



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018



Washington Elementary

MT. LEBANON SCHOOL DISTRICT

MT. LEBANON, PENNSYLVANIA

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

Fiscal year ended
June 30, 2018

BOARD OF SCHOOL DIRECTORS

Calendar <u>2017</u>	Calendar <u>2018</u>
Mary D. Birks, President	Michael J. Riemer, President
William J. Moorhead, Vice President	Sarah L Olbrich, Vice President
Hugh L. Beal	Hugh L. Beal
William L. Cooper	Elaine L. Cappucci
Lawrence M Lebowitz	William L. Cooper
Sarah L. Olbrich	Aviva E. Diamond
Daniel L. Remely	Alfonso Frioni
Michael J. Riemer	Lawrence M. Lebowitz
Stephen J. Strotmeyer	Stephen J. Strotmeyer

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

COMPLIANCE STATEMENT

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

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

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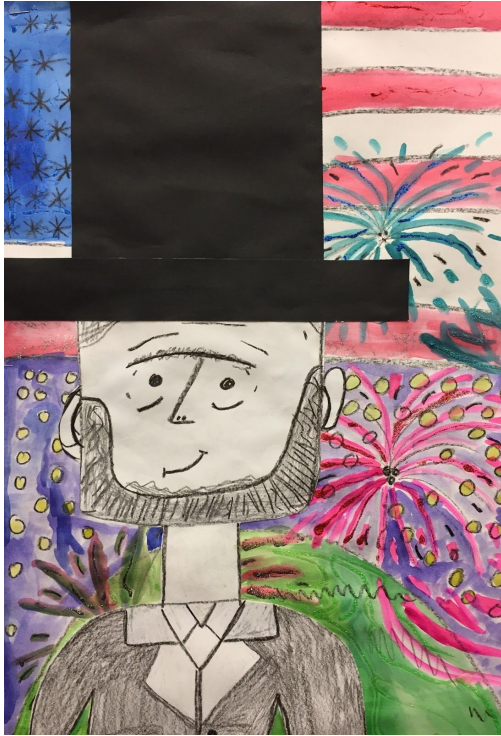
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INTRODUCTORY SECTION



Lincoln Elementary



Hoover Elementary



Mellon Middle School



Jefferson Middle School



Mt. Lebanon School District

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

Office of the
Superintendent

CITIZENS OF MT. LEBANON:

December 5, 2018

The Comprehensive Annual Financial Report of Mt. Lebanon School District (School District) for the fiscal year ended June 30, 2018 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, 2018. Their unmodified opinion testifies to that fact.

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

AWARD FOR EXCELLENCE IN FINANCIAL REPORTING

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to Mt. Lebanon School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017.

In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to the program's standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Excellence is valid for a period of one year only. We believe our current report continues to conform to the programs' requirements, and we are submitting it to ASBO this year to determine its eligibility for another certificate for the year ended June 30, 2018.

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

Mt. Lebanon School District is governed by a nine-member elected School Board which establishes the budget and millage rate each year. There were 5,495 students in our educational system in 2017-18 who chose from a wide range of courses and offerings. Enrollment for 2018-19 is 5,512 with slightly growing enrollment projected over the next few years.

Between 1995 and 2017 all ten school buildings went through major renovations including the addition of air conditioning in all older facilities. While these renovations increased the District's debt over that time, no additional renovations are expected in the near future. During this period when many bonds were issued, the District was able to maintain its Moody's Aa1 bond rating which is indicative of the School Board's commitment to fiscal responsibility over many years.

Budgeting

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

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

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

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

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

Internal Controls

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

ECONOMIC CONDITION

COMMUNITY FACTS

Mt. Lebanon is a thriving suburb located six miles southwest of Pittsburgh. The 2010 Census indicates the

Municipality's population is 33,137. This is an increase of 120 people compared to the 2000 Census. Mt. Lebanon is a full-service municipality and ranks as one of Western Pennsylvania's few suburban communities that has very healthy and traditional business districts, as well as providing the possibility of living in a home, within neighborhoods that have sidewalks and tree-lined streets.

The Municipality has consistently been considered one of the most desirable places to live in Pennsylvania and our real estate market reflects this sentiment. Since the housing crisis of 2008- 2009, the average sale price of residential homes has increased 34.8%, with the average price of a residential property increasing 3.6% compared to the prior year. The housing stock is varied in style and price. In 2017, the average sale price was \$295,737 on 573 residential properties sold.

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

Mt. Lebanon School District Awards

The Mt. Lebanon School District is recognized as a leader in academic excellence in the region and nationally. This reputation, along with continuing achievements by faculty and students, continues to be a strong attraction for young families to the community.

2018 Pittsburgh Business Times Guide to Western PA Schools

In the 2018 Pittsburgh Business Times Guide to Western Pennsylvania Schools, Mt. Lebanon School District ranked #3 in Allegheny County and #6 in the State. Mt. Lebanon High School ranked #4 in Western Pennsylvania and #6 for SAT scores. Mt. Lebanon Schools have ranked among the top three schools on this list since it was first published in 2005.

Pennsylvania School Performance Profile

Mt. Lebanon High School's current Pennsylvania School Performance Profile Score (SPP) was 97.9/100. The High School's SPP ranked #8 in the state for all high schools and #13 out of 2889 schools (K-12) statewide.

Mt. Lebanon School District Designated Best Community for Music Education

The Mt. Lebanon School District was named among the Best 100 Communities for Music Education (BCME) in 2018 by the NAMM Foundation. BCME is a nationwide survey that acknowledges schools and districts across the U.S. for their commitment and support for music education as part of the core curriculum. This is the 10th year in a row that the Mt. Lebanon School District has been designated a Best Community for Music Education.

U.S. Department of Education Green Ribbon School

Mt. Lebanon High School was honored by the U.S. Department of Education as 1 of 46 schools from across the United States to receive the distinction as a 2018 U.S. Department of Education Green Ribbon School for our innovative efforts to reduce environmental impact and utility costs, improve health and wellness for students and staff, and provide effective environmental and sustainability education.

U.S. News and World Report 2018 Best High School Ranking

U.S. News and World Report released their 2018 rankings of the Best High Schools in America. Mt. Lebanon High School achieved a Silver Award ranking.

NICHE.COM Ranking

The Mt. Lebanon School District ranks at the top of the state and region in the 2018 Niche Rankings. Niche

ranks the District # 15 in the country, #1 in the region and # 3 in PA. The Niche website rates schools across the state and nation using data from the U.S. Department of Education, surveys and reviews.

2016-2017 Digital School District Winner

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

ASBO Meritorious Budget Award

The Association of School Business Officials International (ASBO) awarded the Mt. Lebanon School District with the Meritorious Budget Award (MBA) during the 2017-2018 budget year. The MBA promotes and recognizes excellence in school budget presentation and is conferred only to school districts whose budgets have undergone a rigorous review by financial professionals and have met or exceeded the program's stringent criteria. This is the 23rd year in a row the District was selected for this award.

ASBO Award for Financial Reporting

The Association of School Business Officials (ASBO) International has awarded the Mt. Lebanon School District its Certificate of Excellence in Financial Reporting for the 33rd year in a row for excellence in financial reporting and accountability for its Comprehensive Annual Financial Report for the fiscal year ending 2017.

County

Allegheny County provides the District with assessment information upon which we determine real estate tax rates and revenue. A county-wide reassessment occurred in 2012 which increased assessment on properties in our community effective in the 2014 fiscal year. These new assessments provided higher revenue per mill in 2014 and 2015. Further reassessments are not planned by the county at this time. A decrease in real estate tax was due to a combination of no millage increase in fiscal 2018 as well as a payment of back taxes by a major property owner in fiscal 2017 which did not recur in fiscal 2018.

A change of methodology in collecting earned income taxes in fiscal 2013 from a local collection method to a county-wide method increased collections dramatically which continued into fiscal 2014. This was due primarily to the requirement of all employers to withhold EIT from employee paychecks regardless of their community of residence. This withholding requirement increased both the timeliness of collections as well as the number of people who paid their taxes. Collections in 2018 were 2% higher than the prior year which is consistent with average wage increases in the region.

State

The increase in total state subsidies was due to the state share of funding for their half of the retirement rate which increased from 30.03% of eligible salaries to 32.57% in this fiscal year. Gambling funds were sent to schools to offset resident property taxes. These funds had to be rebated to homeowners on a dollar for dollar basis as a reduction in their property tax bill. We anticipate these rebates to continue into the future.

The state had not funded construction subsidies through a program called PlanCon for some projects dating back to 2010. Our High School Project was approved for subsidies, but was awaiting funding to offset bond costs incurred since 2009. In fiscal 2017, funding was approved and the District received back payments of about \$3 million. Since these back payments had never been accrued due to a lack of certainty they would be funded, the receipt added to the revenue in the 2017 and a significant excess of revenue over expenditures. This was not repeated in fiscal 2018 resulting in a comparative state funding decrease.

Subsidies for basic and special education increased 2.3% and 2.8% respectively in fiscal 2018. While this is an inflationary increase, it does not come close to the rising cost of salaries and benefits for our staff.

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

Federal

In fiscal 2018 federal funding reflects a decrease of almost 15% because of reduced allocations from the federal government. We expect to have minimal changes in fiscal 2019. Federal grants are not a significant source of funding for our schools.

MAJOR INITIATIVES

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

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

The 2018 General Fund Budget increased 1.4% with no millage increase needed to balance the \$96.6 million funding plan. The reason no millage increase was necessary was that the District was able to refinance the 2009 High School Project Bonds and reduce scheduled debt service payments for this and three years into the future. Contribution rates to the retirement system (PSERS) have also moderated in their recent year increases helping keep our tax needs low. There was a 1.9% increase in health insurance rates which accounts for 9% of our expenditure budget. Staffing for fiscal 2018 reflected savings from six teacher retirements which helped us limit operating cost increases. All other cost areas were adequately budgeted with under-spending allowing for the payment of retiree healthcare costs directly from the operating budget rather than allocating it from the OPEB Reserve. Our millage rate is 13th out of 42 schools in our county.

Major capital spending this year continued with final completion on our high school renovation project. Additionally, the Board approved almost \$6 million to air condition nine of our buildings which did not yet have that ability. Much of the \$9 million in capital spending was for these two projects and smaller projects around our ten sites. The only large project yet to complete of all our facilities is the final renovation of a second turf field on the high school site. This project is funded from funds saved with the refinancing of the 2009 bond issue.

Charter School funding is not a significant portion of our budget. We only spend about \$350,000 each year for students enrolled in approved Cyber and Charter Schools in the area. We are required by law to pay for these students at state set tuition rates based on the cost of educating students enrolled in our programs. This small amount is due to the excellence in education we offer within our system.

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

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

LONG TERM FINANCIAL PLANNING

The District's policy to maintain a General Fund unassigned fund balance of 6% of expenditures assures continued financial stability. The policy allows any excess funds allocated for transfer to the Capital Projects Fund for maintenance of our facilities. This has provided the funds necessary to keep our facilities in excellent condition and limited the need to borrow money for small annual projects.

Also continuing this year are discussions with the School Board concerning GASB #75 Funding for Other Post Employment Benefits (OPEB). An actuarial valuation of our benefit programs was complete and the need to set money aside for these benefits has become apparent. The School Board revised its policy to permit transfer of fund balances in excess of 6% to both the Capital Fund as well as to assign funds to be used to offset future OPEB obligations. This was established as an assignment of the General Fund fund balance, not as a Trust Fund. The Board set aside \$2.675 million to pay for future OPEB retiree healthcare payments which has been now in excess of 21 million. These OPEB reserved funds were not required to be used for this fiscal year since there were adequate funds remaining unspent in the General Fund to cover these costs. The Board continues to look at these reserves annually to assure we have adequate funds to pay these costs.

INDEPENDENT AUDIT

Mt. Lebanon School District engages independent certified public accountants to audit the School District's annual financial statements. The auditor's report on the fiscal 2018 financial statements is included in the financial section of this report, and complies with applicable guidelines.

ACKNOWLEDGMENTS

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

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

Respectfully,



Janice R. Klein
Director of Business

MT. LEBANON SCHOOL DISTRICT
LIST OF SCHOOL DISTRICT OFFICIALS

CENTRAL OFFICE ADMINISTRATORS

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

BOARD OF SCHOOL DIRECTORS

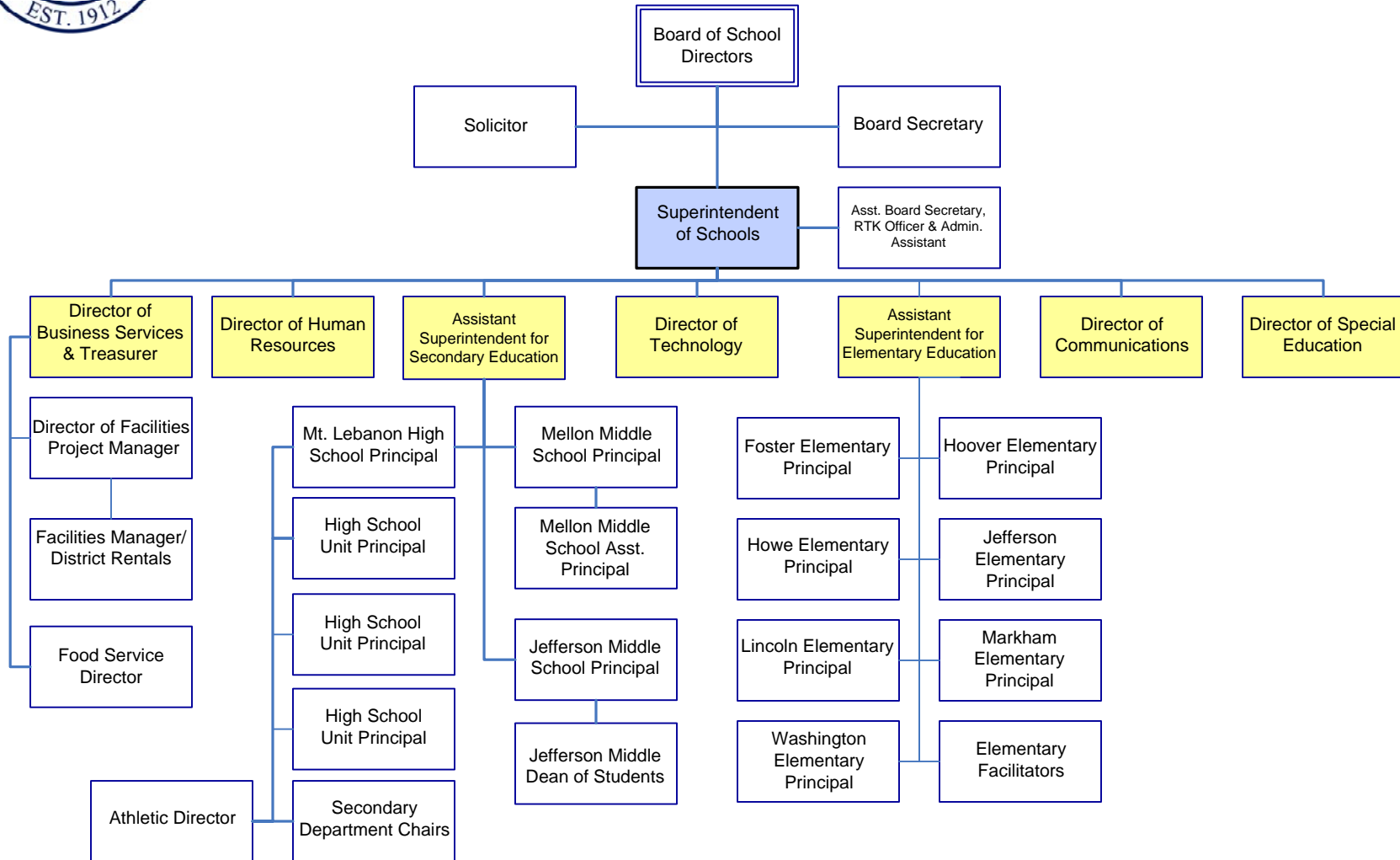
Michael J. Riemer President
Sarah L. Olbrich..... Vice President
Hugh L. Beal Director
Elaine L. Cappucci..... Director
William L. Cooper Director
Aviva E. Diamond Director
Alfonso Frioni..... Director
Lawrence M Lebowitz..... Director
Stephen J. Strotmeyer Director

OTHER BOARD SERVICES

Cecile D. Bowman Board Secretary
Thomas P. Peterson Solicitor
Janice R. Klein..... Treasurer
Zelenkofske Axelrod LLC Independent Auditors
Kelly Insurance Insurance Agent



Mt. Lebanon School District





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Mt. Lebanon School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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



Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
Executive Director





FINANCIAL SECTION



Foster Elementary



Howe Elementary



Jefferson Elementary



High School



Zelenkofske Axelrod LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the MT. LEBANON SCHOOL DISTRICT as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the MT. LEBANON SCHOOL DISTRICT's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information for the MT. LEBANON SCHOOL DISTRICT as of June 30, 2018, and the respective changes in the financial position, and cash flows, where applicable, thereof for the year ended in conformity with the accounting principles generally accepted in the United States of America.

830 Sir Thomas Court; Suite 100; Harrisburg, PA 17109 | 2370 York Road; Suite A-5; Jamison, PA 18929
3800 McKnight E. Drive; Suite 3805; Pittsburgh, PA 15237 | 210 Tollgate Hill Road; Greensburg, PA 15601 | 114 King's Highway; Suite 304; Dover, DE 19901

www.zallc.org



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CERTIFIED PUBLIC ACCOUNTANTS

Experience. Expertise. Accountability.

Members of the Board
Mt. Lebanon School District
Page 2

Adoption of GASB Statements

As described in Note 1 to the financial statements, in 2017 the District adopted the provisions of Governmental Accounting Standards Board's Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" Statement No. 81, "*Irrevocable Split- Interest Agreements*", Statement No. 85, "Omnibus 2017" and Statement No. 86, "Certain Debt Extinguishment Issues." Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of OPEB contributions, schedules of changes in the OPEB liability, schedule of proportionate share of net OPEB liability- PSERS plan, budgetary comparison, schedule of the district's proportionate share of the net pension liability- last 10 years, and schedule of district's contributions- last 10 years information on pages 4 through 16 and 60 through 65 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MT. LEBANON SCHOOL DISTRICT's financial statements as a whole. The Combining Fund Financial Statements and the Statement of Changes in Assets and Liabilities – All Agency Funds on pages 67 through 69 are presented for purposes of additional analysis and are not a required part of the financial statements.

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



Zelenkofske Axelrod LLC

CERTIFIED PUBLIC ACCOUNTANTS

Experience. Expertise. Accountability.

Members of the Board
Mt. Lebanon School District
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018 on our consideration of the MT. LEBANON SCHOOL DISTRICT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

November 16, 2018
Pittsburgh, Pennsylvania

MT. LEBANON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018. Please review this in conjunction with the School District's basic financial statements. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*," issued June 1999. The intent of this Management's Discussion and Analysis is to look at the School District's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Real Estate Tax is the main source of funding for the School District. This revenue source comprises 65% of total General Fund revenues and is the only revenue source over which the School Board (Board) has control. The tax revenue received from real estate tax decreased from 2017 by \$979,625 or 1.5%. This decrease was primarily the result of a large payment of back taxes by a major taxpayer in 2016-17 which did not recur in 2017-18. This, combined with no millage increase created a total revenue reduction not typically seen in our financial records.

In 2013, there was a County-wide reassessment of properties resulting in a large number of appeals which are not yet final. The School District set aside \$1 million dollars to pay refunds due as a result of the 150 properties with assessments of about \$140 million still under appeal. This reserve was decreased to \$100,000 in fiscal 2018 as many of the residential appeals have been resolved. The remaining reserve will be eliminated next year as the final appeals are resolved.

Earned Income Tax (EIT) is another major tax revenue source for the School District. This tax is the result of a half percent rate on income earned by residents. The tax is not applied to passive income such as investment earnings. Income from this source increased from 2017 by \$143,353 or 1.9% which is consistent with wage growth in the region.

The final large tax revenue source for the School District is the Realty Transfer Tax, which taxes one half percent on the sale of homes in our community. The rates on both this tax and the Earned Income Tax rate are not able to be changed per State law. Homes in our community range from small starter homes which are attractive to young families, to expansive properties. This revenue source increased by \$91,407 in fiscal 2018 compared to fiscal 2017. This is the result of slowly rising home costs and moderate mortgage interest rates.

Interest rates on Federal Securities rose this year due to rising interest rates on investment securities and an active investment program. The General Fund had investment earnings of \$558,457 this year compared to \$214,360 the prior year.

State funding reflects a decrease of \$700,630 or 3% from the prior year. There would have been an increase in State funding except for the fact that in fiscal 2017 the State paid seven years of back payments on debt issued for our high school renovation project. Those back payments of over \$3 million made the comparison on a total revenue basis inconsistent between the two years.

The State funds half the cost of the Public School Employees' Retirement System (PSERS) costs. That rate increased 8.5% from 30.03% to 32.57% of the salary cost. While State revenue increased due to state funding of half this changing rate, please note that our expenditures for this program increased by twice that amount. The PSERS rate increase is expected to rise from 32.57% in fiscal 2018 to over 36.5% in future years.

MT. LEBANON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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In fiscal year 2004, the School Board took action to officially set the Unassigned Fund Balance at 6% of the subsequent year's expenditure budget, requiring funds in excess of this amount to be transferred to the Capital Fund or another School District Fund. This calculation created assignments of fund balance in fiscal 2018 totaling \$8,397,729. Of this amount, \$4,972,729 is to be transferred to the Capital Fund and \$2,675,000 remains assigned for Other Postemployment Benefit (OPEB) contributions for healthcare for our retired staff. The OPEB assignment was not transferred to a trust fund, so the funds remain assigned in the General Fund. Passage of the 2019 Budget allocated \$750,000 to keep revenues in balance with expenditures. Therefore an assignment of that amount is also disclosed on the Balance Sheet. The Unassigned Fund Balance is \$5,935,999, or 6% of the fiscal 2019 Budget as required by Board Policy.

Expenditure levels in all governmental funds decreased from \$102,684,221 to \$99,478,522 from the prior year. The \$3.3 million reduction in capital spending that year is due to the completion of the High School Renovation Project in fiscal 2017.

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

Other expenditures were typical of prior years and increased at inflationary levels in all areas. Fund transfers decreased because of a retroactive payment made for the State's share of debt payments dating back to 2009 increased that expenditure category in fiscal 2017. That one time back payment of \$2.9 million was transferred to the Capital Fund, but no recurrence in fiscal 2018 created a fund transfer amount in a more typical amount.

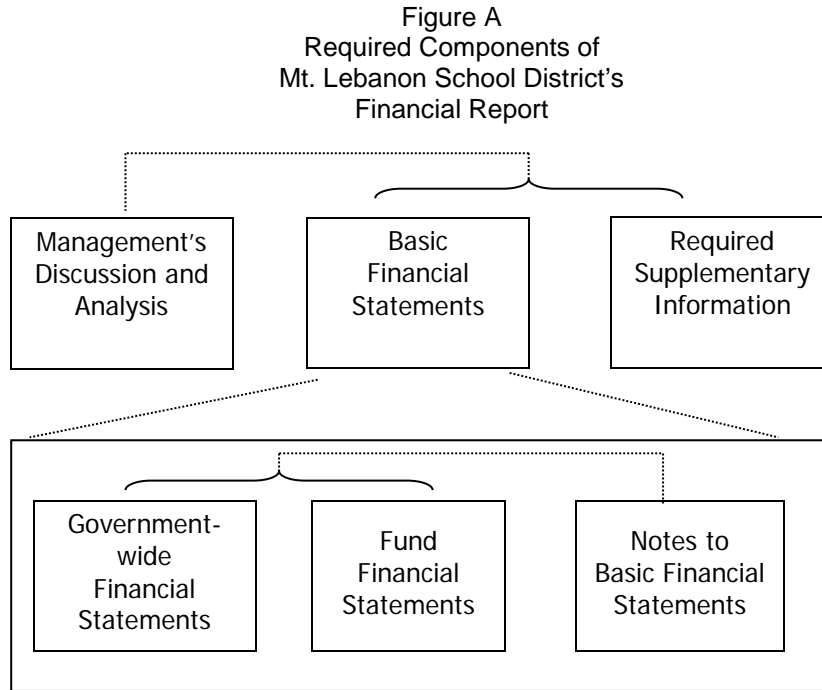
In 2013 a Capital Campaign was created to develop a culture of philanthropy and to raise funds for capital and programs not covered by tax dollars. At that time an advance to fund the program costs of \$920,000 was made with the intent to pay back the advance once donations approached a projected \$6 million. The Board now recognizes that amount of donation was unrealistic and reversed the advance this fiscal year. The funds spent to date of \$720,000 were transferred in from the General Fund. Per Board action, the funds remaining from the advance will be paid back in fiscal 2019.

USING THE BASIC FINANCIAL STATEMENT REPORT

This Basic Financial Statement Report consists of the Management's Discussion and Analysis (this section), a series of financial statements and notes to those statements, and Required Supplementary Information. The Statement of Net Position and Statement of Activities, on pages 27 and 28, provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund Financial Statements, which start on page 29, 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 71 through 76 to provide information regarding the School District's Pension and OPEB obligations.

MT. LEBANON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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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 29 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 2018?" The Statement of Net Position and the Statement of Activities answer this question.

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

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

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

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

MT. LEBANON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund Financial Statements, which begin on page 29, provide detailed information about the most significant funds – not the School District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds – Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reflected on reconciliations on pages 30 and 32.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's total net position was (\$145,771,684) at June 30, 2018 and (\$137,002,129) at June 30, 2017. This represents a decrease in net position of \$8,769,555, indicating that the School District's overall financial position has regressed since fiscal year 2017.

MT. LEBANON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2018

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

Table 1A
June 30, 2018

Net Position

	Governmental Activities	Business-type Activities	2018 Total
Current and other assets	\$ 43,963,327	\$ (76,568)	\$ 43,886,759
Capital assets	154,629,422	785,472	155,414,894
Total Assets	\$ 198,592,749	\$ 708,904	\$ 199,301,653
Deferred outflows for pension/ OPEB	\$ 23,832,992	\$ 362,855	\$ 24,195,847
Deferred charge on refunding	1,760,793	-	1,760,793
Total Deferred Outflows	\$ 25,593,785	\$ 362,855	\$ 25,956,640
Current and other liabilities	\$ 17,533,857	\$ 26,531	\$ 17,560,388
Long-term liabilities:			
Due within one year	4,585,000	-	4,585,000
Due in more than one year	336,684,983	2,557,088	339,242,071
Total Liabilities	\$ 358,803,840	\$ 2,583,619	\$ 361,387,459
Deferred inflows for pension/ OPEB	\$ 2,053,651	\$ 26,197	\$ 2,079,848
Taxes received in advance	7,562,670	-	7,562,670
Total Deferred Inflows	\$ 9,616,321	\$ 26,197	\$ 9,642,518
Net investment in capital assets	\$ 4,978,685	\$ 785,472	\$ 5,764,157
Restricted	3,956,353	-	3,956,353
Unrestricted	(153,168,665)	(2,323,529)	(155,492,194)
Total Net Position	\$ (144,233,627)	\$ (1,538,057)	\$ (145,771,684)

MT. LEBANON SCHOOL DISTRICT

**MANAGEMENT DISCUSSION AND ANALYSIS
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Table 1B
June 30, 2017

Net Position			
Current and other assets	\$ 45,320,485	\$ (252,842)	\$ 45,067,643
Capital assets	158,560,027	848,444	159,408,471
Total Assets	\$ 203,880,512	\$ 595,602	\$ 204,476,114
Deferred outflows for pension	\$ 34,038,862	\$ 518,358	\$ 34,557,220
Deferred charge on refunding	1,907,525	-	1,907,525
Total Deferred Outflows	35,946,387	518,358	36,464,745
Current and other liabilities	\$ 16,246,209	\$ 18,770	\$ 16,264,979
Long-term liabilities:			
Due within one year	5,992,485	-	5,992,485
Due in more than one year	343,575,487	2,594,385	346,169,872
Total Liabilities	\$ 365,814,181	\$ 2,613,155	\$ 368,427,336
Deferred inflows for pension	\$ 1,406,580	\$ 21,420	\$ 1,428,000
Taxes received in advance	8,087,652	-	8,087,652
Total Deferred Inflows	\$ 9,494,232	\$ 21,420	\$ 9,515,652
Net investment in capital assets	\$ 7,082,416	\$ 848,444	\$ 7,930,860
Restricted	200,773	-	200,773
Unrestricted	(142,764,703)	(2,369,059)	(145,133,762)
Total Net Position	\$ (135,481,514)	\$ (1,520,615)	\$ (137,002,129)

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

Table 2
Fiscal Years Ended June 30, 2018 and 2017
General Revenue

	2016-17	2017-18	Increase/ (Decrease)	%
Real estate taxes	\$ 64,513,403	\$ 63,533,778	\$ (979,625)	-1.50%
Other taxes – mainly earned income taxes	8,427,253	8,615,183	187,930	2.20%
Grants and subsidies (mainly provided by the Commonwealth of Pennsylvania)	6,236,735	6,381,213	144,478	2.30%
State property tax reduction	1,709,769	1,709,285	-484	0.00%

The 2018 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 28) not only include interest earnings in the General Fund, but also interest earnings in the Capital Fund and all

MT. LEBANON SCHOOL DISTRICT

**MANAGEMENT DISCUSSION AND ANALYSIS
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other Governmental Funds. These General Revenues have shown a decrease from fiscal year 2017 of \$550,000, which is reflective of the one time back tax payment last year as described previously. Tables 3A and 3B, on the following pages, take the information from the Statement of Activities, rearranging it slightly, so you can see our total revenues and expenditures for the year as compared to last year.

Table 3A
Fiscal Year Ended June 30, 2018
Changes in Net Position

	Governmental Activities	Business- type Activities	2018 Total
Revenues:			
Program revenues:			
Charges for services	\$ 692,178	\$ 1,584,756	\$ 2,276,934
Operating grants and contributions	16,296,108	538,997	16,835,105
Capital grants and contributions	147,757	-	147,757
General revenues:			
Property taxes	63,666,746	-	63,666,746
Other taxes	8,658,955	-	8,658,955
Grants, subsidies, and contributions:			
Unrestricted	8,090,498	-	8,090,498
Investment Earnings	632,151	7,243	639,394
Other income	6,685	-	6,685
Total revenues	98,191,078	2,130,996	100,322,074
Expenses:			
Instructional services	\$ 63,820,320	-	\$ 63,820,320
Pupil services	4,929,735	-	4,929,735
Instructional support services	2,326,644	-	2,326,644
Administration	6,319,142	-	6,319,142
Pupil health services	1,113,011	-	1,113,011
Financial services	1,099,472	-	1,099,472
Operation and maintenance of plant	11,955,640	-	11,955,640
Student transportation services	1,763,514	-	1,763,514
Other support services	1,586,394	-	1,586,394
Student activities	2,462,249	-	2,462,249
Community services	582,720	-	582,720
Intergovernmental:			
Special education	2,551,741	-	2,551,741
Other	710,582	-	710,582
Interest on long-term debt	5,652,426	-	5,652,426
Food services	-	2,218,039	2,218,039
Total expenses	106,873,590	2,218,039	109,091,629
Excess (deficiency) before transfers and loss on disposal of capital assets	(8,682,512)	(87,043)	(8,769,555)
Loss on disposal of capital assets	-	-	-
Transfers	(69,601)	69,601	-
Change in net position	(8,752,113)	(17,442)	(8,769,555)
Net position:			
Beginning of year	(135,481,514)	(1,520,615)	(137,002,129)
End of year	\$ (144,233,627)	\$ (1,538,057)	\$(145,771,684)

MT. LEBANON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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Table 3B
Fiscal Year Ended June 30, 2017
Changes in Net Position

	Governmental Activities	Business- type Activities	2017 Total
Revenues:			
Program revenues:			
Charges for services	\$ 452,409	\$ 1,491,855	\$ 1,944,264
Operating grants and contributions	17,212,673	532,907	17,745,580
Capital grants and contributions	137,560	-	137,560
General revenues:			
Property taxes	64,513,403	-	64,513,403
Other taxes	8,427,253	-	8,427,253
Grants, subsidies, and contributions:			
Unrestricted	7,946,504	-	7,946,504
Investment Earnings	254,724	4,027	258,751
Other income	465,772	-	465,772
Total revenues	99,410,298	2,028,789	101,439,087
Expenses:			
Instructional services	\$ 69,453,582	-	\$ 69,453,582
Pupil services	5,039,195	-	5,039,195
Instructional support services	2,371,870	-	2,371,870
Administration	6,830,945	-	6,830,945
Pupil health services	1,279,913	-	1,279,913
Financial services	1,170,911	-	1,170,911
Operation and maintenance of plant	11,326,107	-	11,326,107
Student transportation services	1,624,471	-	1,624,471
Other support services	1,703,753	-	1,703,753
Student activities	2,676,853	-	2,676,853
Community services	722,950	-	722,950
Intergovernmental:			
Special education	2,552,589	-	2,552,589
Other	615,010	-	615,010
Interest on long-term debt	5,959,531	-	5,959,531
Food services	-	2,384,789	2,384,789
Total expenses	113,327,680	2,384,789	115,712,469
Excess (deficiency) before transfers and loss on disposal of capital assets	(13,917,382)	(356,000)	(14,273,382)
Loss on disposal of capital assets	-	-	-
Transfers	(69,601)	69,601	-
Change in net position	(13,986,983)	(286,399)	(14,273,382)
Effect of Restatement (Note 13)	(4,191,735)	205,488	(3,986,247)
Net position:			
Beginning of year	(117,302,796)	(1,439,704)	(118,742,500)
End of year	\$ (135,481,514)	\$ (1,520,615)	\$ (137,002,129)

MT. LEBANON SCHOOL DISTRICT

**MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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

Table 4
Fiscal Years Ended June 30, 2018 and 2017
Governmental Activities

	2018 Total Expense of Services	2018 Net Expense of Services	2017 Net Expense of Services
Functions/Programs:			
Instructional services	\$ 63,820,320	\$ 52,095,954	\$ 59,279,454
Pupil services	4,929,735	4,448,159	4,641,153
Instructional support services	2,326,644	2,112,786	2,193,914
Administration	6,319,142	5,701,464	6,326,776
Pupil health services	1,113,011	988,994	1,174,213
Financial services	1,099,472	1,015,384	1,102,541
Operation and maintenance of plant	11,955,640	11,153,882	10,670,503
Student transportation services	1,763,514	1,527,734	1,434,301
Other support services	1,586,394	1,473,191	1,609,404
Student activities	2,462,249	2,028,623	2,377,852
Community services	582,720	289,953	544,912
Intergovernmental:			
Special education	2,551,741	1,838,791	1,823,157
Other	710,582	710,582	615,010
Interest on long-term debt	5,652,426	4,352,050	1,731,848
Total government activities	\$ 106,873,590	\$ 89,737,547	\$ 95,525,038
 Less: Unrestricted grants, subsidies		8,090,498	7,946,504
 Total needs from local taxes and other revenues		\$ 81,647,049	\$ 87,578,534

The dependence upon tax revenues for governmental activities is apparent. The School District had expenses for governmental activities of \$106,873,590, while only \$692,178 has been provided from program specific charges, \$16,296,108 has been provided by the State and Federal Governments as operating grants, and \$147,757 has been provided by capital grants. The School District also received \$6,381,213 from the State for Basic Education expenses and \$1,709,285 for State Property Tax Reduction, which leaves \$81,647,049 of expenses required to be covered by tax assessments and other revenues. Approximately, 76 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.

MT. LEBANON SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS JUNE 30, 2018

Business-Type Activities

The only business-type activity of the School District is the Food Services operation. This program had operating revenues of \$1,584,756 and operating expenses of \$2,218,039 for fiscal year 2018. Non-operating revenues totaled \$546,240. Additionally, the School District transferred into the food services fund the cost charged for overhead, which totaled \$69,601. The Food Service program pays depreciation on all equipment in cafeterias purchased as part of recent renovations.

THE SCHOOL DISTRICT'S FUNDS

The General Fund, which accounts for the School District's operations, represents the School District's most significant major fund. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds on page 31 is summarized in Table 5.

Table 5
Fiscal Year Ended June 30, 2018
Summary of Governmental Change in Fund Balance

	Beginning Fund Balance	Net Change in Fund Balance	Ending Fund Balance
2018:			
General Fund	\$ 13,828,279	\$ 1,034,624	\$ 14,862,903
Capital Fund	8,469,518	(3,243,718)	5,225,800
Debt Service Fund	-	-	-
Other Governmental Funds	(492,054)	719,081	227,027
2018 - Total Governmental Funds	<u>\$ 21,805,743</u>	<u>\$ (1,490,013)</u>	<u>\$ 20,315,730</u>
2017 - Total Governmental Funds	<u>\$ 21,386,114</u>	<u>\$ 419,629</u>	<u>\$ 21,805,743</u>

The increase in the General Fund is due to increasing interest rates, favorable decisions on appeals and supplemental special education funding beyond budget projections. The decrease in fund balance in the Capital Fund is due to the final stages of the High School Renovation Project which was completed last year. Other Governmental Funds reflects a change from a negative fund balance due to reporting the cost of fundraising activities in advance of anticipated donations to a positive fund balance now that the advance was reversed and a transfer was made to cover those costs.

GENERAL FUND BUDGETING HIGHLIGHTS

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

During the fiscal year, the School Board authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. The budgeting systems are designed to tightly control budgets by making administrators responsible for their individual budget areas. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided on page 71. The budget transfer amendments were primarily composed of a reclassification of intergovernmental expenditures.

MT. LEBANON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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The General Fund net change in fund balance was a positive \$1,034,624.

Revenues were budgeted at \$95,816,075 less the \$750,000 while actual revenues were \$97,785,736, a net benefit of \$1,969,661. As stated above, real estate tax revenue was the largest part of this benefit due to favorable assessment appeals and an increasing interest rate earned on invested funds. These show up in these statements as additional revenue. State and federal grants were also higher than the original budgeted projections since the District's budget is approved in advance of state and federal allocation approvals.

Expenditures were budgeted at \$85,854,087 while actual expenditures were \$85,398,718, resulting in a positive variance of \$455,369 (0.5% less than budgeted). This spending level is very close to budget considering the size of our organization and the complexity of staffing for students which may arrive in the community beyond the date the budget must be approved. Strong business practices cause us to tighten spending when necessary to fund unknown costs by not replacing staff when possible and closely monitoring supply and service contracts. Healthcare costs were less than originally budgeted enabling us to fund the OPEB retiree healthcare payments in the General Fund rather than reducing the OPEB fund balance set up for that purpose. While many categories of spending were either up or down compared to the budget during the year, they are within typical parameters.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the School District's Governmental Activities had \$154,629,422 invested in a broad range of capital assets, including land, site improvements, buildings, equipment, and vehicles. This amount represents a net decrease (including additions, deletions, and depreciation) of \$4 million from last year due to depreciation of assets.

Table 6
Governmental Activities
Fiscal Years Ended June 30, 2018 and 2017
Capital Assets - Net of Depreciation (if applicable)

	2017	2018
Land	\$ 547,024	547,024
Construction in Progress	2,405,700	-
Buildings and Improvements	189,117,587	191,523,287
Furniture and Equipment	7,499,396	7,570,279
Accumulated Depreciation	(41,009,680)	(45,011,168)
Total (net)	<u>\$ 158,560,027</u>	<u>\$ 154,629,422</u>

For more detail of Capital Assets, please refer to the notes to basic financial statements, pages 50 and 51.

MT. LEBANON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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Debt Administration

As of June 30, 2018, the School District had total outstanding bond principal of \$139,800,000. More detailed information about our long-term liabilities is included in the notes to basic financial statements beginning on page 52.

Table 7
Fiscal Years Ended June 30, 2018 and 2017
Long-Term Obligations

	<u>2017</u>	<u>2018</u>
General Obligation Bonds and Notes:		
2013 General Obligation Bonds	\$ 34,730,000	\$ 34,455,000
2015 General Obligation Bonds	52,155,000	49,645,000
2017 General Obligation Bonds	<u>57,955,000</u>	<u>55,700,000</u>
Total	<u>\$ 144,840,000</u>	<u>\$ 139,800,000</u>

NEXT YEAR'S BUDGETS AND RATES

The General Fund Budget for the 2019 year is \$2.4 million higher than the original budget for 2018. This represents a 2.5% increase in budgeted expenditures, most of which is due to salary and employee benefit cost increases. The largest increase is due to the increase in the PSERS retirement rate from 32.57% to 33.43% of salaries, a cost increase of 2.6% on top of salary increases. Salary increases are up 2.4%, which is partly due to employee wages increasing about 2.9% offset by retirements. A large number of retirements from the teaching staff helped mitigate the total cost increase in this area as a new teacher is about \$60,000 less expensive than a more experienced one. Transportation costs went up dramatically due to a change in bussing vendor from last year. Last year's budget reflected savings from a new transportation concept which did not work well in our community. Debt service costs stayed low due to two recent bond refinancings which reduced the overall debt service payments by about \$725,000 last year and this year. All other budgeted accounts reflect typical increases or decreases from the prior year.

There was a 1.7% increase in Real Estate Tax revenue budgeted for 2019, reflecting a budget with a .39 millage increase. The millage rate increased from 23.93 mills to 24.32 mills. This budget reflects our School District's millage rate at 13th of 42 school systems in Allegheny County.

The School Board approved a 2015 budget which balanced revenues and expenditures using \$750,000 of the growing fund balance to minimize raising taxes in the year after a county-wide reassessment. This practice continued through fiscal 2019 as the PSERS retirement rate rises near its anticipated peak. After adjusting our millage rate to cover the PSERS rate at that time, we can then focus on the then existing fund balance, typical year under spending in the budget, and the prudence of use of the fund balance to balance our budgeted revenues with expenditures at that time. By utilizing the fund balance to minimize the increase in tax rate in any one year, the School Board will have time to balance the tax rate in a fiscally prudent method since Act 1 of 2006 does not permit more than an inflationary increase in tax rate from year to year.

MT. LEBANON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2018

The comparison of revenues and expenditures categories is as follows:

Table 8
BUDGETED REVENUES

	2018-19	2017-18	Increase/ (Decrease)	%
Local	\$ 74,345,009	\$ 72,393,495	\$ 1,951,514	2.70%
State	22,524,747	22,109,022	415,725	1.90%
Federal/Other	1,313,558	1,313,558	-	0.00%
Use of Fund Balance	750,000	750,000	-	0.00%
Total	\$ 98,933,314	\$ 96,566,075	\$ 2,367,239	2.50%

BUDGETED EXPENDITURES

	2018-19	2017-18	Increase/ (Decrease)	%
Instruction	\$ 58,509,113	\$ 57,061,721	\$ 1,447,392	2.50%
Support Services	27,058,744	26,121,698	937,046	3.60%
Non-instruction/Community	2,601,113	2,588,168	12,945	0.50%
Fund Transfers/Debt	10,764,344	10,794,488	(30,144)	-0.30%
Total	\$ 98,933,314	\$ 96,566,075	\$ 2,367,239	2.50%

Act 1 of 2006 limits the ability of school boards to raise millage rates above an inflationary index without asking the community to approve that budget via a voting referendum. This budget did not exceed the Index increase of 2.4% as eleven teacher retirements enabled reduction in costs to keep within the Index limitation.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Director of Business,
Mt. Lebanon School District, 7 Horsman Drive, Mt. Lebanon, PA 15228, 412-344-2099.

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash Equivalents	\$ 33,181,247	\$ 606,539	\$ 33,787,786
Cash and cash equivalents- restricted	3,340,795	-	3,340,795
Property taxes receivable, net of allowance for uncollectible	931,694	-	931,694
Earned income taxes receivable	1,336,957	-	1,336,957
Intergovernmental receivable	3,935,096	20,119	3,955,215
Other receivables	171,609	751	172,360
Internal balances	720,973	(720,973)	-
Inventory	344,956	16,996	361,952
Capital assets:			
Non-depreciable	547,024	-	547,024
Depreciable (net)	154,082,398	785,472	154,867,870
Total Assets	198,592,749	708,904	199,301,653
Deferred Outflows of Resources			
Deferred Charge on Refunding			
Deferred outflows related to pensions	23,448,105	362,855	23,810,960
Deferred outflows related to OPEB	384,887	-	384,887
Deferred loss on refunding debt	1,760,793	-	1,760,793
Total deferred outflows of resources	25,593,785	362,855	25,956,640
Liabilities			
Current liabilities:			
Accounts payable	\$ 2,231,961	\$ 7,494	\$ 2,239,455
Accounts payable - restricted	432,055	-	432,055
Accrued payroll and payroll - related liabilities	12,563,966	-	12,563,966
Accrued interest payable	2,305,875	-	2,305,875
Unearned revenue	-	19,037	19,037
Current portions of long- term liabilities:			
Bonds and notes Payable	4,585,000	-	4,585,000
Non-current portions of long-term liabilities:			
Bonds and notes Payable	146,826,530	-	146,826,530
Other post employment benefits	21,603,855	-	21,603,855
Compensated absences	1,928,525	24,204	1,952,729
Net pension liability	166,326,073	2,532,884	168,858,957
Total Liabilities	358,803,840	2,583,619	361,387,459
Deferred Inflows of Resources			
Deferred inflows related to Pensions	1,720,301	26,197	1,746,498
Deferred inflows related to OPEB	333,350	-	333,350
Taxes received in advance	7,562,670	-	7,562,670
Total deferred inflows of resources	9,616,321	26,197	9,642,518
Net Position			
Net investment in capital Assets	4,978,685	785,472	5,764,157
Restricted	3,956,353	-	3,956,353
Unrestricted	(153,168,665)	(2,323,529)	(155,492,194)
Total Net Position	\$ (144,233,627)	\$ (1,538,057)	\$ (145,771,684)

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

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

					Net (Expense) Revenue and		
					Changes in Net Position		
					Primary Government		
		Program Revenues					
		Operating		Capital			
		Charges for	Grants and	Grants and	Governmental	Business-	
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities	Type Activities	Total
Primary Government:							
Governmental Activities:							
Instructional services	\$ 63,820,320	\$ 400,736	\$ 11,323,630	\$ -	\$ (52,095,954)	\$ -	\$ (52,095,954)
Pupil services	4,929,735	-	481,576	-	(4,448,159)	-	(4,448,159)
Instructional support services	2,326,644	-	213,858	-	(2,112,786)	-	(2,112,786)
Administration	6,319,142	-	617,678	-	(5,701,464)	-	(5,701,464)
Pupil health services	1,113,011	-	124,017	-	(988,994)	-	(988,994)
Financial services	1,099,472	-	84,088	-	(1,015,384)	-	(1,015,384)
Operation of maintenance of plant	11,955,640	-	801,758	-	(11,153,882)	-	(11,153,882)
Student transportation services	1,763,514	-	235,780	-	(1,527,734)	-	(1,527,734)
Other support services	1,586,394	-	113,203	-	(1,473,191)	-	(1,473,191)
Student activities	2,462,249	199,257	234,369	-	(2,028,623)	-	(2,028,623)
Community services	582,720	92,185	52,825	147,757	(289,953)	-	(289,953)
Intergovernmental:							
Special education	2,551,741	-	712,950	-	(1,838,791)	-	(1,838,791)
Other	710,582	-	-	-	(710,582)	-	(710,582)
Interest on long-Term Debt	5,652,426	-	1,300,376	-	(4,352,050)	-	(4,352,050)
Total Governmental Activities	106,873,590	692,178	16,296,108	147,757	(89,737,547)	-	(89,737,547)
Business-Type Activities:							
Food Service	2,218,039	1,584,756	538,997	-	-	(94,286)	(94,286)
Total Business-Type Activities	2,218,039	1,584,756	538,997	-	-	(94,286)	(94,286)
Total Primary Government	\$ 109,091,629	\$ 2,276,934	\$ 16,835,105	\$ 147,757	\$ (89,737,547)	\$ (94,286)	\$ (89,831,833)
General Revenues:							
Taxes:							
Property					63,666,746	-	63,666,746
Earned income tax					7,613,958	-	7,613,958
Real estate transfer tax					929,157	-	929,157
Public utility realty tax					72,068	-	72,068
Local services tax revenue					43,772	-	43,772
Grants, subsidies, and contributions not restricted					6,381,213	-	6,381,213
State property tax reduction					1,709,285	-	1,709,285
Investment earnings					632,151	7,243	639,394
Other income					6,685	-	6,685
Transfers					(69,601)	69,601	-
Total General Revenues					80,985,434	76,844	81,062,278
Change in Net Position					(8,752,113)	(17,442)	(8,769,555)
Net Position - Beginning (as restated, Note 13)					(135,481,514)	(1,520,615)	(137,002,129)
Net Position - Ending					\$ (144,233,627)	\$ (1,538,057)	\$ (145,771,684)

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

MT. LEBANON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and cash equivalents	\$ 31,255,418	\$ 1,497,301	\$ -	\$ 428,528	\$ 33,181,247
Cash and cash equivalents- restricted	-	3,340,795	-	-	3,340,795
Receivables:					
Property Taxes	931,694	-	-	-	931,694
Tuition	1,400	-	-	-	1,400
Federal and state government grants	3,935,096	-	-	-	3,935,096
Earned income taxes	1,336,957	-	-	-	1,336,957
Realty transfer taxes	169,648	-	-	-	169,648
Other	561	-	-	-	561
Due from other funds	296,332	615,447	-	-	911,779
Inventory	140,644	204,312	-	-	344,956
Total assets	\$ 38,067,750	\$ 5,657,855	\$ -	\$ 428,528	\$ 44,154,133
<u>Liabilities</u>					
Accounts payable	\$ 2,221,266	\$ -	\$ -	\$ 10,695	\$ 2,231,961
Accounts payable- restricted	-	432,055	-	-	432,055
Accrued payroll and payroll related liabilities	12,563,966	-	-	-	12,563,966
Due to other funds	-	-	-	190,806	190,806
Total liabilities	14,785,232	432,055	-	201,501	15,418,788
<u>Deferred Inflows of Resources</u>					
Unavailable revenue - property taxes	856,945	-	-	-	856,945
Taxes received in advance	7,562,670	-	-	-	7,562,670
Total Deferred Inflows of Resources	8,419,615	-	-	-	8,419,615
<u>Fund Balances</u>					
Nonspendable:					
Inventory	140,644	204,312	-	-	344,956
Restricted	388,531	3,340,795	-	227,027	3,956,353
Assigned to:					
Subsequent year's budget	750,000	-	-	-	750,000
Capital projects	4,972,729	1,680,693	-	-	6,653,422
OPEB obligations	2,675,000	-	-	-	2,675,000
Unassigned	5,935,999	-	-	-	5,935,999
Total fund balances	14,862,903	5,225,800	-	227,027	20,315,730
Total liabilities and fund balances	\$ 38,067,750	\$ 5,657,855	\$ -	\$ 428,528	\$ 44,154,133

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

MT. LEBANON SCHOOL DISTRICT
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 JUNE 30, 2018

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

Total fund balances of governmental funds	\$ 20,315,730
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$199,640,590 and the accumulated depreciation is \$45,011,168.	154,629,422
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Property taxes receivable will be collected, but are not available soon enough to pay for current year's expenditures, and therefore are deferred in the Governmental Funds.	856,945
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Long-term liabilities and related deferrals such as Debt, Accrued Interest, and Compensated Absences are not due and payable in the current period and accordingly are not reported as fund liabilities. Both current and long-term liabilities are reported in the Statement of Net Position.

Long-term Bonds and Notes Payable	\$ (139,800,000)	
Unamortized Loss on Debt Refundings	1,760,793	
Bond Premium	(11,611,530)	
Accrued interest	(2,305,875)	
Other Post Employment Benefits	(21,603,855)	
Deferred Outflows related to Pension and OPEB	23,832,992	
Deferred Inflows related to Pension and OPEB	(2,053,651)	
Net Pension Liability	(166,326,073)	
Compensated Absences	(1,928,525)	(320,035,724)

Total net position of governmental activities	\$ <u>(144,233,627)</u>
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The accompanying notes are an integral part of the financial statements.

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Local sources:					
Real estate tax and penalties	\$ 63,533,778	\$ -	\$ -	\$ -	\$ 63,533,778
Earned income tax	7,613,958	-	-	-	7,613,958
Realty transfer tax	929,157	-	-	-	929,157
Public utility tax	72,068	-	-	-	72,068
Investment earnings	558,457	69,140	-	4,554	632,151
Rental of facilities	16,539	-	-	-	16,539
Tuition from patrons	400,736	-	-	-	400,736
Gifts and grants	-	-	-	147,757	147,757
Other local sources, including IDEA fu	1,038,310	-	-	-	1,038,310
Total local sources	74,163,003	69,140	-	152,311	74,384,454
State sources:					
Basic education subsidies	6,381,213	-	-	-	6,381,213
Social Security/ retirement subsidies	9,707,758	-	-	50,923	9,758,681
Special education subsidies	2,803,679	-	-	-	2,803,679
Transportation subsidies	167,555	-	-	-	167,555
Property tax reduction allocation	1,709,285	-	-	-	1,709,285
Other state aid	2,002,067	-	-	-	2,002,067
Total state sources	22,771,557	-	-	50,923	22,822,480
Federal sources:					
Elementary and Secondary Education	529,923	-	-	-	529,923
Other federal grants	321,253	-	-	-	321,253
Total federal sources	851,176	-	-	-	851,176
Total Revenues	97,785,736	69,140	-	203,234	98,058,110
Expenditures					
Current:					
Instructional services	54,685,750	330,276	-	-	55,016,026
Pupil services	3,710,118	781,796	-	-	4,491,914
Instructional support services	2,043,855	-	-	-	2,043,855
Administration	5,457,243	-	-	-	5,457,243
Pupil health services	960,549	-	-	-	960,549
Financial services	978,337	-	-	-	978,337
Operation and maintenance of plant	8,806,808	2,024,384	-	-	10,831,192
Student transportation services	1,564,404	61,277	-	-	1,625,681
Other support services	1,327,820	44,242	-	111,699	1,483,761
Student activities	2,159,443	-	-	4,944	2,164,387
Community services	423,495	-	-	87,634	511,129
Capital Outlay	-	70,883	-	-	70,883
Intergovernmental:					
Special education	2,551,741	-	-	-	2,551,741
Other	710,582	-	-	-	710,582
Debt service:					
Principal	-	-	5,040,000	-	5,040,000
Interest	-	-	5,541,242	-	5,541,242
Total Expenditures	85,380,145	3,312,858	10,581,242	204,277	99,478,522
Excess (deficiency) of revenues over expenditures	12,405,591	(3,243,718)	(10,581,242)	(1,043)	(1,420,412)
Other financing sources (uses)					
Transfers in	-	-	10,581,242	720,124	11,301,366
Transfers out	(11,370,967)	-	-	-	(11,370,967)
Total other financing sources (uses)	(11,370,967)	-	10,581,242	720,124	(69,601)
Net change in fund balance	1,034,624	(3,243,718)	-	719,081	(1,490,013)
Fund balance beginning of year	13,828,279	8,469,518	-	(492,054)	21,805,743
Fund balance, end of year	\$ 14,862,903	\$ 5,225,800	\$ -	\$ 227,027	\$ 20,315,730

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

MT. LEBANON SCHOOL DISTRICT
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
FOR THE YEAR ENDED JUNE 30, 2018

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

Net Change in fund balances - total governmental funds \$ (1,490,013)

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

Capital Outlays	70,883	
Depreciation Expense	<u>(4,001,488)</u>	(3,930,605)

Payments of long-term debt and certain expenditures of debt issuance are expensed when paid in the Governmental Funds, but are amortized or recorded as a reduction of long term liabilities in the Statement of Net Position.

Debt Principal Repayments	5,040,000	
Amortization of Bond Premiums	798,327	
Change in Accrued Interest	(762,779)	
Amortization of Deferred Refunding loss	(146,732)	
Change in Compensated Absences	<u>309,549</u>	5,238,365

Governmental funds do not report the changes in the Other Post Employment Benefit liability and related deferred inflows and outflows of resources: (366,992)

Governmental funds do not report the changes in the Pension liability and related deferred inflows and outflows of resources: (8,335,836)

Real estate taxes reported in the funds include receipt of prior year delinquent taxes and do not include revenue attributable to the current year's delinquent tax receivable. This amount is the net effect of these differences.

Current year	856,945	
Prior year	<u>(723,977)</u>	<u>132,968</u>

Changes in net position of governmental activities \$ (8,752,113)

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

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	Business-Type Activities - Enterprise Fund Food Service
<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 606,539
Intergovernmental receivable	20,119
Other receivables	751
Inventories	16,996
Total current assets	<u>644,405</u>
Non-current Assets:	
Equipment, furniture, and fixtures	960,376
Less accumulated depreciation	(174,904)
Total Non-current Assets	<u>785,472</u>
Total Assets	<u><u>\$ 1,429,877</u></u>
<u>Deferred Outflows of Resources</u>	
Deferred outflows of resources for pension	<u>362,855</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable and other current liabilities	\$ 7,494
Due to other funds	720,973
Unearned revenue	19,037
Total current liabilities	<u>747,504</u>
Noncurrent liabilities:	
Compensated absences	24,204
Net pension liability	2,532,884
Total noncurrent liabilities	<u>2,557,088</u>
Total liabilities	<u>3,304,592</u>
<u>Deferred Inflows of Resources</u>	
Deferred inflows of resources for pension	<u>26,197</u>
<u>Net Position</u>	
Net investment in capital assets	785,472
Unrestricted	(2,323,529)
Total net position	<u><u>\$ (1,538,057)</u></u>

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

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Fund <u>Food Service</u>
Operating Revenues	
Sale of food	\$ 1,584,756
Total Operating Revenues	<u>1,584,756</u>
Operating Expenses	
Salaries and wages	595,869
Employee benefits	440,833
Food	938,261
Operation	80,697
Supplies	99,407
Depreciation	62,972
Total Operating Expenses	<u>2,218,039</u>
Operating Loss	<u>(633,283)</u>
Nonoperating Revenues (Expenses)	
Federal programs:	
Subsidies	300,485
Donated commodities	85,195
State subsidies	153,317
Earnings on investments	7,243
Total Nonoperating Revenues (Expenses)	<u>546,240</u>
Loss before transfers	(87,043)
Transfers from other funds	<u>69,601</u>
Total other financing sources (uses)	<u>69,601</u>
Changes in Net Position	(17,442)
Net Position - Beginning of Year (as restated, Note 13)	<u>(1,520,615)</u>
Net Position - End of Year	<u><u>\$ (1,538,057)</u></u>

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

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Fund Food Service
Cash flows from operating activities	
Cash received from customers	\$ 1,593,113
Cash paid to employees	(913,719)
Cash paid to suppliers	(1,033,769)
Net cash used in operating activities	(354,375)
Cash flows from non-capital financing activities	
Grants and subsidies received:	
State	156,050
Federal	322,790
Transfer	(155,960)
Net cash provided by non-capital financing activities	322,880
Cash flows from capital and related financing activities	
Earnings on investments	7,243
Net cash provided by capital and related financing activities	7,243
Net decrease in cash and cash equivalents	(24,252)
Beginning cash and cash equivalents	630,791
Ending cash and cash equivalents	\$ 606,539
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (633,283)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	62,972
Pension expense	120,879
Donated commodities	85,195
(Increase) decrease in assets	
Other receivables	(3)
Increase (decrease) in liabilities	
Accounts Payable	(599)
Unearned Revenue	8,360
Compensated Absences	2,104
Net cash used in operating activities	\$ (354,375)

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

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private Purpose Trust Fund	Agency Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 120,009	\$ 175,876
Total Assets	<u>120,009</u>	<u>175,876</u>
<u>Liabilities</u>		
Liabilities		
Due to student organizations	-	175,876
Total Liabilities	-	175,876
<u>Net Position</u>		
Held in trust for scholarships	120,009	-
Total Liabilities and Net Position	<u>\$ 120,009</u>	<u>\$ 175,876</u>

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

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Private Purpose Trust Fund
Additions:	
Contributions:	
Private donations	\$ 48,241
Investment earnings:	
Interest	1,386
	<hr/>
Total Additions	49,627
	<hr/>
Deductions:	
Education scholarships	32,631
	<hr/>
Total Deletions	32,631
	<hr/>
Change in Net Position	16,996
Net Position - Beginning of Year	103,013
	<hr/>
Net Position - End of Year	\$ 120,009
	<hr/>

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

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

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

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

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

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

A.) Use of Estimates:

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

B.) Reporting Entity:

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

C.) Joint Venture:

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 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 \$375,191 and \$357,652, respectively. The net current assets of the Parkway and Pathfinder Schools at June 30, 2018 are to be used to fund future year's operations and are not significant. Separate audited financial statements of the Parkway and Pathfinder Schools are available in the School District's business office.

D.) Fund Accounting:

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

The School District uses the following funds:

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

The School District reports the following major governmental funds:

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

D.) Fund Accounting (Continued):

The School District reports the following other governmental funds:

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

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

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

FIDUCIARY FUNDS – These funds are used to account for assets held by the School District as trustee or agent.

1. Private Purpose Trust Fund – This fund accounts 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 organization's activities. There is no requirement that any portion of these resources be preserved as capital.
2. Student Activities Fund – This 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.

E.) Basis of Presentation:

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

E.) Basis of Presentation (Continued):

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Fund's principal ongoing operations. The principal operating revenues of the School District's Enterprise Fund are food service charges. Operating expenses for the School District's Enterprise Fund include food production costs, supplies, administrative costs and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

F.) Measurement Focus and Basis of Accounting:

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

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

G.) Budgetary Data:

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

1. Prior to May 31, the Board submits a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The budget of the District is the approved spending plan of the District for the year and the Board is prohibited from obligating funds in excess of these amounts. The Board may, during any fiscal year, amend the budget by making additional appropriations or increase existing appropriations to meet emergencies. The funds shall be provided from unexpended balances in existing appropriations, from unappropriated revenues or from temporary loans.
5. Budgetary data is included in the District's management information system and is employed as a management control device during the year.
6. The budget for the General Fund is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.
7. There were supplemental budgetary appropriations or amendments proposed or approved during the year.

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

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

H.) Cash and Cash Equivalents:

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

I.) Interfund Receivables/Payables:

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

J.) Accounts Receivable:

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

K.) Inventories and Prepaid Items:

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

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

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

L.) Capital Assets:

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

L.) Capital Assets (Continued):

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

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

M.) Long-Term Obligations:

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

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

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

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

N.) PSERS Net OPEB Liability:

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

O.) Fund Balance:

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

- *Non-spendable:* This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School District has \$140,644 in non-spendable fund balance in the General Fund and \$204,312 in the Capital Fund as of June 30, 2018.
- *Restricted:* This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School District had \$3,956,353 of restricted fund balance as of June 30, 2018. This classification includes funds that are legally restricted for construction costs, funds raised from outside parties to purchase playground equipment and technology, and funds raised for capital purchases through the Century of Excellence Campaign.
- *Committed:* This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School District currently does not have any committed funds.
- *Assigned:* This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. The School Board established a policy that General Fund amounts exceeding 6% of the next year's budgeted expenditures will either help pay for retiree healthcare obligations or be transferred to the Capital Fund for use in future capital projects, unless such funds exceed 8% of budgeted expenditures. If such funds exceed 8%, those funds in excess of 8% will be allocated at the Board's discretion. The actual assignment is made by the School Board after the end of each year. This category also includes the residual balance in the Capital Fund. The School District had \$10,078,422 of assigned resources as of June 30, 2018.
- *Unassigned:* This classification represents all other funds not otherwise defined. The School District had \$5,935,999 of unassigned fund balance as of June 30, 2018.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

O.) Fund Balance (Continued):

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

P.) Deferred Outflows /Inflows of Resources

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

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

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

Property taxes received in advance represent amounts for which there is a legal enforceable claim as of June 30, 2018 (as the 2018 tax levy was issued on June 1), but which were levied to the finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the statement of net position and the balance sheet.

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

Q.) Adoption of Governmental Accounting Standards Board Statements

The School District adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The adoption of this statement resulted in a restatement of the District's OPEB liability and additional note disclosures.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

Q.) Adoption of Governmental Accounting Standards Board Statements (Continued)

The School District adopted the provisions of GASB Statement No. 81, "*Irrevocable Split-Interest Agreements*." The adoption of this statement had no effect on previously recorded amounts.

The School District adopted the provisions of GASB Statement No. 85, "Omnibus 2017". The adoption of this statement had no effect on previously reported amounts.

The School District adopted the provisions of GASB Statement No. 86, "Certain Debt Extinguishment Issues". The adoption of this statement had no effect on previously reported amounts.

R.) Pending Changes in Accounting Principles

In November of 2016, the GASB issued Statement No. 83 "Certain Asset Retirement Obligations". The District is required to adopt Statement No. 83 for its fiscal year 2019 financial statements.

In January 2017, the GASB issued Statement No. 84 "Fiduciary Activities". The District is required to adopt Statement No. 84 for its fiscal year 2019 financial statements.

In June 2017, the GASB issued Statement No. 87, "Leases". The District is required to adopt Statement No. 87 for its fiscal year 2020 financial statements.

In April of 2018, The GASB issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". The District is required to adopt statement No. 88 for its fiscal year 2019 financial statements.

In June of 2018, The GASB issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The District is required to adopt statement No. 89 for its fiscal year 2020 financial statements.

In August of 2018, The GASB issued Statement No. 90 "Majority Equity Interests (an Amendment of GASB Statements No. 14 and No. 61)". The District is required to adopt statement No. 90 for its fiscal year 2019 financial statements.

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision and (d) shares of an investment company registered under the

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

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

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

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

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

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

Credit Risk – The School District's investment policy requires that investments be rated in the highest category by a nationally recognized rating agency. As of June 30, 2018, investments in PSDLAF and PLGIT have received an AAAM rating from Standard & Poor's.

Custodial Credit Risk – The School District's investment policy requires deposits exceeding FDIC limits be collateralized. At year-end, \$37,303,201 of the School District's \$37,553,201 bank balance for its deposits was not covered by the FDIC. A separate

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

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.

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

Capital Campaign

The District began a campaign to encourage philanthropy within the community towards its schools. The pledges can be made either towards capital purchases, which are kept in the District's accounts, or as endowments for programming, which are kept at The Pittsburgh Foundation. The Foundation is under agreement to manage and invest the endowments and make disbursements on behalf of the District as needed. At June 30, 2018, the balance on hand at the Foundation is \$133,931. To date through June 30, 2018, \$617,907 has been donated towards capital purchases through this campaign effort. As with any campaign event, costs tend to be front-loaded as word of the campaign gets out and donations begin to come in. As such, the General Fund provided upfront money for the campaign. The repayment of this advance is dependent on the future success of the campaign.

NOTE 3: REAL ESTATE TAXES RECEIVABLE

Assessed valuation of the School District is based upon 100% of market value, which is provided by Allegheny County. The municipal tax collector bills and collects property taxes on behalf of the School District. The District tax rate for the year ended June 30, 2018 was 23.93 mills (\$23.93 per \$1,000 of assessed valuation) as levied by the Board of School Directors.

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

June 1, 2017	Levy Date
Through July 31, 2017	2% Discount period
Through September 30, 2017	Face payment period
Beginning October 1, 2017	10% Penalty period
July 15, 2018	Lien filing date

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

The School District's 2018 real estate taxes are based on assessed values established by the County of Allegheny's Bureau of Assessments. Assessed values of real property are generally 100% of the market value as determined by the Allegheny County Tax

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3: REAL ESTATE TAXES RECEIVABLE (CONTINUED)

Assessment Office. The total 2017 real estate taxes levied were \$65,902,528 based on a total SCHOOL DISTRICT assessed valuation of \$2,740,089,012.

Allegheny County completed a countywide reassessment in early 2012. The reassessment increased overall assessments in the School District by approximately 25.1% from the May 2012 assessments used in the 2012-2013 budget. The School District estimated a reduced assessment of 4.5% for the outstanding appeals primarily due to the significant number of outstanding assessment appeals and appeals by commercial properties. As a result, in May 2013, the Board reduced real estate taxes by 4.52 mills or 20% for the 2013-2014 school year. There were many tax appeal hearings held during the 2013-2014 year and as of July 2014, the School District estimated about 250 outstanding appeals for an assessment value of over \$175 million. In accordance with Act 1's anti-windfall rules, the School District transferred \$1,000,000 of real estate taxes collected in 2013-2014 to a new liability account in order to address real estate tax refunds on the properties still in the appeal process. Future refunds for 2013-2014 will be charged against this liability account until the School District is confident that all substantial appeals have been settled. As of June 30, 2018, the balance of this account remains at \$100,000. Every year, the balance of this account, if any, will be reviewed with the Board as to future options.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 547,024	\$ -	\$ -	\$ 547,024
Construction in Progress	2,405,700	-	(2,405,700)	-
Total Capital Assets, Not Being Depreciated	<u>2,952,724</u>	<u>-</u>	<u>(2,405,700)</u>	<u>547,024</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	189,117,587	2,405,700	-	191,523,287
Equipment, furnitures, and fixtures	7,499,396	70,883	-	7,570,279
Total Capital Assets, Being Depreciated	<u>196,616,983</u>	<u>2,476,583</u>	<u>-</u>	<u>199,093,566</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(37,592,659)	(2,960,828)	-	(40,553,487)
Equipment, furnitures, and fixtures	(3,417,021)	(1,040,660)	-	(4,457,681)
Total Accumulated Depreciation	<u>(41,009,680)</u>	<u>(4,001,488)</u>	<u>-</u>	<u>(45,011,168)</u>
Total Capital Assets, Being Depreciated, Net	<u>155,607,303</u>	<u>(1,524,905)</u>	<u>-</u>	<u>154,082,398</u>
Governmental Activities Capital Assets, Net	<u>\$ 158,560,027</u>	<u>\$ (1,524,905)</u>	<u>\$ (2,405,700)</u>	<u>\$ 154,629,422</u>

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4: CAPITAL ASSETS (CONTINUED)

BUSINESS TYPE ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Equipment	\$ 960,376	\$ -	\$ -	\$ 960,376
Total Capital Assets, Being Depreciated	960,376	-	-	960,376
Less Accumulated Depreciation	(111,932)	(62,972)	-	(174,904)
Total Capital Assets, Being Depreciated, Net	848,444	(62,972)	-	785,472
Business Type Activities Capital Assets, Net	<u>\$ 848,444</u>	<u>\$ (62,972)</u>	<u>\$ -</u>	<u>\$ 785,472</u>

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

Governmental Activities:	
Instructional services	\$ 2,679,877
Pupil services	173,881
Instructional support services	95,788
Administration	328,032
Pupil health services	45,018
Financial services	45,851
Operation and maintenance of plant	429,090
Student transportation services	78,881
Other support services	3,945
Student activities	101,277
Community services	<u>19,848</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,001,488</u>
Business Type Activities:	
Food services	<u>\$ 62,972</u>
Total Depreciation Expense - Business Type Activities	<u>\$ 62,972</u>

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5: 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, 2018 were approximately \$220,000.

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

2019	\$	171,065
2020		47,885
2021		15,493
	\$	<u>234,443</u>

NOTE 6: LONG-TERM LIABILITIES OBLIGATIONS

Bonds Payable:

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

During fiscal year 2010, the School District issued \$69,000,000 of 2009 Series A General Obligation Bonds (2009 Series A Bonds) for the purpose of providing a portion of the funds for the School District's senior high school renovation project, to provide funds for various other capital projects throughout the School District, and to pay all costs and expenses incurred in connection with the issuance and sale of the 2009 Series A Bond. During fiscal year 2017, \$56,340,000 of the 2009 Series A Bonds were refunded, on an advance basis, with the issuance of the General Obligation Bonds, Series of 2016. At June 30, 2018 \$54,060,000 of the defeased bonds remain outstanding.

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

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

During fiscal year 2017, the School District issued \$57,955,000 of 2017 General Obligation Bonds (2017 Bonds) for the purpose of refunding, on an advance basis, the 2009 Series A Bonds, providing funds for various capital projects throughout the School District, and paying all costs associated with the issuance of the 2017 Bonds. The funding was completed to reduce the School District's debt service payments over the next seventeen years by approximately \$3.840 million and to obtain an economic gain

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

(difference between present values of old debt and new debt service payments) of approximately \$3.630 million. The 2017 Bonds bear interest semi-annually at rates ranging from 3.00% to 5.00% and mature in fiscal year 2034.

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

	Principal	Interest	Total Debt
<u>Governmental Activities</u>	<u>Requirements</u>	<u>Requirements</u>	<u>Service Requirements</u>
Year Ended June 30:			
2019	\$ 4,585,000	\$ 5,991,269	\$ 10,576,269
2020	5,375,000	5,790,719	11,165,719
2021	6,040,000	5,557,869	11,597,869
2022	6,890,000	5,259,069	12,149,069
2023	7,230,000	4,918,019	12,148,019
2024-2028	41,640,000	19,101,807	60,741,807
2029-2033	48,775,000	10,279,344	59,054,344
2034-2035	<u>19,265,000</u>	<u>1,311,563</u>	<u>20,576,563</u>
Total	<u>\$ 139,800,000</u>	<u>\$ 58,209,659</u>	<u>\$ 198,009,659</u>

Compensated Absences:

Compensated absences are comprised of accumulated unused sick days. The aggregate liability is \$1,952,729 as of June 30, 2018.

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

Teachers – Upon retirement with 15 years of service, are reimbursed for unused sick days at the rate of \$40 per day for the first 100 days and \$50 per day for an additional 180 days. The maximum payment is \$13,000.

Administrators – 10 years of service are entitled to \$80 per day for unused sick days up to a maximum payment of \$15,000. They are also paid a per diem for unused vacation days.

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

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

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

A summary of changes in long-term debt obligations for 2018 is as follows:

	Beginning Balance, Restated See Note 13	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable:					
General obligation bonds	\$ 144,840,000	\$ -	\$ (5,040,000)	\$ 139,800,000	\$ 4,585,000
Total bonds payable	144,840,000	-	(5,040,000)	139,800,000	4,585,000
Other Liabilities:					
Compensated absences	2,238,074	644,779	(954,328)	1,928,525	-
Other Postemployment Benefits	21,185,326	1,208,673	(790,144)	21,603,855	-
Net pension liability	168,894,715	-	(2,568,642)	166,326,073	-
Total Other Liabilities	192,318,115	1,853,452	(4,313,114)	189,858,453	-
Governmental Activities Long-Term Liabilities	\$ 337,158,115	\$ 1,853,452	\$ (9,353,114)	\$ 329,658,453	\$ 4,585,000
			Plus: unamortized premium	11,611,530	
			Total long term liabilities (net)	<u>\$ 341,269,983</u>	

	Beginning Balance, Restated See Note 13	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business Type Activities:</u>					
Other Liabilities:					
Compensated absences	\$ 20,513	\$ 3,691	\$ -	\$ 24,204	\$ -
Net pension liability	2,572,285	-	(39,401)	2,532,884	-
Total Other Liabilities	2,592,798	3,691	(39,401)	2,557,088	-
Governmental Activities Long-Term Liabilities	\$ 2,592,798	\$ 3,691	\$ (39,401)	\$ 2,557,088	\$ -

NOTE 7: RISK MANAGEMENT

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS

Plan Description:

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

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

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	42
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	605
Total	<u>647</u>

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

Total OPEB Liability. The District's total OPEB liability of \$14,637,943 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Discount Rate	3.50%
Healthcare cost trend rates	2.4% for 2017, and 5.0% from 2018 and later.
Mortality	RP- 2014 Mortality Table projected to improve with rates derived from the Long- Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report

The discount rate was based on the S & P Municipal Bond 20 Year High Grade Rate Index at June 30, 2018.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the total OPEB Liability.

The District's total OPEB liability has been measured as of June 30, 2018. The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, and by rolling forward the liabilities from the July 1, 2017 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$14,637,943, all of which is unfunded. As of June 30, 2018, the total OPEB liability of \$14,637,943 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

The District's change in its total OPEB liability for the year ended June 30, 2018 was as follows:

	Governmental Activities
Service cost	\$ 702,052
Interest	506,621
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	<u>(681,252)</u>
Net change in total OPEB liability	527,421
Total OPEB liability - June 30, 2017	<u>14,110,522</u>
Total OPEB liability - June 30, 2018	<u><u>\$ 14,637,943</u></u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2018, the District recognized OPEB expense of (\$160,429). At June 30, 2018, the District reported no deferred outflows of resources or deferred inflows of resources related to this plan.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5 percent) or 1 percentage point higher (4.5 percent) than the current discount rate:

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
School's total OPEB liability	\$ 16,159,713	\$ 14,637,943	\$ 13,246,030

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

	1% Decrease Between 1.4% to 4%	Healthcare Cost Trend Rate Between 2.4% to 5%	1% Increase Between 3.4% to 6%
School's total OPEB liability	\$ 12,641,998	\$ 14,637,943	\$ 17,034,294

Health Insurance Premium Assistance Plan

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

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

Premium Assistance Eligibility Criteria

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

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

to the lessor of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2017 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions. The school districts' contractually required contribution rate for fiscal year ended June 30, 2018 was 0.83% of covered payroll, an actuarially determined amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PSERS Plan from the District were \$379,363 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$6,965,912 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2016 to June 30, 2017. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all School Districts in the PSERS Plan. At June 30, 2018, the District's proportion was 0.3419 percent, which was a decrease of 0.0041 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District recognized OPEB expense of \$326,461. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 379,363	\$ -
Changes of assumptions	-	270,127
Net difference between projected and actual investment earnings	5,524	-
Changes in proportion	-	63,223
	<hr/>	<hr/>
Total	<u>\$ 384,887</u>	<u>\$ 333,350</u>

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

\$379,363 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (64,829)
2020	(64,829)
2021	(64,828)
2022	(66,670)
2023	<u>(66,670)</u>
Total	<u><u>\$ (327,826)</u></u>

Actuarial Assumptions. The total OPEB liability as of June 30, 2017 was determined by rolling forward the System's total OPEB liability as of the June 30, 2016 actuarial valuation to June 30, 2017 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 3.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit and seniority increases.
- Premium assistance reimbursement capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females adjusted to reflect PSERS' experience and projected using a modified version of the RP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2015 determined the employer contribution rate for fiscal year 2017.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits).

A recent actuarial experience study was not performed.

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the Program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. The Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017 were:

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	76.4%	0.6%
Fixed Income	23.6%	1.5%
	<u>100.0%</u>	

Discount rate. The discount rate used to measure the total OPEB liability was 3.13%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 3.13% which represents the S&P 20 year

Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2017, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2016, 91,797 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2016, 1,354 members were receiving less than the maximum amount allowed of \$1200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
	Between 4% to 7%	Between 5% to 8%	Between 6% to 9%
System net OPEB liability	\$ 6,964,000	\$ 6,965,912	\$ 6,967,000

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

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13 percent) or higher (4.13 percent) than the current discount rate:

	1% Decrease	Current	1% Increase
	2.13%	Discount Rate	4.13%
		3.13%	
School's proportionate share of the net OPEB liability	\$ 7,918,000	\$ 6,965,912	\$ 6,175,000

OPEB plan fiduciary net position.

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

NOTE 9: EMPLOYEE RETIREMENT PLAN

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

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 9: EMPLOYEE RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan:

Plan Description. PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate include all full-time public school employees, part-time hourly public school employees who render at least

500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

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

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

Contributions. The contribution policy is established in the Public School Employee's Retirement Code and requires contributions by active members, employers and the

Commonwealth. Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.5% (Membership Class TD) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute 6.25% (Membership Class TC) or at 7.5% (Membership Class TD) of the members qualifying compensation. Members who joined the System after June 30, 2001 and before June 1, 2011, contribute at 7.5% (automatic Membership Class TD).

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 9: EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

Employer Contributions. The school districts' contractually required contribution rate for fiscal year ended June 30, 2018 was 33.2% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$15,113,266 for the year ended June 30, 2018. Approximately \$14.9 million was contributed by the General Fund and approximately \$0.2 million was contributed by the Cafeteria Fund.

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

At June 30, 2018, the District reported a liability of \$168,858,957 for its proportionate share of the net pension liability. Of this amount, \$2,532,884 is recorded in the Cafeteria Fund, as that is the portion that relates to the cafeteria employees. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2016 to June 30, 2017. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2017, the District's proportion was 0.3419 percent, which was a decrease of 0.0041 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$17,435,570, of which \$17,174,036 was recorded as a governmental activity and \$261,534 was recorded in the Cafeteria Fund. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: EMPLOYEE RETIREMENT PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:		
Governmental activity	\$ 1,301,389	\$ (619,859)
Business-type activity/ proprietary fund	19,818	(9,439)
Changes of assumptions:		
Governmental activity	3,012,443	-
Business-type activity/ proprietary fund	45,875	-
Net difference between projected and actual investment earnings:		
Governmental activity	3,262,844	-
Business-type activity/ proprietary fund	49,688	-
Changes in proportion:		
Governmental activity	1,364,225	(1,100,442)
Business-type activity/ proprietary fund	20,775	(16,758)
District contributions subsequent to the measurement date:		
Governmental activity	14,507,204	-
Business-type activity/ proprietary fund	226,699	-
Total	<u>\$ 23,810,960</u>	<u>\$ (1,746,498)</u>

\$14,733,903 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities	Business-type Activities/ Proprietary Fund
Year ended June 30:		
2019	\$ 5,362,274	\$ 81,659
2020	2,762,653	42,071
2021	(904,327)	(13,771)
	<u>\$ 7,220,600</u>	<u>\$ 109,959</u>

Actuarial Assumptions. The total pension liability as of June 30, 2017 was determined by rolling forward the System's total pension liability as of the June 30, 2016 actuarial valuation to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal – level % of pay
Salary increases	5.00 percent, average, including inflation of 2.75 percent, and real wage growth and merit or seniority increases of 2.25%
Investment rate of return	7.25 percent, net of pension plan investment expense, includes inflation of 2.75%

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 9: EMPLOYEE RETIREMENT PLAN (CONTINUED)

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.1%
Fixed income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute return	10.0%	3.4%
Risk parity	10.0%	3.8%
Infrastructure/MLPs	8.0%	4.8%
Real estate	10.0%	3.6%
Alternative investments	15.0%	6.2%
Cash	3.0%	0.6%
Financing (LIBOR)	-20.0%	1.1%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: EMPLOYEE RETIREMENT PLAN (CONTINUED)

projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School's proportionate share of the net pension liability	\$ 207,851,000	\$ 168,858,957	\$ 135,939,000

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

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of Interfund Receivables, Payables, and Transfers at June 30, 2018:

	<u>Due from</u>	<u>Due to</u>
<u>Major Governmental Fund Types</u>		
General Fund	\$ 296,332	\$ -
Capital Fund	615,447	-
<u>Other Governmental Fund Types</u>		
Capital Campaign Fund	-	190,806
Total Governmental Fund Type	<u>911,779</u>	<u>190,806</u>
<u>Enterprise Fund</u>		
Food Service	-	720,973
Total Enterprise Fund	<u>-</u>	<u>720,973</u>
Total Internal Balances	<u><u>\$ 911,779</u></u>	<u><u>\$ 911,779</u></u>

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major Governmental Fund Types</u>		
General Fund	\$ -	\$ 11,370,967
Debt Service Fund	10,581,242	-
<u>Other Governmental Fund Types</u>		
Capital Campaign Fund	720,124	-
 Total Governmental Fund Type	 <u>11,301,366</u>	 <u>11,370,967</u>
<u>Enterprise Fund</u>		
Food Service	69,601	-
Total Enterprise Fund	<u>69,601</u>	<u>-</u>
 Total Internal Balances	 <u><u>\$ 11,370,967</u></u>	 <u><u>\$ 11,370,967</u></u>

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

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

Transfers are used to (1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, (2) provide funds from the General Fund to the Capital Projects Fund for capital improvements, and (3) provide operating support to the Cafeteria Fund.

NOTE 11: COMMITMENTS AND CONTINGENCIES

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

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

There is an ongoing appeal process through which a taxpayer may contest the assessed value of their property. This process could result in reductions in tax revenues and refunds of taxes previously collected. Various appeals are outstanding at June 30, 2018. The ultimate outcome of these appeals is uncertain.

MT. LEBANON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 12: HEALTH INSURANCE CONSORTIUM

The School District is one of fifty-two members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. The School District paid approximately \$10.2 million to the Consortium during fiscal year 2018.

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, 2018, the Consortium had net assets of approximately \$64 million, of which approximately \$2.6 million is attributable to the School District.

NOTE 13: RESTATEMENT OF NET POSITION

The following restatements were necessary to reflect changes required by the District's adoption of GASB Statement No. 75 "*Accounting and Financial Reporting for Post Employment Benefits other than Pensions*." and to correct an error in previously issued financial statements.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position, beginning balance of year as previously stated	\$ (131,289,779)	\$ (1,726,103)
Adjustment due to omission of contributions subsequent to measurement date in previous period	13,493,732	205,488
Understatement of OPEB Liability due to GASB 75 adoption - PSERS	(7,074,804)	-
Understatement of OPEB Liability due to GASB 75 adoption - Retiree Health Plan	<u>(10,610,663)</u>	<u>-</u>
Net position, beginning balance of year as restated	<u>\$ (135,481,514)</u>	<u>\$ (1,520,615)</u>

REQUIRED SUPPLEMENTARY INFORMATION

MT. LEBANON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30,2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Revenues				
Local sources:				
Real estate tax and penalties	\$62,909,355	\$62,909,355	\$63,533,778	\$624,423
Earned income tax	7,692,640	7,692,640	7,613,958	(78,682)
Realty transfer tax	850,000	850,000	929,157	79,157
Public utility tax	80,000	80,000	72,068	(7,932)
Investment earnings	250,000	250,000	558,457	308,457
Rental of facilities	26,500	26,500	16,539	(9,961)
Tuition from patrons	430,000	430,000	400,736	(29,264)
Other local sources	125,000	155,000	1,038,310	883,310
Total local sources	72,363,495	72,393,495	74,163,003	1,769,508
State sources:				
Basic education subsidies	6,372,012	6,372,012	6,381,213	9,201
Social Security/ retirement subsidies	9,322,746	9,322,745	9,707,758	385,013
Special education subsidies	2,641,796	2,614,796	2,803,679	188,883
Medical, dental, and nurse care	100,000	100,000	-	(100,000)
Transportation subsidies	126,044	126,044	167,555	41,511
Property tax reduction allocation	1,709,285	1,709,285	1,709,285	-
Other state aid	1,837,139	1,864,140	2,002,067	137,927
Total state sources	22,109,022	22,109,022	22,771,557	662,535
Federal sources:				
Elementary and Secondary Education Act	125,379	413,558	529,923	116,365
Other federal grants	900,000	900,000	321,253	(578,747)
Total federal sources	1,025,379	1,313,558	851,176	(462,382)
Total Revenues	95,497,896	95,816,075	97,785,736	1,969,661
Expenditures				
Current:				
Instructional services	56,503,969	54,817,490	54,685,750	131,740
Pupil services	3,742,530	3,765,943	3,710,118	55,825
Instructional support services	2,168,207	2,061,189	2,043,855	17,334
Administration	5,653,112	5,478,069	5,457,243	20,826
Pupil health services	951,777	974,434	960,549	13,885
Financial services	993,280	1,003,263	978,337	24,926
Operation and maintenance of plant	9,389,659	8,885,465	8,806,808	78,657
Student transportation services	1,648,920	1,611,739	1,564,404	47,335
Other support services	1,358,652	1,342,682	1,327,820	14,862
Student activities	2,078,117	2,203,972	2,159,443	44,529
Community services	404,135	428,945	423,495	5,450
Intergovernmental:				
Special education	-	2,569,494	2,551,741	17,753
Other	-	711,402	710,582	820
Debt service:				
Principal	82,500	-	-	-
Total Expenditures	84,974,858	85,854,087	85,380,145	473,942
Excess (deficiency) of revenues over expenditures	10,523,038	9,961,988	12,405,591	2,443,603
Other financing sources (uses)				
Transfers out	(10,711,988)	(10,711,988)	(11,370,967)	(658,979)
Budgetary Reserve	750,000	750,000	-	(750,000)
Total other financing sources (uses)	(9,961,988)	(9,961,988)	(11,370,967)	(1,408,979)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$561,050	\$0	\$1,034,624	\$1,034,624

MT LEBANON SCHOOL DISTRICT
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND
RELATED RATIOS - RETIREES' HEALTH PLAN**
JUNE 30, 2018

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 702,052
Interest	506,621
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	<u>(681,252)</u>
Net change in total OPEB liability	527,421
Total OPEB liability - beginning	<u>14,110,552</u>
Total OPEB liability - ending	<u><u>\$ 14,637,973</u></u>
Covered payroll	\$ 47,199,402
School's total OPEB liability as a percentage of covered payroll	31.01%

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

MT LEBANON SCHOOL DISTRICT
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - PSERS PLAN**
JUNE 30, 2018

	<u>2018</u>
School's proportion of the net OPEB liability	0.3419%
School's proportionate share of the net OPEB liability	\$ 6,965,912
School's covered payroll	\$ 45,516,016
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.73%

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

MT. LEBANON SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS - PSERS PLAN
JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
Contractually determined contribution	\$ 379,363	\$ 377,998
Contributions in relation to the contractually determined contribution	<u>379,363</u>	<u>377,998</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 45,516,016	\$ 45,459,973
Contributions as a percentage of covered payroll	0.83%	0.83%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.3419%	0.3460%	0.3441%	0.3330%
District's proportionate share of the net pension liability	\$ 168,859	\$ 171,467	\$ 149,048	\$ 131,804
District's covered-employee payroll	\$ 45,516	\$ 44,807	\$ 44,279	\$ 42,498
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	370.99%	382.68%	336.61%	310.14%
Plan fiduciary net position as a percentage of the total pension liability	51.84%	50.14%	54.36%	57.24%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$15,113,266	\$13,136,130	\$11,257,220	\$8,797,615
Contributions in relation to the contractually required contribution	15,113,266	13,136,130	11,257,220	8,797,615
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$45,516,016	\$45,459,973	\$44,803,940	\$44,330,171
Contributions as a percentage of covered-employee payroll	33.20%	28.90%	25.13%	19.85%

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



SUPPLEMENTARY INFORMATION

MT. LEBANON SCHOOL DISTRICT
DESCRIPTION OF DISTRICT FUNDS

MAJOR FUNDS

GENERAL FUND

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

CAPITAL FUND

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

DEBT SERVICE FUND

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

MAJOR PROPRIETARY FUND

FOOD SERVICE FUND

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

OTHER GOVERNMENTAL FUNDS

FIDUCIARY FUNDS

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

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

SPECIAL REVENUE FUND

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

CAPITAL CAMPAIGN FUND

The Capital Campaign Fund, a special revenue fund, accounts for money donated from outside sources through the Century of Excellence Campaign for the purpose of strengthening the School District's programs, including fine arts, athletics and academics.

MT. LEBANON SCHOOL DISTRICT
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Fund	Capital Campaign Fund	Total Other Governmental Funds
Assets			
Cash and cash equivalents	\$ 22,365	\$ 406,163	\$ 428,528
Total assets	\$ 22,365	\$ 406,163	\$ 428,528
Liabilities			
Accounts payable	\$ -	\$ 10,695	\$ 10,695
Due to other funds	-	190,806	190,806
Total liabilities	-	201,501	201,501
Fund Balances			
Restricted	22,365	204,662	227,027
Total fund balances	22,365	204,662	227,027
Total liabilities and fund balances	\$ 22,365	\$ 406,163	\$ 428,528

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

MT. LEBANON SCHOOL DISTRICT
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OTHER GOVERNMENTAL FUNDS**
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Fund	Capital Campaign Fund	Total Other Governmental Funds
<u>Revenues</u>			
Local sources:			
Investment earnings	\$ 138	\$ 4,416	\$ 4,554
Gifts and grants	10,322	137,435	147,757
Total local sources	10,460	141,851	152,311
State sources:			
Social security/retirement subsidies	-	50,923	50,923
Total state sources	-	50,923	50,923
Total revenues	10,460	192,774	203,234
<u>Expenditures</u>			
Current:			
Other support services	-	111,699	111,699
Student activities	4,944	-	4,944
Community services	-	87,634	87,634
Total expenditures	4,944	199,333	204,277
Excess (deficiency) of revenues over expenditures	5,516	(6,559)	(1,043)
Other financing sources (uses)			
Transfers in	-	720,124	720,124
Total other financing sources (uses)	-	720,124	720,124
Net change in fund balance	5,516	713,565	719,081
Fund balance beginning of year	16,849	(508,903)	(492,054)
Fund balance, end of year	\$ 22,365	\$ 204,662	\$ 227,027

MT. LEBANON SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance at July 1, 2017	Additions	Reductions	Balance at June 30, 2018
Assets				
Cash and cash equivalents	\$ 155,541	\$ 437,941	\$ 417,606	\$ 175,876
Liabilities				
Due to student organizations	\$ 155,541	\$ 437,941	\$ 417,606	\$ 175,876

MT. LEBANON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass Through Grantor/ Project Title	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Total Received for the Year	Accrued or (Deferred) Revenue June 30, 2017	Revenue Recognized	Expenditures	Passed Through to Subrecipients	Accrued or (Deferred) Revenue June 30, 2018
<u>US Department of Education</u>									
Passed through the Pennsylvania Department of Education									
Title I Grants to Local Education Agencies	84.010	013-170273	2016-17	\$ 109,722	\$ 74,232	\$ 35,490	\$ 35,490	\$ -	\$ -
Title I Grants to Local Education Agencies	84.010	013-180273	2017-18	305,624	-	360,379	360,379	-	54,755
Total Title I Grants to Local Education Agencies				415,346	74,232	395,869	395,869	-	54,755
Title II-A Supporting Effective Instruction	84.367	020-170273	2016-17	35,045	29,526	5,519	5,519	-	-
Title II-A Supporting Effective Instruction	84.367	020-180273	2017-18	70,361	-	101,260	101,260	-	30,899
Total Title II-A Supporting Effective Instruction				105,406	29,526	106,779	106,779	-	30,899
English Language Acquisition State Grants	84.365	010-170273	2016-17	15,750	15,750	-	-	-	-
English Language Acquisition State Grants	84.365	010-180273	2017-18	10,192	-	17,275	17,275	-	7,083
Total English Language Acquisition State Grants				25,942	15,750	17,275	17,275	-	7,083
Student Support and Academic Enrichment	84.424	144-180273	2017-18	10,000	-	10,000	10,000	-	-
IDEA Part B	84.027	062-160003	2016-17	182,086	182,086	-	-	-	-
IDEA Part B	84.027	062-170003	2017-18	532,793	-	710,390	710,390	-	177,597
IDEA B Sec 619	84.173	131-180003	2017-18	2,560	-	2,560	2,560	-	-
Total Special Education Cluster				717,439	182,086	712,950	712,950	-	177,597
Total US Department of Education				1,274,133	301,594	1,242,873	1,242,873	-	270,334
<u>US Department of Agriculture</u>									
Passed through the Pennsylvania Department of Education									
National School Lunch Program	10.555	362	2017-18	307,717	38,440	286,494	286,494	-	17,217
School Breakfast Program	10.553	365	2017-18	15,073	1,869	13,991	13,991	-	787
Passed through Pennsylvania Department of Agriculture									
National School Lunch Program (Donated Commodities)	10.555	N/A	2017-18	93,555	(10,677)	85,195	85,195	-	(19,037)
Total Child Nutrition Cluster				416,345	29,632	385,680	385,680	-	(1,033)
Total US Department of Agriculture				416,345	29,632	385,680	385,680	-	(1,033)
<u>US Department of Health and Human Services</u>									
Passed through the Pennsylvania Department of Human Services									
Medcial Assistance Cluster	93.778	N/A	2017-18	1,467	-	1,467	1,467	-	-
Total US Department of Health and Human Services				1,467	-	1,467	1,467	-	-
Total Federal Awards				\$ 1,691,945	\$ 331,226	\$ 1,630,020	\$ 1,630,020	\$ -	\$ 269,301

MT. LEBANON SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Mt. Lebanon School District (School District) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Reconciliation to Federal Subsidy Confirmation

Total received for the year	\$ 1,691,945
Less amounts received from other grantor agencies:	
Donated commodities	(93,555)
Special Education - Grants to States	(717,439)
Medical Assistance Title XIX	(1,467)
Plus amounts not required to be reported on the Schedule of Expenditures of Federal Awards:	
Food Nutrition Services	38,151
Medical Assistance - Access	<u>319,786</u>
Total receipts per confirmation	<u>\$ 1,237,421</u>

MT. LEBANON SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Note 4: Reconciliation to Financial Statements

Total Revenue	\$ 1,630,020
Less Special Education Cluster, which is included in Local Sources	(712,950)
Plus amounts not required to be reported on the Schedule of Expenditures of Federal Awards:	
Medical Assistance - Access	<u>319,786</u>
	<u>\$ 1,236,856</u>
Total revenue per financial statements:	
General Fund federal revenues	\$ 851,176
Cafeteria Fund federal revenues	<u>385,680</u>
Total revenue per financial statements	<u>\$ 1,236,856</u>

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2018

INSTRUCTIONAL SERVICES

Regular Instruction

	Original Budget	Final Budget	Actual	Variance
Salaries	\$27,819,437	\$28,035,537	\$28,009,367	\$26,170
Employee Benefits	16,847,062	16,772,062	16,771,418	644
Contracted Services	754,750	87,382	87,327	55
Repair and Rental Services	17,690	18,490	18,445	45
Purchased Services	554,640	104,563	104,137	426
Supplies and Materials	814,728	852,626	852,243	383
Property	84,760	84,760	78,000	6,760
Dues and Fees	9,924	9,924	4,977	4,947
Subtotal	46,902,991	45,965,344	45,925,913	39,431

Special Instruction

Salaries	4,524,652	4,647,652	4,646,766	886
Employee Benefits	2,719,097	2,609,097	2,608,941	156
Contracted Services	1,185,000	318,139	317,894	245
Purchased Services	674,750	421,482	421,267	215
Supplies and Materials	123,822	126,622	126,596	26
Property	-	-	-	-
Subtotal	9,227,321	8,122,992	8,121,464	1,528

Other Instructional Programs

Salaries	116,247	138,247	138,103	144
Employee Benefits	70,717	70,732	70,732	-
Contracted Services	160,000	223,000	222,740	260
Purchased Services	326,170	20,000	17,000	3,000
Supplies and Materials	3,750	13,250	13,108	142
Subtotal	676,884	465,229	461,684	3,545

Continuing Education

Salaries	149,560	149,560	115,321	34,239
Employee Benefits	91,171	91,171	47,558	43,613
Repair and Rental Services	4,294	13,694	13,683	11
Purchased Services \ Supplies	9,500	9,500	127	9,373
Subtotal	254,525	263,925	176,689	87,236

Total Instructional Services

57,061,721 54,817,490 54,685,750 131,740

Pupil Services

Salaries	2,312,515	2,312,515	2,283,660	28,855
Employee Benefits	1,389,456	1,389,456	1,363,806	25,650
Contracted Services	13,030	16,430	16,413	18
Purchased Services	85,000	170	168	2
Supplies and Materials	47,372	47,372	46,071	1,301
Dues and Fees	-	-	-	-
Subtotal	\$3,847,373	\$3,765,943	\$3,710,118	\$55,825

(Continued)

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2018

Instructional Support Services	Original Budget	Final Budget	Actual	Variance
Salaries	\$1,166,369	\$1,111,869	\$1,111,799	\$70
Employee Benefits	843,757	707,757	707,274	483
Contracted Services	21,000	65,450	64,964	486
Repair and Rental Services	3,000	3,000	1,671	1,329
Purchased Services	39,500	39,500	29,888	9,612
Supplies and Materials	132,213	132,213	127,274	4,939
Property	-	-	-	-
Dues and Fees	1,400	1,400	985	415
Subtotal	2,207,239	2,061,189	2,043,855	17,334
Administration				
Salaries	3,163,808	3,163,808	3,163,808	-
Employee Benefits	1,897,279	1,890,644	1,888,266	2,378
Contracted Services	327,500	327,500	310,336	17,164
Repair and Rental Services	10,000	10,000	10,000	-
Purchased Services	236,000	6,902	6,475	427
Supplies and Materials	47,315	64,815	64,441	374
Property	500	500	76	424
Dues and Fees	7,000	13,900	13,842	59
Subtotal	5,689,402	5,478,069	5,457,243	20,826
Pupil Health Services				
Salaries	579,117	596,117	595,707	410
Employee Benefits	358,068	358,068	354,359	3,709
Contracted Services	7,269	7,269	7,126	143
Supplies and Materials	12,980	12,980	3,358	9,622
Property	-	-	-	-
Subtotal	957,434	974,434	960,549	13,885
Financial Services				
Salaries	411,983	413,383	413,324	59
Employee Benefits	250,380	253,380	253,306	74
Contracted Services	9,000	11,000	10,690	310
Repair and Rental Services	310,500	310,500	286,881	23,619
Purchased Services	4,000	4,000	3,178	822
Supplies and Materials	9,000	11,000	10,958	42
Property	-	-	-	-
Subtotal	994,863	1,003,263	978,337	24,926
Operation & Maintenance of Plant				
Salaries	3,853,519	3,853,519	3,807,448	46,071
Employee Benefits	2,352,272	2,354,072	2,354,007	65
Contracted Services	523,921	257,793	240,071	17,722
Repair and Rental Services	481,399	381,399	376,829	4,570
Purchased Services	349,850	374,850	374,619	231
Supplies and Materials	1,815,482	1,628,482	1,628,393	89
Property	35,050	35,050	25,330	9,720
Dues and Fees	300	300	111	189
Subtotal	\$9,411,793	\$8,885,465	\$8,806,808	\$78,657

(Continued)

MT. LEBANON SCHOOL DISTRICT

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

Year ended June 30, 2018

Student Transportation Services	Original Budget	Final Budget	Actual	Variance
Salaries	\$292,545	\$324,745	\$299,190	\$25,555
Employee Benefits	178,401	200,401	200,333	68
Purchased Services	1,138,768	1,045,593	1,032,230	13,363
Supplies and Materials	41,000	41,000	32,651	8,349
Subtotal	<u>1,650,714</u>	<u>1,611,739</u>	<u>1,564,404</u>	<u>47,335</u>
Other Support Services				
Salaries	552,143	552,143	544,437	7,706
Employee Benefits	384,077	399,077	398,590	487
Contracted Services	214,000	297,000	296,731	269
Repair and Rental Services	164,600	26,600	26,275	325
Purchased Services	12,000	16,700	16,671	29
Supplies and Materials	11,060	8,162	3,697	4,465
Property	-	18,000	17,528	472
Dues and Fees	25,000	25,000	23,890	1,110
Subtotal	<u>1,362,880</u>	<u>1,342,682</u>	<u>1,327,820</u>	<u>14,862</u>
Student Activities				
Salaries	1,190,496	1,193,046	1,186,878	6,168
Employee Benefits	720,167	720,167	691,870	28,297
Contracted Services	63,636	74,636	74,360	276
Repair and Rental Services	20,363	20,363	10,912	9,451
Purchased Services	22,580	28,330	28,286	44
Supplies and Materials	150,550	152,000	151,965	35
Property	-	-	-	-
Dues and Fees	15,430	15,430	15,173	257
Subtotal	<u>2,183,222</u>	<u>2,203,972</u>	<u>2,159,443</u>	<u>44,529</u>
Community Services				
Salaries	226,365	250,365	249,885	480
Employee Benefits	157,581	157,581	153,934	3,647
Contracted Services	500	500	(593)	1,093
Supplies and Materials	20,500	20,500	20,268	232
Dues and Fees	-	-	-	-
Subtotal	<u>404,946</u>	<u>428,946</u>	<u>423,495</u>	<u>5,451</u>
Intergovernmental				
Special Education	-	2,569,494	2,551,741	17,753
Other	<u>82,500</u>	<u>711,401</u>	<u>710,582</u>	<u>819</u>
Subtotal	<u>82,500</u>	<u>3,280,895</u>	<u>3,262,323</u>	<u>18,572</u>
Total General Fund Expenditures	<u><u>\$85,854,087</u></u>	<u><u>\$85,854,087</u></u>	<u><u>\$85,380,145</u></u>	<u><u>\$473,942</u></u> (Concluded)

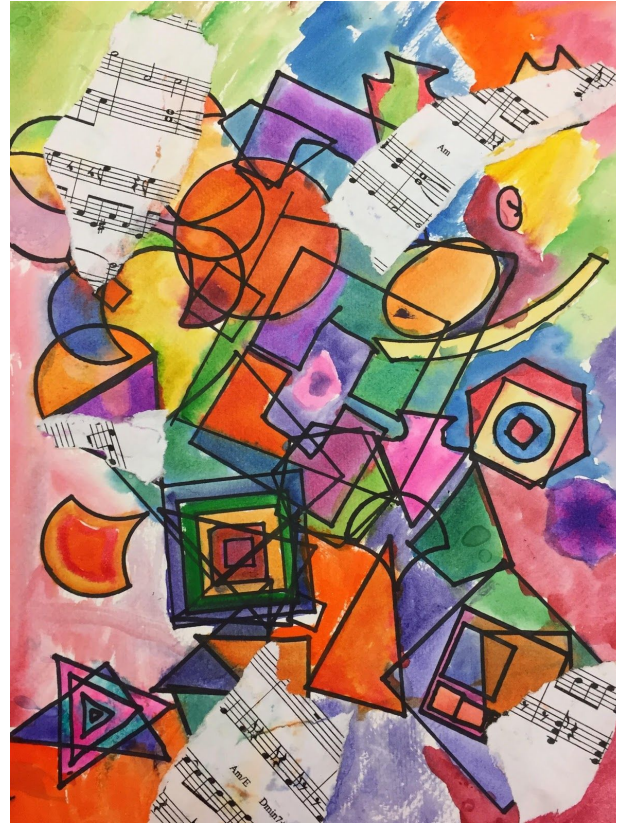




STATISTICAL SECTION



Markham Elementary



Lincoln Elementary



Mellon Middle School



High School

MT. LEBANON SCHOOL DISTRICT

DESCRIPTION OF STATISTICAL SECTION

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

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FINANCIAL TRENDS

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

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REVENUE CAPACITY

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

99-106

DEBT CAPACITY

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

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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OPERATING INFORMATION

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

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

MT. LEBANON SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction	\$42,446,094	\$42,142,150	\$41,641,578	\$43,512,017	\$43,915,623	\$46,855,630	\$53,223,139	\$57,040,179	\$69,453,582	\$63,820,320
Pupil Services	3,066,825	3,139,349	3,170,406	3,060,588	2,980,031	3,232,610	3,532,605	4,025,876	5,039,195	4,929,735
Instructional Support Services	2,822,607	2,738,888	2,799,921	2,180,133	2,061,329	1,839,474	1,944,810	1,960,169	2,371,870	2,326,644
Administration	4,210,571	4,418,809	4,122,789	4,580,050	4,648,621	4,740,511	5,177,670	5,467,401	6,830,945	6,319,142
Pupil Health Services	754,463	775,048	743,864	894,490	817,274	881,965	904,583	952,793	1,279,913	1,113,011
Financial Services	1,065,416	1,080,999	972,508	1,162,837	999,374	981,773	1,016,024	1,003,873	1,170,911	1,099,472
Operation and Maintenance of Plant	7,912,981	8,328,024	7,798,144	7,779,298	7,920,327	8,737,963	9,695,398	9,827,457	11,326,107	11,955,640
Student Transportation Services	1,066,162	1,088,955	1,106,780	1,118,689	1,298,391	1,168,135	1,315,148	1,554,201	1,624,471	1,763,514
Other Support Services	2,023,463	1,726,041	1,657,453	1,628,463	1,650,932	1,623,112	1,739,976	1,384,452	1,703,753	1,586,394
Student Activities	1,850,420	2,006,483	1,885,204	1,958,653	1,977,012	2,016,593	2,212,476	2,208,303	2,676,853	2,462,249
Community Services	500,092	470,938	354,195	382,154	345,941	567,524	619,865	678,378	722,950	582,720
Intergovernmental	2,339,387	2,462,844	3,004,045	3,098,715	3,137,240	3,247,238	2,811,850	3,083,439	3,167,599	3,262,323
Interest on Long-Term Debt	3,165,682	3,230,992	6,971,523	5,849,949	5,725,492	7,788,905	7,050,680	7,465,147	5,959,531	5,652,426
Business Type Activities:										
Food Services	1,479,616	1,549,887	1,629,145	1,668,599	1,653,037	1,620,151	1,898,000	2,113,156	2,384,789	2,218,039
Total Primary Government Expenses	74,703,779	75,159,407	77,857,555	78,874,635	79,130,624	85,301,584	93,142,224	98,764,824	115,712,469	109,091,629
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instructional	243,918	306,016	287,674	241,743	240,736	280,089	475,051	452,656	349,306	400,736
Student Support	-	-	-	-	38,477	92,903	98,113	91,001	103,103	291,442
Operating Grants and Contributions	8,277,635	9,281,671	9,730,294	8,357,832	9,023,772	10,132,893	11,353,854	11,477,827	17,212,673	16,296,108
Capital Grants and Contributions	-	-	-	-	-	-	-	129,191	137,560	147,757
Business Type Activities:										
Charges for Food Services	1,307,096	1,287,939	1,388,183	1,336,976	1,224,568	1,187,378	1,281,785	1,442,814	1,491,855	1,584,756
Operating Grants and Contributions	162,707	189,835	274,040	241,372	345,487	370,422	423,718	472,771	532,907	538,997
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Primary Government Program Revenues	9,991,356	11,065,461	11,680,191	10,177,923	10,873,040	12,063,685	13,632,521	14,066,260	19,827,404	19,259,796
Net (Expense)/Revenue										
Total Primary Government	(\$64,712,423)	(\$64,093,946)	(\$66,177,364)	(\$68,696,712)	(\$68,257,584)	(\$73,237,899)	(\$79,509,703)	(\$84,698,564)	(\$95,885,065)	(\$89,831,833)

MT. LEBANON SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Total Primary Government Net Expense	(\$64,712,423)	(\$64,093,946)	(\$66,177,364)	(\$68,696,712)	(\$68,257,584)	(\$73,237,899)	(\$79,509,703)	(\$84,698,564)	(\$95,885,065)	(\$89,831,833)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes Levied for General Purposes	49,018,157	51,755,572	54,724,426	54,646,078	56,545,264	57,304,345	60,191,570	61,936,990	64,513,403	63,666,746
Other Taxes Levied for General Purposes	6,553,815	6,645,443	6,786,259	7,164,367	7,996,303	8,135,195	8,306,579	8,277,246	8,427,253	8,658,955
Unrestricted Grants and Contributions	5,584,093	5,020,923	4,761,007	5,584,093	5,584,093	5,796,217	5,796,217	5,987,108	6,236,735	6,381,213
Investment Earnings:										
Governmental Activities	1,065,427	639,969	498,339	161,901	112,156	66,871	70,566	81,295	254,724	632,151
Business-Type Activities	12,546	5,980	2,114	17,956	922	708	544	966	4,027	7,243
Other Income	100,176	139,575	108,134	44,581	96,632	83,595	92,573	134,656	465,772	6,685
State Property Tax Reduction	1,700,448	1,698,235	1,698,323	1,698,229	1,698,149	1,703,512	1,703,049	1,709,444	1,709,769	1,709,285
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	(8,134,610)	-	-
Total Primary Government	64,034,662	65,905,697	68,578,602	69,317,205	72,033,519	73,090,443	76,161,098	69,993,095	81,611,683	81,062,278
Change in Net Position										
Total Primary Government	(\$677,761)	\$1,811,751	\$2,401,238	\$620,493	\$3,775,935	(\$147,456)	(\$3,348,605)	(\$14,705,469)	(\$14,273,382)	(\$8,769,555)

MT. LEBANON SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	\$1,829,898	\$2,257,530	\$3,458,794	\$4,813,773	\$8,117,594	\$9,110,550	\$8,420,974	(\$424,745)	\$7,082,416	\$4,978,685
Unrestricted	13,868,514	15,274,102	16,483,089	15,708,925	16,173,103	(108,829,199)*	(111,400,915)	(117,085,129)	(138,572,968)	(153,168,665)**
Restricted	205,597	181,099	95,081	137,892	158,726	219,973	255,610	207,078	200,773	3,956,353
Subtotal Governmental Activities	<u>15,904,009</u>	<u>17,712,731</u>	<u>20,036,964</u>	<u>20,660,590</u>	<u>24,449,423</u>	<u>(99,498,676)</u>	<u>(102,724,331)</u>	<u>(117,302,796)</u>	<u>(131,289,779)</u>	<u>8,935,038</u>
Business Type Activities										
Net investment in capital assets	76,140	64,196	52,114	45,821	34,527	25,378	17,347	904,410	848,444	785,472
Unrestricted	539,588	554,561	643,648	646,808	645,204	(1,215,128)*	(1,330,047)	(2,344,114)	(2,574,547)	(2,323,529)
Subtotal Business Type Activities	<u>615,728</u>	<u>618,757</u>	<u>695,762</u>	<u>692,629</u>	<u>679,731</u>	<u>(1,189,750)</u>	<u>(1,312,700)</u>	<u>(1,439,704)</u>	<u>(1,726,103)</u>	<u>(1,538,057)</u>
Total Activities										
Net investment in capital assets	1,906,038	2,321,726	3,510,908	4,859,594	8,152,121	9,135,928	8,438,321	479,665	7,930,860	5,764,157
Unrestricted	14,408,102	15,828,663	17,126,737	16,355,733	16,818,307	(110,044,327)*	(112,730,962)	(119,429,243)	(141,147,515)	(155,492,194)**
Restricted	205,597	181,099	95,081	137,892	158,726	219,973	255,610	207,078	200,773	3,956,353
Total Net Position	<u>\$16,519,737</u>	<u>\$18,331,488</u>	<u>\$20,732,726</u>	<u>\$21,353,219</u>	<u>\$25,129,154</u>	<u>(\$100,688,426)*</u>	<u>(\$104,037,031)</u>	<u>(\$118,742,500)</u>	<u>(\$133,015,882)</u>	<u>(\$145,771,684)</u>

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

**Net Position was restated as of July 1, 2017 to record the net OPEB liability and related components as required under GASB Statement #75 and to correct error in prior year financial statements by \$4,164,735 for governmental activities and by \$205,488 for business-type activities.

MT. LEBANON SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Position:										
Beginning of Year	\$16,653,665	\$15,904,009	\$17,712,731	\$20,036,964	\$20,660,590	(\$99,343,701)*	(\$99,498,676)	(\$102,724,331)	(\$117,302,796)	(135,481,514)**
End of Year	15,904,009	17,712,731	20,036,964	20,660,590	24,449,423	(99,498,676)*	(102,724,331)	(117,302,796)	(131,289,779)	(144,233,627)
Change in Net Position	(749,656)	1,808,722	2,324,233	623,626	3,788,833	(154,975)*	(3,225,655)	(14,578,465)	(13,986,983)	(8,752,113)
Business Type Activities:										
Net Position:										
Beginning of Year	543,833	615,728	618,757	695,762	692,629	(1,197,269)*	(1,189,750)	(1,312,700)	(1,439,704)	(1,520,615)**
End of Year	615,728	618,757	695,762	692,629	679,731	(1,189,750)*	(1,312,700)	(1,439,704)	(1,726,103)	(1,538,057)
Change in Net Position	71,895	3,029	77,005	(3,133)	(12,898)	7,519*	(122,950)	(127,004)	(286,399)	(17,442)
Total-All Activities										
Net Position:										
Beginning of Year	17,197,498	16,519,737	18,331,488	20,732,726	21,353,219	(100,540,970)*	(100,688,426)	(104,037,031)	(118,742,500)	(137,002,129)**
End of Year	16,519,737	18,331,488	20,732,726	21,353,219	25,129,154	(100,688,426)*	(104,037,031)	(118,742,500)	(133,015,882)	(145,771,684)
Change in Net Position	(\$677,761)	\$1,811,751	\$2,401,238	\$620,493	\$3,775,935	(\$147,456)*	(\$3,348,605)	(\$14,705,469)	(\$14,273,382)	(\$8,769,555)

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

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

** Net position was restated as of July 1, 2017 to record the net OPEB liability and related components as required under GASB Statement #75 and to correct error in prior year financial statements by \$4,164,735 for governmental activities and by \$205,488 for business-type activities.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Federal Sources:										
Federal Grants	\$702,079	\$1,827,167	\$2,359,372	\$666,951	\$512,002	\$545,750	\$413,095	\$512,800	\$1,005,388	\$851,176
Total Federal Sources	<u>702,079</u>	<u>1,827,167</u>	<u>2,359,372</u>	<u>666,951</u>	<u>512,002</u>	<u>545,750</u>	<u>413,095</u>	<u>512,800</u>	<u>1,005,388</u>	<u>851,176</u>
State Sources:										
Basic Education Subsidies	5,584,093	5,020,923	4,761,007	5,584,093	5,584,093	5,796,217	5,796,217	5,987,068	6,236,735	6,381,213
Social Security/ Retirement Subsidies	2,559,271	2,540,080	2,612,487	3,361,467	4,138,444	5,179,397	6,358,540	7,138,119	7,895,319	9,758,681
Special Education Subsidies	2,538,943	2,560,695	2,589,760	2,518,259	2,521,957	2,550,087	2,544,853	2,571,981	2,726,262	2,803,679
Construction Subsidies	942,121	919,584	794,738	678,063	702,894	707,066	713,596	-	-	-
Transportation Subsidies	105,944	124,437	154,886	115,489	118,273	166,074	128,157	110,081	140,240	167,555
Property Tax Reduction Allocation	1,700,448	1,698,235	1,698,323	1,698,229	1,698,149	1,703,512	1,703,049	1,709,444	1,709,769	1,709,285
Medical, Dental and Nurse Care Subsidies	91,807	120,607	118,327	117,152	117,590	99,320	-	167,498	-	-
State Grants and Other	532,460	382,587	356,721	148,833	133,272	132,331	315,412	363,471	4,763,862	2,002,067
Total State Sources	<u>14,055,087</u>	<u>13,367,148</u>	<u>13,086,249</u>	<u>14,221,585</u>	<u>15,014,672</u>	<u>16,334,004</u>	<u>17,559,824</u>	<u>18,047,662</u>	<u>23,472,187</u>	<u>22,822,480</u>
Local Sources:										
Real Estate Taxes	49,032,399	51,697,076	55,130,569	54,685,072	56,544,466	57,276,727	60,288,038	61,773,222	64,289,191	63,533,778
Earned Income Taxes	5,879,153	5,783,167	6,094,304	6,445,280	7,135,252	7,182,405	7,392,185	7,254,653	7,470,605	7,613,958
Occupation Taxes	26,150	-	-	-	-	-	-	-	-	-
Realty Transfer Taxes	564,684	736,767	574,866	596,130	728,037	825,839	789,122	900,137	837,750	929,157
Public Utility Taxes	74,808	80,728	79,608	81,571	84,597	78,508	81,601	76,021	76,951	72,068
Investment Earnings	1,065,427	639,969	498,339	161,901	112,156	66,871	70,566	81,295	254,724	632,151
Rental of Facilities	98,541	85,869	80,829	94,145	16,176	18,031	14,687	11,920	16,730	16,539
Tuition from Patrons	243,918	306,016	287,674	241,743	235,812	274,089	475,051	452,656	339,166	400,736
Gifts and Grants	274,968	162,912	130,164	135,212	152,353	201,553	257,080	134,840	137,560	147,757
Other Revenues	539,062	693,493	655,846	659,636	759,137	749,883	832,221	868,440	1,285,834	1,038,310
Total Local Sources	<u>57,799,110</u>	<u>60,185,997</u>	<u>63,532,199</u>	<u>63,100,690</u>	<u>65,767,986</u>	<u>66,673,906</u>	<u>70,200,551</u>	<u>71,553,184</u>	<u>74,708,511</u>	<u>74,384,454</u>
Total Revenues	<u>\$72,556,276</u>	<u>\$75,380,312</u>	<u>\$78,977,820</u>	<u>\$77,989,226</u>	<u>\$81,294,660</u>	<u>\$83,553,660</u>	<u>\$88,173,470</u>	<u>\$90,113,646</u>	<u>\$99,186,086</u>	<u>\$98,058,110</u>

MT. LEBANON SCHOOL DISTRICT
GENERAL SCHOOL DISTRICT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Current Expenditures:										
Instructional Services	\$39,448,922	\$39,809,966	\$40,005,330	\$41,567,676	\$42,415,665	\$45,106,493	\$49,011,371	\$51,593,501	\$52,868,980	\$55,016,026
Pupil Services	2,959,471	3,026,765	3,054,279	2,949,078	2,886,992	3,136,318	3,278,213	3,693,489	3,912,203	4,491,914
Instructional Support Services	2,723,802	2,640,665	2,697,364	2,100,702	1,996,973	1,784,681	1,816,542	1,798,519	1,842,197	2,043,855
Administration	4,055,938	4,252,527	3,971,778	4,413,180	4,503,696	4,599,303	4,830,055	5,004,996	5,217,320	5,457,243
Pupil Health	728,053	747,253	716,617	861,900	791,758	856,053	840,139	878,920	972,860	960,549
Financial Services	1,028,121	1,042,232	937,106	1,128,174	968,360	952,707	956,766	928,148	951,397	978,337
Operation and Maintenance of Plant	7,980,553	8,032,424	7,517,574	7,497,850	7,679,317	8,485,585	9,174,547	9,170,490	14,250,841	10,831,192
Student Transportation Services	1,027,967	1,048,684	1,066,240	1,077,931	1,257,854	1,133,339	1,259,033	1,463,334	1,434,370	1,625,681
Other Support Services	1,660,595	1,657,663	1,597,363	1,569,208	1,599,476	1,574,938	1,648,502	1,286,678	1,518,703	1,483,761
Student Activities	1,931,031	1,940,256	1,791,092	1,875,984	1,900,603	1,946,285	2,059,180	2,011,238	2,110,541	2,159,443
Scholarships	2,589	1,300	26,013	11,734	15,159	10,553	17,471	20,348	3,127	4,944
Community Services	482,585	454,049	341,221	368,231	335,140	339,921	351,526	638,691	566,736	511,129
Intergovernmental	2,339,387	2,462,844	2,894,013	2,985,816	3,040,383	3,367,678	2,971,767	2,945,422	3,027,727	3,262,323
Subtotal Noncapital Expenditures	<u>66,369,014</u>	<u>67,116,628</u>	<u>66,615,990</u>	<u>68,407,464</u>	<u>69,391,376</u>	<u>73,293,854</u>	<u>78,215,112</u>	<u>81,433,774</u>	<u>88,677,002</u>	<u>88,826,397</u>
Capital Outlay:										
Capitalized	1,376,695	1,822,593	2,417,478	12,467,376	42,968,801	29,576,394	16,723,880	3,281,812	2,405,700	70,883
Non-Capitalized	<u>461,385</u>	<u>2,475,279</u>	<u>859</u>	<u>3,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal Capital Outlay	<u>1,838,080</u>	<u>4,297,872</u>	<u>2,418,337</u>	<u>12,470,921</u>	<u>42,968,801</u>	<u>29,576,394</u>	<u>16,723,880</u>	<u>3,281,812</u>	<u>2,405,700</u>	<u>70,883</u>
Debt Service:										
Principal	2,000,000	1,950,000	2,930,000	3,605,000	4,315,000	4,445,000	4,590,000	*3,677,434	4,710,000	5,040,000
Interest	2,987,326	2,818,938	7,060,082	5,976,834	5,854,845	6,367,619	7,245,494	7,524,085	6,659,143	5,541,242
Issuance Costs	<u>69,378</u>	<u>438,300</u>	<u>73,819</u>	<u>-</u>	<u>-</u>	<u>947,825</u>	<u>-</u>	<u>395,374</u>	<u>232,776</u>	<u>-</u>
Subtotal Debt Service	<u>5,056,704</u>	<u>5,207,238</u>	<u>10,063,901</u>	<u>9,581,834</u>	<u>10,169,845</u>	<u>11,760,444</u>	<u>11,835,494</u>	<u>7,919,459</u>	<u>11,601,919</u>	<u>10,581,242</u>
Total Expenditures	<u><u>\$73,263,798</u></u>	<u><u>\$76,621,738</u></u>	<u><u>\$79,098,228</u></u>	<u><u>\$90,460,219</u></u>	<u><u>\$122,530,022</u></u>	<u><u>\$114,630,692</u></u>	<u><u>\$106,774,486</u></u>	<u><u>\$92,635,045</u></u>	<u><u>\$102,684,621</u></u>	<u><u>\$99,478,522</u></u>
Debt Service as a Percentage of Noncapital Expenditures	7.51%	7.11%	15.00%	14.01%	14.66%	14.75%	15.13%	13.76%	13.08%	11.91%

*Refinanced Bond proceeds are excluded from the totals.

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

	2009	2010	2011	2012*	2013	2014	2015	2016**	2017	2018
Salaries	\$40,019,113	\$40,889,621	\$40,882,168	\$41,804,508	\$41,719,880	\$42,671,150	\$44,612,370	\$44,905,046	\$45,331,448	\$46,603,533
Fringe Benefits	13,460,617	13,557,523	13,918,985	15,198,467	16,797,135	19,097,544	21,793,639	23,973,614	26,027,029	27,836,758
Contracted Services	3,370,837	3,393,295	3,230,294	3,221,670	3,199,605	3,111,395	3,368,610	3,246,541	3,131,631	3,438,558
Repair and Rental Services	1,315,242	1,236,939	1,022,221	1,135,392	967,000	1,017,203	984,231	5,042,247	8,842,434	2,617,156
Purchased Services	2,986,113	3,074,266	3,023,557	2,766,080	2,636,034	2,831,261	2,842,638	3,200,727	3,317,408	3,535,663
Supplies	1,470,224	1,314,291	1,275,316	1,794,382	1,153,618	1,247,712	1,206,498	1,322,813	1,431,906	1,688,109
Utilities	1,746,295	1,466,297	1,315,435	958,923	1,114,503	1,303,699	1,349,398	1,037,967	1,092,417	1,003,072
Books	802,938	774,402	715,520	178,489	532,394	504,965	433,486	724,437	570,868	886,252
Equipment	882,784	721,626	773,089	686,787	630,797	564,185	554,960	1,111,677	883,055	942,508
Dues and Fees	64,297	62,063	63,626	65,960	70,182	49,491	72,310	447,384	288,489	58,977
Debt Service**	5,562,331	4,838,100	9,990,082	9,581,834	10,169,845	10,812,619	11,020,033	7,166,300	11,369,143	10,581,242
Other*	1,583,007	5,293,315	2,887,935	13,067,727	43,539,029	31,419,468	18,536,313	456,291	398,793	286,694
Total Expenditures	\$73,263,798	\$76,621,738	\$79,098,228	\$90,460,219	\$122,530,022	\$114,630,692	\$106,774,486	\$92,635,045	\$102,684,621	\$99,478,522

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

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

MT. LEBANON SCHOOL DISTRICT

OTHER FINANCING SOURCES AND USES AND NET CHANGE IN

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess of Revenues Over										
(Under) Expenditures	(\$707,522)	(\$1,241,426)	(\$120,408)	(\$12,470,993)	(\$41,235,362)	(\$31,077,032)	(\$18,601,016)	(\$59,496,399)	(\$3,498,535)	(\$1,420,412)
Other Financing Sources (Uses)										
General Long-Term Debt Issued	3,715,000	69,000,000	10,690,000	-	-	34,745,000	-	52,425,000	57,955,000	-
Payments to Refund Bond Escrow Agent	(3,615,000)	-	(10,982,821)	-	-	-	-	-	(60,630,028)	-
Premium on Issuance of Bonds	-	6,451,200	366,640	-	-	1,294,382	-	5,125,187	6,662,793	-
Transfers In	5,493,169	4,768,938	15,628,928	9,591,833	10,169,845	13,964,516	12,872,161	64,421,356	74,599,171	11,301,366
Transfers Out	(5,562,331)	(4,838,100)	(15,670,741)	(9,660,995)	(10,239,007)	(14,033,678)	(12,941,164)	(64,490,957)	(74,668,772)	(11,370,967)
Total Other Financing Sources (Uses)	30,838	75,382,038	32,006	(69,162)	(69,162)	35,970,220	(69,003)	57,480,586	3,918,164	(69,601)
Net Change in Fund Balances	<u>(\$676,684)</u>	<u>\$74,140,612</u>	<u>(\$88,402)</u>	<u>(\$12,540,155)</u>	<u>(\$41,304,524)</u>	<u>\$4,893,188</u>	<u>(\$18,670,019)</u>	<u>(\$2,015,813)</u>	<u>\$419,629</u>	<u>(\$1,490,013)</u>

MT. LEBANON SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$1,316,414	\$1,088,787	-	-	-	-	-	-	-	-
Unreserved	8,216,680	11,929,586	-	-	-	-	-	-	-	-
Assigned - Subsequent										
Year's Budget	-	-	-	-	-	-	-	\$750,000	\$750,000	\$750,000
Nonspendable:										
Inventory	-	-	\$1,090,055	\$899,775	\$456,076	\$358,517	\$288,349	247,187	209,588	140,644
Restricted	-	-	4,050,512	4,408,159	6,733,779	7,105,213	4,786,355	635,831	587,284	388,531
Assigned to:										
Capital Projects								1,241,044	3,812,442	4,972,729
OPEB Obligations								2,675,000	2,675,000	2,675,000
Unassigned	-	-	4,700,870	4,835,070	4,989,870	5,275,471	5,528,625	5,465,438	5,793,965	5,935,999
Total General Fund	9,533,094	13,018,373	9,841,437	10,143,004	12,179,725	12,739,201	10,603,329	11,014,500	13,828,279	14,862,903
All Other Governmental										
Funds										
Reserved	2,190,056	74,372,577	-	-	-	-	-	-	-	-
Unreserved	5,248,077	3,720,889	-	-	-	-	-	-	-	-
Nonspendable	-	-	598,298	762,997	697,275	466,474	408,947	322,706	414,088	204,312
Restricted	-	-	70,492,308	58,267,697	16,411,843	23,532,034	7,110,915	1,916,318	4,065,494	3,567,822
Assigned	-	-	10,091,394	9,309,584	7,889,915	5,334,237	5,278,736	8,680,498	4,190,709	1,680,693
Unassigned	-	-	-	-	-	-	-	(547,908)	(692,827)	-
Total All Other										
Governmental Funds	7,438,133	78,093,466	81,182,000	68,340,278	24,999,033	29,332,745	12,798,598	10,371,614	7,977,464	5,452,827
Grand Total General and										
All Other Governmental										
Fund Balances	<u>\$16,971,227</u>	<u>\$91,111,839</u>	<u>\$91,023,437</u>	<u>\$78,483,282</u>	<u>\$37,178,758</u>	<u>\$42,071,946</u>	<u>\$23,401,927</u>	<u>\$21,386,114</u>	<u>\$21,805,743</u>	<u>\$20,315,730</u>

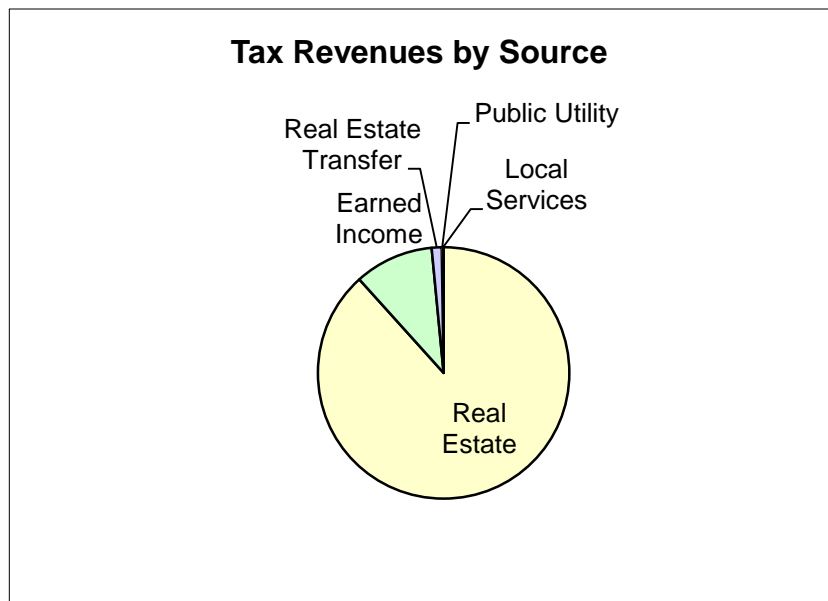
The District implemented GASB Statement #54 in 2011, which changed the fund balance classifications.

MT. LEBANON SCHOOL DISTRICT

TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

Fiscal Year Ended	Real Estate Taxes	Earned Income Tax	Real Estate Transfer Tax	Public Utility Tax	Local Services Tax	Total Taxes
2009	49,032,399	5,879,153	564,684	74,808	26,150	55,577,194
2010	51,697,076	5,783,167	736,767	80,728	44,781	58,342,519
2011	55,130,569	6,094,304	574,866	79,608	37,481	61,916,828
2012	54,685,072	6,445,280	596,130	81,571	41,271	61,849,324
2013	56,544,466	7,135,252	728,037	84,597	48,417	64,540,769
2014	57,276,727	7,182,405	825,839	78,508	48,443	65,411,922
2015	60,288,038	7,392,185	789,122	81,601	43,671	68,594,617
2016	61,773,222	7,254,653	900,137	76,021	46,435	70,050,468
2017	64,289,191	7,470,605	837,750	76,951	41,947	72,716,444
2018	63,533,778	7,613,958	929,157	72,068	43,772	72,192,733



MT. LEBANON SCHOOL DISTRICT

ASSESSED VALUE AND PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

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

<u>Fiscal Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>	<u>Assessed Valuation</u>
2009	4.97	23.81	4.69	33.47	\$2,171,398,932
2010	4.89	24.11	4.69	33.69	2,175,275,286
2011	4.89	26.63	4.69	36.21	2,159,216,301
2012	4.76	26.63	4.69	36.08	2,164,809,298
2013	5.43	27.13	5.69	38.25	2,156,859,685
2014	4.51	22.61	4.73	31.85	2,698,042,173
2015	4.51	23.15	4.73	32.39	2,718,872,379
2016	4.51	23.55	4.73	32.79	2,732,801,335
2017	4.51	23.93	4.73	33.17	2,734,870,374
2018	4.71	23.93	4.73	33.37	2,740,089,012

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
2009	\$51,077,750	\$49,383,562	96.7%	\$42,532,136	83.3%	\$1,385,830	2.7%	\$1,196,822	\$50,580,384	99.57%
2010	51,931,900	48,678,765	93.7%	41,026,145	79.0%	3,253,135	6.3%	1,309,605	49,988,370	95.61%
2011	50,361,750	49,271,523	97.8%	42,944,333	85.3%	1,090,227	2.2%	951,590	50,223,113	99.69%
2012	55,753,393	54,796,333	98.3%	48,682,008	87.3%	957,060	1.7%	1,488,536	56,284,849	101.07%
2013	55,711,107	55,143,005	99.0%	48,400,849	86.9%	568,102	1.0%	796,297	55,939,302	100.47%
2014	56,784,429	56,040,132	98.7%	51,018,625	89.8%	799,709	1.4%	499,630	56,539,762	99.42%
2015	57,315,588	58,978,955	102.9%	51,352,176	89.6%	154,386	0.3%	1,144,370	60,123,325	101.92%
2016	62,513,257	62,021,222	99.2%	53,820,000	86.1%	452,122	0.7%	55,413	62,076,635	99.00%
2017	63,780,863	58,345,318	91.5%	57,235,306	89.7%	542,711	0.9%	162,152**	58,507,470	91.73%
2018	63,788,619	58,345,318	91.5%	57,235,306	89.7%	542,711	0.9%	68,308**	58,413,626	91.57%

Source: Mt. Lebanon Tax Office

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

**Liened taxes begin July 1 of subsequent year.

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

<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County (1)</u>	<u>Total</u>
2009	\$10,644,640	\$52,483,059	\$10,029,272	\$73,156,971
2010	10,646,040	56,278,107	9,911,540	76,835,687
2011	10,289,825	55,841,535	10,138,504	76,269,864
2012	11,715,440	56,800,174	12,276,400	80,792,014
2013	12,232,981	58,531,225	12,829,706	83,593,912
2014	12,169,293	60,753,044	12,761,007	85,683,344
2015	12,336,080	62,706,995	12,937,840	87,980,915
2016	12,339,086	63,761,190	12,940,987	89,041,263
2017	12,924,690	63,957,832	12,979,572	89,862,094
2018	12,947,472	65,150,099	13,003,254	91,100,825

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

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

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

MT. LEBANON SCHOOL DISTRICT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Year	Taxable Assessed Value	Exempt Real Property	Total	Estimated Actual Value (1)	Mt. Lebanon School Millage Rate
2009	\$2,171,398,932	\$213,444,340	\$2,384,843,272	\$2,027,218,508	23.81
2010	2,175,275,286	224,737,840	2,400,013,126	2,048,838,690	24.11
2011	2,159,216,301	224,767,840	2,383,984,141	2,149,416,467	26.63
2012	2,164,809,298	225,175,340	2,389,984,638	2,149,370,980	26.63
2013	2,156,859,685	230,844,340	2,387,704,025	2,227,695,480	27.13
2014	2,698,042,173	469,117,122	3,167,159,295	2,227,695,480	22.61
2015	2,718,872,379	372,261,922	3,091,134,301	2,526,070,683	23.15
2016	2,732,801,335	381,969,222	3,114,770,557	2,537,403,198	23.55
2017	2,734,870,374	381,877,822	3,116,748,196	2,621,302,937	23.93
2018	2,740,089,012	376,669,846	3,116,758,858	2,625,133,850	23.93

(1) Data provided by State Tax Equalization Board

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

Mt. Lebanon does not tax personal property.

Sources: Mt. Lebanon Tax Office

Mt. Lebanon School District Comprehensive Annual Financial Report

MT. LEBANON SCHOOL DISTRICT
PRINCIPAL REAL ESTATE TAXPAYERS

6/30/18 AND 6/30/09

Taxpayer	June 30, 2018			June 30, 2009		
	Estimated Actual Values of Real Property (1)	Rank	Percentage of Total Assessed Valuation	Estimated Actual Values of Real Property (1) (2)	Rank	Percentage of Total Assessed Valuation
The Galleria (L&B Southpoint) - <i>Retail Shops</i>	\$29,300,000	1	1.07%	\$30,400,000	2	1.40%
Brookdale Senior Housing (A.H. Pennsylvania) - <i>Senior Housing</i>	19,000,000	2	0.69	17,000,000	1	0.78
Bower Hill Development - <i>Co-op Apartments</i>	17,500,000	3	0.64	11,699,700	3	0.54
Mt. Lebanon Hospitality (Hotel)	13,162,800	4	0.48	-	-	-
Concordia Luthern - <i>Senior Housing/Health</i>	10,350,000	5	0.38	-	-	-
IHP/Bower Hill LLC - <i>Apartments</i>	9,500,000	6	0.35	6,831,700	5	0.31
Virgina Manor Shops - <i>Retail Shops</i>	7,931,300	7	0.29	-	-	-
Pendale Towers - <i>Apartments</i>	7,150,000	8	0.26	5,253,200	9	0.24
St. Clair Memorial Hospital - <i>Medical Offices</i>	6,026,680	9	0.22	5,831,220	7	0.27
Tithonus Mount Lebanon - <i>Personal Care Facility</i>	5,700,000	10	0.21	-	-	-
650 Washington Road Associates - <i>Office Building</i>	-	-	-	6,193,900	6	0.29
Asbury Health - <i>Personal Care Facility</i>	-	-	-	9,411,413	4	0.43
Jon Pan Realty Inc - <i>Retail Shops</i>	-	-	-	5,555,000	8	0.26
1121 Bower Hill Road - <i>Office Building</i>	-	-	-	4,971,000	10	0.23
Total	<u>\$125,620,780</u>		<u>4.59%</u>	<u>\$103,147,133</u>		<u>4.75%</u>
Total Taxable Assessed Valuation	<u>\$2,740,089,012</u>			<u>\$2,171,398,932</u>		

(1) Assessed valuation based on the valuation of property for taxes collected in 2018 and 2009 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	2017			2008		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
St. Clair Hospital	2,021	1	21.6%	1,873	1	26.1%
Mt. Lebanon School District	795	2	8.5	722	2	10.1
Baptist Homes Nursing	223	3	2.4	199	5	2.8
Mt. Lebanon Municipality	222	4	2.4	247	4	3.4
Keystone Oaks School District	210	5	2.2	186	6	2.6
Asbury Health Center	197	6	2.1	360	3	5.0
UPMC	178	7	1.9	-		-
Concordia of South Hills	134	8	1.4	-		-
Shop n Save	118	9	1.3	-		-
Brookdale Senior Living	107	10	1.1	-		-
Giant Eagle	-		-	161	7	2.2
Golden Living Center	-		-	131	8	1.8
Home Nursing Agency	-		-	129	9	1.8
Houlihan's Restaurant	-		-	114	10	1.6
Total	4,205		44.9%	4,122		57.4%
Total Employees	9,372			7,175		

Source: Mt. Lebanon Tax Office for the calendar year for year 2017 and 2008.

MT. LEBANON SCHOOL DISTRICT

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

LAST TEN YEARS

<u>Calendar Year</u>	<u>Tax Rate</u>	<u>Net Earned Income Tax Collected</u>	<u>Refunds</u>	<u>Total Earned Income Tax Collected</u>
2008	0.5	\$5,879,153	(\$352,068)	\$6,231,221
2009	0.5	5,783,167	(440,606)	6,223,773
2010	0.5	6,094,304	(350,280)	6,444,584
2011	0.5	6,445,280	(306,335)	6,751,615
2012	0.5	7,135,252	(718,391) *	7,853,643
2013	0.5	6,821,124	(125,450)	6,946,574
2014	0.5	7,045,615	(151,543)	7,197,158
2015	0.5	7,125,908	(144,321)	7,270,229
2016	0.5	6,894,693	(125,911)	7,020,605
2017	0.5	7,143,793	(131,126)	7,274,920

Source: Mt. Lebanon Tax Office.

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

MT. LEBANON SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 YEAR ENDED JUNE 30, 2018

Direct Debt	Percentage of Applicable Debt	Face Amount Outstanding
General Obligation Bonds	100.0%	\$139,800,000
Total Direct Debt		<u>139,800,000</u>
Overlapping Debt		
Allegheny County	3.5%	30,998,834 (1) (2)
Mt. Lebanon, Pennsylvania	100.0%	<u>29,014,342 (2)</u>
Total Overlapping Debt		<u>60,013,176</u>
Total Direct and Overlapping Debt		<u><u>\$199,813,176</u></u>

RATIOS

<u>Direct Debt To:</u>		<u>Direct and Overlapping Debt To:</u>	
Assessed Value	5.1%	Assessed Value	7.3%
Market Value	5.3%	Market Value	7.6%
Per Capita	\$4,219	Per Capita	\$6,030
		Assessed Value	\$2,740,089,012
		Market Value	\$2,625,133,850
		Population	33,137

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

(2) As of December 31, 2017.

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

MT. LEBANON SCHOOL DISTRICT
COMPUTATION OF NONELECTORAL DEBT MARGIN*

AS OF JUNE 30, 2018

Formula for Debt Limit	Fiscal Year Ended June 30		
	2016	2017	2018
Total General Fund Revenues	\$91,426,233	\$100,538,200	\$97,785,736
Less: Required Deductions Included in Total			
Revenues			
a. Construction Subsidies	-	4,227,683	1,300,376
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	512,800	1,005,388	851,176
e. Sale of Property and Nonrecurring Revenues	-	-	-
Net Revenues	90,913,433	95,305,129	95,634,184
Total Net Revenues for Three Years	281,852,746		
Borrowing Base - Average Net Revenues for Three-Year Period	93,950,915		
Multiplier	225%		
Total Nonelectoral Debt Limit	211,389,560		
Less: Amount of Debt Applicable to Debt Limit	139,800,000		
	<u>\$71,589,560</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$164,246,971	\$166,534,694	\$170,864,693	\$175,337,503	\$180,316,889	\$184,015,592	\$191,539,949	\$194,659,730	\$209,530,949	\$211,389,560
Total Net Debt Applicable to Limit	<u>71,140,396</u>	<u>144,437,189</u>	<u>141,468,789</u>	<u>137,523,011</u>	<u>132,867,233</u>	<u>157,075,000</u>	<u>152,485,000</u>	<u>147,935,000</u>	<u>144,840,000</u>	<u>139,800,000</u>
Legal Debt Margin	<u><u>\$93,106,575</u></u>	<u><u>\$22,097,505</u></u>	<u><u>\$29,395,904</u></u>	<u><u>\$37,814,492</u></u>	<u><u>\$47,449,656</u></u>	<u><u>\$26,940,592</u></u>	<u><u>\$39,054,949</u></u>	<u><u>\$46,724,730</u></u>	<u><u>\$64,690,949</u></u>	<u><u>\$71,589,560</u></u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	43.31%	86.73%	82.80%	78.43%	73.69%	85.36%	79.61%	76.00%	69.13%	66.13%

MT. LEBANON SCHOOL DISTRICT

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

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total Governmental Funds Expenditures	Ratio of Debt Service to General Expenditures
2009	**\$2,000,000	\$2,987,326	*\$4,987,326	\$73,263,798	6.8%
2010	1,950,000	2,818,938	4,768,938	76,621,738	6.2%
2011	**2,930,000	7,060,082	*9,990,082	79,098,228	12.6%
2012	3,605,000	5,976,834	9,581,834	90,460,219	10.6%
2013	4,315,000	5,854,845	10,169,845	122,530,022	8.3%
2014	4,445,000	6,367,619	*10,812,619	114,630,692	9.4%
2015	4,590,000	7,245,494	11,835,494	106,774,486	11.1%
2016	**3,677,434	7,524,085	11,201,519	96,312,479	11.6%
2017	4,710,000	6,659,143	11,369,143	102,684,621	11.1%
2018	5,040,000	5,541,242	10,581,242	99,407,639	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
2009	33,017	\$2,171,398,932	\$2,027,218,508	\$70,680,000	\$0	\$70,680,000	3.3%	\$2,141	3.5%
2010	33,137	2,175,275,286	2,048,838,690	137,730,000	0	137,730,000	6.3%	4,156	6.7%
2011	33,137	2,159,216,301	2,149,416,467	134,695,000	0	134,695,000	6.2%	4,065	6.3%
2012	33,137	2,164,809,298	2,149,370,980	131,090,000	0	131,090,000	6.1%	3,956	6.1%
2013	33,137	2,156,859,685	2,227,695,480	126,775,000	0	126,775,000	5.9%	3,826	5.7%
2014	33,137	2,624,320,623	2,227,695,480	157,075,000	1,468,874	155,606,126	5.9%	4,696	7.0%
2015	33,137	2,640,643,028	2,526,070,683	152,485,000	505,541	151,979,459	5.8%	4,586	6.0%
2016	33,137	2,731,822,780	2,537,403,198	147,935,000	0	147,935,000	5.4%	4,464	5.8%
2017	33,137	2,734,870,374	2,621,302,937	144,840,000	0	144,840,000	5.3%	4,371	5.5%
2018	33,137	2,740,089,012	2,625,133,850	139,800,000	0	139,800,000	5.1%	4,219	5.3%

MT. LEBANON SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
2002 General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
2002 Series A General Obligation Bonds	\$1,910,000	\$460,000	-	-	-	-	-	-	-	-
2004 General Obligation Bonds	12,095,000	11,880,000	-	-	-	-	-	-	-	-
2005 General Obligation Bonds	52,960,000	52,955,000	\$52,845,000	\$52,680,000	\$52,510,000	\$52,335,000	\$52,155,000	-	-	-
2009 General Obligation Bonds	3,715,000	3,435,000	2,975,000	2,505,000	2,025,000	1,540,000	1,040,000	\$525,000	-	-
2009 A General Obligation Bonds	-	69,000,000	68,300,000	66,505,000	64,620,000	62,665,000	60,635,000	58,530,000	-	-
2011 General Obligation Bonds	-	-	10,575,000	9,400,000	7,620,000	5,790,000	3,915,000	1,985,000	-	-
2013 General Obligation Bonds	-	-	-	-	-	34,745,000	34,740,000	34,735,000	\$34,730,000	\$34,455,000
2015 General Obligation Bonds	-	-	-	-	-	-	-	52,160,000	52,155,000	49,645,000
2017 General Obligation Bonds	-	-	-	-	-	-	-	-	57,955,000	55,700,000
Total Debt	\$70,680,000	\$137,730,000	\$134,695,000	\$131,090,000	\$126,775,000	\$157,075,000	\$152,485,000	\$147,935,000	\$144,840,000	\$139,800,000
Ratio of Debt to Personal Income	6.4%	9.7%	9.5%	9.3%	9.0%	11.1%	10.8%	10.5%	10.2%	9.9%
Debt Per Capita	\$2,141	\$4,171	\$4,080	\$3,970	\$3,840	\$4,757	\$4,618	\$4,481	\$4,387	\$4,234

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>
1989	\$239,415,420	82.5	1/2	1/2	8	4,889
1990	249,651,570	88.25	1/2	1/2	8	4,900
1991	264,528,535	92.75	1/2	1/2	8	4,947
1992	271,208,015	98.5	1/2	1/2	8	5,008
1993	281,925,660	98.5	1/2	1/2	8	5,040
1994	289,355,500	98.5	1/2	1/2	8	5,229
1995	339,035,520	90.5	1/2	1/2	8	5,364
1996	340,838,695	90.5	1/2	1/2	8	5,435
1997	338,378,140	90.5	1/2	1/2	8	5,546
1998	336,504,000	91	1/2	1/2	8	5,659
1999	340,928,320	94.9	1/2	1/2	10	5,751
2000	347,621,185	96.4	1/2	1/2	10	5,728
2001	353,449,835	98.65	1/2	1/2	10	5,672
2002	1,855,927,051	20.76	1/2	1/2	10	5,616
2003	2,122,631,133	18.12	1/2	1/2	10	5,616
2004	2,141,508,681	20.16	1/2	1/2	10	5,576
2005	2,113,921,663	22.76	1/2	1/2	10	5,505
2006	2,171,329,944	23.18	1/2	1/2	10	5,454
2007	2,164,018,756	23.56	1/2	1/2	10	5,436
2008	2,154,641,502	23.56	1/2	1/2	10	5,416
2009	2,171,398,932	23.81	1/2	1/2	10	5,294
2010	2,175,275,286	24.11	1/2	1/2	10	5,302
2011	2,159,216,301	26.63	1/2	1/2	10	5,268
2012	2,164,809,298	26.63	1/2	1/2	10	5,297
2013	2,156,859,685	27.13	1/2	1/2	10	5,268
2014	2,624,320,623	22.61	1/2	1/2	10	5,218
2015	2,640,643,028	23.15	1/2	1/2	10	5,321
2016	2,731,822,780	23.55	1/2	1/2	10	5,361
2017	2,734,870,374	23.93	1/2	1/2	10	5,495
2018	2,740,089,012	23.93	1/2	1/2	10	5,512

Source: School District Finance Office.

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

Fiscal Year	Governmental Expenditures	Enrollment	Cost Per Pupil	General Fund Expenditures	Cost Per Pupil General Fund	Percent Increase(Decrease) General Fund
2009	\$73,263,798	5,294	\$13,839	\$66,164,476	\$12,498	3.7%
2010	76,621,738	5,302	14,451	66,545,916	12,551	0.4%
2011	79,098,228	5,268	15,015	66,286,091	12,583	0.3%
*2012	90,460,219	5,297	17,078	67,886,750	12,816	1.9%
*2013	122,530,022	5,268	23,259	68,928,835	13,084	2.1%
*2014	114,630,692	5,218	21,968	72,692,319	13,931	6.5%
*2015	106,774,486	5,321	20,067	77,287,208	14,525	4.3%
*2016	149,610,045	5,361	27,907	79,222,505	14,778	1.7%
*2017	102,684,621	5,495	18,687	82,030,612	14,928	1.0%
*2018	99,478,522	5,512	18,048	85,380,145	15,490	3.8%

*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

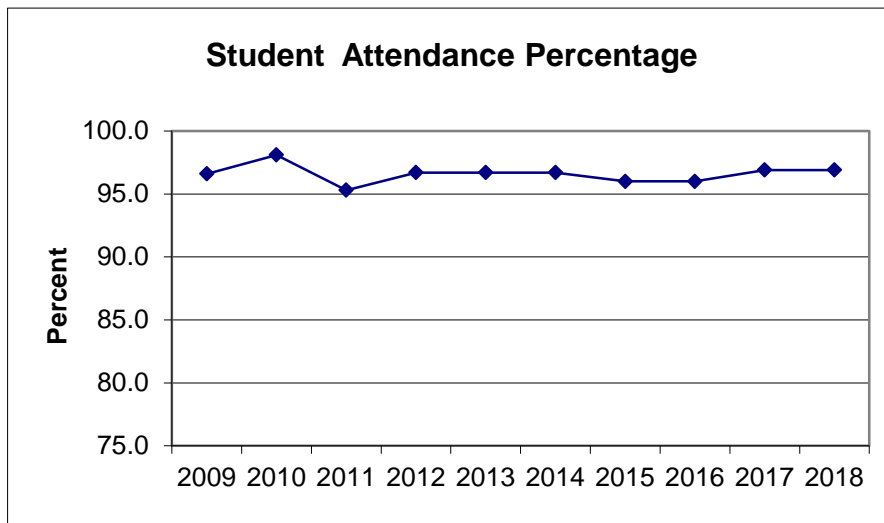
Fiscal Year	Enrollment	Teaching Staff*	Pupil/Teacher Ratio	Student Attendance Percentage	Number of Free & Reduced**	Percentage of Free & Reduced**
2009	5,294	382	13.9	96.6%	249	4.70%
2010	5,302	385	13.8	98.1%	335	6.32%
2011	5,268	382	13.8	95.3%	***431	8.19%
2012	5,297	384	13.8	96.7%	433	8.19%
2013	5,268	382	13.8	96.8%	412	7.82%
2014	5,218	378	13.8	96.9%	499	9.52%
2015	5,321	380	14.0	96.0%	539	10.13%
2016	5,361	378	14.2	96.0%	660	12.31%
2017	5,453	379	14.4	96.9%	660	12.10%
2018	5,528	376.9	14.7	96.5%	719	13.01%

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

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

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

Source: School District Human Resource Department and Finance Office.



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

Fiscal Year		Education						Average Salary/ Total
		Bachelors	Bachelors +15	Masters	Masters+30	Masters+60	Ph D	
2009	Salary Range	\$42,057-85,832	\$43,071-87,899	\$45,040-91,919	\$45,522-92,903	\$46,119-94,120	\$46,259-94,407	\$64,448
	Number of Teachers	25	82	274	38	11	4	434
2010	Salary Range	\$43,989-87,978	\$45,054-90,107	\$47,110-94,219	\$47,602-95,203	\$48,210-96,420	\$48,354-96,707	\$66,875
	Number of Teachers	17	84	280	42	10	3	436
2011	Salary Range	\$45,000-89,600	\$46,000-91,900	\$48,000-96,000	\$48,500-97,000	\$49,000-98,200	\$49,500-98,600	\$66,726
	Number of Teachers	16	81	280	42	10	4	433
2012	Salary Range	\$46,000-91,200	\$46,500-93,800	\$49,000-97,800	\$49,500-98,000	\$50,000-100,000	\$50,500-100,500	\$68,095
	Number of Teachers	15	76	282	43	9	6	431
2013	Salary Range	\$46,500-92,500	\$47,000-95,700	\$50,000-99,700	\$50,500-100,700	\$51,000-101,800	\$51,500-102,300	\$69,265
	Number of Teachers	14	77	281	43	8	5	428
2014	Salary Range	\$47,000-93,500	\$47,500-97,700	\$51,000-101,800	\$51,500-102,800	\$52,000-103,800	\$52,500-104,300	\$71,170
	Number of Teachers	19	68	284	42	8	5	426
2015	Salary Range	\$47,500-95,000	\$48,000-99,600	\$52,000-103,600	\$52,500-104,600	\$53,000-104,600	\$53,500-106,100	\$73,719
	Number of Teachers	18	66	287	42	10	5	428
2016	Salary Range	\$47,500-95,400	\$48,000-100,000	\$52,000-104,000	\$52,500-105,000	\$53,000-106,000	\$53,500-106,500	\$74,405
	Number of Teachers	21	70	285	40	9	5	430
2017	Salary Range	\$47,500-96,100	\$48,000-100,700	\$52,000-104,700	\$52,500-105,700	\$53,000-106,700	\$53,500-107,200	\$77,653
	Number of Teachers	19	72	274	46	8	4	423
2018	Salary Range	\$47,500-97,000	\$48,000-101,600	\$52,000-105,600	\$52,500-106,600	\$53,000-107,600	\$53,500-107,200	\$77,296
	Number of Teachers	21	71	276	45	8	5	426

Source: School District Human Resource Department.

MT. LEBANON SCHOOL DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Supervisory										
Central Administration	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Supervisors Of Instruction	8.00	8.00	8.00	3.00	2.00	1.00	1.00	1.00	1.00	1.00
Principals	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Assistant Principals/Athletic Director	6.50	6.50	6.50	6.50	6.00	6.00	6.00	6.00	6.00	6.00
Total Supervisory	30.50	30.50	30.50	26.50	25.00	24.00	24.00	24.00	24.00	24.00
Instruction										
Elementary Classroom Teachers	102.00	104.00	105.50	106.50	104.50	104.50	107.50	106.50	105.50	105.50
Secondary Classroom Teachers	169.20	166.70	164.90	165.15	164.90	162.50	161.42	160.82	161.20	160.00
Other Classroom Teachers*	110.50	114.60	112.00	112.80	112.60	110.60	111.10	111.90	111.30	111.40
Total Instruction	381.70	385.30	382.40	384.45	382.00	377.60	380.02	379.22	378.00	376.90
Student Services										
Guidance Counselors	22.50	22.50	22.50	22.50	21.50	21.50	21.50	21.50	21.50	21.50
Psychologists	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Nurses	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Librarians	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Total Student Services	43.50	43.50	43.50	42.50	41.50	41.50	41.50	41.50	41.50	41.50
Support and Administration										
Clerical/Secretarial	61.56	61.58	60.83	61.68	56.41	55.69	55.69	54.43	53.45	53.45
Administrative Assistant/Specialists	30.50	31.50	30.50	30.50	30.50	29.00	30.00	30.00	28.00	25.00
Other Support Staff**	45.50	45.50	46.00	43.00	40.50	41.50	42.50	42.06	49.06	49.56
Service Workers***	99.64	100.14	99.93	100.21	97.96	97.43	97.43	97.43	95.86	96.96
Total Support and Administration	237.20	238.72	237.26	235.39	225.37	223.62	225.62	223.92	226.37	224.97
TOTAL	692.90	698.02	693.66	688.84	673.87	666.72	671.14	668.64	669.87	667.37

*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.

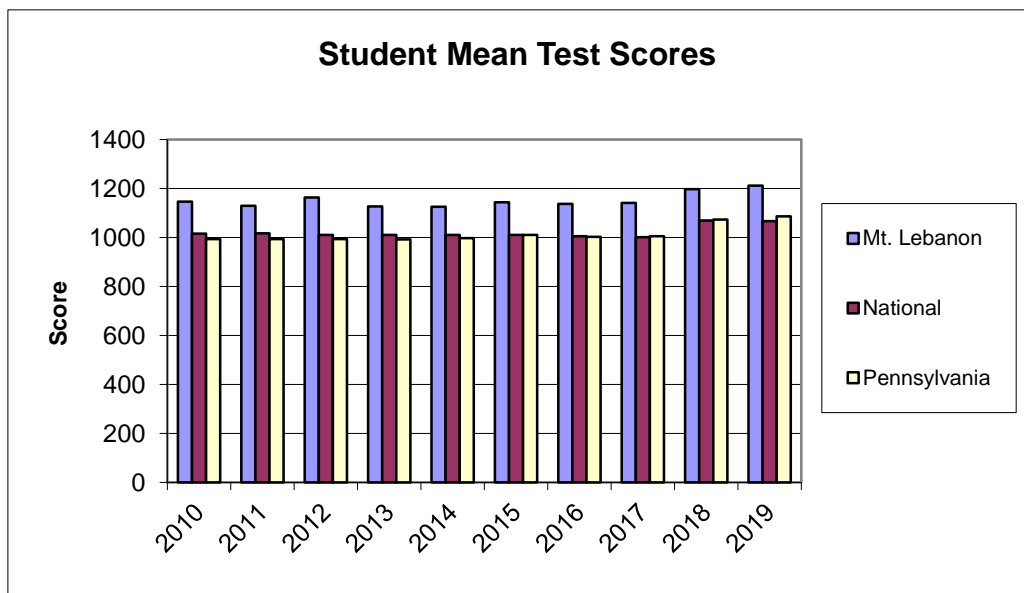
MT. LEBANON SCHOOL DISTRICT

STUDENT MEAN TEST SCORES

LAST TEN YEARS

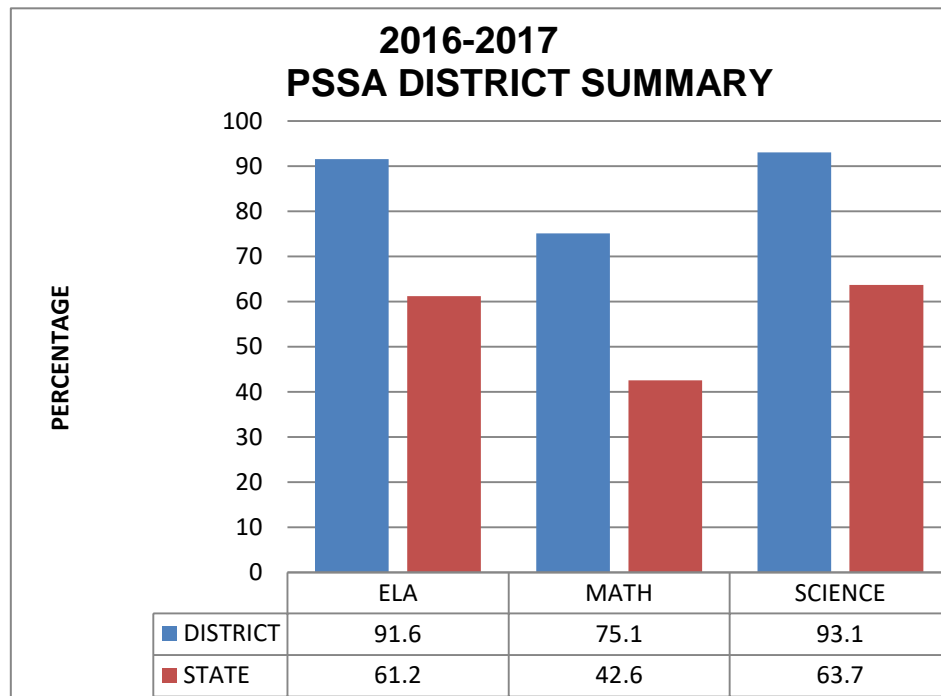
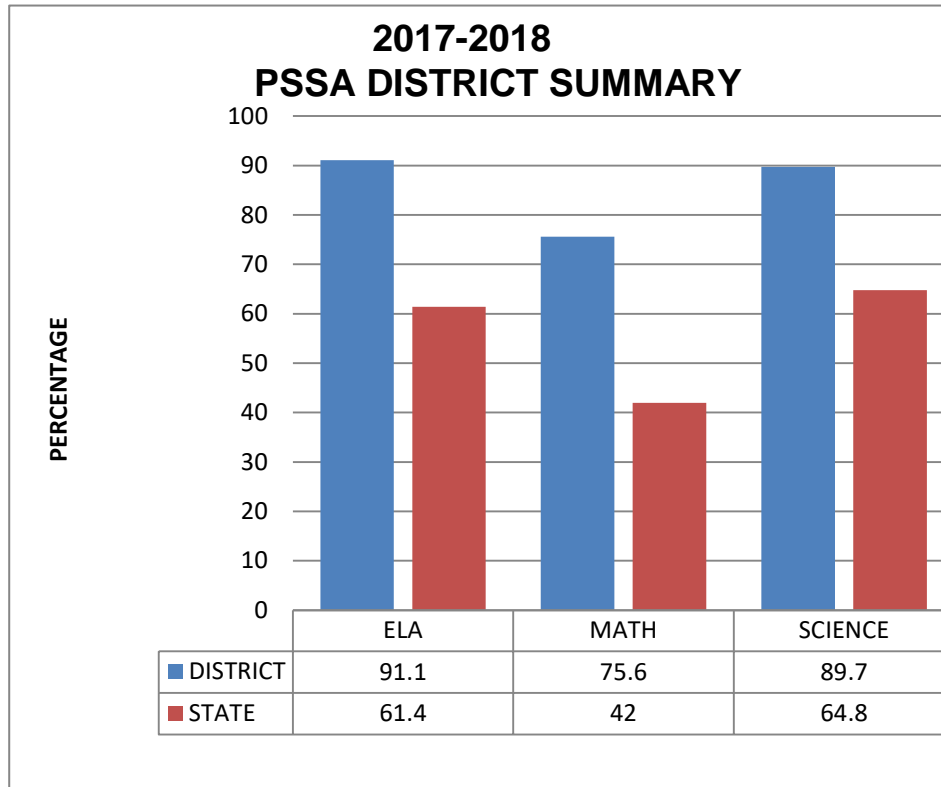
Graduation Year	Scholastic Aptitude Test - SAT 1			National Merit Results	
	Mt. Lebanon	National	Pennsylvania	Number Semi-Finalists	Number Commended
2010	1147	1016	994	5	12
2011	1129	1017	993	12	19
2012	1164	1011	994	7	13
2013	1127	1010	992	3	14
2014	1126	1010	998	11	16
2015	1144	1010	1001	4	15
2016	1138	1006	1003	10	15
2017	1141	1002	1006	9	9
2018	1198	1070	1073	11	14
2019	1212	1067	1086	5	6

Source: School District Guidance Office.



MT. LEBANON SCHOOL DISTRICT

STUDENT TEST SCORES

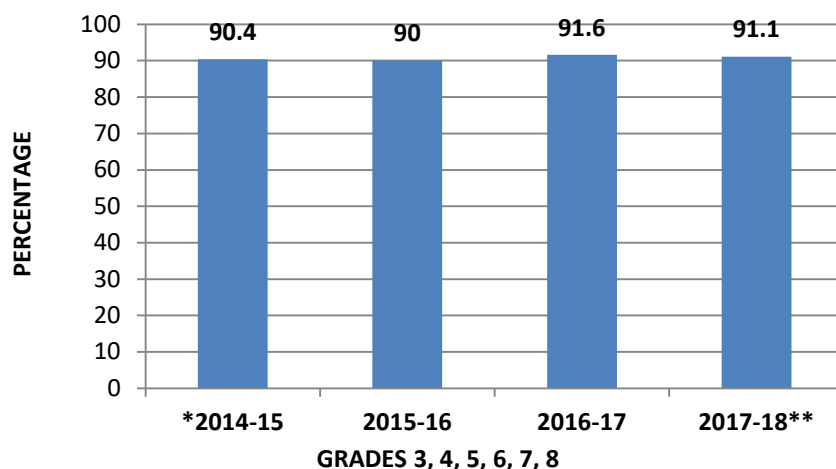


Data compiled from: Emetrics
<http://paayp.emetric.net>

MT. LEBANON SCHOOL DISTRICT

STUDENT TEST SCORES

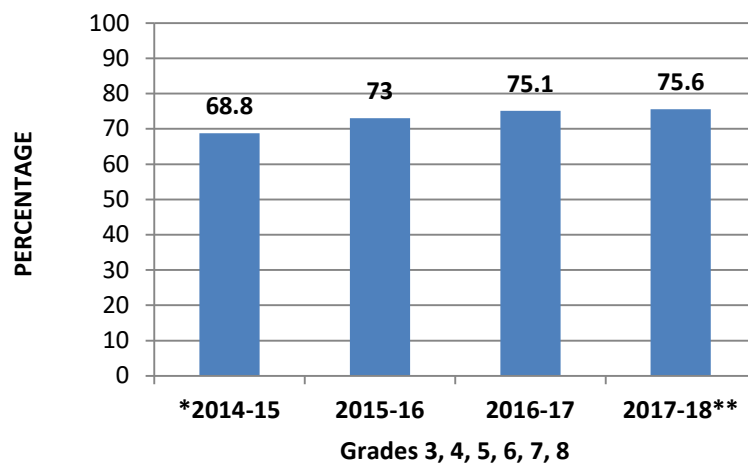
DISTRICT ELA COMPOSITE RESULTS PROFICIENT OR ADVANCED



*First year of a new PSSA Assessment aligned to the new PA Core Standards

**First year of a new modified PSSA Assessment

DISTRICT MATH COMPOSITE RESULTS PROFICIENT OR ADVANCED



* First year of the new PSSA Assessment aligned to the new PA Core Standards

**First year of a new modified PSSA Assessment

Data compiled from: Emetrics

<http://paayp.emetric.net>

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, 96.4% of Mt. Lebanon's class of 2018 is continuing its education at:

- | | |
|------------------------------------------------|-------|
| • Four-year college | 85.6% |
| • Two-year college | 10.7% |
| • Vocational, technical or professional school | 0.2% |
| • Armed services | 0.5% |

During the 2017-2018 school year, 693 Advanced Placement exams were taken with 87.4% of the students achieving a score of 3 or better. Advanced Placement course offerings included 19 course offerings: Biology, Calculus BC, Chemistry, Computer Science A, English Literature & Composition, English Language & Composition, Environmental GeoScience (Environmental Science), European History, Languages (French, German, Spanish), Music Theory, Physics (Mechanics and Electricity & Magnetism) Psychology, Statistics, Studio Art, United States Government & Politics and United States History.

The Mt. Lebanon class of 2019 SAT Reasoning average score, including Evidence-Based Reading & Writing and Mathematics, was 1212 with 81.2% of the class taking the exam. This score is 145 points higher than the national average and 126 points higher than the Pennsylvania average. Students of all abilities at Mt. Lebanon are taking the SAT Reasoning test and are being accounted for very favorably in state comparisons.

For those students who took the ACT exam, the average composite score was 25.9 compared to the national average of 20.8 and Pennsylvania state average of 23.57. Average composite scores include English, Mathematics, Reading and Science results. Mt. Lebanon students exceeded national and state averages in all four content areas.

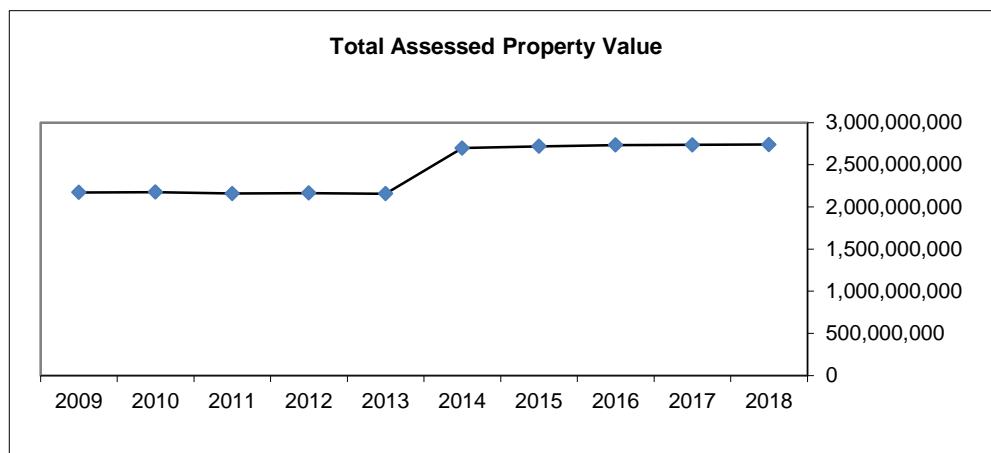
MT. LEBANON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

Calendar Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Median Household Income (1)	Median Age (1)
2009	33,017	\$1,111,088,084	\$33,652	\$60,783	41.8
2010	33,137	1,415,314,407	42,711	74,003	43.8
2011	33,137	1,415,314,407	42,711	74,003	43.8
2012	33,137	1,415,314,407	42,711	74,003	43.8
2013	33,137	1,415,314,407	42,711	74,003	43.8
2014	33,137	1,415,314,407	42,711	74,003	43.8
2015	33,137	1,415,314,407	42,711	74,003	43.8
2016	33,137	1,415,314,407	42,711	74,003	43.8
2017	33,137	1,415,314,407	42,711	74,003	43.8
2018	33,137	1,415,314,407	42,711	74,003	43.8

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

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



(Continued)

MT. LEBANON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

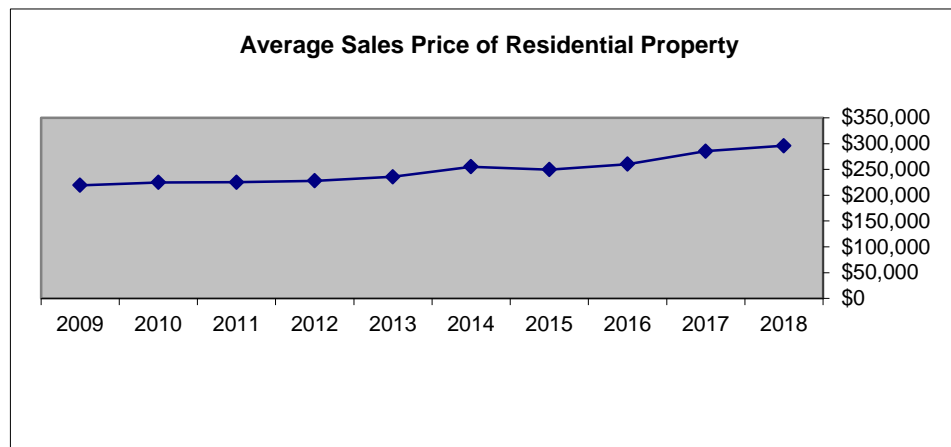
LAST TEN YEARS

Educational Attainment Bachelor's Degree or higher	School Enrollment (3)	Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value (5)
61.0	5,294	3.5	\$219,228	\$2,171,398,932
61.0	5,302	5.0	224,979	2,175,275,286
61.0	5,268	5.3	225,237	2,159,216,301
64.1	5,297	4.8	228,008	2,164,809,298
64.1	5,268	4.7	235,838	2,156,859,685
64.1	5,218	4.5	255,115	2,698,042,173
64.1	5,321	3.6	249,768	2,718,872,379
64.1	5,361	2.9	260,177	2,732,801,335
64.1	5,361	2.9	285,383	2,734,870,374
64.1	5,450	3.5	295,737	2,740,089,012

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

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

(5) Source: Mt. Lebanon Tax Office



(Concluded)

MT. LEBANON SCHOOL DISTRICT

MUNICIPALITY CONSTRUCTION COSTS AND PROPERTY VALUES

LAST TEN CALENDAR YEARS

Calendar Year	Building Permits Issued	Estimated Value of Construction(1)	Occupancy Permits Issued	Total Property Value	<u>Property Value (2)</u>	
					Taxable	Exempt
2008	604	\$15,542,003	67	\$2,384,843,272	\$2,171,398,932	\$213,444,340
2009	689	14,855,044	127	2,400,013,126	2,175,275,286	224,737,840
2010	733	36,463,804	50	2,383,984,141	2,159,216,301	224,767,840
2011	682	18,645,425	47	2,389,984,638	2,164,809,298	225,175,340
2012	635	128,540,359	45	2,387,704,025	2,156,859,685	230,844,340
2013	482	15,186,564	31	3,167,159,295	2,698,042,173	469,117,122
2014	526	16,872,741	24	3,091,134,301	2,718,872,379	372,261,922
2015	536	14,008,035	43	3,114,770,557	2,732,801,335	381,969,222
2016	585	15,765,213	28	3,116,748,196	2,734,870,374	381,877,822
2017	623	25,555,091	18	3,119,773,880	2,740,089,012	379,684,868

(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, 2018

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	32	429	434	98.8%	35	19	74,428	7.5 (3)
Lincoln	1925	2004	31	432	510	84.7%	32	12	74,510	3.5
Markham	1929	2004	28	307	432	71.1%	27	11	42,513	6.1
Howe	1929	2003	34	382	468	81.6%	28	15	65,662	7.1
Foster	1940	2003	25	252	389	64.8%	20	12	53,560	5.4
Jefferson	1950	2004	26	320	343	93.3%	25	11	51,519	17.7 (1)
Hoover	1963	2005	18	268	342	78.4%	20	11	68,661	5.9
Secondary Schools										
Jefferson	1959	1998	84	691	833	83.0%	46	22	100,835	17.7 (1)
Mellon	1938	1998	53	677	840	80.6%	59	23	111,566	7.5 (3)
Senior High (inc. Stadium)	1930	2016	142	1770	2250	78.7%	128	37	454,817	28.6 (2)

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

(2) The Senior High Facility houses the central administration and district support services totaling 17 professional and 32 support staff.
Also included are 34 cafeteria employees and 69 custodial/maintenance employees.

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

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

MT. LEBANON SCHOOL DISTRICT

AWARDS AND RECOGNITIONS

2018 Pittsburgh Business Times Guide to Western PA Schools

In the 2018 Pittsburgh Business Times Guide to Western Pennsylvania Schools, Mt. Lebanon School District ranked #3 in Allegheny County and #6 in the State. Mt. Lebanon High School ranked #4 in Western Pennsylvania and #6 for SAT scores. Mt. Lebanon Schools have ranked among the top three schools on this list since it was first published in 2005.

Pennsylvania School Performance Profile

Mt. Lebanon High School's current Pennsylvania School Performance Profile Score (SPP) was 97.9/100. The High School's SPP ranked #8 in the state for all high schools and #13 out of 2889 schools (K-12) statewide.

Mt. Lebanon School District Designated Best Community for Music Education

The Mt. Lebanon School District was named among the Best 100 Communities for Music Education (BCME) in 2018 by the NAMM Foundation. BCME is a nationwide survey that acknowledges schools and districts across the U.S. for their commitment and support for music education as part of the core curriculum. This is the 10th year in a row that the Mt. Lebanon School District has been designated a Best Community for Music Education.

U.S. Department of Education Green Ribbon School

Mt. Lebanon High School was honored by the U.S. Department of Education as 1 of 46 schools from across the United States to receive the distinction as a 2018 U.S. Department of Education Green Ribbon School for our innovative efforts to reduce environmental impact and utility costs, improve health and wellness for students and staff, and provide effective environmental and sustainability education.

U.S. News and World Report 2018 Best High School Ranking

U.S. News and World Report released their 2018 rankings of the Best High Schools in America. Mt. Lebanon High School achieved a Silver Award ranking.

NICHE.COM Ranking

The Mt. Lebanon School District ranks at the top of the state and region in the 2018 Niche Rankings. Niche ranks the District # 15 in the country, #1 in the region and # 3 in PA. The Niche website rates schools across the state and nation using data from the U.S. Department of Education, surveys and reviews.

2016-2017 Digital School District Winner

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

ASBO Meritorious Budget Award

The Association of School Business Officials International (ASBO) awarded the Mt. Lebanon School District with the Meritorious Budget Award (MBA) during the 2017-2018 budget year. The MBA promotes and recognizes excellence in school budget presentation and is conferred only to school districts whose budgets have undergone a rigorous review by financial professionals and have met or exceeded the program's stringent criteria. This is the 23rd year in a row the District was selected for this award.

ASBO Award for Financial Reporting

The Association of School Business Officials (ASBO) International has awarded the Mt. Lebanon School District its Certificate of Excellence in Financial Reporting for the 33rd year in a row for excellence in financial reporting and accountability for its Comprehensive Annual Financial Report for the fiscal year ending 2017.

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.

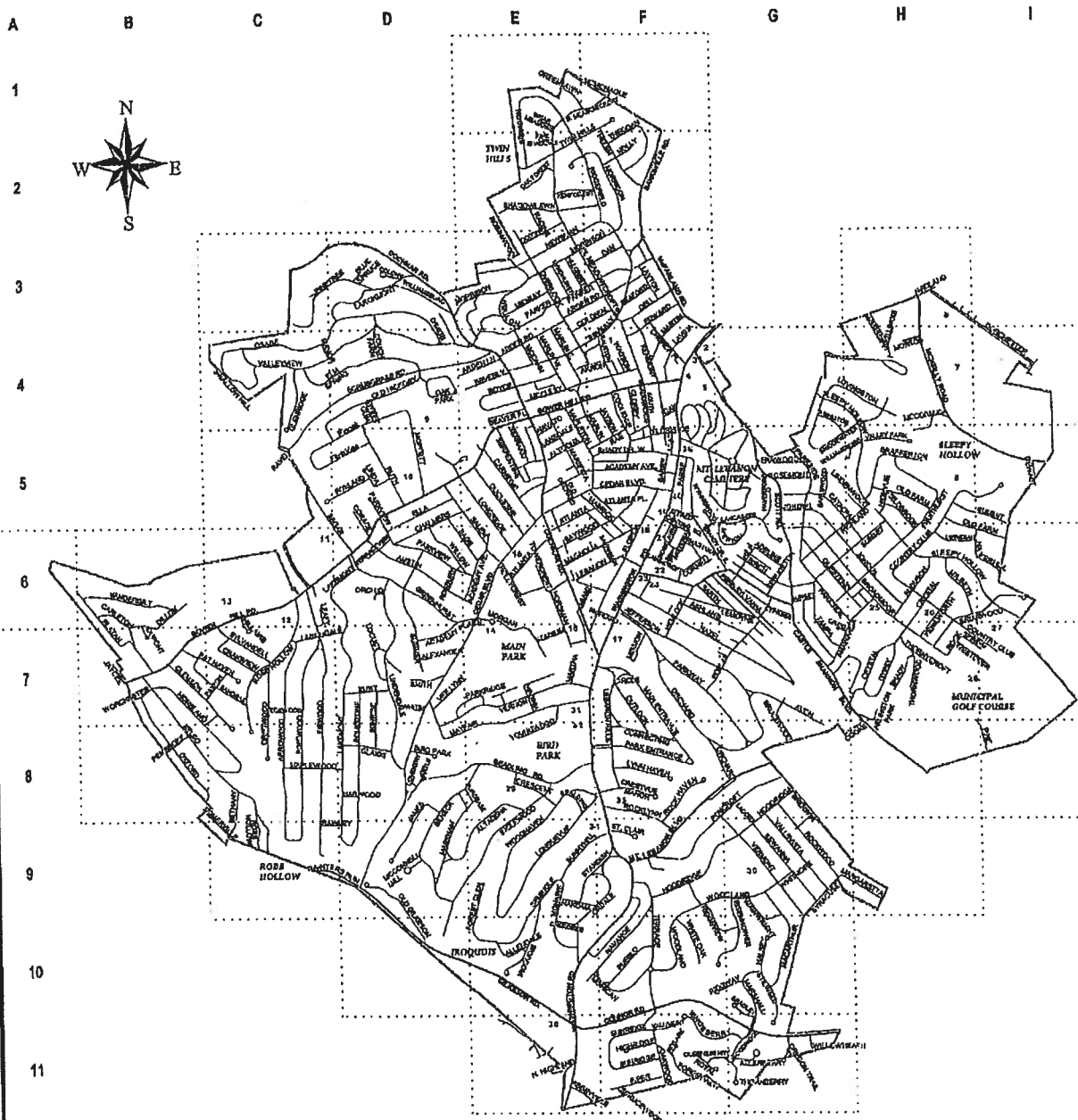
Within the six square miles of the community, there are seven elementary schools, two middle schools and one Senior High School. The structure of the schools is K-5, 6-8 and 9-12. All schools are located in areas which permit all, except exceptional children, to walk to school.

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 2017-2018 school staff includes 420 certificated classroom teachers with an average salary in fiscal 2017 of \$77,296. Of these teachers, 79% hold masters degrees or doctorates. Average class size at the elementary level is 22.14 students per classroom teacher. At the secondary level, average class size ranges from 24.25 to 25.93 students per teacher, excluding special subjects.

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

MT. LEBANON, PENNSYLVANIA



- | | | |
|-----------------------------------------------------|-------------------------------------|----------------------------------------------------|
| 1 LINCOLN ELEMENTARY SCHOOL | 13 TEMPLE EMANUEL | 26 HOWE ELEMENTARY SCHOOL |
| 2 MT. LEBANON UNITED METHODIST | 14 RECREATION CENTER | 28 SUNSET HILLS PRESBYTERIAN CHURCH |
| 3 MT. LEBANON UNITED PRESBYTERIAN CHURCH | 15 MT. LEBANON CHRISTIAN CHURCH | 27 ST. WINIFRED'S CHURCH |
| 4 ST. BERNARD CHURCH | 16 MT. LEBANON HIGH SCHOOL | 28 MUNICIPAL GOLF COURSE |
| 5 ST. BERNARD SCHOOL | 17 MT. LEBANON UNITED LUTHERAN | 29 MARIHAM ELEMENTARY SCHOOL |
| 6 DEPAUL INSTITUTE | 18 PUBLIC PARKING GARAGE | 30 HOLY CROSS ORTHODOX CHURCH |
| 7 SETON-LA SALLE HIGH SCHOOL | 19 MUNICIPAL BUILDING | 31 ST. PAUL'S EPISCOPAL CHURCH |
| 8 OUR SAVIOR LUTHERAN CHURCH | 20 PUBLIC PARKING GARAGE | 32 FIRST CHURCH OF CHRIST SCIENTIST OF MT. LEBANON |
| 9 BOWER HILL COMMUNITY CHURCH | 21 WASHINGTON ELEMENTARY SCHOOL | 33 BEVERLY HEIGHTS PRESBYTERIAN CHURCH |
| 10 JEFFERSON ELEMENTARY AND JEFFERSON MIDDLE SCHOOL | 22 MELLON MIDDLE SCHOOL | 34 UNITARIAN UNIVERSALIST CHURCH OF SOUTH HILLS |
| 11 ST. CLAIR HOSPITAL | 23 SOUTHMINSTER PRESBYTERIAN CHURCH | 35 FOSTER ELEMENTARY SCHOOL |
| 12 HOOVER ELEMENTARY SCHOOL | 24 PUBLIC LIBRARY | 36 PUBLIC SAFETY BUILDING |

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT / MT. LEBANON SCHOOL DISTRICT



High School



Foster Elementary



Markham Elementary

7 HORSMAN DRIVE, PITTSBURGH, PENNSYLVANIA 15228

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