

MT LEBANON SCHOOL DISTRICT

PITTSBURGH, PENNSYLVANIA

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

MT. LEBANON SCHOOL DISTRICT
YEAR ENDED JUNE 30, 2023

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Independent Auditor's Report

Members of the Board
Mt. Lebanon School District
Pittsburgh, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of MT. LEBANON SCHOOL DISTRICT ("the District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material

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misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – general fund, schedule of changes in the total OPEB liability and related ratios- retirees' health plans, schedule of the district's proportionate share of the net OPEB liability – PSERS plan, schedule of the district's OPEB contributions – PSERS plan, schedule of the district's proportionate share of the net pension liability – last 10 years, and schedule of the district's contributions – last 10 years information on pages 4 through 16 and 58 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing



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the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The Combining Fund Financial Statements on pages 65 through 66 are presented for purposes of additional analysis and are not a required part of the financial statements.

The Combining Fund Financial Statements are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

ZELENKOFKSKE AXELROD LLC

December 7, 2023
Pittsburgh, Pennsylvania

**MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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, 2023. 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 Management's 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 School District. This revenue source comprises 64% of total General Fund revenues and is the only revenue source over which the School Board (Board) has control. The tax revenue received from real estate tax increased from 2022 by \$1,710,482 or 2.47%. This increase was primarily the result of a slight uptick in assessed value.

Earned Income Tax (EIT) is another major tax revenue source for the School District. This tax is the result of a half percent rate on income earned by residents. The tax is not applied to passive income such as investment earnings. Income from this source increased from 2022 by \$308,041 or 3.29% which is consistent with wages around the region.

The final large tax revenue source for the School District is the Realty Transfer Tax, which taxes one half percent on the sale of homes in our community. The rates on both this tax and the Earned Income Tax rate are not able to be changed per State law. Homes in our community range from small starter homes, which are attractive to young families, to expansive properties. This revenue source decreased by \$126,003 in fiscal 2023 compared to fiscal 2022. This is the result of rapidly rising home costs and higher mortgage interest rates.

Interest rates on Federal Securities increased this year due to increasing interest rates on investment securities and an active investment program. The General Fund had investment earnings of \$1,340,611 this year compared to \$25,760 the prior year.

State funding reflects an increase of \$2,311,651 or 8.64% from the prior year. The State has continued its trend of 1% increases in the basic education subsidy. This is not keeping pace with the increases in expenditures which contributes to the widening funding gaps.

The State funds half the cost of the Public School Employees' Retirement System (PSERS) costs. That rate increased .32% from 34.94% to 35.26% of the salary cost. While State revenue increased due to the State funding of half this changing rate, please note that our expenditures for this program increased by over double that amount. The PSERS rate increase is expected to rise from 35.69% in fiscal year 2023 to over 37.30% in future years. The Department of Justice and FBI have dropped its investigation of PSERS.

In fiscal year 2004, the School Board took action to officially set the Unassigned Fund Balance at 6% of the subsequent year's expenditure budget, requiring funds in excess of the amount to be transferred to the Capital Fund or another School District Fund. Since the fiscal 2021 budget the School Board has strategically drawn down on all the Fund Balance categories to offset tax increases, fund capital projects and to ensure the award winning Mt. Lebanon programming stays in-tact. In fiscal 2021, the board amended this Policy DFAA to 5% of the subsequent year's expenditure budget, and for fiscal 2022 and forward amended the policy to 6% to continue funding our robust Capital Projects Program. The Unassigned Fund Balance at 5% equates to \$5,756,862 for the fiscal 2023-2024 budget. The actual Unassigned Fund Balance is \$4,605,500, which is below the previously approved policies. However, the Board has balanced the 2023-2024 budget for the first time in a decade without the use of fund balance and without a tax increase to the index, demonstrating their commitment to the constituent driven strategic plan and tax payer relief. The majority of the upcoming capital improvements have been budgeted from the General Fund.

**MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Expenditure levels in all governmental funds increased from \$111,203,057 to \$115,068,512 from the prior year. We continue to see reductions in capital spending as all current projects from recent bond refinancing are winding down.

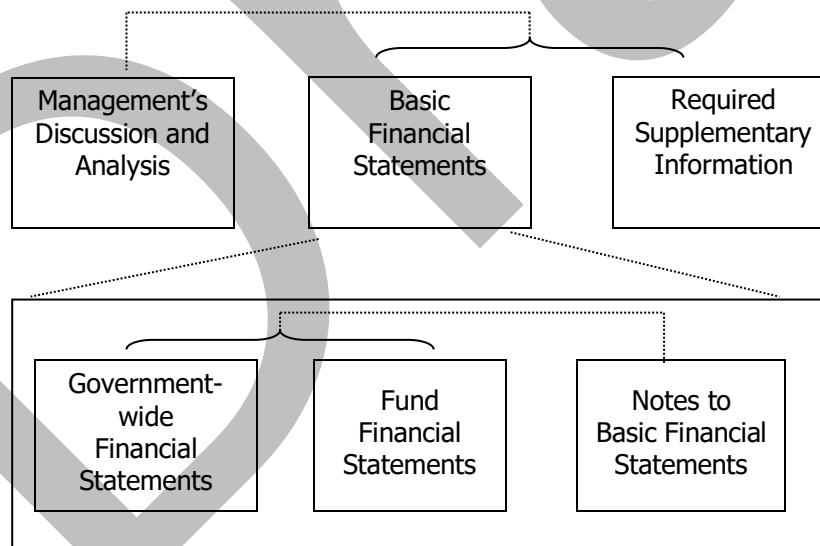
The cost increase in the General Fund is primarily due to the cost increase in the PSERS retirement program already discussed above as well as inflationary increases in salaries and operating costs and additional supplies due to the COVID-19 pandemic.

USING THE BASIC FINANCIAL STATEMENT REPORT

This Basic Financial Statement Report consists of the Management's Discussion and Analysis (this section), a series of financial statements and notes to those statements and Required Supplementary Information. The Statement of Net Position and Statement of Activities, on pages 17 and 18, provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund Financial Statements, which start on page 19, 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 58 through 63 to provide information regarding the School District's Pension and OPEB obligations.

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

Figure A
Required Components of
Mt. Lebanon School District's
Financial Report



**MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Reporting the School District as a Whole

Government-wide Statements

While the Fund Financial Statements beginning on page 19 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 2023?” The Statement of Net Position and the Statement of Activities answer this question.

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

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund Financial Statements, which begin on page 19, provide detailed information about the most significant funds – not the School District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds – Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reflected on reconciliations on pages 20 and 22.

**MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's total net position was (\$154,222,255) at June 30, 2023 and (\$159,650,076) at June 30, 2022. This represents an increase in net position of \$5,427,821, indicating that the School District's overall financial position has not improved since fiscal year 2022.

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023

Tables 1A and 1B present a summary of the School District's Statements of Net Position on the following pages.

Table 1A
June 30, 2023
Net Position

	Governmental Activities	Business- type Activities	2023 Total
Current and other assets	\$ 23,363,108	\$ 971,626	\$ 24,334,734
Capital assets	123,261,104	61,603	123,322,707
Total Assets	<u>\$ 146,624,212</u>	<u>\$ 1,033,229</u>	<u>\$ 147,657,441</u>
Deferred outflows for pension/ OPEB	\$ 48,001,756	\$ 678,443	\$ 48,680,199
Deferred charge on refunding	4,612,007	-	4,612,007
Total Deferred Outflows	<u>\$ 52,613,763</u>	<u>\$ 678,443</u>	<u>\$ 53,292,206</u>
Current and other liabilities	\$ 19,349,822	\$ 101,214	\$ 19,451,036
Long-term liabilities:			
Due within one year	7,580,000	-	7,580,000
Due in more than one year	298,627,638	2,364,856	300,992,494
Total Liabilities	<u>\$ 325,557,460</u>	<u>\$ 2,466,070</u>	<u>\$ 328,023,530</u>
Deferred inflows for pension/ OPEB	\$ 26,767,362	\$ 381,010	\$ 27,148,372
Total Deferred Inflows	<u>\$ 26,767,362</u>	<u>\$ 381,010</u>	<u>\$ 27,148,372</u>
Net investment in capital assets	\$ 6,093,456	\$ 61,603	\$ 6,155,059
Restricted	441,743	-	441,743
Unrestricted	(159,622,046)	(1,197,011)	(160,819,057)
Total Net Position	<u><u>\$ (153,086,847)</u></u>	<u><u>\$ (1,135,408)</u></u>	<u><u>\$ (154,222,255)</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023

Table 1B
June 30, 2022

Net Position			
Current and other assets	\$ 25,956,648	\$ 727,749	\$ 26,684,397
Capital assets	128,366,577	80,091	128,446,668
Total Assets	<u>\$ 154,323,225</u>	<u>\$ 807,840</u>	<u>\$ 155,131,065</u>
Deferred outflows for pension	\$ 32,300,809	\$ 430,550	\$ 32,731,359
Deferred charge on refunding	4,645,813	-	4,645,813
Total Deferred Outflows	<u>36,946,622</u>	<u>430,550</u>	<u>37,377,172</u>
Current and other liabilities	\$ 18,950,977	\$ 7,955	\$ 18,958,932
Long-term liabilities:			
Due within one year	6,855,000	-	6,855,000
Due in more than one year	298,632,818	2,209,785	300,842,603
Total Liabilities	<u>\$ 324,438,795</u>	<u>\$ 2,217,740</u>	<u>\$ 326,656,535</u>
Deferred inflows for pension	\$ 25,078,985	\$ 378,745	\$ 25,457,730
Taxes received in advance	44,048	-	44,048
Total Deferred Inflows	<u>\$ 25,123,033</u>	<u>\$ 378,745</u>	<u>\$ 25,501,778</u>
Net investment in capital assets	\$ 3,598,240	\$ 80,091	\$ 3,678,331
Restricted	1,667,782	-	1,667,782
Unrestricted	(163,558,003)	(1,438,186)	(164,996,189)
Total Net Position	<u><u>\$(158,291,981)</u></u>	<u><u>\$(1,358,095)</u></u>	<u><u>\$(159,650,076)</u></u>

The results of this year's operations as a whole are reported in the Statement of Activities on page 18. 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 Years Ended June 30, 2023 and 2022
General Revenue

	<u>2021-22</u>	<u>2022-23</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
Real estate taxes	\$ 68,052,650	\$ 70,745,980	\$ 2,693,330	3.96%
Other taxes – mainly earned income taxes	10,422,419	10,566,894	144,475	1.39%
Grants and subsidies (mainly provided by the Commonwealth of Pennsylvania)	6,855,925	7,443,715	587,790	8.57%
State property tax reduction	1,709,639	2,149,281	439,642	25.72%

The 2023 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 18) not

MANAGEMENT DISCUSSION AND ANALYSIS**JUNE 30, 2023**

only include interest earnings in the General Fund, but also interest earnings in the Capital Fund and all other Governmental Funds.

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

Table 3A
Fiscal Year Ended June 30, 2023
Changes in Net Position

	Governmental Activities	Business-type Activities	2023 Total
Revenues:			
Program revenues:			
Charges for services	\$ 1,396,872	\$ 1,865,007	\$ 3,261,879
Operating grants and contributions	18,393,199	1,245,641	19,638,840
Capital grants and contributions	2,585	-	2,585
General revenues:			
Property taxes	70,745,980	-	70,745,980
Other taxes	10,566,894	-	10,566,894
Grants, subsidies, and contributions:			
Unrestricted	9,592,996	-	9,592,996
Investment Earnings	1,365,457	28,000	1,393,457
Other income	11,493	-	11,493
Total revenues	112,075,476	3,138,648	115,214,124
Expenses:			
Instructional services	\$ 65,966,100	\$ -	\$ 65,966,100
Pupil services	4,812,139	-	4,812,139
Instructional support services	2,310,277	-	2,310,277
Administration	6,812,234	-	6,812,234
Pupil health services	1,220,765	-	1,220,765
Financial services	1,194,593	-	1,194,593
Operation and maintenance of plant	11,067,003	-	11,067,003
Student transportation services	2,638,209	-	2,638,209
Other support services	1,617,570	-	1,617,570
Student activities	3,156,554	-	3,156,554
Community services	339,425	-	339,425
Intergovernmental:			
Special education	1,370,955	-	1,370,955
Other	704,855	-	704,855
Interest on long-term debt	3,590,062	-	3,590,062
Food services	-	2,985,562	2,985,562
Total expenses	106,800,741	2,985,562	109,786,303
Excess (deficiency) before transfers and loss on disposal of capital assets	5,274,735	153,086	5,427,821
Transfers	(69,601)	69,601	-
Change in net position	5,205,134	222,687	5,427,821
Net position:			
Beginning of year	(158,291,981)	(1,358,095)	(159,650,076)
End of year	<u>\$ (153,086,847)</u>	<u>\$ (1,135,408)</u>	<u>\$ (154,222,255)</u>

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023

Table 3B
Fiscal Year Ended June 30, 2022
Changes in Net Position

	Governmental Activities	Business-type Activities	2022 Total
Revenues:			
Program revenues:			
Charges for services	\$ 1,015,643	\$ 614,968	\$ 1,630,611
Operating grants and contributions	21,325,073	2,667,786	23,992,859
Capital grants and contributions	25,485	-	25,485
General revenues:			
Property taxes	68,052,650	-	68,052,650
Other taxes	10,422,419	-	10,422,419
Grants, subsidies, and contributions:			
Unrestricted	8,565,564	-	8,565,564
Investment Earnings	27,490	584	28,074
Other income	103,146	-	103,146
Total revenues	<u>109,537,470</u>	<u>3,283,338</u>	<u>112,820,808</u>
Expenses:			
Instructional services	\$ 67,323,222	\$ -	\$ 67,323,222
Pupil services	4,624,488	-	4,624,488
Instructional support services	2,304,880	-	2,304,880
Administration	6,439,234	-	6,439,234
Pupil health services	958,667	-	958,667
Financial services	1,247,641	-	1,247,641
Operation and maintenance of plant	10,064,086	-	10,064,086
Student transportation services	1,846,654	-	1,846,654
Other support services	1,526,444	-	1,526,444
Student activities	2,962,035	-	2,962,035
Community services	379,003	-	379,003
Intergovernmental:			
Special education	1,385,704	-	1,385,704
Other	708,602	-	708,602
Interest on long-term debt	4,281,307	-	4,281,307
Food services	-	2,601,800	2,601,800
Total expenses	<u>106,051,967</u>	<u>2,601,800</u>	<u>108,653,767</u>
Excess (deficiency) before transfers and loss on disposal of capital assets	3,485,503	681,538	4,167,041
Transfers	<u>(69,601)</u>	<u>69,601</u>	<u>-</u>
Change in net position	3,415,902	751,139	4,167,041
Net position:			
Beginning of year	<u>(161,707,883)</u>	<u>(2,109,234)</u>	<u>(163,817,117)</u>
End of year	<u>\$ (158,291,981)</u>	<u>\$ (1,358,095)</u>	<u>\$ (159,650,076)</u>

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023

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 Years Ended June 30, 2023 and 2022
Governmental Activities

Functions/Programs:	2023 Total Expense of Services	2023 Net Expense of Services	2022 Net Expense of Services
Instructional services	\$ 65,966,100	\$ 53,360,005	\$ 51,592,855
Pupil services	4,812,139	4,211,979	4,021,300
Instructional support services	2,310,277	2,047,229	2,044,907
Administration	6,812,234	6,115,787	5,727,588
Pupil health services	1,220,765	955,363	720,253
Financial services	1,194,593	1,104,200	1,162,451
Operation and maintenance of plant	11,067,003	10,218,154	9,266,170
Student transportation services	2,638,209	2,359,746	1,640,979
Other support services	1,617,570	1,482,006	1,388,838
Student activities	3,156,554	2,011,715	1,961,398
Community services	339,425	179,368	209,088
Intergovernmental:			
Special education	1,370,955	586,417	469,941
Other	704,855	704,855	708,602
Interest on long-term debt	3,590,062	1,671,261	2,771,396
Total government activities	<u>\$ 106,800,741</u>	<u>\$ 87,008,085</u>	<u>\$ 83,685,766</u>
Less: Unrestricted grants, subsidies		<u>9,592,996</u>	<u>8,565,564</u>
Total needs from local taxes and other revenues		<u>\$ 77,415,089</u>	<u>\$ 75,120,202</u>

The dependence upon tax revenues for governmental activities is apparent. The School District had expenses for governmental activities of \$106,800,741, while only \$1,396,872 has been provided from program specific charges, \$18,393,199 has been provided by the State and Federal Governments as operating grants, and \$0 has been provided by capital grants. The School District also received \$7,443,715 from the State for Basic Education expenses and \$2,149,281 for State Property Tax Reduction, which leaves \$77,415,089 of expenses required to be covered by tax assessments and other revenues. Approximately, 72 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.

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023

Business-Type Activities

The only business-type activity of the School District is the Food Services operation. This program had operating revenues of \$1,865,007 and operating expenses of \$2,985,562 for fiscal year 2023. Non-operating revenues totaled \$1,273,647. Additionally, the School District transferred into the food services fund the cost charged for overhead, which totaled \$69,601. The Food Service program pays depreciation on all equipment in cafeterias purchased as part of recent renovations.

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 page 21 is summarized in Table 5.

Table 5
Fiscal Year Ended June 30, 2023
Summary of Governmental Change in Fund Balance

	Beginning Fund Balance	Net Change in Fund Balance	Ending Fund Balance
2023:			
General Fund	\$ 7,313,321	\$ (1,967,315)	\$ 5,346,006
Capital Fund	953,079	(1,209,559)	(256,480)
Debt Service Fund	-	-	-
Other Governmental Funds	344,260	(38,939)	305,321
2023 - Total Governmental Funds	\$ 8,610,660	\$ (3,215,813)	\$ 5,394,847
2022 - Total Governmental Funds	\$ 9,516,176	\$ (905,516)	\$ 8,610,660

The decrease in the General Fund Balance is due the board's decision for a zero-mill tax increase in fiscal 2021 and not raising taxes to the index in fiscal 2022 and 2023. This safeguarded funding the District's Strategic Plan that calls for academic excellence, safety and security, social and emotional well-being, and critical competencies. When the 2022 - 2023 budget was approved in May of 2022, the board approved the use of \$850,000 of fund balance to balance the budget. Increased expenditures will result in the use of approximately \$1.97 million of the fund balance, which is more than the anticipated \$850,000 originally approved by the board. Additionally, the draw down on Fund Balance allowed for the funding the Capital Projects program without borrowing additional monies. All of this was an effort to create taxpayer relief in response to the COVID-19 pandemic and subsequent fall-out. The spending down of the Fund Balance in recent years exemplifies the Board's commitment to its constituent driven Strategic Plan, Capital Improvements and goodwill, not to overtax the community or overreact to inconstancy during these unprecedented times.

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 School 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

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023

actually paid and received is provided on page 58. The budget transfer amendments were primarily composed of a reclassification of intergovernmental expenditures.

The General Fund net change in fund balance was a decrease of \$1,967,315.

Revenues were budgeted at \$107,853,941 while actual revenues were \$111,245,824; a net increase of \$3,391,883. Investment earnings revenue was the largest part of this increase due to increased interest rates. State grants were stagnant as the District's budget is approved in advance of the state and federal allocation approvals.

Expenditures were budgeted at \$97,328,889 while actual expenditures were \$101,519,762, resulting in a negative variance of \$4,190,873 (4.31% more than budgeted). This spending level is very close to the budget considering the size of our organization and the complexity of staffing for students which may arrive in the community beyond the date the budget must be approved. Strong business practices cause us to tighten spending when necessary to fund unknown costs by not replacing staff when possible and closely monitoring supply and service contracts. Healthcare costs were more than budgeted making us reduce the OPEB fund balance set up for that purpose rather than fund the OPEB retiree healthcare payments in the General Fund. While many categories of spending were either up or down compared to the budget during the year, they are within typical parameters.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the School District's Governmental Activities had \$123,261,104 invested in a broad range of capital assets, including land, site improvements, buildings, equipment, and vehicles. This amount represents a net decrease (including additions, deletions, and depreciation) of about \$5.1 million from last year.

Table 6
Governmental Activities
Fiscal Years Ended June 30, 2023 and 2022
Capital Assets - Net of Depreciation (if applicable)

	<u>2023</u>	<u>2022</u>
Land	547,024	547,024
Buildings and Improvements	234,715,635	234,350,816
Furniture and Equipment	32,612,993	31,657,399
Accumulated Depreciation	<u>(144,614,548)</u>	<u>(138,188,662)</u>
 Total (net)	 <u>\$123,261,104</u>	 <u>\$128,366,577</u>

For more detail of Capital Assets, please refer to the notes to basic financial statements, pages 37 and 38.

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023

Debt Administration

As of June 30, 2023, the School District had total outstanding bond principal of \$114,350,000. More detailed information about our long-term liabilities is included in the notes to basic financial statements beginning on page 40.

Table 7
Fiscal Years Ended June 30, 2023 and 2022
Long-Term Obligations

	<u>2023</u>	<u>2022</u>
General Obligation Bonds and Notes:		
2015 General Obligation Bonds	\$ 32,920,000	\$ 36,705,000
2017 General Obligation Bonds	43,905,000	46,970,000
2020 General Obligation Bonds	<u>37,525,000</u>	<u>37,530,000</u>
Total	<u>\$ 114,350,000</u>	<u>\$ 121,205,000</u>

NEXT YEAR'S BUDGETS AND RATES

The General Fund Budget for 2023-2024 school year is \$6,443,564 higher than the final budget for 2022-2023. This represents a 5.92% increase in budgeted expenditures, which is due to increases salary and employee benefit cost, increases in the costs and amount professional services, increases in tuition and transportation for outplaced students and the addition of capital expenditures to the General Fund. The largest rise is due to the healthcare rates, they increased 14%. Salary increases were significant as well due in large part to the unsettled teachers contract. The fiscal year 2023 saw debt service remain level due to the advantageous advanced refunding of our 2013 bonds. This refunding will keep debt service payments level for the next 6 years. There was an increase in Real Estate tax revenue budgeted for 2023-2024. The millage rate increased 1.2 mills to 27.59 mills. The budget reflects our School District's millage rate at the 7th of 42 school systems in Allegheny County.

The School Board approved a 2024 budget that balanced revenues and expenditures using no fund balance for the first time in ten years. The focus going forward will be to eliminate the use of the fund to balance budgets unlike the subsequent decade. The School Board must now continue to phase in the millage necessary to balance the tax rate while also managing staffing of the District appropriately. This method is the most fiscally prudent since the inception of Act 1 of 2006 does permit more than an inflationary increase in tax rate from year to year.

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023

The comparison of revenues and expenditures categories is as follows:

Table 8
 BUDGETED REVENUES

	2023-24	2022-23	Increase/ (Decrease)	%
Local	\$ 87,439,032	\$ 81,734,217	\$ 5,704,815	6.98%
State	27,063,473	25,499,724	1,563,749	6.13%
Federal/Other	635,000	620,000	15,000	2.42%
Use of Fund Balance	-	850,000	(850,000)	-100.00%
Total	\$ 115,137,505	\$ 108,703,941	\$ 6,433,564	5.92%

BUDGETED EXPENDITURES

	2023-24	2022-23	Increase/ (Decrease)	%
Instruction	\$ 69,431,293	\$ 65,496,757	\$ 3,934,536	6.01%
Support Services	31,262,350	29,044,462	2,217,888	7.64%
Non-instruction/Community	2,910,460	2,787,670	122,790	4.40%
Fund Transfers/Debt	11,533,402	11,375,052	158,350	1.39%
Total	\$ 115,137,505	\$ 108,703,941	\$ 6,433,564	5.92%

Act 1 of 2006 limits the ability of school boards to raise millage rates above an inflationary index without asking the community to approve that budget via a voting referendum. This budget did not exceed the Index increase of 2.6% as the additional fund balance use and some saving in professional services enabled a reduction in costs to keep up with the index limitation.

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 Robert Geletko, Director of Business, Mt. Lebanon School District, 7 Horsman Drive, Mt. Lebanon, PA 15228, 412-344-2098, rgeletko@mtlsd.net.

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 14,389,120	\$ 1,074,357	\$ 15,463,477
Cash and cash equivalents- restricted	136,422	-	136,422
Property taxes receivable, net of allowance for uncollectible	653,900	-	653,900
Earned income taxes receivable	1,688,725	-	1,688,725
Intergovernmental receivable	5,534,725	1,169	5,535,894
Other receivables	686,589	748	687,337
Internal balances	140,970	(140,970)	-
Inventory	132,657	36,322	168,979
Capital assets:			
Non-depreciable	547,024	-	547,024
Depreciable (net)	122,714,080	61,603	122,775,683
Total Assets	\$ 146,624,212	\$ 1,033,229	\$ 147,657,441
Deferred Outflows of Resources			
Deferred outflows related to pensions	\$ 44,153,146	\$ 678,443	\$ 44,831,589
Deferred outflows related to OPEB	3,848,610	-	3,848,610
Deferred loss on refunding debt	4,612,007	-	4,612,007
Total deferred outflows of resources	\$ 52,613,763	\$ 678,443	\$ 53,292,206
Liabilities			
Current liabilities:			
Accounts payable	\$ 720,458	\$ 92,426	\$ 812,884
Accounts payable - restricted	429,770	-	429,770
Accrued payroll and payroll - related liabilities	16,460,419	-	16,460,419
Accrued interest payable	1,739,175	-	1,739,175
Unearned revenue	-	8,788	8,788
Current portions of long- term liabilities:			
Bonds and notes Payable	7,580,000	-	7,580,000
Non-current portions of long-term liabilities:			
Bonds and notes Payable	114,199,655	-	114,199,655
Other post employment benefits	28,536,429	-	28,536,429
Compensated absences	1,831,857	18,769	1,850,626
Net pension liability	154,059,697	2,346,087	156,405,784
Total Liabilities	325,557,460	2,466,070	328,023,530
Deferred Inflows of Resources			
Deferred inflows related to Pensions	25,019,758	381,010	25,400,768
Deferred inflows related to OPEB	1,747,604	-	1,747,604
Total deferred inflows of resources	26,767,362	381,010	27,148,372
Net Position			
Net investment in capital assets	6,093,456	61,603	6,155,059
Restricted	441,743	-	441,743
Unrestricted	(159,622,046)	(1,197,011)	(160,819,057)
Total Net Position	\$ (153,086,847)	\$ (1,135,408)	\$ (154,222,255)

The accompanying notes are an integral part of these financial statements.

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
Instructional services	\$ 65,966,100	\$ 395,017	\$ 12,211,078	\$ -	\$ (53,360,005)	\$ -	\$ (53,360,005)
Pupil services	4,812,139	-	600,160	-	(4,211,979)	-	(4,211,979)
Instructional support services	2,310,277	-	263,048	-	(2,047,229)	-	(2,047,229)
Administration	6,812,234	-	696,447	-	(6,115,787)	-	(6,115,787)
Pupil health services	1,220,765	-	265,402	-	(955,363)	-	(955,363)
Financial services	1,194,593	-	90,393	-	(1,104,200)	-	(1,104,200)
Operation of maintenance of plant	11,067,003	-	848,849	-	(10,218,154)	-	(10,218,154)
Student transportation services	2,638,209	-	278,463	-	(2,359,746)	-	(2,359,746)
Other support services	1,617,570	-	135,564	-	(1,482,006)	-	(1,482,006)
Student activities	3,156,554	892,016	252,823	-	(2,011,715)	-	(2,011,715)
Community services	339,425	109,839	47,633	2,585	(179,368)	-	(179,368)
Intergovernmental:							
Special education	1,370,955	-	784,538	-	(586,417)	-	(586,417)
Other	704,855	-	-	-	(704,855)	-	(704,855)
Interest on long-Term Debt	3,590,062	-	1,918,801	-	(1,671,261)	-	(1,671,261)
Total Governmental Activities	106,800,741	1,396,872	18,393,199	2,585	(87,008,085)	-	(87,008,085)
Business-Type Activities:							
Food Service	2,985,562	1,865,007	1,245,641	-	-	125,086	125,086
Total Business-Type Activities	2,985,562	1,865,007	1,245,641	-	-	125,086	125,086
Total Primary Government	\$ 109,786,303	\$ 3,261,879	\$ 19,638,840	\$ 2,585	\$ (87,008,085)	\$ 125,086	\$ (86,882,999)
General Revenues:							
Taxes:							
Property					70,745,980	-	70,745,980
Earned income tax					9,352,514	-	9,352,514
Real estate transfer tax					1,094,334	-	1,094,334
Public utility realty tax					74,026	-	74,026
Local services tax revenue					46,020	-	46,020
Grants, subsidies, and contributions not restricted					7,443,715	-	7,443,715
State property tax reduction					2,149,281	-	2,149,281
Investment earnings					1,365,457	28,000	1,393,457
Other income					11,493	-	11,493
Transfers					(69,601)	69,601	-
Total General Revenues					92,213,219	97,601	92,310,820
Change in Net Position					5,205,134	222,687	5,427,821
Net Position - Beginning					(158,291,981)	(1,358,095)	(159,650,076)
Net Position - Ending					\$ (153,086,847)	\$ (1,135,408)	\$ (154,222,255)

The accompanying notes are an integral part of these financial statements.

MT. LEBANON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 14,083,799	\$ -	\$ -	\$ 305,321	\$ 14,389,120
Cash and cash equivalents- restricted	-	136,422	-	-	136,422
Receivables:					
Property Taxes	653,900	-	-	-	653,900
Tuition	1,400	-	-	-	1,400
Federal and state government grants	5,534,725	-	-	-	5,534,725
Earned income taxes	1,688,725	-	-	-	1,688,725
Realty transfer taxes	296,808	-	-	-	296,808
Other	388,381	-	-	-	388,381
Due from other funds	140,970	-	-	-	140,970
Inventory	95,789	36,868	-	-	132,657
Total assets	\$ 22,884,497	\$ 173,290	\$ -	\$ 305,321	\$ 23,363,108
Liabilities					
Accounts payable	\$ 720,458	\$ -	\$ -	\$ -	\$ 720,458
Accounts payable- restricted	-	429,770	-	-	429,770
Accrued payroll and payroll related liabilities	16,460,419	-	-	-	16,460,419
Total liabilities	17,180,877	429,770	-	-	17,610,647
Deferred Inflows of Resources					
Unavailable revenue - property taxes	357,614	-	-	-	357,614
Total Deferred Inflows of Resources	357,614	-	-	-	357,614
Fund Balances					
Nonspendable:					
Inventory	95,789	36,868	-	-	132,657
Restricted	-	136,422	-	305,321	441,743
Assigned to:					
Real estate tax refunds	644,717	-	-	-	644,717
Unassigned	4,605,500	(429,770)	-	-	4,175,730
Total fund balances	5,346,006	(256,480)	-	305,321	5,394,847
Total liabilities and fund balances	\$ 22,884,497	\$ 173,290	\$ -	\$ 305,321	\$ 23,363,108

The accompanying notes are an integral part of these financial statements.

MT. LEBANON SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds	\$	5,394,847
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$267,875,652 and the accumulated depreciation is \$144,614,548.

123,261,104

Property taxes receivable will be collected, but are not available soon enough to pay for current year's expenditures, and therefore are deferred in the Governmental Funds.

357,614

Long-term liabilities and related deferrals such as Debt, Accrued Interest, and Compensated Absences are not due and payable in the current period and accordingly are not reported as fund liabilities. Both current and long-term liabilities are reported in the Statement of Net Position.

Long-term Bonds and Notes Payable	\$ (114,350,000)	
Unamortized Loss on Debt Refundings	4,612,007	
Bond Premium	(7,429,655)	
Accrued interest	(1,739,175)	
Other Post Employment Benefits	(28,536,429)	
Deferred Outflows related to Pension and OPEB	48,001,756	
Deferred Inflows related to Pension and OPEB	(26,767,362)	
Net Pension Liability	(154,059,697)	
Compensated Absences	(1,831,857)	(282,100,412)

Total net position of governmental activities

\$ (153,086,847)

The accompanying notes are an integral part of these financial statements.

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Local sources:					
Real estate tax and penalties	\$ 70,592,804	\$ -	\$ -	\$ -	\$ 70,592,804
Earned income tax	9,352,514	-	-	-	9,352,514
Realty transfer tax	1,094,334	-	-	-	1,094,334
Public utility tax	74,026	-	-	-	74,026
Investment earnings	1,340,611	17,096	-	7,750	1,365,457
Rental of facilities	54,965	-	-	-	54,965
Tuition from patrons	395,017	-	-	-	395,017
Gifts and grants	-	-	-	2,585	2,585
Other local sources, including IDEA funds	1,139,896	-	-	649,045	1,788,941
Total local sources	84,044,167	17,096	-	659,380	84,720,643
State sources:					
Basic education subsidies	7,443,715	-	-	-	7,443,715
Social Security/ retirement subsidies	11,142,394	-	-	-	11,142,394
Special education subsidies	3,125,311	-	-	-	3,125,311
Transportation subsidies	190,383	-	-	-	190,383
Property tax reduction allocation	2,149,281	-	-	-	2,149,281
Other state aid	2,700,640	-	-	-	2,700,640
Total state sources	26,751,724	-	-	-	26,751,724
Federal sources:					
Elementary and Secondary Education Act	223,258	-	-	-	223,258
Other federal grants	226,675	-	-	-	226,675
Total federal sources	449,933	-	-	-	449,933
Total Revenues	111,245,824	17,096	-	659,380	111,922,300
Expenditures					
Current:					
Instructional services	66,535,030	357,784	-	-	66,892,814
Pupil services	4,474,334	370,359	-	-	4,844,693
Instructional support services	2,315,389	-	-	-	2,315,389
Administration	6,785,163	-	-	-	6,785,163
Pupil health services	1,233,835	-	-	-	1,233,835
Financial services	1,172,501	-	-	-	1,172,501
Operation and maintenance of plant	10,177,739	691,777	-	-	10,869,516
Student transportation services	2,418,689	110,391	-	-	2,529,080
Other support services	1,573,927	15,069	-	5,704	1,594,700
Student activities	2,412,305	-	-	692,514	3,104,819
Community services	345,040	-	-	101	345,141
Intergovernmental:					
Special education	1,370,955	-	-	-	1,370,955
Other	704,855	-	-	-	704,855
Debt service:					
Principal	-	-	7,235,000	-	7,235,000
Interest	-	-	4,070,051	-	4,070,051
Total Expenditures	101,519,762	1,545,380	11,305,051	698,319	115,068,512
Excess (deficiency) of revenues over expenditures	9,726,062	(1,528,284)	(11,305,051)	(38,939)	(3,146,212)
Other financing sources (uses)					
Transfers in	-	318,725	11,305,051	-	11,623,776
Transfers out	(11,693,377)	-	-	-	(11,693,377)
Total other financing sources (uses)	(11,693,377)	318,725	11,305,051	-	(69,601)
Net change in fund balance	(1,967,315)	(1,209,559)	-	(38,939)	(3,215,813)
Fund balance, beginning of year	7,313,321	953,079	-	344,260	8,610,660
Fund balance, end of year	\$ 5,346,006	\$ (256,480)	\$ -	\$ 305,321	\$ 5,394,847

The accompanying notes are an integral part of these financial statements.

MT. LEBANON SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023

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

Net Change in fund balances - total governmental funds		\$ (3,215,813)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Depreciation Expense	<u>(5,105,473)</u>	(5,105,473)
Payments of long-term debt and certain expenditures of debt issuance are expensed when paid in the Governmental Funds, but are amortized or recorded as a reduction of long term liabilities in the Statement of Net Position.		
Debt Principal Repayments	7,235,000	
Amortization of Bond Premiums	779,495	
Change in Accrued Interest	114,300	
Amortization of Deferred Refunding loss	(413,806)	
Change in Compensated Absences	<u>247,736</u>	7,962,725
Governmental funds do not report the changes in the Other Post Employment Benefit liability and related deferred inflows and outflows of resources:		(1,005,906)
Governmental funds do not report the changes in the Pension liability and related deferred inflows and outflows of resources:		6,416,425
Real estate taxes reported in the funds include receipt of prior year delinquent taxes and do not include revenue attributable to the current year's delinquent tax receivable. This amount is the net effect of these differences.		
Current year	357,614	
Prior year	<u>(204,438)</u>	<u>153,176</u>
Changes in net position of governmental activities		<u>\$ 5,205,134</u>

The accompanying notes are an integral part of these financial statements.

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

Assets	Business-Type Activities - Enterprise Fund Food Service
Current Assets:	
Cash and cash equivalents	\$ 1,074,357
Intergovernmental receivable	1,169
Other receivables	748
Inventories	36,322
Total current assets	1,112,596
Non-current Assets:	
Equipment, furniture, and fixtures	317,127
Less accumulated depreciation	(255,524)
Total Non-current Assets	61,603
Total Assets	\$ 1,174,199
Deferred Outflows of Resources	
Deferred outflows of resources for pension	\$ 678,443
Liabilities	
Current liabilities:	
Accounts payable and other current liabilities	\$ 92,426
Due to other funds	140,970
Unearned revenue	8,788
Total current liabilities	242,184
Noncurrent liabilities:	
Compensated absences	18,769
Net pension liability	2,346,087
Total noncurrent liabilities	2,364,856
Total liabilities	2,607,040
Deferred Inflows of Resources	
Deferred inflows of resources for pension	\$ 381,010
Net Position	
Net investment in capital assets	61,603
Unrestricted	(1,197,011)
Total net position	\$ (1,135,408)

The accompanying notes are an integral part of these financial statements.

MT. LEBANON SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Fund Food Service
Operating Revenues	
Sale of food	\$ 1,865,007
Total Operating Revenues	<u>1,865,007</u>
Operating Expenses	
Salaries and wages	725,835
Employee benefits	312,202
Food	1,548,679
Operation	297,263
Supplies	83,095
Depreciation	<u>18,488</u>
Total Operating Expenses	<u>2,985,562</u>
Operating Loss	<u>(1,120,555)</u>
Nonoperating Revenues (Expenses)	
Federal programs:	
Subsidies	775,526
Donated commodities	148,202
State subsidies	321,913
Earnings on investments	<u>28,000</u>
Total Nonoperating Revenues (Expenses)	<u>1,273,641</u>
Loss before transfers	153,086
Transfers from other funds	<u>69,601</u>
Total other financing sources (uses)	<u>69,601</u>
Changes in Net Position	222,687
Net Position - Beginning of Year	<u>(1,358,095)</u>
Net Position - End of Year	<u><u>\$ (1,135,408)</u></u>

The accompanying notes are an integral part of these financial statements.

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Fund Food Service
Cash flows from operating activities	
Cash received from customers	\$ 1,873,160
Cash paid to employees	(1,128,594)
Cash paid to suppliers	(1,695,903)
	<u>(951,337)</u>
Net cash used in operating activities	
Cash flows from non-capital financing activities	
Grants and subsidies received:	
State	321,913
Federal	775,526
Transfer	99,652
	<u>1,197,091</u>
Net cash provided by non-capital financing activities	
Cash flows from capital and related financing activities	
Earnings on investments	28,000
	<u>28,000</u>
Net cash provided by capital and related financing activities	
Net decrease in cash and cash equivalents	273,754
Beginning cash and cash equivalents	800,603
Ending cash and cash equivalents	<u>\$ 1,074,357</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (1,120,555)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	18,488
Pension expense	(97,513)
Donated commodities	148,202
(Increase) decrease in assets	
Inventories	(174)
Increase (decrease) in liabilities	
Accounts Payable	84,932
Unearned Revenue	8,327
Compensated Absences	6,956
	<u>\$ (951,337)</u>
Net cash used in operating activities	

The accompanying notes are an integral part of these financial statements.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mt. Lebanon School District (the "School District") is located in Allegheny County, Pennsylvania. The District's tax base consists of the Municipality of Mt. Lebanon.

The School District is governed by an elected nine-member Board of Directors (the "Board") who are residents of the District and who are elected every two years, on a staggered basis, for a four-year term.

The Board of Directors has the power and duty to establish, equip, furnish and maintain a sufficient number of elementary, secondary and other schools necessary to educate every person residing in such district between the ages of six and twenty-one years, who may attend.

In order to establish, enlarge, equip, furnish, operate and maintain any school herein provided, or to pay any school indebtedness, which the School District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the School District. The Board is vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual State appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

The financial statements of the School District have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

A.) Use of Estimates:

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

B.) Reporting Entity:

The School District is the basic level of government, which has financial accountability and control over all activities related to the public school education in the School District. The School District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the School District, is not included in any other governmental "reporting entity" as defined by the GASB pronouncements, since Board members are elected from the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in GASB Statement No. 61, which are included in the School District's reporting entity.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C.) Joint Venture:

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

In addition, the School District is one of five members of the Pathfinder School (Pathfinder). Pathfinder, which provides special education and training programs for exceptional children, is controlled and governed by the South Central Area Special Schools Committee, which is composed of representatives from each participating school district. The School District's share of annual operating and capital costs for Parkway and Pathfinder fluctuates based on the percentage enrollment in the applicable school and are reflected as expenditures of the General Fund.

Amounts paid to Parkway and Pathfinder by the School District in the current fiscal year were approximately \$432,148 and \$335,248, respectively. The net current assets of the Parkway and Pathfinder Schools at June 30, 2023 are to be used to fund future year's operations and are not significant. Separate audited financial statements of the Parkway and Pathfinder Schools are available in the School District's business office.

D.) Fund Accounting:

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund balance, revenues and expenditures or expenses as appropriate. Resources are allocated to and accounted for in the individual funds based on the purpose for which they are to be spent.

The School District uses the following funds:

GOVERNMENTAL FUNDS – These funds are used to account for most of the School District's finances. The measurement focus is on determination of the financial position and changes in financial position (current financial resources) rather than on income determination.

The School District reports the following major governmental funds:

1. General Fund – This is the general operating fund of the School District. All activities of the School District are accounted for through this major fund except for those required to be accounted for in another fund.
2. Capital Fund - This major fund is utilized to account for capital projects for a general nature with funding derived from bond proceeds or transfers from the General Fund.
3. Debt Service Fund - This major fund is used to account for the accumulation of resources for, and payment of, principal, interest, and other associated costs on long- term general obligation debt of governmental funds.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D.) Fund Accounting (Continued):

The School District reports the following other governmental funds:

1. Special Revenue Fund – This fund accounts for money donated from outside sources for playground or technology enhancements at various schools, resources held in trust for use by the School District for scholarships, and funds held for use by student activities.
2. Capital Campaign Fund - This fund, a special revenue fund, accounts for money donated from outside sources through the Century of Excellence Campaign for the purpose of strengthening the School District's programs, including fine arts, athletics, and academics.

PROPRIETARY FUNDS – These funds account for School District activities that are similar to business operations in the private sector or where the reporting focus is on determining net income, financial position and changes in financial position (economic resources measurement focus).

1. Food Service Fund – This major fund is authorized under Section 504 of the Public School Code of 1949 to account for all revenues and expenses pertaining to cafeteria operations.

E.) Basis of Presentation:

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the School District. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds and proprietary funds of the School District. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Other governmental funds are aggregated and presented in a single column. The School District has two other governmental funds. Fiduciary funds are reported by fund type.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E.) Basis of Presentation (Continued):

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 the Proprietary Fund's principal ongoing operations. The principal operating revenues of the School District's Enterprise Fund are food service charges. Operating expenses for the School District's Enterprise Fund include food production costs, supplies, administrative costs and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

F.) Measurement Focus and Basis of Accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as is the Proprietary Fund. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net Position (total assets and deferred outflows less total liabilities and deferred inflows) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased Net Position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the Statement of Net Position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers tax revenue to be available if collected within sixty days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. 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 and claims and judgments, are recorded only when payment is due.

G.) Budgetary Data:

In accordance with Act 1, the District elected not to increase the real estate tax rate above the index established by the Pennsylvania Department of Education and, therefore, follows the procedures outlined below in establishing the budgetary data reflected in the basic financial statements:

1. Prior to May 31, the Board submits a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G.) Budgetary Data (Continued):

4. The budget of the District is the approved spending plan of the District for the year and the Board is prohibited from obligating funds in excess of these amounts. The Board may, during any fiscal year, amend the budget by making additional appropriations or increase existing appropriations to meet emergencies. The funds shall be provided from unexpended balances in existing appropriations, from unappropriated revenues or from temporary loans.
5. Budgetary data is included in the District's management information system and is employed as a management control device during the year.
6. The budget for the General Fund is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.
7. There were supplemental budgetary appropriations or amendments proposed or approved during the year.

Legal budgetary control is maintained by the District Board at the functional object level. Transfer between functional objects, whether between funds or within a fund or revisions that alter the total revenues and expenditures of any fund, must be approved by the District Board. Budget information in the Budgetary Comparison Schedule for the General Fund is presented at or below the legal level of budgetary control. Instruction expenditures exceeded the budgeted amount; however, these overages were absorbed by surpluses in other functions, revenues, and fund balance.

Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the program. These budgets are approved on a program basis by the state or federal funding agency.

H.) Cash and Cash Equivalents:

Cash and cash equivalents in the basic financial statements include all highly liquid investments with an original maturity of three months or less, and pooled funds investments subject to daily withdrawal.

I.) Interfund Receivables/Payables:

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

J.) Accounts Receivable:

Accounts receivable are recorded at the invoiced amount. The District determines the allowance for doubtful accounts based on historical write-off experience. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K.) Inventories and Prepaid Items:

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

Inventories of the Food Service Fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation.

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

L.) Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

M.) 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 in the applicable governmental activities or proprietary fund type Statement of Net Position. Bond premiums, discounts, and deferred charges on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M.) Long-Term Obligations (Continued):

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

N.) PSERS Net OPEB Liability:

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O.) Net Position/Fund Balances:

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net positions are categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets:* This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position:* This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position:* This category represents net position of the District, not restricted for any project or other purpose.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O.) Net Position/Fund Balances (Continued):

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Non-spendable:* This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School District has \$95,789 in non-spendable fund balance in the General Fund and \$36,868 in the Capital Fund as of June 30, 2023.

- *Restricted:* This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School District had \$441,743 of restricted fund balance as of June 30, 2023. This classification includes funds that are legally restricted for construction costs, funds raised from outside parties for specific purposes, and funds raised for capital purchases through the Century of Excellence Campaign.

- *Committed:* This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School District had no committed fund balance as of June 30, 2023.

- *Assigned:* This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. The School Board established a policy that General Fund amounts exceeding 6% of the next year's budgeted expenditures will either help pay for retiree healthcare obligations or be transferred to the Capital Fund for use in future capital projects, unless such funds exceed 8% of budgeted expenditures. If such funds exceed 8%, those funds in excess of 8% will be allocated at the Board's discretion. This policy was adjusted to 5% in fiscal year 2020-21, and then subsequently adjusted to 6% for 2021-22, which is where it remains for fiscal year 2022-23. The actual assignment is made by the School Board after the end of each year. This category also includes the residual balance in the Capital Fund as well as assignments for real estate tax refunds. The School District had \$644,717 of assigned resources for real estate tax refunds as of June 30, 2023.

- *Unassigned:* This classification represents all other funds not otherwise defined. The School District had \$4,175,730 of unassigned fund balance as of June 30, 2023.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O.) Net Position/Fund Balances (Continued):

If funds are available in more than one fund balance level, the School District's policy is to use funds in the order of the most restrictive to the least restrictive.

P.) Deferred Outflows /Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The School District has four items that qualify for reporting in these categories: deferred outflows on refunding bonds, deferred outflows and inflows related to pensions, deferred outflows and inflows related to OPEB, and unavailable tax revenue.

In accordance with applicable guidance, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources on the statement of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or refunded bonds.

Deferred outflows and inflows of resources related to pensions are described further in Note 9. Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits determined for the period during which the changes occurred. Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

In the governmental funds balance sheet, the School District has one additional type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable tax revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Q.) Adoption of Governmental Accounting Standards Board Statements

The District adopted the requirements of GASB statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The adoption of this statement had no effect on the District's financial statements.

The District adopted the requirements of GASB statement No. 96 "Subscription-Based Information Technology Arrangements". The adoption of this statement had no effect on the District's financial statements.

The District adopted certain requirements of GASB Statement No. 99, "Omnibus 2022". The adoption of these certain requirements had no effect on the District's financial statements.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R.) Pending Changes in Accounting Principles

In April 2022, the GASB issued Statement No. 99, "Omnibus 2022". The District is required to adopt certain provisions of the statement immediately. The District is required to adoption all other paragraphs for its fiscal year 2024 statements.

In June 2022, the GASB issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". The District is required to adopt Statement No. 100 for its 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, "Compensated Absences". The District is required to adopt Statement No. 101 for its 2024 financial statements.

The District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest funds in the following types of investments:

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, 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 and (d) shares of an investment company registered under the Investment Company Act of 1940, provided that the instruments are those types of investments listed above, and the investment company is managed so as to maintain its shares at a constant net asset value and the investment company is rated in the highest category by a nationally recognized rating agency. Pursuant to Act 72 of the Pennsylvania State Legislature, a depository must pledge assets to secure state and municipal deposits. The pledged assets must at least be equal to the total amount of such assets required to secure all of the public deposits at the depository and may be on a pooled basis. Additionally, all such pledged assets must be delivered to a legal custodian.

Act 10 of 2016 broadened the scope of investment options for the School District with safeguard measures to protect those investments. The Act added high quality money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit and bankers' acceptances to the authorized list of investments. The School District elected to maintain its current investment policy due to the additional risk and oversight associated with the expanded investment options under Act 10.

The deposit and investment policy of the School District adheres to State statutes and prudent business practice. There were no deposits or investment transactions during the year that were in violation of either the State statutes or the policy of the District.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

PSDLAF and PLGIT were established as common law trusts organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of these funds is to enable such governmental units to pool available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. The School District's deposits in these pooled funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are reflected as cash and cash equivalents on the balance sheet. The fair value of the School District's position in the external investment pools is the same as the value of the pool shares. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The School District can withdraw funds from most of its external investment pools without restriction. However, certain limitations can be placed on withdrawals from a few of its pooled accounts, including a provision that only permits withdrawals on a certain day of the week and restrictions related to the redemption of certificates of deposit.

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

Credit Risk – The School District's investment policy requires that investments be rated in the highest category by a nationally recognized rating agency. As of June 30, 2023, investments in PSDLAF and PLGIT have received an AAAm rating from Standard & Poor's.

Custodial Credit Risk – The School District's investment policy requires deposits exceeding FDIC limits be collateralized. At year-end, \$16,160,319 of the School District's \$16,160,319 bank balance for its deposits were not covered by the FDIC.

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

NOTE 3: REAL ESTATE TAXES RECEIVABLE

The assessed valuation of the School District is based upon 100% of market value, which is provided by Allegheny County. The municipal tax collector bills and collects property taxes on behalf of the School District. The District tax rate for the year ended June 30, 2023 was 26.39 mills (\$26.39 per \$1,000 of assessed valuation) as levied by the Board of School Directors.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 3: REAL ESTATE TAXES RECEIVABLE (CONTINUED)

The schedule for real estate taxes levied for each fiscal year is as follows:

June 1, 2022	Levy Date
Through July 31, 2022	2% Discount period
Through September 30, 2022	Face payment period
Beginning October 1, 2022	10% Penalty period
July 15, 2023	Lien filing date

The District, in accordance with U.S. generally accepted accounting principles, recognizes the delinquent and unpaid taxes receivable, reduced by an allowance for uncollectible taxes, as determined by management. A portion of the net amount estimated to be collectible, which was measurable and available within sixty days, was recognized as revenue and the balance deferred in the fund financial statements.

The School District's 2023 real estate taxes are based on assessed values established by the County of Allegheny's Bureau of Assessments. Assessed values of real property are generally 100% of the market value as determined by the Allegheny County Tax Assessment Office. The total 2022-2023 real estate taxes levied were \$72,950,796 based on a total School District assessed valuation of \$2,764,334,810.

NOTE 4: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 547,024	\$ -	\$ -	\$ 547,024
Total Capital Assets, Not Being Depreciated	547,024	-	-	547,024
Capital Assets, Being Depreciated:				
Buildings and Improvements	234,350,816	364,819	-	234,715,635
Equipment, furnitures, and fixtures	31,657,399	955,594	-	32,612,993
Total Capital Assets, Being Depreciated	266,008,215	1,320,413	-	267,328,628
Less Accumulated Depreciation For:				
Buildings and Improvements	(110,694,765)	(5,476,995)	-	(116,171,760)
Equipment, furnitures, and fixtures	(27,493,897)	(948,891)	-	(28,442,788)
Total Accumulated Depreciation	(138,188,662)	(6,425,886)	-	(144,614,548)
Total Capital Assets, Being Depreciated, Net	127,819,553	(5,105,473)	-	122,714,080
Governmental Activities Capital Assets, Net	\$ 128,366,577	\$ (5,105,473)	\$ -	\$ 123,261,104

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 4: CAPITAL ASSETS (CONTINUED)

BUSINESS TYPE ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Equipment	\$ 317,127	\$ -	\$ -	\$ 317,127
Total Capital Assets, Being Depreciated	317,127	-	-	317,127
Less Accumulated Depreciation	(237,036)	(18,488)	-	(255,524)
Total Capital Assets, Being Depreciated, Net	80,091	(18,488)	-	61,603
Business Type Activities Capital Assets, Net	\$ 80,091	\$ (18,488)	\$ -	\$ 61,603

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

Governmental Activities:

Instructional services	\$ 4,227,116
Pupil services	306,148
Instructional support services	146,315
Administration	428,771
Pupil health services	77,969
Financial services	74,093
Operation and maintenance of plant	686,671
Student transportation services	159,819
Other support services	100,773
Student activities	196,201
Community services	21,810

Total Depreciation Expense - Governmental Activities	<u>\$ 6,425,686</u>
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Business Type Activities:

Food services	<u>\$ 18,488</u>
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Total Depreciation Expense - Business Type Activities	<u>\$ 18,488</u>
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NOTE 5: LONG-TERM LIABILITIES OBLIGATIONS

A.) Bonds Payable:

The government issues general obligation bonds/notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds/notes have been issued for government activities. General obligation bond/notes are direct general obligations of the School District. Principal and interest payments are backed by the full faith, credit, and taxing authority of the School District.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 5: LONG-TERM LIABILITIES OBLIGATIONS (CONTINUED)

A.) Bonds Payable (Continued):

During fiscal year 2010, the School District issued \$69,000,000 of 2009 Series A General Obligation Bonds (2009 Series A Bonds) for the purpose of providing a portion of the funds for the School District's senior high school renovation project, to provide funds for various other capital projects throughout the School District, and to pay all costs and expenses incurred in connection with the issuance and sale of the 2009 Series A Bond. During fiscal year 2017, \$56,340,000 of the 2009 Series A Bonds were refunded, on an advance basis, with the issuance of the General Obligation Bonds, Series of 2016. At June 30, 2023 \$19,840,000 of the defeased bonds remain outstanding.

During fiscal year 2014, the School District issued \$34,745,000 of 2013 General Obligation Bonds (2013 Bonds) for the purpose of the completion of the renovations of the high school, various other capital improvements throughout the School District, and the payment of costs of issuing the bonds. The 2013 Bonds bear interest semi-annually at rates ranging from 3.00% to 5.00% and mature in fiscal year 2035. At June 30, 2023 \$32,855,000 of the defeased bonds remain outstanding.

During fiscal year 2016, the School District issued \$52,425,000 of 2015 General Obligation Bonds (2015 Bonds) for the purpose of refunding, on a current refunding basis, the 2005 Bonds, providing funds for various capital projects throughout the School District, and paying all costs and expenses incurred by the School District in connection with the issuance of the 2015 Bonds. The 2015 Bonds bear interest semi-annually at rates ranging from 3.00% to 5.00% and mature in fiscal year 2031.

During fiscal year 2017, the School District issued \$57,955,000 of 2017 General Obligation Bonds (2017 Bonds) for the purpose of refunding, on an advance basis, the 2009 Series A Bonds, providing funds for various capital projects throughout the School District, and paying all costs associated with the issuance of the 2017 Bonds. The funding was completed to reduce the School District's debt service payments over the next seventeen years by approximately \$3.840 million and to obtain an economic gain (difference between present values of old debt and new debt service payments) of approximately \$3.630 million. The 2017 Bonds bear interest semi-annually at rates ranging from 3.00% to 5.00% and mature in fiscal year 2034.

During fiscal year 2021, the School District issued \$37,535,000 of 2020 General Obligation Bonds (2020 Bonds) for the purpose of refunding, on an advance basis, the 2013 Series Bonds and paying all costs associated with the issuance of the 2020 Bonds. The refunding resulted in a difference between the cash flow required to service the old debt and that required to service the new debt of \$5,884,811. The refunding also resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$5,534,323. The 2020 Bonds bear interest semi-annually at rates ranging from 2.00% to 3.00% and mature in fiscal year 2035.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 5: LONG-TERM LIABILITIES OBLIGATIONS (CONTINUED)

An analysis of debt service requirements to maturity for the governmental activities on these obligations follows (with the exception of the compensated absences, capital lease and postemployment benefit liability):

Governmental Activities	Principal Requirements	Interest Requirements	Total Debt Service Requirements
Year Ended June 30:			
2024	\$ 7,580,000	\$ 3,708,403	\$ 11,288,403
2025	7,955,000	3,337,403	11,292,403
2026	8,350,000	2,948,253	11,298,253
2027	8,665,000	2,627,553	11,292,553
2028	9,420,000	2,294,203	11,714,203
2029-2033	52,475,000	6,514,134	58,989,134
3034-3035	19,905,000	643,119	20,548,119
Total	<u>\$ 114,350,000</u>	<u>\$ 22,073,068</u>	<u>\$ 136,423,068</u>

B.) Compensated Absences:

Compensated absences are comprised of accumulated unused sick days. The aggregate liability is \$1,850,626 as of June 30, 2023.

Under the current plan, the following is a summary of the items covered:

Teachers – Upon retirement with 15 years of service, are reimbursed for unused sick days at the rate of \$45 per day for days 1-75, \$50 per day for days 76-125, and \$55 per day for days 126 and beyond. The maximum payment is \$13,500.

Administrators – 10 years of service are entitled to \$100 per day for unused sick days up to a maximum payment of \$120,000. They are also paid a per diem for unused vacation days.

Clerical, Secretarial, and Personal Care Assistants – Union members with 12 years of service, up to 20 years of service, are entitled to reimbursement of unused sick days at the rate of \$30 per day with a maximum payout of \$4,000. Workers with 20 or more years of service are entitled to reimbursement of unused sick days at a rate of \$40 per day with a maximum payout of \$5,000. All unused vacation days are paid at a per diem rate.

Specialists and Administrative Assistants – 10 years of service are entitled to reimbursement of unused sick days at the rate of \$40 per day with a maximum payout of \$5,000. All unused vacation days are paid at a per diem rate.

Custodial and Maintenance workers – 12 years of service, up to 20 years of service, are entitled to reimbursement of unused sick days at the rate of \$30 per day with a maximum payout of \$4,000. Workers with 20 or more years of service are entitled to reimbursement of unused sick days at a rate of \$40 per day with a maximum payout of \$5,000. All unused vacation days are paid at a per diem rate.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A summary of changes in long-term debt obligations for 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable:					
General obligation bonds	\$ 121,585,000	\$ -	\$ (7,235,000)	\$ 114,350,000	\$7,580,000
Total bonds payable	121,585,000	-	(7,235,000)	114,350,000	7,580,000
<u>Other Liabilities:</u>					
Compensated absences	2,079,593	283,527	(531,263)	1,831,857	-
Other Postemployment Benefits	29,660,578	1,510,806	(2,634,955)	28,536,429	-
Net pension liability	144,333,497	9,726,200	-	154,059,697	-
Total Other Liabilities	176,073,668	11,520,533	(3,166,218)	184,427,983	-
Governmental Activities Long-Term Liabilities	<u>\$ 297,658,668</u>	<u>\$11,520,533</u>	<u>\$ (10,401,218)</u>	<u>\$ 298,777,983</u>	<u>\$7,580,000</u>
			Plus: unamortized premium	7,429,655	
			Total long term liabilities (net)	<u>\$ 306,207,638</u>	
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business Type Activities:</u>					
<u>Other Liabilities:</u>					
Compensated absences	\$ 11,813	\$ 6,956	\$ -	\$ 18,769	\$ -
Net pension liability	2,197,972	148,115	-	2,346,087	-
Total Other Liabilities	2,209,785	155,071	-	2,364,856	-
Governmental Activities Long-Term Liabilities	<u>\$ 2,209,785</u>	<u>\$ 155,071</u>	<u>\$ -</u>	<u>\$ 2,364,856</u>	<u>\$ -</u>

NOTE 6: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The School District maintains insurance through an independent insurance carrier for these types of business losses. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years. There have been no significant changes in insurance coverage since the prior fiscal year. Management believes the insurance coverage is sufficient to cover the School District against potential losses.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS

A.) Plan Description:

The District administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The plan provides healthcare, prescription drug, dental and/or vision insurance, at various costs to the member and the District, for the life of the member or until the member is eligible for Medicare, depending on the terms of the contract when they retire, for eligible retirees and their spouses through the District's health insurance plan. The Retiree Health Plan covers both active and retired members.

Benefit provisions are established and may be amended through negotiation with the District and the unions representing the District's employees. The Retiree Health Plan does not issue a publicly available financial report.

Employees covered by benefit terms. At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	24
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	664
Total	<u>688</u>

Funding Policy. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The benefits are expensed when incurred and are financed on a pay-as-you-go basis. Retirees currently pay a portion of the monthly premium. The School District covers the balance of the premium not paid by the retiree. Retiree and dependent coverage, group plans, and costs to the retiree are subject to change. A spouse may be covered as a dependent until the death of the retiree; thereafter, they are eligible to continue coverage by paying 100% of the monthly insurance premium.

Total OPEB Liability. The District's total OPEB liability of \$22,016,418 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount Rate	7.00%
Healthcare cost trend rates	5.0% from 2020 and later
Mortality	Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The discount rate was based on a survey of 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher at June 30, 2023.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B.) Changes in the total OPEB Liability:

The District's total OPEB liability has been measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, and by rolling forward the liabilities from the July 1, 2021 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$22,016,418, all of which is unfunded. As of June 30, 2023, the total OPEB liability of \$22,016,418 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

The District's change in its total OPEB liability for the year ended June 30, 2023 was as follows:

	Governmental Activities
Service cost	\$ 965,947
Interest	544,859
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	(641,628)
Net change in total OPEB liability	869,178
Total OPEB liability - June 30, 2022	21,147,240
Total OPEB liability - June 30, 2023	<u>\$22,016,418</u>

C.) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,836,753. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 745,122	\$ 62,798
Changes of assumptions or other inputs	1,697,518	-
	<u>\$ 2,442,640</u>	<u>\$ 62,798</u>

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C.) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued):

The amount reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$ 325,947
2025	325,947
2026	325,947
2027	325,947
2028	325,947
Thereafter	<u>750,107</u>
Total	<u><u>\$2,379,842</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.50 percent) or 1 percentage point higher (3.50 percent) than the current discount rate:

	1% Decrease	Current	1% Increase
	<u>1.50%</u>	<u>Discount Rate</u>	<u>3.50%</u>
		<u>2.50%</u>	
School's total OPEB liability	\$24,116,156	\$ 22,016,418	\$20,070,898

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following shows presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point higher or 1 percentage point lower than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost	1% Increase
	<u>Between 1.4% to 4%</u>	<u>Trend Rate</u>	<u>Between 3.4% to 6%</u>
		<u>Between 2.4% to 5%</u>	
School's total OPEB liability	\$ 19,058,644	\$ 22,016,418	\$ 25,542,054

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

D.) Health Insurance Premium Assistance Plan:

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of premium assistance benefits for each succeeding year.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the 15 member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

E.) Premium Assistance Eligibility Criteria:

Retirees of the System can participate in the PSERS Plan if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of services and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

F.) Benefits Provided:

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions. The school districts' contractually required contribution rate for fiscal year ended June 30, 2022 was 0.75% of covered payroll, an actuarially determined amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PSERS Plan from the District were \$397,987 for the year ended June 30, 2023.

G.) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB:

At June 30, 2023, the District reported a liability of \$6,520,011 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all School Districts in the PSERS Plan. At June 30, 2023, the District's proportion was 0.3542 percent, which was a decrease of 0.0050 from its proportion measured as of June 30, 2022.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB (Continued):

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,804,108. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,802	\$ 34,930
Net difference between projected and actual investment earnings	17,804	-
Changes of assumptions	728,838	1,537,926
Changes in proportion	201,539	111,950
Contributions subsequent to the measurement date	397,987	-
Total	<u>\$ 1,405,970</u>	<u>\$ 1,684,806</u>

\$397,987 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023	\$ (143,154)
2024	(77,420)
2025	(114,647)
2026	(149,166)
2027	(192,436)
Total	<u>\$ (676,823)</u>

Actuarial Assumptions. The total OPEB liability as of June 30, 2022 was determined by rolling forward the System's total OPEB liability as of the June 30, 2021 actuarial valuation to June 30, 2022 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit and seniority increases.
- Premium assistance reimbursement capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB (Continued):

- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2020.

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the Program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. The Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022 were:

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	0.5%
	<u>100.0%</u>	

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB (Continued):

Discount rate. The discount rate used to measure the total OPEB liability was 2.18%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

H.) Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates:

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the District's Proportionate Share of the net OPEB liability as well as what the District's Proportionate Share of the net OPEB liability would be if it was calculated using health cost trends that are 1-percentage point lower or 1-percentage higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 6,519,000	\$ 6,520,011	\$ 6,521,000

I.) Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate:

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09 percent) or higher (5.09 percent) than the current discount rate:

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
School's proportionate share of the net OPEB liability	\$ 7,373,000	\$ 6,520,011	\$ 5,806,000

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

J.) OPEB plan fiduciary net position:

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

NOTE 8: EMPLOYEE RETIREMENT PLAN

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

A.) General Information about the Pension Plan:

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

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

A.) General Information about the Pension Plan (Continued):

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits. Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions. The contribution policy is established in the Public School Employee's Retirement Code and requires contributions by active members, employers and the Commonwealth. Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.5% (Membership Class TD) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute 6.25% (Membership Class TC) or at 7.5% (Membership Class TD) of the members qualifying compensation. Members who joined the System after June 30, 2001 and before June 1, 2011, contribute at 7.5% (automatic Membership Class TD).

For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a 'shared risk' provision in Act 120 of 2010 that in future years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.30%.

Employer Contributions. Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2023, the rate of employer's contribution was 35.26% of covered payroll. The 35.26% of covered payroll is comprised of a pension contribution rate of 34.51% for pension benefits, 0.75% for healthcare insurance premium assistance, and 0.20% for Act 5 employer contribution. Contributions to the pension plan from the District were \$18,597,656 for the year ended June 30, 2023. Approximately \$18.3 million was contributed by the General Fund and approximately \$0.3 million was contributed by the Cafeteria Fund.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

B.) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to Pensions:

At June 30, 2023, the District reported a liability of \$156,405,784 for its proportionate share of the net pension liability. Of this amount, \$2,346,087 is recorded in the Cafeteria Fund, as that is the portion that relates to the cafeteria employees. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.3518 percent, which was a decrease of 0.0051 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$11,038,847, of which \$10,873,264 was recorded as a governmental activity and \$165,583 was recorded in the Cafeteria Fund. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:		
Governmental activity	\$ 69,859	\$ 1,332,492
Business-type activity/ proprietary fund	1,063	20,292
Changes of assumptions:		
Governmental activity	4,600,405	-
Business-type activity/ proprietary fund	70,057	-
Net difference between projected and actual investment earnings:		
Governmental activity	19,336,091	21,949,726
Business-type activity/ proprietary fund	294,458	334,258
Changes in proportion:		
Governmental activity	1,834,070	1,737,540
Business-type activity/ proprietary fund	27,930	26,460
District contributions subsequent to the measurement date:		
Governmental activity	18,312,721	-
Business-type activity/ proprietary fund	284,935	-
Total	<u>\$ 44,831,589</u>	<u>\$ 25,400,768</u>

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to Pensions (Continued):

\$18,597,656 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Governmental Activities	Business-type Activities/ Proprietary Fund
2023	1,084,228	16,511
2024	680,905	10,369
2025	(4,593,107)	(69,946)
2026	3,648,641	55,564
	\$ 820,667	\$ 12,498

Actuarial Assumptions. The total pension liability as of June 30, 2022 was determined by rolling forward the System's total pension liability as of the June 30, 2021 actuarial valuation to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal – level % of pay
Salary increases	4.50 percent, average, including inflation of 2.50 percent, and real wage growth and merit or seniority increases of 2.00%
Investment rate of return	7.00 percent, net of pension plan investment expense, includes inflation of 2.75%

Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2022 valuation were based on the experience study that was performed for the five-year period ending June 30, 2020.

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

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to Pensions (Continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	28.0%	5.3%
Private Equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute return	9.0%	5.4%
Infrastructure/MLPs	11.0%	4.6%
Real estate	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
School's proportionate share of the net pension liability	\$202,300,000	\$156,406,000	\$117,711,000

Pension plan fiduciary net position. Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to Pensions (Continued):

Act 5 of 2017. On June 12, 2017, the Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation established a new hybrid defined benefit/defined contribution retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. The current stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

NOTE 9: INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of Interfund Receivables, Payables, and Transfers at June 30, 2023:

	Due from	Due to
<u>Major Governmental Fund Types</u>		
General Fund	\$ 140,970	\$ -
Total Governmental Fund Types	<u>140,970</u>	<u>-</u>
<u>Enterprise Fund</u>		
Food Service	-	140,970
Total Enterprise Fund	<u>-</u>	<u>140,970</u>
Total Internal Balances	<u>\$ 140,970</u>	<u>\$ 140,970</u>
	Transfer In	Transfer Out
<u>Major Governmental Fund Types</u>		
General Fund	\$ -	\$ 11,693,377
Debt Service Fund	11,305,051	-
Capital Fund	318,725	
Total Governmental Fund Types	<u>11,623,776</u>	<u>11,693,377</u>
<u>Enterprise Fund</u>		
Food Service	69,601	-
Total Enterprise Fund	<u>69,601</u>	<u>-</u>
Total Transfers Balances	<u>\$11,693,377</u>	<u>\$ 11,693,377</u>

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 9: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

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.

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 funds from the General Fund to the Capital Projects Fund for capital improvements, and (3) provide operating support to the Cafeteria Fund.

NOTE 10: COMMITMENTS AND CONTINGENCIES

The School District is involved in claims and lawsuits incidental to its operations. In the opinion of the Administration, 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.

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, 2023. The ultimate outcome of these appeals is uncertain.

NOTE 11: HEALTH INSURANCE CONSORTIUM

The School District is one of fifty-two 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 \$12.3 million to the Consortium during fiscal year 2023.

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, 2023, the Consortium had net assets of approximately \$53.6 million, of which approximately \$1.5 million is attributable to the School District.

NOTE 12: RISKS AND UNCERTAINTIES

The Court of Common Pleas of Allegheny County continues to uphold the preliminary injunction of the Common Level Ratio (CLR) moving from 81% to 63.53% for the sale of real property from 2020 forward with the possibility of the CLR reducing to an estimated 50% by 2025. This case is now being heard by the Pennsylvania Commonwealth Court. The District is evaluating the reduction in assessed values based on the current injunction. This ruling has a likely negative impact on future budgets.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 13: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2023 the General Fund's total expenditures exceeded total appropriations by \$4,190,873 or 4.31%. Revenues received in excess of the amount budgeted in the current year as well as the use of fund balance provided the funds for those excess expenditures.

REQUIRED
SUPPLEMENTARY
INFORMATION

MT. LEBANON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues				
Local sources:				
Real estate tax and penalties	\$ 70,520,764	70,520,764	\$ 70,592,804	\$ 72,040
Earned income tax	8,578,453	8,578,453	9,352,514	774,061
Realty transfer tax	1,000,000	1,000,000	1,094,334	94,334
Public utility tax	65,000	65,000	74,026	9,026
Investment earnings	20,000	20,000	1,340,611	1,320,611
Rental of facilities	73,000	158,000	54,965	(103,035)
Tuition from patrons	405,000	430,000	395,017	(34,983)
Gifts and grants	-	-	-	-
Other local sources	297,000	242,000	1,139,896	897,896
Total local sources	80,959,217	81,014,217	84,044,167	3,029,950
State sources:				
Basic education subsidies	6,924,488	6,924,488	7,443,715	519,227
Social Security/ retirement subsidies	11,381,947	11,381,947	11,142,394	(239,553)
Special education subsidies	2,828,678	2,828,678	3,125,311	296,633
Medical, dental, and nurse care	100,000	115,000	-	(115,000)
Transportation subsidies	175,000	175,000	190,383	15,383
Property tax reduction allocation	2,149,281	2,149,281	2,149,281	-
Other state aid	1,940,330	1,925,330	2,700,640	775,310
Total state sources	25,499,724	25,499,724	26,751,724	1,252,000
Federal sources:				
Elementary and Secondary Education Act	100,000	320,000	223,258	(96,742)
Other federal grants	300,000	1,020,000	226,675	(793,325)
Total federal sources	400,000	1,340,000	449,933	(890,067)
Total Revenues	106,858,941	107,853,941	111,245,824	3,391,883
Expenditures				
Current:				
Instructional services	64,037,847	64,339,757	66,535,030	(2,195,273)
Pupil services	4,716,961	4,474,242	4,474,334	(92)
Instructional support services	3,218,240	2,434,362	2,315,389	118,973
Administration	6,723,469	6,270,180	6,785,163	(514,983)
Pupil health services	940,780	859,379	1,233,835	(374,456)
Financial services	1,063,579	959,666	1,172,501	(212,835)
Operation and maintenance of plant	10,663,105	9,967,170	10,177,739	(210,569)
Student transportation services	1,856,304	1,938,436	2,418,689	(480,253)
Other support services	1,553,632	1,411,027	1,573,927	(162,900)
Student activities	879,629	2,371,769	2,412,305	(40,536)
Community services	408,107	415,901	345,040	70,861
Intergovernmental:				
Special education	-	1,157,000	1,370,955	(213,955)
Other	-	730,000	704,855	25,145
Total Expenditures	96,061,653	97,328,889	101,519,762	(4,190,873)
Excess (deficiency) of revenues over expenditures	10,797,288	10,525,052	9,726,062	(798,990)
Other financing sources (uses)				
Transfers out	(11,375,052)	(11,375,052)	(11,693,377)	(318,325)
Transfers in	-	-	-	-
Budgetary Reserve	850,000	850,000	-	850,000
Total other financing sources (uses)	(10,525,052)	(10,525,052)	(11,693,377)	531,675
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	\$ 272,236	\$ -	\$ (1,967,315)	\$ (267,315)

MT. LEBANON SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS – RETIREES’
HEALTH PLAN
JUNE 30, 2023

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB liability						
Service cost	\$ 702,052	\$ 721,358	\$ 836,750	\$ 859,761	\$ 942,387	\$ 965,947
Interest	506,621	528,813	453,156	476,136	522,065	544,859
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	(110,194)	-	938,660	-
Changes of assumptions or other inputs	-	-	613,785	-	1,697,783	-
Benefit payments	(681,252)	(505,069)	(493,289)	(461,106)	(511,699)	(641,628)
Net change in total OPEB liability	527,421	745,102	1,300,208	874,791	3,589,196	869,178
Total OPEB liability - beginning	14,110,522	14,637,943	15,383,045	16,683,253	17,558,044	21,147,240
Total OPEB liability - ending	<u>\$ 14,637,943</u>	<u>\$ 15,383,045</u>	<u>\$ 16,683,253</u>	<u>\$ 17,558,044</u>	<u>\$ 21,147,240</u>	<u>\$ 22,016,418</u>
Covered payroll	\$ 47,199,402	\$ 48,467,695	\$ 43,020,947	\$ 43,021,947	\$ 44,536,415	\$ 44,536,415
School's total OPEB liability as a percentage of covered payroll	31.01%	31.74%	38.78%	40.81%	47.48%	49.43%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.
This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MT. LEBANON SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PSERS
 PLAN
 JUNE 30, 2023

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
School's proportion of the net OPEB liability	0.3419%	0.3452%	0.3474%	0.3532%	0.3592%	0.3542%
School's proportionate share of the net OPEB liability	\$ 6,965,912	\$ 7,197,244	\$ 7,388,649	\$ 7,631,582	\$ 8,513,338	\$ 6,520,011
School's covered payroll	\$ 45,516,016	\$ 46,481,830	\$ 47,911,412	\$ 49,143,144	\$ 50,615,040	\$ 51,729,882
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	15.30%	15.48%	15.42%	15.53%	16.82%	12.60%
Plan fiduciary net position as a percentage of the total OPEB liability	5.73%	5.73%	5.73%	5.73%	5.73%	5.73%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.
 This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MT. LEBANON SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS – PSERS PLAN
JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually determined contribution	\$ 397,987	\$ 411,060	\$ 414,821	\$ 413,523	\$ 393,507	\$ 379,363	\$ 377,998
Contributions in relation to the contractually determined contribution	397,987	411,060	414,821	413,523	393,507	379,363	377,998
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 52,087,469	\$ 52,111,372	\$ 51,233,125	\$ 49,143,144	\$ 47,911,412	\$ 46,481,830	\$ 45,516,016
Contributions as a percentage of covered payroll	0.76%	0.79%	0.81%	0.84%	0.82%	0.82%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.
This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MT. LEBANON SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY – LAST 10 YEARS
 (Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.3518%	0.3569%	0.3509%	0.3474%	0.3452%	0.3419%	0.3460%	0.3441%	0.3330%
District's proportionate share of the net pension liability	\$ 156,406	\$ 146,531	\$ 172,780	\$ 162,523	\$ 165,713	\$ 168,859	\$ 171,467	\$ 149,048	\$ 131,804
District's covered-employee payroll	\$ 51,730	\$ 50,615	\$ 49,143	\$ 47,911	\$ 46,482	\$ 45,516	\$ 44,807	\$ 44,279	\$ 42,498
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	302.35%	289.50%	351.59%	339.22%	356.51%	370.99%	382.68%	336.61%	310.14%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	54.00%	54.00%	54.00%	54.00%	51.84%	50.14%	54.36%	57.24%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively.
 This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MT. LEBANON SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – LAST 10 YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 18,312,721	\$ 17,815,379	\$ 17,723,739	\$ 17,137,677	\$ 16,090,682	\$ 15,113,266	\$ 13,136,130	\$ 11,257,220	\$ 8,797,615
Contributions in relation to the contractually required contribution	18,312,721	17,815,379	17,723,739	17,137,677	16,090,682	15,113,266	13,136,130	11,257,220	8,797,615
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 52,087,469	\$ 52,111,372	\$ 51,233,125	\$ 49,143,144	\$ 47,911,412	\$ 46,481,830	\$ 45,516,016	\$ 45,459,973	\$ 44,803,940
Contributions as a percentage of covered-employee payroll	35.16%	34.19%	34.59%	34.87%	33.58%	32.51%	28.86%	24.76%	19.64%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively.
This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SUPPLEMENTARY
INFORMATION

MT. LEBANON SCHOOL DISTRICT
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Fund	Capital Campaign Fund	Total Other Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 217,143	\$ 88,178	\$ 305,321
Total assets	\$ 217,143	\$ 88,178	\$ 305,321
<u>Liabilities</u>			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
<u>Fund Balances</u>			
Restricted	217,143	88,178	305,321
Total fund balances	217,143	88,178	305,321
Total liabilities and fund balances	\$ 217,143	\$ 88,178	\$ 305,321

MT. LEBANON SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 OTHER GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Fund	Capital Campaign Fund	Total Other Governmental Funds
<u>Revenues</u>			
Local sources:			
Investment earnings	\$ 4,655	\$ 3,095	\$ 7,750
Student activities	649,045	-	649,045
Gifts and grants	-	2,585	2,585
Total local sources	653,700	5,680	659,380
Total revenues	653,700	5,680	659,380
<u>Expenditures</u>			
Current:			
Other support services	-	5,704	5,704
Student activities	692,514	-	692,514
Community services	-	101	101
Total expenditures	692,514	5,805	698,319
Excess (deficiency) of revenues over expenditures	(38,814)	(125)	(38,939)
Net change in fund balance	(38,814)	(125)	(38,939)
Fund balance, beginning of year	255,957	88,303	344,260
Fund balance, end of year	\$ 217,143	\$ 88,178	\$ 305,321

Draft