRICT

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

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total Governmental Funds Expenditures	Ratio of Debt Service to General Expenditures
2005	\$1,650,000	\$3,308,634	\$4,958,634	\$85,091,432	5.8%
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

*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

Fiscal Year	Population	Assessed Value	Estimated Actual Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Ratio of Net Bonded Debt to Estimated Actual Value
2005	33,017	\$2,113,921,663	\$2,046,675,967	\$75,265,000	\$52,939	\$75,212,061	3.6%	\$2,294	3.7%
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	2,622,540,155	2,227,695,480	164,120,837	0	164,120,837	5.8%	4,953	6.0%

MT. LEBANON SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
2002 General Obligation Bonds	\$5,050,000	\$4,705,000	\$4,355,000	\$3,995,000	-	-	-	-	-	-
2002 Series A General Obligation Bonds	7,320,000	6,025,000	4,690,000	3,320,000	\$1,910,000	\$460,000	-	-	-	-
2003 General Obligation Bonds	49,990,000	-	-	-	-	-	-	-	-	-
2004 General Obligation Bonds	12,905,000	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
2009 General Obligation Bonds	-	-	-	-	3,715,000	3,435,000	2,975,000	2,505,000	2,025,000	1,540,000
2009 A General Obligation Bonds	-	-	-	-	-	69,000,000	68,300,000	66,505,000	64,620,000	62,665,000
2011 General Obligation Bonds	-	-	-	-	-	-	10,575,000	9,400,000	7,620,000	5,790,000
2013 General Obligation Bonds	-	-	-	-	-	-	-	-	-	34,745,000
Total Debt	\$75,265,000	\$76,410,000	\$74,520,000	\$72,580,000	\$70,680,000	\$137,730,000	\$134,695,000	\$131,090,000	\$126,775,000	\$157,075,000
Ratio of Debt to Personal Income	6.8%	6.9%	6.7%	6.5%	6.4%	12.4%	12.1%	11.8%	11.4%	14.1%
Debt Per Capita	\$2,294	\$2,314	\$2,257	\$2,198	\$2,141	\$4,171	\$4,080	\$3,970	\$3,840	\$4,757

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>
1985	\$204,554,280	82.5	1/2	1/2	9	5,138
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	2,622,540,155	22.61	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

Fiscal Year	Expenditures	Enrollment	Cost Per Pupil	Cost Per Pupil General Fund	Percent Increase(Decrease) General Fund
*2005	\$85,091,432	5,505	\$15,457	\$10,725	9.3%
*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	5,321	21,543	12,954	0.6%

*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

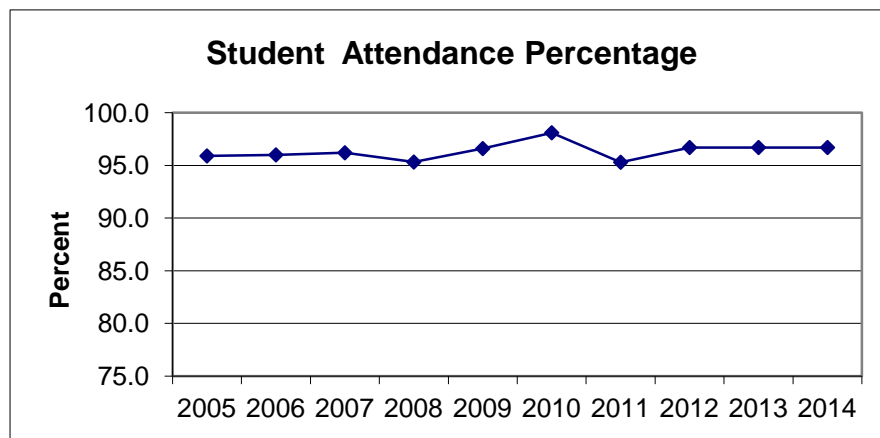
Fiscal Year	Enrollment	Teaching Staff*	Pupil/Teacher Ratio	Student Attendance Percentage	Number of Free & Reduced**	Percentage of Free & Reduced**
2005	5,505	431	12.8	95.9%	210	3.81%
2006	5,454	424	12.9	96.0%	223	4.09%
2007	5,436	424	12.8	96.2%	235	4.32%
2008	5,416	426	12.7	95.3%	247	4.56%
2009	5,294	421	12.6	96.6%	249	4.70%
2010	5,302	423	12.5	98.1%	335	6.32%
2011	5,268	423	12.5	95.3%	***431	8.19%
2012	5,297	421	12.6	96.7%	433	8.19%
2013	5,268	418	12.6	96.8%	412	7.82%
2014	5,241	413	12.6	96.9%	499	9.52%

*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

Fiscal Year		Education						Average Salary/ Total
		Bachelors	Bachelors +15	Masters	Masters+30	Masters+60	Ph D	
2005	Salary Range	\$38,429-77,248	\$38,911-79,067	\$39,391-82,719	\$40,173-83,703	\$41,136-84,920	\$41,857-85,207	\$57,093
	Number of Teachers	43	86	260	28	11	4	432
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

Source: School District Human Resource Department.

MT. LEBANON SCHOOL DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Supervisory										
Central Administration	7.00	6.00	7.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00
Supervisors Of Instruction	7.60	7.60	7.60	8.00	8.00	8.00	8.00	3.00	2.00	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	6.00	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.00	6.00
Total Supervisory	30.60	30.10	31.10	30.50	30.50	30.50	30.50	26.50	25.00	24.00
Instruction										
Elementary Classroom Teachers	107.00	104.00	102.50	104.00	102.00	104.00	105.50	106.50	104.50	104.50
Secondary Classroom Teachers	173.10	171.80	174.90	173.70	169.20	166.70	164.90	165.15	164.90	125.00
Other Classroom Teachers*	106.66	107.40	109.20	111.70	110.50	114.60	112.00	112.80	112.60	148.10
Total Instruction	386.76	383.20	386.60	389.40	381.70	385.30	382.40	384.45	382.00	377.60
Student Services										
Guidance Counselors	22.90	22.90	22.90	22.50	22.50	22.50	22.50	22.50	21.50	21.50
Psychologists	4.00	4.00	4.00	4.00	5.00	5.00	5.00	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
Total Student Services	42.90	42.90	42.90	42.50	43.50	43.50	43.50	42.50	41.50	41.50
Support and Administration										
Clerical/Secretarial	60.49	61.56	61.56	61.56	61.56	61.58	60.83	61.68	56.41	55.69
Administrative Assistant/Specialists	24.50	23.50	25.00	29.00	30.50	31.50	30.50	30.50	30.50	29.00
Other Support Staff**	39.53	40.03	43.53	44.50	45.50	45.50	46.00	43.00	40.50	41.50
Service Workers***	93.68	94.50	94.60	97.60	99.64	100.14	99.93	100.21	97.96	97.43
Total Support and Administration	218.20	219.59	224.69	232.66	237.20	238.72	237.26	235.39	225.37	223.62
TOTAL	678.46	675.79	685.29	695.06	692.90	698.02	693.66	688.84	673.87	666.72

*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.

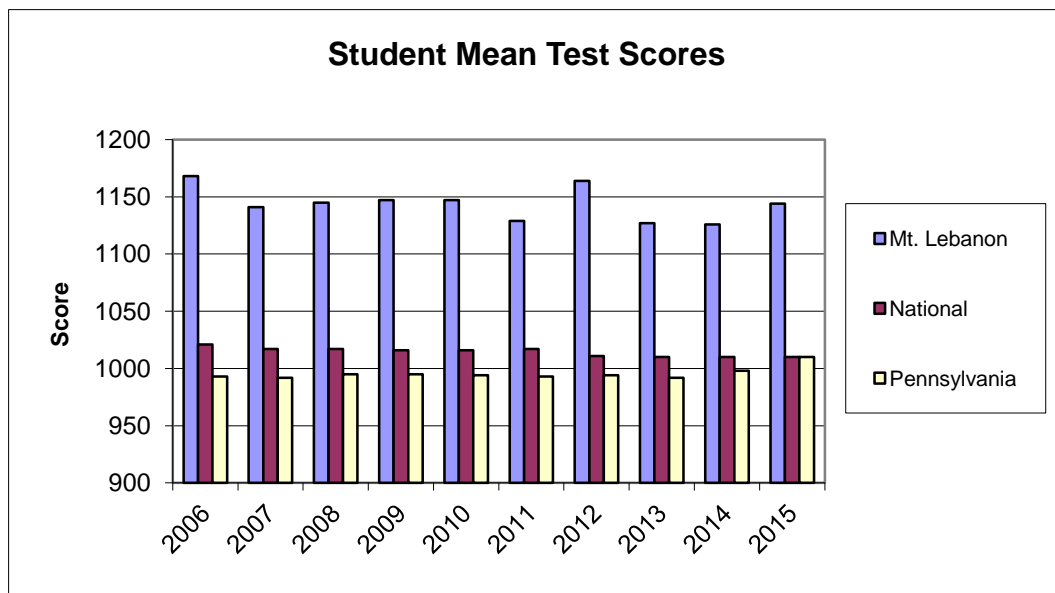
MT. LEBANON SCHOOL DISTRICT

STUDENT MEAN TEST SCORES

LAST TEN YEARS

Graduation Year	Scholastic Aptitude Test - SAT 1			National Merit Results	
	Mt. Lebanon	National	Pennsylvania	Number Semi-Finalists	Number Commended
2006	1168	1021	993	13	17
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

Source: School District Guidance Office.

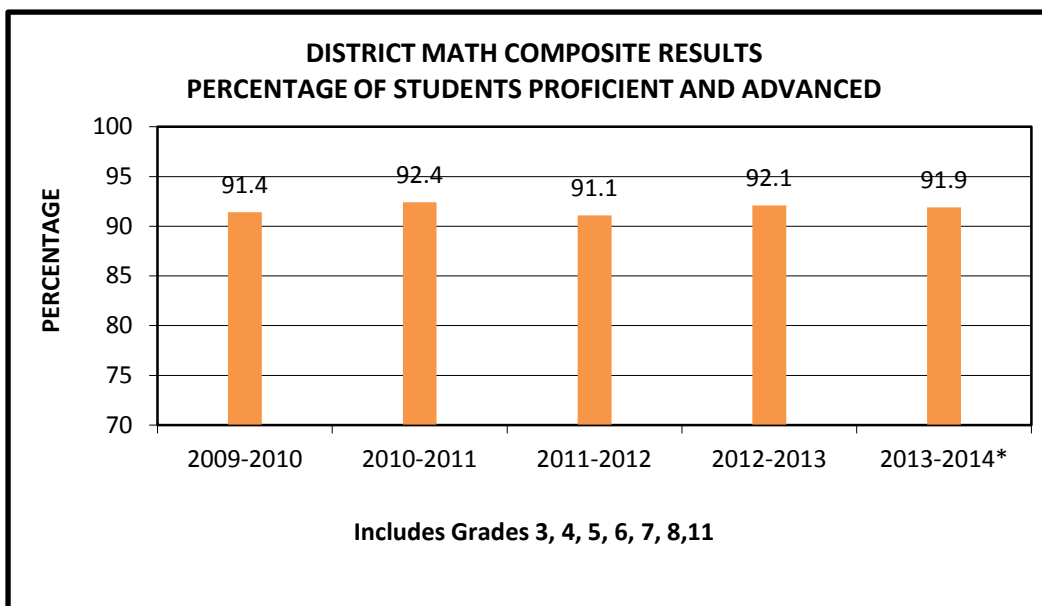
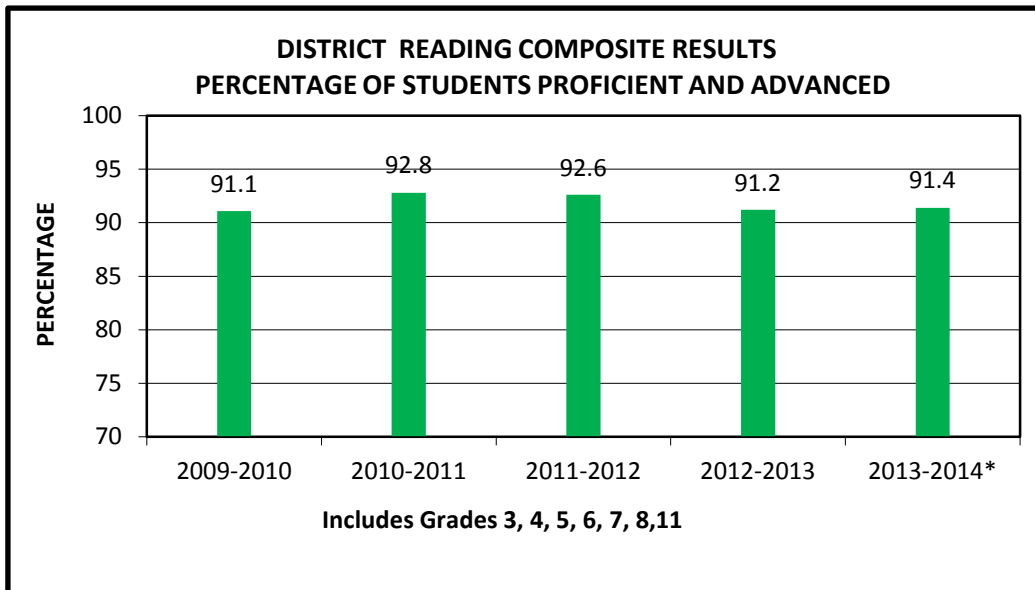


MT. LEBANON SCHOOL DISTRICT

STUDENT TEST SCORES

LAST FIVE YEARS

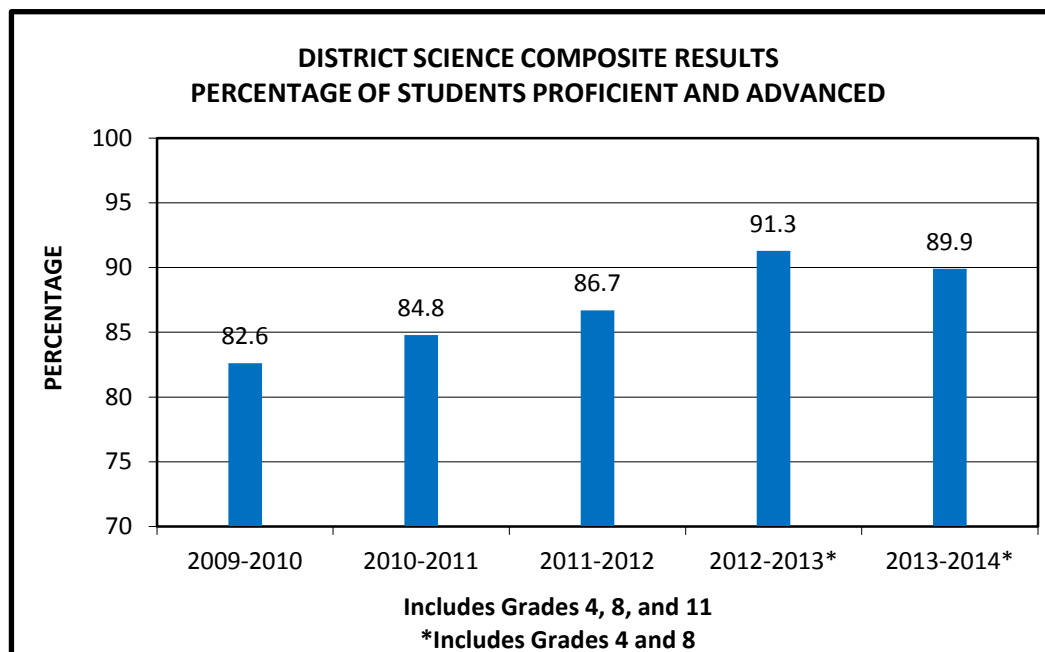
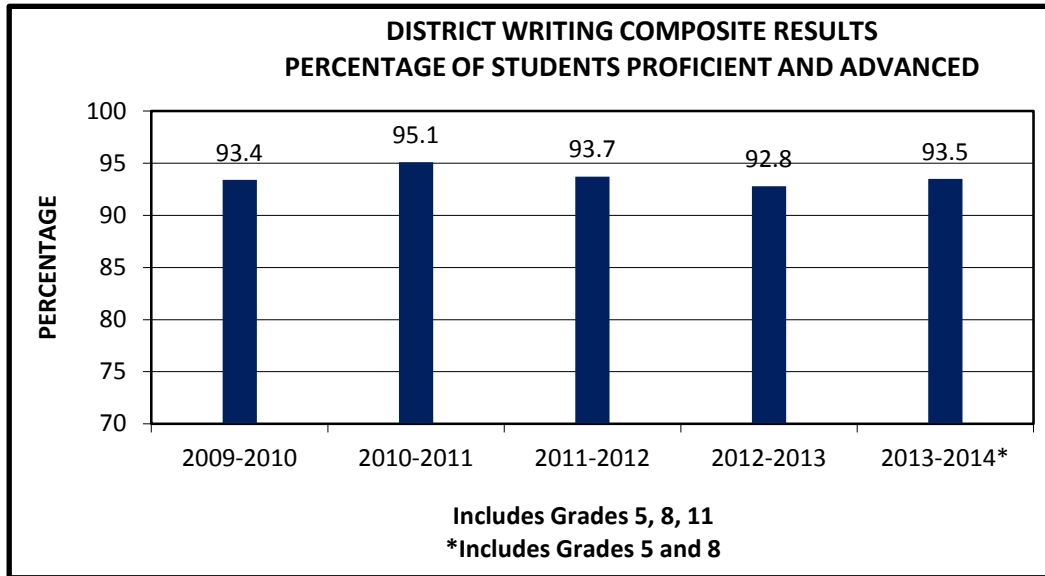
PSSA tests are state mandated tests required by all students in Pennsylvania.



MT. LEBANON SCHOOL DISTRICT

STUDENT TEST SCORES

LAST FIVE YEARS



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, 95.1% of Mt. Lebanon's class of 2014 is continuing its education at a:

• Four-year college	88.4%
• Junior or community college	6.7%
• Vocational, technical or professional school	1.2%
• Armed services	1.8%

During the 2013-2014 school year, 392 students took 618 Advanced Placement exams 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 2015 SAT Reasoning average score, including Critical Reading and Mathematics, was 1144 with approximately 90% of the class taking the exam. This score is 134 points higher than the national average and 143 points higher than the Pennsylvania average. The mean score for the writing test for Mt. Lebanon students was 576. This is 89 points higher than the national mean and 96 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 25.7 compared to the national average of 21.0 and Pennsylvania state average of 22.1. Average composite scores include English, Mathematics, Reading and Science results. Mt. Lebanon students exceeded national and state averages in all four content areas.

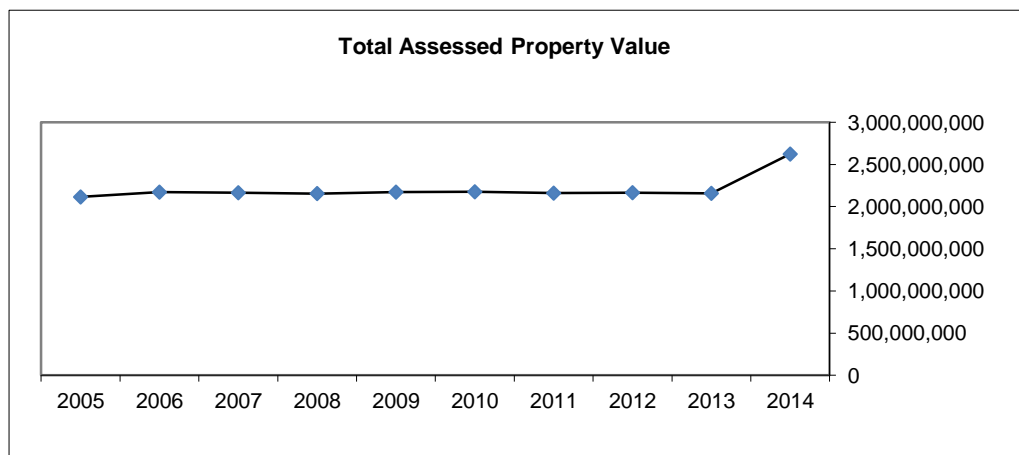
MT. LEBANON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

Calendar Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Median Household Income (1)	Median Age (1)
2014	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
2012	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
2010	33,137	1,415,314,407	42,711	74,003	43.8
2009	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
2007	33,017	1,111,088,084	33,652	60,783	41.8
2006	33,017	1,111,088,084	33,652	60,783	41.8
2005	33,017	1,111,088,084	33,652	60,783	41.8

(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



(Continued)

MT. LEBANON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

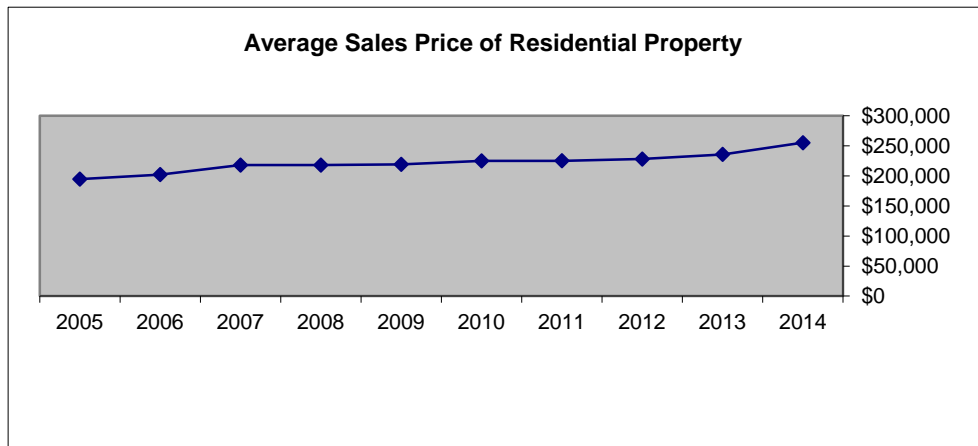
LAST TEN YEARS

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)
64.1%	5,241	4.5%	\$255,115	\$2,622,540,155
64.1	5,268	4.7	235,838	2,156,859,685
64.1	5,297	4.8	228,008	2,164,809,298
61.0	5,268	5.3	225,237	2,159,216,301
61.0	5,302	5.0	224,979	2,175,275,286
61.0	5,294	3.5	219,228	2,171,398,932
61.0	5,416	3.4	217,963	2,154,641,502
61.0	5,436	3.4	217,963	2,164,018,756
61.0	5,454	3.6	202,249	2,171,329,944
61.0	5,505	4.1	194,654	2,113,921,663

(3) Enrollment as of September 1 of the Calendar Year Noted

(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

<u>Calendar Year</u>	<u>Building Permits Issued</u>	<u>Estimated Value of Construction(1)</u>	<u>Occupancy Permits Issued</u>	<u>Total Property Value</u>	<u>Property Value (2)</u>	
					<u>Taxable</u>	<u>Exempt</u>
2004	873	\$35,789,688	130	\$2,381,325,573	\$2,113,921,663	\$267,403,910
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	3,091,657,277	2,622,540,155	469,117,122

(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, 2014

Building	Year of Construction		Classrooms	Enrollment	Capacity	Percentage of Capacity Used	Staffing		Building Square Footage	Site Acreage
	Original	Latest Renovation					Professional	Support		
Elementary Schools										
Washington	1921	2005	25	397	434	91.5%	30	18	74,428	7.5 (3)
Lincoln	1925	2004	28	433	510	84.9%	33	15	74,510	3.5
Markham	1929	2004	29	327	432	75.7%	26	12	42,513	6.1
Howe	1929	2003	29	359	468	76.7%	26	14	65,662	7.1
Foster	1940	2003	25	259	389	66.6%	19	12	53,560	5.4
Jefferson	1950	2004	23	326	343	95.0%	25	13.5	51,519	17.7 (1)
Hoover	1963	2005	21	222	342	64.9%	18	10.5	68,661	5.9
Secondary Schools										
Jefferson	1959	1998	61	588	833	70.6%	53	23	100,835	17.7 (1)
Mellon	1938	1998	59	677	840	80.6%	63	22	111,566	7.5 (3)
Senior High(4) (inc. Stadium)	1930	2014	136	1653	2250	73.5%	127	36.5	545,255	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 36 cafeteria employees and 69 custodial/maintenance employees.

(3) The Mellon Middle School and Washington Elementary share a joint site totaling 7.5 acres.

(4) The Senior High square footage will change when the High School renovation is completed in 2016.

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

MT. LEBANON SCHOOL DISTRICT

AWARDS AND RECOGNITIONS

2013 Governor's Award for Excellence in Academics Nine Mt. Lebanon schools-Foster, Hoover, Howe, Lincoln, Washington, Markham, and Jefferson elementary schools, and Jefferson Middle School and Mt. Lebanon High School-were awarded the 2013 Governor's Award for Excellence in Academics based on achieving a score of 90 or above on the Pennsylvania School Performance Profile. Mt. Lebanon High School achieved the highest score of all schools in Allegheny County and was ranked third in the state.

Pittsburgh Business Times Guide to Western PA Schools The Pittsburgh Business Times (PBT) ranked the Mt. Lebanon School District #1 in the region and #2 in the State in the 2014 Guide to Western Pennsylvania Schools. The PBT also ranked both Mt. Lebanon High School 11th Grade and Jefferson Middle School 8th Grade #1 in the region in the 2014 Guide to Western Pennsylvania Schools. 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.

2013-2014 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.

U.S. News and World Report 2014 Best High School Mt. Lebanon High School was awarded a silver ranking in the 2014 U.S. News and World Report Best High School Ranking. The high school was ranked #20 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 2014 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 7th year in a row that the Mt. Lebanon School District has been designated a Best Community for Music Education.

Healthier US School Challenge The USDA 2012 Healthier US 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 Healthier US School Challenge is a voluntary national certification initiative for schools participating in the National School Lunch Program.

Washington Post 2014 List of America's most Challenging High Schools Mt. Lebanon High School was again listed on the Washington Post's list of America's Most Challenging High Schools for 2014. This ranking is based on the number of college-level tests given at a school in 2013 divided by the number of graduates that year.

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 2013, ranking the school 346 out of the top 2,000 high schools in the nation.

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.

Girls Lacrosse 2014 WPIAL Champions
Girls Cross Country 2013 WPIAL Champions
Boys Lacrosse 2013 WPIAL Champions
Girls Volleyball 2012 WPIAL Champions
Girls Cross Country 2012 WPIAL Champions
Girls Tennis Singles 2012 WPIAL Champions
Girls Basketball 2012 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.

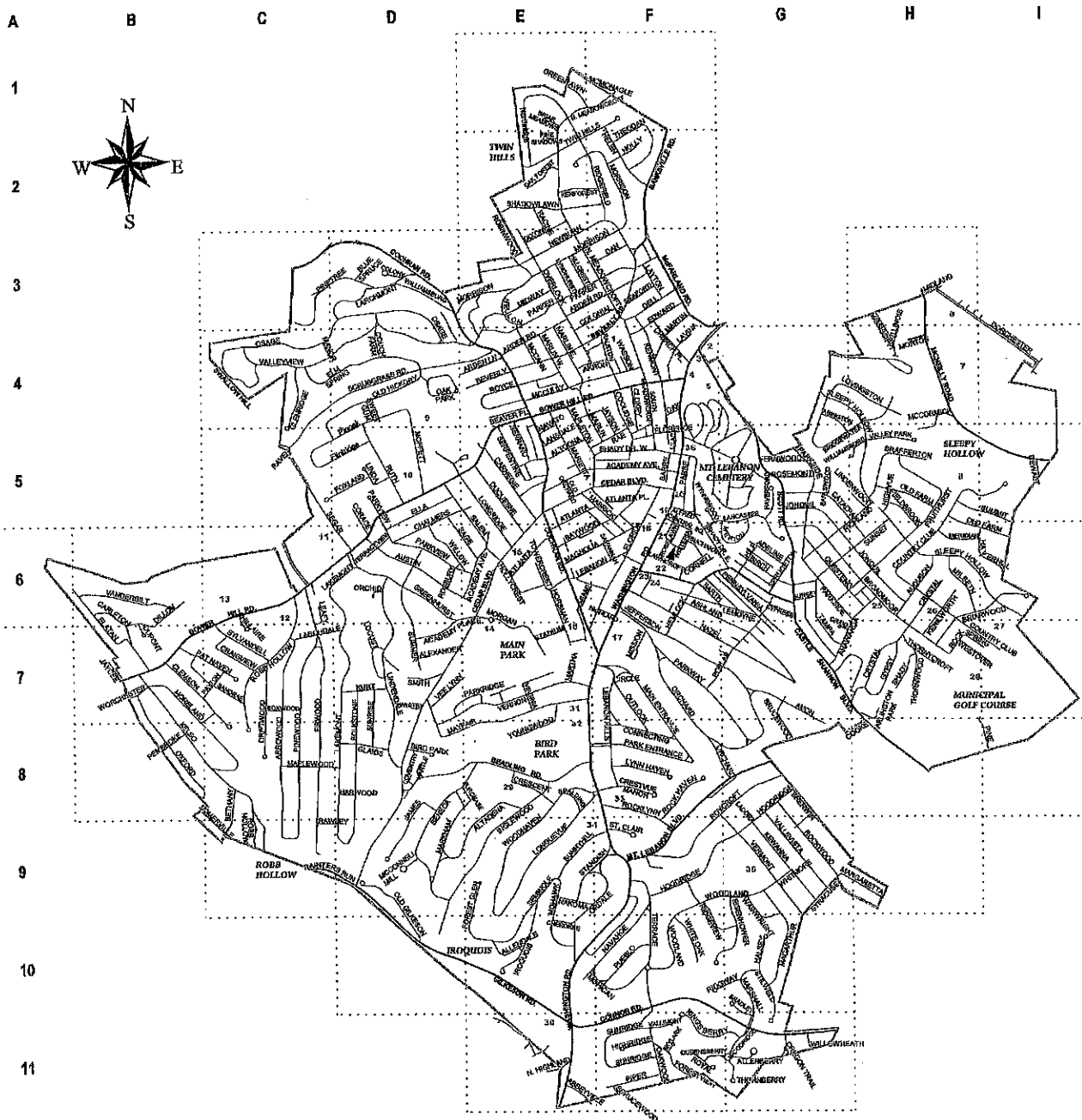
Within the six square miles of the community, there are seven elementary schools, two middle schools and one Senior High School. The structure of the schools is K-5, 6-8 and 9-12. All schools are located in areas which permit all, except exceptional children, to walk to school.

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 2013-14 school staff includes 426 certificated classroom teachers with an average salary in fiscal 2014 of \$71,170. Of these teachers, 79% hold masters degrees or doctorates. Average class size at the elementary level is 22.06 students per classroom teacher. At the secondary level, average class size ranges from 20.96 to 24.01 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



- | | | |
|---|-------------------------------------|--|
| 1 LINCOLN ELEMENTARY SCHOOL | 13 TEMPLE EMANUEL | 26 HOWE ELEMENTARY SCHOOL |
| 2 MT. LEBANON UNITED METHODIST | 14 RECREATION CENTER | 28 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 DEPAUL INSTITUTE | 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 OUR SAVIOR LUTHERAN CHURCH | 20 PUBLIC PARKING GARAGE | 32 FIRST CHURCH OF CHRIST SCIENTIST OF MT. LEBANON |
| 9 BOWER HILL COMMUNITY CHURCH | 21 WASHINGTON ELEMENTARY SCHOOL | 33 BEVERLY HEIGHTS PRESBYTERIAN CHURCH |
| 10 JEFFERSON ELEMENTARY AND JEFFERSON MIDDLE SCHOOL | 22 MELLON MIDDLE SCHOOL | 34 UNITARIAN UNIVERSALIST CHURCH OF SOUTH HILLS |
| 11 ST. CLAIR HOSPITAL | 23 SOUTHMINSTER PRESBYTERIAN CHURCH | 35 FOSTER ELEMENTARY SCHOOL |
| 12 HOOVER ELEMENTARY SCHOOL | 24 PUBLIC LIBRARY | 36 PUBLIC SAFETY BUILDING |

Updated May 17, 2006