

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

Fiscal year ended
June 30, 2010

BOARD OF SCHOOL DIRECTORS

| Calendar <u>2009</u> | Calendar <u>2010</u> |
|---------------------------------|-------------------------------|
| Alan R. Silhol, President | Edward L. Kubit, President |
| Edward L. Kubit, Vice President | Susan M. Rose, Vice-President |
| Elaine L. Cappucci | Mary D. Birks |
| James M. Fraasch | Elaine L. Cappucci |
| Mark S. Hart | James M. Fraasch |
| Josephine C. Posti | Dale F. Ostergaard |
| Daniel L. Remely | Josephine C. Posti |
| Susan M. Rose | Daniel L. Remely |
| Faith Ann Stipanovich | Faith Ann Stipanovich |

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 Mrs. Lori Pavlik, Mt. Lebanon High School, 155 Cochran Road, Pittsburgh, PA 15228-1381, (412)344-2060. 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:

November 10, 2010

The Comprehensive Annual Financial Report of Mt. Lebanon School District (School District) for the fiscal year ended June 30, 2010 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, 2010. Their unqualified 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.

AWARDS 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, 2009.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Mt. Lebanon School District for the same report.

In order to be awarded a Certificate of Excellence and/or a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to each of the programs' standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements. Both the Certificate of Excellence and the Certificate of Achievement are valid for a period of one year only. We believe our current report continues to conform to both programs' requirements, and we are submitting it to ASBO and GFOA to determine its eligibility for another certificate for the year ended June 30, 2010.

THE REPORTING ENTITY AND ITS SERVICES

Mt. Lebanon School District is a primary government as determined within the criteria established in the Governmental Accounting Standards Board's (GASB) Statement #14. The basic criterion for determining inclusion in the reporting entity is financial accountability and the nature and significance of the relationship.

The criteria of GASB Statement #14 has been examined as to the relationship of the School District 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 fixed assets and long term debt have been recorded on the Statement of Net Assets. 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, vocational education 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 5,302 students in our educational system in 2009-10 who chose from a wide range of courses and offerings. Enrollment for 2010-11 is 5,287 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 administrators responsible for specific areas of the budget. These requests are then translated into monetary terms in the form of detailed budgetary schedules.

Various community hearings on the budget provide for resident input before the proposed budget is presented to the School Board. The School Board then reviews the proposed budget and incorporates School District priorities into the spending plan.

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 just six miles southwest of Pittsburgh, with a population of approximately 33,000 people. While it has a few newer subdivisions with cul de sacs, most of the streets are narrow and tree-lined. Varied housing types co-exist well within its boundaries. A nationally acclaimed school district, a full service municipality, a public recreation center unique in western Pennsylvania and a wide variety of community services are a few of the reasons why Mt. Lebanon was chosen as one of the 50 Fabulous Places to Raise Your Family.

While the real estate market has significantly declined in other areas of the country, the values in Mt. Lebanon have not been as negatively impacted. In 2009 the average price for residential housing in the Municipality was \$224,979, a 2.6% increase from the prior year. The housing stock is varied in style and price and includes a 2009 sales range from \$50,000 to \$1,000,000. Over the past five years, residential sales prices have increased a total of 15.5%, an average of over 3.0% annually.

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

Mt. Lebanon School District has always been a leader in instructional excellence in the country. This reputation, along with continuing achievements by faculty and students, combine to be a strong attraction for young families to the community.

Mt. Lebanon School District's reputation for excellence in education is reflected in local, state and national recognition. Newsweek Magazine named Mt. Lebanon High School on the list of "Top U.S. High Schools" in 2010. Pittsburgh Business Times' ranked the Mt. Lebanon School District #3 in the region in the 2010 Pittsburgh Guide to Western Pennsylvania Schools. Mt. Lebanon High School was named a 3-time National Blue Ribbon Award winner by the U. S. Department of Education. The Fine Arts Department was one of only eight programs nationally to win the National Blue Ribbon Arts Education Excellence Award for outstanding programs and facilities. Lincoln Elementary School was named a National Blue Ribbon School by the U. S. Department of Education in 2000-2001 and 2002-2003. Washington Elementary School was named a 2003-2004 National Blue Ribbon School. Mt. Lebanon School District was named in the "Best 100 Communities for Music Education" — a nationwide survey that identifies school districts committed to music education as a conduit for success in school and in life. 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. In athletics, the following teams won Western Pennsylvania Interscholastic Athletic League (WPIAL) championships during the 2009-10 school year: Boys' Soccer, Girls' Volleyball, Boys' Basketball, Girls' Basketball and Girls' Softball. The Girls' Basketball and Girls' Softball won Pennsylvania Interscholastic Athletic Association (PIAA) Championships.

Ninety-five percent of the Class of 2010 planned to pursue full time post-graduate study in a two or four year college or university. The Senior Class of 2010 had 5 National Merit Semifinalists and 12 Commended Students.

The Mt. Lebanon Parent Teacher Association is active at the elementary, middle school and High School levels. The PTA supports the schools' activities by enriching the programs through a wide variety of initiatives that involve a high level of parental involvement. The Mt. Lebanon Foundation for Education also

offers grant money to teachers who submit proposals for innovative classroom programs that enrich the District's academic curriculum.

County

The Board of Property Assessment and Appeals establishes assessed values for all real estate in the county. In 2001-02, the county government entered into a county-wide reassessment of all properties led by an outside consulting group called Sabre Systems. This reassessment created a significant number of dissatisfied residents resulting in over 2,100 appeals in Mt. Lebanon alone. What is not apparent from this number is a significant number of higher end houses that are under-assessed compared to recent sales prices in the neighborhood.

The change in assessments began a change in practice where homes had been assessed at 25% of market value. Now, homes are assessed at 100% of market value. This change resulted in an extraordinary increase in assessed value in our community. The increase in assessed value in 2002-03 is due to the second round of reassessments which were intended to remain frozen until 2006. The decrease in 2004-05 is the result of a number of successful appeals by homeowners after the second round of reassessments.

In 2005, the County Executive proposed that homes in the County be assessed at 100% of their value in 2002. The county then appealed thousands of assessments which had been increased in 2003-2005 due to sales prices excessively higher than the assessment at that time. The result of this decision was two lawsuits. Both lawsuits are complete. One opines that property owners and taxing bodies may present current market value of homes as evidence in determining 2002 market value. The other lawsuit challenged the constitutionality of the base year assessment system which was opined to be unconstitutional. The result of these lawsuits will have an effect upon the assessed value of properties throughout the state as all counties consider their response to these lawsuits. Allegheny County Courts mandated a complete reassessment of all properties in our county by 2012. This reassessment will require a readjustment of the millage rate to prevent a windfall of taxes to local governments.

State

Subsidies from the state for our 2010 budget reflected a continued commitment to increased funding for education. While increases in funding for education state-wide were healthy, the actual funding to our instructional program reflected minimum percentage increases from the prior year since our community is relatively wealthy. 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.

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 year the limit was 1.77 mills, but only .30 mills was needed to balance the budget. This law will, however, become a limiting factor when the School District completes funding plans for a high school renovation beginning in fiscal 2011.

Federal

The economic condition of the United States was very poor as a national recession was felt in all areas of the economy. In order to provide economic assistance, the Federal Government provided Federal Stimulus funds to states and to schools. In Pennsylvania the stimulus funds were used to reduce the State's contribution to education. As a result, our financial statements show a reduction in Basic Education Subsidies from the State and increased Federal Grants in a similar amount. These funds are expected to continue into fiscal 2011 and then be eliminated for fiscal 2012.

MAJOR INITIATIVES

To remain competitive and maintain the School District's mission to prepare students for the future, the School District includes funds to provide the appropriate facilities and curriculum 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 improvements. With the poor economic conditions faced throughout the country, the School District did not fund any new initiatives this year. We did, however continue to fund all programs that were in effect in fiscal 2009.

Moderating increases in health insurance along with six teacher retirements created a budget with a small (.30 mill) millage increase from the prior year. This keeps our millage rate at 11th out of 43 schools in our county.

The major capital needs are being addressed through extensive meetings and studies concerning a high school renovation in the next couple years. An architect and a construction management firm meet regularly with staff and residents to discuss plans and progress on this project. Plans center on repairs and replacement of major building structures within our high school facility. We have focused on the impact of funding this project as it relates to debt limits as well as millage increase limits under Act 1 of 2006. Our oldest building is Washington Elementary School which was built in 1921. Other buildings were built between 1925 and 1963. Almost all of our buildings have been renovated since 1995. We expect the high school will begin construction early in 2011 with a four year cycle before completion.

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

The major financial policy which impacted this year's costs was the decision to use Federal Stimulus funds to continue programs which would not have been funded an additional year without that revenue stream. One of these programs funds some teacher facilitators who may have returned to the classroom had funding not been available to continue their services in making sure our curriculum is being implemented properly throughout all our schools. Federal funding for special needs students also enabled us to provide programming our students have come to expect.

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.

Refinancing of the 2002 Bonds reflected bond payments \$185,000 less than originally planned. Issuance of the first debt for the High School Renovation Project will increase debt service costs in fiscal 2011. These financial statements do reflect the issuance of those bonds.

Energy managers continue to be diligent in implementing changes in practices which have reduced our use of electricity over 25% from the program's initiation in 2004. This, combined with falling utility rate charges, is reflected in significantly lower energy costs in fiscal 2010.

Aggressive pursuit of real estate liens led to a significant collection of lien taxes beyond those budgeted for the year. One of these delinquent properties sold during the year bringing in over \$2.3 million in funds in past taxes. The School District plans to continue to pursue delinquent taxes as we move into fiscal 2011.

LONG TERM FINANCIAL PLANNING

The District has renovated all of its schools except for the high school since 1995. High school renovations are currently being planned and the initial borrowing to fund this project in fiscal 2010 is complete. This is the greatest issue pressuring the District's need to increase millage into the near future. The District's

policy to maintain a fund balance of 6% of expenditures assures continued financial stability as the renovations approach.

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 policy to permit transfer of fund balances in excess of 6% to both the Capital Projects Fund as well as what could be a newly established OPEB Fund. We anticipate that this will either be established as a Trust Fund in fiscal 2011 or it will continue to be a reservation of the General Fund fund balance.

INDEPENDENT AUDIT

Mt. Lebanon School District engages independent certified public accountants to audit the School District's annual financial statements. The auditor's report on the fiscal 2010 financial statements is included in the financial section of this report, and complies with applicable guidelines.

ACKNOWLEDGMENTS

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

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

Respectfully,



Janice R. Klein
Director of Business

MT. LEBANON SCHOOL DISTRICT
LIST OF SCHOOL DISTRICT OFFICIALS
CENTRAL OFFICE ADMINISTRATORS

Timothy J. Steinhauer..... Superintendent
Deborah P. Allen..... Assistant Superintendent
Cissy Bowman Director of Communications
Gerald Ingram..... 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

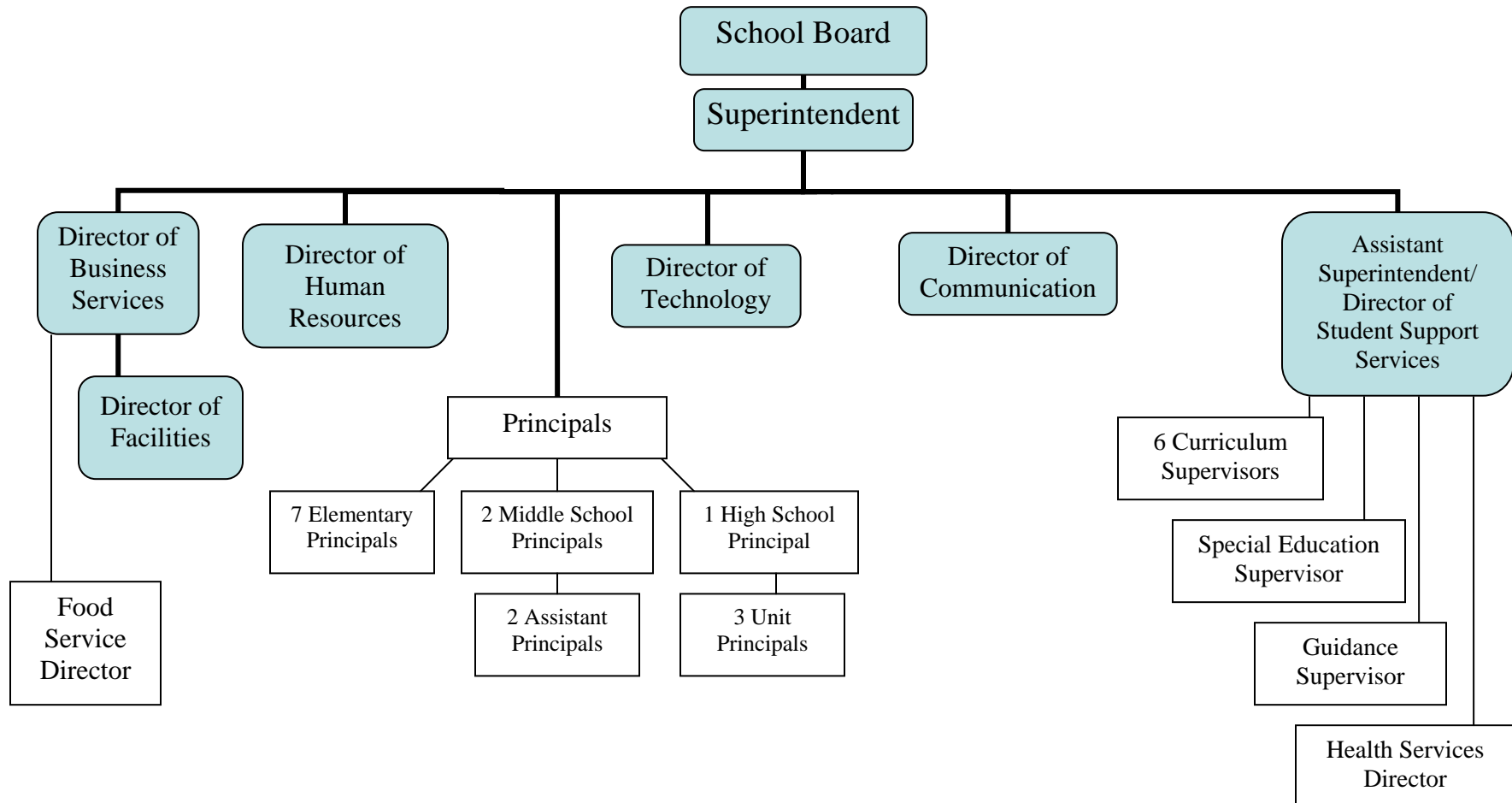
Edward L. Kubit President
Susan M. Rose Vice President
Mary D. Birks Director
Elaine L. Cappucci..... Director
James M. Fraasch Director
Dale F. Ostergaard Director
Josephine C. Posti..... Director
Daniel L. Remely Director
Faith Ann Stipanovich..... Director

OTHER BOARD SERVICES

Janice R. Klein.....Board Secretary
Thomas P. Peterson Solicitor
Mellon Bank N.A. Treasurer
Maher Duessel Independent Auditors
Kelly Insurance Insurance Agent



Mt. Lebanon School District Organization Chart



ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting

is presented to

Mt. Lebanon School District



For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

upon recommendation of the Association's Panel of Review
which has judged that the Report substantially conforms
to principles and standards of ASBO's Certificate of Excellence

Erin Green

President

John D. Mquaso

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Mt. Lebanon School District
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enen".

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 activity, each major fund, and the aggregate remaining fund information of Mt. Lebanon School District (School District) as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 activity, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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, the capital assets schedules, 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

Board of Directors
Mt. Lebanon School District
Independent Auditor's Report

and capital assets schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Maher Duessel

Pittsburgh, Pennsylvania
October 18, 2010

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

June 30, 2010

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, 2010. 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 over 69% of our total revenues and is the only revenue source over which the School Board has control. The tax revenue received from real estate tax increased \$2,664,677. This increase was the result of two factors. The first factor was the sale of a large property which was a few years delinquent in real estate tax payment. The revenue from those back taxes, which were collected at the sale of the property, totaled over \$2.3 million. Those funds had not been anticipated at the time the 2010 Budget was approved. The remaining increase was the result of a change in millage rate on property assessments in our community from 23.81 mills to 24.11 mills. Assessments on real estate are set within the county at 2002 property values and are not anticipated to change before 2012.

Earned Income Tax is the other major tax revenue for the School District. This tax is the result of a half percent rate on income earned by residents. It does not tax passive income such as investment earnings. Income from this source fell by \$95,986 or 1.6%. This is reflective of the struggling economy seen throughout the country.

The final large tax revenue for our schools is the Realty Transfer Tax which was significantly over budget projections due to Federal subsidies offered to first time homeowners. Since many of the properties in our community are attractive to young families, sales of homes went up 30% over the prior year, causing an increase of \$172,083 in Realty Transfer Tax.

With falling interest rates throughout the country this year, the School District experienced \$668,143 less in investment earnings, a decrease of 71% from the prior year. Based on continued falling interest rates throughout the country, we anticipate similar decreases for fiscal 2011.

State funding shows a decrease of \$687,939 from the prior year. This decrease is predominantly due to a reduction of the Basic Education Subsidy. The State chose to use their Federal Stimulus funds to offset their contribution to our educational programs. The decrease in State funding is therefore seen as an increase in Federal funding for the year. Federal funding increased \$1,125,088 reflecting this change in funding as well as the Federal Stimulus funds the School District received directly.

For the seventh year in a row, funds were not used in fiscal 2010 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 a designation of fund balance in fiscal 2010 totaling \$7,167,840, which included \$3,879,558 from the prior year which had not yet been transferred out. The reason the transfers had not been completed by year-end was that some of the funds were to be used for OPEB contributions or for future retirement rate increases. These two designations were not able to be accounted for in distinct School District Funds, so the funds remain designated in the General Fund. These issues will be addressed by the Board in the 2011 fiscal year and will be appropriately transferred at that time.

Expenditure levels were up only .6% or \$381,440 from the prior year. This was due to a very limited budget plan which included no new programming for the year. The strict budget was in response to poor economic conditions which were reflected in high unemployment levels, falling housing prices and limited credit availability throughout the country. With economic uncertainty and investment portfolios at only a fraction of their pre-2008 values, only six teachers decided to retire rather than the typical 10-15. Since our retiring teachers earn twice the salary of incoming teachers, fewer retirements increased the continuing costs of our programs as compared to prior years.

Overall, the increased revenues combined with unchanged expenditure levels led to a fund balance at year-end of \$13,018,373, up from \$9,533,094.

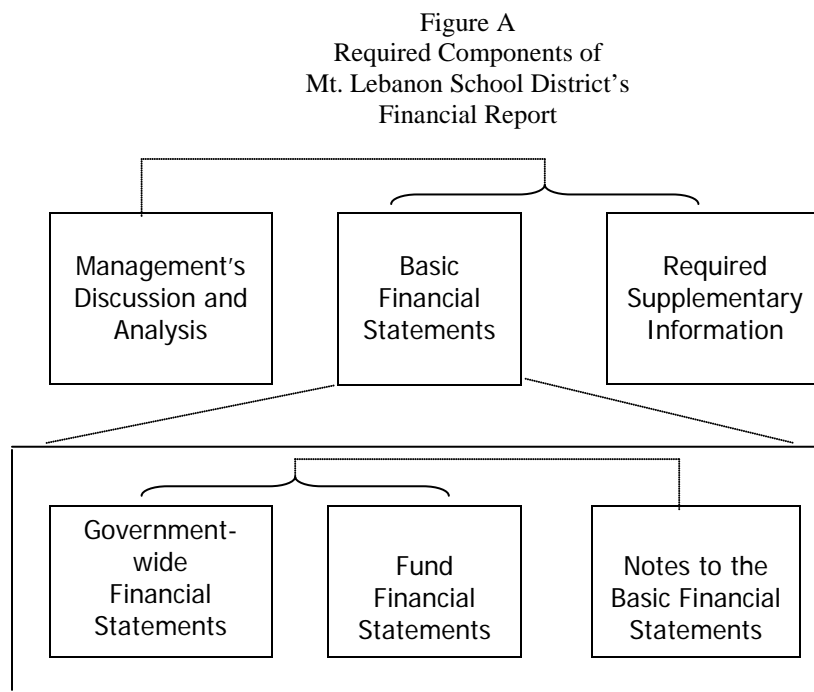
The Capital Fund reflected the early costs of the High School Renovation Project. Total spending was \$5.1 million, up from \$1.9 million in fiscal 2009. Renovation costs were predominantly architect and construction manager costs which funded the design and construction drawing work. In October 2009, 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 principal values of \$69 million, but because of premiums on the sale of the bond, the School District acquired \$75 million in funds for the project. These funds are reflected in the Fund Balance of the Capital Fund. The project is anticipated to take four years to complete and cost \$113 million in its entirety.

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 Assets 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 72 and 73 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 2010?” The Statement of Net Assets 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 Assets includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide financial statements report the School District’s net assets and how they have changed. Net assets, the difference between the School District’s assets and liabilities, are one way to measure the School District’s financial health or position.

Over time, increases or decreases in the School District’s net assets 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 Assets 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 Assets 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 assets were \$16,519,737 at June 30, 2009 and \$18,331,488 at June 30, 2010. This represents an increase in net assets of \$1,811,751, indicating that the School District’s overall financial position has increased since fiscal 2009. This increase is largely due to the collection of a large outstanding lien in excess of \$2.3 million which had been unbudgeted in fiscal 2010 and, therefore, unspent at year-end. This increase in net assets is offset by an increased obligation for OPEB of \$775,021.

Table 1
Fiscal Year Ended June 30, 2010
Net Assets

| | Governmental | Business-type | 2010 |
|--|-----------------------|----------------------|-----------------------|
| | Activities | Activities | Total |
| Current and other assets | \$ 105,106,903 | \$ 570,562 | \$ 105,677,465 |
| Capital assets | 71,037,245 | 64,196 | 71,101,441 |
| Total Assets | <u>\$ 176,144,148</u> | <u>\$ 634,758</u> | <u>\$ 176,778,906</u> |
| Current and other liabilities | \$ 13,026,699 | \$ 16,001 | \$ 13,042,700 |
| Long-term liabilities: | | | |
| Due within one year | 3,563,644 | - | 3,563,644 |
| Due in more than one year | 144,761,735 | - | 144,761,735 |
| Deferred refunding loss | (2,920,661) | - | (2,920,661) |
| Total Liabilities | <u>\$ 158,431,417</u> | <u>\$ 16,001</u> | <u>\$ 158,447,418</u> |
| Invested in capital assets, net of related debt | \$ 2,257,530 | \$ 64,196 | \$ 2,321,726 |
| Unrestricted | 15,274,102 | 554,561 | 15,828,663 |
| Restricted | 181,099 | - | 181,099 |
| Total Net Assets | <u>\$ 17,712,731</u> | <u>\$ 618,757</u> | <u>\$ 18,331,488</u> |

| | Governmental | Business-type | 2009 |
|--|----------------------|----------------------|----------------------|
| | Activities | Activities | Total |
| Current and other assets | \$ 29,719,821 | \$ 576,713 | \$ 30,296,534 |
| Capital assets | 69,214,652 | 76,140 | 69,290,792 |
| Total Assets | <u>\$ 98,934,473</u> | <u>\$ 652,853</u> | <u>\$ 99,587,326</u> |
| Current and other liabilities | \$ 11,853,094 | \$ 37,125 | \$ 11,890,219 |
| Long-term liabilities: | | | |
| Due within one year | 2,673,328 | - | 2,673,328 |
| Due in more than one year | 71,568,637 | - | 71,568,637 |
| Deferred refunding loss | (3,064,595) | - | (3,064,595) |
| Total Liabilities | <u>\$ 83,030,464</u> | <u>\$ 37,125</u> | <u>\$ 83,067,589</u> |
| Invested in capital assets, net of related debt | \$ 1,829,898 | \$ 76,140 | \$ 1,906,038 |
| Unrestricted | 13,868,514 | 539,588 | 14,408,102 |
| Restricted | 205,597 | - | 205,597 |
| Total Net Assets | <u>\$ 15,904,009</u> | <u>\$ 615,728</u> | <u>\$ 16,519,737</u> |

Most of the School District's net assets are unrestricted. The remaining net assets are invested in capital assets (buildings, land, and equipment), net of related debt and restricted for purchases of athletic equipment, playground equipment, and technology.

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, 2010
General Revenues

| | 2009-10 | 2008-09 | Increase/ -Decrease | % |
|--|--------------|--------------|------------------------|-------|
| Real Estate Taxes | \$51,755,572 | \$49,018,157 | \$2,737,415 | 5.6 |
| Other Taxes - mainly earned income Taxes | 6,645,443 | 6,553,815 | 91,628 | 1.4 |
| Grants and Subsidies (mainly provided by the State of Pennsylvania) | 5,020,923 | 5,584,093 | -563,170 | -10.1 |
| State Property Tax reduction | 1,698,235 | 1,700,488 | -2,253 | -0.1 |

The 2010 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 2009 of \$1,871,035 which is reflective of the increase in tax revenues from a large outstanding delinquency.

Tables 3A and 3B takes the information from the Statement of Activities, rearranges 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, 2010
Changes in Net Assets

| | Governmental | Business-type | 2010 |
|---------------------------------------|---------------|---------------|---------------|
| | Activities | Activities | Total |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 306,016 | \$ 1,287,939 | \$ 1,593,955 |
| Operating grants and contributions | 9,281,671 | 189,835 | 9,471,506 |
| General revenues: | | | |
| Property taxes | 51,755,572 | - | 51,755,572 |
| Other taxes | 6,645,443 | - | 6,645,443 |
| Grants, subsidies, and contributions: | | | |
| Unrestricted | 5,020,923 | - | 5,020,923 |
| Investment earnings | 639,969 | 5,980 | 645,949 |
| Other income | 1,837,810 | - | 1,837,810 |
| Total revenues | 75,487,404 | 1,483,754 | 76,971,158 |
| Expenses: | | | |
| Instructional services | 42,142,150 | - | 42,142,150 |
| Pupil services | 3,139,349 | - | 3,139,349 |
| Instructional support services | 2,738,888 | - | 2,738,888 |
| Administration | 4,418,809 | - | 4,418,809 |
| Pupil health services | 775,048 | - | 775,048 |
| Financial services | 1,080,999 | - | 1,080,999 |
| Operation and maintenance of plant | 8,328,024 | - | 8,328,024 |
| Student transportation services | 1,088,955 | - | 1,088,955 |
| Other support services | 1,726,041 | - | 1,726,041 |
| Student activities | 2,006,483 | - | 2,006,483 |
| Community services | 470,938 | - | 470,938 |
| Intergovernmental: | | | |
| Special education | 1,877,418 | - | 1,877,418 |
| Other | 585,426 | - | 585,426 |
| Interest on long-term debt | 3,230,992 | - | 3,230,992 |
| Food services | - | 1,549,887 | 1,549,887 |
| Total expenses | 73,609,520 | 1,549,887 | 75,159,407 |
| Gain/Loss before transfers | 1,877,884 | (66,133) | 1,811,751 |
| Transfers | (69,162) | 69,162 | - |
| Change in net assets | 1,808,722 | 3,029 | 1,811,751 |
| Net assets: | | | |
| Beginning of year | 15,904,009 | 615,728 | 16,519,737 |
| End of year | \$ 17,712,731 | \$ 618,757 | \$ 18,331,488 |

Table 3B
Fiscal Year Ended June 30, 2009
Changes in Net Assets

| | Governmental | Business-type | 2009 |
|---------------------------------------|---------------|---------------|---------------|
| | Activities | Activities | Total |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 243,918 | \$ 1,307,096 | \$ 1,551,014 |
| Operating grants and contributions | 8,277,635 | 162,707 | 8,440,342 |
| General revenues: | | | |
| Property taxes | 49,018,157 | - | 49,018,157 |
| Other taxes | 6,553,815 | - | 6,553,815 |
| Grants, subsidies, and contributions: | | | |
| Unrestricted | 5,584,093 | - | 5,584,093 |
| Investment earnings | 1,065,427 | 12,546 | 1,077,973 |
| Other income | 1,800,624 | - | 1,800,624 |
| Total revenues | 72,543,669 | 1,482,349 | 74,026,018 |
| Expenses: | | | |
| Instructional services | 42,446,094 | - | 42,446,094 |
| Pupil services | 3,066,825 | - | 3,066,825 |
| Instructional support services | 2,822,607 | - | 2,822,607 |
| Administration | 4,210,571 | - | 4,210,571 |
| Pupil health services | 754,463 | - | 754,463 |
| Financial services | 1,065,416 | - | 1,065,416 |
| Operation and maintenance of plant | 7,912,981 | - | 7,912,981 |
| Student transportation services | 1,066,162 | - | 1,066,162 |
| Other support services | 2,023,463 | - | 2,023,463 |
| Student activities | 1,850,420 | - | 1,850,420 |
| Community services | 500,092 | - | 500,092 |
| Intergovernmental: | | | |
| Special Education | 1,781,323 | - | 1,781,323 |
| Other | 558,064 | - | 558,064 |
| Interest on long-term debt | 3,165,682 | - | 3,165,682 |
| Food services | - | 1,479,616 | 1,479,616 |
| Total expenses | 73,224,163 | 1,479,616 | 74,703,779 |
| Gain/Loss before transfers | (680,494) | 2,733 | (677,761) |
| Transfers | (69,162) | 69,162 | - |
| Change in net assets | (749,656) | 71,895 | (677,761) |
| Net assets: | | | |
| Beginning of year | 16,653,665 | 542,833 | 17,196,498 |
| End of year | \$ 15,904,009 | \$ 614,728 | \$ 16,518,737 |

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, 2010
Governmental Activities

| | | 2010 | 2010 | 2009 |
|--------------------|--|----------------------|----------------------|----------------------|
| | | Total Expense | Net Expense | Net Expense |
| | | of Services | of Services | of Services |
| Functions/Programs | | | | |
| | Instructional services | \$ 42,142,150 | \$ 35,004,938 | \$ 36,372,854 |
| | Pupil services | 3,139,349 | 3,000,574 | 2,917,978 |
| | Instructional support services | 2,738,888 | 2,633,711 | 2,712,689 |
| | Administration | 4,418,809 | 4,255,103 | 4,045,436 |
| | Pupil health services | 775,048 | 621,028 | 629,453 |
| | Financial services | 1,080,999 | 1,054,887 | 1,038,794 |
| | Operation and maintenance of plant | 8,328,024 | 8,128,850 | 7,706,397 |
| | Student transportation services | 1,088,955 | 950,964 | 946,634 |
| | Other support services | 1,726,041 | 1,688,523 | 1,984,532 |
| | Student activities | 2,006,483 | 1,944,654 | 1,789,041 |
| | Community services | 470,938 | 450,057 | 478,615 |
| | Intergovernmental: | | | |
| | Special education | 1,877,418 | 1,391,710 | 1,298,562 |
| | Other | 585,426 | 585,426 | 558,064 |
| | Interest on long-term debt | 3,230,992 | 2,311,408 | 2,223,561 |
| | Total governmental activities | <u>\$ 73,609,520</u> | <u>64,021,833</u> | <u>64,702,610</u> |
| | Less: | | | |
| | Unrestricted grants, subsidies | | 5,020,923 | 5,584,093 |
| | Total needs from local taxes and other revenues | | <u>\$ 59,000,910</u> | <u>\$ 59,118,517</u> |

The dependence upon tax revenues for governmental activities is apparent. The School District had expenses for governmental activities of \$73,609,520 while only \$306,016 has been provided from program specific charges and \$9,281,671 has been provided by the State and Federal Governments as operating grants. The School District also received \$5,020,923 from the State for Basic Education expenses, which leaves \$59,000,910 of expenses required to be covered by tax assessments and other revenues. Approximately, 80 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 \$1,287,939 and operating expenses of \$1,549,887 for fiscal year 2010. Non-operating revenues totaled \$195,815. 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, 2010
Summary of Governmental Change in Fund Balance

| | Beginning | Net Change | Ending |
|---------------------------------|---------------|-----------------|---------------|
| | Fund Balance | in Fund Balance | Fund Balance |
| 2010: | | | |
| General Fund | \$ 9,533,094 | \$ 3,485,279 | \$ 13,018,373 |
| Capital Fund | 5,547,911 | 70,674,736 | 76,222,647 |
| Debt Service Fund | - | - | - |
| Other Governmental Funds | 1,890,222 | (19,403) | 1,870,819 |
| 2010 - Total Governmental Funds | \$ 16,971,227 | \$ 74,140,612 | \$ 91,111,839 |
| 2009 - Total Governmental Funds | \$ 17,647,911 | \$ (676,684) | \$ 16,971,227 |

The increase in the General Fund is predominantly from the sale of a delinquent property and the collection of outstanding taxes in excess of \$2.3 million from the sale. The large increase in fund balance in the Capital Fund reflects the issuance of \$69 million in bonds to begin to fund the High School construction project. Additional funds for the project are anticipated to be borrowed no earlier than 2012.

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.

For the General Fund, local sources of revenues were more than budgeted amounts by \$2,458,494. One budgetary variance is the receipt of more real estate taxes due to payment from an outstanding delinquent property. Offsetting this increase is a decrease in both Earned Income Taxes and Investment Earnings due to poor economic conditions in the country as a whole.

There is also an increase in Realty Transfer Tax due to the increased sale of homes because of a subsidy from the Federal Stimulus funds for first time home purchases. State revenue sources

were down \$556,314 due to the State substituting Federal Stimulus funds for their typical contribution towards education. The Federal funding sources were up approximately the same amount for that reason.

Expenditures were budgeted at \$67,447,167 while actual expenditures were \$66,545,916; a positive variance of \$901,251. By State law, all expenditure budgets must have positive year-end balances except for debt service and fund transfers. The under spending of budgeted sums is due to reduced cost of instructional salaries. Funds in this 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. Savings in energy cost was significant from the original budgeted amount both from lower rates on energy as well as an active energy management program providing savings of about 25% on actual usage.

The General Fund revenues and other financing sources of the School District were more than expenditures and other financing uses by \$3,485,279. Most of these funds will be designated to the Capital Fund, the Other Post Employee Benefits Fund or to reserve funds for future retirement rate increases in fiscal 2010 according to policy. The School Board will discuss the disposition of these funds during fiscal 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2010, the School District's Governmental Activities had \$71,037,245 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 \$1,822,593 or 2.6% from last year.

Table 6
Governmental Activities
Fiscal Year Ended June 30, 2010
Capital Assets - Net of Depreciation (if applicable)

| | 2010 | 2009 |
|----------------------------|---------------------|---------------------|
| Land | \$ 547,024 | \$ 547,024 |
| Construction in progress | 4,013,121 | 858,830 |
| Buildings and Improvements | 101,735,518 | 101,254,754 |
| Furniture and Equipment | 13,492,849 | 12,830,032 |
| Accumulated depreciation | <u>(48,751,267)</u> | <u>(46,275,988)</u> |
| Total (net) | <u>\$71,037,245</u> | <u>\$69,214,652</u> |

For more detail of Capital Assets, please refer to the notes to the basic financial statements, pages 58 through 59.

DEBT ADMINISTRATION

As of June 30, 2010, the School District had total outstanding bond principal of \$137,730,000. More detailed information about our long-term liabilities is included in Note 5 to the basic financial statements beginning on page 54.

Table 7
Fiscal Year Ended June 30, 2010
Long-Term Obligations

| | 2010 | 2009 |
|---------------------------------|----------------------|---------------------|
| General Obligation Notes/Bonds: | | |
| 2002 A General Obligation Bonds | \$460,000 | \$ 1,910,000 |
| 2004 General Obligation Bonds | 11,880,000 | 12,095,000 |
| 2005 General Obligation Bonds | 52,955,000 | 52,960,000 |
| 2009 General Obligation Bonds | 3,435,000 | 3,715,000 |
| 2009 A General Obligation Bonds | <u>69,000,000</u> | <u>-</u> |
| Total | <u>\$137,730,000</u> | <u>\$70,680,000</u> |

NEXT YEAR'S BUDGETS AND RATES

The General Fund revenue and expenditure budget for the 2011 year is \$7,077,170 higher than the original budget for 2010. This represents a 9.8% increase in budgeted expenditures, predominantly in the areas of debt service and employee benefits. This year reflected the first year of payments on bonds issued for the High School Renovation Project. Payment on those first bonds totaled \$5.1 million and resulted in the need of a millage increase of 2.16 mills. Additionally, the rates school districts must pay for the retirement cost of their employees increased from 4.78% of salary to 8.22% of salary, an increase in rate of 72%. This required an additional millage increase of .37 mills. These two cost increases, offset by savings in other budget accounts, created a situation where the Board approved a millage rate 2.52 mills above the prior year rate. Instructional enhancements in the areas of Social Studies text adoptions and new laptop computers for the Science Department were funded this year.

This budget millage increase of 2.52 mills raised the millage rate to 26.63 mills from the fiscal 2010 rate of 24.11 mills. Federal Stimulus Funds are also budgeted this year for the second half of the District's allocation for IDEA funding. The amount the District expects to receive is about \$450,000 in the budget. Some of those funds will be used to offset salary increases for special needs staffing and tuition for our special needs students in Approved Private School placements. This budget reflects our School District's millage rate at 6th of 43 school systems in Allegheny County.

The comparison of revenues and expenditures categories is as follows:

Table 8
BUDGETED REVENUES

| | 2010-11 | 2009-10 | % Increase <Decrease> |
|---------------------|---------------------|---------------------|-----------------------|
| Local | \$62,906,450 | \$57,216,486 | 9.9 |
| State | 15,312,818 | 13,923,462 | 9.9 |
| Federal/Other | 1,143,172 | 1,145,322 | -.1 |
| Use of Fund Balance | - | - | 0.0 |
| Total | <u>\$79,362,440</u> | <u>\$72,285,270</u> | 9.8 |

BUDGETED EXPENDITURES

| | 2010-11 | 2009-10 | % Increase <Decrease> |
|---------------------------|---------------------|---------------------|-----------------------|
| Instruction | \$43,045,463 | \$41,534,949 | 3.6 |
| Support Services | 23,717,584 | 23,292,373 | 1.8 |
| Non-Instruction/Community | 2,466,429 | 2,162,933 | 14.0 |
| Fund Transfers/Debt | <u>10,132,964</u> | <u>5,295,015</u> | 91.4 |
| Total | <u>\$79,362,440</u> | <u>\$72,285,270</u> | 9.8 |

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. There are exceptions to this limit, of which levying tax increases to pay debt approved prior to June of 2006 is one. This enabled our School Board to levy the taxes necessary to pay the debt service on the 2009-A Bonds which were approved in 2006 prior to the Act's passage. This exception to the Index limit enabled the Board to fund the 2011 fiscal plan. However, this legislation will create challenges as we look forward to planning for funding the remaining costs of the High School Renovation Project in the 2013 fiscal year.

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 ASSETS

JUNE 30, 2010

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 27,463,347 | \$ 519,615 | \$ 27,982,962 |
| Cash and cash equivalents - restricted | 72,087,702 | - | 72,087,702 |
| Property taxes receivable, net of allowance for uncollectible | 1,002,186 | - | 1,002,186 |
| Earned income taxes receivable | 925,822 | - | 925,822 |
| Intergovernmental receivable | 930,345 | 6,960 | 937,305 |
| Other receivables | 103,791 | 30,935 | 134,726 |
| Internal balances | 18,285 | (18,285) | - |
| Prepaid assets | 42,227 | - | 42,227 |
| Inventory | 1,460,616 | 31,337 | 1,491,953 |
| Bond issue costs | 649,111 | - | 649,111 |
| Investment in joint ventures | 423,471 | - | 423,471 |
| Capital assets: | | | |
| Non-depreciable | 4,560,145 | - | 4,560,145 |
| Depreciable, net of accumulated depreciation | 66,477,100 | 64,196 | 66,541,296 |
| Total Assets | \$ 176,144,148 | \$ 634,758 | \$176,778,906 |
| Liabilities and Net Assets | | | |
| Liabilities: | | | |
| Accounts payable and other current liabilities | \$ 1,076,147 | \$ 8,891 | \$ 1,085,038 |
| Accrued salaries and benefits | 6,131,878 | - | 6,131,878 |
| Accrued interest payable | 953,403 | - | 953,403 |
| Unearned revenue | 4,865,271 | 7,110 | 4,872,381 |
| Non-current liabilities: | | | |
| Due within one year | 3,563,644 | - | 3,563,644 |
| Due in more than one year | 144,761,735 | - | 144,761,735 |
| Deferred refunding loss | (2,920,661) | - | (2,920,661) |
| Total Liabilities | 158,431,417 | 16,001 | 158,447,418 |
| Net Assets: | | | |
| Invested in capital assets, net of related debt | 2,257,530 | 64,196 | 2,321,726 |
| Unrestricted | 15,274,102 | 554,561 | 15,828,663 |
| Restricted for special projects | 181,099 | - | 181,099 |
| Total Net Assets | 17,712,731 | 618,757 | 18,331,488 |
| Total Liabilities and Net Assets | \$ 176,144,148 | \$ 634,758 | \$176,778,906 |

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Assets | | | |
|--|---------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|-----------------|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total | |
| Governmental Activities: | | | | | | | | |
| Instructional services | \$ 42,142,150 | \$ 306,016 | \$ 6,831,196 | \$ - | \$ (35,004,938) | \$ - | \$ (35,004,938) | |
| Pupil services | 3,139,349 | - | 138,775 | - | (3,000,574) | - | (3,000,574) | |
| Instructional support services | 2,738,888 | - | 105,177 | - | (2,633,711) | - | (2,633,711) | |
| Administration | 4,418,809 | - | 163,706 | - | (4,255,103) | - | (4,255,103) | |
| Pupil health services | 775,048 | - | 154,020 | - | (621,028) | - | (621,028) | |
| Financial services | 1,080,999 | - | 26,112 | - | (1,054,887) | - | (1,054,887) | |
| Operation and maintenance of plant | 8,328,024 | - | 199,174 | - | (8,128,850) | - | (8,128,850) | |
| Student transportation services | 1,088,955 | - | 137,991 | - | (950,964) | - | (950,964) | |
| Other support services | 1,726,041 | - | 37,518 | - | (1,688,523) | - | (1,688,523) | |
| Student activities | 2,006,483 | - | 61,829 | - | (1,944,654) | - | (1,944,654) | |
| Community services | 470,938 | - | 20,881 | - | (450,057) | - | (450,057) | |
| Intergovernmental: | | | | | | | | |
| Special education | 1,877,418 | - | 485,708 | - | (1,391,710) | - | (1,391,710) | |
| Other | 585,426 | - | - | - | (585,426) | - | (585,426) | |
| Unallocated expenses - excluding direct expenses reported as a function above: | | | | | | | | |
| Interest on long-term debt | 3,230,992 | - | 919,584 | - | (2,311,408) | - | (2,311,408) | |
| Total governmental activities | 73,609,520 | 306,016 | 9,281,671 | - | (64,021,833) | - | (64,021,833) | |

(Continued)

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

(Continued)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Assets | | |
|--|---------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|---------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Business-Type Activities: | | | | | | | |
| Food services | 1,549,887 | 1,287,939 | 189,835 | - | - | (72,113) | (72,113) |
| Total | \$ 75,159,407 | \$ 1,593,955 | \$ 9,471,506 | \$ - | (64,021,833) | (72,113) | (64,093,946) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes, net of uncollectibles | | | | | 51,755,572 | - | 51,755,572 |
| Local Services Tax Revenue | | | | | 44,781 | - | 44,781 |
| Public Utility Realty Tax | | | | | 80,728 | - | 80,728 |
| Earned Income Tax | | | | | 5,783,167 | - | 5,783,167 |
| Occupation Tax | | | | | - | - | - |
| Real Estate Transfer Tax | | | | | 736,767 | - | 736,767 |
| Grants, subsidies, and contributions not restricted to | | | | | | | |
| a specific program | | | | | 5,020,923 | - | 5,020,923 |
| State property tax reduction | | | | | 1,698,235 | - | 1,698,235 |
| Investment earnings | | | | | 639,969 | 5,980 | 645,949 |
| Other income | | | | | 90,979 | - | 90,979 |
| Change in investment in joint ventures | | | | | 48,596 | - | 48,596 |
| Transfers | | | | | (69,162) | 69,162 | - |
| Total general revenues and transfers | | | | | 65,830,555 | 75,142 | 65,905,697 |
| Total Change in Net Assets | | | | | 1,808,722 | 3,029 | 1,811,751 |
| Net Assets: | | | | | | | |
| Beginning of year | | | | | 15,904,009 | 615,728 | 16,519,737 |
| End of year | | | | | \$ 17,712,731 | \$ 618,757 | \$ 18,331,488 |

(Concluded)

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

MT. LEBANON SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2010

| | General Fund | Capital Fund | Debt Service Fund | Other Governmental Funds | Total |
|---|----------------------|----------------------|----------------------|--------------------------------|-----------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 21,652,086 | \$ 3,940,442 | \$ - | \$ 1,870,819 | \$ 27,463,347 |
| Cash and cash equivalents - restricted | - | 72,087,702 | - | - | 72,087,702 |
| Receivables: | | | | | |
| Property taxes | 1,002,186 | - | - | - | 1,002,186 |
| Tuition | 94,701 | - | - | - | 94,701 |
| Federal and state governmental grants | 800,591 | - | - | - | 800,591 |
| Earned income taxes | 925,822 | - | - | - | 925,822 |
| Realty transfer taxes | 129,754 | - | - | - | 129,754 |
| Other | 9,090 | - | - | - | 9,090 |
| Due from other funds | 18,285 | - | - | - | 18,285 |
| Inventory | 1,046,560 | 414,056 | - | - | 1,460,616 |
| Prepaid insurance | 42,227 | - | - | - | 42,227 |
| Total Assets | \$ 25,721,302 | \$ 76,442,200 | \$ - | \$ 1,870,819 | \$ 104,034,321 |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 856,594 | \$ 219,553 | \$ - | \$ - | \$ 1,076,147 |
| Retainage payable | - | - | - | - | - |
| Accrued payroll and payroll - related liabilities | 6,131,878 | - | - | - | 6,131,878 |
| Due to other funds | - | - | - | - | - |
| Due to student organizations | - | - | - | - | - |
| Revenue collected in advance | 4,865,271 | - | - | - | 4,865,271 |
| Deferred revenue | 849,186 | - | - | - | 849,186 |
| Total Liabilities | 12,702,929 | 219,553 | - | - | 12,922,482 |
| Fund Balance: | | | | | |
| Reserved for encumbrances | - | - | - | - | - |
| Reserved for inventory | 1,046,560 | 414,056 | - | - | 1,460,616 |
| Reserved for prepaid insurance | 42,227 | - | - | - | 42,227 |
| Reserved for Capital Projects | - | 72,087,702 | - | 1,689,720 | 73,777,422 |
| Reserved for debt service | - | - | - | - | - |
| Reserved for Special Projects | - | - | - | 181,099 | 181,099 |
| Unreserved, undesignated, reported in General Fund | 4,761,746 | - | - | - | 4,761,746 |
| Unreserved, designated, reported in General Fund | 7,167,840 | - | - | - | 7,167,840 |
| Unreserved, designated, reported in Capital Fund | - | 3,720,889 | - | - | 3,720,889 |
| Total Fund Balance | 13,018,373 | 76,222,647 | - | 1,870,819 | 91,111,839 |
| Total Liabilities and Fund Balance | \$ 25,721,302 | \$ 76,442,200 | \$ - | \$ 1,870,819 | \$ 104,034,321 |

The notes to the 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 ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

| | | | |
|--|--------------------------|--------------------|----------------------|
| Total Fund Balance - Governmental Funds | | | \$ 91,111,839 |
| Amounts reported for governmental activities in the statement of net assets are different | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, | | | 71,037,245 |
| Mt. Lebanon School District's (School District) investment in joint venture does not | | | 423,471 |
| Property taxes and earned income taxes receivable will be collected next year, but are not | | | 849,186 |
| The actuarially accrued other post-employment benefit (OPEB) obligation for the School | | | (1,518,025) |
| Government funds report the effect of issuance costs, premiums, discounts, and similar | | | |
| Bond issue costs of \$867,870, net of amortization of \$218,759 | \$ | 649,111 | |
| Bond issue premium of \$6,991,780, net of amortization of \$284,591 | | (6,707,189) | |
| Deferred refunding loss of \$3,598,348, net of amortization of \$677,687 | | <u>2,920,661</u> | (3,137,417) |
| Long-term liabilities, including bonds payable, are not due and payable in the current | | | |
| | Bonds payable, net | (137,730,000) | |
| | Accrued interest payable | (953,403) | |
| | Compensated absences | <u>(2,370,165)</u> | <u>(141,053,568)</u> |
| Total Net Assets - Governmental Activities | | | <u>\$ 17,712,731</u> |

The notes to the 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, 2010

| | General Fund | Capital Fund | Debt Service Fund | Other Governmental Funds | Total |
|---|-----------------|--------------|----------------------|--------------------------------|---------------|
| Revenues: | | | | | |
| Local sources: | | | | | |
| Real estate tax and penalties | \$ 51,697,076 | \$ - | \$ - | \$ - | \$ 51,697,076 |
| Earned income tax | 5,783,167 | - | - | - | 5,783,167 |
| Occupation tax | - | - | - | - | - |
| Realty transfer tax | 736,767 | - | - | - | 736,767 |
| Public utility tax | 80,728 | - | - | - | 80,728 |
| Investment earnings | 270,153 | 364,333 | - | 5,483 | 639,969 |
| Rental of facilities | 85,869 | - | - | - | 85,869 |
| Tuition from patrons | 306,016 | - | - | - | 306,016 |
| Gifts and grants | 21,711 | 5,000 | - | 136,201 | 162,912 |
| Other local sources, including IDEA funds | 693,493 | - | - | - | 693,493 |
| Total local revenues | 59,674,980 | 369,333 | - | 141,684 | 60,185,997 |
| State sources: | | | | | |
| Basic education subsidies | 5,020,923 | - | - | - | 5,020,923 |
| Social security/retirement subsidies | 2,540,080 | - | - | - | 2,540,080 |
| Special education subsidies | 2,560,695 | - | - | - | 2,560,695 |
| Construction subsidies | - | - | - | - | - |
| Transportation subsidies | 124,437 | - | - | - | 124,437 |
| Medical, dental, and nurse care | 120,607 | - | - | - | 120,607 |
| Property tax reduction allocation | 1,698,235 | - | - | - | 1,698,235 |
| Other state aid | 1,302,171 | - | - | - | 1,302,171 |
| Total state revenues | 13,367,148 | - | - | - | 13,367,148 |
| Federal sources: | | | | | |
| Elementary and Secondary Education Act | 362,221 | - | - | - | 362,221 |
| Other federal grants | 1,464,946 | - | - | - | 1,464,946 |
| Total federal revenues | 1,827,167 | - | - | - | 1,827,167 |
| Total revenues | 74,869,295 | 369,333 | - | 141,684 | 75,380,312 |

(Continued)

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

| | General Fund | Capital Fund | Debt Service Fund | Other Governmental Funds | Total |
|--|-----------------|--------------|----------------------|--------------------------------|---------------|
| Expenditures: | | | | | |
| Current: | | | | | |
| Instructional services | 39,729,738 | 80,228 | - | - | 39,809,966 |
| Pupil services | 3,026,765 | - | - | - | 3,026,765 |
| Instructional support services | 2,640,665 | - | - | - | 2,640,665 |
| Administration | 4,252,527 | - | - | - | 4,252,527 |
| Pupil health services | 747,253 | - | - | - | 747,253 |
| Financial services | 1,042,232 | - | - | - | 1,042,232 |
| Operation and maintenance of plant | 7,703,027 | 329,397 | - | - | 8,032,424 |
| Student transportation services | 1,048,684 | - | - | - | 1,048,684 |
| Other support services | 1,657,663 | - | - | 1,300 | 1,658,963 |
| Student activities | 1,780,469 | - | - | 159,787 | 1,940,256 |
| Community services | 454,049 | - | - | - | 454,049 |
| Capital outlay | - | 4,297,872 | - | - | 4,297,872 |
| Intergovernmental: | | | | | |
| Special education | 1,877,418 | - | - | - | 1,877,418 |
| Other | 585,426 | - | - | - | 585,426 |
| Debt service: | | | | | |
| Principal | - | - | 1,950,000 | - | 1,950,000 |
| Interest | - | - | 2,818,938 | - | 2,818,938 |
| Bond issue costs | - | 438,300 | - | - | 438,300 |
| Total expenditures | 66,545,916 | 5,145,797 | 4,768,938 | 161,087 | 76,621,738 |
| Excess (Deficiency) of Revenues Over Expenditures | 8,323,379 | (4,776,464) | (4,768,938) | (19,403) | (1,241,426) |
| Other Financing Sources (Uses): | | | | | |
| Proceeds from the issuance of bonds | - | 69,000,000 | - | - | 69,000,000 |
| Payment to refunded bond escrow agent | - | - | - | - | - |
| Premium on issuance of bonds | - | 6,451,200 | - | - | 6,451,200 |
| Proceeds from sale of land | - | - | - | - | - |
| Transfer in | - | - | 4,768,938 | - | 4,768,938 |
| Transfer out | (4,838,100) | - | - | - | (4,838,100) |
| Total other financing sources (uses) | (4,838,100) | 75,451,200 | 4,768,938 | - | 75,382,038 |
| Net Change in Fund Balance | 3,485,279 | 70,674,736 | - | (19,403) | 74,140,612 |
| Fund Balance: | | | | | |
| Beginning of year | 9,533,094 | 5,547,911 | - | 1,890,222 | 16,971,227 |
| End of year | \$ 13,018,373 | 76,222,647 | \$ - | \$ 1,870,819 | \$ 91,111,839 |

(Concluded)

The notes to the 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, 2010

Net Change in Fund Balance - Governmental Funds \$ 74,140,612

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

| | | |
|----------------------------|--------------------|-----------|
| Capital outlays | \$ 4,297,872 | |
| Less: depreciation expense | <u>(2,475,279)</u> | 1,822,593 |

| | |
|---|--------|
| Some taxes will not be collected for several months after Mt. Lebanon School District's (School | 58,496 |
|---|--------|

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and offset against proceeds from the sale of capital assets resulting in a gain from the sale of capital assets on the statement of activities.

| | | |
|--------------------------------|----------|---|
| Proceeds from sale of building | \$ - | |
| Gain on sale of capital assets | <u>-</u> | - |

| | |
|--|-----------|
| The repayment of the principal of long-term obligations consumes the current financial resources | 1,950,000 |
|--|-----------|

| | |
|--|-------|
| Interest on long-term obligations in the statement of activities differs from the amount reported in | 7,709 |
|--|-------|

The issuance of long-term obligations (e.g. bonds, leases, loans) provides current financial

| | | |
|----------------------------------|--------------------|--------------|
| Proceeds from bond issue | (69,000,000) | |
| Payment to refunding bond escrow | <u>-</u> | |
| Bond issue costs paid | - | |
| Premium on refunding bonds | <u>(6,451,200)</u> | (75,451,200) |

Some expenses reported in the statement of activities do not require the use of current financial

| | | |
|---|------------------|--------|
| Amortization of bond issue costs | (41,936) | |
| Amortization of bond premiums | 204,407 | |
| Amortization of deferred refunding loss | <u>(143,934)</u> | 18,537 |

| | |
|---|---|
| Donations of capital assets increase net assets and are reported in the statement of activities but are excluded from the governmental funds. | - |
|---|---|

| | |
|---|--------|
| Because the investment in joint venture is not recorded on the fund statements as it represents the | 48,596 |
|---|--------|

| | |
|---|-----------|
| The actuarially accrued other post-employment benefit (OPEB) obligation for the School District's | (775,021) |
|---|-----------|

| | |
|--|-----------------|
| In the statement of activities, certain operating expenses, specifically, accumulated employee | <u>(11,600)</u> |
|--|-----------------|

| | |
|---|----------|
| Proceeds from the sale of capital assets are reported as an other financing source in the | <u>-</u> |
|---|----------|

| | |
|--|----------------------------|
| Change in Net Assets of Governmental Activities | <u>\$ 1,808,722</u> |
|--|----------------------------|

The notes to the 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, 2010

| | Budget | | Actual | Variance with Final Budget |
|---|---------------|---------------|---------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Local sources: | | | | |
| Real estate tax and penalties | \$ 49,240,359 | \$ 49,240,359 | \$ 51,697,076 | \$ 2,456,717 |
| Earned income tax | 5,882,317 | 5,882,317 | 5,783,167 | (99,150) |
| Occupation tax | - | - | - | - |
| Realty transfer tax | 500,000 | 500,000 | 736,767 | 236,767 |
| Public utility tax | 80,000 | 80,000 | 80,728 | 728 |
| Investment earnings | 550,000 | 550,000 | 270,153 | (279,847) |
| Rental of facilities | 91,000 | 91,000 | 85,869 | (5,131) |
| Tuition from patrons | 238,810 | 238,810 | 306,016 | 67,206 |
| Gifts and grants | 20,000 | 20,000 | 21,711 | 1,711 |
| Other local sources, including IDEA funds | 614,000 | 614,000 | 693,493 | 79,493 |
| Total local sources | 57,216,486 | 57,216,486 | 59,674,980 | 2,458,494 |
| State sources: | | | | |
| Basic education subsidies | 5,589,093 | 5,589,093 | 5,020,923 | (568,170) |
| Social security/retirement subsidies | 2,550,568 | 2,550,568 | 2,540,080 | (10,488) |
| Special education subsidies | 2,495,562 | 2,495,562 | 2,560,695 | 65,133 |
| Construction subsidies | - | - | - | - |
| Transportation subsidies | 107,780 | 107,780 | 124,437 | 16,657 |
| Medical, dental, and nurse care | 130,000 | 130,000 | 120,607 | (9,393) |
| Property tax reduction allocation | 1,698,235 | 1,698,235 | 1,698,235 | - |
| Other state aid | 1,352,224 | 1,352,224 | 1,302,171 | (50,053) |
| Total state sources | 13,923,462 | 13,923,462 | 13,367,148 | (556,314) |
| Federal sources: | | | | |
| Elementary and Secondary Education Act | 481,122 | 481,122 | 362,221 | (118,901) |
| Other federal grants | 664,200 | 664,200 | 1,464,946 | 800,746 |
| Total federal sources | 1,145,322 | 1,145,322 | 1,827,167 | 681,845 |
| Total revenues | 72,285,270 | 72,285,270 | 74,869,295 | 2,584,025 |

(Continued)

The notes to the 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, 2010

(Continued)

| | Budget | | Actual | Variance with Final Budget |
|--|--------------|--------------|---------------|-------------------------------|
| | Original | Final | | |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services | 41,534,949 | 40,490,105 | 39,729,738 | 760,367 |
| Pupil services | 3,113,197 | 3,032,427 | 3,026,765 | 5,662 |
| Instructional support services | 2,795,570 | 2,650,580 | 2,640,665 | 9,915 |
| Administration | 4,475,070 | 4,303,069 | 4,252,527 | 50,542 |
| Pupil health services | 733,280 | 748,030 | 747,253 | 777 |
| Financial services | 1,079,953 | 1,049,863 | 1,042,232 | 7,631 |
| Operation and maintenance of plant | 8,450,515 | 7,715,170 | 7,703,027 | 12,143 |
| Student transportation services | 1,082,975 | 1,050,955 | 1,048,684 | 2,271 |
| Other support services | 1,561,813 | 1,697,023 | 1,657,663 | 39,360 |
| Student activities | 1,795,162 | 1,790,460 | 1,780,469 | 9,991 |
| Community services | 367,771 | 456,641 | 454,049 | 2,592 |
| Capital outlay | - | - | - | - |
| Intergovernmental: | | | | |
| Special education | - | 1,877,418 | 1,877,418 | - |
| Other | - | 585,426 | 585,426 | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issue costs | 0 | 0 | 0 | - |
| Total expenditures | 66,990,255 | 67,447,167 | 66,545,916 | 901,251 |
| Excess (Deficiency) of Revenues Over Expenditures | 5,295,015 | 4,838,103 | 8,323,379 | 3,485,276 |
| Other Financing Sources (Uses): | | | | |
| Proceeds from the issuance of bonds | 0 | 0 | 0 | - |
| Payment to refunded bond escrow agent | 0 | 0 | 0 | - |
| Operating transfer in | 0 | 0 | - | - |
| Proceeds from sale of land | - | - | - | - |
| Transfer out | (4,892,597) | (4,838,103) | (4,838,100) | 3 |
| Budgetary reserve | (402,418) | - | - | - |
| Total other financing sources (uses) | (5,295,015) | (4,838,103) | (4,838,100) | 3 |
| Net Change in Fund Balance | - | - | 3,485,279 | 3,485,279 |
| Fund Balance: | | | | |
| Beginning of year | 9,533,094 | 9,533,094 | 9,533,094 | - |
| End of year | \$ 9,533,094 | \$ 9,533,094 | \$ 13,018,373 | \$ 3,485,279 |

(Concluded)

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF NET ASSETS PROPRIETARY FUND

JUNE 30, 2010

| | Enterprise Fund Food Service |
|--|---------------------------------|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 519,615 |
| Intergovernmental receivable | 6,960 |
| Other receivables | 30,935 |
| Due from other funds | 0 |
| Inventory | 31,337 |
| Total current assets | 588,847 |
| Non-current assets: | |
| Equipment, furniture, and fixtures | 868,201 |
| Less accumulated depreciation | (804,005) |
| Total non-current assets | 64,196 |
| Total Assets | \$ 653,043 |
| Liabilities and Net Assets | |
| Liabilities: | |
| Current liabilities: | |
| Accounts payable and other current liabilities | \$ 8,891 |
| Accrued payroll | 0 |
| Due to other funds | 18,285 |
| Deferred revenue | 7,110 |
| Total Liabilities | 34,286 |
| Non-current liabilities: | |
| Other non-current liabilities | - |
| Total Liabilities | 34,286 |
| Net Assets: | |
| Invested in capital assets | 64,196 |
| Unrestricted | 554,561 |
| Total Net Assets | 618,757 |
| Total Liabilities and Net Assets | \$ 653,043 |

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2010

| | Enterprise Fund Food Service |
|--------------------------------|---------------------------------|
| Operating Revenue: | |
| Sale of food | \$ 1,287,939 |
| Operating Expenses: | |
| Salaries and wages | 532,772 |
| Employee benefits | 79,388 |
| Food | 816,791 |
| Operation | 69,162 |
| Supplies | 34,437 |
| Administrative fees | 0 |
| Depreciation | 17,337 |
| Total operating expenses | 1,549,887 |
| Net Operating Loss | (261,948) |
| Non-operating Revenues: | |
| Federal programs: | |
| Subsidies | 118,394 |
| Donated commodities | 44,011 |
| State subsidies | 27,430 |
| Retirement reimbursement | 0 |
| Earnings on investments | 5,980 |
| Total non-operating revenues | 195,815 |
| Loss before transfers | (66,133) |
| Interfund Transfers: | |
| Transfers in | 69,162 |
| Operating transfers out | 0 |
| Total operating transfers | 69,162 |
| Change in Net Assets | 3,029 |
| Net Assets: | |
| Beginning of year | 615,728 |
| End of year | \$ 618,757 |

The notes to the 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, 2010

| | Enterprise Fund Food Service |
|---|---------------------------------|
| Cash Flows From Operating Activities: | |
| Receipts from users | \$ 1,287,939 |
| Payments to employees | (612,160) |
| Payments to suppliers | (891,165) |
| Net cash provided by (used in) operating activities | (215,386) |
| Cash Flows From Non-Capital Financing Activities: | |
| Grants and subsidies received: | |
| State | 27,430 |
| Federal | 130,256 |
| Transfer | 83,241 |
| Net cash provided by (used in) non-capital financing activities | 240,927 |
| Cash Flows From Capital and Related Financing Activities: | |
| Purchase of capital assets | (5,393) |
| Cash Flows From Investing Activities: | |
| Earnings on investments | 5,980 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 26,128 |
| Cash and Cash Equivalents: | |
| Beginning of year | 493,487 |
| End of year | \$ 519,615 |
| Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities: | |
| Net operating loss | \$ (261,948) |
| Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities: | |
| Depreciation expense | 17,337 |
| Donated commodities | 44,011 |
| Change in assets and liabilities: | |
| Other receivables | (2,874) |
| Inventory | 9,212 |
| Deferred revenue | (14,802) |
| Accounts payable and other current liabilities | (6,322) |
| Accrued payroll | |
| Total adjustments | 46,562 |
| Net cash provided by (used in) operating activities | \$ (215,386) |

Non-Cash, Non-Capital Financing Transactions:

Mt. Lebanon School District received donated commodities of \$29,209 from the Department of Agriculture.

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

| | Private Purpose Trust Fund | Agency Funds |
|--------------------------------|-------------------------------|--------------|
| Assets | | |
| Cash and cash equivalents | \$ 138,285 | \$ 148,331 |
| Total Assets | 138,285 | 148,331 |
| Liabilities | | |
| Due to student organizations | - | 148,331 |
| Total Liabilities | - | 148,331 |
| Net Assets | | |
| Held in trust for scholarships | \$ 138,285 | \$ - |

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

| | Private Purpose Trust Fund |
|-----------------------------|-------------------------------|
| Additions: | |
| Contributions: | |
| Private donations | \$ 33,600 |
| Investment earnings: | |
| Interest | 285 |
| | |
| Total additions | 33,885 |
| Deductions: | |
| Education scholarships | 18,336 |
| Payments to others | 6,274 |
| | |
| Total deductions | 24,610 |
| Change in Net Assets | 9,275 |
| Net Assets: | |
| Beginning of year | 129,010 |
| | |
| End of year | \$ 138,285 |

The notes to the 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, 2010

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). The criteria set forth in Governmental Accounting Standards Board Statement (GASB) No. 14, "*The Financial Reporting Entity*," as amended, is 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, in accordance with GASB Statement No. 14, "*The Financial Reporting Entity*," as amended. 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 assets and the statement of activities) report information on all of the non-fiduciary activities of the School District. For the most part, the effect of inter-fund activity has been removed from these statements, except for inter-fund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 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.

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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Earned income taxes are recognized when the underlying wages are earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. State and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, post-employment benefits, and any claims or judgments, are recorded only when payment is due.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

enterprise funds, subject to this same limitation. The School District has elected not to follow subsequent private-sector guidance.

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 charged 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.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Property taxes are levied as of June 1 on property values assessed as of the same date. The billings are considered past due on October 1, and penalties and interest are assessed.

Inventory and Prepaid Items

Textbooks are recorded as instructional expenditures of the General Fund 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 reservation of fund balance.

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 \$3,230,992. Of this amount, none was included as part of the cost of capital assets under construction in connection with business-type activities.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 | 20 |
| Equipment | 6-20 |
| Computer equipment | 5 |
| Food service equipment | 10 |

Compensated Absences

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

- Teachers, upon retirement with 15 years of service, are reimbursed for unused sick days at the rate of \$40 per day for the first 100 days and \$50 per day for an additional 180 days. The maximum payment is \$13,000.
- Administrators with 10 years of service are entitled to \$75 per day for unused sick days up to a maximum payment of \$13,000 plus \$5,000 for life insurance. They are also paid a per-diem for unused vacation days.
- Clerical and Secretarial union members with 12 years of service are entitled to reimbursement of unused sick days at the rate of \$30 per day with a maximum payout of \$3,500. Secretaries hired before June 30, 1999 receive \$3,000 for life insurance. All unused vacation days are paid at a per diem rate.
- Specialists and Administrative Assistants with 12 years of service are entitled to reimbursement of unused sick days at the rate of \$30 per day with a maximum payout of \$5,000 and \$3,000 for life insurance. All unused vacation days are paid at a per diem rate.
- Custodial and Maintenance workers with 12 years of service are entitled to reimbursement of unused sick days at the rate of \$30 per day with a maximum payout of \$3,500. All unused vacation days are paid at a per diem rate.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, as well as issuance costs and refunding losses, are deferred and amortized over the life of the bonds using the effective interest method. Bonds are reported net of the applicable bond premium.

In the fund financial statements, the face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are also reported as other financing sources. Issuance 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 reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that may be subject to change.

The School District has reserved fund balances related to the following items:

- Reserved for inventory and prepaid insurance represents that portion of fund balance already expended for textbooks, supplies, and insurance that have not been consumed.
- Reserved for capital projects represents that portion of fund balance restricted for capital projects.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

- Reserved for special projects represents that portion of fund balance restricted for future projects as determined by the donor or grantor.

\$5,492,840 of the designated fund balance has been designated to be transferred out of the General Fund in accordance with the Board policy described below. \$1,175,000 of the designated fund balance has been designated for future OPEB obligations to pay for three years of retiree healthcare costs. \$500,000 has been designated for a PSERS Rate Stabilization fund to ease expected future rate increases.

The designated fund balance reported in the Capital Fund of \$3,720,889, represents funds that were previously transferred to the Capital Fund for use in future capital projects as a result of the Board policy described below.

Undesignated fund balance is used to denote that portion of the fund balance that is available for appropriations.

Net Assets

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

- Invested in capital assets, net of related debt – This component of net assets 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.
- Restricted – This component of net assets consists of constraints placed on net asset use through external restrictions. The amounts reported as restricted net assets at June 30, 2010 represent funds raised from outside parties to be used to purchase athletic equipment, playground equipment, and technology.
- Unrestricted – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.” The net investment in the joint venture is also reflected here.

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 Board to authorize budget transfer amendments beginning 90 days after the

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 2010, there were no instances where actual expenditures exceeded the budget amounts. The Board established a policy that General Fund amounts exceeding 6% of the next year's budgeted expenditures be transferred to the Capital Fund for use in future capital projects or to help pay for retiree healthcare obligations, 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.

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

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Recent Accounting Pronouncement

In March 2009, GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This Statement's objective is to enhance the usefulness of fund balance information. The guidance in this Statement will be effective for the School District's financial statement for the year ended June 30, 2011. The School District is currently considering the impact that this new pronouncement will have on its financial statements.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

2. DEPOSITS AND INVESTMENTS

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

- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation 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, 2010, the School District invested its funds only in one or more of the above-authorized investments. At June 30, 2010, 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, 2010

| | Deposits | CDs | U.S. Treasury Notes | FNMA | Pooled Funds | Total |
|--------------------------|----------------------|----------------------|------------------------|----------------------|----------------------|-----------------------|
| General Fund | \$ 2,715,816 | \$ 5,800,000 | \$ - | \$ - | \$ 13,136,270 | \$ 21,652,086 |
| Capital Fund | 20,060,819 | 16,554,000 | 7,523,438 | 20,841,121 | 11,048,766 | 76,028,144 |
| Other Governmental Funds | 179,261 | - | - | - | 1,691,558 | 1,870,819 |
| Proprietary Fund | 110,160 | - | - | - | 409,455 | 519,615 |
| Trust and Agency Funds | 186,416 | - | - | - | 100,200 | 286,616 |
| | <u>\$ 23,252,472</u> | <u>\$ 22,354,000</u> | <u>\$ 7,523,438</u> | <u>\$ 20,841,121</u> | <u>\$ 26,386,249</u> | <u>\$ 100,357,280</u> |

| Pooled Funds | |
|-------------------------------|----------------------|
| Pennsylvania School District | |
| Liquid Asset Fund (PSDLAF) | \$ 13,647,763 |
| Pennsylvania Local Government | |
| Investment Trust (PLGIT) | 13,227,288 |
| Total Pooled Funds | <u>\$ 26,875,051</u> |
| Carrying Value | <u>\$ 26,386,249</u> |

Deposits

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires deposits exceeding the Federal Depository Insurance limits be collateralized. At year-end, \$23,563,148 of the School District's \$23,813,148 bank balance for its deposits and CDs was not covered by Federal Deposit Insurance. A separate collateral agreement was signed on April 8, 2009 to have all deposits at Citizen's 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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

rating agency. As of June 30, 2010, investments in PSDLAF and PLGIT (described below) have received a AAAm rating from Standard & Poor's. The investments in FNMA have received a AAA rating from Standard & Poor's. The investments in U.S. Treasury Notes are not rated.

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, PLGIT, U.S. Treasury Notes, and FNMA have a maturity of one year or less.

The Pennsylvania School District Liquid Asset Fund and the Pennsylvania Local Government Investment Trust 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 is subject to oversight by the Commonwealth of Pennsylvania.

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 2010 was as follows:

| | |
|----------------------------|-----------------------|
| June 1, 2009 | - tax levy date |
| Through July 31, 2009 | - 2% discount period |
| Through September 30, 2009 | - face payment period |
| Beginning October 1, 2009 | - 10% penalty period |
| July 15, 2010 | - lien filing date |

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

The School District tax rate for all purposes in fiscal year 2010 was 24.11 mills (\$24.11 per \$1,000 assessed valuation) on a total assessed valuation of approximately \$2.2 billion.

4. ALLOWANCE FOR DOUBTFUL ACCOUNTS

General Fund property taxes receivables have been reported net of an allowance for doubtful accounts of \$1,449,599 at June 30, 2010.

5. LONG-TERM DEBT

2002 Series A General Obligation Bonds

The School District issued \$9,530,000 of 2002 Series A General Obligation Bonds (2002 Series A Bonds) for the purpose of currently refunding the outstanding 1998 General Obligation Bonds in the amount of \$9,330,000. The 2002 Series A Bonds bear interest semi-annually at rates ranging from 1.5% to 3.1% and mature serially through 2011. Future debt service payments on the 2002 Series A Bonds are as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|------------|----------|------------|
| 2011 | \$ 460,000 | \$ 7,130 | \$ 467,130 |

2004 General Obligation Bonds

During fiscal year 2004, the School District issued \$12,945,000 of 2004 General Obligation Bonds (2004 Bonds) for the purpose of advance refunding the outstanding 2000 General Obligations Bonds in the principal amount of \$1,890,000, advance refunding the outstanding 2001 General Obligation Bonds in the amount of \$9,985,000, and to pay all costs and expenses incurred in connection with the issuance and sale of the 2004 Bonds. The 2004 Bonds bear interest semi-annually at rates ranging from 2.25% to 3.80% and mature in 2017. Future debt service payments on the 2004 Bonds are as follows:

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------|---------------------|----------------------|
| 2011 | \$ 1,085,000 | \$ 384,185 | \$ 1,469,185 |
| 2012 | 1,605,000 | 344,838 | 1,949,838 |
| 2013 | 1,715,000 | 294,969 | 2,009,969 |
| 2014 | 1,770,000 | 238,304 | 2,008,304 |
| 2015 | 1,835,000 | 176,323 | 2,011,323 |
| 2016-2017 | 3,870,000 | 146,965 | 4,016,965 |
| | <u>\$ 11,880,000</u> | <u>\$ 1,585,584</u> | <u>\$ 13,465,584</u> |
| | | | |

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 Obligations 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:

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------|----------------------|----------------------|
| 2011 | \$ 110,000 | \$ 2,312,083 | \$ 2,422,083 |
| 2012 | 165,000 | 2,308,618 | 2,473,618 |
| 2013 | 170,000 | 2,303,255 | 2,473,255 |
| 2014 | 175,000 | 2,297,560 | 2,472,560 |
| 2015 | 180,000 | 2,291,523 | 2,471,523 |
| 2016-2020 | 9,590,000 | 10,956,678 | 20,546,678 |
| 2021-2025 | 18,385,000 | 7,614,155 | 25,999,155 |
| 2026-2030 | 22,650,000 | 3,341,769 | 25,991,769 |
| 2031 | 1,530,000 | 66,555 | 1,596,555 |
| | <u>\$ 52,955,000</u> | <u>\$ 33,492,196</u> | <u>\$ 86,447,196</u> |
| | | | |

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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:

| Fiscal Year | Principal | Interest | Total |
|-------------|--------------|------------|--------------|
| 2011 | \$ 460,000 | \$ 77,980 | \$ 537,980 |
| 2012 | 470,000 | 68,680 | 538,680 |
| 2013 | 480,000 | 59,180 | 539,180 |
| 2014 | 485,000 | 48,318 | 533,318 |
| 2015 | 500,000 | 35,693 | 535,693 |
| 2016-2017 | 1,040,000 | 29,790 | 1,069,790 |
| | \$ 3,435,000 | \$ 319,641 | \$ 3,754,641 |

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 project throughout the School District, and to pay all costs and expenses incurred in connection with the issuance and sale of the 2009 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 |
|-------------|---------------|---------------|----------------|
| 2011 | \$ 700,000 | \$ 4,400,514 | \$ 5,100,514 |
| 2012 | 1,795,000 | 3,328,163 | 5,123,163 |
| 2013 | 1,885,000 | 3,265,338 | 5,150,338 |
| 2014 | 1,955,000 | 3,171,088 | 5,126,088 |
| 2015 | 2,030,000 | 3,073,338 | 5,103,338 |
| 2016-2020 | 11,420,000 | 13,938,590 | 25,358,590 |
| 2021-2025 | 14,115,000 | 10,968,226 | 25,083,226 |
| 2026-2030 | 17,685,000 | 7,087,750 | 24,772,750 |
| 2031-2034 | 17,415,000 | 2,227,750 | 19,642,750 |
| | \$ 69,000,000 | \$ 51,460,757 | \$ 120,460,757 |

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

At June 30, 2010, \$49,965,000 of defeased bonds is outstanding.

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

| | Balance at June 30, 2009 | Issuance of Debt/ Additions | Repayment of Principal/ Deletions | Balance at June 30, 2010 | Due within one year |
|--------------------------|-----------------------------|--------------------------------|--------------------------------------|-----------------------------|------------------------|
| Compensated absences | \$ 2,358,565 | \$ 710,881 | \$ (699,281) | \$ 2,370,165 | \$ 748,644 |
| OPEBs | 743,004 | 1,296,825 | (521,804) | 1,518,025 | - |
| General Obligation Bonds | 70,680,000 | 69,000,000 | (1,950,000) | 137,730,000 | 2,815,000 |
| Total long-term debt | <u>\$ 73,781,569</u> | <u>\$ 71,007,706</u> | <u>\$ (3,171,085)</u> | <u>\$ 141,618,190</u> | <u>\$ 3,563,644</u> |
| | | Plus: unamortized premium | | 6,707,189 | |
| | | Total long-term debt (net) | | <u>\$ 148,325,379</u> | |
| | | | | | |
| | | | | | |

6. SPECIAL SCHOOLS

The School District is one of twelve member school districts of the Parkway West Area Vocational-Technical School and related Authority (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 South Central Area Special Schools and related Authority (South Central). South Central, which provides special education and training programs for exceptional children, is controlled and governed by the Joint School 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 South Central (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 South Central by the School District in the current fiscal year was approximately \$400,000 and \$290,000, respectively. The net current assets of the Special Schools at June 30, 2010 are to be used to fund future year's operations and are not significant.

Special Schools' outstanding debt is secured by the rentals payable to the Special Schools by the member school districts. A prorata portion of the capital assets are

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

recorded in the School District's government-wide financial statements. The balance at June 30, 2010 was \$423,471. Separate audited financial statements of the Special Schools are available in the School District's business office.

7. CAPITAL ASSETS

A summary of changes in capital assets during fiscal year 2010 are as follows:

| | Balance at June 30, 2009 | Additions | Deletions | Balance at June 30, 2010 |
|--|-----------------------------|--------------|-----------|-----------------------------|
| Government Activities: | | | | |
| Non-depreciable assets: | | | | |
| Land | \$ 547,024 | \$ - | \$ - | \$ 547,024 |
| Construction in progress | 858,830 | 3,154,291 | - | 4,013,121 |
| Total non-depreciable assets | 1,405,854 | 3,154,291 | - | 4,560,145 |
| Depreciable assets: | | | | |
| Buildings and improvements | 101,254,754 | 480,764 | - | 101,735,518 |
| Equipment, furniture, and fixtures | 12,830,032 | 662,817 | - | 13,492,849 |
| Total depreciable assets | 114,084,786 | 1,143,581 | - | 115,228,367 |
| Less: accumulated depreciation for: | | | | |
| Buildings and improvements | (33,667,359) | (1,352,950) | - | (35,020,309) |
| Equipment, furniture, and fixtures | (12,608,629) | (1,122,329) | - | (13,730,958) |
| | (46,275,988) | (2,475,279) | - | (48,751,267) |
| Governmental activities capital assets, net | \$ 69,214,652 | \$ 1,822,593 | \$ - | \$ 71,037,245 |
| | | | | |
| | Balance at June 30, 2009 | Additions | Deletions | Balance at June 30, 2010 |
| Business-Type Activities: | | | | |
| Equipment | \$ 862,808 | \$ 5,393 | \$ - | \$ 868,201 |
| Less: accumulated depreciation | (786,668) | (17,337) | - | (804,005) |
| Business-type activities capital assets, net | \$ 76,140 | \$ (11,944) | \$ - | \$ 64,196 |

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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

Governmental Activities:

| | |
|--|---------------------|
| Instructional services | \$ 1,545,563 |
| Pupil services | 112,584 |
| Instructional support services | 98,223 |
| Administration | 166,282 |
| Pupil health services | 27,795 |
| Financial services | 38,767 |
| Operation and maintenance of plant | 295,600 |
| Student transportation services | 40,271 |
| Other support services | 67,078 |
| Student activities | 66,227 |
| Community services | <u>16,889</u> |
| Total depreciation expense - governmental activities | <u>\$ 2,475,279</u> |
| Business-type activities: | |
| Food services | <u>\$ 17,337</u> |

8. REVENUE COLLECTED IN ADVANCE

Revenue collected in advance represents primarily receipts by the School District for property taxes collected prior to July 1, 2010, applicable to the following fiscal year, which will be recorded as revenue in the 2010-2011 school year.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

9. EMPLOYEE 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. The PSERS provides retirement and disability benefits, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants. The PSERS was established under the Public School Employees' Retirement Code (Code). The PSERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by making a request in writing to Diane J. Wert, Office of Financial Management, Public School Employees' Retirement System, P.O. Box 125, Harrisburg, PA 17108-0125. The report is also available on the PSERS website, www.psers.state.pa.us/publications/cafr/index.htm.

Funding Policy

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Active members who joined PSERS prior to July 22, 1983, and who had no break in their public school service, contribute at 5.25% or at 6.50% of the member's qualifying compensation, depending on each member's class. Members who returned to public school service or who joined PSERS on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25% or at 7.50% of the member's qualifying compensation, depending on each member's class. Members who joined PSERS after June 30, 2001 contribute at 7.50%. For all new hires and for members who elected to do so, the higher contribution rates began with service rendered on or after January 1, 2002.

School districts must contribute at rates based upon an actuarial valuation. For the fiscal year ended June 30, 2010, the rate of employer contributions was 4.78% of covered payroll. This rate is composed of a pension contribution rate of 4.00% for pension benefits and .78% for healthcare insurance premium assistance. The contribution rate for school districts will increase to 5.64% for fiscal year 2011. Although future years' rates have not yet been determined, it is projected that rates will increase to 29.46% in fiscal year 2013.

During fiscal year 2010, the School District contributed approximately \$2.0 million from the General Fund that was equal to its required contribution for the year. This

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

contribution was recorded as 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 the PSERS. The School District received reimbursement from the Commonwealth of Pennsylvania approximating \$990,000. This reimbursement is recorded as revenue under the Social security/retirement subsidies line in the General Fund. For fiscal years 2009 and 2008, the School District's contributions, net of the Commonwealth of Pennsylvania reimbursement, approximated \$1,164,000 and \$1,372,000, respectively, which were equal to its required contributions for each year.

10. 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 (if hired prior to fiscal year 1994)
- ✓ 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 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.

Fiscal year 2009 was the first year that the School District was required to record OPEBs in its financial statements. The School District elected to implement the standard prospectively, as retroactive recording was not required under GASB Statement No. 45.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 25 years of service. 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 retiree pays the School District \$100 per month for coverage.

A retiree who elects to opt out of the medical insurance plan shall be paid by the School District the sum of 1/2 the School District's annual premium paid semi-annually until the retiree qualifies for Medicare, or dies, whichever first occurs. In lieu of the benefits mentioned above, the retiree shall have the option to receive one lump sum payment for all the years of which the retiree is eligible (10 years or Medicare eligible) equal to 1/2 the dollar amount of the School District's current contribution rate. If this option is selected, the retiree will not be permitted the option to return to healthcare coverage with the School District.

Currently, 94 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 administrators retirees 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 95% of coverage for medical insurance and prescription drug benefits for both the retiree and his/her spouse. This coverage shall continue until the retiree and spouse qualifies for Medicare (age 65). The retiree pays the School District \$100 per month for coverage.

If hired before the 1993-1994 school year, \$5,000 or equivalent is paid into a group term life insurance policy.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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

Secretarial or Clerical Employees Covered under the Collective Bargaining Unit

The School District provides post-retirement medical insurance and prescription drug benefits to all eligible secretarial or clerical employees covered under the collective bargaining unit retirees in accordance with the requirements set forth by the employee contract. The retiree must be at least age 62 with 10 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 \$100 per month for coverage.

If hired before July 1, 1999 upon age 62 with 10 years of service, \$3,000 or equivalent is paid into a group term life insurance policy.

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

Administrative Assistants and Specialists

The School District provides post-retirement medical insurance to all eligible administrative assistants and specialists retirees 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 pays the School District \$100 per month for coverage.

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

Currently, there is one retiree that meets 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 employees covered under

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 \$100 per month for coverage.

Currently, there is one retiree that 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 of Medicare eligibility.

FUNDING POLICY

The School District's General Fund expenditures for postemployment medical, prescription drug, dental, and vision benefits for all teachers, administrators, secretarial, clerical, administrative assistants and specialists, custodial and maintenance employees covered under the collective bargaining unit (as applicable) were \$521,804 (net of \$276,354 of retiree contributions) in 2010. 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. 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:

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

| | |
|--|--------------|
| Annual required contribution | \$ 1,263,390 |
| Interest on net OPEB obligation | 33,435 |
| Adjustment to annual required contribution | - |
| Annual OPEB cost | 1,296,825 |
| Contributions made | (521,804) |
| Increase in net OPEB obligation | 775,021 |
| Net OPEB obligation - beginning of year | 743,004 |
| Net OPEB obligation - end of year | \$ 1,518,025 |

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

| Fiscal Year Ending | Annual OPEB Cost | % of AOC Contributed | Net OPEB Obligation |
|---|---------------------|-------------------------|------------------------|
| June 30, 2010 | \$ 1,296,825 | 40.00% | \$ 1,518,025 |
| June 30, 2009 | 1,263,390 | 41.00% | 743,004 |
| June 30, 2008 | N/A | N/A | N/A |
| N/A - not applicable as 2009 was the first year of implementation for GASB Statement No. 45 | | | |

The ARC for the current year was computed as of July 1, 2008 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 Mortality Table projected to 2005 with scale AA; and
- health care cost trend rates - declining scale beginning with a 12% increase for 2008, 10% increase for 2009, and then the rate decreasing by 1% each year thereafter to 5% for 2014 and later.

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

| | Actuarial Value | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|-----------------|-----------------------------|--------------------------------------|--------------|-----------------|---|
| Actuarial Valuation Date | of Assets | (AAL)-PUC | (UAAL) | (a)/(b) | (c) | [(b)-(a)]/(c) |
| | (a) | (b) | (b)-(a) | | | |
| July 1, 2008 | \$ - | \$ 10,374,463 | \$ 10,374,463 | 0.0% | * | * |
| July 1, 2006 | N/A | N/A | N/A | N/A | N/A | N/A |
| July 1, 2004 | N/A | N/A | N/A | N/A | N/A | N/A |
| * - information not available | | | | | | |
| N/A - not applicable as 2009 was the first year of implementation for GASB Statement No. 45 | | | | | | |

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 presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

11. HEALTH INSURANCE CONSORTIUM

The School District is one of forty-six 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 \$7.9 million to the Consortium during fiscal year 2010.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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, 2010, the Consortium had net assets of approximately \$59.4 million, of which approximately \$2.4 million is attributable to the School District.

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at June 30, 2010, are summarized below:

| Fund | Receivable | Payable |
|--------------|------------|-----------|
| Major Funds: | | |
| General | \$ 18,285 | \$ - |
| Food Service | - | 18,285 |
| Total | \$ 18,285 | \$ 18,285 |

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

Interfund transfers through June 30, 2010, are summarized below:

| Fund | Transfer In | Transfers Out |
|--------------|--------------|---------------|
| Major Funds: | | |
| General | \$ - | \$ 4,838,100 |
| Debt service | 4,768,938 | - |
| Food Service | 69,162 | - |
| Total | \$ 4,838,100 | \$ 4,838,100 |

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.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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) provide operating support to the cafeteria fund, and (3) to fund future capital projects.

13. 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, 2010 were approximately \$656,000. Future minimum lease rental payments are as follows for the fiscal years ending June 30:

| | | |
|------|--|---------------------|
| 2011 | | \$ 546,642 |
| 2012 | | 278,369 |
| 2013 | | 243,001 |
| 2014 | | 100,711 |
| | | |
| | | <u>\$ 1,168,722</u> |
| | | |

14. CONTINGENCIES AND OTHER COMMITMENTS

Litigation

The School District is involved in several claims and lawsuits incidental to its operations. In the opinion of the Administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the School District.

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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, 2010. The ultimate outcome of these appeals is uncertain.

The School District has signed various contracts related to capital projects that began during fiscal year 2010, but were not completed as of June 30, 2010. The total amount of unpaid commitments on these contracts is approximately \$200,000 at June 30, 2010. It is anticipated that these projects will be completed during fiscal year 2011.



REQUIRED SUPPLEMENTARY INFORMATION

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2010

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded Actuarial Accrued Liability (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---|--|--|--|-------------------------|----------------------------|--|
| 7/1/08 | \$ - | \$ 10,374,463 | \$ 10,374,463 | 0% | * | * |
| 7/1/06 | N/A | N/A | N/A | N/A | N/A | N/A |
| 7/1/04 | N/A | N/A | N/A | N/A | N/A | N/A |

N/A - not applicable as 2009 was the first year of implementation for GASB Statement No. 45

* - information not available

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2010

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

| | |
|------------------------------|------------------|
| Actuarial valuation date | 7/1/2008 |
| 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> |
|----------------|-------------------|
| 2008 | 12% |
| 2009 | 10% |
| 2010 | 9% |
| 2011 | 8% |
| 2012 | 7% |
| 2013 | 6% |
| 2014 and later | 5% |

Premium Schedules as of July 1, 2008:

| | <u>Medical/Rx</u> | |
|------------------------|---------------------|------------|
| | <u>Keystone HMO</u> | <u>PPO</u> |
| Single (active) \$ | 388.32 | \$ 422.89 |
| Parent/Child | 902.99 | 948.14 |
| Parent/Children | 993.29 | 1,042.95 |
| Husband/Wife (active) | 1,093.65 | 1,148.82 |
| Family (active) | 1,137.17 | 1,194.46 |
| Single (retiree) | 379.80 | 398.95 |
| Husband/Wife (retiree) | 1,031.74 | 1,083.79 |
| Family (retiree) | N/A | 1,126.85 |



ADDITIONAL 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 we now begin with renovations to the high school.

DEBT SERVICE FUND

The Debt Service Fund accounts for all payments on School District 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 fund raising 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.

ATHLETIC DEVELOPMENT FUND

This Fund is for donations to enhance the Athletic facilities.

MT. LEBANON SCHOOL DISTRICT

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

JUNE 30, 2010

| | Special Revenue Fund | Asbestos Capital Fund | Athletic Development Fund | Total |
|-------------------------------|----------------------------|-----------------------------|---------------------------------|--------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 163,360 | \$ 1,689,720 | \$ 17,739 | \$ 1,870,819 |
| Fund Balance | | | | |
| Fund Balance: | | | | |
| Reserved for Capital Projects | \$ - | \$ 1,689,720 | \$ - | \$ 1,689,720 |
| Reserved for Special Projects | 163,360 | - | 17,739 | 181,099 |
| Total Fund Balance | \$ 163,360 | \$ 1,689,720 | \$ 17,739 | \$ 1,870,819 |

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2010

| | Special Revenue Fund | Asbestos Capital Fund | Athletic Development Fund | Total |
|-----------------------------------|----------------------------|-----------------------------|---------------------------------|--------------|
| Revenues: | | | | |
| Investment earnings | \$ 388 | \$ 5,095 | \$ - | \$ 5,483 |
| Gifts and grants | 136,154 | - | 47 | 136,201 |
| Total revenues | 136,542 | 5,095 | 47 | 141,684 |
| Expenditures: | | | | |
| Other support services | - | - | 1,300 | 1,300 |
| Student activities | 159,787 | - | - | 159,787 |
| Total expenditures | 159,787 | - | 1,300 | 161,087 |
| Net Change in Fund Balance | (23,245) | 5,095 | (1,253) | (19,403) |
| Fund Balance: | | | | |
| Beginning of year | 186,605 | 1,684,625 | 18,992 | 1,890,222 |
| End of year | \$ 163,360 | \$ 1,689,720 | \$ 17,739 | \$ 1,870,819 |

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

| <u>Student Activities:</u> | <u>Balance at July 1, 2009</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at June 30, 2010</u> |
|------------------------------|------------------------------------|-------------------|-------------------|-------------------------------------|
| <u>Assets</u> | | | | |
| Cash and cash equivalents | <u>\$ 155,249</u> | <u>\$ 518,797</u> | <u>\$ 525,715</u> | <u>\$ 148,331</u> |
| <u>Liabilities</u> | | | | |
| Due to student organizations | <u>\$ 155,249</u> | <u>\$ 518,797</u> | <u>\$ 525,715</u> | <u>\$ 148,331</u> |

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2010

INSTRUCTIONAL SERVICES

Regular Instruction

| | Original Budget | Final Budget | Actual | Variance |
|----------------------------|------------------------|---------------------|-------------------|-----------------|
| Salaries | \$24,197,538 | \$23,442,877 | \$23,224,861 | \$218,016 |
| Employee Benefits | 7,600,853 | 7,972,966 | 7,972,958 | 8 |
| Contracted Services | 703,819 | 374,316 | 323,422 | 50,894 |
| Repair and Rental Services | 23,033 | 23,033 | 21,532 | 1,501 |
| Purchased Services | 397,035 | 765,355 | 455,600 | 309,755 |
| Supplies and Materials | 1,126,127 | 1,367,664 | 1,364,163 | 3,501 |
| Dues and Fees | 9,505 | 11,871 | 11,809 | 62 |
| Subtotal | <u>34,057,910</u> | <u>33,958,082</u> | <u>33,374,345</u> | <u>583,737</u> |

Special Instruction

| | | | | |
|------------------------|------------------|------------------|------------------|----------------|
| Salaries | 3,737,784 | 3,942,624 | 3,942,610 | 14 |
| Employee Benefits | 1,168,070 | 1,236,650 | 1,236,639 | 11 |
| Contracted Services | 1,428,100 | 257,044 | 84,920 | 172,124 |
| Supplies and Materials | 106,550 | 188,900 | 188,895 | 5 |
| Subtotal | <u>6,440,504</u> | <u>5,625,218</u> | <u>5,453,064</u> | <u>172,154</u> |

Other Instructional Programs

| | | | | |
|----------------------------|----------------|----------------|----------------|--------------|
| Salaries | 336,969 | 323,969 | 323,162 | 807 |
| Employee Benefits | 41,722 | 56,632 | 56,621 | 11 |
| Repair and Rental Services | 279,055 | 319,255 | 318,562 | 693 |
| Supplies and Materials | 170,000 | 5,000 | 4,915 | 85 |
| Subtotal | <u>827,746</u> | <u>704,856</u> | <u>703,260</u> | <u>1,596</u> |

Continuing Education

| | | | | |
|-------------------------------|----------------|----------------|----------------|--------------|
| Salaries | 123,400 | 136,070 | 136,053 | 17 |
| Employee Benefits | 38,289 | 38,779 | 38,769 | 10 |
| Repair and Rental Services | 26,100 | 19,100 | 18,291 | 809 |
| Purchased Services \ Supplies | 21,000 | 8,000 | 5,956 | 2,044 |
| Subtotal | <u>208,789</u> | <u>201,949</u> | <u>199,069</u> | <u>2,880</u> |

Total Instructional Services

41,534,949 40,490,105 39,729,738 760,367

Pupil Services

| | | | | |
|------------------------|--------------------|--------------------|--------------------|----------------|
| Salaries | 2,267,024 | 2,215,024 | 2,214,132 | 892 |
| Employee Benefits | 703,459 | 693,759 | 693,700 | 59 |
| Contracted Services | 86,350 | 71,250 | 71,249 | 1 |
| Purchased Services | 7,360 | 7,290 | 7,023 | 267 |
| Supplies and Materials | 47,034 | 44,234 | 40,219 | 4,015 |
| Dues and Fees | 1,970 | 870 | 442 | 428 |
| Subtotal | <u>\$3,113,197</u> | <u>\$3,032,427</u> | <u>\$3,026,765</u> | <u>\$5,662</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, 2010

| Instructional Support Services | Original Budget | Final Budget | Actual | Variance |
|---------------------------------------|------------------------|---------------------|--------------------|-----------------|
| Salaries | \$1,718,863 | \$1,701,863 | \$1,701,623 | \$240 |
| Employee Benefits | 739,888 | 650,788 | 648,355 | 2,433 |
| Contracted Services | 33,100 | 18,000 | 17,625 | 375 |
| Repair and Rental Services | 4,992 | 4,992 | 4,895 | 97 |
| Purchased Services | 239,167 | 214,767 | 208,493 | 6,274 |
| Supplies and Materials | 59,560 | 60,170 | 59,674 | 496 |
| Subtotal | 2,795,570 | 2,650,580 | 2,640,665 | 9,915 |
| Administration | | | | |
| Salaries | 2,697,898 | 2,761,498 | 2,761,483 | 15 |
| Employee Benefits | 882,162 | 887,902 | 887,900 | 2 |
| Contracted Services | 547,000 | 516,450 | 516,441 | 9 |
| Purchased Services | 297,685 | 86,894 | 76,584 | 10,310 |
| Supplies and Materials | 44,325 | 44,325 | 5,085 | 39,240 |
| Dues and Fees | 6,000 | 6,000 | 5,034 | 966 |
| Subtotal | 4,475,070 | 4,303,069 | 4,252,527 | 50,542 |
| Pupil Health Services | | | | |
| Salaries | 541,880 | 553,730 | 553,723 | 7 |
| Employee Benefits | 168,345 | 170,865 | 170,856 | 9 |
| Contracted Services | 10,582 | 10,962 | 10,886 | 76 |
| Supplies and Materials | 12,473 | 12,473 | 11,788 | 685 |
| Subtotal | 733,280 | 748,030 | 747,253 | 777 |
| Financial Services | | | | |
| Salaries | 436,502 | 436,502 | 433,259 | 3,243 |
| Employee Benefits | 135,451 | 135,451 | 133,642 | 1,809 |
| Contracted Services | 8,000 | 8,000 | 7,095 | 905 |
| Repair and Rental Services | 472,000 | 448,200 | 446,793 | 1,407 |
| Purchased Services | 5,000 | 5,710 | 5,704 | 6 |
| Supplies and Materials | 23,000 | 16,000 | 15,739 | 261 |
| Subtotal | 1,079,953 | 1,049,863 | 1,042,232 | 7,631 |
| Operation & Maintenance | | | | |
| Salaries | 3,271,546 | 3,258,046 | 3,258,032 | 14 |
| Employee Benefits | 1,044,651 | 1,010,751 | 1,010,533 | 218 |
| Contracted Services | 975,000 | 753,279 | 753,274 | 5 |
| Repair and Rental Services | 569,000 | 472,000 | 471,917 | 83 |
| Purchased Services | 363,300 | 334,076 | 333,875 | 201 |
| Supplies and Materials | 2,227,018 | 1,887,018 | 1,875,396 | 11,622 |
| Subtotal | \$8,450,515 | \$7,715,170 | \$7,703,027 | \$12,143 |

(Continued)

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2010

| Student Transportation Services | Original Budget | Final Budget | Actual | Variance |
|--|----------------------------|----------------------------|----------------------------|--|
| Salaries | \$217,758 | \$220,828 | \$220,824 | \$4 |
| Employee Benefits | 67,571 | 68,611 | 68,603 | 8 |
| Repair and Rental Services | 1,500 | 1,500 | 86 | 1,414 |
| Purchased Services | 764,146 | 728,016 | 728,015 | 1 |
| Supplies and Materials | 32,000 | 32,000 | 31,156 | 844 |
| Subtotal | <u>1,082,975</u> | <u>1,050,955</u> | <u>1,048,684</u> | <u>2,271</u> |
| Other Support Services | | | | |
| Salaries | 512,484 | 618,634 | 618,633 | 1 |
| Employee Benefits | 177,643 | 191,283 | 191,275 | 8 |
| Contracted Services | 204,000 | 204,000 | 183,226 | 20,774 |
| Repair and Rental Services | 227,100 | 227,100 | 220,135 | 6,965 |
| Purchased Services | 9,500 | 9,500 | 7,112 | 2,388 |
| Supplies and Materials | 36,000 | 41,530 | 41,519 | 11 |
| Dues and Fees | 395,086 | 404,976 | 395,763 | 9,213 |
| Subtotal | <u>1,561,813</u> | <u>1,697,023</u> | <u>1,657,663</u> | <u>39,360</u> |
| Student Activities | | | | |
| Salaries | 1,130,222 | 1,154,342 | 1,154,337 | 5 |
| Employee Benefits | 350,843 | 348,743 | 340,737 | 8,006 |
| Contracted Services | 115,180 | 88,680 | 86,824 | 1,856 |
| Repair and Rental Services | 29,201 | 30,851 | 30,847 | 4 |
| Purchased Services | 26,740 | 29,280 | 29,271 | 9 |
| Supplies and Materials | 118,286 | 114,600 | 114,556 | 44 |
| Dues and Fees | 24,690 | 23,964 | 23,897 | 67 |
| Subtotal | <u>1,795,162</u> | <u>1,790,460</u> | <u>1,780,469</u> | <u>9,991</u> |
| Community Services | | | | |
| Salaries | 271,434 | 346,894 | 346,890 | 4 |
| Employee Benefits | 93,537 | 106,947 | 106,934 | 13 |
| Contracted Services | 1,900 | 1,900 | 112 | 1,788 |
| Supplies and Materials | 900 | 900 | 113 | 787 |
| Dues and Fees | 0 | 0 | 0 | 0 |
| Subtotal | <u>367,771</u> | <u>456,641</u> | <u>454,049</u> | <u>2,592</u> |
| Debt Service | | | | |
| Debt Service | 5,295,015 | 4,838,103 | 4,838,100 | 3 |
| Capital Outlay | | | | |
| Equipment | 0 | 0 | 0 | 0 |
| Intergovernmental | | | | |
| Special Education | 0 | 1,877,418 | 1,877,418 | 0 |
| Other | 0 | 585,426 | 585,426 | 0 |
| Subtotal | <u>0</u> | <u>2,462,844</u> | <u>2,462,844</u> | <u>0</u> |
| Total General Fund Expenditures | <u><u>\$72,285,270</u></u> | <u><u>\$72,285,270</u></u> | <u><u>\$71,384,016</u></u> | <u><u>\$901,254</u></u> (Concluded) |

CAPITAL ASSETS

MT. LEBANON SCHOOL DISTRICT

SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

As of June 30, 2010

| <u>Function and Activity</u> | <u>Land</u> | <u>Buildings</u> | <u>Equipment</u> | <u>Total</u> |
|----------------------------------|----------------|-------------------|-------------------|-----------------------------|
| Elementary Education | | | | |
| Washington Elementary | \$22,580 | \$9,130,605 | \$360,352 | \$9,513,537 |
| Lincoln Elementary | 252,600 | 9,150,175 | 353,612 | 9,756,387 |
| Markham Elementary | 7,141 | 7,590,967 | 268,229 | 7,866,337 |
| Howe Elementary | 25,767 | 6,511,832 | 291,916 | 6,829,515 |
| Foster Elementary | 12,946 | 5,903,422 | 227,267 | 6,143,635 |
| Jefferson Elementary | 21,541 | 6,393,444 | 344,915 | 6,759,900 |
| Hoover Elementary | 46,294 | 9,488,347 | 252,497 | 9,787,138 |
| Total Elementary | <u>388,869</u> | <u>54,168,792</u> | <u>2,098,788</u> | <u>56,656,449</u> |
| Secondary Education | | | | |
| Jefferson Middle School | 43,082 | 9,137,610 | 921,540 | 10,102,232 |
| Mellon Middle School | 45,227 | 9,852,584 | 926,668 | 10,824,479 |
| Senior High School | 15,002 | 25,359,109 | 8,640,925 | 34,015,036 |
| Stadium | 54,844 | 3,217,423 | 904,928 | 4,177,195 |
| Total Secondary Education | <u>158,155</u> | <u>47,566,726</u> | <u>11,394,061</u> | <u>59,118,942</u> |
| District Capital Assets | 547,024 | 101,735,518 | 13,492,849 | 115,775,391 |
| Net Investment in Joint Ventures | | | | 423,471 |
| Construction in Progress | | | | <u>4,013,121</u> |
| Total Capital Assets | | | | <u><u>\$120,211,983</u></u> |

MT. LEBANON SCHOOL DISTRICT

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY

Year Ended June 30, 2010

| Function and Activity | Capital Assets July 1, 2009 | Additions | Disposals | Capital Assets June 30, 2010 |
|----------------------------------|--|---------------------------|-------------------|---|
| Elementary Education | | | | |
| Washington Elementary | \$9,476,807 | \$36,730 | \$0 | \$9,513,537 |
| Lincoln Elementary | 9,702,945 | 53,442 | 0 | 9,756,387 |
| Markham Elementary | 7,828,857 | 37,480 | 0 | 7,866,337 |
| Howe Elementary | 6,799,586 | 29,930 | 0 | 6,829,516 |
| Foster Elementary | 6,119,886 | 23,749 | 0 | 6,143,635 |
| Jefferson Elementary | 6,753,752 | 6,148 | 0 | 6,759,900 |
| Hoover Elementary | 9,787,137 | 0 | 0 | 9,787,137 |
| Total Elementary | <u>56,468,970</u> | <u>187,479</u> | <u>0</u> | <u>56,656,449</u> |
| Secondary Education | | | | |
| Jefferson Middle School | 10,046,045 | 56,187 | 0 | 10,102,232 |
| Mellon Middle School | 10,755,579 | 68,900 | 0 | 10,824,479 |
| Senior High School | 33,550,788 | 464,248 | 0 | 34,015,036 |
| Stadium | 3,810,428 | 366,767 | 0 | 4,177,195 |
| Total Secondary Education | <u>58,162,840</u> | <u>956,102</u> | <u>0</u> | <u>59,118,942</u> |
| District Capital Assets | <u>114,631,810</u> | <u>1,143,581</u> | <u>0</u> | <u>115,775,391</u> |
| Net Investment in Joint Ventures | 374,875 | 48,596 | 0 | 423,471 |
| Construction in Progress | <u>858,830</u> | <u>3,154,291</u> | <u>0</u> | <u>4,013,121</u> |
| Total Capital Assets | <u><u>\$115,865,515</u></u> | <u><u>\$4,346,468</u></u> | <u><u>\$0</u></u> | <u><u>\$120,211,983</u></u> |

MT. LEBANON SCHOOL DISTRICT
SCHEDULE OF CAPITAL ASSETS BY SOURCE

As of June 30, 2010

Capital Assets:

| | |
|------------------------------|-----------------------------|
| Land | \$547,024 |
| Buildings | 101,735,518 |
| Equipment | 13,492,849 |
| Construction in Progress | 4,013,121 |
| Investment in Joint Ventures | 423,471 |
| Total Capital Assets | <u><u>\$120,211,983</u></u> |

Investment in Capital Assets:

Assets From:

| | |
|---|-----------------------------|
| General Fund | \$29,435,168 |
| Donations | 127,700 |
| Bond Issues and Capital Projects Fund | 90,225,644 |
| Investment in Joint Ventures | 423,471 |
| Total Investment in Capital Assets | <u><u>\$120,211,983</u></u> |

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.

88-95

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, federal, and state subsidies.

96-103

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.

104-109

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.

110-114

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.

115-126

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 SEVEN FISCAL YEARS

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Expenses | | | | | | | |
| Governmental Activities: | | | | | | | |
| Instruction* | \$33,625,709 | \$36,310,481 | \$36,595,877 | \$39,477,948 | \$40,896,970 | \$42,446,094 | \$42,142,150 |
| Pupil Services | 2,252,008 | 2,770,348 | 2,649,479 | 2,786,187 | 2,834,745 | 3,066,825 | 3,139,349 |
| Instructional Support Services | 2,592,351 | 2,804,733 | 2,528,704 | 2,601,467 | 2,585,990 | 2,822,607 | 2,738,888 |
| Administration | 3,622,279 | 4,294,251 | 3,730,685 | 4,206,344 | 4,158,999 | 4,210,571 | 4,418,809 |
| Pupil Health Services | 454,288 | 528,037 | 563,746 | 639,379 | 705,864 | 754,463 | 775,048 |
| Fiscal Services | 934,183 | 948,989 | 995,127 | 1,005,912 | 1,059,409 | 1,065,416 | 1,080,999 |
| Operation and Maintenance of Plant | 7,754,805 | 8,171,020 | 7,865,535 | 8,028,573 | 8,231,826 | 7,912,981 | 8,328,024 |
| Pupil Transportation Services | 806,340 | 880,271 | 813,013 | 1,105,252 | 1,026,084 | 1,066,162 | 1,088,955 |
| Other Support Services | 1,212,315 | 1,661,290 | 1,676,193 | 1,652,964 | 1,761,358 | 2,023,463 | 1,726,041 |
| Student Activities | 1,602,123 | 1,676,808 | 1,791,872 | 1,941,750 | 1,932,049 | 1,850,420 | 2,006,483 |
| Community Services | 306,001 | 312,697 | 444,095 | 466,947 | 492,207 | 500,092 | 470,938 |
| Intergovernmental | 2,136,565 | 2,199,866 | 2,254,349 | 2,747,704 | 2,771,884 | 2,339,387 | 2,462,844 |
| Interest on Long-Term Debt | 3,129,765 | 3,372,302 | 2,917,589 | 3,210,927 | 3,157,005 | 3,165,682 | 3,230,992 |
| Business Type Activities: | | | | | | | |
| Food Services | 1,238,180 | 1,283,827 | 1,399,801 | 1,428,146 | 1,420,230 | 1,479,616 | 1,549,887 |
| Loss on Disposal on Capital Assets | 0 | 0 | 1,756,851 | 0 | 0 | 0 | 0 |
| Total Primary Government Expenses | 61,666,912 | 67,214,920 | 67,982,916 | 71,299,500 | 73,034,620 | 74,703,779 | 75,159,407 |
| Program Revenues | | | | | | | |
| Governmental Activities: | | | | | | | |
| Charges for Services | | | | | | | |
| Instructional Services | 201,882 | 118,880 | 234,921 | 309,658 | 199,791 | 243,918 | 306,016 |
| Operating Grants and Contributions | 5,691,535 | 6,612,473 | 6,673,574 | 8,291,325 | 8,463,526 | 8,277,635 | 9,281,671 |
| Capital Grants and Contributions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Business Type Activities: | | | | | | | |
| Food Services | 1,077,762 | 1,086,370 | 1,158,739 | 1,209,952 | 1,224,161 | 1,307,096 | 1,287,939 |
| Operating Grants and Contributions | 87,464 | 98,970 | 108,581 | 95,488 | 120,287 | 162,707 | 189,835 |
| Total Primary Government Program Revenues | 7,058,643 | 7,916,693 | 8,175,815 | 9,906,423 | 10,007,765 | 9,991,356 | 11,065,461 |
| Net (Expense)/Revenue | | | | | | | |
| Total Primary Government | <u>(\$54,608,269)</u> | <u>(\$59,298,227)</u> | <u>(\$59,807,101)</u> | <u>(\$61,393,077)</u> | <u>(\$63,026,855)</u> | <u>(\$64,712,423)</u> | <u>(\$64,093,946)</u> |

The District began to report accrual information when it implemented GASB Statement 34 in 2004.

*The District's expenses, particularly for instruction, have increased significantly in the last two years as a result of the state's class size reduction law.

MT. LEBANON SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

LAST SEVEN FISCAL YEARS

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---|--------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Net (Expense)/Revenue | | | | | | | |
| Total Primary Government Net Expense | (\$54,608,269) | (\$59,298,227) | (\$59,807,101) | (\$61,393,077) | (\$63,026,855) | (\$64,712,423) | (\$64,093,946) |
| General Revenues and Other Changes in Net Assets | | | | | | | |
| Governmental Activities: | | | | | | | |
| Taxes | | | | | | | |
| Property Taxes Levied for General Purposes | 41,613,860 | 47,285,517 | 48,815,733 | 49,693,130 | 50,522,332 | 49,018,157 | 51,755,572 |
| Other Taxes Levied for General Purposes | 5,956,638 | 5,871,491 | 6,256,248 | 6,550,873 | 6,850,652 | 6,553,815 | 6,645,443 |
| Unrestricted Grants and Contributions | 5,117,650 | 5,170,251 | 5,426,002 | 5,563,847 | 5,687,113 | 5,584,093 | 5,020,923 |
| Investment Earnings | 928,688 | 1,041,514 | 1,571,818 | 2,026,129 | 1,619,858 | 1,077,973 | 645,949 |
| Other Income | 127,450 | 115,779 | 80,326 | 120,461 | 107,910 | 98,541 | 90,979 |
| Miscellaneous | 29,926 | (1,329,325) | 33,273 | 0 | 0 | 0 | 0 |
| State Property Tax Reduction | 0 | 0 | 0 | 0 | 0 | 1,700,448 | 1,698,235 |
| Change in Investment in Joint Venture | 69,093 | 0 | (72,078) | 0 | 0 | 1,635 | 48,596 |
| Total Primary Government | <u>53,843,305</u> | <u>58,155,227</u> | <u>62,111,322</u> | <u>63,954,440</u> | <u>64,787,865</u> | <u>64,034,662</u> | <u>65,905,697</u> |
| Change in Net Assets | | | | | | | |
| Total Primary Government | <u>(\$764,964)</u> | <u>(\$1,143,000)</u> | <u>\$2,304,221</u> | <u>\$2,561,363</u> | <u>\$1,761,010</u> | <u>(\$677,761)</u> | <u>\$1,811,751</u> |

The District began to report accrual information when it implemented GASB Statement 34 in 2004.

MT. LEBANON SCHOOL DISTRICT

NET ASSETS BY COMPONENT

LAST SEVEN FISCAL YEARS

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Governmental Activities | | | | | | | |
| Invested in capital assets, net of related debt | (\$1,048,937) | (\$357,763) | (\$544,086) | \$178,361 | (\$882,436) | \$1,829,898 | \$2,257,530 |
| Unrestricted | 12,126,291 | 10,321,205 | 12,864,173 | 13,845,338 | 17,292,173 | 13,868,514 | 15,274,102 |
| Restricted | 0 | 0 | 0 | 892,317 | 243,928 | 205,597 | 181,099 |
| Subtotal Governmental Activities | <u>11,077,354</u> | <u>9,963,442</u> | <u>12,320,087</u> | <u>14,916,016</u> | <u>16,653,665</u> | <u>15,904,009</u> | <u>17,712,731</u> |
| Business Type Activities | | | | | | | |
| Invested in capital assets, net of related debt | 276,166 | 223,786 | 160,228 | 126,332 | 84,490 | 76,140 | 64,196 |
| Unrestricted | 360,384 | 383,676 | 394,810 | 394,140 | 459,343 | 539,588 | 554,561 |
| Subtotal Business Type Activities | <u>636,550</u> | <u>607,462</u> | <u>555,038</u> | <u>520,472</u> | <u>543,833</u> | <u>615,728</u> | <u>618,757</u> |
| Total Activities | | | | | | | |
| Invested in capital assets, net of related debt | (772,771) | (133,977) | (383,858) | 304,693 | (797,946) | 1,906,038 | 2,321,726 |
| Unrestricted | 12,486,675 | 10,704,881 | 13,258,983 | 14,239,478 | 17,751,516 | 14,408,102 | 15,828,663 |
| Restricted | 0 | 0 | 0 | 892,317 | 243,928 | 205,597 | 181,099 |
| Total Net Assets | <u><u>\$11,713,904</u></u> | <u><u>\$10,570,904</u></u> | <u><u>\$12,875,125</u></u> | <u><u>\$15,436,488</u></u> | <u><u>\$17,197,498</u></u> | <u><u>\$16,519,737</u></u> | <u><u>\$18,331,488</u></u> |

The District began to report accrual information when it implemented GASB Statement 34 in 2004.

MT. LEBANON SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST SEVEN FISCAL YEARS

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental Funds: | | | | | | | |
| Net Assets: | | | | | | | |
| Beginning of Year | \$11,832,011 | \$11,077,354 | \$9,963,442 | \$12,320,087 | \$14,916,016 | \$16,653,665 | \$15,904,009 |
| End of Year | <u>11,077,354</u> | <u>9,963,442</u> | <u>12,320,087</u> | <u>14,916,016</u> | <u>16,653,665</u> | <u>15,904,009</u> | <u>17,712,731</u> |
| Change in Net Assets | (754,657) | (1,113,912) | 2,356,645 | 2,595,929 | 1,737,649 | (749,656) | 1,808,722 |
| Business Type Funds: | | | | | | | |
| Net Assets: | | | | | | | |
| Beginning of Year | 646,857 | 636,550 | 607,462 | 555,038 | 520,472 | 543,833 | 615,728 |
| End of Year | <u>636,550</u> | <u>607,462</u> | <u>555,038</u> | <u>520,472</u> | <u>543,833</u> | <u>615,728</u> | <u>618,757</u> |
| Change in Net Assets | (10,307) | (29,088) | (52,424) | (34,566) | 23,361 | 71,895 | 3,029 |
| Total-All Funds | | | | | | | |
| Net Assets: | | | | | | | |
| Beginning of Year | 12,478,868 | 11,713,904 | 10,570,904 | 12,875,125 | 15,436,488 | 17,197,498 | 16,519,737 |
| End of Year | <u>11,713,904</u> | <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> |
| Change in Net Assets | (\$764,964) | (\$1,143,000) | \$2,304,221 | \$2,561,363 | \$1,761,010 | (\$677,761) | \$1,811,751 |

MT. LEBANON SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES

LAST TEN FISCAL YEARS

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Federal Resources: | | | | | | | | | | |
| Federal Grants | \$264,169 | \$340,810 | \$289,852 | \$342,426 | \$414,112 | \$290,511 | \$648,038 | \$688,350 | \$702,079 | \$1,827,167 |
| Total Federal Sources | 264,169 | 340,810 | 289,852 | 342,426 | 414,112 | 290,511 | 648,038 | 688,350 | 702,079 | 1,827,167 |
| State Sources: | | | | | | | | | | |
| Basic Education Subsidies | 4,419,962 | 4,567,965 | 4,889,923 | 4,913,252 | 5,034,709 | 5,135,391 | 5,315,129 | 5,421,501 | 5,584,093 | 5,020,923 |
| Social Security/ Retirement Subsidies | 1,489,892 | 1,389,863 | 1,541,900 | 1,970,477 | 2,012,680 | 2,000,312 | 2,579,865 | 2,841,218 | 2,559,271 | 2,540,080 |
| Special Education Subsidies | 2,144,660 | 2,224,810 | 2,400,788 | 2,266,890 | 2,353,469 | 2,367,508 | 2,506,694 | 2,598,029 | 2,538,943 | 2,560,695 |
| Construction Subsidies | 239,020 | 217,220 | 325,574 | 463,049 | 784,507 | 936,167 | 931,795 | 823,726 | 942,121 | 919,584 |
| Transportation Subsidies | 65,758 | 75,761 | 89,166 | 71,797 | 75,772 | 76,932 | 81,194 | 107,780 | 105,944 | 124,437 |
| Property Tax Reduction Allocation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,700,448 | 1,698,235 |
| Medical, Dental and Nurse Care Subsidies | 130,476 | 130,000 | 130,000 | 130,000 | 130,000 | 125,000 | 125,000 | 85,994 | 91,807 | 120,607 |
| State Grants and Other | 63,090 | 104,677 | 0 | 56,904 | 365,443 | 359,559 | 898,718 | 814,078 | 532,460 | 382,587 |
| Total State Sources | 8,552,858 | 8,710,296 | 9,377,351 | 9,872,369 | 10,756,580 | 11,000,869 | 12,438,395 | 12,692,326 | 14,055,087 | 13,367,148 |
| Local Sources: | | | | | | | | | | |
| Real Estate Taxes | 34,466,442 | 37,561,000 | 37,573,362 | 41,510,168 | 46,985,258 | 48,883,771 | 49,557,411 | 50,589,807 | 49,032,399 | 51,697,076 |
| Earned Income Taxes | 4,804,519 | 4,804,088 | 4,772,005 | 5,018,226 | 5,069,541 | 5,294,788 | 5,695,884 | 6,053,990 | 5,879,153 | 5,783,167 |
| Occupation Taxes | 0 | 0 | 0 | 0 | 0 | 40,179 | 48,018 | 26,083 | 26,150 | 0 |
| Realty Transfer Taxes | 532,260 | 764,454 | 656,697 | 859,893 | 744,112 | 842,257 | 720,672 | 689,115 | 564,684 | 736,767 |
| Public Utility Taxes | 142,791 | 78,392 | 66,909 | 78,519 | 57,838 | 79,024 | 86,299 | 81,464 | 74,808 | 80,728 |
| Investment Earnings | 1,522,953 | 1,074,677 | 692,339 | 924,284 | 1,033,243 | 1,555,499 | 2,002,510 | 1,601,451 | 1,065,427 | 639,969 |
| Rental of Facilities | 126,561 | 161,525 | 138,058 | 127,450 | 115,779 | 80,326 | 120,461 | 94,273 | 98,541 | 85,869 |
| Tuition from Patrons | 335,896 | 395,300 | 271,722 | 201,882 | 118,880 | 234,921 | 309,658 | 199,791 | 243,918 | 306,016 |
| Gifts and Grants | 9,016 | 2,050 | 7,900 | 79,505 | 80,034 | 110,728 | 114,402 | 146,579 | 274,968 | 162,912 |
| Other Revenues | 350,921 | 266,409 | 437,601 | 514,885 | 531,998 | 697,468 | 654,337 | 623,384 | 539,062 | 693,493 |
| Total Local Sources | 42,291,359 | 45,107,895 | 44,616,593 | 49,314,812 | 54,736,683 | 57,818,961 | 59,309,652 | 60,105,937 | 57,799,110 | 60,185,997 |
| Total Revenues | <u>\$51,108,386</u> | <u>\$54,159,001</u> | <u>\$54,283,796</u> | <u>\$59,529,607</u> | <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> |

MT. LEBANON SCHOOL DISTRICT

GENERAL SCHOOL DISTRICT EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

| Function | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Current Expenditures: | | | | | | | | | | |
| Instructional Services | \$28,751,478 | \$29,831,814 | \$30,839,461 | \$31,865,675 | \$33,806,943 | \$34,991,557 | \$37,771,733 | \$38,713,912 | \$39,448,922 | \$39,809,966 |
| Pupil Services | 1,887,974 | 2,072,869 | 2,097,406 | 2,179,574 | 2,666,147 | 2,561,997 | 2,692,590 | 2,738,026 | 2,959,471 | 3,026,765 |
| Instructional Support Services | 1,947,639 | 2,099,277 | 2,457,083 | 2,508,876 | 2,690,636 | 2,445,210 | 2,514,075 | 2,497,759 | 2,723,802 | 2,640,665 |
| Administration | 2,921,354 | 3,013,236 | 3,457,780 | 3,499,685 | 4,121,261 | 3,601,617 | 4,057,999 | 4,009,161 | 4,055,938 | 4,252,527 |
| Pupil Health | 322,497 | 374,541 | 413,210 | 439,675 | 505,666 | 545,132 | 617,900 | 681,781 | 728,053 | 747,253 |
| Financial Services | 713,766 | 806,264 | 846,800 | 904,037 | 911,760 | 962,269 | 972,120 | 1,023,263 | 1,028,121 | 1,042,232 |
| Operation and Maintenance of Plant | 6,504,805 | 6,418,338 | 6,957,195 | 7,497,061 | 7,853,433 | 7,597,946 | 7,750,846 | 7,942,944 | 7,980,553 | 8,032,424 |
| Student Transportation Services | 763,754 | 793,236 | 812,193 | 779,839 | 841,427 | 784,238 | 1,068,123 | 991,075 | 1,027,967 | 1,048,684 |
| Other Support Services | 392,458 | 514,261 | 817,288 | 1,170,806 | 1,591,527 | 1,618,243 | 1,593,609 | 1,696,841 | 1,660,595 | 1,657,663 |
| Student Activities | 1,145,247 | 1,285,807 | 1,472,428 | 1,551,992 | 1,614,610 | 1,735,070 | 1,880,490 | 1,870,165 | 1,931,031 | 1,940,256 |
| Scholarships | 4,925 | 2,500 | 0 | 0 | 0 | 0 | 0 | 0 | 2,589 | 1,300 |
| Community Services | 344,236 | 291,858 | 327,384 | 296,161 | 300,549 | 429,432 | 451,261 | 475,413 | 482,585 | 454,049 |
| Intergovernmental | 1,605,190 | 2,056,036 | 2,036,914 | 2,136,547 | 2,199,866 | 2,254,349 | 2,747,704 | 2,771,884 | 2,339,387 | 2,462,844 |
| Subtotal Noncapital Expenditures | <u>47,305,323</u> | <u>49,560,037</u> | <u>52,535,142</u> | <u>54,829,928</u> | <u>59,103,825</u> | <u>59,527,060</u> | <u>64,118,450</u> | <u>65,412,224</u> | <u>66,369,014</u> | <u>67,116,628</u> |
| Capital Outlay: | | | | | | | | | | |
| Capitalized | 1,663,501 | 3,491,377 | 7,356,745 | 18,346,297 | 20,019,822 | 11,706,822 | 1,100,260 | 1,440,822 | 1,376,695 | 1,822,593 |
| Non-Capitalized | <u>0</u> | <u>0</u> | <u>0</u> | <u>676,127</u> | <u>1,009,151</u> | <u>303,280</u> | <u>258,007</u> | <u>802,367</u> | <u>461,385</u> | <u>2,475,279</u> |
| Subtotal Capital Outlay | <u>1,663,501</u> | <u>3,491,377</u> | <u>7,356,745</u> | <u>19,022,424</u> | <u>21,028,973</u> | <u>12,010,102</u> | <u>1,358,267</u> | <u>2,243,189</u> | <u>1,838,080</u> | <u>4,297,872</u> |
| Debt Service: | | | | | | | | | | |
| Principal | 1,000,000 | 1,115,000 | 1,180,000 | 1,650,000 | 1,650,000 | 1,845,000 | 1,890,000 | 1,940,000 | 2,000,000 | 1,950,000 |
| Interest and Issuance Costs | <u>850,396</u> | <u>1,447,307</u> | <u>1,841,155</u> | <u>3,158,198</u> | <u>3,308,634</u> | <u>3,543,578</u> | <u>3,063,885</u> | <u>3,012,109</u> | <u>3,056,704</u> | <u>3,257,238</u> |
| Subtotal Debt Service | <u>1,850,396</u> | <u>2,562,307</u> | <u>3,021,155</u> | <u>4,808,198</u> | <u>4,958,634</u> | <u>5,388,578</u> | <u>4,953,885</u> | <u>4,952,109</u> | <u>5,056,704</u> | <u>5,207,238</u> |
| Total Expenditures | <u><u>\$50,819,220</u></u> | <u><u>\$55,613,721</u></u> | <u><u>\$62,913,042</u></u> | <u><u>\$78,660,550</u></u> | <u><u>\$85,091,432</u></u> | <u><u>\$76,925,740</u></u> | <u><u>\$70,430,602</u></u> | <u><u>\$72,607,522</u></u> | <u><u>\$73,263,798</u></u> | <u><u>\$76,621,738</u></u> |
| Debt Service as a Percentage of Noncapital Expenditures | 3.76% | 4.92% | 5.45% | 7.97% | 7.62% | 8.26% | 7.15% | 6.96% | 7.03% | 7.76% |

Note: The District began to report accrual information when it implemented GASB Statement 34 in 2004.

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

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Salaries | \$31,879,673 | \$33,274,895 | \$33,873,912 | \$34,338,344 | \$36,317,334 | \$36,039,333 | \$38,034,370 | \$38,887,197 | \$40,019,113 | \$40,889,621 |
| Fringe Benefits | 6,173,117 | 6,493,132 | 7,458,700 | 9,566,593 | 11,058,456 | 11,732,145 | 12,888,868 | 13,637,624 | 13,460,617 | 13,557,523 |
| Contracted Services | 2,867,435 | 3,195,438 | 3,360,038 | 21,700,725 | 3,439,497 | 13,413,439 | 2,204,496 | 3,414,145 | 3,370,837 | 3,393,295 |
| Repair and Rental Services | 1,477,925 | 2,670,067 | 6,791,380 | 1,430,254 | 21,153,147 | 1,464,842 | 1,276,462 | 1,312,310 | 1,315,242 | 1,236,939 |
| Purchased Services | 2,011,699 | 2,261,522 | 2,721,405 | 2,535,535 | 2,429,956 | 2,494,074 | 3,028,335 | 2,891,787 | 2,986,113 | 3,074,266 |
| Supplies | 1,379,463 | 1,471,550 | 1,429,136 | 1,404,655 | 1,286,845 | 1,605,642 | 1,361,552 | 1,324,768 | 1,470,224 | 1,314,291 |
| Utilities | 1,519,321 | 1,395,112 | 1,524,345 | 1,394,184 | 1,555,144 | 1,539,553 | 1,710,506 | 1,844,809 | 1,746,295 | 1,466,297 |
| Books | 614,098 | 640,847 | 665,503 | 610,464 | 731,976 | 481,122 | 764,987 | 794,302 | 802,938 | 774,402 |
| Equipment | 903,517 | 1,006,595 | 1,997,267 | 791,928 | 1,497,554 | 881,964 | 1,232,738 | 1,076,139 | 882,784 | 721,626 |
| Dues and Fees | 107,486 | 214,673 | 668,828 | 61,790 | 61,458 | 56,448 | 59,355 | 71,785 | 64,297 | 62,063 |
| Debt Service | 1,850,396 | 2,321,682 | 2,422,531 | 4,826,078 | 4,958,634 | 5,388,578 | 4,953,885 | 4,952,109 | 5,562,331 | 4,838,100 |
| Other | 35,090 | 668,208 | - | - | 601,431 | 1,828,600 | 2,915,048 | 2,400,547 | 1,583,007 | 5,293,315 |
| Total Expenditures | \$50,819,220 | \$55,613,721 | \$62,913,045 | \$78,660,550 | \$85,091,432 | \$76,925,740 | \$70,430,602 | \$72,607,522 | \$73,263,798 | \$76,621,738 |

Source: All Governmental Fund Expenditures. Prior to 2003, the amounts presented also included expenditures from Expendable Trust Funds.

MT. LEBANON SCHOOL DISTRICT

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

LAST TEN FISCAL YEARS

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|--------------------|--------------------|---------------------|-----------------------|-----------------------|----------------------|--------------------|------------------|--------------------|---------------------|
| Excess of Revenues Over (Under) Expenditures | \$289,166 | (\$1,454,720) | (\$8,629,246) | (\$19,130,943) | (\$19,184,057) | (\$7,815,399) | \$1,965,483 | \$879,091 | (\$707,522) | (\$1,241,426) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| General Long-Term Debt Issued | 2,065,000 | 15,750,000 | 60,116,751 | 12,945,000 | - | 53,013,273 | - | - | 3,715,000 | 69,000,000 |
| Payments to Refund Bond Escrow Agent | - | (5,672,280) | (9,330,000) | (12,703,947) | - | (52,873,972) | - | - | (3,615,000) | - |
| Premium on Issuance of Bonds | - | - | - | - | - | 540,580 | - | - | - | 6,451,200 |
| Proceeds from Sale of Land | - | - | - | 98,705 | - | - | - | - | - | - |
| Transfers In | 1,850,396 | 2,321,682 | 12,623,096 | 4,660,490 | 6,283,419 | 6,368,110 | 9,138,939 | 7,724,246 | 5,493,169 | 4,768,938 |
| Transfers Out | (1,962,300) | (2,435,384) | (12,678,937) | (4,718,733) | (6,344,547) | (6,431,848) | (9,203,460) | (7,791,345) | (5,562,331) | (4,838,100) |
| Total Other Financing Sources (Uses) | 1,953,096 | 9,964,018 | 50,730,910 | 281,515 | (61,128) | 616,143 | (64,521) | (67,099) | 30,838 | 75,382,038 |
| Net Change in Fund Balances | <u>\$2,242,262</u> | <u>\$8,509,298</u> | <u>\$42,101,664</u> | <u>(\$18,849,428)</u> | <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> |

MT. LEBANON SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$1,205,690 | \$1,341,443 | \$1,476,724 | \$1,857,558 | \$5,567,501 | \$1,969,863 | \$2,005,053 | \$1,874,699 | \$1,316,414 | \$1,088,787 |
| Unreserved | 7,024,672 | 8,268,297 | 6,444,454 | 5,595,023 | 1,848,243 | 8,262,018 | 7,025,346 | 7,131,622 | 8,216,680 | 11,929,586 |
| Total General Fund | 8,230,362 | 9,609,740 | 7,921,178 | 7,452,581 | 7,415,744 | 10,231,881 | 9,030,399 | 9,006,321 | 9,533,094 | 13,018,373 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | 2,092,318 | 9,248,652 | 52,307,648 | 33,926,817 | 14,718,469 | 4,703,076 | 2,485,603 | 2,008,067 | 2,190,056 | 74,372,577 |
| Unreserved, Report in: | | | | | | | | | | |
| Capital Projects Funds | - | - | - | - | - | - | 5,319,917 | 6,633,523 | 5,248,077 | 3,720,889 |
| Total All Other Governmental Funds | 2,092,318 | 9,248,652 | 52,307,648 | 33,926,817 | 14,718,469 | 4,703,076 | 7,805,520 | 8,641,590 | 7,438,133 | 78,093,466 |
| Grand Total General and All Other Governmental Fund Balances | <u>\$10,322,680</u> | <u>\$18,858,392</u> | <u>\$60,228,826</u> | <u>\$41,379,398</u> | <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> |

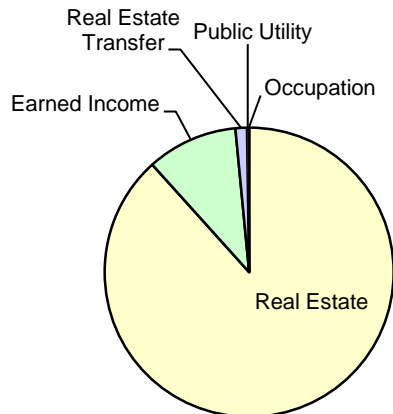
MT. LEBANON SCHOOL DISTRICT

TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

| Fiscal Year Ended | Real Estate Taxes | Earned Income Tax | Real Estate Transfer Tax | Public Utility Tax | Occupation Tax | Total Taxes |
|------------------------------|------------------------------|------------------------------|-------------------------------------|-------------------------------|---------------------------|------------------------|
| 2001 | \$34,466,442 | \$4,804,519 | \$532,260 | \$142,791 | - | \$39,946,012 |
| 2002 | 37,561,000 | 4,804,088 | 764,454 | 78,392 | - | 43,207,934 |
| 2003 | 37,573,362 | 4,772,005 | 656,697 | 66,909 | - | 43,068,973 |
| 2004 | 41,510,168 | 5,018,226 | 859,893 | 78,519 | - | 47,466,806 |
| 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 |

Tax Revenues by Source



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>Year</u> | <u>Municipal</u> | <u>School</u> | <u>County</u> | <u>Total</u> | <u>Assessed Valuation</u> |
|-------------|------------------|---------------|---------------|--------------|-------------------------------|
| 2001 | 20.30 | 98.65 | 25.20 | 144.15 | \$353,449,835 |
| *2002 | 4.35 | 20.76 | 4.72 | 29.83 | 1,878,039,596 |
| 2003 | 3.99 | 18.12 | 4.69 | 26.80 | 2,165,966,865 |
| 2004 | 3.99 | 20.16 | 4.69 | 28.84 | 2,135,256,841 |
| 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 | 2,068,748,893 |
| 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 |

*Assessed Valuations changed from 25% of market value in 2001 to 100% of market value in 2002.

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 |
|--------------------|---------------------------------|--|--|------------------------------|--|-------------------------------------|--|--|----------------------------|-------------------------------------|
| 2001 | \$34,617,085 | \$34,137,281 | 98.6% | \$31,150,800 | 90.0% | \$581,087 | 1.7% | \$568,641 | \$568,641 | 99.96% |
| 2002 | 38,021,202 | 37,903,029 | 99.7% | 33,017,569 | 86.8% | 785,986 | 2.1% | 704,539 | 704,539 | 99.76% |
| 2003 | 37,740,109 | 38,188,066 | 101.2% | 33,781,000 | 89.5% | 717,221 | 1.9% | 567,591 | 567,591 | 99.57% |
| **2004 | 42,635,784 | 47,129,323 | 110.5% | 41,354,031 | 97.0% | 814,872 | 1.9% | 163,886 | 163,886 | 98.46% |
| **2005 | 48,529,068 | 47,217,522 | 97.3% | 41,851,854 | 86.2% | 1,592,336 | 3.3% | 713,156 | 713,156 | 97.98% |
| **2006 | 50,036,784 | 48,732,909 | 97.4% | 42,595,386 | 85.1% | 970,715 | 1.9% | 874,660 | 874,660 | 99.78% |
| 2007 | 50,858,990 | 49,063,088 | 96.5% | 43,156,898 | 84.9% | 1,681,061 | 3.3% | 1,180,907 | 1,180,907 | 98.88% |
| 2008 | 51,083,401 | 49,383,562 | 96.7% | 42,532,136 | 83.3% | 1,385,830 | 2.7% | 1,038,524 | 1,038,524 | 99.21% |
| 2009 | 50,038,856 | 48,678,765 | 97.3% | 41,026,145 | 82.0% | 1,360,091 | 2.7% | 1,015,409 | 1,015,409 | 99.19% |
| 2010 | 50,759,085 | 49,271,523 | 97.1% | 42,944,333 | 84.6% | 1,487,562 | 2.9% | 49,380 | 49,380 | 96.76% |

Source: Mt. Lebanon Tax Office

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

**Note that the 2004, 2005 and 2006 delinquencies are double their typical size due to the outstanding tax of one large taxpayer. Covenant has not paid their 2004 taxes due to an appeal of their taxable status.

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> |
|-------------|------------------|---------------|-------------------|--------------|
| 2001 | \$7,153,514 | \$34,763,222 | \$8,906,936 | \$50,823,672 |
| 2002 | 8,150,807 | 38,929,334 | 8,864,347 | 55,944,488 |
| 2003 | 8,462,482 | 38,454,624 | 10,158,403 | 57,075,509 |
| 2004 | 8,467,233 | 42,813,734 | 9,960,139 | 61,241,106 |
| 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 |

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

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

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

MT. LEBANON SCHOOL DISTRICT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

| <u>Year</u> | <u>Assessed Value</u> | <u>Exempt Real Property</u> | <u>Total</u> | <u>Estimated Actual Value (1)</u> | <u>Mt. Lebanon School Millage Rate</u> |
|-------------|-----------------------|---------------------------------|---------------|---------------------------------------|--|
| 2001 | \$353,449,835 | \$38,310,905 | \$391,760,740 | \$1,579,075,200 | 98.65 |
| 2002 | 1,878,039,596 | 256,617,348 | 2,134,656,944 | 1,596,225,400 | 20.76 |
| 2003 | 2,165,966,865 | 271,486,070 | 2,437,452,935 | 1,971,124,441 | 18.12 |
| 2004 | 2,135,256,841 | 209,900,160 | 2,345,157,001 | 1,857,861,100 | 20.16 |
| 2005 | 2,113,921,663 | 209,979,260 | 2,323,900,923 | 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 | 2,068,748,983 | 218,095,440 | 2,286,844,423 | 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 | 2,027,186,300 | 23.81 |
| 2010 | 2,175,275,286 | 224,737,840 | 2,400,013,126 | 2,048,807,500 | 24.11 |

(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

6/30/10 AND 6/30/01

| Taxpayer | June 30, 2010 | | | June 30, 2001 | | |
|--|--|------|---|--|------|---|
| | 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 | \$30,400,000 | 1 | 1.40% | \$3,875,500 | 2 | 1.1% |
| Concordia Luthern | 28,000,000 | 2 | 1.29 | - | | - |
| Brookdale Senior Housing | 17,000,000 | 3 | 0.78 | - | | - |
| Bower Hill Development | 11,699,700 | 4 | 0.54 | 2,502,000 | 3 | 0.71 |
| IHP/Bower Hill LLC | 6,831,700 | 5 | 0.31 | 1,254,000 | 4 | 0.35 |
| The Cyclops Building | 6,193,900 | 6 | 0.28 | 1,200,200 | 5 | 0.34 |
| St. Clair Memorial Hospital | 5,831,220 | 7 | 0.27 | 1,071,550 | 7 | 0.31 |
| Asbury Health | 5,568,417 | 8 | 0.26 | 4,500,000 | 1 | 1.27 |
| Jon Pan Realty Inc. | 5,555,000 | 9 | 0.26 | - | | - |
| Pendale Towers | 5,253,200 | 10 | 0.24 | 1,117,000 | 6 | 0.32 |
| 900 Washington Corporation | - | | - | 994,000 | 8 | 0.28 |
| Independence Court of Mt. Lebanon Associates | - | | - | 934,750 | 9 | 0.26 |
| Beverly Enterprises | - | | - | 779,600 | 10 | 0.22 |
| Total | <u>\$122,333,137</u> | | <u>5.62%</u> | <u>\$18,228,600</u> | | <u>5.16%</u> |
| Total Taxable Assessed Valuation | <u>\$2,175,275,286</u> | | | <u>\$1,413,799,340</u> | | |

(1) Assessed valuation based on the valuation of property for taxes collected in 2010 and 2001 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 NINE YEARS AGO

| Employer | 2009 | | | 2000 | | |
|-------------------------------|--------------|------|--|--------------|------|--|
| | Employees | Rank | Percentage of Total Municipal Employment | Employees | Rank | Percentage of Total Municipal Employment |
| St. Clair Memorial Hospital | 1,520 | 1 | 20.69% | 1,658 | 1 | 16.95% |
| Mt. Lebanon School District | 710 | 2 | 9.66 | 914 | 2 | 9.35 |
| Asbury Health Center | 229 | 3 | 3.12 | 280 | 4 | 2.86 |
| Baptist Homes | 228 | 4 | 3.10 | 230 | 7 | 2.35 |
| Mt. Lebanon Municipality | 214 | 5 | 2.91 | 411 | 3 | 4.20 |
| Keystone Oaks School District | 179 | 6 | 2.44 | 234 | 6 | 2.39 |
| Giant Eagle | 161 | 7 | 2.19 | 180 | 8 | 1.84 |
| Family Hospice | 137 | 8 | 1.86 | - | - | - |
| Golden Ventures | 136 | 9 | 1.85 | - | - | - |
| Shop N Save | 126 | 10 | 1.71 | - | - | - |
| Super Value Holding | - | - | - | 252 | 5 | 2.58 |
| Mt. Lebanon Manor | - | - | - | 175 | 9 | 1.79 |
| Bar & Restaurant Ventures | - | - | - | 123 | 10 | 1.26 |
| Total | 3,640 | | 57.44% | 4,457 | | 44.32% |
| Total Employees | 7,347 | | | 9,779 | | |

Source: Mt. Lebanon Tax Office for the calendar year for year 2009 and 2000.

MT. LEBANON SCHOOL DISTRICT

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

LAST TEN YEARS

| Calendar Year | Tax Rate | Net Earned Income Tax Collected | Refunds | Total Earned Income Tax Collected |
|--------------------------|-----------------|--|----------------|--|
| 2000 | 0.5 | \$4,588,923 | (\$215,596) | \$4,804,519 |
| 2001 | 0.5 | 4,596,789 | (207,299) | 4,804,088 |
| 2002 | 0.5 | 4,535,054 | (236,951) | 4,772,005 |
| 2003 | 0.5 | 4,673,673 | (344,553) | 5,018,226 |
| 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 |

Source: Mt. Lebanon Tax Office.

MT. LEBANON SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 YEAR ENDED JUNE 30, 2010

| Direct Debt | Percentage of Applicable Debt | Face Amount Outstanding |
|---|--|------------------------------------|
| General Obligation Bonds & Unamortized Premiums | 100.0% | \$144,437,189 |
| Total Direct Debt | | <u>144,437,189</u> |
| Overlapping Debt | | |
| Mt. Lebanon Parking Authority | 100.0% | 4,362,203 |
| Allegheny County | 4.00% | 25,773,287 (1) (2) |
| Mt. Lebanon, Pennsylvania | 100.0% | 25,115,000 (2) |
| Total Overlapping Debt | | <u>55,250,490</u> |
| Total Direct and Overlapping Debt | | <u><u>\$199,687,679</u></u> |

RATIOS

| <u>Direct Debt To:</u> | | <u>Direct and Overlapping Debt To:</u> | |
|------------------------|---------|--|-----------------|
| Assessed Value | 6.6% | Assessed Value | 9.2% |
| Market Value | 7.0% | Market Value | 9.7% |
| Per Capita | \$4,375 | Per Capita | \$6,048 |
| | | Assessed Value | \$2,175,275,286 |
| | | Market Value | \$2,048,807,500 |
| | | Population | 33,017 |

(1) 4.0% of total debt based on Mt. Lebanon's assessed value as a percentage of Allegheny County's assessed value.

(2) As of December 31, 2009.

Source: Municipal and Parking Authority 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, 2010

| Formula for Debt Limit | Fiscal Year Ended June 30 | | |
|---|---------------------------|--------------|--------------|
| | 2008 | 2009 | 2010 |
| Total General Fund Revenues, Food Service Revenues and Interest on Bond Proceeds | \$74,504,388 | \$73,805,091 | \$76,422,211 |
| Less: Required Deductions Included in Total Revenues | | | |
| a. Construction Subsidies | 823,726 | 942,121 | 919,584 |
| 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 | 73,680,662 | 72,862,970 | 75,502,627 |
| Total Net Revenues for Three Years | 222,046,259 | | |
| Borrowing Base - Average Net Revenues for Three-Year Period | 74,015,420 | | |
| Multiplier | 225% | | |
| Total Nonelectoral Debt Limit | 166,534,694 | | |
| Less: Amount of Debt Applicable to Debt Limit | 144,437,189 | | |
| | <u>\$22,097,505</u> | | |

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

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

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt Limit | \$110,123,024 | \$114,802,907 | \$117,906,490 | \$123,562,632 | \$132,361,993 | \$146,313,417 | \$155,747,202 | \$161,449,886 | \$164,246,971 | \$166,534,694 |
| Total Net Debt Applicable to Limit | <u>19,165,000</u> | <u>28,160,000</u> | <u>77,180,000</u> | <u>77,472,938</u> | <u>75,801,982</u> | <u>76,935,265</u> | <u>75,023,642</u> | <u>73,062,019</u> | <u>71,140,396</u> | <u>144,437,189</u> |
| Legal Debt Margin | <u>\$90,958,024</u> | <u>\$86,642,907</u> | <u>\$40,726,490</u> | <u>\$46,089,694</u> | <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> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 17.40% | 24.53% | 65.46% | 62.70% | 57.27% | 52.58% | 48.17% | 45.25% | 43.31% | 86.73% |

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 |
|--------------------|------------------|-----------------|-------------------------------|--|--|
| 2001 | \$1,000,000 | \$850,396 | \$1,850,396 | \$50,819,220 | 3.6 |
| 2002 | 1,115,000 | 1,206,682 | 2,321,682 | 55,613,721 | 4.2 |
| 2003 | **1,180,000 | 1,224,089 | *2,404,089 | 62,913,042 | 3.8 |
| 2004 | **1,335,000 | 3,277,634 | *4,612,634 | 78,660,550 | 5.9 |
| 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 |

*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 |
|------------------------|-------------------|-----------------------|-----------------------------------|------------------------------|------------------------------------|----------------------------|---|---------------------------------------|---|
| 2001 | 33,017 | \$353,449,835 | \$1,579,075,200 | \$19,165,000 | \$0 | \$19,165,000 | 5.4% | \$580 | 1.2% |
| 2002 | 33,017 | 1,878,039,596 | 1,596,225,400 | 28,160,000 | 0 | 28,160,000 | 1.5% | 853 | 1.8% |
| 2003 | 33,017 | 2,165,966,865 | 1,971,124,441 | 77,180,000 | 52,939 | 77,127,061 | 3.6% | 2,336 | 3.9% |
| 2004 | 33,017 | 2,135,256,841 | 1,857,861,100 | 76,915,000 | 52,939 | 76,862,061 | 3.6% | 2,345 | 4.1% |
| 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 | 1,954,213,222 | 71,140,396 | 0 | 71,140,396 | 3.3% | 2,155 | 3.6% |
| 2010 | 33,017 | 2,175,275,286 | 1,941,503,672 | 144,437,189 | 0 | 144,437,189 | 6.6% | 4,375 | 7.4% |

* 1995-2004, Official U.S. Census

MT. LEBANON SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| 1994 General Obligation Bonds | \$780,000 | - | - | - | - | - | - | - | - | - |
| 1995 General Obligation Bonds | - | - | - | - | - | - | - | - | - | - |
| 1996 General Obligation Bonds | 440,000 | 440,000 | - | - | - | - | - | - | - | - |
| 1997 General Obligation Bonds | 5,895,000 | - | - | - | - | - | - | - | - | - |
| 1998 General Obligation Bonds | 9,985,000 | 9,960,000 | - | - | - | - | - | - | - | - |
| 2000 General Obligation Bonds | 2,065,000 | 2,010,000 | 1,950,000 | - | - | - | - | - | - | - |
| 2001 General Obligation Bonds | - | 9,995,000 | 9,990,000 | - | - | - | - | - | - | - |
| 2002 General Obligation Bonds | - | 5,755,000 | 5,710,000 | 5,385,000 | 5,050,000 | 4,705,000 | 4,355,000 | 3,995,000 | | |
| 2002 Series A General Obligation Bonds | - | - | 9,530,000 | 8,590,000 | 7,320,000 | 6,025,000 | 4,690,000 | 3,320,000 | 1,910,000 | 460,000 |
| 2003 General Obligation Bonds | - | - | 50,000,000 | 49,995,000 | 49,990,000 | - | - | - | - | - |
| 2004 General Obligation Bonds | - | - | - | 12,945,000 | 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 |
| 2005 Unamortized Bond Premium | - | - | - | - | - | 525,265 | 503,642 | 482,019 | 460,396 | 6,707,189 |
| 2009 General Obligation Bonds | - | - | - | - | - | - | - | - | 3,715,000 | 3,435,000 |
| 2009 A General Obligation Bonds | - | - | - | - | - | - | - | - | | 69,000,000 |
| Total Debt | \$19,165,000 | \$28,160,000 | \$77,180,000 | \$76,915,000 | \$75,265,000 | \$76,935,265 | \$75,023,642 | \$73,062,019 | \$71,140,396 | \$144,437,189 |
| Ratio of Debt to Personal Income | 1.7% | 2.5% | 6.9% | 6.9% | 6.8% | 6.9% | 6.8% | 6.6% | 6.4% | 13.0% |
| Debt Per Capita | \$580 | \$853 | \$2,336 | \$2,345 | \$2,294 | \$2,314 | \$2,272 | \$2,213 | \$2,155 | \$4,375 |

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> |
|--------------------|---------------------------|---------------------|-----------------------------------|-------------------------------------|------------------------------------|-------------------|
| 1981 | \$182,246,145 | 63.5 | 1/2 | 1/2 | 10 | 6,169 |
| 1982 | 184,256,610 | 72.25 | 1/2 | 1/2 | 10 | 5,864 |
| 1983 | 200,845,724 | 79.25 | 1/2 | 1/2 | 10 | 5,559 |
| 1984 | 201,681,630 | 82.5 | 1/2 | 1/2 | 9 | 5,331 |
| 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 | 1,878,039,596 | 20.76 | 1/2 | 1/2 | 10 | 5,616 |
| 2003 | 2,165,966,865 | 18.12 | 1/2 | 1/2 | 10 | 5,616 |
| 2004 | 2,135,256,841 | 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 | 2,068,748,983 | 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 |

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 |
|------------------------|---------------------|-------------------|-----------------------|--|--|
| 2001 | \$50,819,220 | 5,672 | \$8,960 | \$8,385 | 1.3% |
| 2002 | 55,613,721 | 5,616 | 9,903 | 8,937 | 6.6% |
| *2003 | 62,913,042 | 5,616 | 11,202 | 9,367 | 4.8% |
| *2004 | 78,660,550 | 5,576 | 14,107 | 9,814 | 4.8% |
| *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% |

*Reflects the elementary school renovations.

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

MT. LEBANON SCHOOL DISTRICT

PUPIL/TEACHER RATIO AND ATTENDANCE

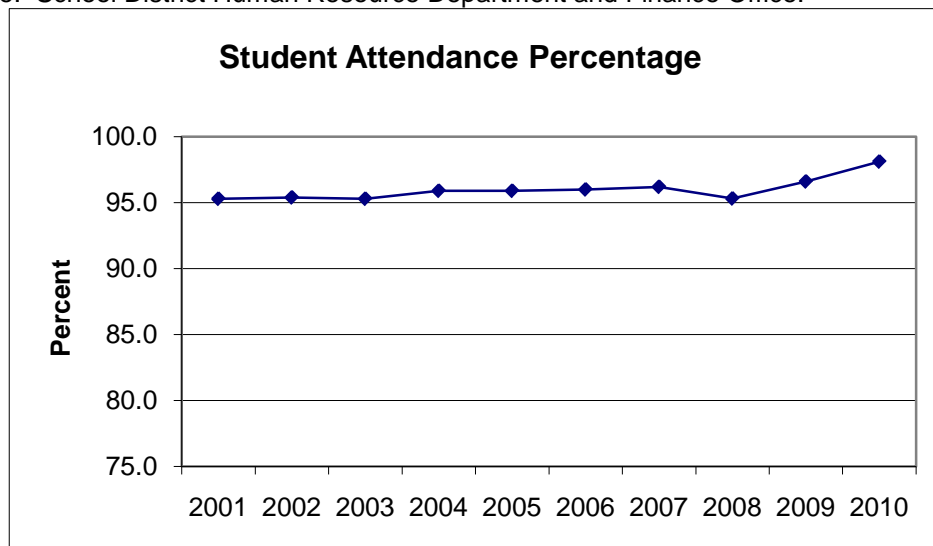
LAST TEN FISCAL YEARS

| Fiscal Year | Enrollment | Teaching Staff* | Pupil/Teacher Ratio | Student Attendance Percentage | Number of Free & Reduced** | Percentage of Free & Reduced** |
|-------------|------------|-----------------|---------------------|-------------------------------|----------------------------|--------------------------------|
| 2001 | 5,672 | 405 | 14.0 | 95.3% | 131 | 2.31% |
| 2002 | 5,616 | 407 | 13.8 | 95.4% | 133 | 2.37% |
| 2003 | 5,616 | 404 | 13.9 | 95.3% | 172 | 3.06% |
| 2004 | 5,576 | 423 | 13.2 | 95.9% | 175 | 3.14% |
| 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% |

*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.

Source: School District Human Resource Department and Finance Office.



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

| Fiscal Year | | Education | | | | | | Average Salary/ Total |
|------------------------|--------------------|------------------|----------------------|-----------------|-------------------|-------------------|-----------------|--------------------------------------|
| | | Bachelors | Bachelors +15 | Masters | Masters+30 | Masters+60 | Ph D | |
| 2004 | Salary Range | \$37,429-75,703 | \$37,911-77,522 | \$38,391-81,174 | \$39,173-82,158 | \$40,136-83,375 | \$40,857-83,662 | \$57,989 |
| | Number of Teachers | 29 | 80 | 264 | 24 | 13 | 3 | 413 |
| 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 |

*Only seven years of historical data is available. As additional years become available, they will be added to this summary.

Source: School District Human Resource Department.

MT. LEBANON SCHOOL DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES

LAST TEN FISCAL YEARS

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Supervisory | | | | | | | | | | |
| Central Administration | 7.00 | 6.00 | 6.00 | 8.00 | 7.00 | 6.00 | 7.00 | 6.00 | 6.00 | 6.00 |
| Supervisors Of Instruction | 6.20 | 5.20 | 5.20 | 6.20 | 7.60 | 7.60 | 7.60 | 8.00 | 8.00 | 8.00 |
| 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 | 5.00 | 5.00 | 5.00 | 5.00 | 6.00 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 |
| Total Supervisory | 28.20 | 26.20 | 26.20 | 29.20 | 30.60 | 30.10 | 31.10 | 30.50 | 30.50 | 30.50 |
| Instruction | | | | | | | | | | |
| Elementary Classroom Teachers | 109.00 | 107.50 | 109.00 | 106.50 | 107.00 | 104.00 | 102.50 | 104.00 | 102.00 | 104.00 |
| Secondary Classroom Teachers | 167.00 | 167.50 | 166.40 | 169.10 | 173.10 | 171.80 | 174.90 | 173.70 | 169.20 | 166.70 |
| Other Classroom Teachers* | 95.90 | 97.90 | 99.40 | 96.44 | 106.66 | 107.40 | 109.20 | 111.70 | 110.50 | 114.60 |
| Total Instruction | 371.90 | 372.90 | 374.80 | 372.04 | 386.76 | 383.20 | 386.60 | 389.40 | 381.70 | 385.30 |
| Student Services | | | | | | | | | | |
| Guidance Counselors | 17.90 | 18.40 | 18.40 | 18.40 | 22.90 | 22.90 | 22.90 | 22.50 | 22.50 | 22.50 |
| Psychologists | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 |
| Nurses | 5.00 | 5.00 | 5.00 | 5.00 | 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 | 36.90 | 37.40 | 37.40 | 37.40 | 42.90 | 42.90 | 42.90 | 42.50 | 43.50 | 43.50 |
| Support and Administration | | | | | | | | | | |
| Clerical/Secretarial | 54.23 | 58.88 | 58.28 | 59.20 | 60.49 | 61.56 | 61.56 | 61.56 | 61.56 | 61.58 |
| Administrative Assistant/Specialists | 21.00 | 21.00 | 21.00 | 22.00 | 24.50 | 23.50 | 25.00 | 29.00 | 30.50 | 31.50 |
| Other Support Staff** | 52.03 | 59.53 | 45.53 | 39.53 | 39.53 | 40.03 | 43.53 | 44.50 | 45.50 | 45.50 |
| Service Workers*** | 93.54 | 94.17 | 93.68 | 93.68 | 93.68 | 94.50 | 94.60 | 97.60 | 99.64 | 100.14 |
| Total Support and Administration | 220.80 | 233.58 | 218.49 | 214.41 | 218.20 | 219.59 | 224.69 | 232.66 | 237.20 | 238.72 |
| TOTAL | 657.80 | 670.08 | 656.89 | 653.05 | 678.46 | 675.79 | 685.29 | 695.06 | 692.90 | 698.02 |

*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.

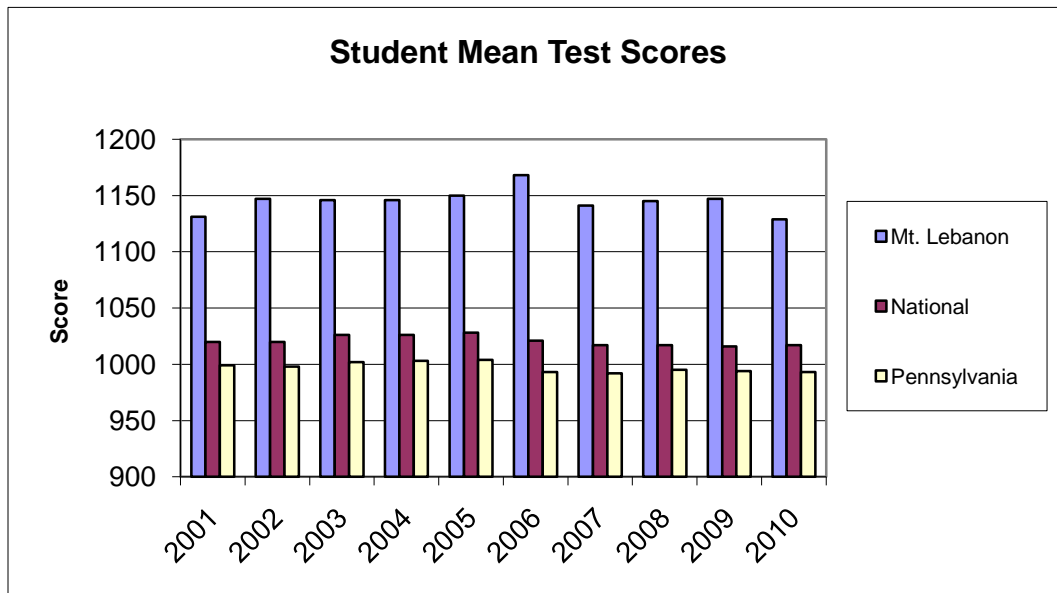
MT. LEBANON SCHOOL DISTRICT

STUDENT MEAN TEST SCORES

LAST TEN YEARS

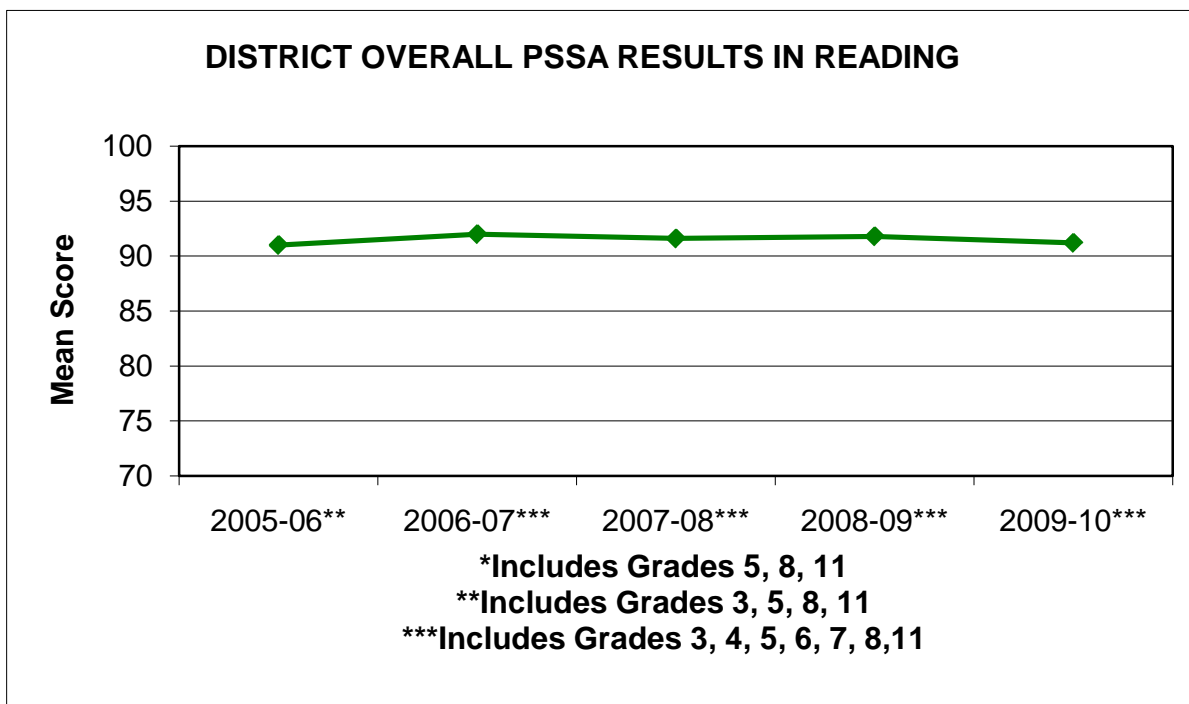
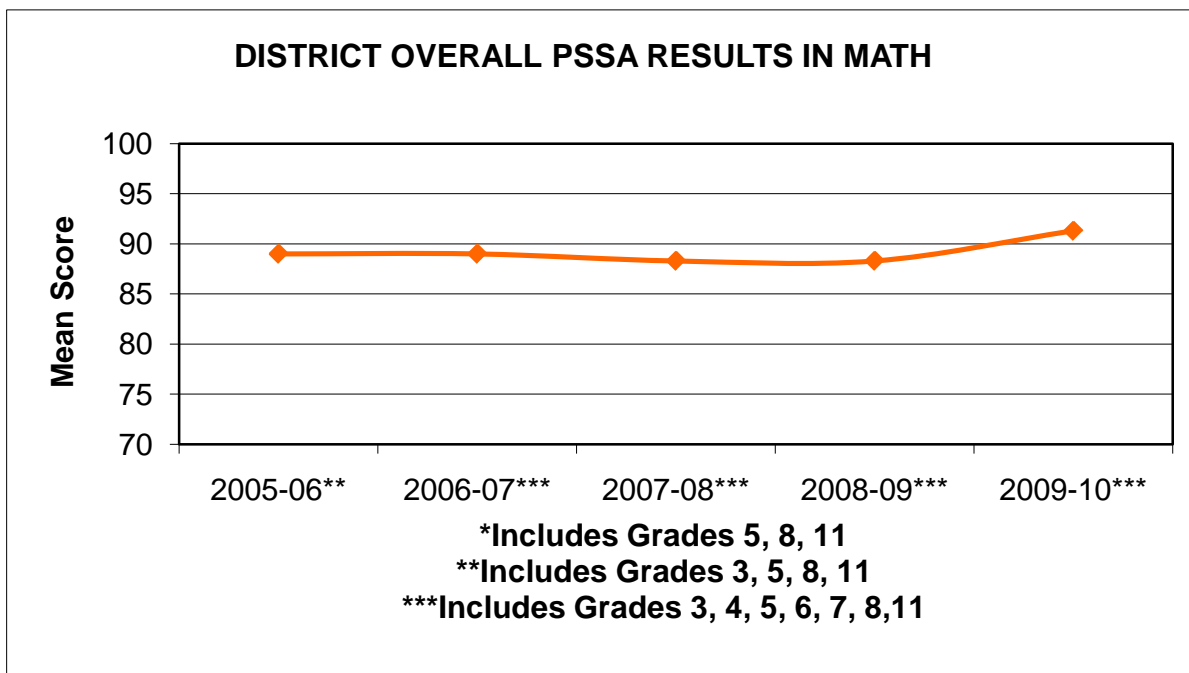
| Graduation Year | Scholastic Aptitude Test - SAT 1 | | | National Merit Results | |
|--------------------|----------------------------------|----------|--------------|--------------------------|---------------------|
| | Mt. Lebanon | National | Pennsylvania | Number Semi-Finalists | Number Commended |
| 2001 | 1131 | 1020 | 999 | 8 | 27 |
| 2002 | 1147 | 1020 | 998 | 13 | 28 |
| 2003 | 1146 | 1026 | 1002 | 13 | 20 |
| 2004 | 1146 | 1026 | 1003 | 11 | 27 |
| 2005 | 1150 | 1028 | 1004 | 7 | 15 |
| 2006 | 1168 | 1021 | 993 | 13 | 17 |
| 2007 | 1141 | 1017 | 992 | 13 | 23 |
| 2008 | 1145 | 1017 | 995 | 8 | 22 |
| 2009 | 1147 | 1016 | 994 | 5 | 12 |
| 2010 | 1129 | 1017 | 993 | 12 | 19 |

Source: School District Guidance Office.



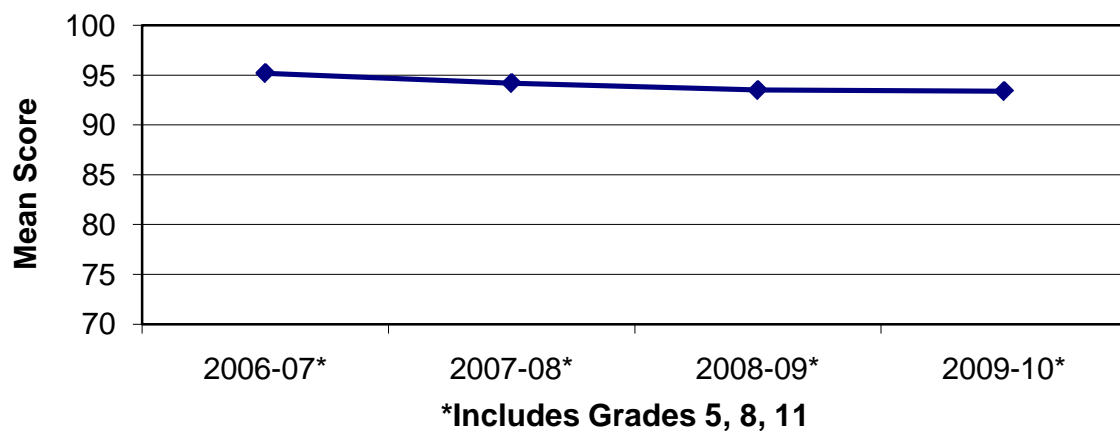
MT. LEBANON SCHOOL DISTRICT

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

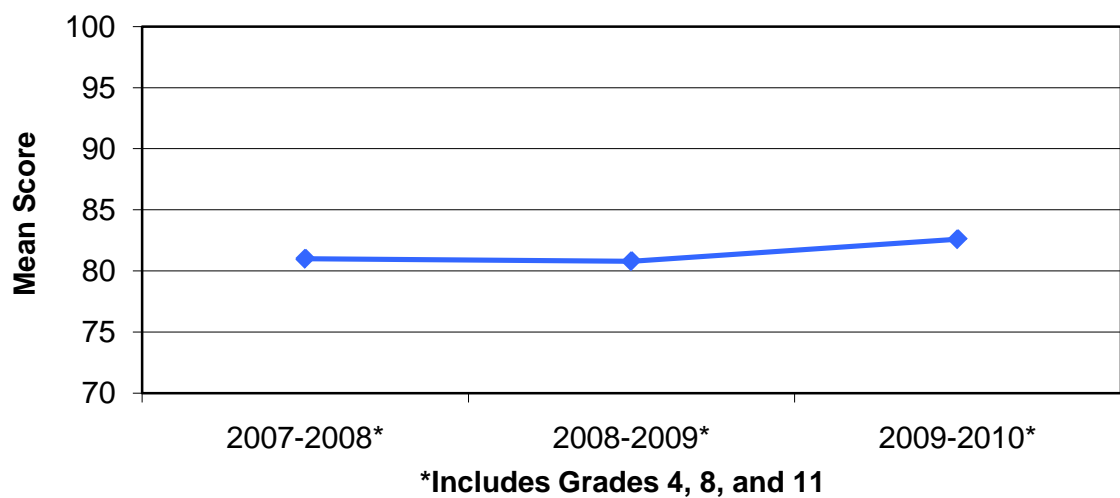


MT. LEBANON SCHOOL DISTRICT

DISTRICT OVERALL PSSA RESULTS IN WRITING



DISTRICT OVERALL PSSA RESULTS IN SCIENCE



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% of Mt. Lebanon's class of 2010 is continuing its education at a:

- | | |
|--|-----|
| • Four-year college | 87% |
| • Junior or community college | 6% |
| • Vocational, technical or professional school | 1% |
| • Armed services | 1% |

During the 2009-2010 school year, students participated in 974 Advanced Placement (college equivalent) courses and 397 students took 637 Advanced Placement exams. Advanced Placement course offerings included 19 course offerings: Biology, Calculus BC, Chemistry, Computer Science, English Literature & Composition, English Language & Composition, 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 2010 SAT Reasoning average score, including Critical Reading and Mathematics, was 1129 with approximately ninety-four percent of the class taking the exam. This score is 112 points more than the national average and 136 points more than the Pennsylvania average. The mean score for the writing test for Mt. Lebanon students was 561. This is 69 points higher than the national mean and 81 points higher than the Pennsylvania mean. Mt. Lebanon students' participation rate was 47 percentage points higher than the national average (47%) and 22 percentage points higher than the Pennsylvania state average (72%) in 2010. Students of all abilities at Mt. Lebanon are taking the SAT Reasoning test and are being accounted for in very favorable national and state comparisons.

Of the 55% of the class of 2010 who took the ACT exam, the average composite score was 25.1 compared to the national average of 21.0 and Pennsylvania state average of 21.9. Average composite scores include English, Mathematics, Reading and Science results. Mt. Lebanon students exceeded national and state averages in all four content areas.

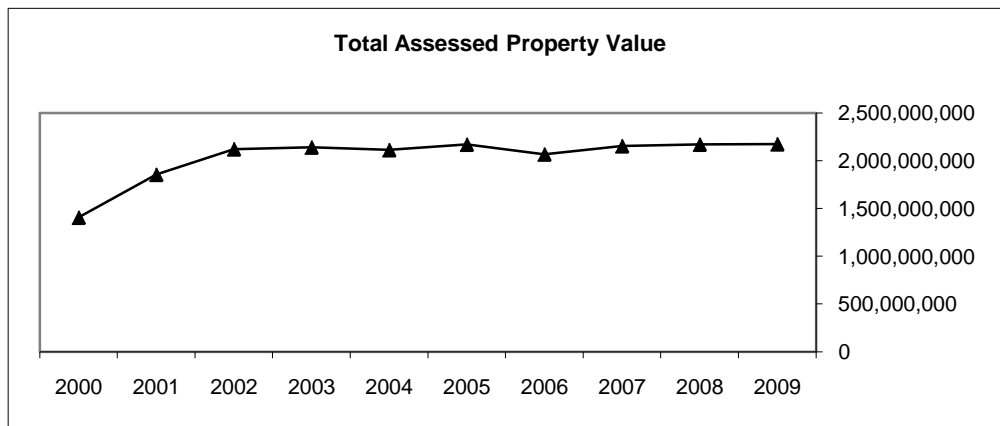
MT. LEBANON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

| Calendar Year | Population (1) | Total Personal Income (2) | Per Capita Personal Income (1) | Median Household Income (1) | Median Age (1) |
|----------------------|-----------------------|----------------------------------|---------------------------------------|------------------------------------|-----------------------|
| 2010 | 33,017 | \$1,111,088,084 | \$33,652 | \$60,783 | 41.8 |
| 2009 | 33,017 | 1,111,088,084 | 33,652 | 60,783 | 41.8 |
| 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 |
| 2004 | 33,017 | 1,111,088,084 | 33,652 | 60,783 | 41.8 |
| 2003 | 33,017 | 1,111,088,084 | 33,652 | 60,783 | 41.8 |
| 2002 | 33,017 | 1,111,088,084 | 33,652 | 60,783 | 41.8 |
| 2001 | 33,017 | 1,111,088,084 | 33,652 | 60,783 | 41.8 |

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

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



NOTE: As of January 1, 2001, the assessed value on all real property was changed from 25% to 100% of market value. For the year 2000, amounts shown in this schedule have been converted to reflect 100% market value for comparison purposes.

(Continued)

MT. LEBANON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

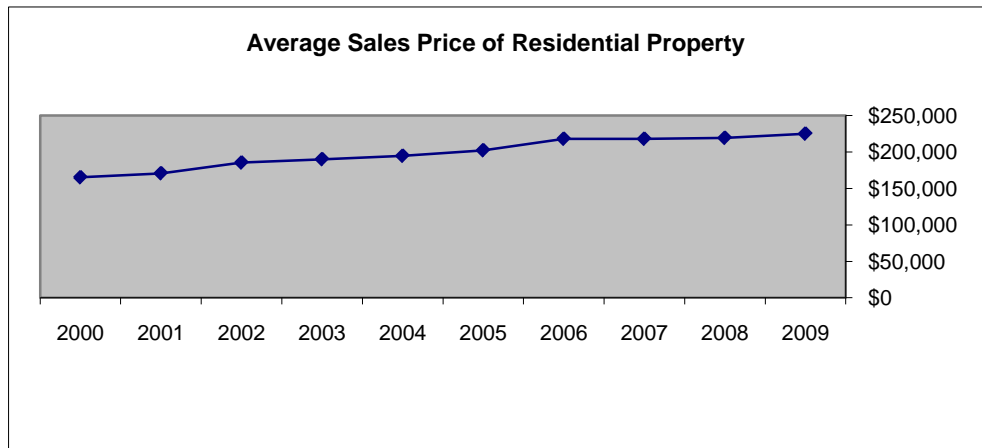
LAST TEN YEARS

| 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) |
|---|------------------------------|------------------------------|--|--|
| 61.0% | 5,302 | 5.1% | \$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 | 2,068,748,983 |
| 61.0 | 5,454 | 3.6 | 202,249 | 2,171,329,944 |
| 61.0 | 5,505 | 4.1 | 194,654 | 2,113,921,663 |
| 61.0 | 5,576 | 4.1 | 190,040 | 2,141,508,681 |
| 61.0 | 5,616 | 4.1 | 185,381 | 2,122,631,133 |
| 61.0 | 5,616 | 3.2 | 170,723 | 1,855,927,051 |
| 61.0 | 5,672 | 2.9 | 165,185 | 1,407,024,180 |

(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

| Calendar Year | Building Permits Issued | Estimated Value of Construction(1) | Occupancy Permits Issued | Total Property Value (3) | <u>Property Value (2)</u> | |
|--------------------------|--|---|---|---|----------------------------------|-------------------|
| | | | | | Taxable (3) | Exempt (3) |
| 2000 | 520 | \$19,307,334 | 83 | \$391,354,640 | \$353,449,835 | \$37,904,805 |
| 2001 | 493 | 53,316,040 | 125 | 2,139,778,184 | 1,878,039,596 | 261,738,588 |
| 2002 | 552 | 31,754,665 | 145 | 2,443,016,165 | 2,165,966,865 | 277,049,300 |
| 2003 | 570 | 36,694,757 | 126 | 2,421,547,131 | 2,135,256,841 | 286,290,290 |
| 2004 | 873 | 35,789,688 | 130 | 2,402,250,931 | 2,134,847,021 | 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 |

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

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

(3) Effective in 2001, assessed value is 100% of market value. Prior to that it was 25% of market value.

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, 2010

| 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 | 387 | 434 | 89.2% | 29 | 16 | 74,428 | 7.5 (3) |
| Lincoln | 1925 | 2004 | 28 | 400 | 510 | 78.4% | 34 | 14 | 74,510 | 3.5 |
| Markham | 1929 | 2004 | 29 | 357 | 432 | 82.6% | 30 | 12 | 42,513 | 6.1 |
| Howe | 1929 | 2003 | 29 | 361 | 468 | 77.1% | 26 | 13 | 65,662 | 7.1 |
| Foster | 1940 | 2003 | 25 | 271 | 389 | 69.7% | 24 | 11 | 53,560 | 5.4 |
| Jefferson | 1950 | 2004 | 23 | 290 | 343 | 84.5% | 25 | 15 | 51,519 | 17.7 (1) |
| Hoover | 1963 | 2005 | 21 | 247 | 342 | 72.2% | 21 | 12 | 68,661 | 5.9 |
| Secondary Schools | | | | | | | | | | |
| Jefferson | 1959 | 1998 | 61 | 534 | 833 | 64.1% | 57 | 21 | 100,835 | 17.7 (1) |
| Mellon | 1938 | 1998 | 59 | 655 | 840 | 78.0% | 63 | 23 | 111,566 | 7.5 (3) |
| Senior High (inc. Stadium) | 1930 | 1995 | 163 | 1804 | 2250 | 80.2% | 157 | 140 | 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 22 professional and 37 support staff.
Also included are 23 cafeteria employees and 40 custodial/maintenance employees.

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

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

MT. LEBANON SCHOOL DISTRICT

AWARDS AND RECOGNITIONS

Newsweek Magazine named Mt. Lebanon High School on the list of "Top U.S. High Schools" in 2010.

Pittsburgh Business Times' ranked the Mt. Lebanon School District #3 in the region in the 2010 Pittsburgh Guide to Western Pennsylvania Schools.

Mt. Lebanon School District Named Among "Best 100 Communities for Music Education" — a nationwide survey that identifies school districts committed to music education as a conduit for success in school and in life.

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.

Washington Elementary School was awarded a National Blue Ribbon by the U. S. Department of Education in 2003-04.

Lincoln Elementary School was awarded a National Blue Ribbon by the U.S. Department of Education in 2000-2001 and 2002-2003.

Mt. Lebanon High School was awarded a National Blue Ribbon the U.S. Department of Education in 1983-84; 1990-91; and 1997-98.

The Class of 2010 has 5 National Merit Semifinalists and 12 commended.

The Class of 2010 graduated 470 students, 95 percent went on to pursue full-time or Armed Service education.

Girls' Softball 2010 PIAA Champions.

Girls' Basketball 2010 PIAA Champions.

Girls' Softball 2010 WPIAL Champions.

Girls' Basketball 2010 WPIAL Champions.

Boys' Basketball 2010 WPIAL Champions.

Girls' Volleyball 2009 WPIAL Champions.

Boys' Soccer 2009 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.

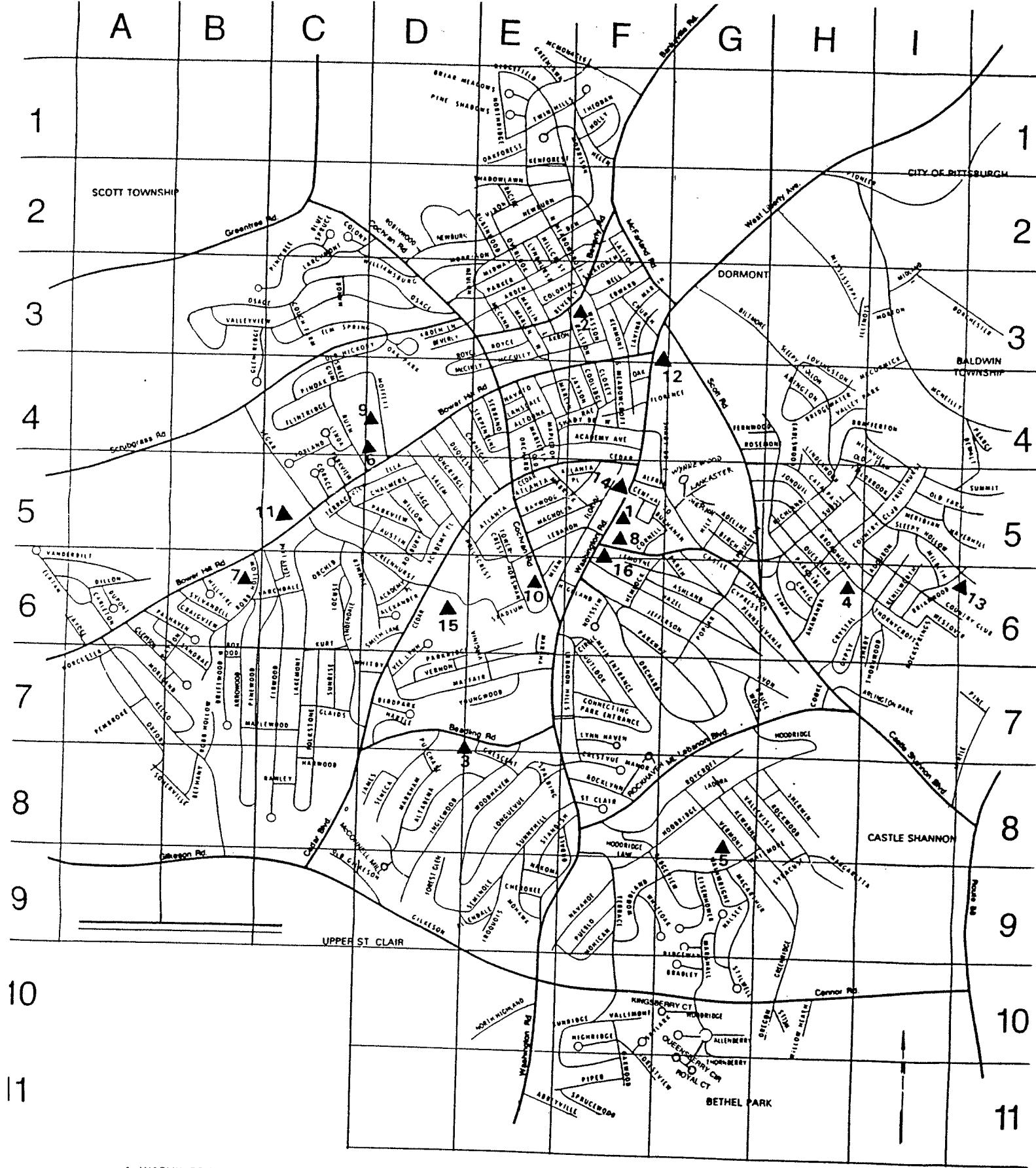
Enrichment programs occur at every educational level for most children. Advanced placement courses at the High School often permit college-bound students to receive credit toward their freshman year.

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 2009-10 school staff includes 422.80 certificated classroom teachers with an average salary in fiscal 2010 of \$66,860. Of these teachers, 77% hold masters degrees or doctorates. Average class size at the elementary level is 22.15 students per classroom teacher. At the secondary level, average class size ranges from 21.34 to 25.72 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.



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| 1. WASHINGTON ELEM. | 5. FOSTER ELEM. | 9. JEFFERSON JUNIOR | 13. ST. WINIFRED SCHOOL |
| 2. LINCOLN ELEM. | 6. JEFFERSON ELEM. | 10. HIGH SCHOOL | 14. MUNICIPAL BUILDING |
| 3. MARKHAM ELEM. | 7. HOOVER ELEM. | 11. ST. CLAIR HOSPITAL | 15. RECREATION CENTER |
| 4. HOWE ELEM. | 8. MELLON JUNIOR | 12. ST. BERNARD SCHOOL | 16. PUBLIC LIBRARY |