



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017



High School

MT. LEBANON SCHOOL DISTRICT

MT. LEBANON, PENNSYLVANIA

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

Fiscal year ended
June 30, 2017

BOARD OF SCHOOL DIRECTORS

Calendar <u>2016</u>	Calendar <u>2017</u>
Lawrence M. Lebowitz, President	Mary D. Birks, President
Mary D. Birks – Vice President	William J. Moorhead, Vice President
Hugh L. Beal	Hugh L. Beal
Elaine L. Cappucci	William L. Cooper
William L. Cooper	Lawrence M Lebowitz
William J. Moorhead	Sarah L. Olbrich
Sarah L. Obrich	Daniel L. Remely
Daniel L. Remely	Michael J. Riemer
Michael J. Riemer	Stephen J. Strotmeyer

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

COMPLIANCE STATEMENT

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

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

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INTRODUCTORY SECTION



Foster Elementary



Lincoln
Elementary





Mt. Lebanon School District

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

Office of the
Superintendent

CITIZENS OF MT. LEBANON:

December 1, 2017

The Comprehensive Annual Financial Report of Mt. Lebanon School District (School District) for the fiscal year ended June 30, 2017 is submitted herewith. This report was prepared by the School District's Finance Office. Responsibility for both the accuracy of the data presented and the completeness and fairness of presentation, including all disclosures, rests with the School District. We believe that the data is accurately presented in all material respects, that it is presented in a manner designed to fairly present the financial position and results of operations of the School District as measured by the financial activity of the various funds and that all disclosures necessary to enable a reader to gain the maximum understanding of the School District's financial affairs have been included. The report from the independent auditors is presented to provide their opinion on whether or not the statements fairly present the financial position of the School District on June 30, 2017. Their unmodified opinion testifies to that fact.

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

AWARD FOR EXCELLENCE IN FINANCIAL REPORTING

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to Mt. Lebanon School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to the program's standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Excellence is valid for a period of one year only. We believe our current report continues to conform to the programs' requirements, and we are submitting it to ASBO this year to determine its eligibility for another certificate for the year ended June 30, 2017.

THE REPORTING ENTITY AND ITS SERVICES

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

The School District has examined its relationship with the Parkway West Area Career and Technical School and the South Central Area School. These schools were determined to be non-equity joint ventures of the School District. The Municipality of Mt. Lebanon is a primary government by itself and is not a component unit of the School District.

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

Mt. Lebanon School District is governed by a nine-member elected School Board which establishes the budget and millage rate each year. There were 5,450 students in our educational system in 2016-17 who chose from a wide range of courses and offerings. Enrollment for 2017-18 is 5,495 with slightly growing enrollment projected over the next few years.

Budgeting

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

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

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

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

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

Internal Controls

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

ECONOMIC CONDITION

The Community

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

The Municipality has consistently been considered one of the most desirable places to live in Pennsylvania and our real estate market reflect this sentiment. Since the housing crisis of 2008-2009, the average sale price of residential homes has increased 26.8%, with the average price of residential property increasing 9.7% compared to the prior year. The housing stock is varied in style and price. In 2016, the average sale price was \$285,383 on 593 properties sold.

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

School District

2017 Pittsburgh Business Times Guide to Western PA Schools Mt. Lebanon School District ranked #2 in Allegheny County and #7 in the state in the 2017 Pittsburgh Business Times Guide to Western PA Schools. The annual Honor Roll ranks the 105 school districts in the region and the 495 districts in the state based on three years of scores from the Pennsylvania System of School Assessment tests. Mt. Lebanon Schools have ranked among the top three schools on this list since it was first published in 2005.

2015-2016 Digital School District Winner The Mt. Lebanon School District was recognized as a top school district in the nation in the 13th Digital School Districts Survey Awards. Ranked #1 in the mid-sized student population category of 3,000 - 12,000 students, Mt. Lebanon is also the only school district in Pennsylvania in this national ranking. This award is sponsored by The Center for Digital Education and the National School Boards Association.

Community for Music Education The Mt. Lebanon School District was named among the Best 100 Communities for Music Education (BCME) in 2017 by the NAMM Foundation. BCME is a nationwide survey that acknowledges schools and districts across the U.S. for their commitment and support for music education as part of the core curriculum. This is the 9th year in a row that the Mt. Lebanon School District has been designated a Best Community for Music Education.

U.S. News and World Report 2017 Best High Schools US News and World Report released their 2017 rankings of the Best High Schools in America. Mt. Lebanon High School achieved a Silver Award, ranking #638 in the nation, #11 in the state and #2 in Western PA.

Niche.com School Rankings The Mt. Lebanon School District ranks at the top of the state and region in the 2017 Niche Rankings. Niche ranks the District at # 3 in the region and # 7 in the state. Mt. Lebanon High School is ranked #9 out of 676 Best Public High Schools in Pennsylvania and #7 of 610 Best STEM High Schools in PA. The Niche website rates schools across the state and nation using data from the U.S. Department of Education, surveys and reviews.

Washington Post Most Challenging High Schools Mt. Lebanon High School was listed among the Washington Post's 2017 list of America's Most Challenging High Schools. This ranking is based on participation by graduating seniors in Advanced Placement, International Baccalaureate and Advanced International Certificate of Education

Start Class.com Jefferson Middle School was ranked the #1 Middle School in PA in 2016 and Mt. Lebanon High School was ranked the #1 High School in PA in 2015 by StartClass.com, an education research website that provides students, parents, and educators with information to research education options.

ASBO Award for Financial Reporting The Association of School Business Officials (ASBO) International has awarded Mt. Lebanon School District its Certificate of Excellence in Financial Reporting for the 32st year in a row.

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

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

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

County

Allegheny County provides the District with assessment information upon which we determine real estate tax rates and revenue. A county-wide reassessment occurred in 2012 which increased assessment on properties in our community effective in the 2014 fiscal year. The delay was intended to allow residents time to appeal assessments they believed were inaccurate. Additionally, the taxing bodies could appeal assessments which were far below recent sale prices. These new assessments provided higher revenue per mill in 2014 and 2015. Further reassessments are not planned by the county at this time. An increase in real estate tax was due to a higher millage rate and resolution of large outstanding commercial assessment appeals in the District's favor.

A change of methodology in collecting earned income taxes in fiscal 2013 from a local collection method to a county-wide method increased collections dramatically which continued into fiscal 2014. This was due primarily to the requirement of all employers to withhold EIT from employee paychecks regardless of their community of residence. This withholding requirement increased both the timeliness of collections as well as the number of people who paid their taxes. Collections in 2017 were 3% higher than the prior year which is consistent with average wage increases in the region.

State

The increase in total state subsidies was due to the state share of funding for their half of the retirement rate which increased from 25.84% of eligible salaries to 30.03% in this fiscal year. Gambling funds were sent to schools to offset resident property taxes. These funds had to be rebated to homeowners on a dollar for dollar basis as a reduction in their property tax bill. We anticipate these rebates to continue into the future.

The state had not funded construction subsidies through a program called PlanCon for some projects dating back to 2010. Our High School Project was approved for subsidies, but was awaiting funding to offset bond costs incurred since 2009. In fiscal 2017, funding was approved and the District received back payments of about \$3 million. Since these back payments had never been accrued due to a lack of certainty they would be funded, the receipt added to the revenue in the 2017 and a significant excess of revenue over expenditures.

Subsidies for basic and special education increased 4.1% and 6.0% respectively in fiscal 2017. While this is a healthy percent increase, it follows years of little or no increase in support of our schools from the state. This funding helps the District maintain excellent programming for all students.

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

Federal

In fiscal 2017 federal funding reflects an increase of almost 100% because some funds that had been recorded as pass through from the Intermediate Unit are now being received directly by the District. Total funding from the Federal government has not changed significantly and is not a large portion of our total school funding.

MAJOR INITIATIVES

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

Budget goals for this year were to provide an excellent education system in adequate facilities at a cost reasonable for all residents. The superintendent and administration were given the direction to prepare a budget which addresses the strategic plan goal areas and facility needs for maintenance with little or no millage increase. We were able to fund all programs that were in effect in fiscal 2016.

The 2017 General Fund Budget increased 3.3% and was funded by a millage increase of .38 mills. The additional funding was needed to pay for the significant increase in PSERS retirement system rate mentioned above. Had this increase not occurred, no increase in millage would have been required to balance revenues with expenditures. There was a 2.25% increase in health insurance rates which accounts for 9% of our expenditure budget. Staffing for fiscal 2017 reflected savings from ten teacher retirements which helped us put together a budget with no operating cost increase. An increase in the PSERS retirement rate was the only cost increase which was significantly beyond inflationary amounts. All other cost areas were adequately budgeted with under-spending allowing for the payment of retiree healthcare costs directly from the operating budget rather than allocating it from the OPEB Reserve. Our millage rate is 10th out of 42 schools in our county.

Major capital spending this year continued with final completion on our high school renovation project. Additionally, the Board approved almost \$6 million to air condition nine of our buildings which did not yet have that ability. Much of the \$9 million in capital spending was for these two projects and smaller projects around our ten sites.

Charter School funding is not a significant portion of our budget. We only spend about \$300,000 each year for students enrolled in approved Cyber and Charter Schools in the area. We are required by law to pay for these students at state set tuition rates based on the cost of educating students enrolled in our programs. This small amount is due to the excellence in education we offer within our system.

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

The District is constantly following the market to assess the best time to refinance our outstanding bond issues. The 2009 High School Renovation Bonds were able to be advance refinanced in fiscal 2017. This action brought gross savings of almost \$7.6 million split between reduced debt service through fiscal 2021 and a check at closing for our Capital Projects Fund of over \$3.7 million. The District continues to focus on potential savings from refinancing outstanding bonds if the action is beneficial to our residents.

LONG TERM FINANCIAL PLANNING

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

Also continuing this year are discussions with the School Board concerning GASB #45 Funding for Other Post Employment Benefits (OPEB). An actuarial valuation of our benefit programs was complete and the

need to set money aside for these benefits has become apparent. The School Board revised its policy to permit transfer of fund balances in excess of 6% to both the Capital Fund as well as to assign funds to be used to offset future OPEB obligations. This was established as an assignment of the General Fund fund balance, not as a Trust Fund. The Board set aside \$2.675 million to pay for future OPEB retiree healthcare payments which has been actuarially set at \$3.5 million. These OPEB reserved funds were not required to be used for this fiscal year since there were adequate funds remaining unspent in the General Fund to cover these costs. The Board continues to look at these reserves annually to assure we have adequate funds to pay these costs.

INDEPENDENT AUDIT

Mt. Lebanon School District engages independent certified public accountants to audit the School District's annual financial statements. The auditor's report on the fiscal 2016 financial statements is included in the financial section of this report, and complies with applicable guidelines.

ACKNOWLEDGMENTS

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

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

Respectfully,



Janice R. Klein
Director of Business

MT. LEBANON SCHOOL DISTRICT
LIST OF SCHOOL DISTRICT OFFICIALS

CENTRAL OFFICE ADMINISTRATORS

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

BOARD OF SCHOOL DIRECTORS

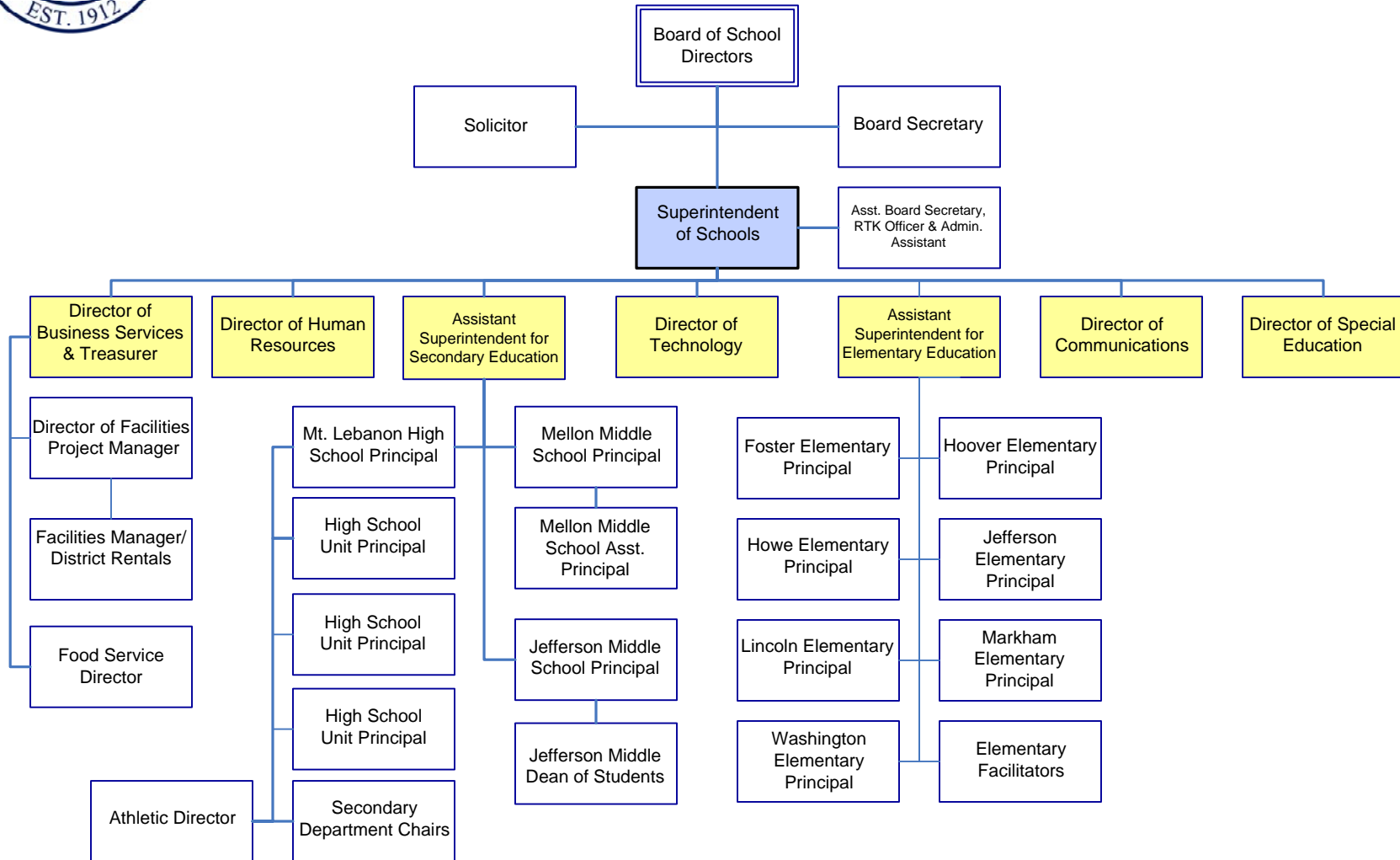
Mary D. Birks President
William J. Moorhead Vice President
Hugh L. Beal Director
William L. Cooper Director
Lawrence M. Lebowitz Director
Sarah L. Olbrich..... Director
Daniel L. Remely Director
Michael J. Riemer Director
Stephen J. Strotmeyer Director

OTHER BOARD SERVICES

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



Mt. Lebanon School District





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Mt. Lebanon School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

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

John D. Musso, CAE, RSBA
Executive Director





FINANCIAL SECTION



Hoover Elementary



Howe Elementary



Jefferson
Elementary



Independent Auditor's Report

Board of Directors Mt. Lebanon School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mt. Lebanon School District (School District), Pennsylvania, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 14 through 28 and the pension and postemployment benefits other than pension benefits (OPEBs) information on pages 84 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information section on pages 90 through 99, which consists of combining nonmajor fund financial statements, statement of changes in assets and liabilities – agency funds, and detailed budgetary comparison schedule are the responsibility of management and

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

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

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

Maher Duessel

Pittsburgh, Pennsylvania
November 14, 2017

MT. LEBANON SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2017

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, 2017. 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 65% 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 2016 by \$2,515,969 or 4.0%. This increase was primarily the result of a .38 mill increase necessitated by increasing costs for the Public School Employees' Retirement System (PSERS) in which all our employees must participate. The PSERS employer rate increased 16.2% from 25.84% of salaries to 30.03% of salaries. All other costs were within reasonable inflationary percentages. The millage rate increased from 23.55 mills to 23.93 mills to accommodate increased costs.

In 2013, there was a County-wide reassessment of properties resulting in a large number of appeals which are not yet final. The School District set aside \$1 million dollars to pay refunds due as a result of the 150 properties with assessments of about \$140 million still under appeal. This reserve was decreased to \$400,000 in fiscal 2017 as many of the residential appeals have been resolved. The remaining reserve will be decreased over the next one or two years as the commercial appeals are resolved.

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 2016 by \$215,952 or 3% which is consistent with wage growth in 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 declined by \$62,387 in fiscal 2017 compared to an increase in fiscal 2016 of more than \$100,000 or 14%. This is the result of slowly rising home costs and mortgage interest rates.

Interest rates on Federal Securities rose this year due to rising interest rates on investment securities and an active investment program. The General Fund had investment earnings of \$214,360 this year compared to \$68,283 the prior year.

State funding reflects an increase of \$5,424,525 or 30.1% from the prior year. Over half this amount is for funds approved by the State for construction subsidies not paid since bonds were issued in 2010 for our high school project. The total due at the time of payment was \$3.1 million in back subsidies. Additionally, the State funds half the cost of the Public School Employees' Retirement System (PSERS) costs. That rate increased 16.2% as is discussed above. While State revenue increased due to state funding of half this changing rate, please note that our expenditures for this program increased by twice that amount. The PSERS rate increase is expected to rise from 30.03% in fiscal 2017 to over 36.4% in future years.

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 this amount to be transferred to the Capital Fund or another School District Fund. This calculation created assignments of fund balance in fiscal 2017 totaling \$7,225,843. Of this amount, \$3,800,843 is to be transferred to the Capital Fund and \$2,675,000 remains assigned for Other Postemployment Benefit (OPEB) contributions for healthcare for our retired staff. The OPEB assignment was not transferred to a trust fund, so the funds remain assigned in the General Fund. Passage of the 2018 Budget allocated \$750,000 to keep revenues in balance with expenditures. Therefore an assignment of that amount is also disclosed on the Balance Sheet. The Unassigned Fund Balance is \$5,793,965, or 6% of the fiscal 2018 Budget as required by Board Policy.

Expenditure levels in all governmental funds decreased from \$149,610,045 to \$102,684,221 from the prior year. Most of the decrease is due to the differences in refinancing bonds in the two years. Fiscal year 2016 reflects a call and payment of bonds, and fiscal year 2017 reflects an advance refunding for which the payment of bonds is delayed to the call date.

Expenditures in the other governmental funds increased about \$6.2 million, about half due to operating costs in the General Fund, and the other half due to projects in the Capital Fund. An elementary and middle school air conditioning project of just under \$6 million accounted for most of the increase in the Capital Fund since the high school renovation project is near completion. 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.

Fund Transfers reflect transfers for the bond refinancing and for other debt service payments. There was a transfer from the General Fund into the Capital Fund in the amount of \$2.6 million as per Board Policy to fund continuing projects in upcoming years.

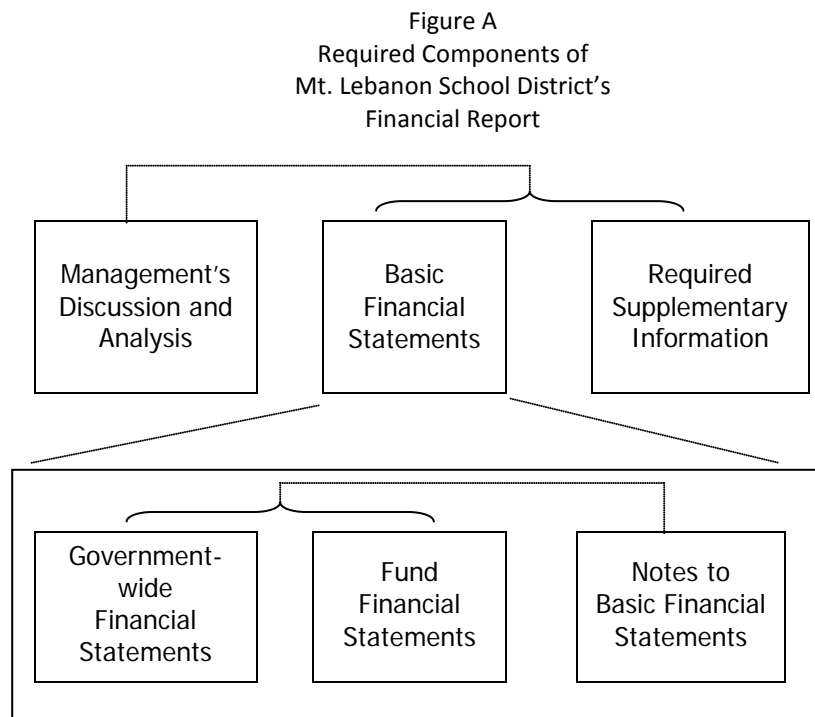
The Capital Fund reflects the final costs of the High School Renovation Project as well as smaller projects at all ten of our instructional sites. Site work at the High School is all that remains of the High School Project as we had substantial completion in fiscal 2017 with only punch-list items outstanding. There are also sufficient funds from the bond refinancing and transfers from the General Fund to pay for other projects and instructional equipment as approved by the School Board.

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 29 through 31, 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 32, 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 84 through 87 to provide information regarding the School District's Pension and OPEB obligations.

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



Reporting the School District as a Whole

Government-wide Statements

While the Fund Financial Statements beginning on page 32 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 2017?" 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 32, 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 33 and 36.

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 (\$133,015,882) at June 30, 2017 and (\$118,742,500) at June 30, 2016. This represents a decrease in net position of \$14,273,382, indicating that the School District's overall financial position has regressed since fiscal year 2016.

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

Table 1A
Fiscal Year Ended June 30, 2017
Net Position

	Governmental Activities	Business-type Activities	2017 Total
Current and other assets	\$48,320,485	(\$252,842)	\$45,067,643
Capital assets	158,560,027	848,444	159,408,471
Total Assets	<u>\$203,880,512</u>	<u>\$595,602</u>	<u>\$204,476,114</u>
Deferred outflows for pension	\$20,545,130	\$312,870	\$20,858,000
Deferred charge on refunding	1,907,525	-	1,907,525
Total Deferred Outflows	<u>\$22,452,655</u>	<u>\$312,870</u>	<u>\$22,765,525</u>
Current and other liabilities	\$16,246,209	\$18,770	\$16,264,979
Long-term liabilities:			
Due within one year	5,992,485	-	5,992,485
Due in more than one year	325,890,020	2,594,385	328,484,405
Total Liabilities	<u>\$348,128,714</u>	<u>\$2,613,155</u>	<u>\$350,741,869</u>
Deferred inflows for pension	\$1,406,580	\$21,420	\$1,428,000
Taxes received in advance	8,087,652	-	8,087,652
Total Deferred Inflows	<u>\$9,494,232</u>	<u>\$21,420</u>	<u>\$9,515,652</u>
Net investment in capital assets	7,082,416	\$848,444	\$7,930,860
Restricted	200,773	-	200,773
Unrestricted	(138,572,968)	(2,574,547)	(141,147,515)
Total Net Position	<u>(\$131,289,779)</u>	<u>(\$1,726,103)</u>	<u>(\$133,015,882)</u>

Table 1B
Fiscal Year Ended June 30, 2016
Net Position

	Governmental Activities	Business-type Activities	2016 Total
Current and other assets	\$42,930,943	(\$299,246)	\$42,631,697
Capital assets	154,991,972	904,410	155,896,382
Total Assets	<u>\$197,922,915</u>	<u>\$605,164</u>	<u>\$198,528,079</u>
Deferred outflows for pension	\$17,556,889	\$248,096	\$17,804,985
Deferred charge on refunding	2,081,392	-	2,081,392
Total Deferred Outflows	<u>\$19,638,281</u>	<u>\$248,096</u>	<u>\$19,886,377</u>
Current and other liabilities	\$15,290,682	\$22,451	\$15,313,133
Long-term liabilities:			
Due within one year	5,630,275	-	5,630,275
Due in more than one year	305,871,559	2,256,513	308,128,072
Total Liabilities	<u>\$326,792,516</u>	<u>\$2,278,964</u>	<u>\$329,071,480</u>
Deferred inflows for pension	\$903,000	\$14,000	\$917,000
Taxes received in advance	7,168,476	-	7,168,476
Total Deferred Inflows	<u>\$8,071,476</u>	<u>\$14,000</u>	<u>\$8,085,476</u>
Net investment in capital assets	(\$424,745)	\$904,410	\$479,665
Restricted	207,078	-	207,078
Unrestricted	(117,085,129)	(2,344,114)	(119,429,243)
Total Net Position	<u>(\$117,302,796)</u>	<u>(\$1,439,704)</u>	<u>(\$118,742,500)</u>

The results of this year's operations as a whole are reported in the Statement of Activities on pages 30 and 31. 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, 2017 and 2016
General Revenues

	<u>2015-16</u>	<u>2016-17</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
Real estate taxes	\$61,936,990	\$64,513,403	\$2,576,413	4.2%
Other taxes – mainly earned income taxes	8,277,246	8,427,253	150,007	1.8%
Grants and subsidies (mainly provided by the Commonwealth of Pennsylvania)	5,987,108	6,236,735	249,627	4.2%
State property tax reduction	1,709,444	1,709,769	325	0.0%

The 2017 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 31) not only include interest earnings in the General Fund, but also interest earnings in the Capital Fund and all other Governmental Funds. These General Revenues have shown an increase from fiscal year 2016 of \$3.5 million, which is reflective of the tax increases described previously.

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, 2017
Changes in Net Position

	Governmental Activities	Business-type Activities	2017 Total
Revenues:			
Program revenues:			
Charges for services	\$452,409	\$1,491,855	\$1,944,264
Operating grants and contributions	17,212,673	532,907	17,733,981
Capital grants and contributions	137,560	-	137,560
General revenues:			
Property taxes	64,513,403	-	64,513,403
Other taxes	8,427,253	-	8,427,253
Grants, subsidies, and contributions:			
Unrestricted	7,946,504	-	6,236,735
Investment Earnings	254,724	4,027	258,751
Other income	465,772	-	449,754
Total revenues	99,410,298	2,028,789	101,439,087
Expenses:			
Instructional services	\$69,453,582	-	\$69,453,582
Pupil services	5,039,195	-	5,039,195
Instructional support services	2,371,870	-	2,371,870
Administration	6,830,945	-	6,830,945
Pupil health services	1,279,913	-	1,279,913
Financial services	1,170,911	-	1,170,911
Operation and maintenance of plant	11,326,107	-	11,326,107
Student transportation services	1,624,471	-	1,624,471
Other support services	1,703,753	-	1,703,753
Student activities	2,676,853	-	2,676,853
Community services	722,950	-	722,950
Intergovernmental:			
Special education	2,552,589	-	2,552,589
Other	615,010	-	615,010
Interest on long-term debt	5,959,531	-	5,959,531
Food services	-	2,384,789	2,384,789
Total expenses	113,327,680	2,384,789	115,712,469
Excess (deficiency) before transfers and loss on disposal of capital assets	(13,917,382)	(356,000)	(14,010,365)
Loss on disposal of capital assets	-	-	-
Transfers	(69,601)	69,601	-
Change in net position	(13,986,983)	(286,399)	(14,273,382)
Net position:			
Beginning of year	(117,302,796)	(1,439,704)	(118,742,500)
End of year	\$(131,289,779)	\$(1,726,103)	\$(133,015,882)

Table 3B
Fiscal Year Ended June 30, 2016
Changes in Net Position

	Governmental Activities	Business-Type Activities	2016 Total
Revenues:			
Program revenues:			
Charges for services	\$543,657	\$1,442,814	\$1,986,471
Operating grants and contributions	11,477,827	472,771	11,950,598
Capital grants and contributions	129,191	-	129,191
General revenues:			
Property taxes	61,936,990	-	61,936,990
Other taxes	8,277,246	-	8,277,246
Grants, subsidies, and contributions:			
Unrestricted	5,987,108	-	5,987,108
Investment earnings	81,295	966	82,261
Other income	134,656	-	134,656
Total revenues	<u>90,277,414</u>	<u>1,916,551</u>	<u>92,193,965</u>
Expenses:			
Instructional services	57,040,179	-	57,040,179
Pupil services	4,025,876	-	4,025,876
Instructional support services	1,960,169	-	1,960,169
Administration	5,467,401	-	5,467,401
Pupil health services	952,793	-	952,793
Financial services	1,003,873	-	1,003,873
Operation and maintenance of plant	9,827,457	-	9,827,457
Student transportation services	1,554,201	-	1,554,201
Other support services	1,384,452	-	1,384,452
Student activities	2,208,303	-	2,208,303
Community services	678,378	-	678,378
Intergovernmental:			
Special education	2,355,326	-	2,355,326
Other	728,113	-	728,113
Interest on long-term debt	7,465,147	-	7,465,147
Food services	-	2,113,156	2,113,156
Total expenses	<u>96,651,668</u>	<u>2,113,156</u>	<u>98,764,824</u>
Excess (deficiency) before transfers and loss on disposal of capital assets	(6,374,254)	(196,605)	(6,570,859)
Loss on disposal of capital assets	(8,134,610)	-	(8,134,610)
Transfers	(69,601)	69,601	-
Change in net position	(14,578,465)	(127,004)	(14,705,469)
Net position:			
Beginning of year	<u>(102,724,331)</u>	<u>(1,312,700)</u>	<u>(104,037,031)</u>
End of year	<u><u>\$(117,302,796)</u></u>	<u><u>\$(1,439,704)</u></u>	<u><u>\$(118,742,500)</u></u>

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, 2017 and 2016
Governmental Activities

	2017 Total Expense of Services	2017 Net Expense of Services	2016 Net Expense of Services
<u>Functions/Programs:</u>			
Instructional services	\$69,453,582	\$59,279,454	\$48,093,428
Pupil services	5,039,195	4,641,153	3,679,496
Instructional support services	2,371,870	2,193,914	1,801,794
Administration	6,830,945	6,326,776	5,014,007
Pupil health services	1,279,913	1,174,213	695,672
Financial services	1,170,911	1,102,541	941,887
Operation and maintenance of plant	11,326,107	10,670,503	9,229,458
Student transportation services	1,624,471	1,445,900	1,399,516
Other support services	1,703,753	1,609,404	1,301,701
Student activities	2,676,853	2,377,852	1,942,789
Community services	722,950	544,912	508,460
Intergovernmental:			
Special education	2,552,589	1,823,157	1,699,525
Other	615,010	615,010	728,113
Interest on long-term debt	5,959,531	1,731,848	7,465,147
Total government activities	<u>\$113,327,680</u>	<u>\$95,525,038</u>	<u>\$84,500,993</u>
Less: Unrestricted grants, subsidies		<u>7,946,504</u>	<u>5,987,108</u>
Total needs from local taxes and other revenues		<u>\$87,578,534</u>	<u>\$78,513,885</u>

The dependence upon tax revenues for governmental activities is apparent. The School District had expenses for governmental activities of \$113,327,680, while only \$452,409 has been provided from program specific charges, \$17,212,673 has been provided by the State and Federal Governments as operating grants, and \$137,560 has been provided by capital grants. The School District also received \$6,236,735 from the State for Basic Education expenses and \$1,709,769 for State Property Tax Reduction, which leaves \$87,578,534 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.

Business-Type Activities

The only business-type activity of the School District is the Food Services operation. This program had operating revenues of \$1,491,855 and operating expenses of \$2,384,789 for fiscal year 2017. Non-operating revenues totaled \$532,907. 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 new equipment in the high school cafeteria purchased as part of the high school renovation project.

THE SCHOOL DISTRICT'S FUNDS

The General Fund, which accounts for the School District's operations, represents the School District's most significant major fund. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds on pages 34 and 35 is summarized in Table 5.

Table 5
Fiscal Year Ended June 30, 2017
Summary of Governmental Change in Fund Balance

	<u>Beginning Fund Balance</u>	<u>Net Change in Fund Balance</u>	<u>Ending Fund Balance</u>
2017:			
General Fund	\$11,014,500	\$2,813,779	\$13,828,279
Capital Fund	10,712,444	(2,242,926)	8,469,518
Debt Service Fund	-	-	-
Other Governmental Funds	<u>(340,830)</u>	<u>(151,224)</u>	<u>(492,054)</u>
2017 - Total Governmental Funds	<u><u>\$21,386,114</u></u>	<u><u>\$419,629</u></u>	<u><u>\$21,805,743</u></u>
2016 - Total Governmental Funds	<u><u>\$23,401,927</u></u>	<u><u>(\$2,015,813)</u></u>	<u><u>\$21,386,114</u></u>

The increase in the General Fund is due in part to the State payment of prior year construction subsidies dating back as far as 2010. Another part of the increase in the General Fund is due to favorable results from appeals of commercial assessments which date back to prior years and their associated payment of back taxes. The decrease in fund balance in the Capital Fund is due to the final stages of the High School Renovation Project which is essential complete at fiscal year-end. Other Governmental Funds reflects a negative fund balance due to reporting the cost of fundraising activities in advance of anticipated donations and pledged funds not yet received.

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 actually paid and received is provided on pages 37 and 38. The budget transfer amendments were primarily composed of a reclassification of intergovernmental expenditures.

The General Fund net change in fund balance was a positive \$2,813,779.

Revenues were budgeted at \$93,966,027 while actual revenues were \$98,883,135, a net benefit of \$4,917,108. As stated above, almost \$3 million was due to the State construction subsidies which were in arrears since 2010. Since there was no certainty of these funds ever being paid to the District, they were never accrued in prior years. They show up in these statements as additional revenue. Real Estate Taxes are \$1.8 million in excess of budget and reflect the remainder of the large variance due to the successful results of appeals of commercial properties dating back a number of years. There was also a reduction in a reserve for successful assessment appeals by property owners of \$300,000. Other revenue sources were up or down by offsetting amounts in various areas.

Expenditures were budgeted at \$83,276,813 while actual expenditures were \$82,030,612, resulting in a positive variance of \$1,246,201 (1.5% less than budgeted). This under spending is due to in part to an extremely mild winter and low natural gas rates in utilities and low use of salt and other site costs which in total were \$394,970 under budget. Strong business practices cause us to tighten spending by not replacing staff when possible and closely monitoring supply and service contracts. Healthcare costs were less than originally budgeted enabling us to fund the OPEB retiree healthcare payments in the General Fund rather than reducing the OPEB fund balance set up for that purpose. While many categories of spending were either up or down compared to the budget, they are within typical parameters.

Other Financing Sources reflects a transfer of \$2.6 million from the General Fund to the Capital Projects Fund for future building needs. This was approved by the Board as per policy which enables the Board to transfer excess fund balance to the Capital Projects Fund after year end. This amount was approved by the Board after back payment of State construction subsidies were made early in the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the School District's Governmental Activities had \$158,560,027 invested in a broad range of capital assets, including land, site improvements, buildings, equipment, and vehicles. This amount represents a net increase (including additions, deletions, and depreciation) of \$3.5 million from last year.

Table 6
Governmental Activities
Fiscal Years Ended June 30, 2017 and 2016
Capital Assets - Net of Depreciation (if applicable)

	2016	2017
Land	\$547,024	\$547,024
Buildings and Improvements	184,223,920	191,523,289
Furniture and Equipment	7,441,870	7,499,396
Accumulated Depreciation	(37,220,842)	(41,009,680)
Total (net)	<u>\$154,991,972</u>	<u>\$158,560,027</u>

For more detail of Capital Assets, please refer to the notes to basic financial statements, page 60.

Debt Administration

As of June 30, 2017, the School District had total outstanding bond principal of \$144,840,000. More detailed information about our long-term liabilities is included in the notes to basic financial statements beginning on page 61.

Table 7
Fiscal Years Ended June 30, 2017 and 2016
Long-Term Obligations

	2016	2017
General Obligation Bonds and Notes:		
2009 General Obligation Bonds	\$525,000	\$-
2009 A General Obligation Bonds	58,530,000	-
2011 General Obligation Bonds	1,985,000	-
2013 General Obligation Bonds	34,735,000	34,730,000
2015 General Obligation Bonds	52,160,000	52,155,000
2017 General Obligation Bonds	-	57,955,000
Total	<u>\$147,935,000</u>	<u>\$144,840,000</u>

NEXT YEAR'S BUDGETS AND RATES

The General Fund Budget for the 2018 year is \$1.3 million higher than the original budget for 2017. This represents a 1.4% increase in budgeted expenditures, most of which is due to salary and employee benefit cost increases. The largest increase is due to the increase in the PSERS retirement rate from 30.03% to 32.57% of salaries, a cost increase of 8.5%. Salary increases are up 1.9%, which is partly due to employee wages increasing about 3% offset by retirements. A large number of retirements from the teaching staff helped mitigate the total cost increase in this area as a new teacher is about \$60,000 less expensive than a more experienced one. Utility budgets were decreased due to recent underspending in this area. Debt service costs decreased due to two recent bond refinancings which reduced the

overall debt service payments by about \$725,000. All other budgeted accounts reflect typical increases or decreases from the prior year.

There was a 0.6% increase in Real Estate Tax revenue budgeted for 2018, reflecting a budget with no millage increase. The millage rate increased remained at 23.93 mills. This budget reflects our School District's millage rate at 13th of 42 school systems in Allegheny County, down from 11th in fiscal year 2017.

The School Board approved a 2015 budget which balanced revenues and expenditures using \$750,000 of the growing fund balance to minimize raising taxes in the year after a county-wide reassessment. This practice continued through fiscal 2018 as the PSERS retirement rate rises near its anticipated peak. After adjusting our millage rate to cover the PSERS rate at that time, we can then focus on the then existing fund balance, typical year under spending in the budget, and the prudence of use of the fund balance to balance our budgeted revenues with expenditures at that time. By utilizing the fund balance to minimize the increase in tax rate in any one year, the School Board will have time to balance the tax rate in a fiscally prudent method since Act 1 of 2006 does not permit more than an inflationary increase in tax rate from year to year.

The comparison of revenues and expenditures categories is as follows:

Table 8
BUDGETED REVENUES

	2016-17	2017-18	Increase/ (Decrease)	%
Local	\$71,768,303	\$72,393,495	\$625,192	0.8%
State	21,038,990	22,109,022	1,070,032	5.1%
Federal/Other	1,158,734	1,313,558	154,824	13.4%
Use of Fund Balance	750,000	750,000	-	0.0%
Use of OPEB Reserve	500,000	-	(500,000)	(100%)
Total	<u>\$95,216,027</u>	<u>\$96,566,075</u>	<u>\$1,350,048</u>	1.4%

BUDGETED EXPENDITURES

	2016-17	2017-18	Increase/ (Decrease)	%
Instruction	\$55,246,900	\$57,061,721	\$1,814,821	3.3%
Support Services	25,461,790	26,121,698	659,908	2.6%
Non-instruction/Community	2,488,073	2,588,168	100,095	4.0%
Fund Transfers/Debt	12,019,264	10,794,488	(1,224,776)	(10.2%)
Total	<u>\$95,216,027</u>	<u>\$96,566,075</u>	<u>\$1,350,048</u>	1.4%

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 2.5% as no millage increase was required to balance revenues with expenditures.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 33,500,469	\$ 630,791	\$ 34,131,260
Cash and cash equivalents - restricted	4,285,326	-	4,285,326
Property taxes receivable, net of allowance for uncollectible	773,677	-	773,677
Earned income taxes receivable	1,291,681	-	1,291,681
Intergovernmental receivable	3,269,128	45,157	3,314,285
Other receivables	42,710	748	43,458
Internal balances	946,534	(946,534)	-
Prepaid assets	587,284	-	587,284
Inventory	623,676	16,996	640,672
Investment in joint ventures	-	-	-
Capital assets:			
Non-depreciable	2,952,724	-	2,952,724
Depreciable, net of accumulated depreciation	155,607,303	848,444	156,455,747
Total Assets	203,880,512	595,602	204,476,114
Deferred Outflows of Resources:			
Deferred charge on refunding	1,907,525	-	1,907,525
Deferred outflows of resources for pension	20,545,130	312,870	20,858,000
Total Deferred Outflows of Resources	22,452,655	312,870	22,765,525
Liabilities:			
Accounts payable and other current liabilities	2,580,924	8,093	2,589,017
Accounts payable - restricted	420,605	-	420,605
Retainage payable - restricted	-	-	-
Accrued payroll and payroll - related liabilities	11,701,584	-	11,701,584
Accrued interest payable	1,543,096	-	1,543,096
Unearned revenue	-	10,677	10,677
Non-current liabilities:			
Due within one year	5,992,485	-	5,992,485
Due in more than one year:			
Employee benefits	173,680,163	2,594,385	176,274,548
Bonds payable, net	152,209,857	-	152,209,857
Total non-current liabilities	331,882,505	2,594,385	334,476,890
Total Liabilities	348,128,714	2,613,155	350,741,869
Deferred Inflows of Resources:			
Deferred inflows of resources for pension	1,406,580	21,420	1,428,000
Taxes received in advance	8,087,652	-	8,087,652
Total Deferred Inflows of Resources	9,494,232	21,420	9,515,652
Net Position:			
Net investment in capital assets	7,082,416	848,444	7,930,860
Restricted for special projects	200,773	-	200,773
Unrestricted	(138,572,968)	(2,574,547)	(141,147,515)
Total Net Position	\$ (131,289,779)	\$ (1,726,103)	\$ (133,015,882)

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instructional services	\$ 69,453,582	\$ 349,306	\$ 9,824,822	\$ -	\$ (59,279,454)	\$ -	\$ (59,279,454)
Pupil services	5,039,195	-	398,042	-	(4,641,153)	-	(4,641,153)
Instructional support services	2,371,870	-	177,956	-	(2,193,914)	-	(2,193,914)
Administration	6,830,945	-	504,169	-	(6,326,776)	-	(6,326,776)
Pupil health services	1,279,913	-	105,700	-	(1,174,213)	-	(1,174,213)
Financial services	1,170,911	-	68,370	-	(1,102,541)	-	(1,102,541)
Operation and maintenance of plant	11,326,107	-	655,604	-	(10,670,503)	-	(10,670,503)
Student transportation services	1,624,471	-	190,170	-	(1,434,301)	-	(1,434,301)
Other support services	1,703,753	-	94,349	-	(1,609,404)	-	(1,609,404)
Student activities	2,676,853	103,103	195,898	-	(2,377,852)	-	(2,377,852)
Community services	722,950	-	40,478	137,560	(544,912)	-	(544,912)
Intergovernmental:							
Special education	2,552,589	-	729,432	-	(1,823,157)	-	(1,823,157)
Other	615,010	-	-	-	(615,010)	-	(615,010)
Unallocated expenses - excluding direct expenses reported as a function above:							
Interest on long-term debt	5,959,531	-	4,227,683	-	(1,731,848)	-	(1,731,848)
Total governmental activities	113,327,680	452,409	17,212,673	137,560	(95,525,038)	-	(95,525,038)

(Continued)

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

(Continued)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food services	2,384,789	1,491,855	532,907	-	-	(360,027)	(360,027)
Total	<u>\$ 115,712,469</u>	<u>\$ 1,944,264</u>	<u>\$ 17,745,580</u>	<u>\$ 137,560</u>	<u>(95,525,038)</u>	<u>(360,027)</u>	<u>(95,885,065)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net of uncollectibles					64,513,403	-	64,513,403
Earned Income Tax					7,470,605	-	7,470,605
Real Estate Transfer Tax					837,750	-	837,750
Public Utility Realty Tax					76,951	-	76,951
Local Services Tax Revenue					41,947	-	41,947
Occupation Tax					-	-	-
Grants, subsidies, and contributions not restricted to a specific program							
State property tax reduction					6,236,735	-	6,236,735
Investment earnings					254,724	4,027	258,751
Other income					465,772	-	465,772
Total general revenues					81,607,656	4,027	81,611,683
Loss on disposal of capital assets					-	-	-
Transfers					(69,601)	69,601	-
Total general revenues, loss on disposal, and transfers					81,538,055	73,628	81,611,683
Change in Net Position					(13,986,983)	(286,399)	(14,273,382)
Net Position:							
Beginning of year					(117,302,796)	(1,439,704)	(118,742,500)
End of year					<u>\$ (131,289,779)</u>	<u>\$ (1,726,103)</u>	<u>\$ (133,015,882)</u>

(Concluded)

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

MT. LEBANON SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2017

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 29,749,697	\$ 3,319,296	\$ -	\$ 431,476	\$ 33,500,469
Cash and cash equivalents - restricted	-	4,285,326	-	-	4,285,326
Receivables:					
Property taxes	773,677	-	-	-	773,677
Tuition	37,994	-	-	-	37,994
Federal and state governmental grants	3,074,114	-	-	-	3,074,114
Earned income taxes	1,291,681	-	-	-	1,291,681
Realty transfer taxes	195,014	-	-	-	195,014
Other	4,716	-	-	-	4,716
Due from other funds	998,651	871,413	-	-	1,870,064
Inventory	209,588	414,088	-	-	623,676
Prepaid insurance	587,284	-	-	-	587,284
Total Assets	\$ 36,922,416	\$ 8,890,123	\$ -	\$ 431,476	\$ 46,244,015
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,580,924	\$ -	\$ -	\$ -	\$ 2,580,924
Accounts payable - restricted	-	420,605	-	-	420,605
Unearned revenue	-	-	-	-	-
Accrued payroll and payroll - related liabilities	11,701,584	-	-	-	11,701,584
Due to other funds	-	-	-	923,530	923,530
Due to student organizations	-	-	-	-	-
Total Liabilities	14,282,508	420,605	-	923,530	15,626,643
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	723,977	-	-	-	723,977
Taxes received in advance	8,087,652	-	-	-	8,087,652
Total Deferred Inflows of Resources	8,811,629	-	-	-	8,811,629
Fund Balances:					
Nonspendable:					
Inventory	209,588	414,088	-	-	623,676
Prepaid insurance	587,284	-	-	-	587,284
Restricted	-	3,864,721	-	200,773	4,065,494
Assigned to:					
Subsequent year's budget	750,000	-	-	-	750,000
Capital projects	3,812,442	4,190,709	-	-	8,003,151
OPEB obligations	2,675,000	-	-	-	2,675,000
Unassigned	5,793,965	-	-	(692,827)	5,101,138
Total Fund Balances	13,828,279	8,469,518	-	(492,054)	21,805,743
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 36,922,416	\$ 8,890,123	\$ -	\$ 431,476	\$ 46,244,015

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

MT. LEBANON SCHOOL DISTRICT

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

JUNE 30, 2017

Total Fund Balance - Governmental Funds	\$	21,805,743
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$199,569,707 and the accumulated depreciation is \$41,009,680.	158,560,027
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Property taxes receivable will be collected next year, but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.	723,977
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Employee benefits, including compensated absences, pension, and other post-employment benefits are recorded on the fund financial statements when payment is due, whereas these amounts are recorded when the benefit is earned on the government-wide financial statements. These liabilities at year-end consist of:

Net pension liability, net of related deferred inflows and outflows of resources	\$ (149,756,165)	
Other postemployment benefits	(3,499,859)	
Compensated absences	<u>(2,238,074)</u>	(155,494,098)

Bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. In addition, governmental funds report the effect of discounts, premiums, and deferred charges on refundings when debt is first issued, whereas these amounts are deferred and amortized in the government-wide financial statements. These items at year-end consist of:

Bonds payable	(144,840,000)	
Accrued interest payable	(1,543,096)	
Bond issue premium of \$13,449,002, net of amortization of \$1,039,145	(12,409,857)	
Deferred charge on refunding of \$2,445,223, net of amortization of \$537,698	<u>1,907,525</u>	<u>(156,885,428)</u>

Total Net Position - Governmental Activities	\$	<u>(131,289,779)</u>
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The notes to basic financial statements are an integral part of this statement.

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total
Revenues:					
Local sources:					
Real estate tax and penalties	\$ 64,289,191	\$ -	\$ -	\$ -	\$ 64,289,191
Earned income tax	7,470,605	-	-	-	7,470,605
Realty transfer tax	837,750	-	-	-	837,750
Public utility tax	76,951	-	-	-	76,951
Investment earnings	214,360	38,210	-	2,154	254,724
Rental of facilities	16,730	-	-	-	16,730
Tuition from patrons	339,166	-	-	-	339,166
Gifts and grants	-	-	-	137,560	137,560
Other local sources, including IDEA funds	1,160,807	125,000	-	27	1,285,834
Total local sources	74,405,560	163,210	-	139,741	74,708,511
State sources:					
Basic education subsidies	6,236,735	-	-	-	6,236,735
Social Security/retirement subsidies	7,895,319	-	-	-	7,895,319
Special education subsidies	2,726,262	-	-	-	2,726,262
Transportation subsidies	140,240	-	-	-	140,240
Property tax reduction allocation	1,709,769	-	-	-	1,709,769
Other state aid	4,763,862	-	-	-	4,763,862
Total state sources	23,472,187	-	-	-	23,472,187
Federal sources:					
Elementary and Secondary Education Act	600,504	-	-	-	600,504
Other federal grants	404,884	-	-	-	404,884
Total federal sources	1,005,388	-	-	-	1,005,388
Total revenues	98,883,135	163,210	-	139,741	99,186,086

(Continued)

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

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2017
(Continued)

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total
Expenditures:					
Current:					
Instructional services	52,559,692	309,288	-	-	52,868,980
Pupil services	3,538,161	374,042	-	-	3,912,203
Instructional support services	1,842,197	-	-	-	1,842,197
Administration	5,217,320	-	-	-	5,217,320
Pupil health services	972,860	-	-	-	972,860
Financial services	951,397	-	-	-	951,397
Operation and maintenance of plant	8,638,069	5,612,772	-	-	14,250,841
Student transportation services	1,434,370	-	-	-	1,434,370
Other support services	1,348,772	59,323	-	110,608	1,518,703
Student activities	2,110,541	-	-	3,127	2,113,668
Community services	389,506	-	-	177,230	566,736
Capital outlay	-	2,405,700	-	-	2,405,700
Intergovernmental:					
Special education	2,412,717	-	-	-	2,412,717
Other	615,010	-	-	-	615,010
Debt service:					
Principal	-	-	4,710,000	-	4,710,000
Interest	-	-	6,659,143	-	6,659,143
Bond issue costs	-	232,776	-	-	232,776
Total expenditures	82,030,612	8,993,901	11,369,143	290,965	102,684,621
Excess (Deficiency) of Revenues Over Expenditures	16,852,523	(8,830,691)	(11,369,143)	(151,224)	(3,498,535)
Other Financing Sources (Uses):					
Proceeds from the issuance of refunding bonds	-	57,955,000	-	-	57,955,000
Payment to refunded bond escrow agent	-	-	(60,630,028)	-	(60,630,028)
Premium on issuance of bonds	-	6,662,793	-	-	6,662,793
Proceeds from sale of land	-	-	-	-	-
Transfer in	-	2,600,000	71,999,171	-	74,599,171
Transfer out	(14,038,744)	(60,630,028)	-	-	(74,668,772)
Total other financing sources (uses)	(14,038,744)	6,587,765	11,369,143	-	3,918,164
Net Change in Fund Balance	2,813,779	(2,242,926)	-	(151,224)	419,629
Fund Balance:					
Beginning of year	11,014,500	10,712,444	-	(340,830)	21,386,114
End of year	\$ 13,828,279	8,469,518	\$ -	\$ (492,054)	\$ 21,805,743

(Concluded)

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

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2017

Net Change in Fund Balance - Governmental Funds \$ 419,629

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlays	\$ 7,356,893	
Less: loss on disposal	-	
Less: depreciation expense	<u>(3,788,838)</u>	3,568,055

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

224,212

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

Proceeds from bond issuance	(57,955,000)	
Accrued interest on bonds	(129,002)	
Principal repayments on debt	61,050,000	
Premium on bond issuance	(6,662,793)	
Amortization of bond premiums	5,525,285	
Amortization of deferred charge on refunding	<u>(173,867)</u>	1,654,623

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

(19,853,502)

Change in Net Position of Governmental Activities \$ (13,986,983)

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

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources:				
Real estate tax and penalties	\$ 62,529,102	\$ 62,529,102	\$ 64,289,191	\$ 1,760,089
Earned income tax	7,542,200	7,542,200	7,470,605	(71,595)
Realty transfer tax	775,000	775,000	837,750	62,750
Public utility tax	85,000	85,000	76,951	(8,049)
Investment earnings	140,000	140,000	214,360	74,360
Rental of facilities	25,000	25,000	16,730	(8,270)
Tuition from patrons	425,000	425,000	339,166	(85,834)
Other local sources, including IDEA funds	842,177	842,177	1,160,807	318,630
Total local sources	72,363,479	72,363,479	74,405,560	2,042,081
State sources:				
Basic education subsidies	6,118,783	6,118,783	6,236,735	117,952
Social Security/retirement subsidies	8,568,353	8,568,353	7,895,319	(673,034)
Special education subsidies	2,623,421	2,623,421	2,726,262	102,841
Transportation subsidies	150,000	150,000	140,240	(9,760)
Medical, dental, and nurse care	100,000	100,000	-	(100,000)
Property tax reduction allocation	1,709,769	1,709,769	1,709,769	-
Other state aid	1,768,664	1,768,664	4,763,862	2,995,198
Total state sources	21,038,990	21,038,990	23,472,187	2,433,197
Federal sources:				
Elementary and Secondary Education Act	413,558	413,558	600,504	186,946
Other federal grants	150,000	150,000	404,884	254,884
Total federal sources	563,558	563,558	1,005,388	441,830
Total revenues	93,966,027	93,966,027	98,883,135	4,917,108

(Continued)

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

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2017

(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
Current:				
Instructional services	55,246,900	52,740,320	52,559,692	180,628
Pupil services	3,518,156	3,570,591	3,538,161	32,430
Instructional support services	2,191,691	2,035,786	1,842,197	193,589
Administration	5,449,498	5,256,407	5,217,320	39,087
Pupil health services	981,688	981,888	972,860	9,028
Financial services	975,339	983,239	951,397	31,842
Operation and maintenance of plant	9,276,062	9,033,039	8,638,069	394,970
Student transportation services	1,660,517	1,645,035	1,434,370	210,665
Other support services	1,408,839	1,477,839	1,348,772	129,067
Student activities	2,115,567	2,130,867	2,110,541	20,326
Community services	372,506	390,606	389,506	1,100
Intergovernmental:				
Special education	-	2,415,480	2,412,717	2,763
Other	-	615,716	615,010	706
Debt service:				
Principal	80,050	-	-	-
Total expenditures	83,276,813	83,276,813	82,030,612	1,246,201
Excess (Deficiency) of Revenues Over Expenditures	10,689,214	10,689,214	16,852,523	6,163,309
Other Financing Sources (Uses):				
Transfer out	(11,439,214)	(11,439,214)	(14,038,744)	(2,599,530)
Budgetary reserve	750,000	750,000	-	(750,000)
Total other financing sources (uses)	(10,689,214)	(10,689,214)	(14,038,744)	(3,349,530)
Net Change in Fund Balance	-	-	2,813,779	2,813,779
Fund Balance:				
Beginning of year	11,014,500	11,014,500	11,014,500	-
End of year	\$ 11,014,500	\$ 11,014,500	\$ 13,828,279	\$ 2,813,779

(Concluded)

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2017

	Enterprise Fund Food Service
Assets:	
Current assets:	
Cash and cash equivalents	\$ 630,791
Intergovernmental receivable	45,157
Other receivables	748
Inventory	16,996
Total current assets	693,692
Non-current assets:	
Equipment, furniture, and fixtures	960,376
Less accumulated depreciation	(111,932)
Total non-current assets	848,444
Total Assets	1,542,136
Deferred Outflows of Resources:	
Deferred outflows of resources for pension	312,870
Liabilities:	
Current liabilities:	
Accounts payable and other current liabilities	8,093
Due to other funds	946,534
Unearned revenue	10,677
Total current liabilities	965,304
Non-current liabilities:	
Compensated absences	22,100
Net pension liability	2,572,285
Total non-current current liabilities	2,594,385
Total Liabilities	3,559,689
Deferred Inflows of Resources:	
Deferred inflows of resources for pension	21,420
Net Position:	
Net investment in capital assets	848,444
Unrestricted	(2,574,547)
Total Net Position	\$ (1,726,103)

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

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Fund Food Service
Operating Revenue:	
Sale of food	\$ 1,491,855
Operating Expenses:	
Salaries and wages	617,645
Employee benefits	601,614
Food	902,597
Operation	118,476
Supplies	88,491
Depreciation	55,966
Total operating expenses	2,384,789
Net Operating Loss	(892,934)
Non-operating Revenues:	
Federal programs:	
Subsidies	282,090
Donated commodities	98,734
State subsidies	152,083
Earnings on investments	4,027
Total non-operating revenues	536,934
Loss before transfers	(356,000)
Interfund Transfers:	
Transfers in	69,601
Total operating transfers	69,601
Change in Net Position	(286,399)
Net Position:	
Beginning of year	(1,439,704)
End of year	\$ (1,726,103)

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Fund Food Service
Cash Flows From Operating Activities:	
Receipts from users	\$ 1,491,855
Payments to employees	(938,741)
Payments to suppliers	(1,011,260)
Net cash provided by (used in) operating activities	(458,146)
Cash Flows From Non-Capital Financing Activities:	
Grants and subsidies received:	
State	148,270
Federal	249,746
Transfer	(11,470)
Net cash provided by (used in) non-capital financing activities	386,546
Cash Flows From Investing Activities:	
Earnings on investments	4,027
Net Increase (Decrease) in Cash and Cash Equivalents	(67,573)
Cash and Cash Equivalents:	
Beginning of year	698,364
End of year	\$ 630,791
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:	
Net operating loss	\$ (892,934)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:	
Depreciation expense	55,966
Pension expense	278,931
Donated commodities	98,734
Change in assets and liabilities:	
Other receivables	(400)
Inventory	3,651
Unearned revenue	(3,651)
Accounts payable and other current liabilities	(30)
Compensated absences	1,587
Total adjustments	434,788
Net cash provided by (used in) operating activities	\$ (458,146)
Non-Cash, Non-Capital Financing Transactions:	
Mt. Lebanon School District received donated commodities of \$95,083 from the Department of Agriculture.	

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Private Purpose Trust Fund	Agency Funds
Assets:		
Cash and cash equivalents	\$ 103,013	\$ 155,541
Liabilities:		
Due to student organizations	-	155,541
Net Position:		
Held in trust for scholarships	\$ 103,013	\$ -

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

	Private Purpose Trust Fund
Additions:	
Contributions:	
Private donations	\$ 36,424
Investment earnings:	
Interest	388
Total additions	36,812
Deductions:	
Education scholarships	16,836
Payments to others	10,068
Total deductions	26,904
Change in Net Position	9,908
Net Position:	
Beginning of year	93,105
End of year	\$ 103,013

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

The Special Schools and related authorities, as more fully described in Note 11, are considered non-equity joint ventures of the School District. Accordingly, the School District's net investment and share of operating results are not included in the School District's financial statements. Separate audited financial statements of the Special Schools are available in the School District's business office.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School District. For the most part, the effect of inter-fund activity has been removed from these statements, except for inter-fund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to parents, residents, or other school districts for tuition, 2) operating grants and contributions as required by the Pennsylvania Department of Education, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes and grants not restricted to a specific program.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major proprietary fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

The School District reports the following major governmental funds:

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

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

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

The School District reports the following major proprietary fund:

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

The School District reports the following other governmental funds:

The Special Revenue fund accounts for money donated from outside sources for playground or technology enhancements at various schools.

The Capital Campaign 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.

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

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's Enterprise Fund are charges to students and faculty for the sale of food. Operating expenses for its Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the School District's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and pooled funds investments subject to daily withdrawal.

Fair Value Measurement

The School District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Receivables and Payables

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Tax receivables are shown net of an allowance, where applicable, for uncollectible amounts. There is no allowance for the intergovernmental and other receivables since they are deemed fully collectible by management.

Inventory 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 with an offsetting nonspendable fund balance.

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

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 on capital-related debt during the construction phase of business-type capital assets may be capitalized as part of the cost of those capital assets. Interest incurred on capital-related debt during the construction phase of governmental capital assets is never capitalized. The School District did not construct any business-type activities capital

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

assets this year. Therefore, all interest payments incurred this year were expensed on the statement of activities. The total interest expense incurred by the School District during the current fiscal year was \$6,659,143.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources or deferred inflows of resources. These separate financial statement elements represent a consumption (acquisition) of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) or an inflow of resources (revenue) until then. The School District has the following items that qualify for reporting as deferred outflows/inflows of resources:

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is reported as a deferred outflow of resources on the statement of net position and amortized over the shorter of the life of the refunded or refunding debt.

In conjunction with pension accounting requirements, differences between expected and actual experience, assumption changes, the effect of the change in the School District's proportion, the net difference between projected and actual investment earnings, and payments made to the Public School Employees' Retirement System (PSERS) subsequent to the measurement date are recorded as a deferred outflow or inflow of resources related to pensions on the government-wide and proprietary fund financial statements. These amounts are determined based on the actuarial valuation

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

performed for the PSERS plan. Note 8 presents additional information about the PSERS plan.

Property taxes received in advance represent amounts for which there is a legal enforceable claim as of June 30, 2017 (as the 2017 tax levy was issued on June 1), but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the statement of net position and the balance sheet.

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

Compensated Absences

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

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

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

Long-Term Obligations

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

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

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

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Postemployment Benefits

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

Fund Balance

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

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

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

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

Net Position

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

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. The amounts reported as restricted net position at June 30, 2017 represent funds raised from outside parties to purchase playground equipment and technology and funds raised for capital purchases through the Century of Excellence Campaign.
- Unrestricted – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of “net investment in capital assets” or the “restricted” components of net position.

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Budgetary Information

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis for the General Fund. This is the only fund for which a budget is required and for which taxes may be levied. The Public School Code allows the School Board to authorize budget transfer amendments beginning 90 days after the start of each fiscal year. The School District's management does not have the authority to approve the budget or any budget transfer amendments. The budget data reflected in the financial statements includes the effect of Board-approved budget transfer amendments and, for comparative purposes, the actual results have also been presented. The budget transfer amendments made during the year were not significant and were primarily composed of a reclassification of intergovernmental expenditures. The School District expenditures, excluding transfers to other funds, may not legally exceed the revised budget amounts by function and object. Accordingly, the legal level of budgetary control is at the object level within each function and fund. Function is defined as a program area such as instructional services, and object is defined as the nature of the expenditure such as salaries or supplies.

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

Estimates

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

Adoption of Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 74, *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,"* GASB Statement No. 77, *"Tax Abatement Disclosures,"* GASB Statement No. 80, *"Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14,"* and GASB Statement No. 82, *"Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73,"* were adopted in the current year by the School District. These statements had no significant impact on the School District's financial statements.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Pending Pronouncements

GASB has issued several statements that will become effective in future years, including Statement Nos. 75 (OPEB Employer), 81 (Split-Interest Agreements), 83 (Certain Asset Retirement Obligations), 84 (Fiduciary Activities), 85 (Omnibus 2017), 86 (Certain Debt Extinguishment Issues), and 87 (Leases). Management has not yet determined the impact of these statements on the School District's financial statements.

2. Cash and Cash Equivalents

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

- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- Shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 provided (a) the funds are invested in investments listed above, (b) the investment company is managed so as to maintain its share at a constant net asset value, and (c) the investment company is rated in the highest category by a nationally recognized rating agency.
- In March 2016, Act 10 was passed which expanded the scope of investment options available to school districts including repurchase agreements, commercial paper, negotiable certificates of deposit, and banker's acceptances. 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.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District. Throughout the year ended June 30, 2017, the School District invested its funds only in one or more of the above-authorized investments.

At June 30, 2017, the carrying values of the School District's deposits and investments were as follows:

	Deposits	PSDLAF CD Pool	Pooled Funds	Total
General Fund	\$ 207	\$ 24,190,000	\$ 5,559,490	\$ 29,749,697
Capital Fund	380,380	-	7,224,242	7,604,622
Other Governmental Funds	-	-	431,476	431,476
Proprietary Fund	-	500,000	130,791	630,791
Trust and Agency Funds	-	-	258,554	258,554
	<u>\$ 380,587</u>	<u>\$ 24,690,000</u>	<u>\$ 13,604,553</u>	<u>\$ 38,675,140</u>

Pooled Funds	
Bank Value:	
Pennsylvania School District	
Liquid Asset Fund (PSDLAF)	\$ 7,758,637
Pennsylvania Local Government	
Investment Trust (PLGIT)	7,924,606
Reconciling Items	<u>(2,078,690)</u>
Total Pooled Funds, carrying value	<u>\$ 13,604,553</u>

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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.

Deposits

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires deposits exceeding FDIC limits be collateralized. At year-end, \$130,380 of the School District's \$380,587 bank balance for its deposits was not covered by the FDIC. A separate collateral agreement was signed on April 8, 2009 to have all deposits at Citizens Bank, beyond those FDIC-insured, kept separately in a safekeeping account at Bank of New York pledged for the benefit of the School District with such eligible collateral adjusted to market value daily.

Investments

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

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The School District's investment policy requires that investments be rated in the highest category by a nationally recognized rating agency. As of June 30, 2017, investments in PSDLAF and PLGIT (described above) have received an AAAM rating from Standard & Poor's.

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

Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy requires that investments are made with an investment company that is managed so as

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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.

Capital Campaign

The District began a campaign to encourage philanthropy within the community towards its schools. The pledges can be made either towards capital purchases, which are kept in the District's accounts, or as endowments for programming, which are kept at The Pittsburgh Foundation. The Foundation is under agreement to manage and invest the endowments and make disbursements on behalf of the District as needed. At June 30, 2017, the balance on hand at the Foundation is \$128,100. To date through June 30, 2017, \$495,000 has been donated towards capital purchases through this campaign effort. As with any campaign event, costs tend to be front-loaded as word of the campaign gets out and donations begin to come in. As such, the General Fund provided upfront money for the campaign. The repayment of this advance is dependent on the future success of the campaign.

3. Property Taxes

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 schedule for property taxes levied for fiscal year 2017 was as follows:

June 1, 2016	- tax levy date
Through July 31, 2016	- 2% discount period
Through September 30, 2016	- face payment period
Beginning October 1, 2016	- 10% penalty period
July 15, 2017	- lien filing date

The School District tax rate for all purposes in fiscal year 2017 was 23.93 mills (\$23.93 per \$1,000 assessed valuation) on a total assessed valuation of approximately \$2.7 billion.

Allegheny County completed a countywide reassessment in early 2012. The reassessment increased overall assessments in the School District by approximately 25.1% from the May 2012 assessments used in the 2012-2013 budget. The School District estimated a reduced assessment of 4.5% for the outstanding appeals primarily due to the significant number of

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

outstanding assessment appeals and appeals by commercial properties. As a result, in May 2013, the Board reduced real estate taxes by 4.52 mills or 20% for the 2013-2014 school year. There were many tax appeal hearings held during the 2013-2014 year and as of July 2014, the School District estimated about 250 outstanding appeals for an assessment value of over \$175 million. In accordance with Act 1's anti-windfall rules, the School District transferred \$1,000,000 of real estate taxes collected in 2013-2014 to a new liability account in order to address real estate tax refunds on the properties still in the appeal process. Future refunds for 2013-2014 will be charged against this liability account until the School District is confident that all substantial appeals have been settled. As of June 30, 2017, the balance of this account remains at \$400,000. Every year, the balance of this account, if any, will be reviewed with the Board as to future options.

4. Allowance for Doubtful Accounts

General Fund property taxes receivable have been reported net of an allowance for doubtful accounts of \$153,888 at June 30, 2017.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

5. Capital Assets

A summary of changes in capital assets during fiscal year 2017 are as follows:

	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 547,024	\$ -	\$ -	\$ 547,024
Construction in progress	-	2,405,700	-	2,405,700
Total non-depreciable assets	547,024	2,405,700	-	2,952,724
Depreciable assets:				
Buildings and improvements	184,223,920	4,893,667	-	189,117,587
Equipment, furniture, and fixtures	7,441,870	57,526	-	7,499,396
Total depreciable assets	191,665,790	4,951,193	-	196,616,983
Less: accumulated depreciation for:				
Buildings and improvements	(34,550,224)	(3,042,435)	-	(37,592,659)
Equipment, furniture, and fixtures	(2,670,618)	(746,403)	-	(3,417,021)
Total accumulated depreciation	(37,220,842)	(3,788,838)	-	(41,009,680)
Total depreciable assets, net	154,444,948	1,162,355	-	155,607,303
Governmental activities capital assets, net	\$ 154,991,972	\$ 3,568,055	\$ -	\$ 158,560,027
	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
Business-Type Activities:				
Equipment	\$ 960,376	\$ -	\$ -	\$ 960,376
Less: accumulated depreciation	(55,966)	(55,966)	-	(111,932)
Business-type activities capital assets, net	\$ 904,410	\$ (55,966)	\$ -	\$ 848,444

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FOR THE YEAR ENDED JUNE 30, 2017

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

Governmental Activities:

Instructional services	\$ 2,427,367
Pupil services	163,453
Instructional support services	85,104
Administration	241,025
Pupil health services	44,943
Financial services	43,952
Operation and maintenance of plant	399,054
Student transportation services	66,264
Other support services	62,309
Student activities	97,501
Community services	17,994
Intergovernmental - special education	<u>139,872</u>

Total depreciation expense - governmental activities	<u>\$ 3,788,838</u>
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Business-type Activities:

Food services	<u>\$ 55,966</u>
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6. Long-Term Liabilities

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

	Balance at June 30, 2016	Issuance of Debt/ Additions	Repayment of Principal/ Deletions	Balance at June 30, 2017	Due within one year
Compensated absences	\$ 2,257,242	\$ 644,779	\$ (663,947)	\$ 2,238,074	\$ 952,485
OPEBs	3,225,243	674,280	(399,664)	3,499,859	-
General Obligation Bonds	147,935,000	57,955,000	(61,050,000)	144,840,000	5,040,000
Net pension liability	146,812,000	22,082,715	-	168,894,715	-
Total long-term liabilities	<u>\$ 300,229,485</u>	<u>\$ 81,356,774</u>	<u>\$ (62,113,611)</u>	319,472,648	<u>\$ 5,992,485</u>
		Plus: unamortized premium		12,409,857	
		Total long-term liabilities (net)		<u>\$ 331,882,505</u>	

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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

	Balance at June 30, 2016	Issuance of Debt/ Additions	Repayment of Principal/ Deletions	Balance at June 30, 2017	Due within one year
Compensated absences	\$ 20,513	\$ 1,587	\$ -	\$ 22,100	\$ -
Net pension liability	2,236,000	336,285	-	2,572,285	-
Total long-term liabilities	<u>\$ 2,256,513</u>	<u>\$ 337,872</u>	<u>\$ -</u>	<u>\$ 2,594,385</u>	<u>\$ -</u>

7. General Obligation Bonds

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

2009 General Obligation Bonds

During fiscal year 2009, the School District issued \$3,715,000 of 2009 General Obligation Bonds (2009 Bonds) for the purpose of currently refunding the outstanding 2002 General Obligation Bonds and to pay all costs and expenses incurred in connection with the issuance and sale of the 2009 Bonds. The 2009 Bonds matured in fiscal year 2017.

2009 Series A General Obligation Bonds

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

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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2011 General Obligation Bonds

During fiscal year 2011, the School District issued \$10,690,000 of 2011 General Obligation Bonds (2011 Bonds) for the purpose of refunding, on a current basis, the 2004 Bonds and to pay all costs and expenses incurred in connection with the issuance and sale of the 2011 Bonds. The 2011 Bonds matured in fiscal year 2017.

2013 General Obligation Bonds

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

Fiscal Year	Principal	Interest	Total
2018	\$ 275,000	\$ 1,708,844	\$ 1,983,844
2019	265,000	1,697,844	1,962,844
2020	290,000	1,687,244	1,977,244
2021	320,000	1,675,644	1,995,644
2022	345,000	1,662,844	2,007,844
2023-2027	2,215,000	8,064,826	10,279,826
2028-2032	10,850,000	7,311,750	18,161,750
2033-2035	20,170,000	2,166,500	22,336,500
	<u>\$ 34,730,000</u>	<u>\$ 25,975,496</u>	<u>\$ 60,705,496</u>

2015 General Obligation Bonds

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.

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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Future debt service payments on the 2015 Bonds are as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 2,510,000	\$ 2,030,006	\$ 4,540,006
2019	2,605,000	1,929,606	4,534,606
2020	3,300,000	1,825,406	5,125,406
2021	3,430,000	1,693,406	5,123,406
2022	3,605,000	1,521,906	5,126,906
2023-2027	20,820,000	4,806,631	25,626,631
2028-2031	15,885,000	1,060,475	16,945,475
	<u>\$ 52,155,000</u>	<u>\$ 14,867,436</u>	<u>\$ 67,022,436</u>

2017 General Obligation Bonds

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.

Future debt service payments on the 2017 Bonds are as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 2,255,000	\$ 1,802,392	\$ 4,057,392
2019	1,715,000	2,363,819	4,078,819
2020	1,785,000	2,278,069	4,063,069
2021	2,290,000	2,188,819	4,478,819
2022	2,940,000	2,074,319	5,014,319
2023-2027	16,805,000	8,031,845	24,836,845
2028-2032	20,850,000	3,718,144	24,568,144
2033-2034	9,315,000	450,563	9,765,563
	<u>\$ 57,955,000</u>	<u>\$ 22,907,970</u>	<u>\$ 80,862,970</u>

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

8. Retirement Benefits

Summary of Significant Accounting Policies

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

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

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

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Health Insurance Premium Assistance Program

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Member Contributions

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

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

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

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

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

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

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

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

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

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

Employer Contributions

The School District's contractually required pension contribution rate for fiscal year ended June 30, 2017 was 29.20% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

In addition, the School District was required to contribute 0.83% of covered payroll to the Premium Assistance.

The combined contribution rate will increase to 32.57% in fiscal year 2018 and is projected to grow to 36.40% by fiscal year 2022.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

The School District contributed approximately \$13.1 million towards pension benefits which were recognized by PSERS for the year ended June 30, 2017. Approximately \$12.9 million was contributed by the General Fund and approximately \$0.2 million was contributed by the Cafeteria Fund. Approximately \$3.5 million is owed to PSERS as of June 30, 2017, which represents the School District's required contribution for the end-of-year payroll. Contributions are remitted quarterly.

In accordance with Act 29, the Commonwealth of Pennsylvania reimburses school districts for at least one-half of contributions made to PSERS. The School District recorded reimbursements from the Commonwealth approximating \$6.3 million during the current year. Because the Commonwealth payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

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

At June 30, 2017, the School District reported a liability of \$171,467 million for its proportionate share of the net pension liability. Of this amount, \$2,572,285 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, 2016, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2015 to June 30, 2016.

The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2016, the School District's proportion was 0.3460%, which was an increase of 0.0019% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized pension expense of \$19.599 million. \$19.305 million was recorded as a governmental activity; \$293,971 was recorded in the Cafeteria Fund.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

At June 30, 2017, the School 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	\$ -	\$ 1,406,580
Business-type activity/proprietary fund	-	21,420
Changes in assumptions:		
Governmental activity	6,097,150	-
Business-type activity/proprietary fund	92,850	-
Changes in proportion:		
Governmental activity	5,034,335	-
Business-type activity/proprietary fund	76,665	-
Net difference between projected and actual earnings on pension plan investments:		
Governmental activity	9,413,645	-
Business-type activity/proprietary fund	143,355	-
School District contributions subsequent to the measurement date:		
Governmental activity	13,493,732	-
Business-type activity/proprietary fund	205,488	-
Total	<u>\$ 34,557,220</u>	<u>\$ 1,428,000</u>

\$13,699,220 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Year Ending June 30:	Governmental Activities	Business-type Activities/ Proprietary Fund
2018	\$ 4,549,715	\$ 69,285
2019	4,551,685	69,315
2020	6,328,625	96,375
2021	3,708,525	56,475
Total	<u>\$ 19,138,550</u>	<u>\$ 291,450</u>

Actuarial Assumptions

The total pension liability as of June 30, 2016 was determined by rolling forward PSERS' total pension liability as of the June 30, 2015 actuarial valuation to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary increases – Effective average of 5.00%, which reflects an allowance for inflation of 2.75%, real wage growth of 1.0%, and merit or seniority increases of 1.25%
- Mortality rates were based on the RP-2014 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, 2016 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the PSERS Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	22.5%	5.3%
Fixed income	28.5%	2.1%
Commodities	8.0%	2.5%
Absolute return	10.0%	3.3%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	5.0%	4.8%
Real estate	12.0%	4.0%
Alternative Investments	15.0%	6.6%
Cash	3.0%	20.0%
Financing (LIBOR)	-14.0%	0.5%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current contribution rate and that the contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	\$ 209,750,000	\$ 171,467,000	\$ 139,297,000

Pension Plan Fiduciary Net Position

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

9. Postemployment Benefits Other than Pension Benefits (OPEBs)

Plan Description

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

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

MT. LEBANON SCHOOL DISTRICT

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

Details of the benefits provided are as follows:

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

Currently, 32 retirees meet the eligibility requirements to receive these medical benefits.

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

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

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

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

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

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

Custodial and Maintenance Employees Covered under the Collective Bargaining Unit – The School District provides post-retirement medical insurance and prescription drug coverage to all eligible custodial and maintenance retirees covered under the collective bargaining unit in accordance with the requirements set forth by the employee contract. The retiree must be at least age 62 with 12 years of service. The School District pays for such coverage, which shall continue for 36 months after the retirement date or when the retiree reaches Medicare eligibility (age 65), whichever occurs first. The retiree pays

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

the School District at least the amount of the premium assistance available to the retiree through PSERS, plus the retiree is responsible for the same contributions paid by active members of the collective bargaining unit. The retiree may purchase spouse and/or dependent health insurance, dental, and vision benefits with the School District at the retiree's expense.

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

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

Funding Policy

The School District's General Fund expenditures for postemployment medical, prescription drug, dental, and vision benefits for all teachers, administrators, secretarial, clerical, administrative assistants and specialists, custodial and maintenance employees covered under the collective bargaining unit (as applicable) were \$399,664 (net of \$118,389 of retiree contributions) in 2017. These benefits are expensed when incurred and are financed on a pay-as-you-go basis.

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

The most significant assumption change for the July 1, 2016 actuarial valuation is the update of the mortality assumption to the RP-2014 mortality table with rates projected to improve based on the Long-Range Demographic Assumptions of the 2015 Social Security Administration's Trustee Report. The assumed rates of turnover and disablement were updated to coincide with the rates used in the June 30, 2016 PSERS valuation. This did not have a significant impact on the valuation results.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

Annual required contribution	\$ 727,147
Interest on net OPEB obligation	145,136
Adjustment to annual required contribution	<u>(198,003)</u>
Annual OPEB cost	674,280
Contributions made	<u>(399,664)</u>
Increase in net OPEB obligation	274,616
Net OPEB obligation - beginning of year	<u>3,225,243</u>
Net OPEB obligation - end of year	<u>\$ 3,499,859</u>

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

Fiscal Year Ending	Annual OPEB Cost	% of AOC Contributed	Net OPEB Obligation
June 30, 2017	\$ 674,280	59.27%	\$ 3,499,859
June 30, 2016	713,802	53.73%	3,225,243
June 30, 2015	719,517	51.55%	2,894,963

The ARC for the current year was computed as of July 1, 2016 using the following actuarial assumptions:

- actuarial cost method - entry age normal cost;
- amortization method - level dollar;
- amortization period - 30 years open;
- discount rate - 4.5% compounded annually;
- mortality – RP-2014 Mortality Table, projected to improve with rates derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report; and
- health care cost trend rates – 1.9% for 2016 and 5% for 2017 and later.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-PUC (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
July 1, 2016	\$ -	\$ 6,960,227	\$ 6,960,227	0.0%	\$45,982,294	15.1%

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

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

10. Interfund Receivables, Payables, and Transfers

Interfund receivables, payables, and transfers are summarized below:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:				
General	\$ 998,651	\$ -	\$ -	\$ 14,038,744
Capital	871,413	-	2,600,000	60,630,028
Debt Service	-	-	71,999,171	-
Other Government Funds:				
Capital Campaign	-	923,530	-	-
Food Service	-	946,534	69,601	-
Total	<u>\$ 1,870,064</u>	<u>\$ 1,870,064</u>	<u>\$ 74,668,772</u>	<u>\$ 74,668,772</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.

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.

11. Special Schools

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

Amounts paid to Parkway and Pathfinder by the School District in the current fiscal year were approximately \$360,000 and \$450,000, respectively. The net current assets of the Special Schools at June 30, 2017 are to be used to fund future year's operations and are not significant. Separate audited financial statements of the Special Schools are available in the School District's business office.

12. 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 \$9.9 million to the Consortium during fiscal year 2017.

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, 2017, the Consortium had net assets of approximately \$48 million, of which approximately \$1.9 million is attributable to the School District.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

13. Leases

The School District has entered into non-cancelable operating leases for copiers, computers, and other equipment and software. Lease payments made during the fiscal year ended June 30, 2017 were approximately \$260,000.

Future minimum lease rental payments are as follows for the fiscal years ending June 30:

2018	\$ 221,163
2019	171,065
2020	47,885
2021	<u>15,493</u>
	<u>\$ 455,606</u>

14. Contingencies and Other Commitments

Litigation

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.

Insurance

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Other Commitments

There is an ongoing appeal process through which a taxpayer may contest the assessed value of their property. This process could result in reductions in tax revenues and refunds of taxes previously collected. Various appeals are outstanding at June 30, 2017. The ultimate outcome of these appeals is uncertain.

The School District has substantially completed renovating its high school. The School District has signed various prime contracts related to this construction project totaling \$94 million (adjusted by change orders and change directives). The remaining payments to the prime contractors as of June 30, 2017 are approximately \$624,000.



REQUIRED SUPPLEMENTARY INFORMATION

MT. LEBANON SCHOOL DISTRICT

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

Last 10 Fiscal Years¹

	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.3460%	0.3441%	0.3330%
School District's proportionate share of the net pension liability	\$ 171,467,000	\$ 149,048,000	\$ 131,804,000
School District's covered-employee payroll	\$ 44,807,269	\$ 44,279,813	\$ 42,498,124
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	382.6767%	336.6049%	310.1407%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	50.1400%	54.3600%	57.2382%

¹ The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS

Last 10 Fiscal Years²

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required employer contribution	\$ 13,136,130	\$ 11,257,220	\$ 8,797,615
Contributions recognized by PSERS	<u>13,136,130</u>	<u>11,257,220</u>	<u>8,797,615</u>
Difference between contractually required employer contribution and contributions recognized by PSERS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	\$ 45,459,973	\$ 44,803,940	\$ 44,330,171
Contributions as a percentage of covered-employee payroll	28.90%	25.13%	19.85%

² The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/16	\$ -	\$ 6,960,227	\$ 6,960,227	0%	\$ 45,982,294	15.1%
7/1/14	-	6,988,311	6,988,311	0%	37,641,866	18.6%
7/1/12	-	6,277,370	6,277,370	0%	36,416,723	17.2%

See accompanying notes to required supplementary information.

MT. LEBANON SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

1. Factors and Trends Used In the Actuarial Valuation for Pension Benefits

The actuarially determined pension contributions are calculated as of the June 30 preceding the fiscal year in which contributions are made. That is, the contributions calculated as of the June 30, 2015 actuarial valuation were made during the fiscal year ended June 30, 2017. The following actuarial methods and assumptions were used to determine contribution rates reported in the pension required supplementary schedules:

Changes in benefit terms	None
Changes in assumptions	None
Actuarial assumptions:	
Investment rate of return	7.50%, includes inflation at 3.00%
Salary increases	Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1%, and merit or seniority increases of 1.50%
Benefit payments	No postretirement benefit increases assumed in the future
Multiple decrement tables	Mortality, vesting, retirement age, and withdrawal estimates are based upon tables provided by the actuary

2. Factors and Trends Used In the Actuarial Valuation for Postemployment Benefits Other Than Pension Benefits (OPEBs)

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

Actuarial valuation date	7/1/2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years
Actuarial assumptions:	
Discount rate	4.50%
Healthcare cost trend rates	1.9% for 2016 and 5% for 2017 and later

MT. LEBANON SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

Premium Schedules (annual rates) as of July 1, 2016:

	Medical/Rx	
Single	\$6,446.52	\$6,900.72
Parent/Child	14,459.76	15,471.84
Parent/Children	15,905.52	17,018.88
Husband/Wife	17,512.68	18,746.52
Family	18,209.52	19,491.24



SUPPLEMENTARY INFORMATION

MT. LEBANON SCHOOL DISTRICT
DESCRIPTION OF DISTRICT FUNDS

MAJOR FUNDS

GENERAL FUND

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

CAPITAL FUND

The Capital Fund accounts for transactions related to major capital purchases and renovations in the District. Renovation to our high school is ongoing.

DEBT SERVICE FUND

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

MAJOR PROPRIETARY FUND

FOOD SERVICE FUND

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

OTHER GOVERNMENTAL FUNDS

FIDUCIARY FUNDS

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

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

SPECIAL REVENUE FUND

The Special Revenue Fund accounts for money donated for playground or technology enhancements at various schools.

CAPITAL CAMPAIGN FUND

The Capital Campaign 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.

MT. LEBANON SCHOOL DISTRICT

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

JUNE 30, 2017

	Special Revenue Fund	Capital Campaign Fund	Total
Assets			
Cash and cash equivalents	\$ 16,849	\$ 414,627	\$ 431,476
Total Assets	<u>\$ 16,849</u>	<u>\$ 414,627</u>	<u>\$ 431,476</u>
Liabilities and Fund Balances			
Liabilities:			
Due to other funds	\$ -	\$ 923,530	\$ 923,530
Total Liabilities	<u>-</u>	<u>923,530</u>	<u>923,530</u>
Fund Balances:			
Restricted	16,849	183,924	200,773
Unassigned	<u>-</u>	<u>(692,827)</u>	<u>(692,827)</u>
Total Fund Balances	<u>16,849</u>	<u>(508,903)</u>	<u>(492,054)</u>
Total Liabilities and Fund Balances	<u>\$ 16,849</u>	<u>\$ 414,627</u>	<u>\$ 431,476</u>

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Fund	Capital Campaign Fund	Total
Revenues:			
Local sources:			
Investment earnings	\$ 51	\$ 2,103	\$ 2,154
Gifts and grants	4,318	133,242	137,560
Other local sources, including IDEA funds	27	-	27
	<u>4,396</u>	<u>135,345</u>	<u>139,741</u>
Total local sources	<u>4,396</u>	<u>135,345</u>	<u>139,741</u>
Total revenues	<u>4,396</u>	<u>135,345</u>	<u>139,741</u>
Expenditures:			
Current:			
Other support services	-	110,608	110,608
Student activities	3,127	-	3,127
Community services	-	177,230	177,230
	<u>3,127</u>	<u>287,838</u>	<u>290,965</u>
Total expenditures	<u>3,127</u>	<u>287,838</u>	<u>290,965</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,269</u>	<u>(152,493)</u>	<u>(151,224)</u>
Net Change in Fund Balance	<u>1,269</u>	<u>(152,493)</u>	<u>(151,224)</u>
Fund Balance:			
Beginning of year	<u>15,580</u>	<u>(356,410)</u>	<u>(340,830)</u>
End of year	<u>\$ 16,849</u>	<u>\$ (508,903)</u>	<u>\$ (492,054)</u>

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017
Assets				
Cash and cash equivalents	\$ 165,334	\$ 469,995	\$ 479,788	\$ 155,541
Liabilities				
Due to student organizations	\$ 165,334	\$ 469,995	\$ 479,788	\$ 155,541

MT. LEBANON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Program or Award Amount</u>	<u>Total Received For the Year</u>	<u>Accrued (Unearned) Revenue at June 30, 2016</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue at June 30, 2017</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>										
Child Nutrition Cluster:										
Passed through the Pennsylvania Department of Education: National School Lunch Program	10.555	n/a	7/1/16-6/30/17	n/a	\$ 239,257	\$ 7,695	\$ 270,002	\$ 270,002	\$ 38,440	\$ -
Passed through the Pennsylvania Department of Agriculture: National School Lunch Program (Food Donation)	10.555	2-04-02-640-02	7/1/16-6/30/17	n/a	95,083	(14,328)	98,734	98,734	(10,677)	-
Total National School Lunch Program					334,340	(6,633)	368,736	368,736	27,763	-
Passed through the Pennsylvania Department of Education: School Breakfast Program	10.553	n/a	7/1/16-6/30/17	n/a	10,489	270	12,088	12,088	1,869	-
Total U.S. Department of Agriculture and Child Nutrition Cluster					344,829	(6,363)	380,824	380,824	29,632	-
<u>U.S. Department of Education</u>										
Passed through the Pennsylvania Department of Education:										
Title I Grants to Local Educational Agencies	84.010	013-170273	8/30/16-9/30/17	\$ 391,882	282,160	-	356,392	356,392	74,232	-
Title I Grants to Local Educational Agencies	84.010	013-160273	7/27/15-9/30/16	327,662	62,239	2,470	59,769	59,769	-	-
Total Title I Grants to Local Educational Agencies					344,399	2,470	416,161	416,161	74,232	-
Supporting Effective Instruction State Grants	84.367	020-170273	8/30/16-9/30/17	99,189	64,144	-	93,670	93,670	29,526	-
Supporting Effective Instruction State Grants	84.367	020-160273	7/27/15-9/30/16	101,138	33,163	(14,522)	47,685	47,685	-	-
Total Supporting Effective Instruction State Grants					97,307	(14,522)	141,355	141,355	29,526	-
English Language Acquisition State Grants	84.365	010-170273	7/1/16-9/30/17	24,500	8,750	-	24,500	24,500	15,750	-
English Language Acquisition State Grants	84.365	010-160273	7/27/15-9/30/16	24,237	9,227	(9,261)	18,488	18,488	-	-
Total English Language Acquisition Grants					17,977	(9,261)	42,988	42,988	15,750	-
Passed through the Allegheny Intermediate Unit:										
Special Education Cluster:										
Special Education - Grants to States	84.027	062-17-0-003	7/1/16-6/30/17	728,345	546,259	-	728,345	728,345	182,086	-
Special Education - Grants to States	84.027	062-16-0-003	7/1/15-6/30/16	565,360	141,340	141,340	-	-	-	-
Special Education - Preschool Grants	84.173	131-17-0-003	7/1/16-6/30/17	1,087	1,087	-	1,087	1,087	-	-
Total Special Education Cluster					688,686	141,340	729,432	729,432	182,086	-
Total U.S. Department of Education					1,148,369	120,027	1,329,936	1,329,936	301,594	-
<u>U.S. Department of Health and Human Services</u>										
Passed through the Pennsylvania Department of Human Services:										
Medicaid Cluster:										
Medical Assistance Program	93.778	n/a	10/2016-9/2017	2,472	2,472	-	2,472	2,472	-	-
Total Expenditures of Federal Awards					\$ 1,495,670	\$ 113,664	\$ 1,713,232	\$ 1,713,232	\$ 331,226	\$ -

a Total amount of commodities received from Department of Agriculture

b Inventory at July 1, 2016

c Total amount of commodities used

d Inventory at June 30, 2017

MT. LEBANON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Mt. Lebanon School District (School District) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

2. Summary of Significant Accounting Policies

The accompanying Schedule is presented using the accrual basis of accounting. Expenditures are recognized following cost principles contained in the Uniform Guidance. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Reconciliation to Federal Subsidy Confirmation

Total received for the year	\$ 1,495,670
Less amounts received from other grantor agencies:	
Donated commodities	(95,083)
Special Education - Grants to States	(688,686)
Medical Assistance - Access	(2,472)
Plus amounts not required to be reported on the	
Schedule of Expenditures of Federal Awards:	
Food Nutrition Services	30,807
Medical Assistance - Access	314,573
Total receipts per confirmation	\$ 1,054,809

MT. LEBANON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

4. Reconciliation to Financial Statements

Total revenue	\$ 1,713,232
Less: Special Education - Grants to States, which is recorded in other local sources, including IDEA funds on page 6	(729,432)
Plus amounts not required to be reported on the Schedule of Expenditures of Federal Awards:	
Medical Assistance - Access	402,412
	<u>\$ 1,386,212</u>
Total revenue per financial statements:	
General Fund federal revenues	\$ 1,005,388
Enterprise Fund federal revenues	380,824
	<u>\$ 1,386,212</u>

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2017

INSTRUCTIONAL SERVICES

Regular Instruction

	Original Budget	Final Budget	Actual	Variance
Salaries	\$27,293,027	\$27,077,627	\$27,077,450	\$177
Employee Benefits	15,869,758	15,642,208	15,641,985	223
Contracted Services	756,417	106,781	106,072	709
Repair and Rental Services	20,890	20,890	14,501	6,389
Purchased Services	502,040	387,163	386,230	933
Supplies and Materials	760,823	781,023	781,008	15
Property	95,073	95,073	95,041	32
Dues and Fees	9,750	9,750	6,891	2,859
Subtotal	45,307,778	44,120,515	44,109,178	11,337

Special Instruction

Salaries	4,493,016	4,493,016	4,435,867	57,149
Employee Benefits	2,576,133	2,386,133	2,384,529	1,604
Contracted Services	1,185,000	411,716	407,583	4,133
Purchased Services	708,750	103,858	102,310	1,548
Supplies and Materials	123,122	139,121	134,663	4,458
Property	0	0	0	0
Subtotal	9,086,021	7,533,844	7,464,953	68,891

Other Instructional Programs

Salaries	116,088	403,588	378,206	25,382
Employee Benefits	67,015	174,565	152,735	21,830
Contracted Services	127,000	220,500	220,477	23
Purchased Services	277,740	20,000	16,438	3,562
Supplies and Materials	4,750	5,950	5,857	93
Subtotal	592,593	824,603	773,713	50,890

Continuing Education

Salaries	151,025	151,025	136,470	14,555
Employee Benefits	87,033	87,033	53,206	33,827
Repair and Rental Services	4,450	5,050	5,049	1
Purchased Services \ Supplies	18,000	18,250	17,124	1,126
Subtotal	260,508	261,358	211,849	49,510

Total Instructional Services

55,246,900 52,740,320 52,559,692 180,628

Pupil Services

Salaries	2,180,934	2,232,634	2,232,550	84
Employee Benefits	1,282,240	1,282,240	1,255,118	27,122
Contracted Services	13,030	13,365	13,365	0
Purchased Services	0	400	400	0
Supplies and Materials	41,952	41,952	36,727	5,225
Dues and Fees	0	0	0	0
Subtotal	\$3,518,156	\$3,570,591	\$3,538,161	\$32,430

(Continued)

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2017

Instructional Support Services	Original Budget	Final Budget	Actual	Variance
Salaries	\$1,175,494	\$1,042,694	\$1,040,288	\$2,406
Employee Benefits	813,485	784,780	644,732	140,048
Contracted Services	24,000	24,000	1,056	22,944
Repair and Rental Services	2,500	2,500	258	2,242
Purchased Services	32,701	32,701	25,756	6,945
Supplies and Materials	142,111	142,111	129,122	12,989
Property	0	5,600	0	5,600
Dues and Fees	1,400	1,400	985	415
Subtotal	2,191,691	2,035,786	1,842,197	193,589
Administration				
Salaries	3,033,207	3,057,007	3,056,951	56
Employee Benefits	1,750,499	1,756,999	1,756,983	16
Contracted Services	328,500	331,500	296,261	35,239
Repair and Rental Services	9,000	10,500	10,460	40
Purchased Services	273,500	46,109	43,341	2,768
Supplies and Materials	48,292	45,292	44,912	380
Property	500	500	0	500
Dues and Fees	6,000	8,500	8,412	88
Subtotal	5,449,498	5,256,407	5,217,320	39,087
Pupil Health Services				
Salaries	610,265	610,465	610,430	35
Employee Benefits	351,497	351,497	344,981	6,516
Contracted Services	7,126	7,126	7,126	0
Supplies and Materials	12,800	12,800	10,323	2,477
Property	0	0	0	0
Subtotal	981,688	981,888	972,860	9,028
Financial Services				
Salaries	407,177	407,177	404,289	2,889
Employee Benefits	235,762	238,862	238,855	7
Contracted Services	8,000	8,000	1,762	6,238
Repair and Rental Services	310,500	310,500	299,430	11,070
Purchased Services	4,000	4,000	2,689	1,311
Supplies and Materials	9,900	14,700	4,373	10,327
Property	0	0	0	0
Subtotal	975,339	983,239	951,397	31,842
Operation & Maintenance of Plant				
Salaries	3,818,669	3,818,669	3,734,886	83,783
Employee Benefits	2,166,099	2,202,099	2,201,747	352
Contracted Services	496,540	497,540	497,491	49
Repair and Rental Services	596,387	312,344	264,740	47,604
Purchased Services	364,850	368,750	368,736	14
Supplies and Materials	1,778,325	1,778,325	1,532,347	245,978
Property	55,000	55,000	37,819	17,181
Dues and Fees	192	312	303	9
Subtotal	\$9,276,062	\$9,033,039	\$8,638,069	\$394,970

(Continued)

MT. LEBANON SCHOOL DISTRICT

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

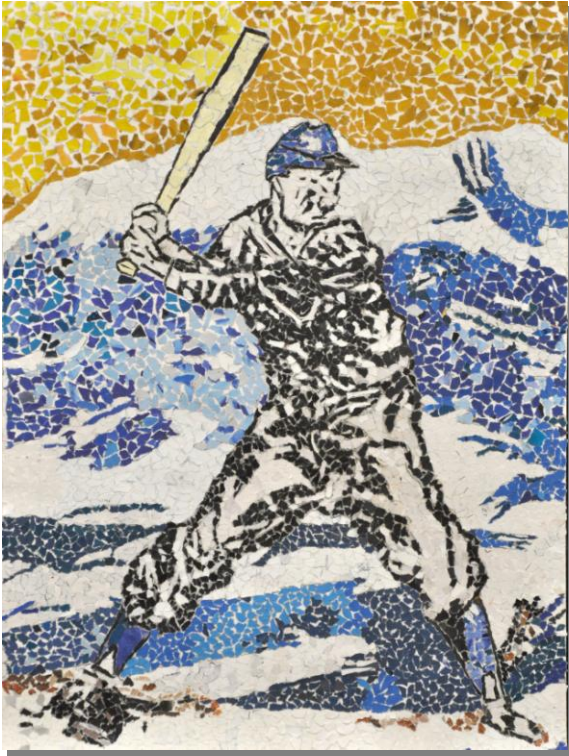
Year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance
Student Transportation Services				
Salaries	\$280,263	\$284,063	\$284,019	\$44
Employee Benefits	173,056	173,056	167,554	5,502
Purchased Services	1,171,198	1,151,916	961,006	190,910
Supplies and Materials	36,000	36,000	21,790	14,210
Subtotal	<u>1,660,517</u>	<u>1,645,035</u>	<u>1,434,370</u>	<u>210,665</u>
Other Support Services				
Salaries	533,316	543,816	543,732	84
Employee Benefits	367,250	385,250	384,284	966
Contracted Services	212,000	212,000	169,442	42,558
Repair and Rental Services	166,600	166,600	82,158	84,442
Purchased Services	94,000	22,000	21,652	348
Supplies and Materials	10,673	10,673	10,458	215
Property	0	112,500	112,260	240
Dues and Fees	25,000	25,000	24,787	213
Subtotal	<u>1,408,839</u>	<u>1,477,839</u>	<u>1,348,772</u>	<u>129,067</u>
Student Activities				
Salaries	1,162,051	1,168,451	1,168,410	41
Employee Benefits	676,707	676,707	664,168	12,539
Contracted Services	69,266	69,266	64,461	4,805
Repair and Rental Services	20,363	25,463	25,449	14
Purchased Services	21,180	24,980	24,978	2
Supplies and Materials	150,050	150,050	148,640	1,410
Property	0	0	0	0
Dues and Fees	15,950	15,950	14,434	1,516
Subtotal	<u>2,115,567</u>	<u>2,130,867</u>	<u>2,110,541</u>	<u>20,326</u>
Community Services				
Salaries	223,048	227,948	227,900	48
Employee Benefits	128,858	136,158	136,154	4
Contracted Services	100	100	(947)	1,047
Supplies and Materials	20,500	26,400	26,398	2
Dues and Fees	0	0	0	0
Subtotal	<u>372,506</u>	<u>390,606</u>	<u>389,506</u>	<u>1,100</u>
Intergovernmental				
Special Education	0	2,415,480	2,412,717	2,763
Other	<u>80,050</u>	<u>615,716</u>	<u>615,010</u>	<u>706</u>
Subtotal	<u>80,050</u>	<u>3,031,196</u>	<u>3,027,727</u>	<u>3,469</u>
Total General Fund Expenditures	<u><u>\$83,276,813</u></u>	<u><u>\$83,276,813</u></u>	<u><u>\$82,030,612</u></u>	<u><u>\$1,246,201</u></u> (Concluded)





STATISTICAL SECTION



Mellon Middle

Jefferson Middle



MT. LEBANON SCHOOL DISTRICT

DESCRIPTION OF STATISTICAL SECTION

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

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PAGE(S)

FINANCIAL TRENDS

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

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REVENUE CAPACITY

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

111-118

DEBT CAPACITY

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

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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OPERATING INFORMATION

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

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

MT. LEBANON SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
Instruction	\$40,896,970	\$42,446,094	\$42,142,150	\$41,641,578	\$43,512,017	\$43,915,623	\$46,855,630	\$53,223,139	\$57,040,179	\$69,453,582
Pupil Services	2,834,745	3,066,825	3,139,349	3,170,406	3,060,588	2,980,031	3,232,610	3,532,605	4,025,876	5,039,195
Instructional Support Services	2,585,990	2,822,607	2,738,888	2,799,921	2,180,133	2,061,329	1,839,474	1,944,810	1,960,169	2,371,870
Administration	4,158,999	4,210,571	4,418,809	4,122,789	4,580,050	4,648,621	4,740,511	5,177,670	5,467,401	6,830,945
Pupil Health Services	705,864	754,463	775,048	743,864	894,490	817,274	881,965	904,583	952,793	1,279,913
Financial Services	1,059,409	1,065,416	1,080,999	972,508	1,162,837	999,374	981,773	1,016,024	1,003,873	1,170,911
Operation and Maintenance of Plant	8,231,826	7,912,981	8,328,024	7,798,144	7,779,298	7,920,327	8,737,963	9,695,398	9,827,457	11,326,107
Student Transportation Services	1,026,084	1,066,162	1,088,955	1,106,780	1,118,689	1,298,391	1,168,135	1,315,148	1,554,201	1,624,471
Other Support Services	1,761,358	2,023,463	1,726,041	1,657,453	1,628,463	1,650,932	1,623,112	1,739,976	1,384,452	1,703,753
Student Activities	1,932,049	1,850,420	2,006,483	1,885,204	1,958,653	1,977,012	2,016,593	2,212,476	2,208,303	2,676,853
Community Services	492,207	500,092	470,938	354,195	382,154	345,941	567,524	619,865	678,378	722,950
Intergovernmental	2,771,884	2,339,387	2,462,844	3,004,045	3,098,715	3,137,240	3,247,238	2,811,850	3,083,439	3,167,599
Interest on Long-Term Debt	3,157,005	3,165,682	3,230,992	6,971,523	5,849,949	5,725,492	7,788,905	7,050,680	7,465,147	5,959,531
Business Type Activities:										
Food Services	1,420,230	1,479,616	1,549,887	1,629,145	1,668,599	1,653,037	1,620,151	1,898,000	2,113,156	2,384,789
Total Primary Government Expenses	73,034,620	74,703,779	75,159,407	77,857,555	78,874,635	79,130,624	85,301,584	93,142,224	98,764,824	115,712,469
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instructional	199,791	243,918	306,016	287,674	241,743	240,736	280,089	475,051	452,656	349,306
Student Support	-	-	-	-	-	38,477	92,903	98,113	91,001	103,103
Operating Grants and Contributions	8,463,526	8,277,635	9,281,671	9,730,294	8,357,832	9,023,772	10,132,893	11,353,854	11,477,827	17,212,673
Capital Grants and Contributions	-	-	-	-	-	-	-	-	129,191	137,560
Business Type Activities:										
Charges for Food Services	1,224,161	1,307,096	1,287,939	1,388,183	1,336,976	1,224,568	1,187,378	1,281,785	1,442,814	1,491,855
Operating Grants and Contributions	120,287	162,707	189,835	274,040	241,372	345,487	370,422	423,718	472,771	532,907
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Primary Government Program Revenues	10,007,765	9,991,356	11,065,461	11,680,191	10,177,923	10,873,040	12,063,685	13,632,521	14,066,260	19,827,404
Net (Expense)/Revenue										
Total Primary Government	(\$63,026,855)	(\$64,712,423)	(\$64,093,946)	(\$66,177,364)	(\$68,696,712)	(\$68,257,584)	(\$73,237,899)	(\$79,509,703)	(\$84,698,564)	(\$95,885,065)

MT. LEBANON SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Total Primary Government Net Expense	(\$63,026,855)	(\$64,712,423)	(\$64,093,946)	(\$66,177,364)	(\$68,696,712)	(\$68,257,584)	(\$73,237,899)	(\$79,509,703)	(\$84,698,564)	(\$95,885,065)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes Levied for General Purposes	50,522,332	49,018,157	51,755,572	54,724,426	54,646,078	56,545,264	57,304,345	60,191,570	61,936,990	64,513,403
Other Taxes Levied for General Purposes	6,850,652	6,553,815	6,645,443	6,786,259	7,164,367	7,996,303	8,135,195	8,306,579	8,277,246	8,427,253
Unrestricted Grants and Contributions	5,687,113	5,584,093	5,020,923	4,761,007	5,584,093	5,584,093	5,796,217	5,796,217	5,987,108	6,236,735
Investment Earnings:										
Governmental Activities	1,601,451	1,065,427	639,969	498,339	161,901	112,156	66,871	70,566	81,295	254,724
Business-Type Activities	18,407	12,546	5,980	2,114	17,956	922	708	544	966	4,027
Other Income	107,910	100,176	139,575	108,134	44,581	96,632	83,595	92,573	134,656	465,772
State Property Tax Reduction	-	1,700,448	1,698,235	1,698,323	1,698,229	1,698,149	1,703,512	1,703,049	1,709,444	1,709,769
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	(8,134,610)	-
Total Primary Government	64,787,865	64,034,662	65,905,697	68,578,602	69,317,205	72,033,519	73,090,443	76,161,098	69,993,095	81,611,683
Change in Net Position										
Total Primary Government	\$1,761,010	(\$677,761)	\$1,811,751	\$2,401,238	\$620,493	\$3,775,935	(\$147,456)	(\$3,348,605)	(\$14,705,469)	(\$14,273,382)

MT. LEBANON SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net investment in capital assets	(\$882,436)	\$1,829,898	\$2,257,530	\$3,458,794	\$4,813,773	\$8,117,594	\$9,110,550	\$8,420,974	(\$424,745)	\$7,082,416
Unrestricted	17,292,173	13,868,514	15,274,102	16,483,089	15,708,925	16,173,103	(108,829,199)*	(111,400,915)	(117,085,129)	(138,572,968)
Restricted	243,928	205,597	181,099	95,081	137,892	158,726	219,973	255,610	207,078	200,773
Subtotal Governmental Activities	16,653,665	15,904,009	17,712,731	20,036,964	20,660,590	24,449,423	(99,498,676)	(102,724,331)	(117,302,796)	(131,289,779)
Business Type Activities										
Net investment in capital assets	84,490	76,140	64,196	52,114	45,821	34,527	25,378	17,347	904,410	848,444
Unrestricted	459,343	539,588	554,561	643,648	646,808	645,204	(1,215,128)*	(1,330,047)	(2,344,114)	(2,574,547)
Subtotal Business Type Activities	543,833	615,728	618,757	695,762	692,629	679,731	(1,189,750)	(1,312,700)	(1,439,704)	(1,726,103)
Total Activities										
Net investment in capital assets	(797,946)	1,906,038	2,321,726	3,510,908	4,859,594	8,152,121	9,135,928	8,438,321	479,665	7,930,860
Unrestricted	17,751,516	14,408,102	15,828,663	17,126,737	16,355,733	16,818,307	(110,044,327)*	(112,730,962)	(119,429,243)	(141,147,515)
Restricted	243,928	205,597	181,099	95,081	137,892	158,726	219,973	255,610	207,078	200,773
Total Net Position	<u>\$17,197,498</u>	<u>\$16,519,737</u>	<u>\$18,331,488</u>	<u>\$20,732,726</u>	<u>\$21,353,219</u>	<u>\$25,129,154</u>	<u>(\$100,688,426)*</u>	<u>(\$104,037,031)</u>	<u>(\$118,742,500)</u>	<u>(\$133,015,882)</u>

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

MT. LEBANON SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net Position:										
Beginning of Year	\$14,916,016	\$16,653,665	\$15,904,009	\$17,712,731	\$20,036,964	\$20,660,590	(\$99,343,701)*	(\$99,498,676)	(\$102,724,331)	(\$117,302,796)
End of Year	16,653,665	15,904,009	17,712,731	20,036,964	20,660,590	24,449,423	(99,498,676)*	(102,724,331)	(117,302,796)	(131,289,779)
Change in Net Position	1,737,649	(749,656)	1,808,722	2,324,233	623,626	3,788,833	(154,975)*	(3,225,655)	(14,578,465)	(13,986,983)
Business Type Activities:										
Net Position:										
Beginning of Year	520,472	543,833	615,728	618,757	695,762	692,629	(1,197,269)*	(1,189,750)	(1,312,700)	(1,439,704)
End of Year	543,833	615,728	618,757	695,762	692,629	679,731	(1,189,750)*	(1,312,700)	(1,439,704)	(1,726,103)
Change in Net Position	23,361	71,895	3,029	77,005	(3,133)	(12,898)	7,519*	(122,950)	(127,004)	(286,399)
Total-All Activities										
Net Position:										
Beginning of Year	15,436,488	17,197,498	16,519,737	18,331,488	20,732,726	21,353,219	(100,540,970)*	(100,688,426)	(104,037,031)	(118,742,500)
End of Year	17,197,498	16,519,737	18,331,488	20,732,726	21,353,219	25,129,154	(100,688,426)*	(104,037,031)	(118,742,500)	(133,015,882)
Change in Net Position	\$1,761,010	(\$677,761)	\$1,811,751	\$2,401,238	\$620,493	\$3,775,935	(\$147,456)*	(\$3,348,605)	(\$14,705,469)	(\$14,273,382)

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

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Federal Sources:										
Federal Grants	\$688,350	\$702,079	\$1,827,167	\$2,359,372	\$666,951	\$512,002	\$545,750	\$413,095	\$512,800	\$1,005,388
Total Federal Sources	688,350	702,079	1,827,167	2,359,372	666,951	512,002	545,750	413,095	512,800	1,005,388
State Sources:										
Basic Education Subsidies	5,421,501	5,584,093	5,020,923	4,761,007	5,584,093	5,584,093	5,796,217	5,796,217	5,987,068	6,236,735
Social Security/ Retirement Subsidies	2,841,218	2,559,271	2,540,080	2,612,487	3,361,467	4,138,444	5,179,397	6,358,540	7,138,119	7,895,319
Special Education Subsidies	2,598,029	2,538,943	2,560,695	2,589,760	2,518,259	2,521,957	2,550,087	2,544,853	2,571,981	2,726,262
Construction Subsidies	823,726	942,121	919,584	794,738	678,063	702,894	707,066	713,596	-	-
Transportation Subsidies	107,780	105,944	124,437	154,886	115,489	118,273	166,074	128,157	110,081	140,240
Property Tax Reduction Allocation	-	1,700,448	1,698,235	1,698,323	1,698,229	1,698,149	1,703,512	1,703,049	1,709,444	1,709,769
Medical, Dental and Nurse Care Subsidies	85,994	91,807	120,607	118,327	117,152	117,590	99,320	-	167,498	-
State Grants and Other	814,078	532,460	382,587	356,721	148,833	133,272	132,331	315,412	363,471	4,763,862
Total State Sources	12,692,326	14,055,087	13,367,148	13,086,249	14,221,585	15,014,672	16,334,004	17,559,824	18,047,662	23,472,187
Local Sources:										
Real Estate Taxes	50,589,807	49,032,399	51,697,076	55,130,569	54,685,072	56,544,466	57,276,727	60,288,038	61,773,222	64,289,191
Earned Income Taxes	6,053,990	5,879,153	5,783,167	6,094,304	6,445,280	7,135,252	7,182,405	7,392,185	7,254,653	7,470,605
Occupation Taxes	26,083	26,150	-	-	-	-	-	-	-	-
Realty Transfer Taxes	689,115	564,684	736,767	574,866	596,130	728,037	825,839	789,122	900,137	837,750
Public Utility Taxes	81,464	74,808	80,728	79,608	81,571	84,597	78,508	81,601	76,021	76,951
Investment Earnings	1,601,451	1,065,427	639,969	498,339	161,901	112,156	66,871	70,566	81,295	254,724
Rental of Facilities	94,273	98,541	85,869	80,829	94,145	16,176	18,031	14,687	11,920	16,730
Tuition from Patrons	199,791	243,918	306,016	287,674	241,743	235,812	274,089	475,051	452,656	339,166
Gifts and Grants	146,579	274,968	162,912	130,164	135,212	152,353	201,553	257,080	134,840	137,560
Other Revenues	623,384	539,062	693,493	655,846	659,636	759,137	749,883	832,221	868,440	1,285,834
Total Local Sources	60,105,937	57,799,110	60,185,997	63,532,199	63,100,690	65,767,986	66,673,906	70,200,551	71,553,184	74,708,511
Total Revenues	<u>\$73,486,613</u>	<u>\$72,556,276</u>	<u>\$75,380,312</u>	<u>\$78,977,820</u>	<u>\$77,989,226</u>	<u>\$81,294,660</u>	<u>\$83,553,660</u>	<u>\$88,173,470</u>	<u>\$90,113,646</u>	<u>\$99,186,086</u>

MT. LEBANON SCHOOL DISTRICT

GENERAL SCHOOL DISTRICT EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Current Expenditures:										
Instructional Services	\$38,713,912	\$39,448,922	\$39,809,966	\$40,005,330	\$41,567,676	\$42,415,665	\$45,106,493	\$49,011,371	\$51,593,501	\$52,868,980
Pupil Services	2,738,026	2,959,471	3,026,765	3,054,279	2,949,078	2,886,992	3,136,318	3,278,213	3,693,489	3,912,203
Instructional Support Services	2,497,759	2,723,802	2,640,665	2,697,364	2,100,702	1,996,973	1,784,681	1,816,542	1,798,519	1,842,197
Administration	4,009,161	4,055,938	4,252,527	3,971,778	4,413,180	4,503,696	4,599,303	4,830,055	5,004,996	5,217,320
Pupil Health	681,781	728,053	747,253	716,617	861,900	791,758	856,053	840,139	878,920	972,860
Financial Services	1,023,263	1,028,121	1,042,232	937,106	1,128,174	968,360	952,707	956,766	928,148	951,397
Operation and Maintenance of Plant	7,942,944	7,980,553	8,032,424	7,517,574	7,497,850	7,679,317	8,485,585	9,174,547	9,170,490	14,250,841
Student Transportation Services	991,075	1,027,967	1,048,684	1,066,240	1,077,931	1,257,854	1,133,339	1,259,033	1,463,334	1,434,370
Other Support Services	1,696,841	1,660,595	1,657,663	1,597,363	1,569,208	1,599,476	1,574,938	1,648,502	1,286,678	1,518,703
Student Activities	1,870,165	1,931,031	1,940,256	1,791,092	1,875,984	1,900,603	1,946,285	2,059,180	2,011,238	2,110,541
Scholarships	-	2,589	1,300	26,013	11,734	15,159	10,553	17,471	20,348	3,127
Community Services	475,413	482,585	454,049	341,221	368,231	335,140	339,921	351,526	638,691	566,736
Intergovernmental	2,771,884	2,339,387	2,462,844	2,894,013	2,985,816	3,040,383	3,367,678	2,971,767	2,945,422	3,027,727
Subtotal Noncapital Expenditures	65,412,224	66,369,014	67,116,628	66,615,990	68,407,464	69,391,376	73,293,854	78,215,112	81,433,774	88,677,002
Capital Outlay:										
Capitalized	1,440,822	1,376,695	1,822,593	2,417,478	12,467,376	42,968,801	29,576,394	16,723,880	3,281,812	2,405,700
Non-Capitalized	802,367	461,385	2,475,279	859	3,545	-	-	-	-	-
Subtotal Capital Outlay	2,243,189	1,838,080	4,297,872	2,418,337	12,470,921	42,968,801	29,576,394	16,723,880	3,281,812	2,405,700
Debt Service:										
Principal	1,940,000	2,000,000	1,950,000	2,930,000	3,605,000	4,315,000	4,445,000	4,590,000	*3,677,434	4,710,000
Interest	3,012,109	2,987,326	2,818,938	7,060,082	5,976,834	5,854,845	6,367,619	7,245,494	7,524,085	6,659,143
Issuance Costs	-	69,378	438,300	73,819	-	-	947,825	-	395,374	232,776
Subtotal Debt Service	4,952,109	5,056,704	5,207,238	10,063,901	9,581,834	10,169,845	11,760,444	11,835,494	7,919,459	11,601,919
Total Expenditures	\$72,607,522	\$73,263,798	\$76,621,738	\$79,098,228	\$90,460,219	\$122,530,022	\$114,630,692	\$106,774,486	\$92,635,045	\$102,684,621
Debt Service as a Percentage of										
Noncapital Expenditures	7.57%	7.51%	7.11%	15.00%	14.01%	14.66%	14.75%	15.13%	13.76%	11.66%

*Refinanced Bond proceeds are excluded from the totals.

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

	2008	2009	2010	2011	2012*	2013	2014	2015	2016**	2017
Salaries	\$38,887,197	\$40,019,113	\$40,889,621	\$40,882,168	\$41,804,508	\$41,719,880	\$42,671,150	\$44,612,370	\$44,905,046	\$45,331,448
Fringe Benefits	13,637,624	13,460,617	13,557,523	13,918,985	15,198,467	16,797,135	19,097,544	21,793,639	23,973,614	26,027,029
Contracted Services	3,414,145	3,370,837	3,393,295	3,230,294	3,221,670	3,199,605	3,111,395	3,368,610	3,246,541	3,131,631
Repair and Rental Services	1,312,310	1,315,242	1,236,939	1,022,221	1,135,392	967,000	1,017,203	984,231	5,042,247	8,842,434
Purchased Services	2,891,787	2,986,113	3,074,266	3,023,557	2,766,080	2,636,034	2,831,261	2,842,638	3,200,727	3,317,408
Supplies	1,324,768	1,470,224	1,314,291	1,275,316	1,794,382	1,153,618	1,247,712	1,206,498	1,322,813	1,431,906
Utilities	1,844,809	1,746,295	1,466,297	1,315,435	958,923	1,114,503	1,303,699	1,349,398	1,037,967	1,092,417
Books	794,302	802,938	774,402	715,520	178,489	532,394	504,965	433,486	724,437	570,868
Equipment	1,076,139	882,784	721,626	773,089	686,787	630,797	564,185	554,960	1,111,677	883,055
Dues and Fees	71,785	64,297	62,063	63,626	65,960	70,182	49,491	72,310	447,384	288,489
Debt Service**	4,952,109	5,562,331	4,838,100	9,990,082	9,581,834	10,169,845	10,812,619	11,020,033	7,166,300	11,369,143
Other*	2,400,547	1,583,007	5,293,315	2,887,935	13,067,727	43,539,029	31,419,468	18,536,313	456,291	398,793
Total Expenditures	\$72,607,522	\$73,263,798	\$76,621,738	\$79,098,228	\$90,460,219	\$122,530,022	\$114,630,692	\$106,774,486	\$92,635,045	\$102,684,621

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

**The increase in debt service in 2016 includes refinancing of the 2005 Elementary School Bonds.

MT. LEBANON SCHOOL DISTRICT

OTHER FINANCING SOURCES AND USES AND NET CHANGE IN

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess of Revenues Over										
(Under) Expenditures	\$879,091	(\$707,522)	(\$1,241,426)	(\$120,408)	(\$12,470,993)	(\$41,235,362)	(\$31,077,032)	(\$18,601,016)	(\$59,496,399)	(\$3,498,535)
Other Financing Sources (Uses)										
General Long-Term Debt Issued	-	3,715,000	69,000,000	10,690,000	-	-	34,745,000	-	52,425,000	57,955,000
Payments to Refund Bond Escrow Agent	-	(3,615,000)	-	(10,982,821)	-	-	-	-	-	(60,630,028)
Premium on Issuance of Bonds	-	-	6,451,200	366,640	-	-	1,294,382	-	5,125,187	6,662,793
Transfers In	7,724,246	5,493,169	4,768,938	15,628,928	9,591,833	10,169,845	13,964,516	12,872,161	64,421,356	74,599,171
Transfers Out	(7,791,345)	(5,562,331)	(4,838,100)	(15,670,741)	(9,660,995)	(10,239,007)	(14,033,678)	(12,941,164)	(64,490,957)	(74,668,772)
Total Other Financing Sources (Uses)	(67,099)	30,838	75,382,038	32,006	(69,162)	(69,162)	35,970,220	(69,003)	57,480,586	3,918,164
Net Change in Fund Balances	\$811,992	(\$676,684)	\$74,140,612	(\$88,402)	(\$12,540,155)	(\$41,304,524)	\$4,893,188	(\$18,670,019)	(\$2,015,813)	\$419,629

MT. LEBANON SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$1,874,699	\$1,316,414	\$1,088,787	-	-	-	-	-	-	-
Unreserved	7,131,622	8,216,680	11,929,586	-	-	-	-	-	-	-
Assigned - Subsequent										
Year's Budget	-	-	-	-	-	-	-	-	\$750,000	\$750,000
Nonspendable	-	-	-	\$1,090,055	\$899,775	\$456,076	\$358,517	\$288,349	883,018	796,872
Assigned	-	-	-	4,050,512	4,408,159	6,733,779	7,105,213	4,786,355	3,916,044	6,487,442
Unassigned	-	-	-	4,700,870	4,835,070	4,989,870	5,275,471	5,528,625	5,465,438	5,793,965
Total General Fund	9,006,321	9,533,094	13,018,373	9,841,437	10,143,004	12,179,725	12,739,201	10,603,329	11,014,500	13,828,279
All Other Governmental										
Funds										
Reserved	2,008,067	2,190,056	74,372,577	-	-	-	-	-	-	-
Unreserved	6,633,523	5,248,077	3,720,889	-	-	-	-	-	-	-
Nonspendable	-	-	-	598,298	762,997	697,275	466,474	408,947	322,706	414,088
Restricted	-	-	-	70,492,308	58,267,697	16,411,843	23,532,034	7,110,915	1,916,318	4,065,494
Assigned	-	-	-	10,091,394	9,309,584	7,889,915	5,334,237	5,278,736	8,680,498	4,190,709
Unassigned	-	-	-	-	-	-	-	-	(547,908)	(692,827)
Total All Other										
Governmental Funds	8,641,590	7,438,133	78,093,466	81,182,000	68,340,278	24,999,033	29,332,745	12,798,598	10,371,614	7,977,464
Grand Total General and										
All Other Governmental										
Fund Balances	<u>\$17,647,911</u>	<u>\$16,971,227</u>	<u>\$91,111,839</u>	<u>\$91,023,437</u>	<u>\$78,483,282</u>	<u>\$37,178,758</u>	<u>\$42,071,946</u>	<u>\$23,401,927</u>	<u>\$21,386,114</u>	<u>\$21,805,743</u>

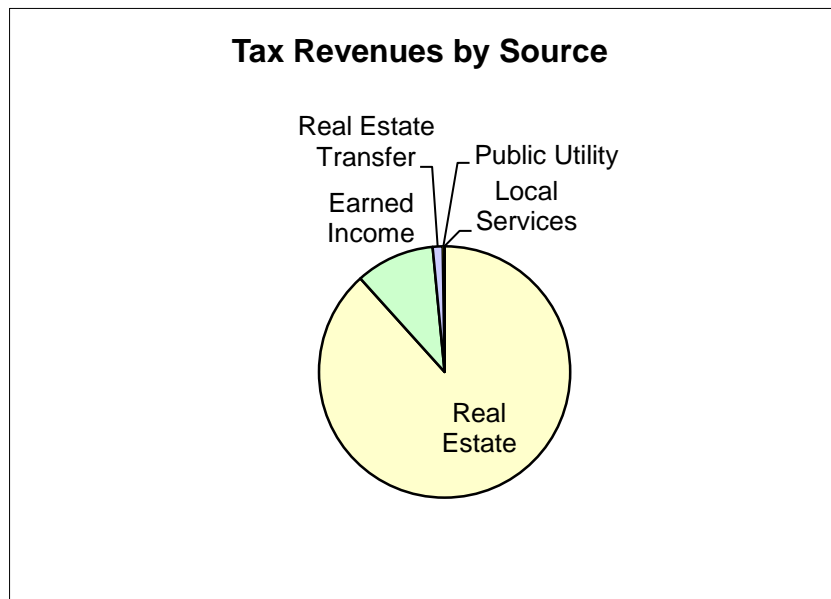
The District implemented GASB Statement #54 in 2011, which changed the fund balance classifications.

MT. LEBANON SCHOOL DISTRICT

TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

Fiscal Year Ended	Real Estate Taxes	Earned Income Tax	Real Estate Transfer Tax	Public Utility Tax	Local Services Tax	Total Taxes
2008	\$50,589,807	\$6,053,990	\$689,115	\$81,464	\$26,083	\$57,440,459
2009	49,032,399	5,879,153	564,684	74,808	26,150	55,577,194
2010	51,697,076	5,783,167	736,767	80,728	44,781	58,342,519
2011	55,130,569	6,094,304	574,866	79,608	37,481	61,916,828
2012	54,685,072	6,445,280	596,130	81,571	41,271	61,849,324
2013	56,544,466	7,135,252	728,037	84,597	48,417	64,540,769
2014	57,276,727	7,182,405	825,839	78,508	48,443	65,411,922
2015	60,288,038	7,392,185	789,122	81,601	43,671	68,594,617
2016	61,773,222	7,254,653	900,137	76,021	46,435	70,050,468
2017	64,289,191	7,470,605	837,750	76,951	41,947	72,716,444



MT. LEBANON SCHOOL DISTRICT

ASSESSED VALUE AND PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

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

<u>Fiscal Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>	<u>Assessed Valuation</u>
2008	4.97	23.56	4.69	33.22	\$2,154,641,502
2009	4.97	23.81	4.69	33.47	2,171,398,932
2010	4.89	24.11	4.69	33.69	2,175,275,286
2011	4.89	26.63	4.69	36.21	2,159,216,301
2012	4.76	26.63	4.69	36.58	2,164,809,298
2013	5.43	27.13	5.69	38.25	2,156,859,685
2014	4.51	22.61	4.73	31.85	2,698,042,173
2015	4.51	23.15	4.73	32.39	2,718,872,379
2016	4.51	23.55	4.73	32.79	2,732,801,335
2017	4.51	23.93	4.73	33.17	2,734,870,374

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

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

MT. LEBANON SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS

Fiscal Year	Adjusted Total Tax Levy*	Face Value of Current Tax Collections	Percent of Total Tax Levy Collected	Collected at Discount	Percent of Total Levy at Discount	Outstanding Delinquent Taxes	Delinquent Taxes as Percent of Levy	Collections in Subsequent Years	Collections to Date	Percentage Collected to Date
2008	\$50,826,704	\$49,063,088	96.5%	\$43,156,898	84.9%	\$1,681,061	3.3%	\$1,242,434	\$50,305,522	99.02%
2009	51,077,750	49,383,562	96.7%	42,532,136	83.3%	1,385,830	2.7%	1,196,822	50,580,384	99.57%
2010	51,931,900	48,678,765	93.7%	41,026,145	79.0%	3,253,135	6.3%	1,309,605	49,988,370	95.61%
2011	50,361,750	49,271,523	97.8%	42,944,333	85.3%	1,090,227	2.2%	951,590	50,223,113	99.69%
2012	55,753,393	54,796,333	98.3%	48,682,008	87.3%	957,060	1.7%	1,488,516	56,284,849	101.07%
2013	55,711,107	55,143,005	99.0%	48,400,849	86.9%	568,102	1.0%	796,297	55,939,302	100.47%
2014	56,784,429	56,040,132	98.7%	51,018,625	89.8%	799,709	1.4%	482,021	56,522,153	99.39%
2015	57,315,588	58,978,955	102.9%	51,352,176	89.6%	154,386	0.3%	1,114,282	60,093,237	101.86%
2016	62,513,257	62,021,222	99.2%	53,820,000	86.1%	452,122	0.7%	39,913	62,061,135	99.00%
2017	63,770,739	58,345,318	91.5%	57,235,306	89.8%	542,711	0.9%	0**	0**	91.49%

Source: Mt. Lebanon Tax Office

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

**Liened taxes begin July 1 of subsequent year.

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

<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County (1)</u>	<u>Total</u>
2008	\$10,671,034	\$51,356,440	\$10,082,120	\$72,109,594
2009	10,644,640	52,483,059	10,029,272	73,156,971
2010	10,646,040	56,278,107	9,911,540	76,835,687
2011	10,289,825	55,841,535	10,138,504	76,269,864
2012	11,715,440	56,800,174	12,276,400	80,792,014
2013	12,232,981	58,531,225	12,829,706	83,593,912
2014	12,169,293	60,753,044	12,761,007	85,683,344
2015	12,336,080	62,706,995	12,937,840	87,980,915
2016	12,339,086	63,761,190	12,940,987	89,041,263
2017	12,924,690	63,957,832	12,979,572	89,862,094

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

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

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

MT. LEBANON SCHOOL DISTRICT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Year	Taxable Assessed Value	Exempt Real Property	Total	Estimated Actual Value (1)	Mt. Lebanon School Millage Rate
2008	\$2,154,641,502	\$279,749,900	\$2,434,391,402	\$1,938,043,900	23.56
2009	2,171,398,932	213,444,340	2,384,843,272	2,027,218,508	23.81
2010	2,175,275,286	224,737,840	2,400,013,126	2,048,838,690	24.11
2011	2,159,216,301	224,767,840	2,383,984,141	2,149,416,467	26.63
2012	2,164,809,298	225,175,340	2,389,984,638	2,149,370,980	26.63
2013	2,156,859,685	230,844,340	2,387,704,025	2,227,695,480	27.13
2014	2,698,042,173	469,117,122	3,167,159,295	2,227,695,480	22.61
2015	2,718,872,379	372,261,922	3,091,134,301	2,526,070,683	23.15
2016	2,732,801,335	381,969,222	3,114,770,557	2,537,403,198	23.55
2017	2,734,870,374	381,877,822	3,116,748,196	2,621,302,937	23.93

(1) Data provided by State Tax Equalization Board

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

Mt. Lebanon does not tax personal property.

Sources: Mt. Lebanon Tax Office

Mt. Lebanon School District Comprehensive Annual Financial Report

MT. LEBANON SCHOOL DISTRICT
PRINCIPAL REAL ESTATE TAXPAYERS

6/30/17 AND 6/30/08

Taxpayer	June 30, 2017			June 30, 2008		
	Estimated Actual Values of Real Property (1)	Rank	Percentage of Total Assessed Valuation	Estimated Actual Values of Real Property (1) (2)	Rank	Percentage of Total Assessed Valuation
The Galleria (L&B Southpoint) - <i>Retail Shops</i>	\$29,300,000	1	1.07%	\$16,150,000	2	0.75%
Brookdale Senior Housing (A.H. Pennsylvania) - <i>Senior Housing</i>	19,000,000	2	0.69	17,000,000	1	0.79
Bower Hill Development - <i>Co-op Apartments</i>	17,500,000	3	0.64	11,699,700	3	0.54
Mt. Lebanon Hospitality (Hotel)	13,768,900	4	0.50	-	-	-
Concordia Luthern - <i>Senior Housing/Health</i>	13,162,800	5	0.48	-	-	-
IHP/Bower Hill LLC - <i>Apartments</i>	9,500,000	6	0.35	6,831,700	5	0.32
Virgina Manor Shops - <i>Retail Shops</i>	7,931,300	7	0.29	-	-	-
Pendale Towers - <i>Apartments</i>	7,150,000	8	0.26	5,253,200	9	0.24
St. Clair Memorial Hospital - <i>Medical Offices</i>	6,026,680	9	0.22	5,831,220	7	0.27
Tithonus Mount Lebanon - <i>Personal Care Facility</i>	5,700,000	10	0.21	-	-	-
650 Washington Road Associates - <i>Office Building</i>	-	-	-	6,193,900	6	0.29
Asbury Health - <i>Personal Care Facility</i>	-	-	-	10,755,659	4	0.50
Jon Pan Realty Inc - <i>Retail Shops</i>	-	-	-	5,555,000	8	0.26
1121 Bower Hill Road - <i>Office Building</i>	-	-	-	4,971,000	10	0.23
Total	<u>\$129,039,680</u>		<u>4.71%</u>	<u>\$90,241,379</u>		<u>4.19%</u>
Total Taxable Assessed Valuation	<u>\$2,734,870,374</u>			<u>\$2,154,641,502</u>		

(1) Assessed valuation based on the valuation of property for taxes collected in 2017 and 2008 respectively, and a review of the 10 largest taxpayers for the Municipality.

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

Source: Mt. Lebanon Tax Office.

Mt. Lebanon Comprehensive Annual Financial Reports.

MT. LEBANON SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2016			2007		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
St. Clair Hospital	2,053	1	22.7%	1,993	1	21.1%
Mt. Lebanon School District	715	2	7.9	884	2	9.4
Mt. Lebanon Municipality	225	3	2.5	377	3	4.0
Baptist Homes Nursing	222	4	2.5	204	7	2.2
Asbury Health Center	201	5	2.2	342	4	3.6
Keystone Oaks School District	170	6	1.9	179	9	1.9
Concordia of South Hills	118	7	1.3	248	5	2.6
Giant Eagle	114	8	1.3	182	8	1.9
UPMC	113	9	1.3	-		-
Shop n Save	112	10	1.2	-		-
Bravo Development	-		-	218	6	2.3
Golden Living Center	-		-	145	10	1.5
Total	4,043		44.8%	4,772		51.5%
Total Employees	9,039			9,453		

Source: Mt. Lebanon Tax Office for the calendar year for year 2016 and 2007.

MT. LEBANON SCHOOL DISTRICT

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

LAST TEN YEARS

<u>Calendar Year</u>	<u>Tax Rate</u>	<u>Net Earned Income Tax Collected</u>	<u>Refunds</u>	<u>Total Earned Income Tax Collected</u>
2007	0.5	\$5,787,283	(\$266,707)	\$6,053,990
2008	0.5	5,879,153	(352,068)	6,231,221
2009	0.5	5,783,167	(440,606)	6,223,773
2010	0.5	6,094,304	(350,280)	6,444,584
2011	0.5	6,445,280	(306,335)	6,751,615
2012	0.5	7,135,252	(718,391) *	7,853,643
2013	0.5	6,821,124	(125,450)	6,946,574
2014	0.5	7,045,615	(151,543)	7,197,158
2015	0.5	7,125,908	(144,321)	7,270,229
2016	0.5	6,894,693	(125,911)	7,020,605

Source: Mt. Lebanon Tax Office.

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

MT. LEBANON SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
YEAR ENDED JUNE 30, 2017

Direct Debt	Percentage of Applicable Debt	Face Amount Outstanding
General Obligation Bonds	100.0%	\$144,840,000
Total Direct Debt		<u>144,840,000</u>
Overlapping Debt		
Allegheny County	3.6%	29,996,721 (1) (2)
Mt. Lebanon, Pennsylvania	100.0%	<u>22,741,810 (2)</u>
Total Overlapping Debt		<u>52,738,531</u>
Total Direct and Overlapping Debt		<u><u>\$197,578,531</u></u>

RATIOS

<u>Direct Debt To:</u>		<u>Direct and Overlapping Debt To:</u>	
Assessed Value	5.3%	Assessed Value	7.2%
Market Value	5.5%	Market Value	7.5%
Per Capita	\$4,371	Per Capita	\$5,962
		Assessed Value	\$2,734,870,374
		Market Value	\$2,621,302,937
		Population	33,137

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

(2) As of December 31, 2016.

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

MT. LEBANON SCHOOL DISTRICT

COMPUTATION OF NONELECTORAL DEBT MARGIN*

AS OF JUNE 30, 2017

Formula for Debt Limit	Fiscal Year Ended June 30		
	2015	2016	2017
Total General Fund Revenues, Food Service Revenues and Capital Fund Revenue	\$89,826,409	\$91,426,233	\$100,538,200
Less: Required Deductions Included in Total Revenues			
a. Construction Subsidies	713,596	-	4,227,683
b. Receipts Pledged to Self-Liquidating Debt or Payments under Leases or Guaranties	-	-	-
c. Interest Earned on Sinking Fund	-	-	-
d. Grant Payments for Special Projects	184,459	512,800	1,005,388
e. Sale of Property and Nonrecurring Revenues	-	-	-
Net Revenues	88,928,354	90,913,433	99,532,812
Total Net Revenues for Three Years	279,374,599		
Borrowing Base - Average Net Revenues for Three-Year Period	93,124,866		
Multiplier	225%		
Total Nonelectoral Debt Limit	209,530,949		
Less: Amount of Debt Applicable to Debt Limit	144,840,000		
	<u>\$64,690,949</u>		

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$161,449,886	\$164,246,971	\$166,534,694	\$170,864,693	\$175,337,503	\$180,316,889	\$184,015,592	\$191,539,949	\$194,659,730	\$209,530,949
Total Net Debt Applicable to Limit	<u>73,062,019</u>	<u>71,140,396</u>	<u>144,437,189</u>	<u>141,468,789</u>	<u>137,523,011</u>	<u>132,867,233</u>	<u>157,075,000</u>	<u>152,485,000</u>	<u>147,935,000</u>	<u>144,840,000</u>
Legal Debt Margin	<u><u>\$88,387,867</u></u>	<u><u>\$93,106,575</u></u>	<u><u>\$22,097,505</u></u>	<u><u>\$29,395,904</u></u>	<u><u>\$37,814,492</u></u>	<u><u>\$47,449,656</u></u>	<u><u>\$26,940,592</u></u>	<u><u>\$39,054,949</u></u>	<u><u>\$46,724,730</u></u>	<u><u>\$64,690,949</u></u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	45.25%	43.31%	86.73%	82.80%	78.43%	73.69%	85.36%	79.61%	76.00%	69.13%

MT. LEBANON SCHOOL DISTRICT

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

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total Governmental Funds Expenditures	Ratio of Debt Service to General Expenditures
2008	\$1,940,000	\$3,012,109	\$4,952,109	\$72,607,522	6.8%
2009	**2,000,000	2,987,326	*4,987,326	73,263,798	6.8%
2010	1,950,000	2,818,938	4,768,938	76,621,738	6.2%
2011	**2,930,000	7,060,082	*9,990,082	79,098,228	12.6%
2012	3,605,000	5,976,834	9,581,834	90,460,219	10.6%
2013	4,315,000	5,854,845	10,169,845	122,530,022	8.3%
2014	4,445,000	6,367,619	*10,812,619	114,630,692	9.4%
2015	4,590,000	7,245,494	11,835,494	106,774,486	11.1%
2016	**3,677,434	7,524,085	11,201,519	96,312,479	11.6%
2017	4,710,000	6,659,143	11,369,143	102,684,621	11.1%

*Excludes issue costs.

**Excludes payments related to refunded bonds.

MT. LEBANON SCHOOL DISTRICT

**RATIO OF NET BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA**

LAST TEN FISCAL YEARS

Fiscal Year	Population	Assessed Value	Estimated Actual Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Ratio of Net Bonded Debt to Estimated Actual Value
2008	33,017	\$2,154,641,502	\$1,938,043,900	\$72,580,000	\$52,939	\$72,527,061	3.4%	\$2,197	3.7%
2009	33,017	2,171,398,932	2,027,218,508	70,680,000	0	70,680,000	3.3%	2,141	3.5%
2010	33,137	2,175,275,286	2,048,838,690	137,730,000	0	137,730,000	6.3%	4,156	6.7%
2011	33,137	2,159,216,301	2,149,416,467	134,695,000	0	134,695,000	6.2%	4,065	6.3%
2012	33,137	2,164,809,298	2,149,370,980	131,090,000	0	131,090,000	6.1%	3,956	6.1%
2013	33,137	2,156,859,685	2,227,695,480	126,775,000	0	126,775,000	5.9%	3,826	5.7%
2014	33,137	2,624,320,623	2,227,695,480	157,075,000	1,468,874	155,606,126	6.0%	4,696	7.0%
2015	33,137	2,640,643,028	2,526,070,683	152,485,000	505,541	151,979,459	5.8%	4,586	6.0%
2016	33,137	2,731,822,780	2,537,403,198	147,935,000	0	147,935,000	5.4%	4,464	5.8%
2017	33,137	2,734,870,374	2,621,302,937	144,840,000	0	144,840,000	5.3%	4,371	5.5%

MT. LEBANON SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
2002 General Obligation Bonds	\$3,995,000	-	-	-	-	-	-	-	-	-
2002 Series A General Obligation Bonds	3,320,000	\$1,910,000	\$460,000	-	-	-	-	-	-	-
2004 General Obligation Bonds	12,300,000	12,095,000	11,880,000	-	-	-	-	-	-	-
2005 General Obligation Bonds	52,965,000	52,960,000	52,955,000	\$52,845,000	\$52,680,000	\$52,510,000	\$52,335,000	\$52,155,000	-	-
2009 General Obligation Bonds	-	3,715,000	3,435,000	2,975,000	2,505,000	2,025,000	1,540,000	1,040,000	\$525,000	-
2009 A General Obligation Bonds	-	-	69,000,000	68,300,000	66,505,000	64,620,000	62,665,000	60,635,000	58,530,000	-
2011 General Obligation Bonds	-	-	-	10,575,000	9,400,000	7,620,000	5,790,000	3,915,000	1,985,000	-
2013 General Obligation Bonds	-	-	-	-	-	-	34,745,000	34,740,000	34,735,000	\$34,730,000
2015 General Obligation Bonds	-	-	-	-	-	-	-	-	52,160,000	52,155,000
2017 General Obligation Bonds	-	-	-	-	-	-	-	-	-	57,955,000
Total Debt	\$72,580,000	\$70,680,000	\$137,730,000	\$134,695,000	\$131,090,000	\$126,775,000	\$157,075,000	\$152,485,000	\$147,935,000	\$144,840,000
Ratio of Debt to Personal Income	6.5%	6.4%	9.7%	9.5%	9.3%	9.0%	11.1%	10.8%	10.5%	10.2%
Debt Per Capita	\$2,198	\$2,141	\$4,171	\$4,080	\$3,970	\$3,840	\$4,757	\$4,618	\$4,481	\$4,387

MT. LEBANON SCHOOL DISTRICT

HISTORICAL SCHEDULE OF TAX RATES AND STATISTICS

LAST 30 YEARS

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Millage Rate</u>	<u>Earned Income Tax Rate</u>	<u>Realty Transfer Tax Rate</u>	<u>School Buildings In Use</u>	<u>Enrollment</u>
1988	\$232,065,680	82.5	1/2	1/2	8	4,903
1989	239,415,420	82.5	1/2	1/2	8	4,889
1990	249,651,570	88.25	1/2	1/2	8	4,900
1991	264,528,535	92.75	1/2	1/2	8	4,947
1992	271,208,015	98.5	1/2	1/2	8	5,008
1993	281,925,660	98.5	1/2	1/2	8	5,040
1994	289,355,500	98.5	1/2	1/2	8	5,229
1995	339,035,520	90.5	1/2	1/2	8	5,364
1996	340,838,695	90.5	1/2	1/2	8	5,435
1997	338,378,140	90.5	1/2	1/2	8	5,546
1998	336,504,000	91	1/2	1/2	8	5,659
1999	340,928,320	94.9	1/2	1/2	10	5,751
2000	347,621,185	96.4	1/2	1/2	10	5,728
2001	353,449,835	98.65	1/2	1/2	10	5,672
2002	1,855,927,051	20.76	1/2	1/2	10	5,616
2003	2,122,631,133	18.12	1/2	1/2	10	5,616
2004	2,141,508,681	20.16	1/2	1/2	10	5,576
2005	2,113,921,663	22.76	1/2	1/2	10	5,505
2006	2,171,329,944	23.18	1/2	1/2	10	5,454
2007	2,164,018,756	23.56	1/2	1/2	10	5,436
2008	2,154,641,502	23.56	1/2	1/2	10	5,416
2009	2,171,398,932	23.81	1/2	1/2	10	5,294
2010	2,175,275,286	24.11	1/2	1/2	10	5,302
2011	2,159,216,301	26.63	1/2	1/2	10	5,268
2012	2,164,809,298	26.63	1/2	1/2	10	5,297
2013	2,156,859,685	27.13	1/2	1/2	10	5,268
2014	2,624,320,623	22.61	1/2	1/2	10	5,218
2015	2,640,643,028	23.15	1/2	1/2	10	5,321
2016	2,731,822,780	23.55	1/2	1/2	10	5,361
2017	2,734,870,374	23.93	1/2	1/2	10	5,495

Source: School District Finance Office.

MT. LEBANON SCHOOL DISTRICT
SCHEDULE OF TOTAL EXPENDITURES PER PUPIL
 LAST TEN FISCAL YEARS

Fiscal Year	Governmental Expenditures	Enrollment	Cost Per Pupil	General Fund Expenditures	Cost Per Pupil General Fund	Percent Increase(Decrease) General Fund
2008	\$72,607,522	5,416	\$13,406	\$65,293,530	\$12,056	2.4%
2009	73,263,798	5,294	13,839	66,164,476	12,498	3.7%
2010	76,621,738	5,302	14,451	66,545,916	12,551	0.4%
2011	79,098,228	5,268	15,015	66,286,091	12,583	0.3%
*2012	90,460,219	5,297	17,078	67,886,750	12,816	1.9%
*2013	122,530,022	5,268	23,259	68,928,835	13,084	2.1%
*2014	114,630,692	5,218	21,968	72,692,319	13,931	6.5%
*2015	106,774,486	5,321	20,067	77,287,208	14,525	4.3%
*2016	149,610,045	5,361	27,907	79,222,505	14,778	1.7%
*2017	102,684,621	5,495	18,687	82,030,612	14,928	1.0%

*Reflects the high school renovations.

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

MT. LEBANON SCHOOL DISTRICT
PUPIL/TEACHER RATIO AND ATTENDANCE
LAST TEN FISCAL YEARS

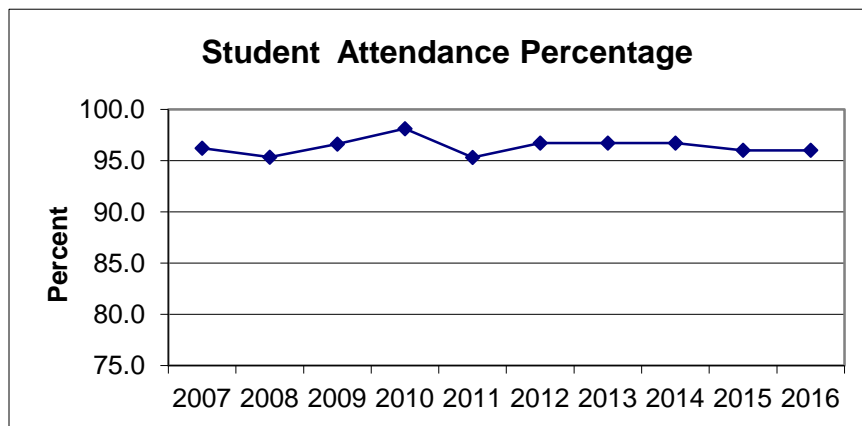
Fiscal Year	Enrollment	Teaching Staff*	Pupil/Teacher Ratio	Student Attendance Percentage	Number of Free & Reduced**	Percentage of Free & Reduced**
2008	5,416	389	13.9	95.3%	247	4.56%
2009	5,294	382	13.9	96.6%	249	4.70%
2010	5,302	385	13.8	98.1%	335	6.32%
2011	5,268	382	13.8	95.3%	***431	8.19%
2012	5,297	384	13.8	96.7%	433	8.19%
2013	5,268	382	13.8	96.8%	412	7.82%
2014	5,218	378	13.8	96.9%	499	9.52%
2015	5,321	380	14.0	96.0%	539	10.13%
2016	5,361	378	14.2	96.0%	660	12.31%
2017	5,453	379	14.4	96.9%	660	12.10%

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

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

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

Source: School District Human Resource Department and Finance Office.



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

Fiscal Year		Education						Average Salary/ Total
		Bachelors	Bachelors +15	Masters	Masters+30	Masters+60	Ph D	
2008	Salary Range	\$41,006-83,686	\$41,989-85,691	\$43,913-89,619	\$44,395-90,603	\$44,992-91,820	\$45,132-92,107	\$62,599
	Number of Teachers	30	91	265	36	11	4	437
2009	Salary Range	\$42,057-85,832	\$43,071-87,899	\$45,040-91,919	\$45,522-92,903	\$46,119-94,120	\$46,259-94,407	\$64,448
	Number of Teachers	25	82	274	38	11	4	434
2010	Salary Range	\$43,989-87,978	\$45,054-90,107	\$47,110-94,219	\$47,602-95,203	\$48,210-96,420	\$48,354-96,707	\$66,875
	Number of Teachers	17	84	280	42	10	3	436
2011	Salary Range	\$45,000-89,600	\$46,000-91,900	\$48,000-96,000	\$48,500-97,000	\$49,000-98,200	\$49,500-98,600	\$66,726
	Number of Teachers	16	81	280	42	10	4	433
2012	Salary Range	\$46,000-91,200	\$46,500-93,800	\$49,000-97,800	\$49,500-98,000	\$50,000-100,000	\$50,500-100,500	\$68,095
	Number of Teachers	15	76	282	43	9	6	431
2013	Salary Range	\$46,500-92,500	\$47,000-95,700	\$50,000-99,700	\$50,500-100,700	\$51,000-101,800	\$51,500-102,300	\$69,265
	Number of Teachers	14	77	281	43	8	5	428
2014	Salary Range	\$47,000-93,500	\$47,500-97,700	\$51,000-101,800	\$51,500-102,800	\$52,000-103,800	\$52,500-104,300	\$71,170
	Number of Teachers	19	68	284	42	8	5	426
2015	Salary Range	\$47,500-95,000	\$48,000-99,600	\$52,000-103,600	\$52,500-104,600	\$53,000-104,600	\$53,500-106,100	\$73,719
	Number of Teachers	18	66	287	42	10	5	428
2016	Salary Range	\$47,500-95,400	\$48,000-100,000	\$52,000-104,000	\$52,500-105,000	\$53,000-106,000	\$53,500-106,500	\$74,405
	Number of Teachers	21	70	285	40	9	5	430
2017	Salary Range	\$47,500-96,100	\$48,000-100,700	\$52,000-104,700	\$52,500-105,700	\$53,000-106,700	\$53,500-107,200	\$77,653
	Number of Teachers	19	72	274	46	8	4	423

Source: School District Human Resource Department.

MT. LEBANON SCHOOL DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Supervisory										
Central Administration	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00
Supervisors Of Instruction	8.00	8.00	8.00	8.00	3.00	2.00	1.00	1.00	1.00	1.00
Principals	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Assistant Principals/Athletic Director	6.50	6.50	6.50	6.50	6.50	6.00	6.00	6.00	6.00	6.00
Total Supervisory	30.50	30.50	30.50	30.50	26.50	25.00	24.00	24.00	24.00	24.00
Instruction										
Elementary Classroom Teachers	104.00	102.00	104.00	105.50	106.50	104.50	104.50	107.50	106.50	105.50
Secondary Classroom Teachers	173.70	169.20	166.70	164.90	165.15	164.90	162.50	161.42	160.82	161.20
Other Classroom Teachers*	111.70	110.50	114.60	112.00	112.80	112.60	110.60	111.10	111.90	111.30
Total Instruction	389.40	381.70	385.30	382.40	384.45	382.00	377.60	380.02	379.22	378.00
Student Services										
Guidance Counselors	22.50	22.50	22.50	22.50	22.50	21.50	21.50	21.50	21.50	21.50
Psychologists	4.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Nurses	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Librarians	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Total Student Services	42.50	43.50	43.50	43.50	42.50	41.50	41.50	41.50	41.50	41.50
Support and Administration										
Clerical/Secretarial	61.56	61.56	61.58	60.83	61.68	56.41	55.69	55.69	54.43	53.45
Administrative Assistant/Specialists	29.00	30.50	31.50	30.50	30.50	30.50	29.00	30.00	30.00	28.00
Other Support Staff**	44.50	45.50	45.50	46.00	43.00	40.50	41.50	42.50	42.06	49.06
Service Workers***	97.60	99.64	100.14	99.93	100.21	97.96	97.43	97.43	97.43	95.86
Total Support and Administration	232.66	237.20	238.72	237.26	235.39	225.37	223.62	225.62	223.92	226.37
TOTAL	695.06	692.90	698.02	693.66	688.84	673.87	666.72	671.14	668.64	669.87

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

**Other Support Staff = PCA, Health Aides.

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

Source: School District Human Resource Department.

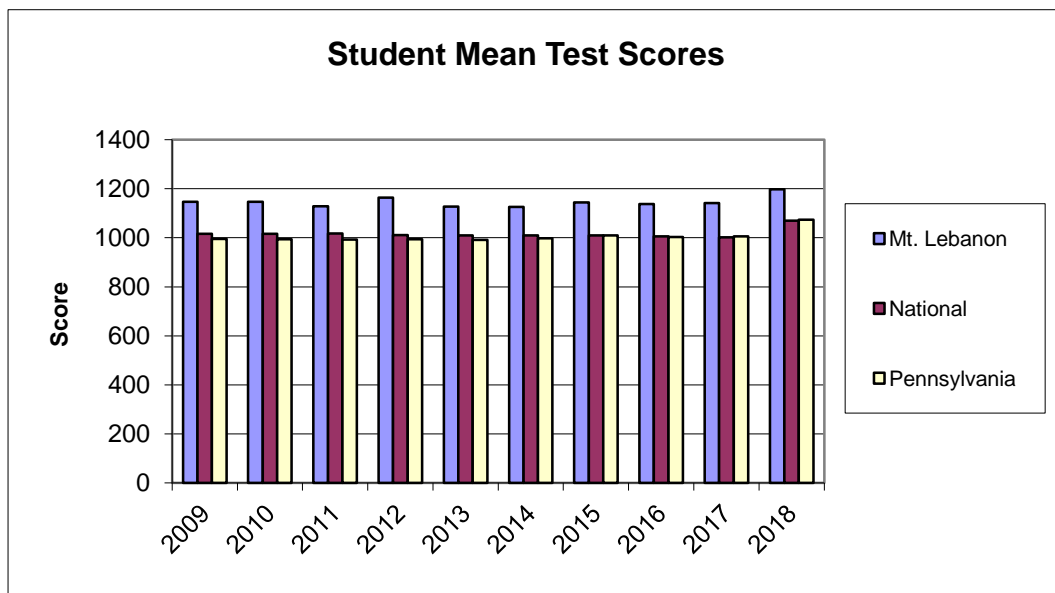
MT. LEBANON SCHOOL DISTRICT

STUDENT MEAN TEST SCORES

LAST TEN YEARS

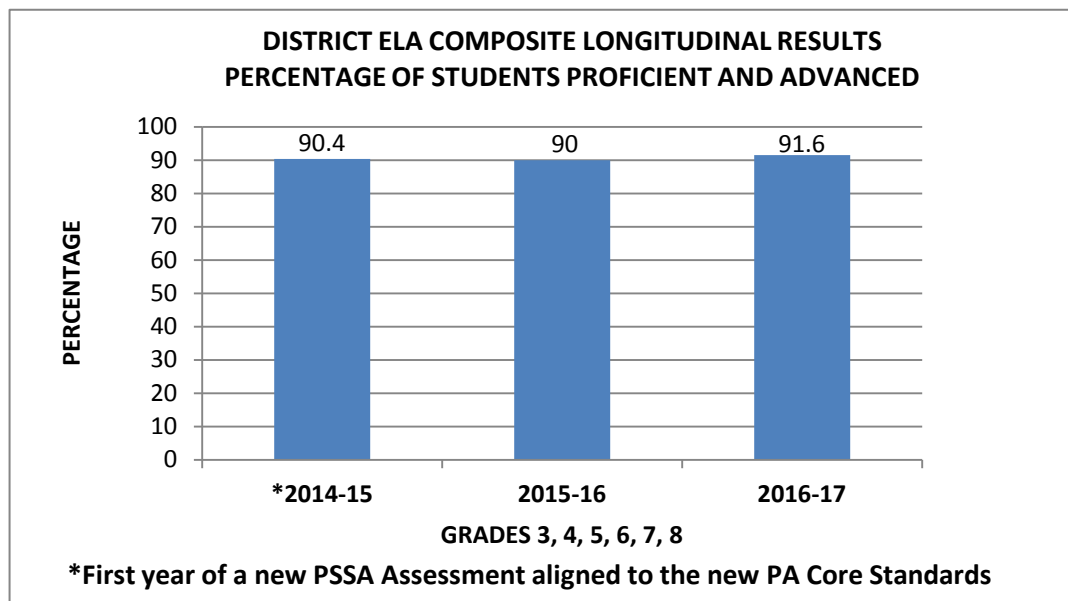
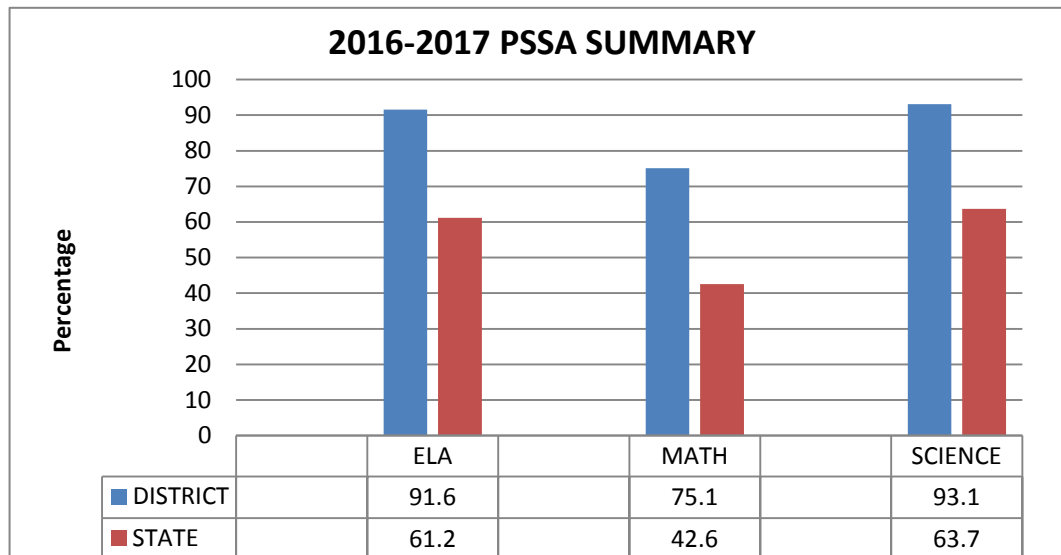
Graduation Year	Scholastic Aptitude Test - SAT 1			National Merit Results	
	Mt. Lebanon	National	Pennsylvania	Number Semi-Finalists	Number Commended
2009	1147	1016	995	8	22
2010	1147	1016	994	5	12
2011	1129	1017	993	12	19
2012	1164	1011	994	7	13
2013	1127	1010	992	3	14
2014	1126	1010	998	11	16
2015	1144	1010	1001	4	15
2016	1138	1006	1003	10	15
2017	1141	1002	1006	9	9
2018	1198	1070	1073	11	14

Source: School District Guidance Office.



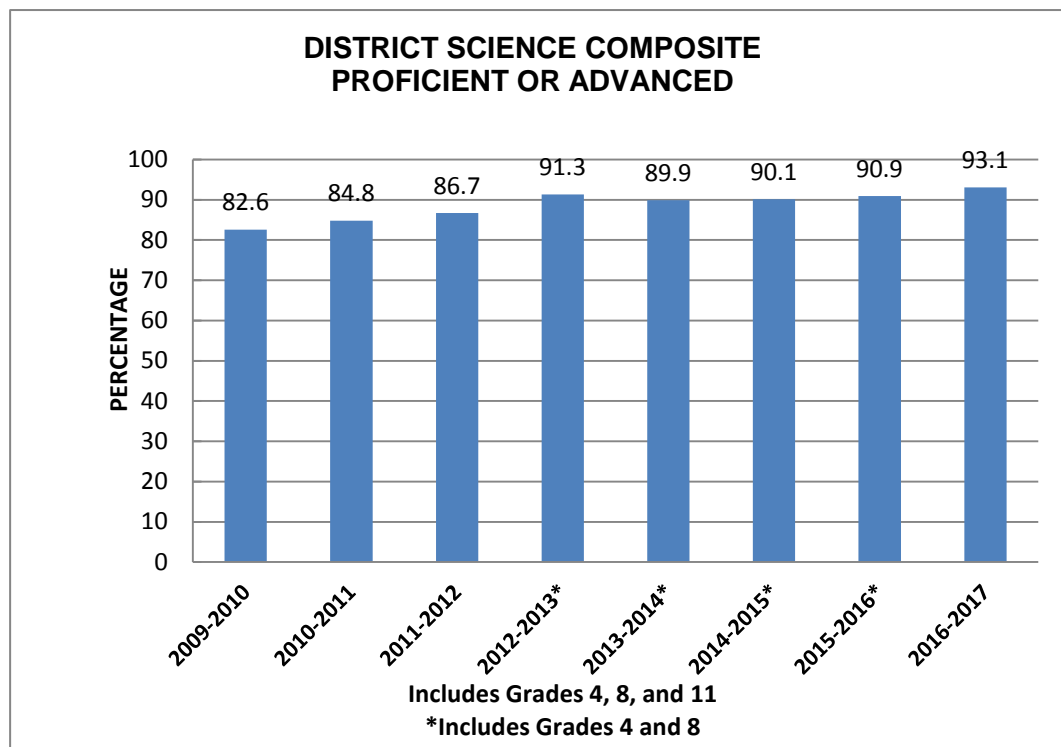
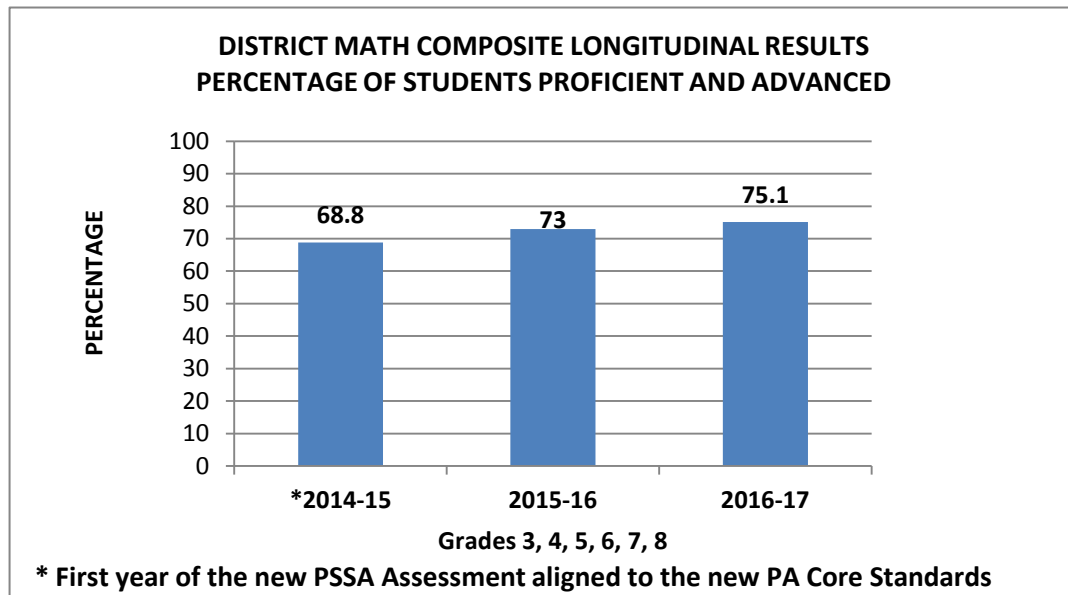
MT. LEBANON SCHOOL DISTRICT

STUDENT TEST SCORES



MT. LEBANON SCHOOL DISTRICT

STUDENT TEST SCORES



MT. LEBANON SCHOOL DISTRICT

PROGRAM RESULTS

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

According to available statistics, 93.5% of Mt. Lebanon's class of 2017 is continuing its education at:

• Four-year college	83.1%
• Two-year college	10.4%
• Vocational, technical or professional school	1.2%
• Armed services	0.7%

During the 2016-2017 school year, 659 Advanced Placement exams were taken with 90% of the students achieving a score of 3 or better. Advanced Placement course offerings included 19 course offerings: Biology, Calculus BC, Chemistry, Computer Science A, English Literature & Composition, English Language & Composition, Environmental GeoScience (Environmental Science), European History, Languages (French, German, Spanish), Music Theory, Physics (Mechanics and Electricity & Magnetism) Psychology, Statistics, Studio Art, United States Government & Politics and United States History.

The Mt. Lebanon class of 2018 SAT Reasoning average score, including Evidence-Based Reading & Writing and Mathematics, was 1198 with 85.3% of the class taking the exam. This score is 128 points higher than the national average and 125 points higher than the Pennsylvania average. Students of all abilities at Mt. Lebanon are taking the SAT Reasoning test and are being accounted for very favorably in state comparisons.

For those students who took the ACT exam, the average composite score was 25.9 compared to the national average of 21.0 and Pennsylvania state average of 23.7. Average composite scores include English, Mathematics, Reading and Science results. Mt. Lebanon students exceeded national and state averages in all four content areas.

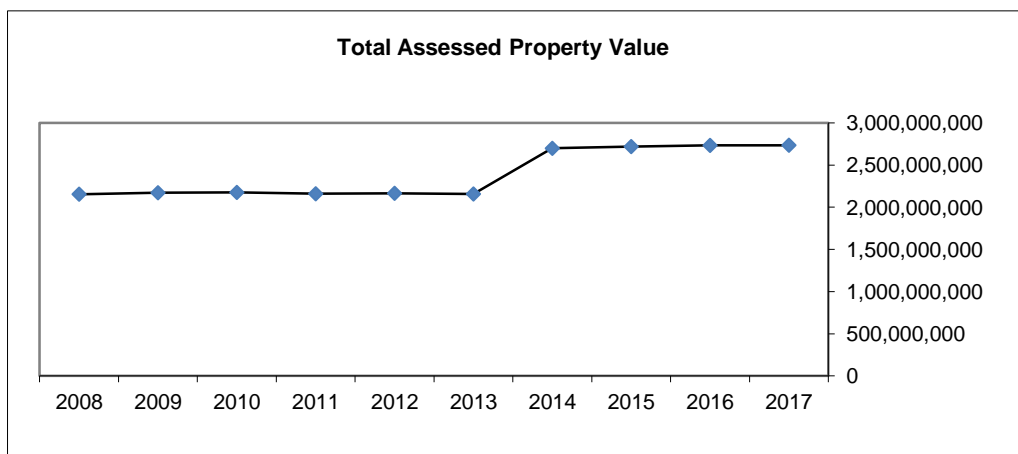
MT. LEBANON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

Calendar Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Median Household Income (1)	Median Age (1)
2008	33,017	\$1,111,088,084	\$33,652	\$60,783	41.8
2009	33,017	1,111,088,084	33,652	60,783	41.8
2010	33,137	1,415,314,407	42,711	74,003	43.8
2011	33,137	1,415,314,407	42,711	74,003	43.8
2012	33,137	1,415,314,407	42,711	74,003	43.8
2013	33,137	1,415,314,407	42,711	74,003	43.8
2014	33,137	1,415,314,407	42,711	74,003	43.8
2015	33,137	1,415,314,407	42,711	74,003	43.8
2016	33,137	1,415,314,407	42,711	74,003	43.8
2017	33,137	1,415,314,407	42,711	74,003	43.8

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

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



(Continued)

MT. LEBANON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

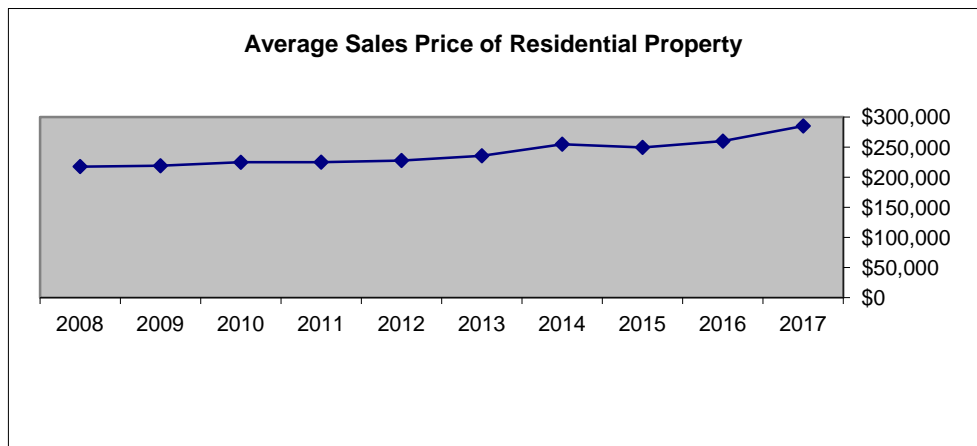
LAST TEN YEARS

Educational Attainment Bachelor's Degree or higher	School Enrollment (3)	Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value (5)
61.0	5,416	3.4	\$217,963	\$2,154,641,502
61.0	5,294	3.5	219,228	2,171,398,932
61.0	5,302	5.0	224,979	2,175,275,286
61.0	5,268	5.3	225,237	2,159,216,301
64.1	5,297	4.8	228,008	2,164,809,298
64.1	5,268	4.7	235,838	2,156,859,685
64.1	5,218	4.5	255,115	2,698,042,173
64.1	5,321	3.6	249,768	2,718,872,379
64.1	5,361	2.9	260,177	2,732,801,335
64.1	5,361	2.9	260,177	2,734,870,374

(3) Enrollment as of September 1 of the Fiscal Year Ended

(4) Source: US Dept. of Labor & PA Center for Workforce Information & Analysis

(5) Source: Mt. Lebanon Tax Office



(Concluded)

MT. LEBANON SCHOOL DISTRICT

MUNICIPALITY CONSTRUCTION COSTS AND PROPERTY VALUES

LAST TEN CALENDAR YEARS

<u>Calendar Year</u>	<u>Building Permits Issued</u>	<u>Estimated Value of Construction(1)</u>	<u>Occupancy Permits Issued</u>	<u>Total Property Value</u>	<u>Property Value (2)</u>	
					<u>Taxable</u>	<u>Exempt</u>
2007	705	\$22,865,653	93	\$2,434,391,402	\$2,154,641,502	\$279,749,900
2008	604	15,542,003	67	2,384,843,272	2,171,398,932	213,444,340
2009	689	14,855,044	127	2,400,013,126	2,175,275,286	224,737,840
2010	733	36,463,804	50	2,383,984,141	2,159,216,301	224,767,840
2011	682	18,645,425	47	2,389,984,638	2,164,809,298	225,175,340
2012	635	128,540,359	45	2,387,704,025	2,156,859,685	230,844,340
2013	482	15,186,564	31	3,167,159,295	2,698,042,173	469,117,122
2014	526	16,872,741	24	3,091,134,301	2,718,872,379	372,261,922
2015	536	14,008,035	43	3,114,770,557	2,732,801,335	381,969,222
2016	585	15,765,213	28	3,116,748,196	2,734,870,374	381,877,822

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

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

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

MT. LEBANON SCHOOL DISTRICT

BUILDING INFORMATION

YEAR ENDED JUNE 30, 2017

Building	Year of Construction		Classrooms	Enrollment	Capacity	Percentage of Capacity Used	Staffing		Building Square Footage	Site Acreage
	Original	Latest Renovation					Professional	Support		
Elementary Schools										
Washington	1921	2005	25	452	434	104.1%	32	21	74,428	7.5 (3)
Lincoln	1925	2004	28	420	510	82.4%	35	11	74,510	3.5
Markham	1929	2004	29	320	432	74.1%	26	11	42,513	6.1
Howe	1929	2003	29	349	468	74.6%	27	15	65,662	7.1
Foster	1940	2003	25	239	389	61.4%	22	13	53,560	5.4
Jefferson	1950	2004	23	312	343	91.0%	26	12	51,519	17.7 (1)
Hoover	1963	2005	21	251	342	73.4%	20	8	68,661	5.9
Secondary Schools										
Jefferson	1959	1998	61	667	833	80.1%	56	22	100,835	17.7 (1)
Mellon	1938	1998	59	660	840	78.6%	61	20	111,566	7.5 (3)
Senior High (inc. Stadium)	1930	2016	136	1780	2250	79.1%	133	32	454,817	28.6 (2)

(1) The Jefferson Elementary and the Jefferson Middle School share a joint site totaling 17.7 acres.

(2) The Senior High Facility houses the central administration and district support services totaling 17 professional and 30 support staff.
Also included are 34 cafeteria employees and 69 custodial/maintenance employees.

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

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

MT. LEBANON SCHOOL DISTRICT

AWARDS AND RECOGNITIONS

2017 Pittsburgh Business Times Guide to Western PA Schools Mt Lebanon School District ranked #2 in Allegheny County and #7 in the state in the 2017 Pittsburgh Business Times Guide to Western PA Schools. The annual Honor Roll ranks the 105 school districts in the region and the 495 districts in the state based on three years of scores from the Pennsylvania System of School Assessment tests. Mt. Lebanon Schools have ranked among the top three schools on this list since it was first published in 2005.

2016-2017 Digital School District Winner The Mt. Lebanon School District was recognized as a top school district in the nation in the 13th Digital School Districts Survey Awards. Ranked #1 in the mid-sized student population category of 3,000-12,000 students, Mt. Lebanon is also the only school district in Pennsylvania in this national ranking. This award is sponsored by The Center for Digital Education and the National School Boards Association.

Community for Music Education The Mt. Lebanon School District was named among the Best 100 Communities for Music Education (BCME) in 2017 by the NAMM Foundation. BCME is a nationwide survey that acknowledges schools and districts across the U.S. for their commitment and support for music education as part of the core curriculum. This is the 9th year in a row that the Mt. Lebanon School District has been designated a Best Community for Music Education.

U.S. News and World Report 2017 Best High Schools Ranking US News and World Report released their 2017 rankings of the Best High Schools in American. **Mt. Lebanon School achieved a Silver Award** ranking #638 in the nation, #11 in the State and #2 in Western PA.

Nicke.com Ranking The Mt. Lebanon School District ranks at the top of the state and region in the 2017 Niche Rankings. **Niche ranks the District at #3 in the region and #7 in the state.** Mt. Lebanon High School is ranked #9 out of 676 Best Public High Schools in Pennsylvania and #7 of 610 Best STEM High Schools in PA. The Niche website rates schools across the state and nation using data from the U.S. Department of Education, surveys and reviews.

Washington Post America's Most Challenging High Schools Mt. Lebanon High School was listed among the Washington Post's 2017 list of **America's Most Challenging High Schools**. This ranking is based on participation by graduating seniors in Advanced Placement, International Baccalaureate and Advanced International Certificate of Education.

StartClass Jefferson Middle School was ranked the #1 Middle School in 2016 and Mt. Lebanon High School was ranked the #1 High School in PA in 2015 by StartClass.com, an education research website that provides students, parents, and educators with information to research education options.

ASBO Award for Financial Reporting The Association of School Business Officials (ASBO) International has awarded Mt. Lebanon School District its Certificate of Excellence in Financial Reporting for the 32nd year in a row for excellence in financial reporting and accountability for its Comprehensive Annual Financial Report for the fiscal year ending in 2016.

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

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

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

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

Girls Lacrosse 2016 WPIAL Champions

Boys Lacrosse 2015 WPIAL Champions

MT. LEBANON SCHOOL DISTRICT

OTHER INFORMATION

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

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

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

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

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

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

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

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

The 2016-2017 school staff includes 423 certificated classroom teachers with an average salary in fiscal 2017 of \$77,653. Of these teachers, 78% hold masters degrees or doctorates. Average class size at the elementary level is 22.21 students per classroom teacher. At the secondary level, average class size ranges from 23.70 to 26.18 students per teacher, excluding special subjects.

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

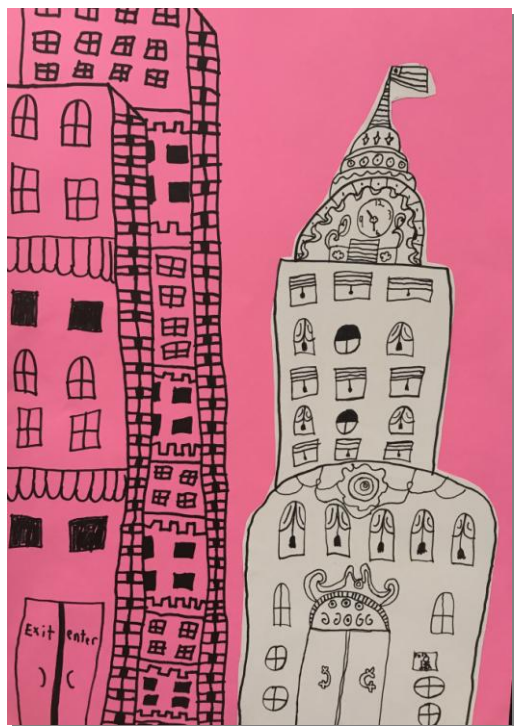
MT. LEBANON, PENNSYLVANIA



- | | | |
|---|-------------------------------------|--|
| 1 LINCOLN ELEMENTARY SCHOOL | 13 TEMPLE EMANUEL | 26 HOWE ELEMENTARY SCHOOL |
| 2 MT. LEBANON UNITED METHODIST | 14 RECREATION CENTER | 28 SUNSET HILLS PRESBYTERIAN CHURCH |
| 3 MT. LEBANON UNITED PRESBYTERIAN CHURCH | 16 MT. LEBANON CHRISTIAN CHURCH | 27 ST. WINIFRED'S CHURCH |
| 4 ST. BERNARD CHURCH | 18 MT. LEBANON HIGH SCHOOL | 28 MUNICIPAL GOLF COURSE |
| 6 ST. BERNARD SCHOOL | 17 MT. LEBANON UNITED LUTHERAN | 29 MARKHAM ELEMENTARY SCHOOL |
| 6 DEPAUL INSTITUTE | 18 PUBLIC PARKING GARAGE | 30 HOLY CROSS ORTHODOX CHURCH |
| 7 BETON-LA BALLE HIGH SCHOOL | 19 MUNICIPAL BUILDING | 31 ST. PAUL'S EPISCOPAL CHURCH |
| 8 OUR SAVIOR LUTHERAN CHURCH | 20 PUBLIC PARKING GARAGE | 32 FIRST CHURCH OF CHRIST SCIENTIST OF MT. LEBANON |
| 9 BOWER HILL COMMUNITY CHURCH | 21 WASHINGTON ELEMENTARY SCHOOL | 33 BEVERLY HEIGHTS PRESBYTERIAN CHURCH |
| 10 JEFFERSON ELEMENTARY AND JEFFERSON MIDDLE SCHOOL | 22 MELLON MIDDLE SCHOOL | 34 UNITARIAN UNIVERSALIST CHURCH OF SOUTH HILLS |
| 11 ST. CLAIR HOSPITAL | 23 SOUTHMINSTER PRESBYTERIAN CHURCH | 35 FOSTER ELEMENTARY SCHOOL |
| 12 HOOVER ELEMENTARY SCHOOL | 24 PUBLIC LIBRARY | 36 PUBLIC SAFETY BUILDING |

Updated May 17, 2006

2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT / MT. LEBANON SCHOOL DISTRICT



Washington Elementary



Markham
Elementary

7 HORSMAN DRIVE, PITTSBURGH, PENNSYLVANIA 15228

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