

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

Fiscal year ended
June 30, 2012

BOARD OF SCHOOL DIRECTORS

Calendar <u>2011</u>	Calendar <u>2012</u>
Josephine C. Posti, President	Josephine C. Posti, President
Dale F. Ostergaard, Vice-President	Elaine L. Cappucci, Vice-President
Mary D. Birks	Mary D. Birks
Elaine L. Cappucci	William L. Cooper
Edward L. Kubit	Scott D. Goldman
Lawrence M. Lebowitz	Edward L. Kubit
Daniel L. Remely	Lawrence M. Lebowitz
Susan M. Rose	Dale F. Ostergaard
Faith Ann Stipanovich	Daniel L. Remely

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

COMPLIANCE STATEMENT

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

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

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Transmittal Letter	1
List of School District Officials.....	7
Organization Chart	8
Certificate of Excellence in Financial Reporting.....	9
Certificate of Achievement for Excellence in Financial Reporting	10

FINANCIAL SECTION

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

BASIC FINANCIAL STATEMENTS:

Statement of Net Assets.....	27
Statement of Activities	28
Balance Sheet – Governmental Funds	30
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	31
Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds.....	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	34
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual General Fund.....	35
Statement of Net Assets-Proprietary Fund	37
Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Fund.....	38
Statement of Cash Flows-Proprietary Fund.....	39
Statement of Fiduciary Net Assets.....	40
Statement of Changes in Fiduciary Net Assets.....	41
Notes to Basic Financial Statements.....	42

REQUIRED SUPPLEMENTARY INFORMATION:

Postemployment Benefits Other Than Pension Benefits (OPEBs) Schedule of Funding Progress	72
Postemployment Benefits Other Than Pension Benefits (OPEBs) Factors & Trends used in Actuarial Valuation	73

SUPPLEMENTARY INFORMATION:

<u>Combining and Individual Nonmajor Fund Financial Statements:</u> Description of District Funds.....	76
Combining Balance Sheet-Other Governmental Funds.....	77

TABLE OF CONTENTS

(Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	
Other Governmental Funds.....	78
Statement of Changes in Assets and Liabilities All Agency Funds	79
Detailed Schedule of General Fund Expenditures by Function and Object-	
Budget and Actual (GAAP BASIS).....	80

STATISTICAL SECTION

Description of Statistical Section.....	83
Expenses, Program Revenues, and Net (Expense)/Revenue	84
General Revenues and Total Change in Net Assets.....	85
Net Assets by Component	86
Changes in Net Assets	87
Governmental Funds Revenues	88
General School District Expenditures by Function	89
Schedule of Expenditures by Object.....	90
Other Financing Sources and Uses and Net Change in Fund Balances,	
Governmental Funds.....	91
Fund Balances, Governmental Funds	92
Tax Revenues by Source	93
Assessed Value and Property Tax Rates-Direct and Overlapping Governments	94
Property Tax Levies and Collections.....	95
Property Tax Levies by Governmental Unit.....	96
Assessed and Estimated Actual Value of Taxable Property	97
Principal Real Estate Taxpayers	98
Principal Employers	99
Mt. Lebanon School District Earned Income Tax Revenue Base and Collections.....	100
Computation of Direct and Overlapping Debt.....	101
Computation of Nonelectoral Debt Margin	102
Legal Debt Margin Information.....	103
Ratio of Annual Debt Service Expenditures for General Bonded Debt to	
Total General Governmental Expenditures	104
Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	105
Outstanding Debt by Type.....	106
Historical Schedule of Tax Rates and Statistics	107
Schedule of Total Expenditures Per Pupil	108
Pupil/Teacher Ratio and Attendance	109
Information on Teaching Staff.....	110
Full-Time Equivalent Employees	111

TABLE OF CONTENTS

(Continued)

Student Mean Test Scores	112
The Pennsylvania District PSSA Report	113
Program Results.....	115
Demographic and Economic Statistics	116
Municipality Construction Costs and Property Values.....	118
Building Information	119
Awards and Recognitions	120
Other Information	121
Map.....	122

INTRODUCTORY SECTION



Mt. Lebanon School District

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

Office of the
Superintendent

CITIZENS OF MT. LEBANON:

November 16, 2012

The Comprehensive Annual Financial Report of Mt. Lebanon School District (School District) for the fiscal year ended June 30, 2012 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, 2012. Their unqualified opinion testifies to that fact.

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

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, 2011.

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

In order to be awarded a Certificate of Excellence and/or a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to the programs' standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements. Both the Certificate of Excellence and the Certificate of Achievement are valid for a period of one year only. We believe our current report continues to conform to 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, 2012.

THE REPORTING ENTITY AND ITS SERVICES

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

The criteria of GASB Statement #14 as amended has been examined as to the relationship of the School District with the Parkway West Area Career and Technical School and the South Central Area School. These schools were determined to be joint ventures of the School District and accordingly, related net pro-rata shares of capital assets and long term debt have been recorded on the Statement of Net Assets. The Municipality of Mt. Lebanon is a primary government by itself and is not a component unit of the School District.

Mt. Lebanon School District is a suburban public school district outside the city of Pittsburgh, Pennsylvania. The School District provides a comprehensive educational system from kindergarten through grade twelve, including regular instruction, special instruction 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 5,297 students in our educational system in 2011-12 who chose from a wide range of courses and offerings. Enrollment for 2012-13 is 5,268 with stable enrollment projected over the next few years.

Budgeting

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

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

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

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

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

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

Internal Controls

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

ECONOMIC CONDITION

Community

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

In 2011, according to the Mt. Lebanon Municipality, the average price for housing in Mt. Lebanon climbed to \$228,008, an increase of 1.25% from 2010. The housing stock varies in style and price—in 2011 housing prices ranged from \$35,000-\$1,150,000. Since 2007, the average market price of a home has increased 2%.

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

School District

The Mt. Lebanon School District continues to garner state and national recognition for its high performing schools. The Pittsburgh Business Times ranked the Mt. Lebanon School District second in the region in their 2012 Guide to Western Pennsylvania Schools and Mt. Lebanon High School second among high schools. U.S. News and World Report ranked Mt. Lebanon High School #8 in the state and the top high school in Western PA in their 2012 list of the nation's top high schools. Newsweek included Mt. Lebanon High School on their list of top high schools in the nation.

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

In the area of Fine Art, Mt. Lebanon School District was named among the ***Best Communities for Music Education*** in 2012 by the NAMM Foundation. The award identifies school districts committed to music education as a conduit for success in school and in life. The Frick Art & Historical Center awarded the Mt. Lebanon School District the *2010 Roy A. Hunt Foundation Award for Commitment to Education in the Arts and Humanities* and the High School was awarded the *Educational Theatre Association 2003 Outstanding School Award*. In 2000, the school district received the *National School of Character Award*.

In athletics, our teams continue to excel at the highest levels of state and local competition. The girls' basketball teams won the 2012 WPIAL Championship.

The school district, a wide variety of high quality housing, a public recreation center unique in Western Pennsylvania, traditional and healthy business districts, and a wide array of community services are a few reasons why Mt. Lebanon was chosen as one of the "50 Fabulous Places to Raise Your Family."

County

The Board of Property Assessment and Appeals establishes assessed values for all real estate in the county. In 2001-02, the county government entered into a county-wide reassessment of all properties led by an outside consulting group called Sabre Systems. This reassessment created a significant number of

dissatisfied residents resulting in over 2,100 appeals in Mt. Lebanon alone. What is not apparent from this number is a significant number of higher end houses that are under-assessed compared to recent sales prices in the neighborhood.

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

In 2005, the County Executive proposed that homes in the County be assessed at 100% of their value in 2002. The county then appealed thousands of assessments which had been increased in 2003-2005 due to sales prices excessively higher than the assessment at that time. The result of this decision was two lawsuits. Both lawsuits are complete. One opines that property owners and taxing bodies may present current market value of homes as evidence in determining 2002 market value. The other lawsuit challenged the constitutionality of the base year assessment system which was opined to be unconstitutional. The result of these lawsuits will have an effect upon the assessed value of properties throughout the state as all counties consider their response to these lawsuits. Allegheny County Courts mandated a complete reassessment of all properties in the county by 2013. This reassessment will require a readjustment of the millage rate to prevent a windfall of taxes to local governments.

State

Subsidies from the state for our 2012 budget reflected a marked decrease in commitment to funding for education by Governor Corbett. His proposed budget called for a \$1 million decrease in funding below what we would have received from the existing funding formulas. The final approved budget included reductions of only one half million dollars. The reduction in funding of educational subsidies was more than offset by increases in the state share of funding for their half of the retirement rate which increased from 5.64% of eligible salaries to 8.65% 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.

In June of 2006, the Pennsylvania Legislature passed Special Session Act 1 limiting the ability of school districts to raise taxes beyond an Index or inflationary factor. This has a significant impact upon the ability of schools to raise taxes for their programming. Fortunately for our district these millage increase limits have been sufficient to fund programming needs. This year no millage increase was necessary to balance the budget. This law will, however, become a limiting factor when the School District completes funding plans for the high school renovation project beginning in fiscal 2015.

Federal

The economic condition of the United States continued to be poor as the economy slowly recovered from a national recession. In order to provide economic assistance, the Federal Government provided Federal Stimulus funds to states and to schools. In Pennsylvania the stimulus funds were used to reduce the State's contribution to education. As a result, our financial statements showed a reduction in Basic Education Subsidies from the State and increased Federal Grants in a similar amount for both fiscal 2010 and 2011. The federal subsidies were eliminated in fiscal 2012 leading to a reduction in federal grants in these statements.

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 improvements at no millage increase. With the poor economic conditions faced throughout the country, the School District did not fund any new initiatives this year. We did, however continue to fund all programs that were in effect in fiscal 2011.

This year's expenditures were reduced a half million dollars due to savings from a bond refinancing in fiscal 2011. There was no increase in health insurance rates which accounts for almost 10% of our expenditure budget. Staffing for fiscal 2012 reflected the elimination of six administrative positions and three teaching positions. These issues, added to twelve teacher retirements, created a budget with no need for additional millage for basic operations. An increase in the PSERS retirement rate was the only cost increase which was beyond inflationary amounts. These limited operating cost increases added to lower utility usage and falling rates during the year created a final expenditure amount significantly under budgeted amounts. Our millage rate is 6th out of 41 schools in our county.

Major capital spending this year began in earnest with the opening of bids on our high school renovation project in January of 2012. Spending increased \$11 million this year in the Capital Project Fund after shovel went in the ground in February. This project is anticipated to cost about \$109 million over a four year construction cycle. We have focused on the impact of funding this project as it relates to debt limits as well as millage increase limits under Act 1 of 2006 since only \$75 million of the project has been funded through issuance of bonds to date. In addition to using funds set aside in the Capital Projects Fund, we anticipate issuing a final bond issue sometime in early 2014 to complete the project. Upon completion of this renovation, all of our buildings will have been renovated since 1995.

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

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

Energy managers continue to be diligent in implementing changes in practices which have reduced our use of electricity over 30% from the program's initiation in 2004. This, combined with falling utility rate charges, is reflected in significantly lower energy costs in fiscal 2012.

LONG TERM FINANCIAL PLANNING

Funds not used at year end are directed by Board Policy to be transferred to the Capital Project Fund beyond the 6% of the subsequent year's expenditure budget. These funds will reduce the amount of money the Board will have to borrow to complete the high school renovation project. This is one of the greatest issues pressuring the District's need to increase millage into the near future. The District's policy to maintain a fund balance of 6% of expenditures assures continued financial stability as the renovations continue.

Also continuing this year are discussions with the School Board concerning GASB #45 Funding for Other Post Employment Benefits (OPEB). An actuarial valuation of our benefit programs was complete and the need to set money aside for these benefits has become apparent. The School Board revised policy to permit transfer of fund balances in excess of 6% to both the Capital Projects Fund as well as what is a newly established OPEB Fund. This was established as an assignment of the General Fund fund balance. The Board set aside \$1.675 million to pay for future OPEB retiree healthcare payments. These OPEB

reserved funds were not required to be used for this fiscal year since there were adequate funds remaining unspent in the General Fund to cover these costs. The Board continues to look at these reserves annually to assure we have adequate funds to pay these costs.

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 2012 financial statements is included in the financial section of this report, and complies with applicable guidelines.

ACKNOWLEDGMENTS

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

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

Respectfully,



Janice R. Klein
Director of Business

MT. LEBANON SCHOOL DISTRICT
LIST OF SCHOOL DISTRICT OFFICIALS

CENTRAL OFFICE ADMINISTRATORS

Timothy J. Steinhauer..... Superintendent
Deborah P. Allen..... Assistant Superintendent of Elementary
Ronald P. Davis..... Assistant Superintendent of Secondary
Cissy Bowman..... Director of Communications
Gerald Ingram..... Director of Physical Plant
Janice R. Klein..... Director of Business
Steve Scheurer..... Director of Human Resources
Christopher R. Stengel..... Director of Technology

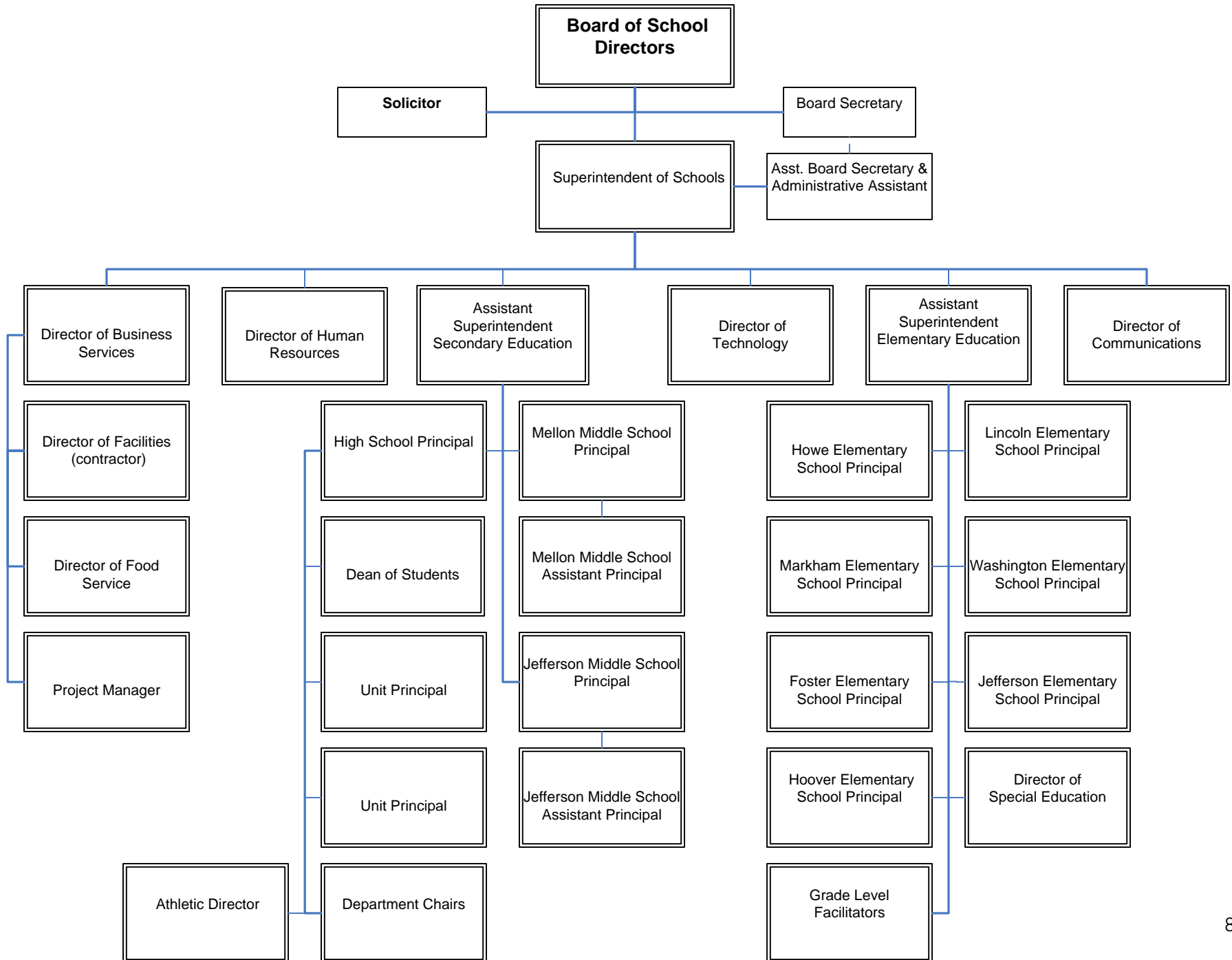
BOARD OF SCHOOL DIRECTORS

Josephine C. Posti..... President
Elaine L. Cappucci..... Vice President
Mary D. Birks..... Director
William L. Cooper..... Director
Scott D. Goldman..... Director
Edward L. Kubit..... Director
Lawrence M. Lebowitz..... Director
Dale F. Ostergaard..... Director
Daniel L. Remely..... Director

OTHER BOARD SERVICES

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

Mt. Lebanon School District Organization Chart



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

MT. LEBANON SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2011

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

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Mt. Lebanon School District
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

Independent Auditor's Report

Board of Directors
Mt. Lebanon School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mt. Lebanon School District (School District) as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13 through 26 and the postemployment benefits other than pension benefits (OPEBs) information on pages 72 and 73 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's financial statements as a whole. The introductory section, supplementary information section, and statistical section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information section is the responsibility of management and was derived from and relates directly to the

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

Maier Duessel

Pittsburgh, Pennsylvania
October 15, 2012

MT. LEBANON SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2012

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, 2012. Please review this in conjunction with the School District's basic financial statements. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*," issued June 1999. The intent of this discussion and analysis is to look at the School District's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Real Estate Tax is the main source of funding for the Mt. Lebanon School District. This revenue source comprises over 70% of total General Fund revenues and is the only revenue source over which the School Board has control. The tax revenue received from real estate tax decreased from 2011 by \$78,348 or -0.1%. This decrease was the result of two issues: The Board approved no change in the millage rate on property assessments in our community. The millage rate remained at 26.63 mills resulting in almost no change in current real estate tax revenue. The decrease was the result of lower lien tax collections likely due to fewer home sales in the community since the sale of a home results in payment of back taxes at closing. Assessments on real estate are set within Allegheny County at 2002 property values and are anticipated to change as a result of a county-wide reassessment impacting rates in fiscal 2014.

Earned Income Tax (EIT) is another major tax revenue for the School District. This tax is the result of a half percent rate on income earned by residents. The tax is not applied to passive income such as investment earnings. Income from this source rose from 2011 by \$350,976 or 5.8%. This is the second year of EIT increases over 5% in the community and is partially reflective of the economy beginning to recover throughout the country. It is also the result of a change in collection practice in Pennsylvania. EIT collection was performed at the local level through calendar year 2011. Beginning in 2012, county-wide collectors were mandated and withholding was required by all employers. There was a couple month delay in receipt of early taxes due to the change in collectors, but this was offset by more residents having monthly deductions of EIT withholding resulting in what is likely a faster paced collection during the six month period. We anticipate that in the Spring of 2013, the large year-end filing and payment of this tax will be fewer dollars due to the increased withholding by employers and faster collection during the year.

The final large tax revenue 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. While homes in our community range from small starter homes, which are attractive to young families, to expansive properties, sales of

homes continued to be very slow due to the difficulty people face in obtaining mortgage loans. We did see an increase in this revenue source of \$21,264, or less than a half percent.

With interest rates on Federal Securities remaining close to zero this year, the School District experienced \$336,438 less in investment earnings, a decrease of 68% from the prior year. This decrease was anticipated since last year's earliest investments were at a much higher rate than those we were able to obtain once this year began. Also, once the High School Renovation Project began, we had to keep our Capital Projects funds liquid to make payments to contractors as construction progress occurred. This provided fewer dollars to invest during the school year.

State funding reflects an increase of \$1,135,336 or 8.6% from the prior year. This increase is predominantly due to the State's funding of half the cost of the Pennsylvania School Employee Retirement System (PSERS) contribution rate which is a mandated retirement plan for our staff. The rate of the mandatory payments increased from 5.64% of salaries to 8.65% of salaries this year and to 12.36% in fiscal 2013. While State revenue increased due to their funding of half this changing rate, please note that our expenditures for this program increased by twice that amount. The PSERS rate increase is expected to rise beyond 24% in fiscal 2018.

For the ninth year in a row, Unassigned Fund Balance was not used in fiscal 2012 to balance the operating budget. This was because in fiscal 2004, the School Board took action to officially set the fund balance at 6% of the subsequent year's expenditure budget, requiring funds in excess of this amount to be transferred to the Capital Fund or another School District Fund. This calculation created assignments of fund balance in fiscal 2012 totaling \$4,408,159. Of this amount, \$2,733,159 is to be transferred to the Capital Fund and \$1,675,000 remains assigned for Other Post Employment Benefit (OPEB) contributions for healthcare for our retired staff. The OPEB assignment was not transferred to a trust fund, so the funds remain in the General Fund. The Unassigned Fund Balance is \$4,835,070, or 6% of the fiscal 2013 Budget.

Expenditure levels were up \$11,361,991 or 14.4% or from the prior year. This was due to three reasons. The largest reason was a \$10.3 million increase in payments in the Capital Projects Fund primarily for the High School Renovation Project which began in earnest after contracts were signed in January of 2012. This project is anticipated to cost \$109 million at completion in fiscal 2016. The second increase was for operational costs in the General Fund of \$1.6 million or 2.4%. The largest part of this increase was for higher retirement costs for our employee benefits. While this cost increase was large, we had no increase in our rate on health insurance and teacher retirements resulted in moderate costs in other operational areas. Additionally, six administrative supervisory positions were eliminated this year resulting in fewer staff overall. Attention to energy usage and falling energy rates led to a decrease in utility costs of about \$310,000. Finally, a decrease of almost one half million dollars in the Debt Service Fund was due to a refinancing of the 2004 General Obligation Bonds which provided savings in fiscal 2012 only. Fiscal 2013 will reflect bond payments returning to just over \$10 million.

There was no transfer to the Capital Fund from the General Fund this year. The Board is waiting for the High School Project to proceed a little further before transferring the funds over to that Fund. The \$9.6 million transfer to the Debt Service Fund provides funding for outstanding debt.

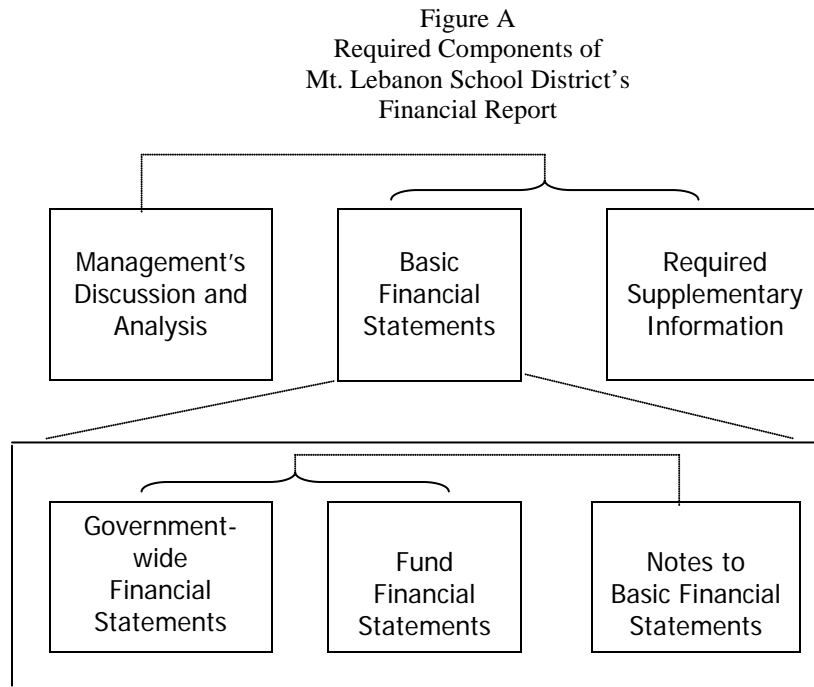
The Capital Fund reflects the early costs of the High School Renovation Project. Since actual construction just began in 2012, spending in that area increased from \$2,705,313 in 2011 to \$12,979,062 in fiscal 2012. We anticipate the spending in fiscal 2013 to double. In October

2009, the first of two bond issues to fund the high school renovation was issued to pay early architect fees and begin construction management for this project. This bond issue had principal values of \$69 million, but because of premiums on the sale of the bond, the School District acquired \$75 million in funds for the project. Most of these funds continue to be reflected in the fund balance of the Capital Fund. In fiscal 2014 we anticipate floating the final bond issue to pay the remaining costs of the High School Renovation Project. Of the remaining costs, some will be paid from existing and soon to be transferred funds from the General Fund. The remainder will be borrowed to complete funding for the project. The project is anticipated to take four years to complete and cost \$109 million in its entirety.

USING THE BASIC FINANCIAL STATEMENT REPORT

This Basic Financial Statement Report consists of the Management's Discussion and Analysis (this section), a series of financial statements and notes to those statements, and Required Supplementary Information. The Statement of Net Assets and Statement of Activities, on pages 27 through 29, provides information about the activities of the School District as a whole and presents a longer-term view of the School District's finances. Fund Financial Statements, which start on page 30, provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For the School District, the General Fund is the most significant fund. The financial statements include notes that explain some of the information in the financial statements and provide more detailed data. Lastly, Required Supplementary Information is included on pages 72 and 73 to provide information regarding the School District's OPEB obligations.

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



Reporting the School District as a Whole

Government-wide Statements

While the Fund Financial Statements beginning on page 30 contain the majority of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during Fiscal Year 2012?” The Statement of Net Assets and the Statement of Activities answer this question.

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

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

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

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

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

Fund Financial Statements, which begin on page 30, provide detailed information about the most significant funds – not the School District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds – Most of the School District’s activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District’s operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District’s programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reflected on reconciliations on pages 31 and 34.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's total net assets were \$21,353,219 at June 30, 2012 and \$20,732,726 at June 30, 2011. This represents an increase in net assets of \$620,493, indicating that the School District’s overall financial position has increased since fiscal 2011. This increase is largely due to savings in utility costs and usage beyond what was anticipated in the budget.

Most of the School District's net assets are unrestricted. The remaining net assets are invested in capital assets (buildings, land, and equipment), net of related debt and restricted for purchases of athletic equipment, playground equipment, and technology.
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Table 1
Fiscal Year Ended June 30, 2012
Net Assets

	Governmental Activities	Business-type Activities	2012 Total
Current and other assets	\$ 97,904,354	\$ 666,865	\$ 98,571,219
Capital assets	80,834,909	45,821	80,880,730
Total Assets	<u>\$ 178,739,263</u>	<u>\$ 712,686</u>	<u>\$ 179,451,949</u>
Current and other liabilities	\$ 18,992,297	\$ 20,057	\$ 19,012,354
Long-term liabilities:			
Due within one year	5,116,967	-	5,116,967
Due in more than one year	136,792,160	-	136,792,160
Deferred refunding loss	(2,822,751)	-	(2,822,751)
Total Liabilities	<u>\$ 158,078,673</u>	<u>\$ 20,057</u>	<u>\$ 158,098,730</u>
Invested in capital assets, net of related debt	\$ 4,813,773	\$ 45,821	\$ 4,859,594
Unrestricted	15,708,925	646,808	16,355,733
Restricted	137,892	-	137,892
Total Net Assets	<u>\$ 20,660,590</u>	<u>\$ 692,629</u>	<u>\$ 21,353,219</u>

	Governmental Activities	Business-type Activities	2011 Total
Current and other assets	\$ 105,637,411	\$ 671,442	\$ 106,308,853
Capital assets	70,934,451	52,114	70,986,565
Total Assets	<u>\$ 176,571,862</u>	<u>\$ 723,556</u>	<u>\$ 177,295,418</u>
Current and other liabilities	\$ 14,065,544	\$ 27,794	\$ 14,093,338
Long-term liabilities:			
Due within one year	4,379,847	-	4,379,847
Due in more than one year	141,096,898	-	141,096,898
Deferred refunding loss	(3,007,391)	-	(3,007,391)
Total Liabilities	<u>\$ 156,534,898</u>	<u>\$ 27,794</u>	<u>\$ 156,562,692</u>
Invested in capital assets, net of related debt	\$ 3,458,794	\$ 52,114	\$ 3,510,908
Unrestricted	16,483,089	643,648	17,126,737
Restricted	95,081	-	95,081
Total Net Assets	<u>\$ 20,036,964</u>	<u>\$ 695,762</u>	<u>\$ 20,732,726</u>

The results of this year's operations as a whole are reported in the Statement of Activities on pages 28 and 29. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The four largest general revenues are listed in Table 2.

Table 2
Fiscal Year Ended June 30, 2012
General Revenues

	2011-12	2010-11	Increase/ (Decrease)	%
Real Estate Taxes	\$ 54,646,078	\$54,724,426	\$ (78,348)	-0.1%
Other Taxes - mainly Earned Income Taxes	7,164,367	6,786,259	378,108	5.6%
Grants and Subsidies - (mainly provided by the Commonwealth of Pennsylvania)	5,584,093	4,761,007	823,086	17.3%
State Property Tax reduction	1,698,229	1,698,323	(94)	0.0%

The 2011 government-wide financial statements offer a view of the financial condition of the School District on a consolidated basis. For example, investment earnings (Statement of Activities, page 29) not only include interest earnings in the General Fund, but also interest earnings in the Capital Fund and all other Governmental Funds. These General Revenues have shown an increase from fiscal 2011 of \$738,603 which is reflective of the Earned Income Tax change in tax collector and from an increase in the general grants from the State due to the replacement of Federal Stimulus funds with State funds which are reported here.

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

Table 3A
Fiscal Year Ended June 30, 2012
Changes in Net Assets

	Governmental Activities	Business-type Activities	2012 Total
Revenues:			
Program revenues:			
Charges for services	\$ 241,743	\$ 1,336,976	\$ 1,578,719
Operating grants and contributions	8,357,832	241,372	8,599,204
General revenues:			
Property taxes	54,646,078	-	54,646,078
Other taxes	7,164,367	-	7,164,367
Grants, subsidies, and contributions:			
Unrestricted	5,584,093	-	5,584,093
Investment earnings	161,901	17,956	179,857
Other income	1,742,810	-	1,742,810
Total revenues	77,898,824	1,596,304	79,495,128
Expenses:			
Instructional services	43,512,017	-	43,512,017
Pupil services	3,060,588	-	3,060,588
Instructional support services	2,180,133	-	2,180,133
Administration	4,580,050	-	4,580,050
Pupil health services	894,490	-	894,490
Financial services	1,162,837	-	1,162,837
Operation and maintenance of plant	7,779,298	-	7,779,298
Student transportation services	1,118,689	-	1,118,689
Other support services	1,628,463	-	1,628,463
Student activities	1,958,653	-	1,958,653
Community services	382,154	-	382,154
Intergovernmental:			
Special education	2,414,567	-	2,414,567
Other	684,148	-	684,148
Interest on long-term debt	5,849,949	-	5,849,949
Food services	-	1,668,599	1,668,599
Total expenses	77,206,036	1,668,599	78,874,635
Gain/Loss before transfers	692,788	(72,295)	620,493
Transfers	(69,162)	69,162	-
Change in net assets	623,626	(3,133)	620,493
Net assets:			
Beginning of year	20,036,964	695,762	20,732,726
End of year	\$ 20,660,590	\$ 692,629	\$ 21,353,219

Table 3B
Fiscal Year Ended June 30, 2011
Changes in Net Assets

	Governmental Activities	Business-type Activities	2011 Total
Revenues:			
Program revenues:			
Charges for services	\$ 287,674	\$ 1,388,183	\$ 1,675,857
Operating grants and contributions	9,730,294	274,040	10,004,334
General revenues:			
Property taxes	54,724,426	-	54,724,426
Other taxes	6,786,259	-	6,786,259
Grants, subsidies, and contributions:			
Unrestricted	4,761,007	-	4,761,007
Investment earnings	498,339	2,114	500,453
Other income	1,806,457	-	1,806,457
Total revenues	78,594,456	1,664,337	80,258,793
Expenses:			
Instructional services	41,641,578	-	41,641,578
Pupil services	3,170,406	-	3,170,406
Instructional support services	2,799,921	-	2,799,921
Administration	4,122,789	-	4,122,789
Pupil health services	743,864	-	743,864
Financial services	972,508	-	972,508
Operation and maintenance of plant	7,798,144	-	7,798,144
Student transportation services	1,106,780	-	1,106,780
Other support services	1,657,453	-	1,657,453
Student activities	1,885,204	-	1,885,204
Community services	354,195	-	354,195
Intergovernmental:			
Special Education	2,354,590	-	2,354,590
Other	649,455	-	649,455
Interest on long-term debt	6,971,523	-	6,971,523
Food services	-	1,629,145	1,629,145
Total expenses	76,228,410	1,629,145	77,857,555
Gain/Loss before transfers	2,366,046	35,192	2,401,238
Transfers	(41,813)	41,813	-
Change in net assets	2,324,233	77,005	2,401,238
Net assets:			
Beginning of year	17,712,731	618,757	18,331,488
End of year	\$ 20,036,964	\$ 695,762	\$ 20,732,726

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

Table 4
Fiscal Year Ended June 30, 2012
Governmental Activities

Functions/Programs	2012 Total Expense of Services	2012 Net Expense of Services	2011 Net Expense of Services
Instructional services	\$ 43,512,017	\$ 37,446,205	\$ 33,937,118
Pupil services	3,060,588	2,888,367	3,027,574
Instructional support services	2,180,133	2,071,991	2,691,716
Administration	4,580,050	4,354,347	3,954,472
Pupil health services	894,490	726,564	591,219
Financial services	1,162,837	1,125,661	945,643
Operation and maintenance of plant	7,779,298	7,503,701	7,593,426
Student transportation services	1,118,689	983,630	937,957
Other support services	1,628,463	1,582,807	1,618,889
Student activities	1,958,653	1,874,878	1,821,952
Community services	382,154	359,477	332,745
Intergovernmental:			
Special education	2,414,567	1,832,799	1,931,491
Other	684,148	684,148	649,455
Interest on long-term debt	5,849,949	5,171,886	6,176,785
Total governmental activities	<u>\$ 77,206,036</u>	<u>68,606,461</u>	<u>66,210,442</u>
Less:			
Unrestricted grants, subsidies		<u>5,584,093</u>	<u>4,761,007</u>
Total needs from local taxes and other revenues		<u>\$ 63,022,368</u>	<u>\$ 61,449,435</u>

The dependence upon tax revenues for governmental activities is apparent. The School District had expenses for governmental activities of \$77,206,036 while only \$241,743 has been provided from program specific charges and \$8,357,832 has been provided by the State and Federal Governments as operating grants. The School District also received \$5,584,093 from the State for Basic Education expenses, which leaves \$63,022,368 of expenses required to be covered by tax assessments and other revenues. Approximately, 82 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 \$1,336,976 and operating expenses of \$1,668,599 for fiscal year 2012. Non-operating revenues totaled \$259,328. Additionally, the School District transferred into the food services fund the cost charged for overhead, which totaled \$69,162.

THE SCHOOL DISTRICT'S FUNDS

The General Fund, which accounts for the School District's operations, represents the School District's most significant major fund. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds on pages 32 and 33 is summarized in Table 5.

Table 5
Fiscal Year Ended June 30, 2012
Summary of Governmental Change in Fund Balance

	<u>Beginning Fund Balance</u>	<u>Net Change in Fund Balance</u>	<u>Ending Fund Balance</u>
2012:			
General Fund	\$ 9,841,437	\$ 301,567	\$ 10,143,004
Capital Fund	79,395,494	(12,875,306)	66,520,188
Debt Service Fund	-	-	-
Other Governmental Funds	1,786,506	33,584	1,820,090
2012 - Total Governmental Funds	<u>\$ 91,023,437</u>	<u>\$ (12,540,155)</u>	<u>\$ 78,483,282</u>
2011 - Total Governmental Funds	<u>\$ 91,111,839</u>	<u>\$ (88,402)</u>	<u>\$ 91,023,437</u>

The increase in the General Fund is due to the positive operating balance from a reduction in book inventory and savings from lower utility costs. The decrease in fund balance in the Capital Fund is indicative of the High School Renovation Project beginning this fiscal year.

General Fund Budgeting Highlights

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

During the fiscal year, the Board authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. The budgeting systems are designed to tightly control budgets by making administrators responsible for their individual budget areas. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided on pages 35 and 36. The budget transfer amendments were primarily composed of a reclassification of intergovernmental expenditures.

For the General Fund, local sources of revenues were less than budgeted amounts by \$508,520. The decrease is predominantly due to construction subsidies by the State being held from approval until the State has enough funds in its budget to pay their share of the cost of the High School Renovation Project. They are currently two years in arrears amounting to almost \$890,000 in funds due to the District. They are about 18 months behind on their approval of these reimbursements. We anticipate receiving these funds from the last two years by the end of fiscal 2013.

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

Expenditures were budgeted at \$68,695,973 while actual expenditures were \$67,886,750, resulting in a positive variance of \$809,223. By State law, all expenditure budgets must have positive year-end balances except for debt service and fund transfers. The under spending of budgeted sums is due to both reduced cost of utilities and salaries. Utilities are less than budgeted due to falling rates, a warm winter and an active energy management system in all our schools. Funds in the salary area are saved when we have staff going on unpaid leaves being replaced by low cost substitutes or when we have retirements or resignations during the year that are not known at the time the budget is approved. We are also able to save money by delaying replacement of some budgeted positions. This year the elimination of administrative subject area supervisory positions saved the School District significant costs since the responsibilities were handled through supplemental pay for lead teachers in each area. By not having additional health insurance payments and reduced salaries, we were able to moderate salary costs in this spending plan. There was an increase in the retirement rate paid for our employee PSERS retirement plan which created additional costs for all employee benefits. Luckily, our health consortium did not raise our rates for health insurance, enabling us to shift some costs to the retirement benefit accounts.

The General Fund revenues and other financing sources of the School District were more than expenditures and other financing uses by \$301,567 leading to an increase in the unassigned fund balance for fiscal 2012.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2012, the School District's Governmental Activities had \$80,834,909 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 \$9,900,458 from last year. The large increase is due to the Construction in Progress on the High School.

Table 6
Governmental Activities
Fiscal Year Ended June 30, 2012
Capital Assets - Net of Depreciation (if applicable)

	<u>2012</u>	<u>2011</u>
Land	\$ 547,024	\$ 547,024
Construction in Progress	18,003,939	5,889,587
Buildings and Improvements	102,208,955	102,208,955
Furniture and Equipment	13,913,448	13,560,424
Accumulated Depreciation	<u>(53,838,457)</u>	<u>(51,271,539)</u>
Total (net)	<u><u>\$ 80,834,909</u></u>	<u><u>\$ 70,934,451</u></u>

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

DEBT ADMINISTRATION

As of June 30, 2012, the School District had total outstanding bond principal of \$131,090,000. More detailed information about our long-term liabilities is included in the notes to basic financial statements beginning on page 55. Since no new debt was issued this year, the amount is down from last year by the amount of principal paid on existing debt.

Table 7
Fiscal Year Ended June 30, 2012
Long-Term Obligations

	2012	2011
General Obligation Bonds and Notes:		
2005 General Obligation Bonds	\$ 52,680,000	\$ 52,845,000
2009 General Obligation Bonds	2,505,000	2,975,000
2009 A General Obligation Bonds	66,505,000	68,300,000
2011 General Obligation Bonds	9,400,000	10,575,000
Total (net)	<u>\$ 131,090,000</u>	<u>\$ 134,695,000</u>

NEXT YEAR'S BUDGETS AND RATES

The General Fund revenue and expenditure budget for the 2013 year is \$2,236,667 higher than the original budget for 2012. This represents a 2.9% increase in budgeted expenditures, predominantly in the areas of contracted services and employee benefits, but includes reductions in cost throughout all other accounts. Additionally, the refinancing of the 2004 Bonds provided a reduction in debt payments of about a half million dollars in fiscal 2012, but required an increase back to more typical levels in fiscal 2013. Thirteen teacher retirements and an administrative retirement helped keep salary increases to only 0.3% overall.

There was a half mill increase in this budget. The millage rate is now at 27.13 mills. This budget reflects our School District's millage rate at 6th of 42 school systems in Allegheny County.

The comparison of revenues and expenditures categories is as follows:

Table 8
BUDGETED REVENUES

	2012-13	2011-12	Increase/ (Decrease)
Local	\$ 65,492,142	\$ 62,942,153	\$ 2,549,989
State	13,734,832	14,618,555	(883,723)
Federal/Other	1,250,751	787,125	463,626
Use of Fund Balance	106,775	-	106,775
Total	<u>\$ 80,584,500</u>	<u>\$ 78,347,833</u>	<u>\$ 2,236,667</u>

BUDGETED EXPENDITURES

	2012-13	2011-12	Increase/ (Decrease)	%
Instruction	\$ 45,119,831	\$ 42,892,984	\$ 2,226,847	5.2%
Support Services	22,702,952	23,348,151	(645,199)	-2.8%
Non-instruction/Community	2,450,555	2,378,836	71,719	3.0%
Fund Transfers/Debt	10,311,162	9,727,862	583,300	6.0%
Total	<u>\$ 80,584,500</u>	<u>\$ 78,347,833</u>	<u>\$ 2,236,667</u>	<u>2.9%</u>

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 legislation will create challenges as we look forward to planning for funding the remaining costs of the High School Renovation Project in the 2015 fiscal year.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 29,804,239	\$ 642,159	\$ 30,446,398
Cash and cash equivalents - restricted	62,921,604	-	62,921,604
Property taxes receivable, net of allowance for uncollectible	482,727	-	482,727
Earned income taxes receivable	1,004,632	-	1,004,632
Intergovernmental receivable	970,695	1,041	971,736
Other receivables	51,743	57,008	108,751
Internal balances	61,781	(61,781)	-
Prepaid assets	308,723	-	308,723
Inventory	1,354,049	28,438	1,382,487
Bond issue costs	549,319	-	549,319
Investment in joint ventures	394,842	-	394,842
Capital assets:			
Non-depreciable	18,550,963	-	18,550,963
Depreciable, net of accumulated depreciation	62,283,946	45,821	62,329,767
Total Assets	\$ 178,739,263	\$ 712,686	\$ 179,451,949
Liabilities and Net Assets			
Liabilities:			
Accounts payable and other current liabilities	\$ 711,376	\$ 8,079	\$ 719,455
Accounts payable - restricted	3,957,272	-	3,957,272
Retainage payable	834,527	-	834,527
Accrued salaries and benefits	6,738,358	-	6,738,358
Accrued interest payable	919,435	-	919,435
Unearned revenue	5,831,329	11,978	5,843,307
Non-current liabilities:			
Due within one year	5,116,967	-	5,116,967
Due in more than one year	136,792,160	-	136,792,160
Deferred refunding loss	(2,822,751)	-	(2,822,751)
Total Liabilities	158,078,673	20,057	158,098,730
Net Assets:			
Invested in capital assets, net of related debt	4,813,773	45,821	4,859,594
Unrestricted	15,708,925	646,808	16,355,733
Restricted for special projects	137,892	-	137,892
Total Net Assets	20,660,590	692,629	21,353,219
Total Liabilities and Net Assets	\$ 178,739,263	\$ 712,686	\$ 179,451,949

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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instructional services	\$ 43,512,017	\$ 241,743	\$ 5,824,069	\$ -	\$ (37,446,205)	\$ -	\$ (37,446,205)
Pupil services	3,060,588	-	172,221	-	(2,888,367)	-	(2,888,367)
Instructional support services	2,180,133	-	108,142	-	(2,071,991)	-	(2,071,991)
Administration	4,580,050	-	225,703	-	(4,354,347)	-	(4,354,347)
Pupil health services	894,490	-	167,926	-	(726,564)	-	(726,564)
Financial services	1,162,837	-	37,176	-	(1,125,661)	-	(1,125,661)
Operation and maintenance of plant	7,779,298	-	275,597	-	(7,503,701)	-	(7,503,701)
Student transportation services	1,118,689	-	135,059	-	(983,630)	-	(983,630)
Other support services	1,628,463	-	45,656	-	(1,582,807)	-	(1,582,807)
Student activities	1,958,653	-	83,775	-	(1,874,878)	-	(1,874,878)
Community services	382,154	-	22,677	-	(359,477)	-	(359,477)
Intergovernmental:							
Special education	2,414,567	-	581,768	-	(1,832,799)	-	(1,832,799)
Other	684,148	-	-	-	(684,148)	-	(684,148)
Unallocated expenses - excluding direct expenses reported as a function above:							
Interest on long-term debt	5,849,949	-	678,063	-	(5,171,886)	-	(5,171,886)
Total governmental activities	77,206,036	241,743	8,357,832	-	(68,606,461)	-	(68,606,461)

(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, 2012

(Continued)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food services	1,668,599	1,336,976	241,372	-	-	(90,251)	(90,251)
Total	<u>\$ 78,874,635</u>	<u>\$ 1,578,719</u>	<u>\$ 8,599,204</u>	<u>\$ -</u>	(68,606,461)	(90,251)	(68,696,712)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net of uncollectibles					54,646,078	-	54,646,078
Local Services Tax Revenue					41,386	-	41,386
Public Utility Realty Tax					81,571	-	81,571
Earned Income Tax					6,445,280	-	6,445,280
Real Estate Transfer Tax					596,130	-	596,130
Grants, subsidies, and contributions not restricted to a specific program					5,584,093	-	5,584,093
State property tax reduction					1,698,229	-	1,698,229
Investment earnings					161,901	17,956	179,857
Other income					95,989	-	95,989
Change in investment in joint ventures					(51,408)	-	(51,408)
Transfers					(69,162)	69,162	-
Total general revenues and transfers					69,230,087	87,118	69,317,205
Total Change in Net Assets					623,626	(3,133)	620,493
Net Assets:							
Beginning of year					20,036,964	695,762	20,732,726
End of year					<u>\$ 20,660,590</u>	<u>\$ 692,629</u>	<u>\$ 21,353,219</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, 2012

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 20,356,763	\$ 7,627,386	\$ -	\$ 1,682,198	\$ 29,666,347
Cash and cash equivalents - restricted	-	62,921,604	-	137,892	63,059,496
Receivables:					
Property taxes	482,727	-	-	-	482,727
Tuition	43,322	-	-	-	43,322
Federal and state governmental grants	816,910	-	-	-	816,910
Earned income taxes	1,004,632	-	-	-	1,004,632
Realty transfer taxes	153,785	-	-	-	153,785
Other	8,421	-	-	-	8,421
Due from other funds	61,781	-	-	-	61,781
Inventory	591,052	762,997	-	-	1,354,049
Prepaid insurance	308,723	-	-	-	308,723
Total Assets	\$ 23,828,116	\$ 71,311,987	\$ -	\$ 1,820,090	\$ 96,960,193
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 711,376	\$ -	\$ -	\$ -	\$ 711,376
Accounts payable - restricted	-	3,957,272	-	-	3,957,272
Retainage payable	-	834,527	-	-	834,527
Accrued payroll and payroll - related liabilities	6,738,358	-	-	-	6,738,358
Revenue collected in advance	5,831,329	-	-	-	5,831,329
Deferred revenue	404,049	-	-	-	404,049
Total Liabilities	13,685,112	4,791,799	-	-	18,476,911
Fund Balance:					
Nonspendable:					
Inventory	591,052	762,997	-	-	1,354,049
Prepaid insurance	308,723	-	-	-	308,723
Restricted	-	58,129,805	-	137,892	58,267,697
Assigned to:					
Future capital projects	2,733,159	7,627,386	-	1,682,198	12,042,743
Future OPEB obligations	1,675,000	-	-	-	1,675,000
Unassigned	4,835,070	-	-	-	4,835,070
Total Fund Balance	10,143,004	66,520,188	-	1,820,090	78,483,282
Total Liabilities and Fund Balance	\$ 23,828,116	\$ 71,311,987	\$ -	\$ 1,820,090	\$ 96,960,193

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 ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

Total Fund Balance - Governmental Funds			\$ 78,483,282
Amounts reported for governmental activities in the statement of net assets 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 \$134,673,366 and the accumulated depreciation is \$53,838,457.			80,834,909
Mt. Lebanon School District's (School District) investment in joint ventures does not represent a financial asset that would be recorded as an asset in the governmental funds.			394,842
Property taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.			404,049
The actuarially accrued other post-employment benefit (OPEB) obligation for the School District's employees is not recorded on the fund financial statements.			(2,097,618)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In 2012, these items consist of:			
Bond issue costs of \$746,125, net of amortization of \$196,806	\$	549,319	
Bond issue premium of \$7,358,420 net of amortization of \$925,409		(6,433,011)	
Deferred refunding loss of \$3,842,581 net of amortization of \$1,019,830		2,822,751	(3,060,941)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:			
		(131,090,000)	
Bonds payable, net		(919,435)	
Accrued interest payable		(2,288,498)	(134,297,933)
Compensated absences			
Total Net Assets - Governmental Activities			\$ 20,660,590

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, 2012

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total
Revenues:					
Local sources:					
Real estate tax and penalties	\$ 54,685,072	\$ -	\$ -	\$ -	\$ 54,685,072
Earned income tax	6,445,280	-	-	-	6,445,280
Realty transfer tax	596,130	-	-	-	596,130
Public utility tax	81,571	-	-	-	81,571
Investment earnings	67,335	93,757	-	809	161,901
Rental of facilities	94,145	-	-	-	94,145
Tuition from patrons	241,743	-	-	-	241,743
Gifts and grants	79,865	-	-	55,347	135,212
Other local sources, including IDEA funds	659,636	-	-	-	659,636
Total local sources	62,950,777	93,757	-	56,156	63,100,690
State sources:					
Basic education subsidies	5,584,093	-	-	-	5,584,093
Social security/retirement subsidies	3,361,467	-	-	-	3,361,467
Special education subsidies	2,518,259	-	-	-	2,518,259
Transportation subsidies	115,489	-	-	-	115,489
Medical, dental, and nurse care	117,152	-	-	-	117,152
Property tax reduction allocation	1,698,229	-	-	-	1,698,229
Other state aid	826,896	-	-	-	826,896
Total state sources	14,221,585	-	-	-	14,221,585
Federal sources:					
Elementary and Secondary Education Act	299,899	-	-	-	299,899
Other federal grants	367,052	-	-	-	367,052
Total federal sources	666,951	-	-	-	666,951
Total revenues	77,839,313	93,757	-	56,156	77,989,226

(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, 2012

(Continued)

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total
Expenditures:					
Current:					
Instructional services	41,410,927	156,749	-	-	41,567,676
Pupil services	2,949,078	-	-	-	2,949,078
Instructional support services	2,100,702	-	-	-	2,100,702
Administration	4,413,180	-	-	-	4,413,180
Pupil health services	861,900	-	-	-	861,900
Financial services	916,731	211,443	-	-	1,128,174
Operation and maintenance of plant	7,359,176	138,674	-	-	7,497,850
Student transportation services	1,077,931	-	-	-	1,077,931
Other support services	1,567,094	1,275	-	839	1,569,208
Student activities	1,875,984	-	-	11,734	1,887,718
Community services	368,231	-	-	-	368,231
Capital outlay	-	12,470,921	-	-	12,470,921
Intergovernmental:					
Special education	2,301,668	-	-	-	2,301,668
Other	684,148	-	-	-	684,148
Debt service:					
Principal	-	-	3,605,000	-	3,605,000
Interest	-	-	5,976,834	-	5,976,834
Total expenditures	67,886,750	12,979,062	9,581,834	12,573	90,460,219
Excess (Deficiency) of Revenues Over Expenditures	9,952,563	(12,885,305)	(9,581,834)	43,583	(12,470,993)
Other Financing Sources (Uses):					
Transfer in	-	9,999	9,581,834	-	9,591,833
Transfer out	(9,650,996)	-	-	(9,999)	(9,660,995)
Total other financing sources (uses)	(9,650,996)	9,999	9,581,834	(9,999)	(69,162)
Net Change in Fund Balance	301,567	(12,875,306)	-	33,584	(12,540,155)
Fund Balance:					
Beginning of year	9,841,437	79,395,494	-	1,786,506	91,023,437
End of year	\$ 10,143,004	66,520,188	\$ -	\$ 1,820,090	\$ 78,483,282

(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, 2012

Net Change in Fund Balance - Governmental Funds

\$ (12,540,155)

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. In addition, losses on the disposal of capital assets are not reflected in the governmental funds. This amount is the net effect of these changes related to capital assets in the current period.

Capital outlays	\$ 12,467,376	
Less: depreciation expense	<u>(2,566,918)</u>	9,900,458

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

(38,994)

Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The accrued interest changed by this amount during the year.

9,942

The repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. This transaction does not have any effect on net assets.

3,605,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Amortization of bond issue costs	(39,195)	
Amortization of bond premiums	340,778	
Amortization of deferred refunding loss	<u>(184,640)</u>	116,943

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

(51,408)

The actuarially accrued other post-employment benefit (OPEB) obligation for the School District's employees is not recorded on the fund financial statements. The value of this obligation changed by this amount during the year.

(319,883)

In the statement of activities, certain operating expenses, specifically, accumulated employee benefits (vacations, sick days, and early retirement) 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.

(58,277)

Change in Net Assets of Governmental Activities

\$ 623,626

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, 2012

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources:				
Real estate tax and penalties	\$ 54,631,797	\$ 54,631,797	\$ 54,685,072	\$ 53,275
Earned income tax	6,266,050	6,266,050	6,445,280	179,230
Realty transfer tax	800,000	800,000	596,130	(203,870)
Public utility tax	80,000	80,000	81,571	1,571
Investment earnings	174,480	174,480	67,335	(107,145)
Rental of facilities	99,000	99,000	94,145	(4,855)
Tuition from patrons	247,200	247,200	241,743	(5,457)
Gifts and grants	70,000	70,000	79,865	9,865
Other local sources, including IDEA funds	643,626	643,626	659,636	16,010
Total local sources	63,012,153	63,012,153	62,950,777	(61,376)
State sources:				
Basic education subsidies	5,351,908	5,351,908	5,584,093	232,185
Social security/retirement subsidies	3,427,323	3,427,323	3,361,467	(65,856)
Special education subsidies	2,495,562	2,495,562	2,518,259	22,697
Transportation subsidies	107,780	107,780	115,489	7,709
Medical, dental, and nurse care	120,000	120,000	117,152	(2,848)
Property tax reduction allocation	1,698,229	1,698,229	1,698,229	-
Other state aid	1,417,753	1,417,753	826,896	(590,857)
Total state sources	14,618,555	14,618,555	14,221,585	(396,970)
Federal sources:				
Elementary and Secondary Education Act	342,580	342,580	299,899	(42,681)
Other federal grants	374,545	374,545	367,052	(7,493)
Total federal sources	717,125	717,125	666,951	(50,174)
Total revenues	78,347,833	78,347,833	77,839,313	(508,520)

(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, 2012

(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
Current:				
Instructional services	42,892,984	41,809,989	41,410,927	399,062
Pupil services	3,219,999	2,987,099	2,949,078	38,021
Instructional support services	2,781,484	2,245,934	2,100,702	145,232
Administration	4,453,493	4,482,601	4,413,180	69,421
Pupil health services	728,888	863,120	861,900	1,220
Financial services	964,376	928,568	916,731	11,837
Operation and maintenance of plant	8,401,078	7,387,035	7,359,176	27,859
Student transportation services	1,115,380	1,106,871	1,077,931	28,940
Other support services	1,683,453	1,599,813	1,567,094	32,719
Student activities	1,837,992	1,929,570	1,875,984	53,586
Community services	340,844	369,557	368,231	1,326
Intergovernmental:				
Special education	-	2,301,668	2,301,668	-
Other	-	684,148	684,148	-
Debt service:				
Principal	76,002	-	-	-
Total expenditures	68,495,973	68,695,973	67,886,750	809,223
Excess (Deficiency) of Revenues Over Expenditures	9,851,860	9,651,860	9,952,563	300,703
Other Financing Sources (Uses):				
Transfer out	(9,651,860)	(9,651,860)	(9,650,996)	864
Budgetary reserve	(200,000)	-	-	-
Total other financing sources (uses)	(9,851,860)	(9,651,860)	(9,650,996)	864
Net Change in Fund Balance	-	-	301,567	301,567
Fund Balance:				
Beginning of year	9,841,437	9,841,437	9,841,437	-
End of year	\$ 9,841,437	\$ 9,841,437	\$ 10,143,004	\$ 301,567

(Concluded)

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF NET ASSETS PROPRIETARY FUND

JUNE 30, 2012

	Enterprise Fund Food Service
Assets	
Current assets:	
Cash and cash equivalents	\$ 642,159
Intergovernmental receivable	1,041
Other receivables	57,008
Inventory	28,438
Total current assets	728,646
Non-current assets:	
Equipment, furniture, and fixtures	873,201
Less accumulated depreciation	(827,380)
Total non-current assets	45,821
Total Assets	\$ 774,467
Liabilities and Net Assets	
Liabilities:	
Current liabilities:	
Accounts payable and other current liabilities	\$ 8,079
Due to other funds	61,781
Deferred revenue	11,978
Total current liabilities	81,838
Net Assets:	
Invested in capital assets	45,821
Unrestricted	646,808
Total Net Assets	692,629
Total Liabilities and Net Assets	\$ 774,467

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

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Fund Food Service
Operating Revenue:	
Sale of food	\$ 1,336,976
Operating Expenses:	
Salaries and wages	594,851
Employee benefits	125,197
Food	819,748
Operation	69,257
Supplies	48,253
Depreciation	11,293
Total operating expenses	1,668,599
Net Operating Loss	(331,623)
Non-operating Revenues:	
Federal programs:	
Subsidies	158,398
Donated commodities	52,527
State subsidies	30,447
Earnings on investments	17,956
Total non-operating revenues	259,328
Loss before transfers	(72,295)
Interfund Transfers:	
Transfers in	69,162
Change in Net Assets	(3,133)
Net Assets:	
Beginning of year	695,762
End of year	\$ 692,629

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, 2012

	Enterprise Fund Food Service
Cash Flows From Operating Activities:	
Receipts from users	\$ 1,336,976
Payments to employees	(720,048)
Payments to suppliers	(919,526)
Net cash provided by (used in) operating activities	(302,598)
Cash Flows From Non-Capital Financing Activities:	
Grants and subsidies received:	
State	30,447
Federal	191,548
Transfer	71,740
Net cash provided by (used in) non-capital financing activities	293,735
Cash Flows From Investing Activities:	
Earnings on investments	17,956
Net Increase (Decrease) in Cash and Cash Equivalents	4,093
Cash and Cash Equivalents:	
Beginning of year	638,066
End of year	\$ 642,159
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:	
Net operating loss	\$ (331,623)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:	
Depreciation expense	11,293
Donated commodities	52,527
Change in assets and liabilities:	
Other receivables	(24,620)
Inventory	(2,438)
Deferred revenue	3,626
Accounts payable and other current liabilities	(11,363)
Total adjustments	29,025
Net cash provided by (used in) operating activities	\$ (302,598)
Non-Cash, Non-Capital Financing Transactions:	
Mt. Lebanon School District received donated commodities of \$56,153 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 ASSETS

JUNE 30, 2012

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 115,555	\$ 131,833
Liabilities		
Due to student organizations	-	131,833
Net Assets		
Held in trust for scholarships	\$ 115,555	\$ -

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

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Private Purpose Trust Fund
Additions:	
Contributions:	
Private donations	\$ 13,287
Investment earnings:	
Interest	29
Total additions	13,316
Deductions:	
Education scholarships	16,434
Payments to others	4,146
Total deductions	20,580
Change in Net Assets	(7,264)
Net Assets:	
Beginning of year	122,819
End of year	\$ 115,555

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, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

Mt. Lebanon School District (School District) is governed by an elected nine-member Board of Directors (Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the School District (the primary government). The criteria set forth in Governmental Accounting Standards Board Statement (GASB) No. 14, "*The Financial Reporting Entity*," as amended, is followed by the School District to determine which governmental organizations should be included or excluded from the reporting entity. Criteria for inclusion of any entity (component unit) into a primary governmental unit's financial statements includes but is not limited to legal standing, fiscal dependency, imposition of will, financial benefit or burden, and appointment of a voting majority of the governing board. The School District presently has no component units that meet the above criteria.

The Special Schools and related authorities, as more fully described in Note 6, are considered joint ventures of the School District, in accordance with GASB Statement No. 14, "*The Financial Reporting Entity*," as amended. Accordingly, related pro-rata shares of capital assets are included on the government-wide financial statements as investment in joint ventures. Separate audited financial statements of the Special Schools are available in the School District's business office.

Government-Wide and Fund Financial Statements

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to parents for tuition, 2) operating grants and contributions as required by the Pennsylvania Department of Education, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

The School District reports the following major governmental funds:

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

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

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

The School District reports the following major proprietary fund:

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

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

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

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

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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

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

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

Deposits and Investments

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

Investments are stated at fair value, which approximates market.

Receivables and Payables

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

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

All tax receivables are shown net of an allowance for uncollectible amounts.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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

Inventory and Prepaid Items

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

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

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the School District during the current fiscal year was \$5,849,949. Of this amount, none was included as part of the cost of capital assets under construction in connection with business-type activities.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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

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

Compensated Absences

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

- Teachers, upon retirement with 15 years of service, are reimbursed for unused sick days at the rate of \$40 per day for the first 100 days and \$50 per day for an additional 180 days. The maximum payment is \$13,000.
- Administrators with 10 years of service are entitled to \$75 per day for unused sick days up to a maximum payment of \$13,000. They are also paid a per diem for unused vacation days.
- Clerical and Secretarial union members with 12 years of service are entitled to reimbursement of unused sick days at the rate of \$30 per day with a maximum payout of \$3,500. All unused vacation days are paid at a per diem rate.
- Specialists and Administrative Assistants with 12 years of service are entitled to reimbursement of unused sick days at the rate of \$30 per day with a maximum payout of \$5,000. All unused vacation days are paid at a per diem rate.
- Custodial and Maintenance workers with 12 years of service, up to 20 years of service, are entitled to reimbursement of unused sick days at the rate of \$30 per day with a maximum payout of \$4,000. Workers with 20 or more years of service are entitled to reimbursement of unused sick days at a rate of \$40 per

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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

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

Long-Term Obligations

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

In the fund financial statements, the face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Fund Balance

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

- Nonspendable – This category represents funds that are not in spendable form and includes such items as prepaid insurance and inventory.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are legally restricted for construction costs for the high school renovation and funds

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

raised from outside parties to be used to purchase athletic equipment, playground equipment, and technology.

- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the School Board. Such commitment is made via a School Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires a School Board resolution. The School District currently does not have any committed funds.
- Assigned – This category represents intentions of the School Board to use the funds for specific purposes.

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

This category also includes the residual balance in the capital projects funds (Capital Fund and Asbestos Capital Fund).

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

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

Net Assets

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

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
 - Restricted – This component of net assets consists of constraints placed on net asset use through external restrictions. The amounts reported as restricted net
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MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

assets at June 30, 2012 represent funds raised from outside parties to be used to purchase athletic equipment, playground equipment, and technology.

- Unrestricted – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.” The net investment in the joint venture is also reflected here.

Budgetary Information

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis for the General Fund. This is the only fund for which a budget is required and for which taxes may be levied. The Public School Code allows the School Board to authorize budget transfer amendments beginning 90 days after the start of each fiscal year. The School District's management does not have the authority to approve the budget or any budget transfer amendments. The budget data reflected in the financial statements includes the effect of Board-approved budget transfer amendments and, for comparative purposes, the actual results have also been presented. The budget transfer amendments made during the year were not significant and were primarily composed of a reclassification of intergovernmental expenditures. The School District expenditures may not legally exceed the revised budget amounts by function and object. Accordingly, the legal level of budgetary control is at the object level within each function and fund. Function is defined as a program area such as instructional services, and object is defined as the nature of the expenditure such as salaries or supplies. During fiscal year 2012, there were no instances where actual expenditures exceeded the budget amounts.

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

Estimates

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

Pending Pronouncements

GASB has issued Statement No. 61, *“The Financial Reporting Entity: Omnibus,”* effective for periods beginning after June 15, 2012 (the School District's 2013 fiscal year). The objective of this statement is to improve financial reporting for a

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

governmental financial reporting entity by modifying existing requirements for the assessment of potential component units. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*," effective for periods beginning after December 15, 2011 (the School District's 2013 fiscal year). This statement establishes accounting and financial reporting standards for the financial reporting statements of state and local governments by bringing together reporting literature in one place with the guidance modified as necessary. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," effective for periods beginning after December 15, 2011 (the School District's 2013 fiscal year). This statement establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," effective for periods beginning after December 15, 2012 (the School District's 2014 fiscal year). The objective of this statement is to improve financial reporting for a governmental financial reporting entity by reclassifying certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 68, "*Accounting and Financial Reporting for Pensions*," effective for periods beginning after June 15, 2014 (the School District's 2015 fiscal year). The objective of this statement is to revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The effect of implementation of this statement has not yet been determined.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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 or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- Shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 provided (a) the funds are invested in investments listed above, (b) the investment company is managed so as to maintain its share at a constant net asset value, and (c) the investment company is rated in the highest category by a nationally recognized rating agency.

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

Throughout the year ended June 30, 2012, the School District invested its funds only in one or more of the above-authorized investments. At June 30, 2012, the carrying values of the School District's deposits and investments were as follows:

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Deposits</u>	<u>CDs</u>	<u>Pooled Funds</u>	<u>Total</u>
General Fund	\$ 2,500,513	\$ 13,850,000	\$ 4,006,250	\$ 20,356,763
Capital Fund	14,603,879	22,901,000	33,044,111	70,548,990
Other Governmental Funds	136,280	-	1,683,810	1,820,090
Proprietary Fund	50,676	535,000	56,483	642,159
Trust and Agency Funds	168,049	-	79,339	247,388
	<u>\$ 17,459,397</u>	<u>\$ 37,286,000</u>	<u>\$ 38,869,993</u>	<u>\$ 93,615,390</u>

Pooled Funds

Bank Value:

Pennsylvania School District

Liquid Asset Fund (PSDLAF) \$ 4,161,751

Pennsylvania Local Government

Investment Trust (PLGIT) 34,888,930

Reconciling Items (180,688)

Total Pooled Funds \$ 38,869,993

Carrying Value \$ 38,869,993

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

Deposits

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires deposits exceeding the Federal Deposit Insurance Corporation (FDIC) limits be collateralized. At year-end, \$14,353,878 of the School District's \$18,028,980 bank balance for its deposits was not covered by Federal Deposit Insurance. 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, 2012, investments in PSDLAF and PLGIT (described above) have received an AAAM rating from Standard & Poor's.

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

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

3. PROPERTY TAXES

Assessed valuation of the School District is based upon 100% of market value, based upon assessed valuations provided by Allegheny County. The municipal tax collector bills and collects property taxes on behalf of the School District. The schedule for property taxes levied for fiscal year 2012 was as follows:

June 1, 2011	- tax levy date
Through July 31, 2011	- 2% discount period
Through September 30, 2011	- face payment period
Beginning October 1, 2011	- 10% penalty period
July 15, 2012	- lien filing date

The School District tax rate for all purposes in fiscal year 2012 was 26.63 mills (\$26.63 per \$1,000 assessed valuation) on a total assessed valuation of approximately \$2.2 billion.

4. ALLOWANCE FOR DOUBTFUL ACCOUNTS

General Fund property taxes receivables have been reported net of an allowance for doubtful accounts of \$1,516,924 at June 30, 2012.

5. LONG-TERM DEBT

2005 General Obligation Bonds

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 170,000	\$ 2,303,255	\$ 2,473,255
2014	175,000	2,297,560	2,472,560
2015	180,000	2,291,523	2,471,523
2016	185,000	2,285,133	2,470,133
2017	200,000	2,278,380	2,478,380
2018-2022	16,085,000	9,911,735	25,996,735
2023-2027	20,000,000	5,996,215	25,996,215
2028-2031	15,685,000	1,507,694	17,192,694
	<u>\$ 52,680,000</u>	<u>\$ 28,871,495</u>	<u>\$ 81,551,495</u>

2009 General Obligation Bonds

During fiscal year 2009, the School District issued \$3,715,000 of 2009 General Obligation Bonds (2009 Bonds) for the purpose of currently refunding the outstanding 2002 General Obligations Bonds and to pay all costs and expenses incurred in connection with the issuance and sale of the 2009 Bonds. The 2009 Bonds bear interest semi-annually at rates ranging from 2.00% to 2.9% and mature in fiscal year 2017. Future debt service payments on the 2009 Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 480,000	\$ 59,180	\$ 539,180
2014	485,000	48,318	533,318
2015	500,000	35,693	535,693
2016	515,000	22,178	537,178
2017	525,000	7,613	532,613
	<u>\$ 2,505,000</u>	<u>\$ 172,982</u>	<u>\$ 2,677,982</u>

2009 Series A General Obligation Bonds

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

from 2.00% to 5.00% and mature in fiscal year 2034. Future debt service payments on the 2009 Series A Bonds are as follows:

Fiscal Year	Principal	Interest	Total
2013	\$ 1,885,000	\$ 3,265,338	\$ 5,150,338
2014	1,955,000	3,171,088	5,126,088
2015	2,030,000	3,073,338	5,103,338
2016	2,105,000	2,971,838	5,076,838
2017	2,190,000	2,887,638	5,077,638
2018-2022	12,400,000	12,885,090	25,285,090
2023-2027	15,430,000	9,511,250	24,941,250
2028-2032	19,395,000	5,277,500	24,672,500
2033-2034	9,115,000	689,000	9,804,000
	<u>\$ 66,505,000</u>	<u>\$ 43,732,080</u>	<u>\$ 110,237,080</u>

2011 General Obligation Bonds

During fiscal year 2011, the School District issued \$10,690,000 of 2011 General Obligation Bonds (2011 Bonds) for the purpose of refunding, on a current basis, the 2004 Bonds and to pay all costs and expenses incurred in connection with the issuance and sale of the 2011 Bonds. The 2011 Bonds bear interest semi-annually at rates ranging from 2.00% to 3.00% and mature in fiscal year 2017. The cash flow savings as a result of this transaction was approximately \$500,000. Future debt service payments on the 2011 Bonds are as follows:

Fiscal Year	Principal	Interest	Total
2013	\$ 1,780,000	\$ 227,074	\$ 2,007,074
2014	1,830,000	182,075	2,012,075
2015	1,875,000	135,650	2,010,650
2016	1,930,000	78,575	2,008,575
2017	1,985,000	24,813	2,009,813
	<u>\$ 9,400,000</u>	<u>\$ 648,187</u>	<u>\$ 10,048,187</u>

At June 30, 2012, \$49,955,000 of defeased bonds is outstanding.

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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

	Balance at June 30, 2011	Issuance of Debt/ Additions	Repayment of Principal/ Deletions	Balance at June 30, 2012	Due within one year
Compensated absences	\$ 2,230,221	\$ 842,838	\$ (784,561)	\$ 2,288,498	\$ 801,967
OPEBs	1,777,735	881,619	(561,736)	2,097,618	-
General Obligation Bonds	134,695,000	-	(3,605,000)	131,090,000	4,315,000
Total long-term debt	<u>\$ 138,702,956</u>	<u>\$ 1,724,457</u>	<u>\$ (4,951,297)</u>	135,476,116	<u>\$ 5,116,967</u>
		Plus: unamortized premium		6,433,011	
		Total long-term debt (net)		<u>\$ 141,909,127</u>	

6. SPECIAL SCHOOLS

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

In addition, the School District is one of five members of the Pathfinder School (Pathfinder). Pathfinder, which provides special education and training programs for exceptional children, is controlled and governed by the South Central Area Special Schools Committee, which is composed of representatives from each participating school district. The School District's share of annual operating and capital costs for Parkway and Pathfinder (collectively known as Special Schools) fluctuates based on the percentage enrollment in the applicable school and are reflected as expenditures of the General Fund. Amounts paid to Parkway and Pathfinder by the School District in the current fiscal year were approximately \$400,000 and \$490,000, respectively. The net current assets of the Special Schools at June 30, 2012 are to be used to fund future year's operations and are not significant.

The Special Schools' outstanding debt is secured by the rentals payable to the Special Schools by the member school districts. A pro rata portion of the capital assets is recorded in the School District's government-wide financial statements. The balance

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

at June 30, 2012 was \$394,842. Separate audited financial statements of the Special Schools are available in the School District's business office.

7. CAPITAL ASSETS

A summary of changes in capital assets during fiscal year 2012 are as follows:

	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
Government Activities:				
Non-depreciable assets:				
Land	\$ 547,024	\$ -	\$ -	\$ 547,024
Construction in progress	5,889,587	12,114,352	-	18,003,939
Total non-depreciable assets	6,436,611	12,114,352	-	18,550,963
Depreciable assets:				
Buildings and improvements	102,208,955	-	-	102,208,955
Equipment, furniture, and fixtures	13,560,424	353,024	-	13,913,448
Total depreciable assets	115,769,379	353,024	-	116,122,403
Less: accumulated depreciation for:				
Buildings and improvements	(36,383,273)	(1,366,968)	-	(37,750,241)
Equipment, furniture, and fixtures	(14,888,266)	(1,199,950)	-	(16,088,216)
	(51,271,539)	(2,566,918)	-	(53,838,457)
Governmental activities capital assets, net	<u>\$ 70,934,451</u>	<u>\$ 9,900,458</u>	<u>\$ -</u>	<u>\$ 80,834,909</u>
	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
Business-Type Activities:				
Equipment	\$ 868,201	\$ 5,000	\$ -	\$ 873,201
Less: accumulated depreciation	(816,087)	(11,293)	-	(827,380)
Business-type activities capital assets, net	<u>\$ 52,114</u>	<u>\$ (6,293)</u>	<u>\$ -</u>	<u>\$ 45,821</u>

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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

Governmental Activities:

Instructional services	\$ 1,565,821
Pupil services	111,510
Instructional support services	79,431
Administration	166,870
Pupil health services	32,590
Financial services	34,663
Operation and maintenance of plant	278,263
Student transportation services	40,758
Other support services	59,255
Student activities	70,935
Community services	13,923
Intergovernmental - special education	<u>112,899</u>
Total depreciation expense - governmental activities	<u><u>\$ 2,566,918</u></u>
Business-type activities:	
Food services	<u><u>\$ 11,293</u></u>

8. REVENUE COLLECTED IN ADVANCE/UNEARNED REVENUE

Revenue collected in advance/unearned revenue represents primarily receipts by the School District for property taxes collected prior to July 1, 2012, applicable to the following fiscal year, which will be recorded as revenue in the 2012-2013 school year.

9. RETIREMENT BENEFITS

Plan Description

Substantially, all full-time and part-time employees of the School District participate in the Public School Employees' Retirement System (PSERS), a governmental cost sharing, multiple employer defined benefit plan administered by the Public School Employees' Retirement System Board of Trustees under the authority of the Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C.S. 8101-8535). PSERS provides retirement and disability benefits,

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants. PSERS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plan. That report may be obtained by making a request in writing to Diane J. Wert, Office of Financial Management, Public School Employees' Retirement System, P.O. Box 125, Harrisburg, PA 17108-0125. The CAFR is also available on the publications page of the PSERS website.

Funding Policy

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. Active members who joined the system prior to July 22, 1983 are required to contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation. Members who joined the system on or after July 22, 1983 and who were active or inactive as of July 1, 2001 contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation. Members who joined the system after June 30, 2001 contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

School districts must contribute at rates based upon an actuarial valuation. For the fiscal year ended June 30, 2012, the rate of employer contributions was 8.65% of covered payroll. This rate is composed of a pension contribution rate of 8.00% for pension benefits and 0.65% for healthcare insurance premium assistance. The contribution rate for school districts will increase to 12.36% for fiscal year 2013. Although future years' rates have not yet been determined, it is projected that rates will increase to 16.75% in fiscal year 2014.

During fiscal year 2012, the School District contributed approximately \$3.1 million from the General Fund that was equal to its required contribution for the year. This contribution was recorded as expense in the General Fund, allocated across each

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

function in a ratio consistent with related salary expense. In accordance with Act 29, the Commonwealth of Pennsylvania reimburses school districts for at least one-half of contributions made to PSERS. The School District received reimbursement from the Commonwealth of Pennsylvania approximating \$1.6 million. This reimbursement is recorded as revenue under the Social Security/retirement subsidies line in the General Fund. For fiscal years 2011 and 2010, the School District's contributions, net of the Commonwealth of Pennsylvania reimbursement, approximated \$1,164,000 and \$944,000, respectively, which were equal to its required contributions for each year.

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs)

PLAN DESCRIPTION

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

- ✓ Teachers: medical and prescription drug, with an opt-out provision
- ✓ Administrators: medical and prescription drug for retiree and spouse, life insurance (if hired prior to fiscal year 1994)
- ✓ Secretarial or clerical employees covered under the collective bargaining unit: medical and prescription drug, life insurance (if hired before July 1, 1999)
- ✓ Administrative assistants and specialists: medical and life insurance
- ✓ Custodial and maintenance employees covered under the collective bargaining unit: medical and prescription drug
- ✓ Cafeteria employees: retiree may purchase health insurance, dental, and vision benefits

The benefit limits and employee and employer contributions are established through employee contracts and past practices. The plan is not accounted for as a trust fund, an irrevocable trust has not been established, the plan does not issue a separate report, and activity of the plan is reported in the School District's General Fund.

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

Details of the benefits provided are as follows:

Teachers

The School District provides post-retirement medical insurance and prescription drug benefits to all eligible teacher retirees in accordance with the requirements set forth by the employee contract. The retiree must be at least age 55 with at least 25 years of PSERS service and at least 15 years of service with the School District. The School District pays for medical coverage, which shall continue until the earlier of when the retiree qualifies for Medicare (age 65) or 10 years after their retirement date if retired under a past contract. The retiree may purchase dependent health insurance, dental, and vision benefits with the School District at the retiree's expense. The School District's cost is fixed at the amount payable at the time of retirement. The retiree is responsible for any premium increases after retirement.

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

Currently, 78 retirees meet the eligibility requirements to receive these medical benefits.

Administrators

The School District provides post-retirement medical insurance and prescription drug benefits to all eligible retired administrators in accordance with the requirements set forth by the employee contract. The retiree must be at least age 55 with 25 years of service. The School District pays for 93.5% of coverage for medical insurance and prescription drug benefits for both the retiree and his/her spouse. This coverage shall continue until the retiree and spouse qualifies for Medicare (age 65). The retiree pays the School District 6.5% of the premium cost.

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

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

Currently, 10 retirees meet the eligibility requirements to receive these medical benefits.

Secretarial or Clerical Employees Covered under the Collective Bargaining Unit

The School District provides post-retirement medical insurance and prescription drug benefits to all eligible secretarial or clerical 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 10 years of service. The School District pays for such coverage, which shall continue for 36 months after the retirement date or when the retiree reaches Medicare eligibility (age 65), whichever occurs first. The retiree may purchase dependent health insurance, dental, and vision benefits with the School District at the retiree's expense. The retiree pays the School District \$100 per month for coverage.

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

Currently, one retiree meets 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 agreement signed each year. The retiree must be at least age 62 with 10 years of service. The School District pays for such coverage, which shall continue until the retiree is age 65. The retiree pays the School District \$100 per month for coverage.

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

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

Custodial and Maintenance Employees Covered under the Collective Bargaining Unit

The School District provides post-retirement medical insurance and prescription drug benefits to all eligible custodial and maintenance retirees covered under the

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

collective bargaining unit in accordance with the requirements set forth by the employee contract. The retiree must be at least age 62 with 12 years of service. The School District pays for such coverage, which shall continue for 36 months after the retirement date or when the retiree reaches Medicare eligibility (age 65), whichever occurs first. The retiree may purchase dependent health insurance, dental, and vision benefits with the School District at the retiree's expense. The retiree pays the School District \$100 per month for coverage.

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

Cafeteria Employees

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

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 \$561,736 (net of \$284,428 of retiree contributions) in 2012. These benefits are expensed when incurred and are financed on a pay-as-you-go basis.

The School District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 30 years.

Two assumptions were updated for the July 2010 actuarial report that impacted the calculation of the ARC. The assumption change with the most significant effect relates to the removal of the age-adjusted subsidy. It was determined that the implicit rate subsidy on the School District's premium cost is negligible, as the School District participates in the Allegheny County Schools Health Insurance Consortium (ACSHIC). This change significantly reduced the resulting actuarial costs. The next most significant change in assumptions relates to future trends in health care rates,

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

which increased the plan costs, but does not fully offset the removal of the implicit rate subsidy described earlier.

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	\$ 910,759
Interest on net OPEB obligation	79,998
Adjustment to annual required contribution	<u>(109,138)</u>
Annual OPEB cost	881,619
Contributions made	<u>(561,736)</u>
Increase in net OPEB obligation	319,883
Net OPEB obligation - beginning of year	<u>1,777,735</u>
Net OPEB obligation - end of year	<u><u>\$ 2,097,618</u></u>

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>% of AOC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 881,619	63.72%	\$ 2,097,618
June 30, 2011	885,876	70.68%	1,777,735
June 30, 2010	1,296,825	40.24%	1,518,025

The ARC for the current year was computed as of July 1, 2010 using the following actuarial assumptions:

- actuarial cost method - entry age normal cost;
- amortization method - level dollar;
- amortization period - 30 years;
- discount rate - 4.5% compounded annually;
- mortality – RP-2000 Combined Mortality Table projected with 75% of scale AA; and

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

- health care cost trend rates - declining scale beginning with a 8.5% increase for 2011, with the rate decreasing by 0.5% each year thereafter to 5% for 2018 and later.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-PUC (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
July 1, 2010	\$ -	\$ 7,507,139	\$ 7,507,139	0.0%	\$35,163,420	21.3%

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.

11. HEALTH INSURANCE CONSORTIUM

The School District is one of forty-eight members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. The School District paid approximately \$8.2 million to the Consortium during fiscal year 2012.

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, 2012, the Consortium had net assets of approximately \$44.3 million, of which approximately \$1.8 million is attributable to the School District.

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at June 30, 2012 are summarized below:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Major Funds:		
General	\$ 61,781	\$ -
Food Service	-	61,781
Total	<u>\$ 61,781</u>	<u>\$ 61,781</u>

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

Interfund transfers through June 30, 2012 are summarized below:

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

<u>Fund</u>	<u>Transfer In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ -	\$ 9,650,996
Capital	9,999	-
Debt service	9,581,834	-
Nonmajor Funds	-	9,999
Food Service	69,162	-
Total	<u>\$ 9,660,995</u>	<u>\$ 9,660,995</u>

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

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) provide operating support to the cafeteria fund, and (3) to repay the capital fund for expenses incurred on behalf of the asbestos capital fund.

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, 2012 were approximately \$782,000. Future minimum lease rental payments are as follows for the fiscal years ending June 30:

2013	\$ 759,796
2014	617,506
2015	516,795
2016	5,368
	<u>\$ 1,899,465</u>

MT. LEBANON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

14. CONTINGENCIES AND OTHER COMMITMENTS

Litigation

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

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

Insurance

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

Other Commitments

There is an ongoing appeal process through which a taxpayer may contest the assessed value of their property. This process could result in reductions in tax revenues and refunds of taxes previously collected. Various appeals are outstanding at June 30, 2012. The ultimate outcome of these appeals is uncertain.

The School District is currently renovating its high school. The School District has signed various prime contracts related to this construction project totaling \$91.6 million. The remaining payments to the prime contractors as of June 30, 2012 are approximately \$82.3 million.

REQUIRED SUPPLEMENTARY INFORMATION

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2012

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
7/1/10	\$ -	\$ 7,507,139	\$ 7,507,139	0%	\$ 35,163,420	21.3%
7/1/08	-	10,374,463	10,374,463	0%	35,652,310	29.1%
7/1/06	N/A	N/A	N/A	N/A	N/A	N/A

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

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2012

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

Actuarial valuation date	7/1/2010
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years
Actuarial assumptions:	
Discount rate	4.50%
Healthcare cost trend rates:	

<u>Year</u>	<u>Medical/Rx</u>
2011	8.5%
2012	8.0%
2013	7.5%
2014	7.0%
2015	6.5%
2016	6.0%
2017	5.5%
2018 and later	5.0%

Premium Schedules (annual rates) as of July 1, 2010:

Medical/Rx			
	<u>Keystone HMO</u>		<u>PPO</u>
Single \$	5,275.44	\$	5,541.60
Parent/Child	11,832.84		12,424.44
Parent/Children	13,016.04		13,666.80
Husband/Wife	14,331.24		15,054.12
Family	14,901.48		15,652.20



SUPPLEMENTARY INFORMATION

MT. LEBANON SCHOOL DISTRICT
DESCRIPTION OF DISTRICT FUNDS

MAJOR FUNDS

GENERAL FUND

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

CAPITAL FUND

The Capital Fund accounts for transactions related to major capital improvements in the District. Renovations to our Elementary Schools were the most recent projects reflected in this fund, and we now begin with renovations to the high school.

DEBT SERVICE FUND

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

MAJOR PROPRIETARY FUND

FOOD SERVICE FUND

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

OTHER GOVERNMENTAL FUNDS

FIDUCIARY FUNDS

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

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

SPECIAL REVENUE FUND

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

ASBESTOS CAPITAL FUND

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

ATHLETIC DEVELOPMENT FUND

This Fund is for donations to enhance the Athletic facilities.

MT. LEBANON SCHOOL DISTRICT

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

JUNE 30, 2012

	Special Revenue Fund	Asbestos Capital Fund	Athletic Development Fund	Total
Assets				
Cash and cash equivalents	\$ -	\$ 1,682,198	\$ -	\$ 1,682,198
Cash and cash equivalents - restricted	137,892	-	-	137,892
Total Assets	<u>\$ 137,892</u>	<u>\$ 1,682,198</u>	<u>\$ -</u>	<u>\$ 1,820,090</u>
Fund Balance				
Fund Balance:				
Restricted	\$ 137,892	\$ -	\$ -	\$ 137,892
Assigned	-	1,682,198	-	1,682,198
Total Fund Balance	<u>\$ 137,892</u>	<u>\$ 1,682,198</u>	<u>\$ -</u>	<u>\$ 1,820,090</u>

MT. LEBANON SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Fund	Asbestos Capital Fund	Athletic Development Fund	Total
Revenues:				
Investment earnings	\$ 37	\$ 772	\$ -	\$ 809
Gifts and grants	55,347	-	-	55,347
Total revenues	55,384	772	-	56,156
Expenditures:				
Other support services	-	-	839	839
Student activities	11,734	-	-	11,734
Total expenditures	11,734	-	839	12,573
Excess (Deficiency) of Revenues Over Expenditures	43,650	772	(839)	43,583
Other Financing Sources (Uses):				
Transfer out	-	(9,999)	-	(9,999)
Net Change in Fund Balance	43,650	(9,227)	(839)	33,584
Fund Balance:				
Beginning of year	94,242	1,691,425	839	1,786,506
End of year	<u>\$ 137,892</u>	<u>\$ 1,682,198</u>	<u>\$ -</u>	<u>\$ 1,820,090</u>

MT. LEBANON SCHOOL DISTRICT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

Student Activities:	Balance at July 1, 2011	Additions	Reductions	Balance at June 30, 2012
Assets				
Cash and cash equivalents	\$ 134,180	\$ 500,744	\$ 503,091	\$ 131,833
Liabilities				
Due to student organizations	\$ 134,180	\$ 500,744	\$ 503,091	\$ 131,833

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2012

INSTRUCTIONAL SERVICES

Regular Instruction

	Original Budget	Final Budget	Actual	Variance
Salaries	\$24,465,872	\$24,265,872	\$24,113,896	\$151,976
Employee Benefits	8,501,457	8,991,290	8,991,289	1
Contracted Services	592,090	283,501	244,084	39,417
Repair and Rental Services	20,927	20,927	17,295	3,632
Purchased Services	433,340	484,691	484,691	0
Supplies and Materials	1,127,969	710,290	703,831	6,459
Dues and Fees	8,720	11,405	11,405	0
Subtotal	35,150,375	34,767,976	34,566,492	201,484

Special Instruction

Salaries	4,001,799	4,054,605	4,054,604	1
Employee Benefits	1,387,744	1,407,578	1,407,578	0
Contracted Services	1,580,547	323,100	239,728	83,372
Supplies and Materials	106,550	146,822	146,822	0
Subtotal	7,076,640	5,932,105	5,848,732	83,373

Other Instructional Programs

Salaries	103,088	439,318	439,314	4
Employee Benefits	35,752	102,651	102,650	1
Repair and Rental Services	296,094	313,653	219,860	93,793
Supplies and Materials	5,000	5,000	4,935	65
Subtotal	439,934	860,622	766,759	93,863

Continuing Education

Salaries	145,000	155,459	155,458	1
Employee Benefits	50,285	50,285	47,603	2,682
Repair and Rental Services	26,800	39,592	23,164	16,428
Purchased Services \ Supplies	3,950	3,950	2,719	1,231
Subtotal	226,035	249,286	228,944	20,342

Total Instructional Services

42,892,984 41,809,989 41,410,927 399,062

Pupil Services

Salaries	2,317,555	2,147,605	2,146,795	810
Employee Benefits	803,684	765,684	743,598	22,086
Contracted Services	60,100	34,300	29,636	4,664
Purchased Services	7,210	7,210	3,424	3,786
Supplies and Materials	29,400	30,250	24,860	5,390
Dues and Fees	2,050	2,050	765	1,285
Subtotal	\$3,219,999	\$2,987,099	\$2,949,078	\$38,021

(Continued)

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2012

Instructional Support Services	Original Budget	Final Budget	Actual	Variance
Salaries	\$1,747,419	\$1,324,069	\$1,315,382	\$8,687
Employee Benefits	725,965	643,265	548,412	94,853
Contracted Services	22,000	22,000	15,070	6,930
Repair and Rental Services	4,992	4,992	2,214	2,778
Purchased Services	62,778	48,078	37,511	10,567
Supplies and Materials	218,330	203,530	182,113	21,417
Subtotal	2,781,484	2,245,934	2,100,702	145,232
Administration				
Salaries	2,714,189	2,919,128	2,919,127	1
Employee Benefits	987,731	1,054,900	1,054,898	2
Contracted Services	383,400	140,400	81,310	59,090
Purchased Services	315,016	315,016	311,398	3,618
Supplies and Materials	42,157	42,157	40,480	1,677
Dues and Fees	11,000	11,000	5,967	5,033
Subtotal	4,453,493	4,482,601	4,413,180	69,421
Pupil Health Services				
Salaries	524,886	623,340	623,340	0
Employee Benefits	182,020	217,455	217,455	0
Contracted Services	10,757	10,963	10,841	122
Supplies and Materials	11,225	11,362	10,264	1,098
Subtotal	728,888	863,120	861,900	1,220
Financial Services				
Salaries	452,737	456,192	456,190	2
Employee Benefits	157,939	159,376	159,376	0
Contracted Services	10,200	10,200	3,500	6,700
Repair and Rental Services	320,500	285,800	285,430	370
Purchased Services	5,000	5,000	3,278	1,722
Supplies and Materials	18,000	12,000	8,957	3,043
Subtotal	964,376	928,568	916,731	11,837
Operation & Maintenance of Plant				
Salaries	3,381,992	3,339,492	3,339,476	16
Employee Benefits	1,172,804	1,173,146	1,173,145	1
Contracted Services	890,447	604,107	576,866	27,241
Repair and Rental Services	568,388	581,100	581,099	1
Purchased Services	337,035	351,078	351,078	0
Supplies and Materials	2,050,412	1,338,112	1,337,512	600
Subtotal	\$8,401,078	\$7,387,035	\$7,359,176	\$27,859

(Continued)

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
Student Transportation Services				
Salaries	\$229,518	\$236,255	\$236,254	\$1
Employee Benefits	79,593	83,112	83,110	2
Repair and Rental Services	1,418	1,418	0	1,418
Purchased Services	774,602	751,122	723,605	27,517
Supplies and Materials	30,249	34,964	34,962	2
Subtotal	<u>1,115,380</u>	<u>1,106,871</u>	<u>1,077,931</u>	<u>28,940</u>
Other Support Services				
Salaries	576,975	576,975	557,321	19,654
Employee Benefits	200,084	200,084	195,056	5,028
Contracted Services	194,000	194,000	187,241	6,759
Repair and Rental Services	304,100	190,200	190,105	95
Purchased Services	10,000	10,000	9,334	666
Supplies and Materials	25,294	25,294	25,220	74
Dues and Fees	373,000	403,260	402,817	443
Subtotal	<u>1,683,453</u>	<u>1,599,813</u>	<u>1,567,094</u>	<u>32,719</u>
Student Activities				
Salaries	1,130,737	1,175,607	1,175,604	3
Employee Benefits	393,797	393,797	378,389	15,408
Contracted Services	98,330	104,280	81,861	22,419
Repair and Rental Services	29,856	45,181	45,181	0
Purchased Services	22,850	22,850	15,552	7,298
Supplies and Materials	137,672	146,466	141,331	5,135
Dues and Fees	24,750	41,389	38,066	3,323
Subtotal	<u>1,837,992</u>	<u>1,929,570</u>	<u>1,875,984</u>	<u>53,586</u>
Community Services				
Salaries	251,669	271,748	271,747	1
Employee Benefits	87,275	95,909	95,908	1
Contracted Services	1,000	1,000	79	921
Supplies and Materials	900	900	497	403
Dues and Fees	0	0	0	0
Subtotal	<u>340,844</u>	<u>369,557</u>	<u>368,231</u>	<u>1,326</u>
Debt Service				
Debt Service	9,927,862	9,651,860	9,650,996	864
Intergovernmental				
Special Education	0	2,301,668	2,301,668	0
Other	0	684,148	684,148	0
Subtotal	<u>0</u>	<u>2,985,816</u>	<u>2,985,816</u>	<u>0</u>
Total General Fund Expenditures	<u><u>\$78,347,833</u></u>	<u><u>\$78,347,833</u></u>	<u><u>\$77,537,745</u></u>	<u><u>\$810,087</u></u> (Concluded)

STATISTICAL SECTION

MT. LEBANON SCHOOL DISTRICT

DESCRIPTION OF STATISTICAL SECTION

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

CONTENTS

PAGE(S)

FINANCIAL TRENDS

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

84-92

REVENUE CAPACITY

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

93-100

DEBT CAPACITY

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

101-106

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

107-111

OPERATING INFORMATION

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

112-122

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

MT. LEBANON SCHOOL DISTRICT

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

LAST NINE FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental Activities:									
Instruction	\$33,625,709	\$36,310,481	\$36,595,877	\$39,477,948	\$40,896,970	\$42,446,094	\$42,142,150	\$41,641,578	\$43,512,017
Pupil Services	2,252,008	2,770,348	2,649,479	2,786,187	2,834,745	3,066,825	3,139,349	3,170,406	3,060,588
Instructional Support Services	2,592,351	2,804,733	2,528,704	2,601,467	2,585,990	2,822,607	2,738,888	2,799,921	2,180,133
Administration	3,622,279	4,294,251	3,730,685	4,206,344	4,158,999	4,210,571	4,418,809	4,122,789	4,580,050
Pupil Health Services	454,288	528,037	563,746	639,379	705,864	754,463	775,048	743,864	894,490
Fiscal Services	934,183	948,989	995,127	1,005,912	1,059,409	1,065,416	1,080,999	972,508	1,162,837
Operation and Maintenance of Plant	7,754,805	8,171,020	7,865,535	8,028,573	8,231,826	7,912,981	8,328,024	7,798,144	7,779,298
Pupil Transportation Services	806,340	880,271	813,013	1,105,252	1,026,084	1,066,162	1,088,955	1,106,780	1,118,689
Other Support Services	1,212,315	1,661,290	1,676,193	1,652,964	1,761,358	2,023,463	1,726,041	1,657,453	1,628,463
Student Activities	1,602,123	1,676,808	1,791,872	1,941,750	1,932,049	1,850,420	2,006,483	1,885,204	1,958,653
Community Services	306,001	312,697	444,095	466,947	492,207	500,092	470,938	354,195	382,154
Intergovernmental	2,136,565	2,199,866	2,254,349	2,747,704	2,771,884	2,339,387	2,462,844	3,004,045	3,098,715
Interest on Long-Term Debt	3,129,765	3,372,302	2,917,589	3,210,927	3,157,005	3,165,682	3,230,992	6,971,523	5,849,949
Business Type Activities:									
Food Services	1,238,180	1,283,827	1,399,801	1,428,146	1,420,230	1,479,616	1,549,887	1,629,145	1,668,599
Loss on Disposal on Capital Assets	0	0	1,756,851	0	0	0	0	0	0
Total Primary Government Expenses	61,666,912	67,214,920	67,982,916	71,299,500	73,034,620	74,703,779	75,159,407	77,857,555	78,874,635
Program Revenues									
Governmental Activities:									
Charges for Services									
Instructional Services	201,882	118,880	234,921	309,658	199,791	243,918	306,016	287,674	241,743
Operating Grants and Contributions	5,691,535	6,612,473	6,673,574	8,291,325	8,463,526	8,277,635	9,281,671	9,730,294	8,357,832
Capital Grants and Contributions	0	0	0	0	0	0	0	0	0
Business Type Activities:									
Food Services	1,077,762	1,086,370	1,158,739	1,209,952	1,224,161	1,307,096	1,287,939	1,388,183	1,336,976
Operating Grants and Contributions	87,464	98,970	108,581	95,488	120,287	162,707	189,835	274,040	241,372
Total Primary Government Program Revenues	7,058,643	7,916,693	8,175,815	9,906,423	10,007,765	9,991,356	11,065,461	11,680,191	10,177,923
Net (Expense)/Revenue									
Total Primary Government	(\$54,608,269)	(\$59,298,227)	(\$59,807,101)	(\$61,393,077)	(\$63,026,855)	(\$64,712,423)	(\$64,093,946)	(\$66,177,364)	(\$68,696,712)

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

MT. LEBANON SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

LAST NINE FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue									
Total Primary Government Net Expense	(\$54,608,269)	(\$59,298,227)	(\$59,807,101)	(\$61,393,077)	(\$63,026,855)	(\$64,712,423)	(\$64,093,946)	(\$66,177,364)	(\$68,696,712)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes									
Property Taxes Levied for General Purposes	41,613,860	47,285,517	48,815,733	49,693,130	50,522,332	49,018,157	51,755,572	54,724,426	54,646,078
Other Taxes Levied for General Purposes	5,956,638	5,871,491	6,256,248	6,550,873	6,850,652	6,553,815	6,645,443	6,786,259	7,164,367
Unrestricted Grants and Contributions	5,117,650	5,170,251	5,426,002	5,563,847	5,687,113	5,584,093	5,020,923	4,761,007	5,584,093
Investment Earnings	928,688	1,041,514	1,571,818	2,026,129	1,619,858	1,077,973	645,949	500,453	179,857
Other Income	127,450	115,779	80,326	120,461	107,910	98,541	90,979	85,355	95,989
Miscellaneous	29,926	(1,329,325)	33,273	0	0	0	0	0	0
State Property Tax Reduction	0	0	0	0	0	1,700,448	1,698,235	1,698,323	1,698,229
Change in Investment in Joint Venture	69,093	0	(72,078)	0	0	1,635	48,596	22,779	(51,408)
Total Primary Government	53,843,305	58,155,227	62,111,322	63,954,440	64,787,865	64,034,662	65,905,697	68,578,602	69,317,205
Change in Net Assets									
Total Primary Government	(\$764,964)	(\$1,143,000)	\$2,304,221	\$2,561,363	\$1,761,010	(\$677,761)	\$1,811,751	\$2,401,238	\$620,493

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

MT. LEBANON SCHOOL DISTRICT

NET ASSETS BY COMPONENT

LAST NINE FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities									
Invested in capital assets, net of related debt	(\$1,048,937)	(\$357,763)	(\$544,086)	\$178,361	(\$882,436)	\$1,829,898	\$2,257,530	\$3,458,794	\$4,813,773
Unrestricted	12,126,291	10,321,205	12,864,173	13,845,338	17,292,173	13,868,514	15,274,102	16,483,089	15,708,925
Restricted	0	0	0	892,317	243,928	205,597	181,099	95,081	137,892
Subtotal Governmental Activities	11,077,354	9,963,442	12,320,087	14,916,016	16,653,665	15,904,009	17,712,731	20,036,964	20,660,590
Business Type Activities									
Invested in capital assets, net of related debt	276,166	223,786	160,228	126,332	84,490	76,140	64,196	52,114	45,821
Unrestricted	360,384	383,676	394,810	394,140	459,343	539,588	554,561	643,648	646,808
Subtotal Business Type Activities	636,550	607,462	555,038	520,472	543,833	615,728	618,757	695,762	692,629
Total Activities									
Invested in capital assets, net of related debt	(772,771)	(133,977)	(383,858)	304,693	(797,946)	1,906,038	2,321,726	3,510,908	4,859,594
Unrestricted	12,486,675	10,704,881	13,258,983	14,239,478	17,751,516	14,408,102	15,828,663	17,126,737	16,355,733
Restricted	0	0	0	892,317	243,928	205,597	181,099	95,081	137,892
Total Net Assets	\$11,713,904	\$10,570,904	\$12,875,125	\$15,436,488	\$17,197,498	\$16,519,737	\$18,331,488	\$20,732,726	\$21,353,219

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

MT. LEBANON SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities:									
Net Assets:									
Beginning of Year	\$11,832,011	\$11,077,354	\$9,963,442	\$12,320,087	\$14,916,016	\$16,653,665	\$15,904,009	\$17,712,731	\$20,036,964
End of Year	<u>11,077,354</u>	<u>9,963,442</u>	<u>12,320,087</u>	<u>14,916,016</u>	<u>16,653,665</u>	<u>15,904,009</u>	<u>17,712,731</u>	<u>20,036,964</u>	<u>20,660,590</u>
Change in Net Assets	(754,657)	(1,113,912)	2,356,645	2,595,929	1,737,649	(749,656)	1,808,722	2,324,233	623,626
Business Type Activities:									
Net Assets:									
Beginning of Year	646,857	636,550	607,462	555,038	520,472	543,833	615,728	618,757	695,762
End of Year	<u>636,550</u>	<u>607,462</u>	<u>555,038</u>	<u>520,472</u>	<u>543,833</u>	<u>615,728</u>	<u>618,757</u>	<u>695,762</u>	<u>692,629</u>
Change in Net Assets	(10,307)	(29,088)	(52,424)	(34,566)	23,361	71,895	3,029	77,005	(3,133)
Total-All Activities									
Net Assets:									
Beginning of Year	12,478,868	11,713,904	10,570,904	12,875,125	15,436,488	17,197,498	16,519,737	18,331,488	20,732,726
End of Year	<u>11,713,904</u>	<u>10,570,904</u>	<u>12,875,125</u>	<u>15,436,488</u>	<u>17,197,498</u>	<u>16,519,737</u>	<u>18,331,488</u>	<u>20,732,726</u>	<u>21,353,219</u>
Change in Net Assets	(\$764,964)	(\$1,143,000)	\$2,304,221	\$2,561,363	\$1,761,010	(\$677,761)	\$1,811,751	\$2,401,238	\$620,493

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Federal Resources:										
Federal Grants	\$289,852	\$342,426	\$414,112	\$290,511	\$648,038	\$688,350	\$702,079	\$1,827,167	\$2,359,372	\$666,951
Total Federal Sources	289,852	342,426	414,112	290,511	648,038	688,350	702,079	1,827,167	2,359,372	666,951
State Sources:										
Basic Education Subsidies	4,889,923	4,913,252	5,034,709	5,135,391	5,315,129	5,421,501	5,584,093	5,020,923	4,761,007	5,584,093
Social Security/ Retirement Subsidies	1,541,900	1,970,477	2,012,680	2,000,312	2,579,865	2,841,218	2,559,271	2,540,080	2,612,487	3,361,467
Special Education Subsidies	2,400,788	2,266,890	2,353,469	2,367,508	2,506,694	2,598,029	2,538,943	2,560,695	2,589,760	2,518,259
Construction Subsidies	325,574	463,049	784,507	936,167	931,795	823,726	942,121	919,584	794,738	678,063
Transportation Subsidies	89,166	71,797	75,772	76,932	81,194	107,780	105,944	124,437	154,886	115,489
Property Tax Reduction Allocation	0	0	0	0	0	0	1,700,448	1,698,235	1,698,323	1,698,229
Medical, Dental and Nurse Care Subsidies	130,000	130,000	130,000	125,000	125,000	85,994	91,807	120,607	118,327	117,152
State Grants and Other	0	56,904	365,443	359,559	898,718	814,078	532,460	382,587	356,721	148,833
Total State Sources	9,377,351	9,872,369	10,756,580	11,000,869	12,438,395	12,692,326	14,055,087	13,367,148	13,086,249	14,221,585
Local Sources:										
Real Estate Taxes	37,573,362	41,510,168	46,985,258	48,883,771	49,557,411	50,589,807	49,032,399	51,697,076	55,130,569	54,685,072
Earned Income Taxes	4,772,005	5,018,226	5,069,541	5,294,788	5,695,884	6,053,990	5,879,153	5,783,167	6,094,304	6,445,280
Occupation Taxes	0	0	0	40,179	48,018	26,083	26,150	0	0	0
Realty Transfer Taxes	656,697	859,893	744,112	842,257	720,672	689,115	564,684	736,767	574,866	596,130
Public Utility Taxes	66,909	78,519	57,838	79,024	86,299	81,464	74,808	80,728	79,608	81,571
Investment Earnings	692,339	924,284	1,033,243	1,555,499	2,002,510	1,601,451	1,065,427	639,969	498,339	161,901
Rental of Facilities	138,058	127,450	115,779	80,326	120,461	94,273	98,541	85,869	80,829	94,145
Tuition from Patrons	271,722	201,882	118,880	234,921	309,658	199,791	243,918	306,016	287,674	241,743
Gifts and Grants	7,900	79,505	80,034	110,728	114,402	146,579	274,968	162,912	130,164	135,212
Other Revenues	437,601	514,885	531,998	697,468	654,337	623,384	539,062	693,493	655,846	659,636
Total Local Sources	44,616,593	49,314,812	54,736,683	57,818,961	59,309,652	60,105,937	57,799,110	60,185,997	63,532,199	63,100,690
Total Revenues	<u>\$54,283,796</u>	<u>\$59,529,607</u>	<u>\$65,907,375</u>	<u>\$69,110,341</u>	<u>\$72,396,085</u>	<u>\$73,486,613</u>	<u>\$72,556,276</u>	<u>\$75,380,312</u>	<u>\$78,977,820</u>	<u>\$77,989,226</u>

MT. LEBANON SCHOOL DISTRICT

GENERAL SCHOOL DISTRICT EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Current Expenditures:										
Instructional Services	\$30,839,461	\$31,865,675	\$33,806,943	\$34,991,557	\$37,771,733	\$38,713,912	\$39,448,922	\$39,809,966	\$40,005,330	\$41,567,676
Pupil Services	2,097,406	2,179,574	2,666,147	2,561,997	2,692,590	2,738,026	2,959,471	3,026,765	3,054,279	2,949,078
Instructional Support Services	2,457,083	2,508,876	2,690,636	2,445,210	2,514,075	2,497,759	2,723,802	2,640,665	2,697,364	2,100,702
Administration	3,457,780	3,499,685	4,121,261	3,601,617	4,057,999	4,009,161	4,055,938	4,252,527	3,971,778	4,413,180
Pupil Health	413,210	439,675	505,666	545,132	617,900	681,781	728,053	747,253	716,617	861,900
Financial Services	846,800	904,037	911,760	962,269	972,120	1,023,263	1,028,121	1,042,232	937,106	1,128,174
Operation and Maintenance of Plant	6,957,195	7,497,061	7,853,433	7,597,946	7,750,846	7,942,944	7,980,553	8,032,424	7,517,574	7,497,850
Student Transportation Services	812,193	779,839	841,427	784,238	1,068,123	991,075	1,027,967	1,048,684	1,066,240	1,077,931
Other Support Services	817,288	1,170,806	1,591,527	1,618,243	1,593,609	1,696,841	1,660,595	1,657,663	1,597,363	1,569,208
Student Activities	1,472,428	1,551,992	1,614,610	1,735,070	1,880,490	1,870,165	1,931,031	1,940,256	1,791,092	1,875,984
Scholarships	0	0	0	0	0	0	2,589	1,300	26,013	11,734
Community Services	327,384	296,161	300,549	429,432	451,261	475,413	482,585	454,049	341,221	368,231
Intergovernmental	2,036,914	2,136,547	2,199,866	2,254,349	2,747,704	2,771,884	2,339,387	2,462,844	2,894,013	2,985,816
Subtotal Noncapital Expenditures	<u>52,535,142</u>	<u>54,829,928</u>	<u>59,103,825</u>	<u>59,527,060</u>	<u>64,118,450</u>	<u>65,412,224</u>	<u>66,369,014</u>	<u>67,116,628</u>	<u>66,615,990</u>	<u>68,407,464</u>
Capital Outlay:										
Capitalized	7,356,745	18,346,297	20,019,822	11,706,822	1,100,260	1,440,822	1,376,695	1,822,593	2,417,478	12,467,376
Non-Capitalized	0	676,127	1,009,151	303,280	258,007	802,367	461,385	2,475,279	859	3,545
Subtotal Capital Outlay	<u>7,356,745</u>	<u>19,022,424</u>	<u>21,028,973</u>	<u>12,010,102</u>	<u>1,358,267</u>	<u>2,243,189</u>	<u>1,838,080</u>	<u>4,297,872</u>	<u>2,418,337</u>	<u>12,470,921</u>
Debt Service:										
Principal	1,180,000	1,335,000	1,650,000	1,845,000	1,890,000	1,940,000	2,000,000	1,950,000	2,930,000	3,605,000
Interest	1,224,089	3,277,634	3,308,634	2,871,272	3,063,885	3,012,109	2,987,326	2,818,938	7,060,082	5,976,834
Issuance Costs	617,066	195,564	0	672,306	0	0	69,378	438,300	73,819	0
Subtotal Debt Service	<u>3,021,155</u>	<u>4,808,198</u>	<u>4,958,634</u>	<u>5,388,578</u>	<u>4,953,885</u>	<u>4,952,109</u>	<u>5,056,704</u>	<u>5,207,238</u>	<u>10,063,901</u>	<u>9,581,834</u>
Total Expenditures	<u>\$62,913,042</u>	<u>\$78,660,550</u>	<u>\$85,091,432</u>	<u>\$76,925,740</u>	<u>\$70,430,602</u>	<u>\$72,607,522</u>	<u>\$73,263,798</u>	<u>\$76,621,738</u>	<u>\$79,098,228</u>	<u>\$90,460,219</u>
Debt Service as a Percentage of Noncapital Expenditures	4.58%	8.41%	8.39%	7.92%	7.73%	7.57%	7.51%	7.11%	15.00%	14.01%

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Salaries	\$33,873,912	\$34,338,344	\$36,317,334	\$36,039,333	\$38,034,370	\$38,887,197	\$40,019,113	\$40,889,621	\$40,882,168	\$41,804,508
Fringe Benefits	7,458,700	9,566,593	11,058,456	11,732,145	12,888,868	13,637,624	13,460,617	13,557,523	13,918,985	15,198,467
Contracted Services	3,360,038	21,700,725	3,439,497	13,413,439	2,204,496	3,414,145	3,370,837	3,393,295	3,230,294	3,221,670
Repair and Rental Services	6,791,380	1,430,254	21,153,147	1,464,842	1,276,462	1,312,310	1,315,242	1,236,939	1,022,221	1,135,392
Purchased Services	2,721,405	2,535,535	2,429,956	2,494,074	3,028,335	2,891,787	2,986,113	3,074,266	3,023,557	2,766,080
Supplies	1,429,136	1,404,655	1,286,845	1,605,642	1,361,552	1,324,768	1,470,224	1,314,291	1,275,316	1,794,382
Utilities	1,524,345	1,394,184	1,555,144	1,539,553	1,710,506	1,844,809	1,746,295	1,466,297	1,315,435	958,923
Books	665,503	610,464	731,976	481,122	764,987	794,302	802,938	774,402	715,520	178,489
Equipment	1,997,267	791,928	1,497,554	881,964	1,232,738	1,076,139	882,784	721,626	773,089	686,787
Dues and Fees	668,828	61,790	61,458	56,448	59,355	71,785	64,297	62,063	63,626	65,960
Debt Service	2,422,531	4,826,078	4,958,634	5,388,578	4,953,885	4,952,109	5,562,331	4,838,100	9,990,082	9,581,834
Other	-	-	601,431	1,828,600	2,915,048	2,400,547	1,583,007	5,293,315	2,887,935	13,067,727
Total Expenditures	\$62,913,045	\$78,660,550	\$85,091,432	\$76,925,740	\$70,430,602	\$72,607,522	\$73,263,798	\$76,621,738	\$79,098,228	\$90,460,219

MT. LEBANON SCHOOL DISTRICT

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

LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Excess of Revenues Over (Under) Expenditures	(\$8,629,246)	(\$19,130,943)	(\$19,184,057)	(\$7,815,399)	\$1,965,483	\$879,091	(\$707,522)	(\$1,241,426)	(\$120,408)	(\$12,470,993)
Other Financing Sources (Uses)										
General Long-Term Debt Issued	60,116,751	12,945,000	-	53,013,273	-	-	3,715,000	69,000,000	10,690,000	-
Payments to Refund Bond Escrow Agent	(9,330,000)	(12,703,947)	-	(52,873,972)	-	-	(3,615,000)	-	(10,982,821)	-
Premium on Issuance of Bonds	-	-	-	540,580	-	-	-	6,451,200	366,640	-
Proceeds from Sale of Land	-	98,705	-	-	-	-	-	-	-	-
Transfers In	12,623,096	4,660,490	6,283,419	6,368,110	9,138,939	7,724,246	5,493,169	4,768,938	15,628,928	9,591,833
Transfers Out	(12,678,937)	(4,718,733)	(6,344,547)	(6,431,848)	(9,203,460)	(7,791,345)	(5,562,331)	(4,838,100)	(15,670,741)	(9,660,995)
Total Other Financing Sources (Uses)	50,730,910	281,515	(61,128)	616,143	(64,521)	(67,099)	30,838	75,382,038	32,006	(69,162)
Net Change in Fund Balances	<u>\$42,101,664</u>	<u>(\$18,849,428)</u>	<u>(\$19,245,185)</u>	<u>(\$7,199,256)</u>	<u>\$1,900,962</u>	<u>\$811,992</u>	<u>(\$676,684)</u>	<u>\$74,140,612</u>	<u>(\$88,402)</u>	<u>(\$12,540,155)</u>

MT. LEBANON SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$1,476,724	\$1,857,558	\$5,567,501	\$1,969,863	\$2,005,053	\$1,874,699	\$1,316,414	\$1,088,787	-	-
Unreserved	6,444,454	5,595,023	1,848,243	8,262,018	7,025,346	7,131,622	8,216,680	11,929,586	-	-
Nonspendable	-	-	-	-	-	-	-	-	1,090,055	899,775
Assigned	-	-	-	-	-	-	-	-	4,050,512	4,408,159
Unassigned	-	-	-	-	-	-	-	-	4,700,870	4,835,070
Total General Fund	7,921,178	7,452,581	7,415,744	10,231,881	9,030,399	9,006,321	9,533,094	13,018,373	9,841,437	10,143,004
All Other Governmental Funds										
Reserved	52,307,648	33,926,817	14,718,469	4,703,076	2,485,603	2,008,067	2,190,056	74,372,577	-	-
Unreserved	-	-	-	-	5,319,917	6,633,523	5,248,077	3,720,889	-	-
Nonspendable	-	-	-	-	-	-	-	-	598,298	762,997
Restricted	-	-	-	-	-	-	-	-	70,492,308	58,267,697
Assigned	-	-	-	-	-	-	-	-	10,091,394	9,309,584
Total All Other Governmental Funds	52,307,648	33,926,817	14,718,469	4,703,076	7,805,520	8,641,590	7,438,133	78,093,466	81,182,000	68,340,278
Grand Total General and All Other Governmental Fund Balances	<u>\$60,228,826</u>	<u>\$41,379,398</u>	<u>\$22,134,213</u>	<u>\$14,934,957</u>	<u>\$16,835,919</u>	<u>\$17,647,911</u>	<u>\$16,971,227</u>	<u>\$91,111,839</u>	<u>\$91,023,437</u>	<u>\$78,483,282</u>

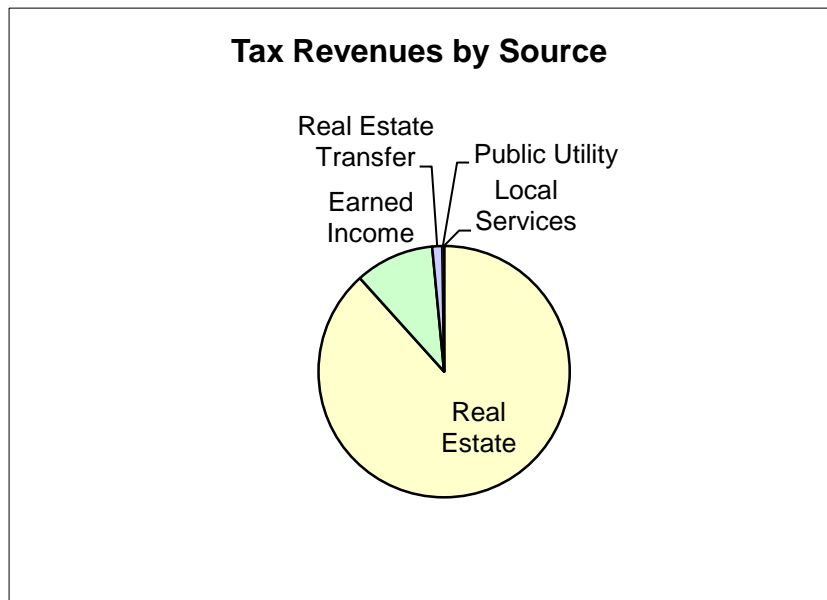
The District implemented GASB Statement #54 in 2011, which changed the fund balance classifications.

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 Service Tax	Total Taxes
2003	\$37,573,362	\$4,772,005	\$656,697	\$66,909	-	\$43,068,973
2004	41,510,168	5,018,226	859,893	78,519	-	47,466,806
2005	46,985,258	5,069,541	744,112	57,838	-	52,856,749
2006	48,883,771	5,294,788	842,257	79,024	40,719	55,140,559
2007	49,557,411	5,695,884	720,672	86,299	48,018	56,108,284
2008	50,589,807	6,053,990	689,115	81,464	26,083	57,440,459
2009	49,032,399	5,879,153	564,684	74,808	26,150	55,577,194
2010	51,697,076	5,783,167	736,767	80,728	44,781	58,342,519
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



MT. LEBANON SCHOOL DISTRICT

ASSESSED VALUE AND PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

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

<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>	<u>Assessed Valuation</u>
2003	3.99	18.12	4.69	26.80	\$2,122,631,133
2004	3.99	20.16	4.69	28.84	2,141,508,681
2005	4.34	22.76	4.69	31.79	2,113,921,663
2006	4.57	23.18	4.69	32.44	2,171,329,944
2007	4.79	23.56	4.69	33.04	2,164,018,756
2008	4.97	23.56	4.69	33.22	2,154,641,502
2009	4.97	23.81	4.69	33.47	2,171,398,932
2010	4.89	24.11	4.69	33.69	2,175,275,286
2011	4.89	26.63	4.69	36.21	2,159,216,301
2012	4.76	27.13	4.69	36.58	2,164,809,298

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
2003	\$37,753,511	\$38,188,066	101.2%	\$33,781,000	89.5%	\$717,221	1.9%	\$574,879	\$574,879	99.59%
2004	42,642,568	47,129,323	110.5%	41,354,031	97.0%	814,872	1.9%	165,712	165,712	98.46%
2005	48,502,237	47,217,522	97.4%	41,851,854	86.3%	1,592,336	3.3%	717,571	717,571	97.99%
2006	49,996,330	48,732,909	97.5%	42,595,386	85.2%	970,715	1.9%	885,129	885,129	99.80%
2007	50,826,704	49,063,088	96.5%	43,156,898	84.9%	1,681,061	3.3%	1,233,628	1,233,628	99.00%
2008	51,079,890	49,383,562	96.7%	42,532,136	83.3%	1,385,830	2.7%	1,129,657	1,129,657	99.42%
2009	51,932,448	48,678,765	93.7%	41,026,145	79.0%	3,253,683	6.3%	1,202,264	1,202,264	95.37%
2010	50,365,596	49,271,523	97.8%	42,944,333	85.3%	1,094,073	2.2%	799,104	799,104	99.33%
2011	55,808,027	54,796,333	98.2%	48,682,008	87.2%	1,011,694	1.8%	786,541	786,541	99.55%
2012	55,739,366	55,143,005	98.9%	48,400,849	86.8%	596,361	1.1%	73,485	73,485	98.93%

Source: Mt. Lebanon Tax Office

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

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

<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County (1)</u>	<u>Total</u>
2003	\$8,462,482	\$38,454,624	\$10,158,403	\$57,075,509
2004	8,467,233	42,813,734	9,960,139	61,241,106
2005	9,265,241	48,597,926	9,716,849	67,580,016
2006	9,804,097	49,753,167	9,703,796	69,261,060
2007	10,421,757	51,285,409	10,209,192	71,916,358
2008	10,671,034	51,356,440	10,082,120	72,109,594
2009	10,644,640	52,483,059	10,029,272	73,156,971
2010	10,646,040	56,278,107	9,911,540	76,835,687
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

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

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

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

MT. LEBANON SCHOOL DISTRICT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Year	Assessed Value	Exempt Real Property	Total	Estimated Actual Value (1)	Mt. Lebanon School Millage Rate
2003	\$2,122,631,133	\$271,486,070	\$2,394,117,203	\$1,971,124,441	18.12
2004	2,141,508,681	209,900,160	2,351,408,841	1,857,861,100	20.16
2005	2,113,921,663	209,979,260	2,323,900,923	2,046,675,967	22.76
2006	2,171,329,944	219,487,540	2,390,817,484	1,908,474,300	23.18
2007	2,164,018,756	218,095,440	2,382,114,196	1,993,089,900	23.56
2008	2,154,641,502	279,749,900	2,434,391,402	1,938,043,900	23.56
2009	2,171,398,932	213,444,340	2,384,843,272	2,027,218,508	23.81
2010	2,175,275,286	224,737,840	2,400,013,126	2,048,838,690	24.11
2011	2,159,216,301	224,767,840	2,383,984,141	2,149,416,467	26.63
2012	2,164,809,298	225,175,340	2,389,984,638	2,149,370,980	27.13

(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

6/30/12 AND 6/30/03

Taxpayer	June 30, 2012			June 30, 2003		
	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)	\$30,400,000	1	1.40%	\$23,012,800	1	1.08%
Brookdale Senior Housing (A.H. Pennsylvania)	20,630,200	2	0.95%	18,560,900	2	0.87%
Bower Hill Development	11,699,700	3	0.54%	11,699,700	4	0.55%
Concordia Luthern	8,721,269	4	0.40%	-	-	-
IHP/Bower Hill LLC	6,831,700	5	0.32%	6,831,700	5	0.32%
650 Washington Road Associates (The Cyclops Building)	6,193,900	6	0.29%	6,193,900	6	0.29%
Asbury Health	5,897,672	7	0.27%	17,014,531	3	0.80%
St. Clair Memorial Hospital	5,831,220	8	0.27%	5,245,600	7	0.25%
Jon Pan Realty Inc.	5,555,000	9	0.26%	-	-	-
Pendale Towers	5,253,200	10	0.24%	5,253,000	8	0.25%
SAI Investment Group	-		-	4,813,000	9	0.23%
Beverly Enterprises	-		-	4,756,900	10	0.22%
Total	<u>\$107,013,861</u>		<u>4.94%</u>	<u>\$103,382,031</u>		<u>4.87%</u>
Total Taxable Assessed Valuation	<u>\$2,164,809,298</u>			<u>\$2,122,631,133</u>		

(1) Assessed valuation based on the valuation of property for taxes collected in 2012 and 2003 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	2012			2003		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
St. Clair Memorial Hospital	2,175	1	28.16%	1,956	1	21.01%
Mt. Lebanon School District	678	2	8.78	917	2	9.85
Asbury Health Center	360	3	4.66	422	3	4.53
Mt. Lebanon Municipality	247	5	3.20	263	4	2.82
Baptist Homes Nursing	234	4	3.03	256	5	2.75
Keystone Oaks School District	168	6	2.18	225	6	2.42
Family Hospice	147	7	1.90	-	-	-
Giant Eagle	152	8	1.97	157	9	1.69
Houlihan's	116	9	1.50	-	-	-
Concordia of South Hills	133	10	1.72	-	-	-
Super Value Holding	-	-	-	197	7	2.12
Mt. Lebanon Manor	-	-	-	148	8	1.59
Panera Bread	-	-	-	135	10	1.45
Total	4,410		57.44%	4,676		48.77%
Total Employees	7,723			9,311		

Source: Mt. Lebanon Tax Office for the calendar year for year 2012 and 2003.

MT. LEBANON SCHOOL DISTRICT

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

LAST TEN YEARS

Calendar Year	Tax Rate	Net Earned Income Tax Collected	Refunds	Total Earned Income Tax Collected
2002	0.5%	\$4,535,054	(\$236,951)	\$4,772,005
2003	0.5	4,673,673	(344,553)	5,018,226
2004	0.5	4,761,576	(307,965)	5,069,541
2005	0.5	5,003,430	(291,358)	5,294,788
2006	0.5	5,409,415	(286,469)	5,695,884
2007	0.5	5,787,283	(266,707)	6,053,990
2008	0.5	5,879,153	(352,068)	6,231,221
2009	0.5	5,783,167	(440,606)	6,223,773
2010	0.5	6,094,304	(350,280)	6,444,584
2011	0.5	6,445,280	(306,335)	6,751,615

Source: Mt. Lebanon Tax Office.

MT. LEBANON SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
YEAR ENDED JUNE 30, 2012

Direct Debt	Percentage of Applicable Debt	Face Amount Outstanding
General Obligation Bonds & Unamortized Premiums	100.0%	\$137,523,011
Total Direct Debt		<u>137,523,011</u>
Overlapping Debt		
Allegheny County	3.40%	26,217,332 (1) (2)
Mt. Lebanon, Pennsylvania	100.0%	<u>25,670,000 (2)</u>
Total Overlapping Debt		<u>51,887,332</u>
Total Direct and Overlapping Debt		<u><u>\$189,410,343</u></u>

RATIOS

<u>Direct Debt To:</u>		<u>Direct and Overlapping Debt To:</u>	
Assessed Value	6.4%	Assessed Value	8.7%
Market Value	6.4%	Market Value	8.8%
Per Capita	\$4,150	Per Capita	\$5,716
		Assessed Value	\$2,164,809,298
		Market Value	\$2,149,370,980
		Population	33,137

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

(2) As of December 31, 2011.

Source: Municipal and Parking Authority information from the Municipal Finance Office.
County information from the County Finance Office.

MT. LEBANON SCHOOL DISTRICT

COMPUTATION OF NONELECTORAL DEBT MARGIN*

AS OF JUNE 30, 2012

Formula for Debt Limit	Fiscal Year Ended June 30		
	2010	2011	2012
Total General Fund Revenues, Food Service Revenues and Interest on Bond Proceeds	\$76,422,211	\$80,248,732	\$79,504,779
Less: Required Deductions Included in Total Revenues			
a. Construction Subsidies	919,584	794,738	678,063
b. Receipts Pledged to Self-Liquidating Debt or Payments under Leases or Guaranties	-	-	-
c. Interest Earned on Sinking Fund	-	-	-
d. Grant Payments for Special Projects	-	-	-
e. Sale of Property and Nonrecurring Revenues	-	-	-
Net Revenues	75,502,627	79,453,994	78,826,716
Total Net Revenues for Three Years	233,783,337		
Borrowing Base - Average Net Revenues for Three-Year Period	77,927,779		
Multiplier	225%		
Total Nonelectoral Debt Limit	175,337,503		
Less: Amount of Debt Applicable to Debt Limit	141,909,127		
	<u>\$33,428,376</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$117,906,490	\$123,562,632	\$132,361,993	\$146,313,417	\$155,747,202	\$161,449,886	\$164,246,971	\$166,534,694	\$170,864,693	\$175,337,503
Total Net Debt Applicable to Limit	<u>77,180,000</u>	<u>77,472,938</u>	<u>75,801,982</u>	<u>76,935,265</u>	<u>75,023,642</u>	<u>73,062,019</u>	<u>71,140,396</u>	<u>144,437,189</u>	<u>145,476,745</u>	<u>141,909,127</u>
Legal Debt Margin	<u>\$40,726,490</u>	<u>\$46,089,694</u>	<u>\$56,560,011</u>	<u>\$69,378,152</u>	<u>\$80,723,560</u>	<u>\$88,387,867</u>	<u>\$93,106,575</u>	<u>\$22,097,505</u>	<u>\$25,387,948</u>	<u>\$33,428,376</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	65.46%	62.70%	57.27%	52.58%	48.17%	45.25%	43.31%	86.73%	85.14%	80.93%

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
2003	**\$1,180,000	\$1,224,089	*\$2,404,089	\$62,913,042	3.8%
2004	**1,335,000	3,277,634	*4,612,634	78,660,550	5.9
2005	1,650,000	3,308,634	4,958,634	85,091,432	5.8
2006	1,845,000	2,803,567	4,648,567	76,925,740	7.8
2007	1,890,000	3,063,885	4,953,885	70,430,602	7.0
2008	1,940,000	3,012,109	4,952,109	72,607,522	6.8
2009	**2,000,000	2,987,326	*4,987,326	73,263,798	6.8
2010	1,950,000	2,818,938	4,768,938	76,621,738	6.2
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

*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
2003	33,017	\$2,122,631,133	\$1,971,124,441	\$77,180,000	\$52,939	\$77,127,061	3.6%	\$2,336	3.9%
2004	33,017	2,141,508,681	1,857,861,100	76,915,000	52,939	76,862,061	3.6%	2,345	4.1%
2005	33,017	2,113,921,663	2,046,675,967	75,265,000	52,939	75,212,061	3.6%	2,294	3.7%
2006	33,017	2,171,329,944	1,908,474,300	76,935,265	52,939	76,882,326	3.5%	2,314	4.0%
2007	33,017	2,164,018,756	1,993,089,900	75,023,642	52,939	74,970,703	3.5%	2,271	3.8%
2008	33,017	2,154,641,502	1,938,043,900	73,062,019	52,939	73,009,080	3.4%	2,211	3.8%
2009	33,017	2,171,398,932	2,027,186,300	71,140,396	0	71,140,396	3.3%	2,155	3.5%
2010	33,137	2,175,275,286	2,048,807,500	144,437,189	0	144,437,189	6.6%	4,359	7.0%
2011	33,137	2,159,216,301	2,149,416,467	141,468,789	0	141,468,789	6.6%	4,269	6.6%
2012	33,137	2,164,809,298	2,149,370,980	137,523,011	0	137,523,011	6.4%	4,150	6.4%

MT. LEBANON SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2000 General Obligation Bonds	\$1,950,000	-	-	-	-	-	-	-	-	-
2001 General Obligation Bonds	9,990,000	-	-	-	-	-	-	-	-	-
2002 General Obligation Bonds	5,710,000	\$5,385,000	\$5,050,000	\$4,705,000	\$4,355,000	\$3,995,000	-	-	-	-
2002 Series A General Obligation Bonds	9,530,000	8,590,000	7,320,000	6,025,000	4,690,000	3,320,000	\$1,910,000	\$460,000	-	-
2003 General Obligation Bonds	50,000,000	49,995,000	49,990,000	-	-	-	-	-	-	-
2004 General Obligation Bonds	-	12,945,000	12,905,000	12,705,000	12,505,000	12,300,000	12,095,000	11,880,000	-	-
2005 General Obligation Bonds	-	-	-	52,975,000	52,970,000	52,965,000	52,960,000	52,955,000	\$52,845,000	\$52,680,000
2005 Unamortized Bond Premium	-	-	-	525,265	503,642	482,019	460,396	6,707,189	-	-
2009 General Obligation Bonds	-	-	-	-	-	-	3,715,000	3,435,000	2,975,000	2,505,000
2009 A General Obligation Bonds	-	-	-	-	-	-	-	69,000,000	68,300,000	66,505,000
2011 General Obligation Bonds	-	-	-	-	-	-	-	-	10,575,000	9,400,000
Total Debt	\$77,180,000	\$76,915,000	\$75,265,000	\$76,935,265	\$75,023,642	\$73,062,019	\$71,140,396	\$144,437,189	\$134,695,000	\$131,090,000
Ratio of Debt to Personal Income	6.9%	6.9%	6.8%	6.9%	6.8%	6.6%	6.4%	13.0%	12.1%	11.8%
Debt Per Capita	\$2,336	\$2,345	\$2,294	\$2,314	\$2,272	\$2,213	\$2,155	\$4,375	\$4,080	\$3,970

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>
1983	\$200,845,724	79.25	1/2	1/2	10	5,559
1984	201,681,630	82.5	1/2	1/2	9	5,331
1985	204,554,280	82.5	1/2	1/2	9	5,138
1986	227,028,845	82.5	1/2	1/2	9	5,031
1987	228,065,160	82.5	1/2	1/2	8	4,940
1988	232,065,680	82.5	1/2	1/2	8	4,903
1989	239,415,420	82.5	1/2	1/2	8	4,889
1990	249,651,570	88.25	1/2	1/2	8	4,900
1991	264,528,535	92.75	1/2	1/2	8	4,947
1992	271,208,015	98.5	1/2	1/2	8	5,008
1993	281,925,660	98.5	1/2	1/2	8	5,040
1994	289,355,500	98.5	1/2	1/2	8	5,229
1995	339,035,520	90.5	1/2	1/2	8	5,364
1996	340,838,695	90.5	1/2	1/2	8	5,435
1997	338,378,140	90.5	1/2	1/2	8	5,546
1998	336,504,000	91	1/2	1/2	8	5,659
1999	340,928,320	94.9	1/2	1/2	10	5,751
2000	347,621,185	96.4	1/2	1/2	10	5,728
2001	353,449,835	98.65	1/2	1/2	10	5,672
2002	1,855,927,051	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	27.13	1/2	1/2	10	5,297

Source: School District Finance Office.

MT. LEBANON SCHOOL DISTRICT
SCHEDULE OF TOTAL EXPENDITURES PER PUPIL

LAST TEN FISCAL YEARS

Fiscal Year	Expenditures	Enrollment	Cost Per Pupil	Cost Per Pupil General Fund	Percent Increase(Decrease) General Fund
*2003	\$62,913,042	5,616	\$11,202	\$9,367	4.8%
*2004	78,660,550	5,576	14,107	9,814	4.8%
*2005	85,091,432	5,505	15,457	10,725	9.3%
*2006	76,925,740	5,454	14,104	10,914	1.7%
2007	70,430,602	5,436	12,956	11,773	7.9%
2008	72,607,522	5,416	13,406	12,056	2.4%
2009	73,263,798	5,294	13,839	12,479	3.5%
2010	76,621,738	5,302	14,451	12,544	0.5%
2011	79,098,228	5,268	15,015	12,583	0.3%
**2012	90,460,219	5,297	17,078	12,816	0.4%

*Reflects the elementary school renovations.

**Reflects the high school renovations.

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

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

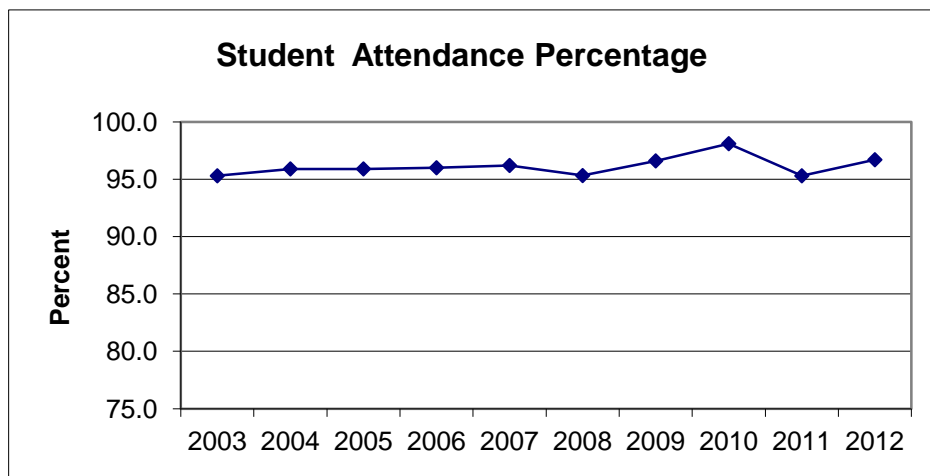
Fiscal Year	Enrollment	Teaching Staff*	Pupil/Teacher Ratio	Student Attendance Percentage	Number of Free & Reduced**	Percentage of Free & Reduced**
2003	5,616	404	13.9	95.3%	172	3.06%
2004	5,576	423	13.2	95.9%	175	3.14%
2005	5,505	431	12.8	95.9%	210	3.81%
2006	5,454	424	12.9	96.0%	223	4.09%
2007	5,436	424	12.8	96.2%	235	4.32%
2008	5,416	426	12.7	95.3%	247	4.56%
2009	5,294	421	12.6	96.6%	249	4.70%
2010	5,302	423	12.5	98.1%	335	6.32%
2011	5,268	423	12.5	95.3%	***431	8.19%
2012	5,297	421	12.6	96.7%	433	8.19%

*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 NINE YEARS*

Fiscal Year		Education						Average Salary/ Total
		Bachelors	Bachelors +15	Masters	Masters+30	Masters+60	Ph D	
2004	Salary Range	\$37,429-75,703	\$37,911-77,522	\$38,391-81,174	\$39,173-82,158	\$40,136-83,375	\$40,857-83,662	\$57,989
	Number of Teachers	29	80	264	24	13	3	413
2005	Salary Range	\$38,429-77,248	\$38,911-79,067	\$39,391-82,719	\$40,173-83,703	\$41,136-84,920	\$41,857-85,207	\$57,093
	Number of Teachers	43	86	260	28	11	4	432
2006	Salary Range	\$38,903-79,394	\$39,825-81,275	\$41,659-85,019	\$42,141-86,003	\$42,738-87,220	\$42,878-87,507	\$58,770
	Number of Teachers	42	89	257	26	13	4	431
2007	Salary Range	\$39,955-81,540	\$40,907-83,483	\$42,786-87,319	\$43,268-88,303	\$43,865-89,520	\$44,005-89,807	\$60,414
	Number of Teachers	34	102	253	30	11	5	435
2008	Salary Range	\$41,006-83,686	\$41,989-85,691	\$43,913-89,619	\$44,395-90,603	\$44,992-91,820	\$45,132-92,107	\$62,599
	Number of Teachers	30	91	265	36	11	4	437
2009	Salary Range	\$42,057-85,832	\$43,071-87,899	\$45,040-91,919	\$45,522-92,903	\$46,119-94,120	\$46,259-94,407	\$64,448
	Number of Teachers	25	82	274	38	11	4	434
2010	Salary Range	\$43,989-87,978	\$45,054-90,107	\$47,110-94,219	\$47,602-95,203	\$48,210-96,420	\$48,354-96,707	\$66,875
	Number of Teachers	17	84	280	42	10	3	436
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	\$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

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

MT. LEBANON SCHOOL DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES

LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Supervisory										
Central Administration	6.00	8.00	7.00	6.00	7.00	6.00	6.00	6.00	6.00	7.00
Supervisors Of Instruction	5.20	6.20	7.60	7.60	7.60	8.00	8.00	8.00	8.00	3.00
Principals	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Assistant Principals/Athletic Director	5.00	5.00	6.00	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Total Supervisory	26.20	29.20	30.60	30.10	31.10	30.50	30.50	30.50	30.50	26.50
Instruction										
Elementary Classroom Teachers	109.00	106.50	107.00	104.00	102.50	104.00	102.00	104.00	105.50	106.50
Secondary Classroom Teachers	166.40	169.10	173.10	171.80	174.90	173.70	169.20	166.70	164.90	165.15
Other Classroom Teachers*	99.40	96.44	106.66	107.40	109.20	111.70	110.50	114.60	112.00	112.80
Total Instruction	374.80	372.04	386.76	383.20	386.60	389.40	381.70	385.30	382.40	384.45
Student Services										
Guidance Counselors	18.40	18.40	22.90	22.90	22.90	22.50	22.50	22.50	22.50	22.50
Psychologists	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	4.00
Nurses	5.00	5.00	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	37.40	37.40	42.90	42.90	42.90	42.50	43.50	43.50	43.50	42.50
Support and Administration										
Clerical/Secretarial	58.28	59.20	60.49	61.56	61.56	61.56	61.56	61.58	60.83	61.68
Administrative Assistant/Specialists	21.00	22.00	24.50	23.50	25.00	29.00	30.50	31.50	30.50	30.50
Other Support Staff**	45.53	39.53	39.53	40.03	43.53	44.50	45.50	45.50	46.00	43.00
Service Workers***	93.68	93.68	93.68	94.50	94.60	97.60	99.64	100.14	99.93	100.21
Total Support and Administration	218.49	214.41	218.20	219.59	224.69	232.66	237.20	238.72	237.26	235.39
TOTAL	656.89	653.05	678.46	675.79	685.29	695.06	692.90	698.02	693.66	688.84

*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.

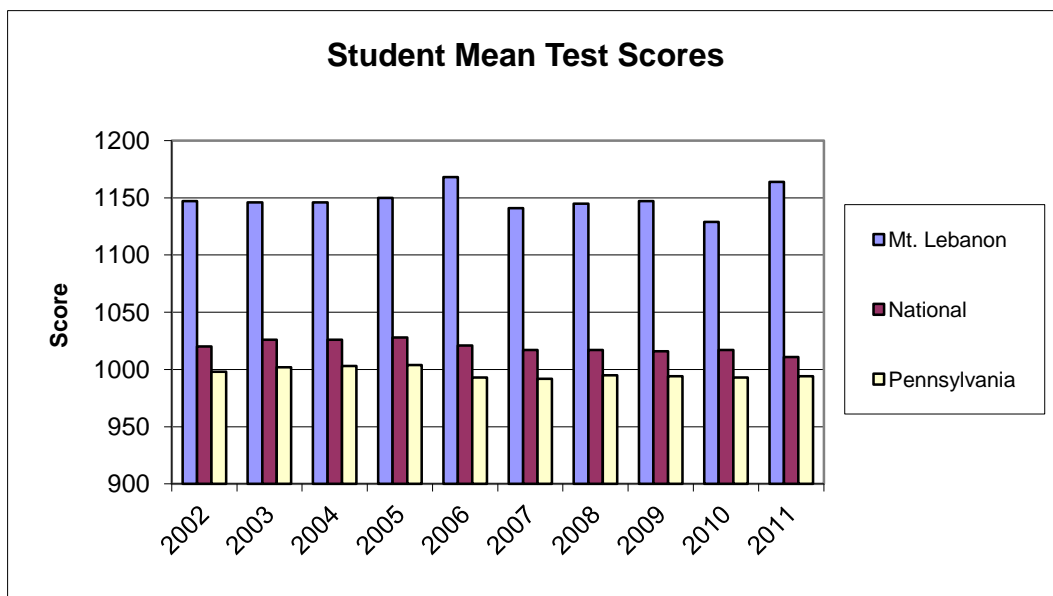
MT. LEBANON SCHOOL DISTRICT

STUDENT MEAN TEST SCORES

LAST TEN YEARS

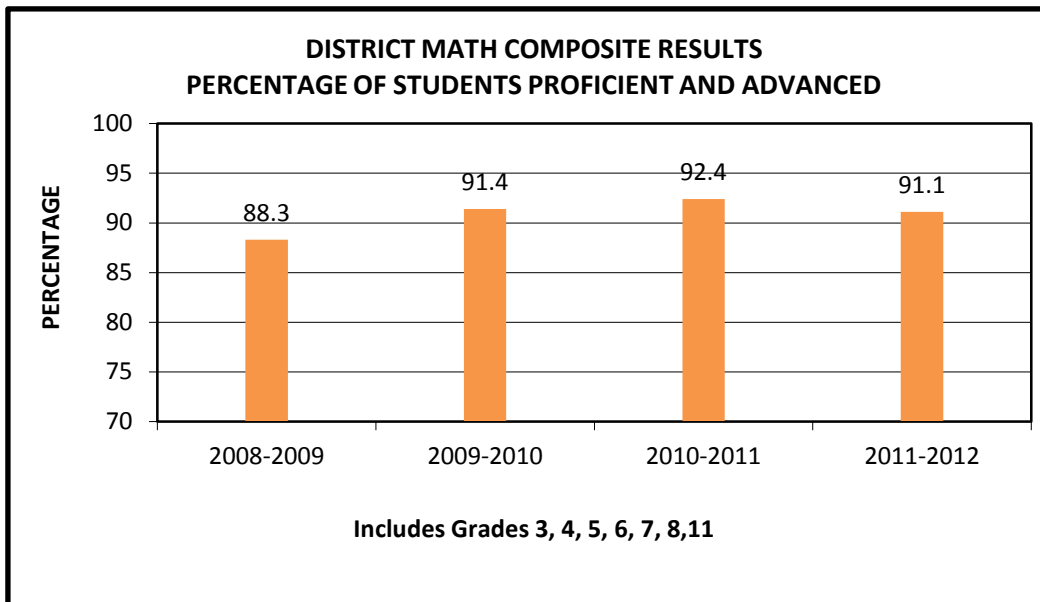
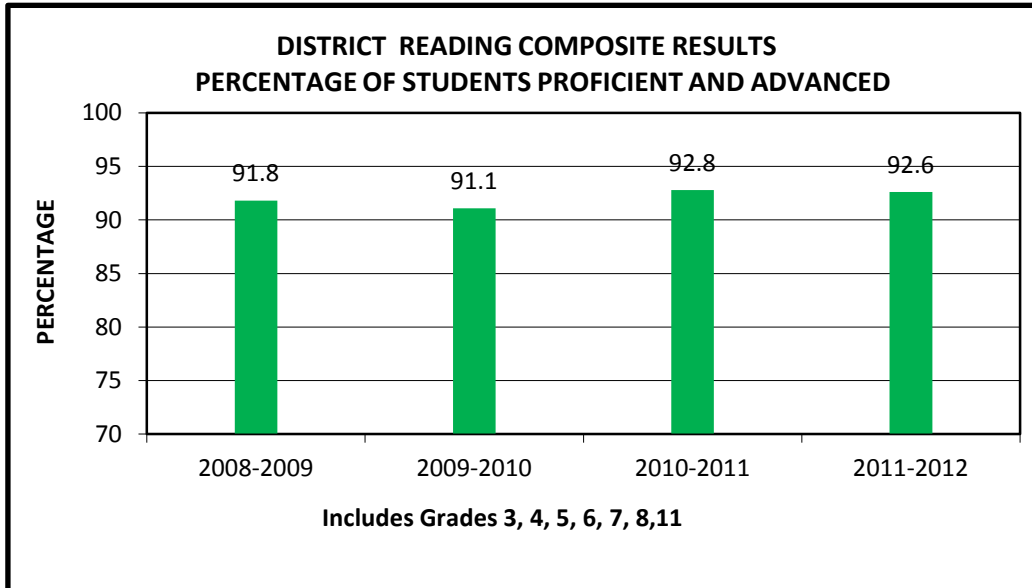
Graduation Year	Scholastic Aptitude Test - SAT 1			National Merit Results	
	Mt. Lebanon	National	Pennsylvania	Number Semi-Finalists	Number Commended
2003	1146	1026	1002	13	20
2004	1146	1026	1003	11	27
2005	1150	1028	1004	7	15
2006	1168	1021	993	13	17
2007	1141	1017	992	13	23
2008	1145	1017	995	9	22
2009	1147	1016	995	8	22
2010	1147	1016	994	5	12
2011	1129	1017	993	12	19
2012	1164	1011	994	7	13

Source: School District Guidance Office.

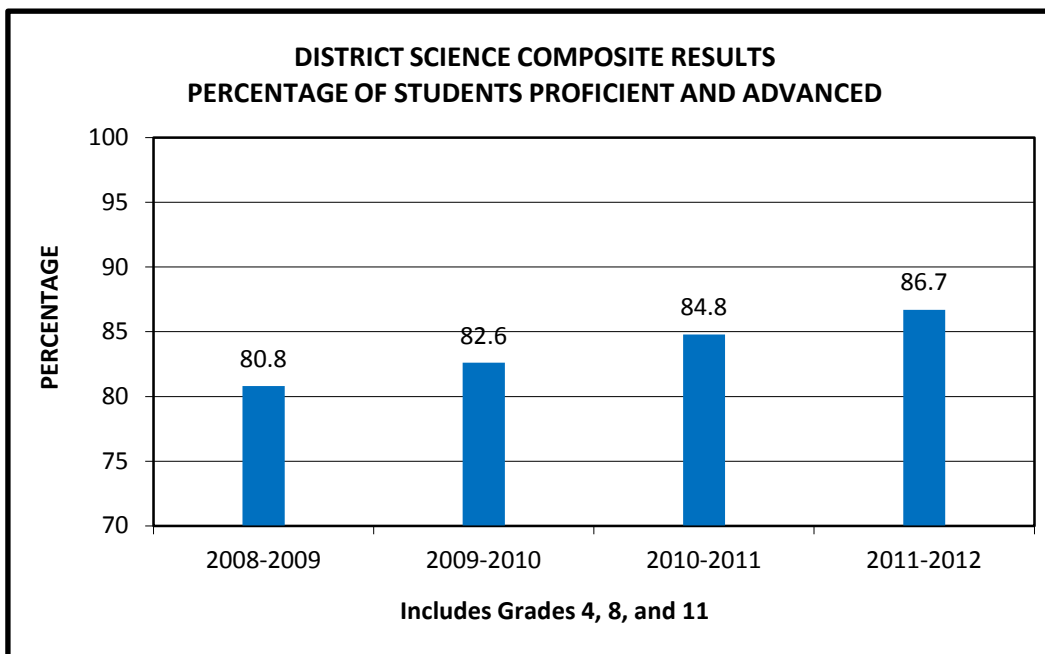
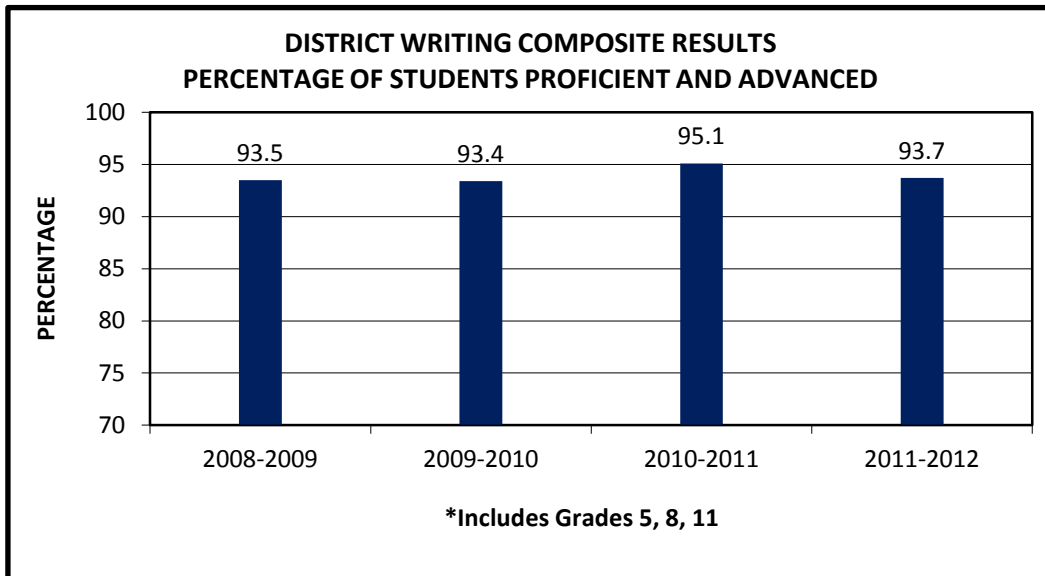


MT. LEBANON SCHOOL DISTRICT

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



MT. LEBANON SCHOOL DISTRICT



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, 98% of Mt. Lebanon's class of 2012 is continuing its education at a:

- | | |
|--|--------------|
| • Four-year college | 87% |
| • Junior or community college | 10% |
| • Vocational, technical or professional school | less than 1% |
| • Armed services | less than 1% |

During the 2011-2012 school year, students participated in 977 Advanced Placement (college equivalent) courses and 365 students took 558 Advanced Placement exams. 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 2012 SAT Reasoning average score, including Critical Reading and Mathematics, was 1127 with approximately ninety-two percent of the class taking the exam. This score is 117 points more than the national average and 135 points more than the Pennsylvania average. The mean score for the writing test for Mt. Lebanon students was 568. This is 80 points higher than the national mean and 88 points higher than the Pennsylvania mean. Mt. Lebanon students' participation rate was 23 percentage points higher than the than the Pennsylvania state average (69%) in 2012. Students of all abilities at Mt. Lebanon are taking the SAT Reasoning test and are being accounted for very favorable in state comparisons.

Of the 55% of the class of 2012 who took the ACT exam, the average composite score was 24.7 compared to the national average of 21.1 and Pennsylvania state average of 22.4. Average composite scores include English, Mathematics, Reading and Science results. Mt. Lebanon students exceeded national and state averages in all four content areas.

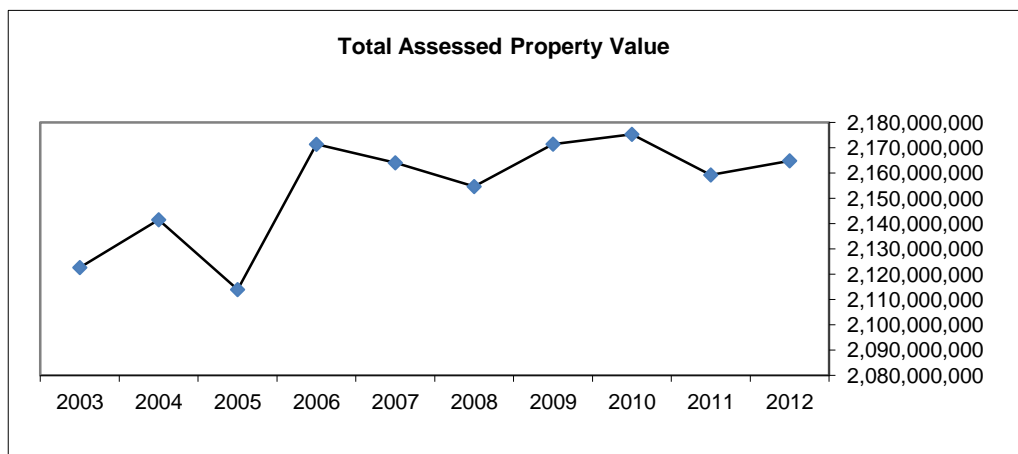
MT. LEBANON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

Calendar Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Median Household Income (1)	Median Age (1)
2012	33,137	\$1,415,314,407	\$42,711	\$74,003	43.8
2011	33,137	\$1,415,314,407	\$42,711	\$74,003	43.8
2010	33,137	\$1,415,314,407	\$42,711	\$74,003	43.8
2009	33,017	1,111,088,084	33,652	60,783	41.8
2008	33,017	1,111,088,084	33,652	60,783	41.8
2007	33,017	1,111,088,084	33,652	60,783	41.8
2006	33,017	1,111,088,084	33,652	60,783	41.8
2005	33,017	1,111,088,084	33,652	60,783	41.8
2004	33,017	1,111,088,084	33,652	60,783	41.8
2003	33,017	1,111,088,084	33,652	60,783	41.8

(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



NOTE: As of January 1, 2001, the assessed value on all real property was changed from 25% to 100% of market value.

(Continued)

MT. LEBANON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

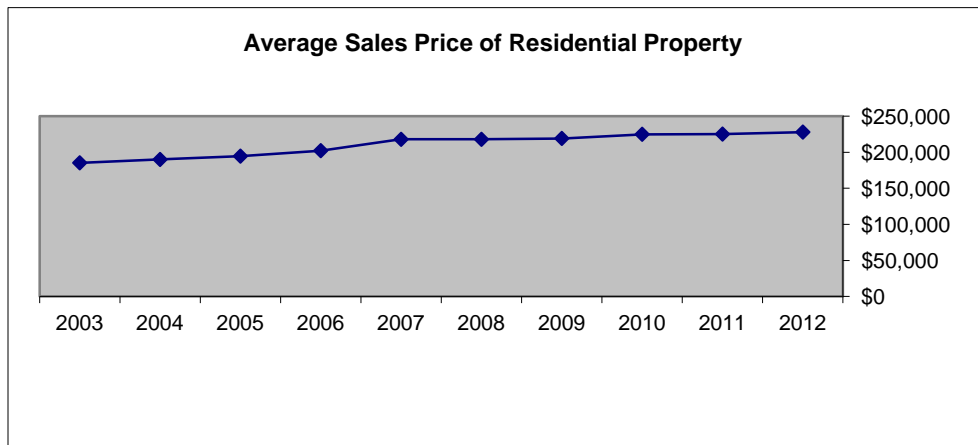
LAST TEN YEARS

Educational Attainment Bachelor's Degree or higher	School Enrollment (3)	Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value (5)
64.1%	5,297	4.8%	\$228,008	\$2,164,809,298
61.0	5,268	0.1	225,237	2,159,216,301
61.0	5,302	5.0	224,979	2,175,275,286
61.0	5,294	3.5	219,228	2,171,398,932
61.0	5,416	3.4	217,963	2,154,641,502
61.0	5,436	3.4	217,963	2,164,018,756
61.0	5,454	3.6	202,249	2,171,329,944
61.0	5,505	4.1	194,654	2,113,921,663
61.0	5,576	4.1	190,040	2,141,508,681
61.0	5,616	4.1	185,381	2,122,631,133

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

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

(5) Source: Mt. Lebanon Tax Office



(Concluded)

MT. LEBANON SCHOOL DISTRICT

MUNICIPALITY CONSTRUCTION COSTS AND PROPERTY VALUES

LAST TEN CALENDAR YEARS

<u>Calendar Year</u>	<u>Building Permits Issued</u>	<u>Estimated Value of Construction(1)</u>	<u>Occupancy Permits Issued</u>	<u>Total Property Value</u>	<u>Property Value (2)</u>	
					<u>Taxable</u>	<u>Exempt</u>
2002	552	\$31,754,665	145	\$2,443,016,165	\$2,165,966,865	\$277,049,300
2003	570	36,694,757	126	2,421,547,131	2,135,256,841	286,290,290
2004	873	35,789,688	130	2,402,250,931	2,134,847,021	267,403,910
2005	667	28,465,410	107	2,390,817,484	2,171,329,944	219,487,540
2006	657	23,672,730	78	2,382,114,196	2,164,018,756	218,095,440
2007	705	22,865,653	93	2,434,391,402	2,154,641,502	279,749,900
2008	604	15,542,003	67	2,384,843,272	2,171,398,932	213,444,340
2009	689	14,855,044	127	2,400,013,126	2,175,275,286	224,737,840
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

(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, 2012

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	389	434	89.6%	30	14	74,428	7.5 (3)
Lincoln	1925	2004	28	425	510	83.3%	35	15	74,510	3.5
Markham	1929	2004	29	347	432	80.3%	29	12	42,513	6.1
Howe	1929	2003	29	354	468	75.6%	28	12	65,662	7.1
Foster	1940	2003	25	272	389	69.9%	22	23	53,560	5.4
Jefferson	1950	2004	23	295	343	86.0%	24	14	51,519	17.7 (1)
Hoover	1963	2005	21	224	342	65.5%	20	11	68,661	5.9
Secondary Schools										
Jefferson	1959	1998	61	564	833	67.7%	57	22	100,835	17.7 (1)
Mellon	1938	1998	59	635	840	75.6%	63	21	111,566	7.5 (3)
Senior High(4) (inc. Stadium)	1930	1995	163	1792	2250	79.6%	152	138	545,255	28.6 (2)

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

(2) The Senior High Facility houses the central administration and district support services totaling 17 professional and 33 support staff.
Also included are 29 cafeteria employees and 40 custodial/maintenance employees.

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

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

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

MT. LEBANON SCHOOL DISTRICT

AWARDS AND RECOGNITIONS

Pittsburgh Business Times' ranked the Mt. Lebanon School District #2 in the region in the 2012 Pittsburgh Guide to Western Pennsylvania Schools.

Pittsburgh Business Times' ranked Mt. Lebanon High School #2 in the region in the 2012 Pittsburgh Guide to Western Pennsylvania Schools.

U.S. News and World Report 2012 ranked Mt. Lebanon High School #8 in the state and the top high school in Western PA in their list of the nation's top high schools.

Mt. Lebanon School District Named Among "Best 100 Communities for Music Education" for 2012 by the NAMM Foundation — a nationwide survey that identifies school districts committed to music education as a conduit for success in school and in life.

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

Newsweek Magazine named Mt. Lebanon High School on the list of "Top U.S. High Schools" in 2012.

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

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

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

The Class of 2011 has 12 National Merit Semifinalists and 19 Commended Students.

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

Girls Basketball 2011 PIAA Champions

Boys Tennis 2011 WPIAL Champions

Boys Lacrosse 2011 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.

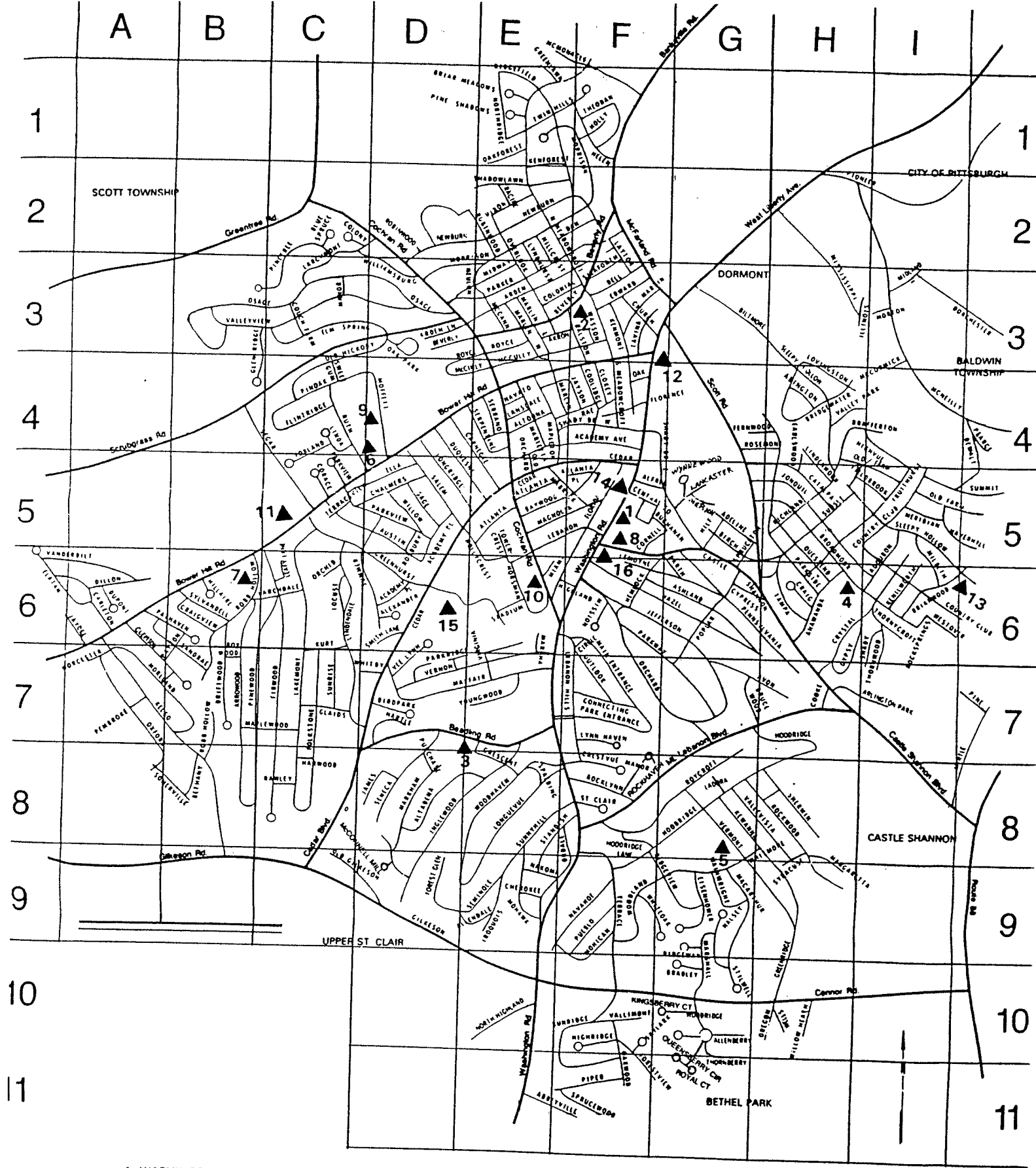
Enrichment programs occur at every educational level for most children. Advanced placement courses at the High School often permit college-bound students to receive credit toward their freshman year.

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 2011-12 school staff includes 420.95 certificated classroom teachers with an average salary in fiscal 2012 of \$68,095. Of these teachers, 79% hold masters degrees or doctorates. Average class size at the elementary level is 21.65 students per classroom teacher. At the secondary level, average class size ranges from 21.41 to 25.78 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.



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