



MT. LEBANON, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2018



Mt. Lebanon, Pennsylvania

Comprehensive Annual Financial Report

Year Ended December 31, 2018

Issued by the Department of Finance
Andrew McCreery, CPA, Finance Director

MT. LEBANON, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2018

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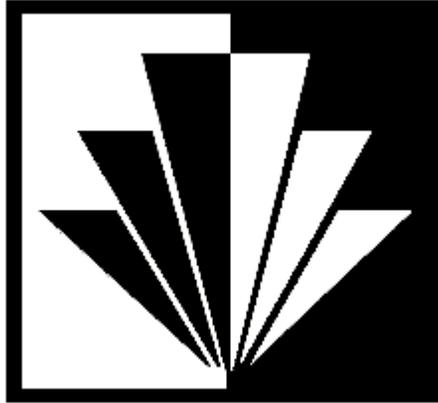
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INTRODUCTORY
SECTION



April 11, 2019

The Commission of the Municipality
of Mt. Lebanon, Pennsylvania

The Comprehensive Annual Financial Report (CAFR) of Mt. Lebanon, Pennsylvania (Municipality), for the fiscal year ended December 31, 2018, is hereby submitted. Responsibility for both the accuracy of the data presented and the completeness and fairness of presentation, including disclosures in the notes to financial statements, rests with the Municipality. This report contains the government-wide financial statements and fund financial statements of the Municipality. All disclosures necessary to enable the reader to gain the maximum understanding of the Municipality's financial affairs have been included.

REPORT COMPOSITION

Report Format

This report contains three sections:

- Introductory:** includes this transmittal letter highlighting significant 2018 financial and management items, the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association (GFOA) for the 2017 CAFR, an organization chart, and a list of principal officers.
- Financial:** contains a report by the independent public accounting firm of Maher Duessel; Management's Discussion and Analysis, a narrative overview of the Municipality's financial performance for the fiscal year ended December 31, 2018; the basic financial statements, which include government-wide financial statements and fund financial statements and notes to financial statements; required supplementary information, combining and individual fund financial statements, and as applicable, schedules with comparative budgetary and prior year information, arranged by fund type.
- Statistical:** includes historical information for financial trends, revenue capacity, debt capacity, and demographic and economic indicators, and selected operating statistics for the Municipality.

Reporting Entity

This report includes all funds and component units of the Municipality (the reporting entity). In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *“The Financial Reporting Entity,”* the financial information for the Mt. Lebanon Industrial Development Authority (IDA) for the year ended December 31, 2018 is blended into the funds of the Municipality as the Municipality’s elected officials serve as the board for the IDA, the Commission can impose their will on the activities of the IDA, and the Municipality is entitled to the assets of the IDA. The Municipality has no discretely presented component units.

As established by GASB, the basic criterion for determining inclusion in the reporting entity is financial accountability and the nature and significance of the relationship. Note 1A fully describes the criterion and the component units.

Prior to January 1, 2012, the Mt. Lebanon Parking Authority was reported as a discretely presented component unit. Since that date, the parking operations are under the management of the Municipality and are presented as a proprietary fund.

ECONOMIC CONDITION

The Municipality operates under a Home Rule Charter (Charter) with five elected commissioners, one from each ward. Under the Charter, which also provides for the council/manager form of government, the Municipality has a higher degree of local freedom and initiative than governments controlled by state statutes. The Municipality provides a full range of services including: fire and police protection, recreation facilities and programs, public works, parking, library and intergovernmental services, economic development and planning, zoning and building inspection, and general administration.

The Municipality is a suburb of the City of Pittsburgh located six miles southwest of the City 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 has consistently been considered one of the most desirable places to live in Pennsylvania and our real estate market reflects this sentiment. Since 2014, the average sale price of residential homes has increased 20.9%, with the average price of a residential property increasing 2.1% compared to the prior year. The housing stock is varied in style and price. In 2018, the average sale price was \$301,925 on 585 residential properties sold.

The unemployment rate for Municipality residents continues to be low compared to state and national trends. According to the United States Census Bureau American Community Survey for 2013-2017, the unemployment rate in the Municipality was 3.2% which is below rates for Allegheny County (5.9%) and the Commonwealth of Pennsylvania (State) (6.5%).

Economic Development and Commercial Districts

The Municipality has intact, accessible and vibrant traditional business districts, a feature that is not found in many Pittsburgh suburbs. Washington Road, designated as a National Trust for Historic Preservation Main Street by the State, is the primary commercial arterial in the Municipality. This commercial district hosts 41 structures that house nearly two hundred businesses employing more than 1,400 people. Established in 2007, the Mt. Lebanon Partnership (Partnership) was created with the vision to “make Mt. Lebanon the Main Street of the South Hills, a true destination where businesses and community come together.” In 2018, the Municipality organized its sixteenth consecutive series of First Friday events - attracting thousands to the shops and restaurants along Washington Road. The Partnership operates the Uptown Farmers’ Market which provides an important anchor to Washington Road businesses and brings people to the shopping district on Saturday mornings. The Partnership and Municipality work closely to execute a wide variety of activities that also attract residents and guests to our commercial areas. These initiatives include, but are not limited to the Uptown Artists’ Market, Uptown Block Party, networking events and Plein Air activities.

All business districts continue to be near full occupancy. The vacancy rate for Washington Road is presently ~8% and Beverly Road is 0%. This compares to national average vacancy rate of 10%. Lease rates are stable and properties are vacant only for short periods. Beverly Road continues to be a small vibrant business district. Our communities’ Uptown Central Business District (CBD) continues to attract diverse eateries and offices that desire close proximity to such amenities.

Interest remains strong for entrepreneurial activities due to attractive public spaces, demographics, access to mass transit, and the long-term trend to sustainable walkable communities. In addition, the Municipality enjoys a low incidence of absentee landlords. This allows greater control of the quality of commercial enterprise. Current priorities include, but are not limited to – encouraging transit oriented development and an enhanced connection between the light rail platform to Washington Road, coupling Main Street principles with innovation to maintain flourishing business districts, development of upper floor units for commercial or residential purposes, planning and rebuilding the Washington Road public space(s) and providing appropriate consultation to develop the former Denis Theater into an independent film theater/community cultural center.

The Economic Development Office central focus in 2019 will be to explore initiatives to continue the pattern of private investment in our commercial districts and adjoining residential areas. The Economic Development Council (EDC) will be looking to implement actions items outlined in a recently completed Uptown Strategic Plan (2016) and EDC Work Plan which is reviewed and adopted annually. These plans call for bold new approaches to maintaining our CBD’s vitality.

As noted above, Uptown Mt. Lebanon was accepted into the State’s Main Street program in 2014. This program places the CBD in a competitive position for scarce State investment dollars such as façade grants, reinvestment loans and technical assistance. The National Trust for Historic Preservation’s Main Street Center recognized Uptown Mt. Lebanon as a national model in 2018.

Planning and Development Projects

St. Clair Hospital received final approval of a land development plan to construct an addition to their existing facility at 1000 Bower Hill Road for an ambulatory care center, operating rooms, outpatient facilities, offices, and associated parking. The project includes the realignment of North Wren Drive in Scott Township to create a “plus” intersection with Firwood Drive. Approvals for the land development plan, lot consolidation plan, and conditional use were granted in 2018. Construction on the new roadway for North Wren Drive in Scott Township occurred in 2018. Construction on the ambulatory care center portion of the project in Mt. Lebanon is anticipated to occur in 2019.

Mary’s Place received a conditional use approval to locate an Institutional Home at 2905 Castlegate Avenue. Mary’s Place is a non-profit organization that focuses on providing housing and skills training to women in crisis pregnancies. The conditional use decision was issued in 2018 and opening is anticipated in 2019.

The municipality received final approval on a revised site plan for the renovation of the Public Works Facility at 1250 Lindendale Drive. The plan calls for the construction of a bypass channel to control storm water overflows on site, the construction of a second entrance from Cedar Boulevard, and the demolition of the existing salt storage structure. The redeveloped site includes a new salt storage building, a renovation and addition to the existing garage, an additional storage building, new pavement and sidewalks, underground utility installation, associated grading and landscaping. In February 2018, the municipality received final approval for an amendment to the approved site plan to include an additional free-standing structure to be used as a firing range along with associated parking and utilities. A trailhead access point to Robb Hollow Park and parking for trail use will also be provided.

Construction on the five townhouse units of the Uptown Place land development plan occurred in 2018. The first residents moved into those units in 2018. Full completion of the project is anticipated in 2019.

Construction on the Senior Apartments of Mt. Lebanon began in 2018. Allegheny County Housing Authority began accepting residency applications in July 2018. The project is anticipated to be completed in 2019.

Construction on the Beyond Self Storage indoor self-storage facility on Castle Shannon Blvd began in 2017 and continued in 2018. The project is nearing completion and applications for rental space are currently being accepted. Full completion of the project is anticipated in 2019.

School District

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

Mt. Lebanon School District ranked #3 in Allegheny County and #6 in the state in the 2018 Pittsburgh Business Times Guide to Western PA Schools. The annual Honor Roll ranks the 105 school districts in the region and the 495 districts in the state based on three years of scores from the Pennsylvania System of School Assessment tests. Mt. Lebanon Schools have ranked among the top three schools on this list since it was first published in 2005.

The Mt. Lebanon School District ranks at the top of the state and region in the 2019 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.

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.

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

Mt. Lebanon High School was awarded a silver ranking in the 2018 U.S. News and World Report Best High School Ranking.

The Class of 2018 graduated 465 students with ninety-seven percent continuing to pursue full-time or Armed Service education. The class of 2018 had 11 students selected as National Merit Semifinalists and 14 Commended.

MAJOR INITIATIVES

Like many other local governments, the Municipality faced fiscal challenges heading into the 2018 budget due to projected minimal revenue increases coupled with increasing expenditures and capital needs. The continued scrutiny by operating departments to reduce costs wherever possible, the Municipality continued to provide a high level of service to our residents and businesses.

The Municipality's two main revenue sources – real estate and earned income taxes - account for 69.2% of the revenue for the General Fund, the Municipality's main operating fund. As part of the 2018 budget, the Commission held the line on real estate taxes at 4.71 mills. Due to the millage rate remaining stable, current real estate tax collections increased minimally by \$56,979, or 0.5%.

The Southwest Allegheny County Tax Collection District's appointed collector, Jordan Tax Service, collects the Municipality and School District's earned income tax. The rate for the Municipality is 0.8% and the School District is 0.5%. Under the employer mandated withholding system, employers typically submit quarterly. The Municipality monitors earned income taxes based on those quarterly collections. In 2018, net earned income taxes increased 2.4% when compared to the prior year. When analyzing quarterly collections, collections for the current tax year were up, while collections for prior years were lower than the same collection periods from prior years. As we enter 2019, the Municipality will continue to monitor collection patterns to establish appropriate baselines for the budget process.

The Municipality has an ordinance that establishes a funding requirement for streets, based on their condition assessment. These improvements cannot be funded through debt or with a tax increase. In 2018, this policy was met with funding for street construction provided by two sources - \$1.46 million from the General Fund and \$590,792 for curb work from the storm water fee.

Major annual projects continued on sanitary sewers to meet the federal consent order and other requirements. In 2018, sanitary sewer capital expenditures totaled \$1.2 million; all funded by a surcharge on the ALCOSAN bills. In addition to replacement and construction of new sewer lines, sewer lines were televised, cleaned, and treated, and manholes were rehabilitated throughout the Municipality. In the last eight years, \$12.6 million has been spent on sanitary sewer improvements. Currently, the sanitary sewer fee is \$4.05 per thousand gallons of water used, but it is anticipated this fee will need to be raised in the future to pay for required improvements.

In its seventh full year, the storm water fee generated \$1.4 million, which can be used for improvements to and maintenance of the storm water system. The fee is based on an impervious surface calculation and billed at a rate of \$8 per month per unit of impervious surface, with single-family residential property paying one unit (\$96 per year), and higher rates for multi-family, commercial, and tax-exempt properties. In the last seven years, \$6.8 million has been spent on storm water capital projects to maintain, enhance, and expand the storm sewer system.

Major capital projects included the initiation of a multi-million dollar renovation to the public works facility, construction of a new firing range, and the procurement of new traffic signal equipment and infrastructure. The public works and firing range projects were substantially funded by the \$8.8 million bond issue the Municipality issued in 2017. The expected completion date of the project is September 2019. In 2017, the Municipality was awarded four Green Light Go grants from the Commonwealth of Pennsylvania. The total funding granted was approximately \$925,000, with a 20% match from the Municipality. The funding is to complete

equipment upgrades at 30 signaled intersections and fully replace the traffic signals and poles at three intersections at various locations in the municipality. Project bids were received and accepted in 2018. The project will be completed by the middle of 2019.

To assist in long-term planning, on an annual basis, a five-year Capital Improvement Program (CIP) is developed by the Municipality. The CIP maps the Municipality's highest priority capital needs into a preliminary schedule of expenditures. This important management tool links major infrastructure needs with the Municipality's financial capacity. The current five-year CIP details the continuation of addressing infrastructure and other needs through the year 2023. The 2019 adopted budget provides over \$7.1 million for capital projects and improvements.

Other major initiatives that were taken up by the Commission and staff in 2018 were the placement of a School Resource Officer (SRO) at Mt. Lebanon High School, participation and acceptance of a five-year refuse and recycling contract, and dedication of funding for sanitary and storm sewer improvements following the June 20, 2018 storm that impacted Western Pennsylvania.

In 2017, as staff and the Commission prepared the 2018 budget, the police department requested the placement of one of our officers at the high school. It was unanimously approved as part of the 2018 municipal budget, with an implementation date of September 2018. The Mt. Lebanon School Board approved the placement as part of their 2018-2019 school budget. The agreement between both governing bodies is for a minimum of three years.

Beginning early in 2018, the Municipality participated in a joint bidding process to secure bids for a new residential refuse and recycling contract. As the Municipality's largest annual contract, a lot of scrutiny is placed on the procurement of this service. Upon receipt of the bids in July 2018, the Municipality secured a contract for 2019-2023 with Waste Management. Over the five-year term, average price increases are 2.0%.

Lastly, Western Pennsylvania has been experiencing higher intensity rain storms in the summer that have maxed out our sanitary and storm sewer systems in certain areas during these events. The rain event on June 20, 2018 was an example of the stress put on our systems during these higher intensity storms. Although the Municipality has continued to improve our infrastructure for both sanitary and storm sewers as highlighted above, the Commission tasked the municipal engineer to identify projects that could help alleviate rain event impacts on the community. To that end, the municipal engineer identified a list of short-term (< 1 year), mid-term (1-2 years) and long-term projects (within 5 years) to help those areas impacted by the severe storms. The Commission dedicated funding in excess of \$1.9 million to address the short-term and mid-term items identified in the report.

FINANCIAL OPERATIONS

Systems and Controls

Accounting

In developing and evaluating the Municipality's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

The finance department continually reviews established policies and procedures to control and reduce risks. We believe that the Municipality's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budget

The budgeting technique based on Zero Based Budgeting (ZBB) was used again in preparing the 2018 budget. Each program and activity must be justified, thereby providing increased accountability in the operating departments. Service levels are developed to focus attention on units of service within a decision unit (or cost center). This budget format allows elected officials to focus on overall service priorities and provides for an optimum mix of services within revenue constraints.

Budgetary control is maintained at the fund level, with operating departments charged with the maintenance of budgeted expenditures as a whole. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds including the General Fund, Special Revenue Funds (excluding the Library Operating Fund), and Capital Project Funds. A budget is also adopted for the one enterprise fund (Parking). Budgetary control for the Debt Service Fund is maintained through provisions of related trust indentures. Note 1E further describes the budget policies of the Municipality.

A more detailed explanation and description of municipal operations can be found in the Management's Discussion and Analysis (MD&A) section immediately following the report of the independent auditors.

Policies

Over the years, the finance department has instituted a number of financial policies in order to provide assurance that financial operations occur in a consistent manner from department to department. These policies also enhance the safeguards for internal controls and budgetary

compliance. Some of the more significant policies include those related to the purchasing system, including a checklist for contract compliance and approval; deposits, cash and credit transactions; fixed assets, grants, fraud, and related party transactions. In addition, the Municipality has adopted a debt policy under which a framework for the issuance of long-term debt has been established.

The Commission adopted a number of financial policies in 2011 to guide future budgets and provide a stable financial foundation. These include a minimum pension funding requirement even when pension assets exceed liabilities, a requirement for a budget balanced without use of unassigned fund balance, a phase-out of unassigned fund balance used to support current levels of pension funding, new multi-year service levels only budgeted if a source of funding is identified, minimum capital spending level funded by General Fund revenues, a requirement to have a capital improvement discussion after prior year financials are released, a minimum level for unassigned fund balance and a plan for restoration if the minimum is violated, how unassigned fund balance can be used in the budget, a comprehensive debt policy, and a budget amendment process.

In 2015, the Commission enhanced the financial policies by adopting an ordinance to enhance the thresholds for the General Fund unassigned fund balance. Prior to 2015, the stated goal for the General Fund unassigned fund balance was 10% of expenditures. The ordinance passed in October 2015 increased the stated minimum goal to 12% of expenditures with the intention of progressively increasing unassigned fund balance levels to 15% of expenditures. At the end of 2018, the unassigned fund balance was 14.4% of General Fund expenditures.

AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

Pursuant to Section 912 of the Charter, an audit of the accounts and financial statements has been performed by an independent accounting firm. The external audit firm of Maher Duessel performed the audit and their report is included in the Financial Section herein.

In addition to the required audit, which included all funds of the Municipality (including the Library), a separate audit was performed for the Real Estate Tax Collector. A separate audit report has been issued.

For 2018, the Municipality was not required to comply with the provisions of the Single Audit Act, as amended, as the federal funds expended did not total \$750,000. If appropriate, the Municipality will perform separate program audits.

Certificate of Achievement

In 2018, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Municipality for its CAFR for the fiscal year ended December 31, 2017. The Municipality has received this award for 42 consecutive years, the longest in Pennsylvania.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The publication of this CAFR continues to reinforce the accountability of the Municipality to the taxpayers of the community. A note of sincere appreciation is extended to the many conscientious people who have contributed a significant amount of time and dedicated efforts to the preparation of this report. This report would not be possible without the dedicated services of the finance and administration offices and the support of all other municipal departments.

Gratitude is also extended to the elected officials of the Municipality for their cooperation and interest in the financial operations of the Municipality. The Mt. Lebanon Commission's maintenance of the highest standards of professionalism in the management of the Municipality's finances is greatly appreciated. With the continued support of the Mt. Lebanon Commission, we will be able to continue the quality of municipal government for which the Municipality is known.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "A. McCreery". The signature is fluid and cursive, with a large initial "A" and a long, sweeping tail.

Andrew McCreery, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Mt. Lebanon
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

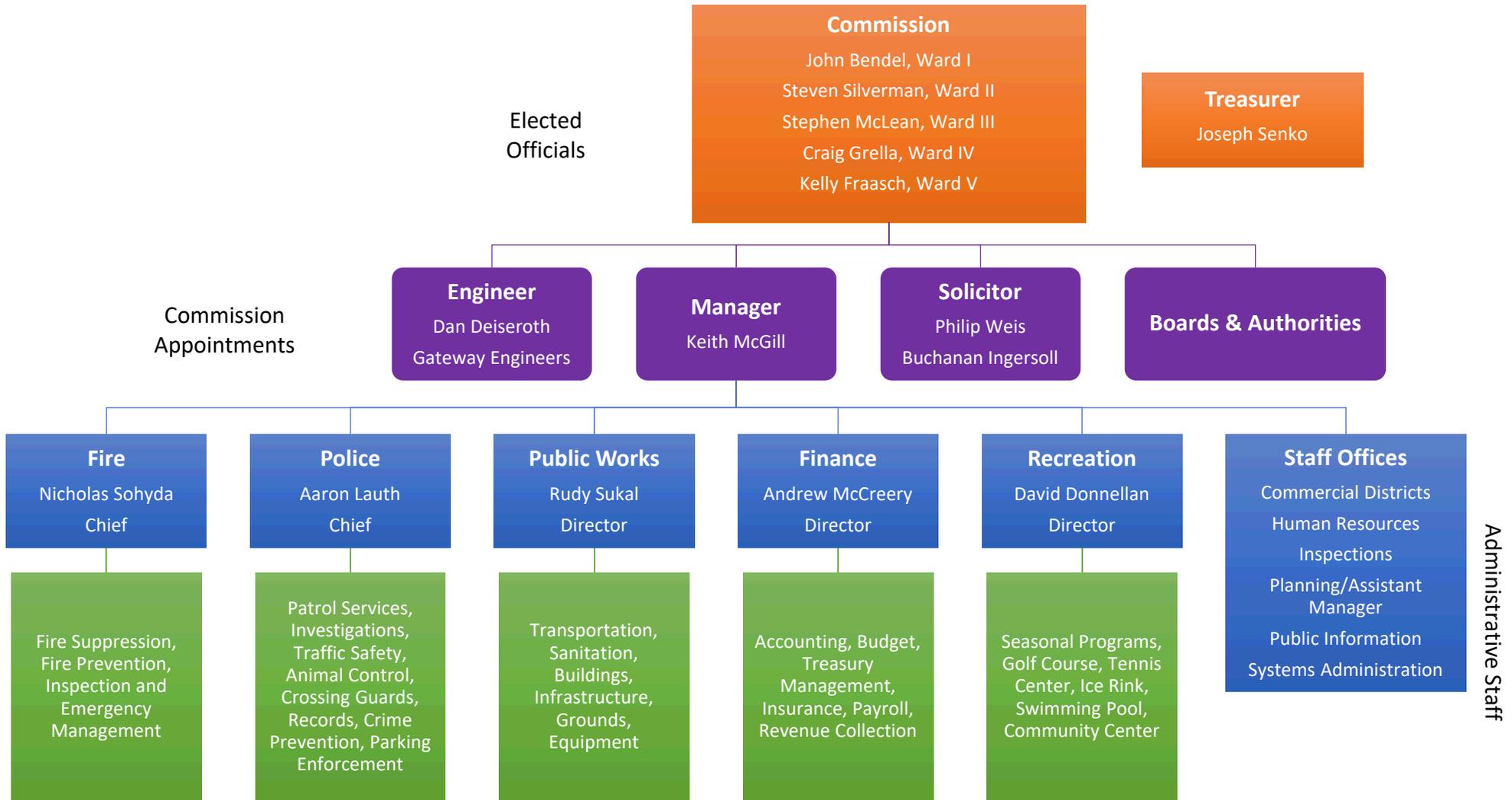
Executive Director/CEO

MT. LEBANON, PENNSYLVANIA

ORGANIZATIONAL CHART

DECEMBER 31, 2018

12



MT. LEBANON, PENNSYLVANIA

PRINCIPAL OFFICERS

COMMISSION



Steven Silverman
President



Stephen McLean
Vice President



John Bendel



Kelly Fraasch



Craig Grella

STAFF

Keith McGill, *Manager*

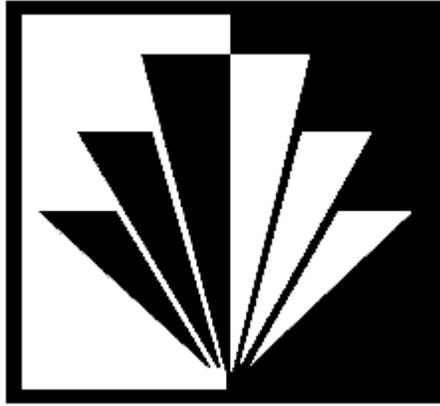
Andrew McCreery, CPA, *Finance Director*

David Donnellan, *Recreation Director*

Rudy Sukal, Jr., *Public Works Director*

Aaron Lauth, *Police Chief*

Nicholas Sohyda, *Fire Chief*



FINANCIAL

SECTION

Independent Auditor's Report

**The Commission of the
Municipality of
Mt. Lebanon, Pennsylvania**

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 Municipality of Mt. Lebanon, Pennsylvania (Municipality), as of

and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Sewage Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Municipality adopted Governmental Accounting Standards Board (GASB) Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*," which requires the Municipality to record its net other postemployment benefit liability and related items on the government-wide financial statements. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, pension, and other postemployment benefit information on pages 17 through 45, 107 through 113, and 114 through 116, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, capital asset

The Commission of the Municipality
of Mt. Lebanon, Pennsylvania
Independent Auditor's Report

schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Municipality's basic financial statements for the years ended December 31, 2017 and 2016, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Those audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements as a whole. The individual fund financial statements related to 2017 and 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 and 2016 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements related to 2016 and 2017 are fairly stated in all material respects in relation to the basic financial statements from which they were derived.

Maher Duessel

Pittsburgh, Pennsylvania
April 11, 2019

MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

This section of the Municipality of Mt. Lebanon's (Municipality) comprehensive annual financial report presents a narrative overview and analysis of the Municipality's financial performance for the fiscal year ended December 31, 2018. Please read this Management's Discussion and Analysis in conjunction with the preceding transmittal letter and the accompanying financial statements and notes which follow, in order to obtain a thorough understanding of the Municipality's financial condition at December 31, 2018.

RESULTS IN BRIEF

- Total assets and deferred outflows of resources of the Municipality's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$94,230,550 (net position). Of this amount, \$3,479,951 (unrestricted net position) may be used to meet the Municipality's ongoing obligations to its citizens and creditors.
 - The Municipality had an adjustment to net position for the prior year, which resulted in a decrease in the beginning net position of \$1,467,170. The adjustment was for the cumulative effect of implementation of Governmental Accounting Standards Board (GASB) Statement No. 75. All comparative data will encompass this restatement.
 - The Municipality's governmental activities total net position increased from 2017 by \$3.5 million or 3.8% and unrestricted net position decreased by \$972,275 or 21.8% in 2018.
 - Net investment in capital assets (net capital assets net of related debt) was \$80,723,787 at December 31, 2018, an increase of \$3.4 million.
 - The Municipality's real property tax rate remained at 4.71 mills and the earned income tax rate remained at 0.8%.
 - The total fund balance for governmental funds was \$22,292,073 at December 31, 2018, with \$5,310,208 in unassigned fund balance.
 - The General Fund had a total fund balance of \$7.7 million, of which \$5.3 million was unassigned. The total fund balance for the General Fund increased by \$259,127 or 3.5% and the unassigned fund balance decreased by \$420,857 or 7.3%.
 - The unassigned fund balance in the General Fund is 14.4% of the General Fund's total expenditures, including capital transfers.
-

MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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- At December 31, 2018, the Municipality had \$27.7 million of debt outstanding. This represents a decrease of \$3,160,000 or 10.2% from the previous year. The amount of outstanding direct debt per capita decreased from \$931 to \$836.
- The Municipality's business-type activities (Parking Fund) net position increased by \$231,859 or 2.9%. The unrestricted portion of net position decreased by \$51,477 or 5.6%.
- The plan net position held in trust to pay pension benefits decreased \$6.5 million or 6.6% in 2018. Plan net position in the other postemployment benefits trust decreased \$62,841 or 4.0% in 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of three parts: Management's Discussion and Analysis, the basic financial statements (including notes to financial statements), and combining and individual fund statements. The basic financial statements present two different views of the Municipality through the use of government-wide financial statements and fund financial statements:

- The first two statements (pages 46-47) are government-wide financial statements that provide long-term and short-term information about the Municipality's overall financial status.
- The remaining statements (pages 48-58) are fund financial statements that focus on individual parts of municipal government, reporting operations in more detail than the government-wide statements.

MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

The fund financial statements include:

- The governmental funds statements (pages 48-53) describe how general government services such as public safety and recreation were financed. A budgetary comparison statement is provided for the General Fund and certain Special Revenue Funds to demonstrate compliance.
- The proprietary fund statements (pages 54-56) offer financial information about the activity (parking) that the Municipality operates as a business.
- Fiduciary fund statements (pages 57-58) provide information about the retirement and other postemployment benefit plans for municipal employees in which the Municipality acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources cannot be used to support municipal activities.

The financial statements include notes that provide an explanation for certain information in the financial statements and also provide more details for this information. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, the section on pages 118-145 provides additional details on the major governmental funds, combining and detail statements for the other governmental funds that are presented in a single column in the basic financial statements, an additional detail statement for the operations of the proprietary fund and combining statements for the fiduciary funds that are presented in a single column in the basic financial statements.

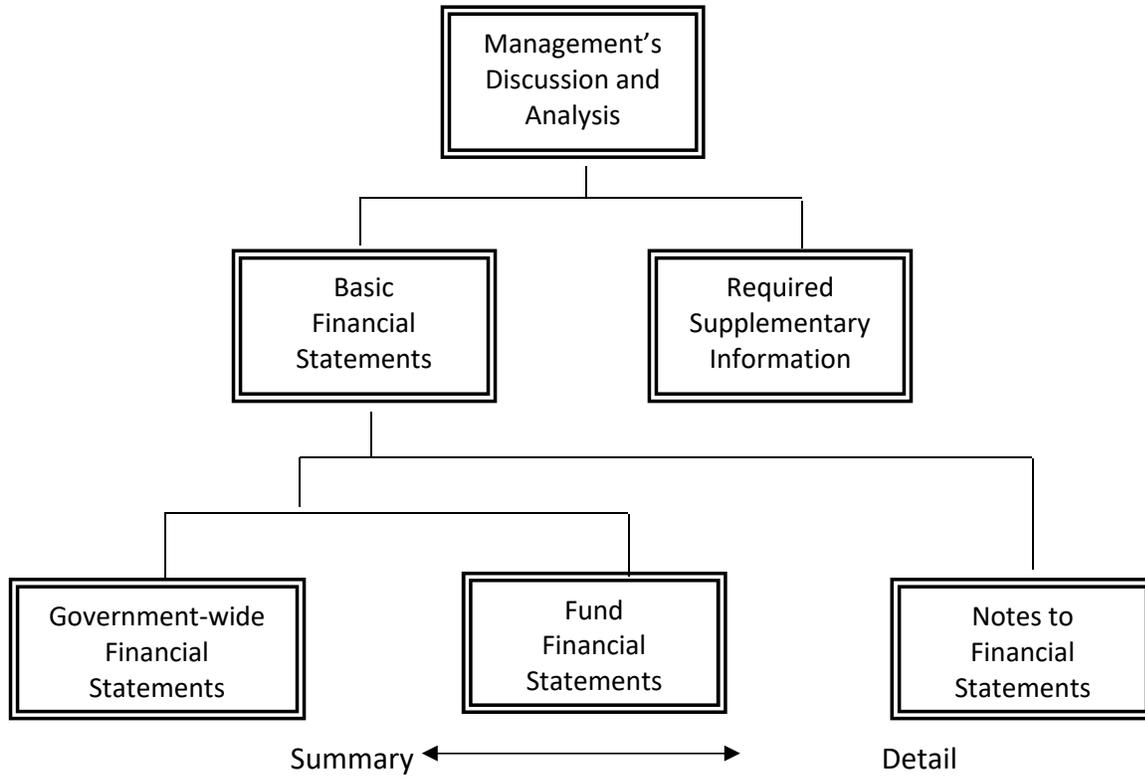
MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

Figure 1

REQUIRED COMPONENTS OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT



Government-wide Financial Statements

The government-wide financial statements report information about the Municipality as a whole using accounting methods similar to those used by private-sector companies. These statements report the Municipality's net position and how it has changed.

The statement of net position includes all of the Municipality's assets, deferred outflows of resources, liabilities and deferred inflows of resources, except fiduciary funds. Net position, the difference between the Municipality's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the Municipality's financial health. Over time, increases or decreases in the Municipality's net position may be an indicator of whether its financial health is improving or deteriorating.

MT. LEBANON, PENNSYLVANIA

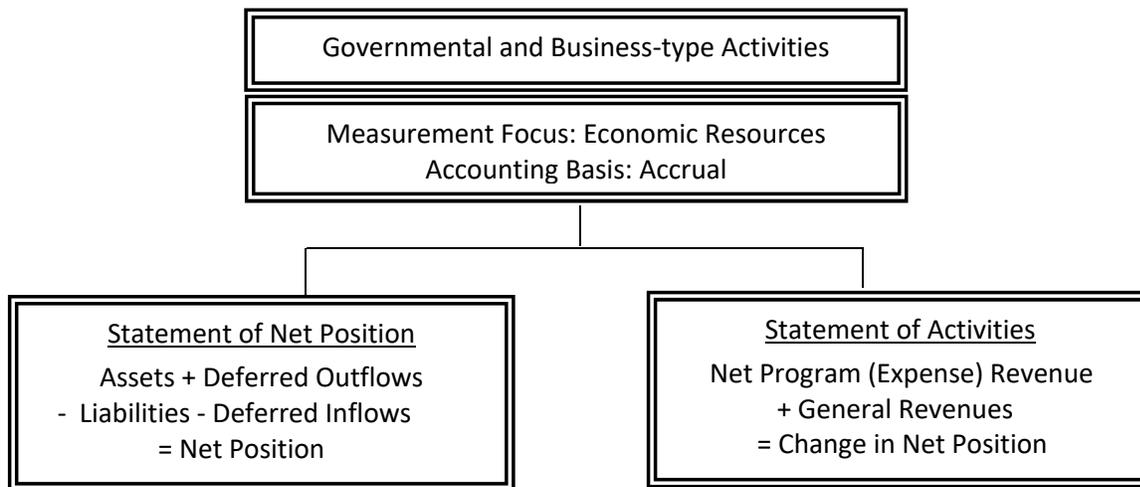
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

The *statement of activities* focuses on how the Municipality's net position changed during the year. 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. Additional non-financial factors such as changes in the Municipality's real property tax base and general economic conditions must be considered to assess the overall position of the Municipality. The primary features of government-wide financial statements are reflected in Figure 2.

Figure 2

GOVERNMENT-WIDE FINANCIAL STATEMENTS



The Municipality's government-wide financial statements are divided into two categories:

- *Governmental activities* - Includes the Municipality's basic services, such as police, fire, public works, recreation, staff offices, and general administration. Property and earned income taxes, charges for services, and grants finance most of these activities.
- *Business-Type Activities* – Includes the operations of the Parking Fund (an enterprise fund), which covers the costs of parking operations through user fees and charges.

The government-wide financial statements do not include any component units presently on a discrete basis. All component units of the Municipality are blended.

MT. LEBANON, PENNSYLVANIA

MANAGEMENT’S DISCUSSION AND ANALYSIS

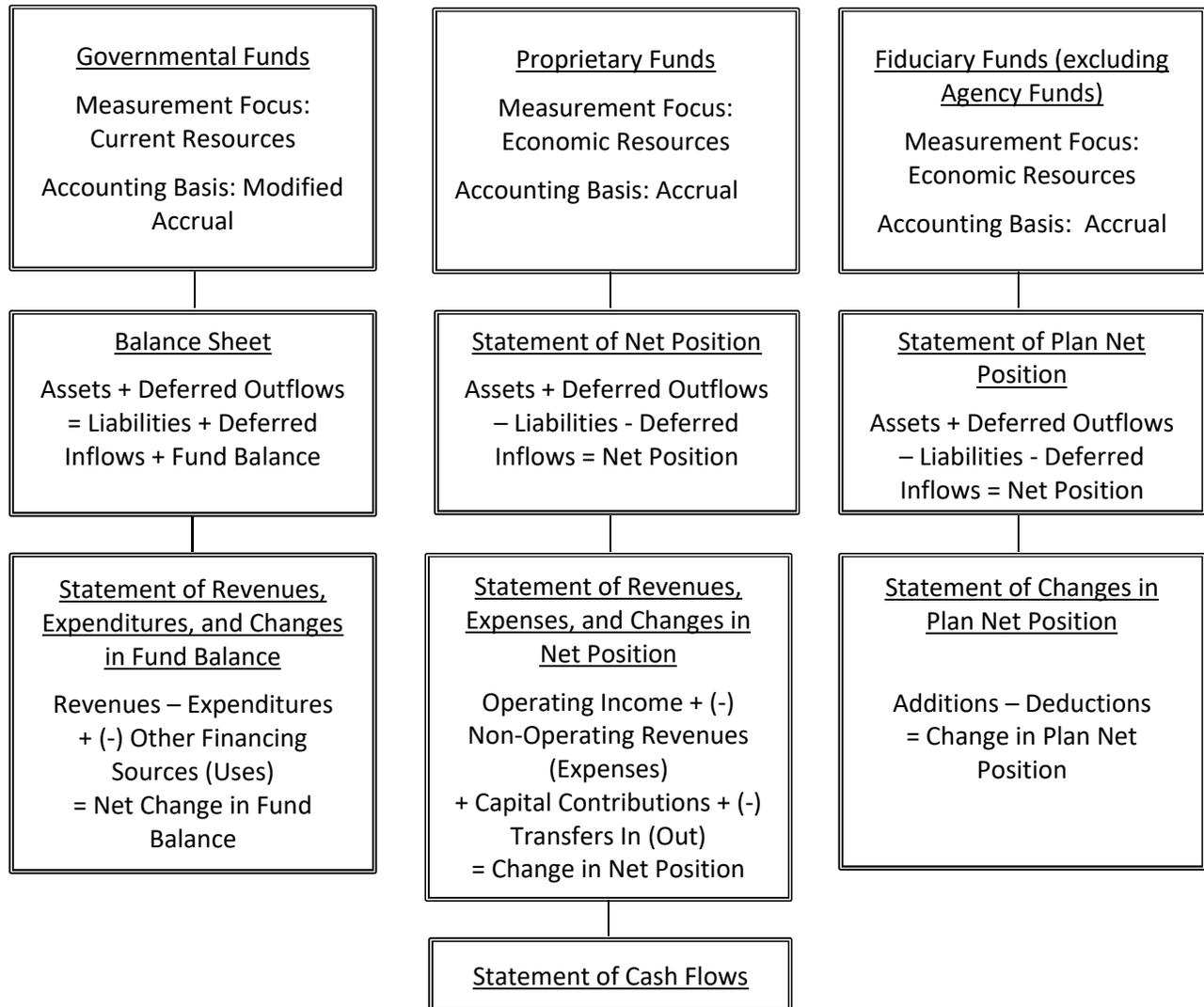
DECEMBER 31, 2018

Fund Financial Statements

The fund financial statements provide more detailed information about the Municipality’s most significant funds, not the Municipality as a whole. Funds are accounting groups that the Municipality uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. The primary features of the fund financial statements are presented in Figure 3.

Figure 3

FUND FINANCIAL STATEMENTS



MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

The Municipality maintains three kinds of funds:

- *Governmental funds* – Reports activities of the Municipality's basic services in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Municipality's programs. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows each related governmental fund financial statement.
- *Proprietary fund* – Reports the same type of information for the activity (parking), as is reported in the business-type activities column in the government-wide financial statements. The statements for this fund simply presents more detail on the fund's operation.
- *Fiduciary funds* – Reports activities of three single-employer pension plans (General Employees, Police, and Firemen) and an Other Postemployment Benefits (OPEB) plan. The Municipality functions as the trustee, or fiduciary, for these plans. The Municipality is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Municipality's fiduciary activities are reported in a separate statement of plan net position and a statement of changes in plan net position. These activities are excluded from the Municipality's government-wide financial statements because the Municipality cannot use these assets to finance its operations.

MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

FINANCIAL ANALYSIS OF THE MUNICIPALITY AS A WHOLE

The Municipality's net position for its governmental and business-type activities at December 31, 2018 and 2017 are presented below.

ASSETS	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Current and other assets	\$32,338,624	\$34,101,894	\$ 1,080,163	\$ 1,225,518
Capital assets	<u>104,686,640</u>	<u>99,347,593</u>	<u>8,466,764</u>	<u>8,907,218</u>
Total Assets	<u>137,025,264</u>	<u>133,449,487</u>	<u>9,546,927</u>	<u>10,132,736</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>14,509,001</u>	<u>6,827,080</u>	-	-
LIABILITIES				
Current and other liabilities	9,163,579	11,626,847	851,566	1,002,383
Non-current liabilities	<u>41,195,019</u>	<u>29,217,134</u>	<u>484,656</u>	<u>1,151,507</u>
Total Liabilities	<u>50,358,598</u>	<u>40,843,981</u>	<u>1,336,222</u>	<u>2,153,890</u>
DEFERRED INFLOWS OF RESOURCES	<u>6,945,117</u>	<u>8,678,147</u>	-	-
NET POSITION				
Net investment in capital assets	80,723,787	77,334,705	7,344,896	7,061,560
Restricted	10,026,812	8,967,508	-	-
Unrestricted*	<u>3,479,951</u>	<u>4,452,226</u>	<u>865,809</u>	<u>917,286</u>
Total Net Position*	<u>\$94,230,550</u>	<u>\$90,754,439</u>	<u>\$ 8,210,705</u>	<u>\$ 7,978,846</u>

*As noted in the results in brief section, net position was restated for 2017 due to adjustments related to the cumulative effect of implementation of GASB Statement No. 75. Please see Note 1 and Note 9 for more detailed information.

MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

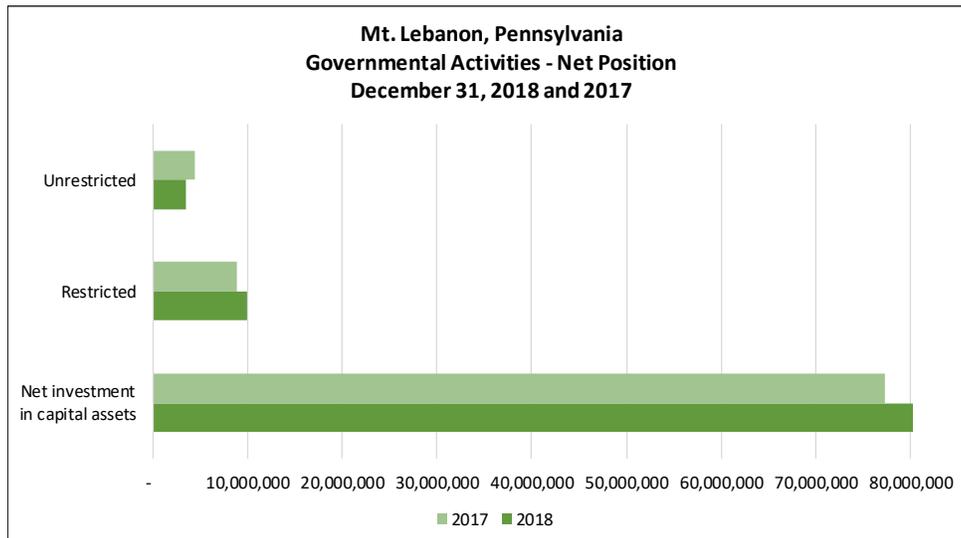
DECEMBER 31, 2018

Governmental Activities

Net Position

The net position of governmental activities increased from the previous year by \$3.5 million or 3.8%, to \$94.2 million. Of this amount, \$80.7 million represents the net balance of long-term capital assets and long-term debt. The \$10.0 million in restricted net position is comprised of \$9,571,407 for infrastructure upgrades, \$380,847 for donor-restricted purposes for the Mt. Lebanon Public Library, \$60,021 for street maintenance expenses, and \$14,537 for industrial development activities. The unrestricted net position of \$3.5 million represents funds available to maintain operations or to provide for the payments of long-term debt at the governmental activities level.

The following chart graphically depicts the governmental activities net position at December 31, 2018 and 2017:



Capital Assets

The largest portion of the Municipality's net position (85.7%) accounts for the investment of capital assets (such as infrastructure, buildings, vehicles, and equipment), less any related outstanding debt used to acquire these assets. The Municipality maintains and uses these capital assets to meet the service demands of its residents and therefore these assets are not available for future spending. The net investment in capital assets is reported net of related debt (except

MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

for unspent bond proceeds). Resources necessary to repay this debt will be required to be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. Please see Note 6 – Capital Assets for a more detailed schedule of municipal capital assets.

Change in Net Position

In order to more fully understand the composition of the changes in net position for the current year, the following chart presents additional details regarding the result of governmental and business-type activities for the fiscal years ended December 31, 2018 and 2017:

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Revenues:				
Program revenues:				
Charges for services	\$16,962,804	\$16,375,467	\$ 2,080,753	\$ 2,041,315
Operating grants and contributions	3,366,768	3,166,698	-	-
Capital grants and contributions	93,422	60,000	-	-
General revenues:				
Real estate taxes	12,868,406	12,856,418	-	-
Earned income taxes	12,210,864	12,214,397	-	-
Other, including interest	3,669,205	3,363,461	9,047	7,510
Total revenues	49,171,469	48,036,441	2,089,800	2,048,825
Program Expenses:				
General government	5,083,689	4,889,807	-	-
Community development	807,040	765,250	-	-
Public works	17,914,631	16,483,756	-	-
Human services	2,677,144	2,450,286	-	-
Culture and recreation	3,270,388	3,509,202	-	-
Public safety:				
Police	10,385,642	9,703,112	-	-
Fire	3,901,203	3,475,484	-	-
Other	1,104,483	919,761	-	-
Interest on long-term debt	717,438	773,131	-	-
Parking	-	-	1,691,641	1,467,454
Total expenses	45,861,658	42,969,789	1,691,641	1,467,454
Increase (decrease) in net position before transfers	3,309,811	5,066,652	398,159	581,371
Transfers	166,300	162,151	(166,300)	(162,151)
Increase (decrease) in net position	3,476,111	5,228,803	231,859	419,220
Net position-beginning	90,754,439	86,992,806	7,978,846	7,559,626
Net position-adjustment to net position	-	(1,467,170)	-	-
Net position-ending	<u>\$94,230,550</u>	<u>\$90,754,439</u>	<u>\$ 8,210,705</u>	<u>\$ 7,978,846</u>

MT. LEBANON, PENNSYLVANIA

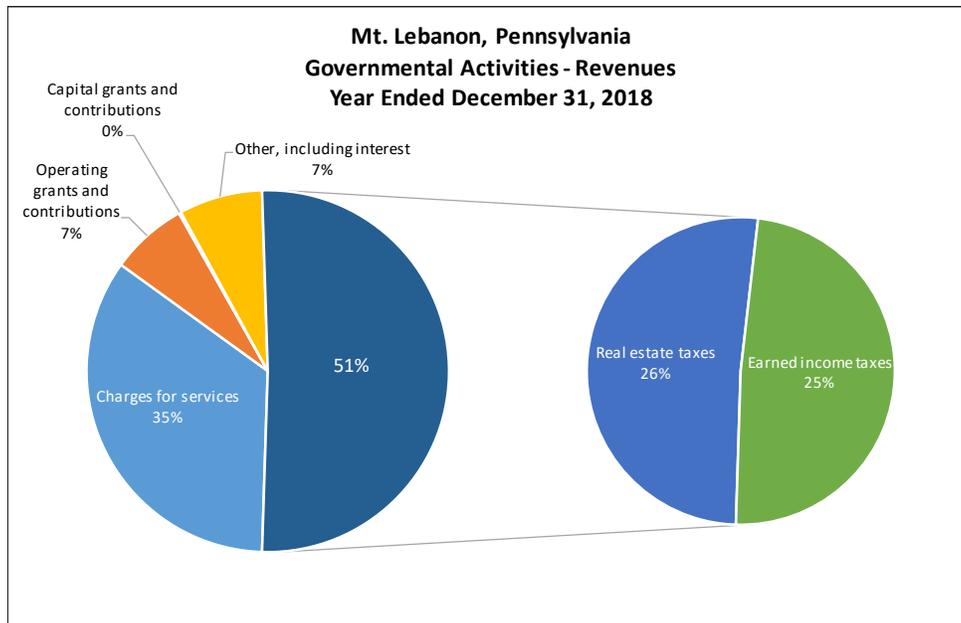
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

Revenues

Total revenues for governmental activities of \$49.2 million were largely derived from charges for services, real estate taxes, and earned income taxes (85.5%). Real estate taxes and earned income taxes make up 88.4% of all taxes collected by the Municipality. All sources of taxes provide 57.7% of the Municipality's revenue. Charges for services includes sewer processing, storm water management, recreation programs, joint programs (animal control, tax collection, and crossing guards), cable franchise fees, fines and penalties, licenses and permits, as well as magazine advertising and other revenues generated by user fees.

The following chart graphically depicts the governmental activities sources of revenues for the fiscal year ended December 31, 2018:



Overall governmental activities revenues increased \$1,135,028 or 2.4%. Highlighted below are the major program revenue variances.

- **Charges for services** increased \$587,337 due to combination of increases in sewer user fee collections and increases in ice rink revenue. In 2018, the pass-through sewer processing fee from ALCOSAN increased 7%. Overall, sewer user fee collections were up \$305,365 from 2017. Ice rink revenue increased by \$402,235 due to full year of revenue recognition in 2018 after a major renovation closed the ice rink for six months in 2017.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

- **Operating grants and contributions** increased \$200,070 due to additional state liquid fuels tax and state pension aid received.

The Municipality's largest revenue source is real estate tax. Assessment values are given to the Municipality by Allegheny County (County). Since the County does not have a specified duration between county-wide reassessments, the 2013 county-wide reassessment will be the base year value for properties in the Municipality from 2013 forward unless the County decides or is forced to reassess all properties.

In January 2018, the County delivered certified real estate assessments using 2013 as the base year. Although the base year is 2013, some property assessments do change throughout the year through owner or taxing body filed appeals. In 2018, the net increase in taxable assessed value was \$4,541,600 or 0.2%. Current real estate tax collections increased by \$11,988 or <0.1% compared to prior year collections.

Earned income taxes collections were flat in 2018 on the government-wide basis. When compared to 2017, collections for the current tax year were up 1.8%. Offsetting this increase was a decrease in collections for prior year collections.

Primary revenue sources within the other category are other taxes collected by the municipality, which increased by \$113,770 compared to 2017, and interest, which increased by \$191,974 due to the municipality maximizing its banking arrangements.

Program Expenses

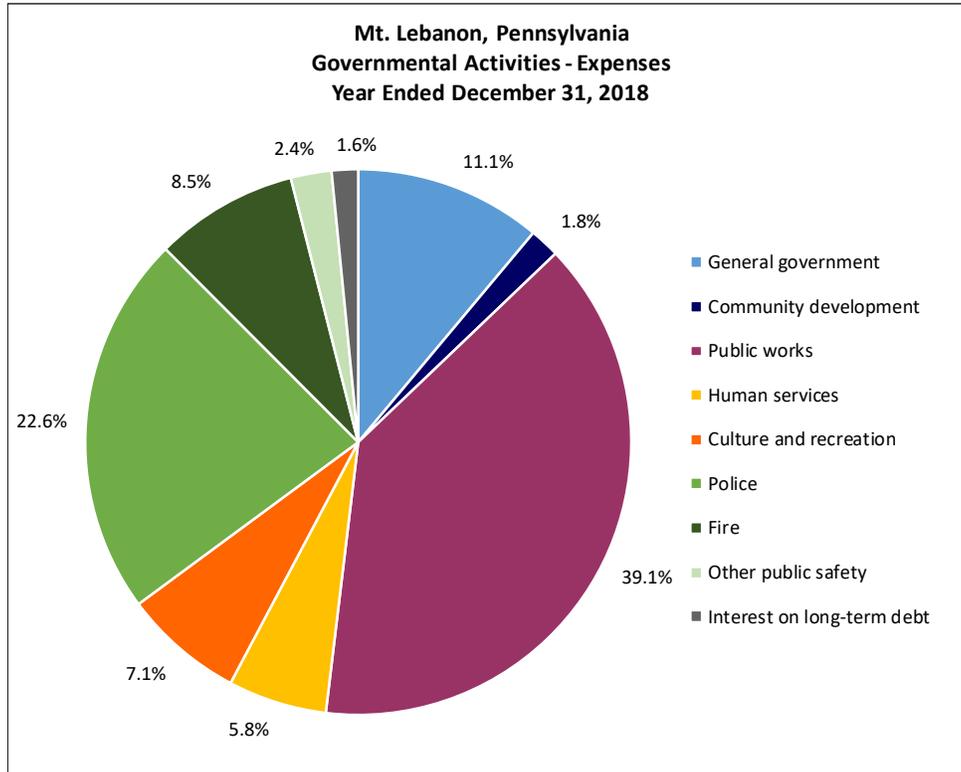
Total 2018 program expenses for all programs were \$45.9 million. The expenses reflect the delivery of a range of services, with the two largest areas being public works and public safety. Public safety has two operational departments – police and fire. The third largest area is general government, which includes administration, legal services, public information, information technology, insurance and finance/tax functions.

The following chart graphically depicts the governmental activities program expenses for the fiscal year ended December 31, 2018:

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MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018



Increases in program expenses from the prior year totaled \$2,891,869. Highlighted below are the major program expense variances exclusive of pension expense increases related to Governmental Accounting Standards Board (GASB) Statement No. 68. A separate table has been provided to show the increases in functional areas related to pension.

- **General Government** expenses increased due to operational increases of 4.0%.
- **Community Development** expenses increased due to operational increases of 5.5%.
- **Public Works** experienced increases in capital related expenditures including depreciation and sewer processing charges netted with contractual savings.
- **Human Services** had increases in appropriations to the Library and Medical Rescue Team South Authority (MRTSA).
- **Police** increased due to contractual personnel increases (2.5%) netted against the retirements of six police officers.
- **Fire** increased slightly due to the disposal of a fire truck that was not fully depreciated netted against the retirement of four firefighters.

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MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

- GASB Statement No. 68** recognizes certain costs and changes related to defined benefit pension plans in a different manner than is required by the Commonwealth of Pennsylvania (State), which causes a difference in pension expense for governmental activities. The primary cause of the difference is due to the recognition of pension expense components immediately or at a reduced deferral rate, which differs from the State’s allowances.

The cumulative effect on the statement of activities was an increase to pension expense of \$1,746,074. This is the difference between the annual required pension contribution per State regulations and the expense calculated for GASB Statement No. 68. The pension expense calculation for GASB Statement No. 68 has no effect on the contributions required by the State and will have no impact on the Municipality’s budget for 2019 and future years. The effects of the calculation, as shown below, is only for government-wide financial statement purposes.

Pension Expense for GASB 68	GASB 68 Pension Expense for Defined Benefit Pension Plans		
	2018	2017	Inc/(Dec)
Governmental Activities			
General government	\$ 85,483	\$ 23,888	\$ 61,595
Community development	42,741	12,032	30,709
Public works	229,897	66,885	163,012
Human services	67,998	21,587	46,411
Culture and recreation	85,483	21,587	63,896
Public safety:			-
Police	858,055	421,242	436,813
Fire	283,163	(115,590)	398,753
Other	93,254	21,234	72,020
Total Increase/(Decrease) for GASB 68 Pension Expense	\$ 1,746,074	\$ 472,865	\$ 1,273,209
Pension Expense (Municipal Contributions)	\$ 3,007,908	\$ 2,851,619	\$ 156,289
Total Pension Expense for GASB 68	\$ 4,753,982	\$ 3,324,484	\$ 1,429,498

MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

Net Expense/Revenue by Program

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year.

Primary Government:	Net (Expense) Revenue		
	2018	2017	Inc/(Dec)
General government	\$ (2,274,287)	\$ (2,030,513)	\$ 243,774
Community development	(324,802)	(398,086)	(73,284)
Public works	(5,913,172)	(4,958,329)	954,843
Human services	(1,836,514)	(1,642,688)	193,826
Culture and recreation	(400,524)	(914,910)	(514,386)
Public safety:			
Police	(9,775,894)	(8,980,413)	795,481
Fire	(3,683,065)	(3,248,707)	434,358
Other	(512,968)	(420,847)	92,121
Interest on long-term debt	(717,438)	(773,131)	(55,693)
Total Net Expenses	<u>\$ (25,438,664)</u>	<u>\$ (23,367,624)</u>	<u>\$2,071,040</u>

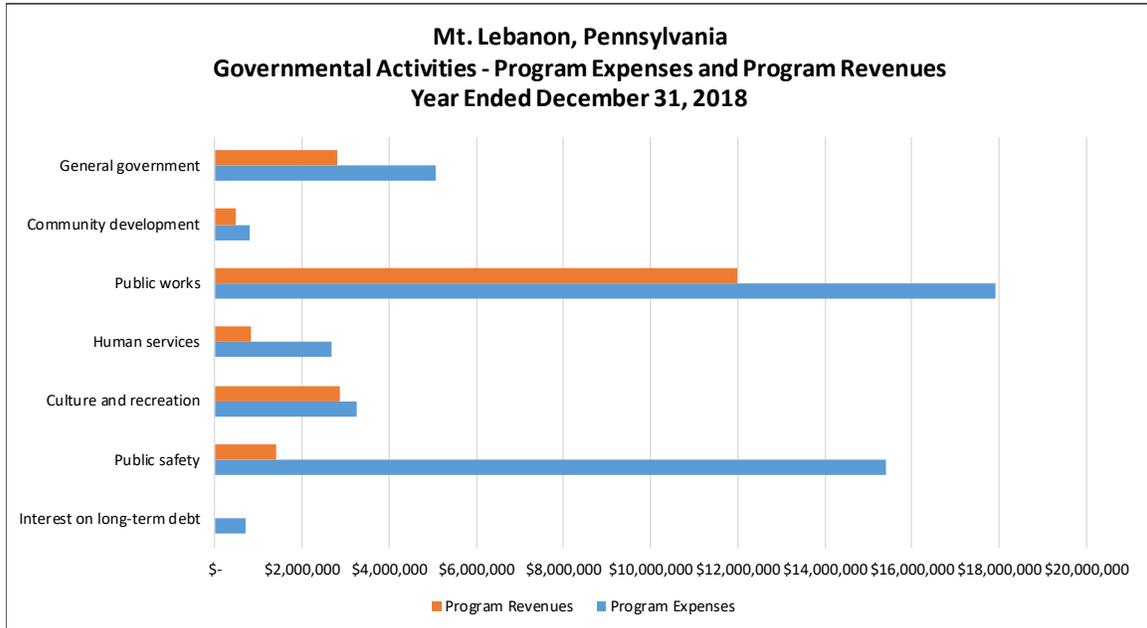
The total net expense increased \$2,071,040 or 8.9% from 2017 to 2018. The reasons for this decrease can be attributed to revenue and expense changes already discussed, such as increase in pension expense and project activities throughout different departments.

The chart on the following page graphically depicts the governmental activities program revenues and program expenses for the fiscal year ended December 31, 2018:

MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018



Business-type Activities

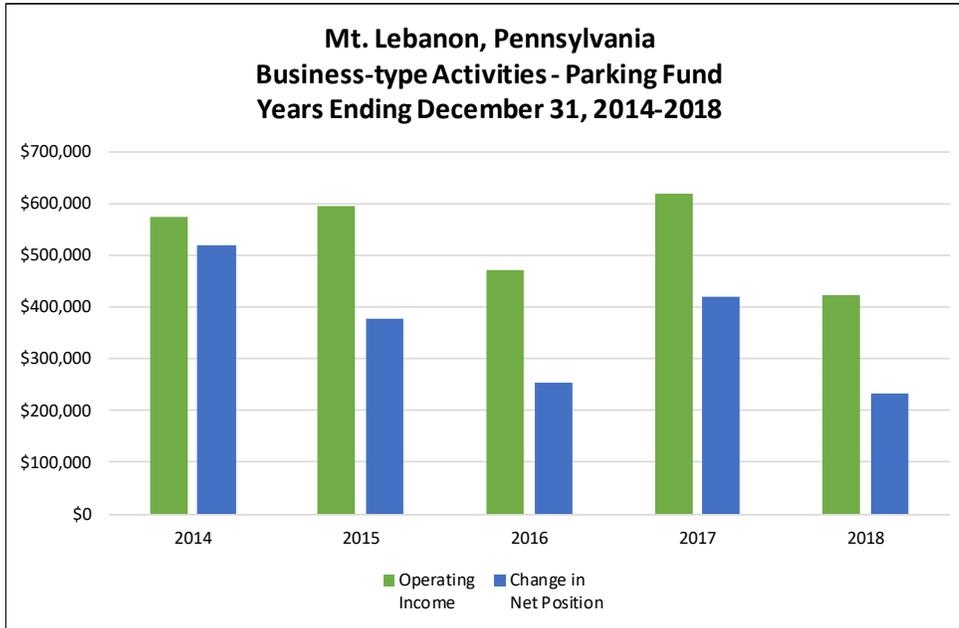
The Municipality business-type activities consist of the operation of the Parking Fund. The operating results for the Parking Fund were positive for the current fiscal year. Net position increased \$231,859 or 2.9% due to consistent revenue collection and expense control. Since taking control of the parking operations from the Mt. Lebanon Parking Authority in 2012, the Parking Fund has had positive changes in net position, except for 2013 when a rehabilitation project totaling more than \$400k was completed and was not capitalized due to the nature of the project.

The following chart graphically depicts the Parking Fund operating income and change in net position for the fiscal years ending December 31, 2014 – December 31, 2018:

MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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FINANCIAL ANALYSIS OF THE MUNICIPALITY'S FUNDS

GOVERNMENTAL FUNDS

At the close of the year, the governmental funds of the Municipality reported a combined fund balance of \$22.3 million, which represents a decrease of \$2.3 million from the previous year. The following chart shows the changes in fund balances during 2018:

Fund	Fund Balance		Increase (Decrease)
	2018	2017	
General	\$ 7,661,455	\$ 7,402,328	\$ 259,127
Sewage	9,575,089	8,454,372	1,120,717
Capital Projects	4,410,387	8,069,445	(3,659,058)
Other governmental funds:			
Storm Water	-	-	-
Library Operating	570,584	431,838	138,746
Industrial Development	14,537	14,320	217
State Highway Aid	60,021	202,951	(142,930)
Total fund balance	\$22,292,073	\$24,575,254	\$(2,283,181)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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In 2018, the fund balance of the General Fund increased by 3.5%. The 2018 final budget appropriated \$1.9 million of fund balance to cover operational and capital expenditures, specifically 2017 capital and operational projects to be completed in 2018 and Commission fund balance assignments to accomplish necessary projects.

Revenues exceeded budget projections by \$447,206 due to increases in tax collections and permit fee collections. Expenditures came in under budget projections by \$1,532,781 due to substantial savings in general government, public works, and recreation. In addition, a positive variance was realized in capital outlays due to the timing of funded capital projects. Overall, the Municipality did not need to use fund balance to supplement current operational or capital expenditures.

The Municipality has spent a substantial amount of funds on sanitary sewer infrastructure work in years past. In 2018, sanitary sewer infrastructure work continued at a lower than anticipated pace and the Sewage Fund realized an increase in fund balance of \$1,120,717. The Sewage Fund's primary revenue source are assessments, which are based on water consumption. The remaining fund balance of \$9.6 million will be used for future construction projects or regulatory mandates related to sanitary sewers.

Storm water management fees are accounted for in the Storm Water Fund. In 2018, all collected fees were used for either operational needs, debt service or capital outlays. On an annual basis, the municipal engineer issues a report on potential storm water capital projects. Any balance accumulated in this fund will be used for projects identified in that report in future years. It was anticipated that funds would be exhausted in 2018. The Commission assigned fund balance of \$521,500 from the General Fund for projects identified by the municipal engineer. Funds are anticipated to be used in 2019 and 2020.

The other significant variance is in the fund balance for the Capital Projects Fund. The municipality issued a bond issue in 2017 (\$8.8 million) with the proceeds deposited into the Capital Projects Fund. The proceeds were dedicated to renovations at the ice rink, improvements to the public works facility, construction of a new indoor firing range, and the purchase of a new fire pumper truck. A portion of the remaining proceeds at year-end 2017 (\$7.0 million) were spent in 2018 on the new fire pumper truck (\$555,000) and phases 1-3 at the public works facility and firing range (\$3.8 million). The Municipality expects the bond proceeds to be fully exhausted by year-end 2019.

Of the \$22.3 million combined fund balance total, \$12.6 million (or 56.7%) is restricted fund balance. This category of fund balance represents the amounts that are constrained to be spent

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for specific purposes. These constraints are placed either by external parties or enabling legislation. Restrictions, and the source of the restriction, include \$9.6 million for sanitary sewer improvements (ALCOSAN agreement), \$2.6 million for municipal facilities and equipment (bond proceeds), \$380,847 at the library (donor), \$60,021 for specific State restricted highway maintenance (State agreement), and \$14,537 for industrial development activities (enabling).

In addition, assignments totaling \$3.6 million (or 16.2%) include \$1,405,870 assigned during the 2019 budget process. The amount used to balance the 2019 budget represents fund balance used to complete projects carried over (re-budgeted) into 2019. Assignments related to capital projects are \$1,795,108 in the Capital Projects Fund for various community improvements, \$152,567 in the General Fund for replacement of the field turf located at Clint Seymour Field, and \$65,000 for future benefit obligations. Lastly, the Library Operating Fund has \$189,737 assigned for library operating purposes.

The residual fund balance in the General Fund, categorized as unassigned, represents fund balance that has not been restricted or assigned to specific purposes within the General Fund. These monies are available for expenditure. The Commission has a fund balance policy that establishes 12% of total expenditures as the goal for maintenance of unassigned General Fund fund balance. At year-end, this fund balance is \$5,310,208 or 14.4% of total expenditures, including transfers. In another Commission fund balance policy, any General Fund fund balance in excess of the 12% goal becomes the subject of a capital investment discussion. This discussion will be held in April 2019.

General Fund

The results of the General Fund for 2018 demonstrate that the Municipality has been able adequately fund operations and capital items in 2018 while maintaining the level of service citizens have come to expect. The chart below shows the operating results of this fund for 2018:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance (Unfavorable)</u>
Revenues	\$ 36,014,600	\$ 36,461,806	\$ 447,206
Expenditures	32,418,020	30,885,239	1,532,781
Excess of Revenues Over Expenditures	3,596,580	5,576,567	1,979,987
Transfers, net	(5,523,570)	(5,317,440)	206,130
Net change in fund balance from operations	<u>\$ (1,926,990)</u>	<u>\$ 259,127</u>	<u>\$ 2,186,117</u>

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It was planned that the Municipality use \$1.9 million in fund balance to support operations and capital projects for the year, but due to timing of capital projects and operational savings, no fund balance was used in 2018. The sections below will discuss the results that led to this favorable result.

Revenues

Total operating revenues exceeded budget by \$447,206 or 1.2%. The major budget to actual variances contributing to this result are as follows:

Revenue Source	Exceeds/ (Under) Budget (in thousands)	Reason
Earned income taxes	61.8	Current year collections increased by 1.8% while prior year collections had a slight decrease.
Real estate transfer taxes	193.9	Real estate transfer tax had another banner year with over \$1.8 million in collections. This was one of the highest transfer years, with 585 residential properties transferring in 2018 at an average price of \$301.9k.
Licenses, permits and fees	240.9	Building permits increased by \$93.0k in 2018 compared to 2017. Due to construction at St. Clair Hospital, the municipality expects a large variance in 2019.
Recreation	(254.5)	Revenue was down across all recreation functions in 2018. Some of the causes were weather related (golf, swim) and lower participation at the various programs offered by the department (seasonal programs, ice rink).

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Expenditures

Overall, expenditures were \$1,532,781 or 4.7% less than budgeted. The major budget to actual fluctuations contributing to this favorable performance were:

Function	Under/ (Exceeds) Budget (in thousands)	Reason
General Government	319.6	Personnel expenses for a new Information Services full-time employee and the police contract arbitration settlement contingencies were lower than budgeted in 2018.
Transportation	170.9	Pedestrian routes had a deferral of budgeted expenditures to 2019. Ice and snow control had lower than expected overtime costs for snow call outs. Traffic planning and signals did not have any applications for traffic calming in 2018 and the municipality carried those funds into 2019.
Buildings, grounds, and equipment	173.2	Budgeted parks projects were not completed in 2018.
Culture and recreation	118.8	As mentioned in the revenue section, participation at various programs was down in 2018. Correspondingly expenditures were lower than anticipated in 2018.
Public Safety	237.3	The retirements of 6 police officers, 4 firefighters and 1 animal control officer caused expenditures to be lower than anticipated in 2018.
Capital outlay	486.9	Budgeted projects from Commission assignments were deferred to 2019. Projects include Library building HVAC replacement, Robb Hollow Park improvements, Main Park basketball court resurfacing and new golf course bunker liners.

These items account for 98% of the expenditure variance.

Fund Balance

The fund balance results and Commission policies related to fund balance were discussed at the beginning of this section. The General Fund fund balance at year-end totaled \$7,661,455, an increase of \$259,127 from 2017. The reasons for this increase have been discussed above. This fund balance is categorized into the following fund balance components:

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Fund Balance Component	Amount	Explanation
Nonspendable	\$ 727,810	Prepaid items and inventory
Assigned for:		
Capital projects	152,567	Field turf replacement
Subsequent years budget	1,405,870	2019 budget
Future benefit obligations	65,000	Pension Contributions
Unassigned	5,310,208	Available for expenditure
Total Fund Balance	<u>\$ 7,661,455</u>	

The General Fund has no restricted or committed fund balances.

Other Major Funds

Sewage Fund

The Sewage Fund accounts for a sewer service charge, currently \$4.05 per thousand gallons of water used, assessed to properties in the Municipality. In order to assess this charge, the Municipality has an agreement with the Allegheny County Sanitary Authority (ALCOSAN) that mandates the funds to be used for sanitary sewer purposes. Under the continuing directives of the Environmental Protection Agency (EPA) 308 order, substantial funding is needed to complete the required work.

Total assessments (municipal and ALCOSAN combined) were \$9,188,878 and all other income totaled \$198,374. Transfers to the Capital Projects Fund for infrastructure and equipment expenditures were \$1,239,640. In addition, \$588,113 was transferred to the General Fund for sanitary sewer maintenance activities and \$150,262 was transferred to the Debt Service Fund for debt service payments on bonds utilized to provide catch-up infrastructure work for the EPA consent decree in prior years.

The remainder of sewage fund expenditures were for payments to ALCOSAN for their portion of sewage charges and to Jordan Tax Service for collection expenditures. The remaining fund balance of \$9,575,089 was restricted for continuing infrastructure work for the EPA mandate and for other expenditures as above (collections costs, maintenance, debt service and ALCOSAN payments).

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Capital Projects Fund

The Capital Projects Fund accounts for funds provided by the Municipality, most frequently from General, Sewage and Storm Water Fund transfers, contributions, grants, and bond proceeds. In 2018, this fund had expenditures of \$8.7 million, or \$2.9 million higher than the previous year. The Capital Projects Fund has a fund balance of \$4,410,387 at year-end. Of this balance, \$2,615,279 is restricted for the completion of improvements to municipal facilities and equipment funded by the 2017 bond issue. The assigned fund balance consists of a number of projects begun in prior years with funding from budget amendments for various community improvements.

Projects accounted for in the Capital Projects Fund include:

Purpose	Expended in 2018	Restricted Fund Balance 12/31/2018	Assigned Fund Balance 12/31/2018
Sanitary sewers improvements	\$ 1,239,640	\$ -	\$ -
Street reconstruction	2,113,395	-	4,410
Storm water system upgrades	610,059	-	-
Traffic signal/intersection upgrades	100,258	-	-
Building and facility improvements	4,088,941	2,615,279	1,743,438
Parks and Field Improvements	-	-	47,260
Large equipment	605,287	-	-
	<u>\$ 8,757,580</u>	<u>\$2,615,279</u>	<u>\$ 1,795,108</u>

Other Governmental Funds

Within the other governmental funds category are:

- **Storm Water Fund** – Fees assessed by the municipality on properties and used only for storm water system maintenance and improvements.
- **State Highway Aid Fund** - State revenues dedicated to pay for certain street maintenance and improvement costs.

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-
- **Library Operating Fund** - The main fund of the separately run but not legally separate public library.
 - **Industrial Development Authority Fund** - A blended component unit of the Municipality due to the board of the Authority being the five elected officials of the Municipality and the Municipality being entitled to the assets of the Authority.
 - **Debt Service Fund** - Reporting all debt related activity for governmental funds.

In total, the activities of these funds generated revenues of \$3.2 million and had a net decrease in fund balance of \$3,967. The details of the activities of these funds may be found on pages 129-140.

Budgetary Highlights

The 2018 General Fund budget was adopted in December 2017. The adopted General Fund budget had expenditures, including transfers, of \$38.2 million. Expenditures were covered by current revenues, including transfers, of \$37.1 million and fund balance of \$1.1 million.

There was one budget amendment in 2018. Depicted below is a breakout of the expenditures included in the amendment.

Amendment Reason	Amount
Project	
Unanticipated expenditure	
Server Battery Backup	\$ 15,980
Replacement of Cable Television System	18,810
Vehicle Purchases	99,240
Commission Assignments	
Public Works Improvements & Firing Range	660,000

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The 2019 municipal budget was adopted in December 2018. 2019 budget highlights include:

- The 2019 General Fund budget was adopted at \$39.0 million or a decrease of 0.1% from the final 2018 budget. The net decrease was a combination of operational expenditures decreasing \$144,110 and capital expenditures including transfers increasing by \$112,760.
- The 2019 General Fund budget includes funds to maintain current levels of service as well as for street reconstruction, capital equipment purchases, and facility renovations. New capital items funded by the General Fund for 2019 include fire and police safety equipment, golf course equipment, year 2 of 3 for public safety center carpet replacement, and upgrades to the light rail transit portal in Uptown Mt. Lebanon.
- The Capital Projects Fund budget includes funding for the continuation of sanitary sewer work under the interim consent order, storm sewer work, and the street reconstruction program (funded by the General Fund and the Storm Water Fund).

PROPRIETARY FUND

The Municipality's enterprise fund – the Parking Fund – was established January 1, 2012 due to the consolidation of the Mt. Lebanon Parking Authority. The Mt. Lebanon Parking Authority was a legally separate entity reported by the Municipality as a discretely presented component unit in prior years. The financial statements for the fund, which are presented on pages 54-56, provide the same type of information as on the government-wide statements, but in more detail.

As of December 31, 2018, the unrestricted net position of the fund is \$865,809, a decrease of \$51,477 from the end of 2017. Charges for services for the year were \$2,080,753, which is an increase of 1.9% over the prior year. The operating expenses of the fund totaled \$1,657,209. This is an increase of 16.6%. The primary cause of the increase were increases in depreciation, contractual services related to new enforcement software and repairs to parking garage elevators. The Parking Facilities Advisory Board continues to analyze future short and long-term capital needs of the facilities operated by the fund.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. The following chart provides a summary of capital assets at December 31, 2018 and 2017:

	<u>Summary of Capital Assets</u>			
	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 7,266,047	\$ 7,266,047	\$ 2,687,084	\$ 2,687,084
Construction in progress	4,391,873	391,555	-	-
Buildings and improvements other than buildings	44,346,942	44,180,792	14,117,817	14,083,978
Infrastructure	96,448,479	92,762,853	-	-
Equipment and other capital assets	<u>20,081,168</u>	<u>18,885,387</u>	<u>1,290,808</u>	<u>1,272,820</u>
Total capital assets	<u>172,534,509</u>	<u>163,486,634</u>	<u>18,095,709</u>	<u>18,043,882</u>
Less accumulated depreciation for:				
Buildings and improvements other than buildings	(20,534,263)	(19,157,919)	(8,578,099)	(8,158,160)
Infrastructure	(36,672,618)	(34,932,319)	-	-
Equipment and other capital assets	<u>(10,640,988)</u>	<u>(10,048,803)</u>	<u>(1,050,846)</u>	<u>(978,504)</u>
Total accumulated depreciation	<u>(67,847,869)</u>	<u>(64,139,041)</u>	<u>(9,628,945)</u>	<u>(9,136,664)</u>
Total Capital Assets, Net	<u>\$ 104,686,640</u>	<u>\$99,347,593</u>	<u>\$ 8,466,764</u>	<u>\$ 8,907,218</u>

The significant changes in the governmental activities include additions to infrastructure for streets, sanitary and storm sewers, continued improvements at the public works facility and equipment purchases. In the Parking Fund (business-type activity) there were additions for improvements to the retail space at the north parking garage.

More detailed information regarding the Municipality's capital assets can be found in Note 6 of the notes to the financial statements.

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Long-Term Debt

In 2018, the Municipality's total debt decreased by \$3,160,000 or 10.2%. The decrease was due to continued principal payments on outstanding debt.

At December 31, 2018, the Municipality had \$27,700,000 of debt outstanding. The following details activity related to general obligation bonds during 2018:

<u>Summary of General Obligation Bond Activity</u>	
Beginning balance at January 1, 2018	\$ 30,860,000
New debt issues	0
Principal retirement	<u>(3,160,000)</u>
Ending balance at December 31, 2018	<u>\$ 27,700,000</u>

More detailed information about the Municipality's long-term debt can be found in Note 5 of the notes to the financial statements section of this report.

Bond Ratings

The Municipality received an affirmation of the Aa2 rating from Moody's Investor Service at the time of the 2017 bond issue.

TRUST AND AGENCY OPERATIONS

Pension Trust Fund

The Municipality maintains three defined benefit pension plans – General Employees, Police, and Firemen. The only direct municipal involvement in the administration of the plans is the calculation of benefits for retirees, which are then paid by the trustee. During 2018, the combined plan net position decreased \$6.5 million or 6.6%. The negative change in plan net position was due to employer contributions and net investment income not being sufficient to cover benefit payments and administration charges for 2018.

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Employee contributions can be reduced or eliminated each year by Ordinance or Resolution subject to the plans meeting certain financial considerations. During 2018, employee contributions were needed in all three plans and were assessed at the maximum allowable in each plan – general 5.0%, uniformed fire 5.0%, and uniformed police 4.5%.

As mandated by state law, actuarial valuations for the plans are performed every two years – on 1/1/odd year date. As of the 1/1/2017 valuation, the actuarial accrued liability (AAL) of the three plans was \$96.2 million. At that time, for the three plans on a summarized basis, the AAL exceeded the actuarial value of assets by \$7.3 million.

The Municipality makes its contributions to the plan in accordance with the state mandated formula that calculates a minimum municipal obligation (MMO) for each plan. This obligation has two funding sources – state aid for pensions and the municipal contribution. The Municipality is required to make whatever payment is required by the MMO in excess of state aid received.

The required supplementary information located at the conclusion of the notes to the financial statements provides the details on the changes in the net pension liability and related ratios, contributions and investment returns. In addition, more detailed information regarding municipal pension plans can be found in Note 8 of the notes to the financial statements section of this report.

Other Postemployment Benefits (OPEB) Trust Fund

Other postemployment benefits offered to employees who retire from the Municipality include postemployment healthcare and postemployment life insurance, with benefit levels negotiated by contractual group or set by the Municipality based on those levels.

In 2007, the Municipality established a trust fund for the payment of the benefits and budgets contributions annually based on the actuarial reports for the plan. As of January 1, 2017, the date of the most recent actuarial report, the actuarial accrued liability for the plan was \$2.8 million. At that point in time the plan had \$1.2 million in funding, leaving an unfunded liability of \$1.6 million, and a funded ratio of 45.2%. The next actuarial valuation will be performed as of January 1, 2019.

As with pensions, recent contract changes will affect this benefit going forward. As of the dates for arbitration awards in police, and the negotiated contracts for fire and public works, and all

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other full-time employees, postemployment medical benefits have been eliminated for new hires (hires after the effective dates).

The required supplementary information located at the conclusion of the notes to the financial statements provides the details on the plan's funding progress. In addition, more detailed information regarding OPEB can be found in Note 9 of the notes to the financial statements section of this report.

CONTACTING THE MUNICIPALITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Municipality's finances and to demonstrate the Municipality's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Mt. Lebanon, Pennsylvania
Finance Department
710 Washington Road
Pittsburgh, PA 15228
www.mtlebanon.org
412-343-3410

MT. LEBANON, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2018

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and other money market instruments	\$ 25,388,455	\$ 642,479	\$ 26,030,934
Receivables:			
Taxes	3,758,329	-	3,758,329
Assessments	1,308,108	-	1,308,108
Accounts	794,043	99,935	893,978
Due from other governments	412,492	-	412,492
Internal balances	(50,613)	50,613	-
Other assets	727,810	12,267	740,077
Long-term receivable	-	274,869	274,869
Capital assets, not being depreciated	11,657,920	2,687,084	14,345,004
Capital assets, net of accumulated depreciation	33,252,859	5,779,680	39,032,539
Infrastructure assets, net of accumulated depreciation	59,775,861	-	59,775,861
Total Assets	137,025,264	9,546,927	146,572,191
Deferred Outflows of Resources			
Deferred outflows of resources for pension	14,320,860	-	14,320,860
Deferred outflows of resources for other postemployment benefits	188,141	-	188,141
Total Deferred Outflows of Resources	14,509,001	-	14,509,001
Liabilities			
Accounts payable	4,484,836	46,408	4,531,244
Advance deposits	868,863	98,776	967,639
Accrued payroll and deductions payable	466,280	10,655	476,935
Accrued interest payable	279,202	9,392	288,594
Compensated absences, current portion	614,758	10,975	625,733
Bonds payable, current portion	2,449,640	675,360	3,125,000
Noncurrent liabilities:			
Net pension liability	14,179,529	-	14,179,529
Net other postemployment benefits liability	1,586,223	-	1,586,223
Compensated absences	1,300,775	38,148	1,338,923
Bonds payable	24,128,492	446,508	24,575,000
Total Liabilities	50,358,598	1,336,222	51,694,820
Deferred Inflows of Resources			
Deferred inflows of resources for pension	6,855,816	-	6,855,816
Deferred inflows of resources for other postemployment benefits	89,301	-	89,301
Total Deferred Inflows of Resources	6,945,117	-	6,945,117
Net Position			
Net investment in capital assets	80,723,787	7,344,896	88,068,683
Restricted for:			
Capital projects	9,571,407	-	9,571,407
Library	380,847	-	380,847
Industrial development	14,537	-	14,537
State highway aid	60,021	-	60,021
Unrestricted	3,479,951	865,809	4,345,760
Total Net Position	\$ 94,230,550	\$ 8,210,705	\$ 102,441,255

See accompanying notes to financial statements.

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STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 5,083,689	\$ 1,394,665	\$ 1,414,737	\$ -	\$ (2,274,287)	\$ -	\$ (2,274,287)
Community development	807,040	482,238	-	-	(324,802)	-	(324,802)
Public works	17,914,631	10,940,692	967,345	93,422	(5,913,172)	-	(5,913,172)
Human services	2,677,144	81,887	758,743	-	(1,836,514)	-	(1,836,514)
Culture and recreation	3,270,388	2,867,480	2,384	-	(400,524)	-	(400,524)
Public safety:							
Police	10,385,642	521,023	88,725	-	(9,775,894)	-	(9,775,894)
Fire	3,901,203	83,304	134,834	-	(3,683,065)	-	(3,683,065)
Other	1,104,483	591,515	-	-	(512,968)	-	(512,968)
Interest on long-term debt	717,438	-	-	-	(717,438)	-	(717,438)
Total governmental activities	45,861,658	16,962,804	3,366,768	93,422	(25,438,664)	-	(25,438,664)
Business-Type activities:							
Parking	1,691,641	2,080,753	-	-	-	389,112	389,112
Total primary government	\$ 47,553,299	\$ 19,043,557	\$ 3,366,768	\$ 93,422	(25,438,664)	389,112	(25,049,552)
General revenues:							
Taxes:							
Real estate					12,868,406	-	12,868,406
Earned income					12,210,864	-	12,210,864
Other					3,300,552	-	3,300,552
Interest income					368,653	9,047	377,700
Transfers - internal activities					166,300	(166,300)	-
Total general revenues and transfers					28,914,775	(157,253)	28,757,522
Change in Net Position					3,476,111	231,859	3,707,970
Net position - beginning of year, as restated					90,754,439	7,978,846	98,733,285
Net position - end of year					\$ 94,230,550	\$ 8,210,705	\$ 102,441,255

See accompanying notes to financial statements.

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BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2018

<u>Assets</u>	General	Sewage	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and other money market instruments	\$ 9,479,490	\$ 11,433,956	\$ 3,396,742	\$ 1,078,267	\$ 25,388,455
Receivables:					
Taxes	3,758,329	-	-	-	3,758,329
Assessments	13,405	1,038,834	-	255,869	1,308,108
Accounts	675,702	-	117,909	432	794,043
Due from other funds	1,435,107	-	2,717,859	-	4,152,966
Due from other governments	412,492	-	-	-	412,492
Other assets	727,810	-	-	-	727,810
Total Assets	\$ 16,502,335	\$ 12,472,790	\$ 6,232,510	\$ 1,334,568	\$ 36,542,203
Liabilities, Deferred					
Inflows of Resources, and Fund Balance					
<u>Liabilities:</u>					
Accounts payable	\$ 1,313,717	\$ 1,531,863	\$ 1,450,523	\$ 188,733	\$ 4,484,836
Advance deposits	552,367	-	310,000	6,496	868,863
Due to other funds	2,768,472	1,097,397	-	337,710	4,203,579
Accrued payroll and deductions payable	1,081,038	-	-	-	1,081,038
Total Liabilities	5,715,594	2,629,260	1,760,523	532,939	10,638,316
<u>Deferred Inflows of Resources:</u>					
Unavailable revenue	3,125,286	268,441	61,600	156,487	3,611,814
<u>Fund Balance:</u>					
Nonspendable:					
Prepaid items and inventory	727,810	-	-	-	727,810
Restricted for:					
Capital projects	-	9,575,089	2,615,279	-	12,190,368
Library donor specifications	-	-	-	380,847	380,847
Industrial development	-	-	-	14,537	14,537
State highway aid	-	-	-	60,021	60,021
Assigned for:					
Capital projects	152,567	-	1,795,108	-	1,947,675
Library services	-	-	-	189,737	189,737
Subsequent years budget	1,405,870	-	-	-	1,405,870
Future benefit obligations	65,000	-	-	-	65,000
Unassigned	5,310,208	-	-	-	5,310,208
Total Fund Balance	7,661,455	9,575,089	4,410,387	645,142	22,292,073
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 16,502,335	\$ 12,472,790	\$ 6,232,510	\$ 1,334,568	\$ 36,542,203

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

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

DECEMBER 31, 2018

Total Fund Balance - Governmental Funds		\$ 22,292,073
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		104,686,640
Property and earned income tax receivable, as well as certain other receivables, are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		3,611,814
Interest expense on long-term debt is not recognized on the fund statements until due.		(279,202)
The net other postemployment benefits liability is not reflected on the fund statements.		(1,586,223)
The net pension liability is not reflected on the fund financial statements.		(14,179,529)
Deferred outflows and inflows of resources for pension and other postemployment benefits are recorded and amortized in the statement of net position and are not recorded on the fund financial statements.		7,563,884
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (1,300,775)	
Bonds payable	(26,578,132)	
		(27,878,907)
Net Position - Governmental Activities		\$ 94,230,550

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

	General	Sewage	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Real estate	\$ 12,889,134	\$ -	\$ -	\$ -	\$ 12,889,134
Earned income	12,330,334	-	-	-	12,330,334
Other	3,300,552	-	-	-	3,300,552
Total taxes	28,520,020	-	-	-	28,520,020
Licenses, permits, and fees	1,443,968	9,188,878	-	1,427,436	12,060,282
Fines, forfeitures, and penalties	101,794	18,841	-	65,924	186,559
Investment earnings	102,097	144,944	96,780	24,832	368,653
Intergovernmental	1,252,083	-	84,622	1,428,867	2,765,572
Recreation	2,867,680	-	-	-	2,867,680
Other	2,174,164	34,589	64,202	270,221	2,543,176
Total revenues	36,461,806	9,387,252	245,604	3,217,280	49,311,942
Expenditures:					
Current:					
General government	4,666,971	133,095	-	54,574	4,854,640
Community development	755,871	-	-	3,715	759,586
Public works	7,822,003	6,155,425	-	1,079,146	15,056,574
Human services	404,622	-	-	2,045,184	2,449,806
Culture and recreation	2,959,763	-	-	-	2,959,763
Public safety:					
Police	9,525,675	-	-	-	9,525,675
Fire	3,220,552	-	-	-	3,220,552
Other	1,002,111	-	-	-	1,002,111
Debt service	-	-	-	3,173,386	3,173,386
Capital outlay	527,671	-	8,757,580	-	9,285,251
Total expenditures	30,885,239	6,288,520	8,757,580	6,356,005	52,287,344
Excess (Deficiency) of Revenues Over Expenditures	5,576,567	3,098,732	(8,511,976)	(3,138,725)	(2,975,402)
Other Financing Sources (Uses):					
Transfers in	771,355	-	4,326,997	4,515,516	9,613,868
Transfers out	(6,088,795)	(1,978,015)	-	(1,380,758)	(9,447,568)
Refunds of prior year expenditures	-	-	525,921	-	525,921
Total other financing sources (uses)	(5,317,440)	(1,978,015)	4,852,918	3,134,758	692,221
Net Change in Fund Balance	259,127	1,120,717	(3,659,058)	(3,967)	(2,283,181)
Fund Balance:					
Beginning of year	7,402,328	8,454,372	8,069,445	649,109	24,575,254
End of year	\$ 7,661,455	\$ 9,575,089	\$ 4,410,387	\$ 645,142	\$ 22,292,073

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

Net Change in Fund Balance - Governmental Funds \$ (2,283,181)

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

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

	Capital outlays	\$ 9,920,850	
	Depreciation expense	<u>(4,499,749)</u>	5,421,101

The net effect of various transactions involving capital assets (e.g., sales, dispositions, trade-ins) is to decrease net position. (82,054)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 2,436,210

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. (140,473)

Changes in the long-term portion of the compensated absence liability are reflected as an adjustment to expense on the statement of activities, but not included in the fund statements. (48,998)

Changes in the net other postemployment benefits liability and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements. (100,158)

Changes in the net pension asset and liability and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements. (1,746,074)

Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds. 19,738

Change in Net Position of Governmental Activities \$ 3,476,111

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

	General Fund				Sewage Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:								
Taxes	\$ 28,190,360	\$ 28,190,360	\$ 28,520,020	\$ 329,660	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	1,203,080	1,203,080	1,443,968	240,888	11,300,000	11,300,000	9,188,878	(2,111,122)
Fines, forfeitures, and penalties	144,600	144,600	101,794	(42,806)	17,000	17,000	18,841	1,841
Investment earnings	28,000	28,000	102,097	74,097	30,000	30,000	144,944	114,944
Intergovernmental	1,233,310	1,233,310	1,252,083	18,773	-	-	-	-
Recreation	3,122,150	3,122,150	2,867,680	(254,470)	-	-	-	-
Other	2,093,100	2,093,100	2,174,164	81,064	31,500	31,500	34,589	3,089
Total revenues	36,014,600	36,014,600	36,461,806	447,206	11,378,500	11,378,500	9,387,252	(1,991,248)

(Continued)

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018
(Continued)

	General Fund				Sewage Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures:								
Current:								
General government	4,926,060	4,986,570	4,666,971	319,599	129,000	129,000	133,095	(4,095)
Community development	790,720	790,720	755,871	34,849	-	-	-	-
Public works	8,127,240	8,152,960	7,822,003	330,957	7,180,000	7,180,000	6,155,425	1,024,575
Human services	408,910	408,910	404,622	4,288	-	-	-	-
Culture and recreation	3,078,590	3,078,590	2,959,763	118,827	-	-	-	-
Public safety:								
Police	9,467,820	9,611,770	9,525,675	86,095	-	-	-	-
Fire	3,311,790	3,311,790	3,220,552	91,238	-	-	-	-
Other	1,062,110	1,062,110	1,002,111	59,999	-	-	-	-
Capital outlay	1,014,600	1,014,600	527,671	486,929	-	-	-	-
Total expenditures	32,187,840	32,418,020	30,885,239	1,532,781	7,309,000	7,309,000	6,288,520	1,020,480
Excess (Deficiency) of Revenues Over Expenditures	3,826,760	3,596,580	5,576,567	1,979,987	4,069,500	4,069,500	3,098,732	(970,768)
Other Financing Sources (Uses):								
Transfers in	1,091,440	1,091,440	771,355	(320,085)	-	-	-	-
Transfers out	(6,051,160)	(6,615,010)	(6,088,795)	526,215	(4,476,580)	(4,476,580)	(1,978,015)	2,498,565
Total other financing sources (uses)	(4,959,720)	(5,523,570)	(5,317,440)	206,130	(4,476,580)	(4,476,580)	(1,978,015)	2,498,565
Net Change in Fund Balance	\$ (1,132,960)	\$ (1,926,990)	259,127	\$ 2,186,117	\$ (407,080)	\$ (407,080)	1,120,717	\$ 1,527,797
Fund Balance:								
Beginning of year			7,402,328				8,454,372	
End of year			\$ 7,661,455				\$ 9,575,089	

(Concluded)

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

STATEMENT OF NET POSITION PROPRIETARY FUND - PARKING FUND

DECEMBER 31, 2018

Assets	
Current assets:	
Cash and other money market instruments	\$ 642,479
Accounts receivable	99,935
Due from other funds	50,613
Prepays and other assets	12,267
Total current assets	<u>805,294</u>
Non-current assets:	
Long-term receivable	274,869
Capital assets not being depreciated	2,687,084
Capital assets, net of accumulated depreciation	5,779,680
Total non-current assets	<u>8,741,633</u>
Total Assets	<u><u>\$ 9,546,927</u></u>
Liabilities and Net Position	
Liabilities:	
Current liabilities:	
Current portion of bonds payable	\$ 675,360
Accrued interest payable	9,392
Accounts payable	46,408
Accrued payroll	21,630
Advance deposits	98,776
Total current liabilities	<u>851,566</u>
Non-current liabilities:	
Bonds payable	446,508
Compensated absences	38,148
Total noncurrent liabilities	<u>484,656</u>
Total Liabilities	<u>1,336,222</u>
Net Position:	
Net investment in capital assets	7,344,896
Unrestricted	865,809
Total Net Position	<u>8,210,705</u>
Total Liabilities and Net Position	<u><u>\$ 9,546,927</u></u>

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

Operating Revenues:	
Vehicle space rental	\$ 1,204,053
Meter collections	545,369
Fine collections	197,450
Rental	127,508
Other	6,373
Total operating revenues	<u>2,080,753</u>
Operating Expenses:	
Personnel	707,890
Contracted services	333,068
Utilities	48,289
Materials and supplies	75,681
Depreciation	492,281
Total operating expenses	<u>1,657,209</u>
Operating Income	<u>423,544</u>
Nonoperating Revenues (Expenses):	
Interest income	9,047
Interest expense	(34,432)
Total nonoperating revenues (expenses)	<u>(25,385)</u>
Income (loss) before transfers	398,159
Transfers out	<u>(166,300)</u>
Change in Net Position	231,859
Net Position:	
Beginning of year	<u>7,978,846</u>
End of year	<u>\$ 8,210,705</u>

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

STATEMENT OF CASH FLOWS PROPRIETARY FUND - PARKING FUND

YEAR ENDED DECEMBER 31, 2018

Cash Flows From Operating Activities:

Receipts from customers	\$ 2,083,346
Payments for goods and services	(573,653)
Payments to employees	(697,379)
Net cash provided by (used in) operating activities	<u>812,314</u>

Cash Flows From Investing Activities:

Interest income	<u>9,047</u>
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Cash Flows From Non-Capital Financing Activities:

Transfers to and from other funds	(252,666)
Issuance of long-term receivable	(274,869)
Net cash provided by (used in) non-capital financing activities	<u>(527,535)</u>

Cash Flows From Capital and Related Financing Activities:

Payment of long-term debt	(723,790)
Payment of interest on long-term debt	(39,380)
Acquisition of property and equipment	(51,827)
Net cash provided by (used in) capital and related financing activities	<u>(814,997)</u>

Net Increase (Decrease) in Cash and Other Money Market Instruments (521,171)

Cash and Other Money Market Instruments:

Beginning of year	<u>1,163,650</u>
End of year	<u>\$ 642,479</u>

Reconciliation of Operating Income to Net

Cash Provided by (Used in) Operating Activities:

Operating income	\$ 423,544
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation	492,281
Change in operating assets and liabilities:	
Accounts receivable	(13,887)
Prepays and other assets	(694)
Accounts payable	(115,921)
Accrued payroll	10,511
Advance deposits	16,480
Total adjustments	<u>388,770</u>
Net cash provided by (used in) operating activities	<u>\$ 812,314</u>

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

STATEMENT OF PLAN NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

DECEMBER 31, 2018

Assets	
Accrued income receivable	\$ 2,722
Investments (at fair value):	
Equity funds	58,457,971
Fixed income funds	29,610,123
Real estate investment trust	3,330,058
Short-term funds	2,049,844
Total Assets	93,450,718
Liabilities	
Accounts payable	176,138
Net Position	
Restricted for pensions	91,759,874
Restricted for OPEB benefits	1,514,706
Total Net Position	\$ 93,274,580

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

STATEMENT OF CHANGES IN PLAN NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

YEAR ENDED DECEMBER 31, 2018

Additions:

Contributions:

Employer, including state aid	\$ 3,209,600
Employee	554,803
	<hr/>
Total contributions	3,764,403
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Investment loss:

Net depreciation in fair value of investments	(6,822,901)
Interest and dividends	1,433,422
	<hr/>
Total investment loss	(5,389,479)

Less investment expense	133,445
	<hr/>

Net investment loss	(5,522,924)
	<hr/>

Total additions	(1,758,521)
	<hr/>

Deductions:

Benefits	4,780,578
Administrative expense	36,077
	<hr/>
Total deductions	4,816,655
	<hr/>

Change in Net Position	(6,575,176)
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Net Position:

Beginning of year	99,849,756
	<hr/>
End of year	\$ 93,274,580
	<hr/> <hr/>

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

1. Summary of Significant Accounting Policies

The Municipality of Mt. Lebanon, Pennsylvania (Municipality) was organized in 1912 and operates as a Home Rule Municipality under a Charter adopted May 21, 1974. The Municipality, which operates as a council/manager form of government, is a suburb of Pittsburgh with approximately 33,000 residents and an area of six square miles.

The financial statements of the Municipality have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) 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. The more significant of these accounting policies are as follows:

A. Reporting Entity

The report includes all of the services provided by the Municipality to residents and businesses within its boundaries. Municipal services provided include public safety, recreation, public works, library, parking, and general administration. In evaluating the Municipality as a primary government in accordance with GAAP, management has addressed all potential component units. Consistent with applicable guidance, the criteria used by the Municipality to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the Municipality reviews the applicability of the following criteria:

The Municipality is financially accountable for:

1. Organizations that make up the legal municipal entity.
2. Legally separate organizations if the Municipal Commission (Commission) appoints a voting majority of the organizations' governing body and the Municipality is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Municipality.
 - a. Impose its Will - If the Municipality can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

- b. Financial Benefit or Burden - Exists if the Municipality (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the Municipality and a financial benefit or burden relationship are present. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, or set rates or charges, or issue bonded debt without approval by the Municipality.

Blended Component Unit

The Mt. Lebanon Industrial Development Authority (IDA) was formed in 2006 to assist in the enhancement of development and redevelopment in the Municipality. The IDA is included as a blended component unit of the Municipality because the Commission serves as the board for the IDA, the Commission can impose its will on the activities of the IDA, and the Municipality is entitled to the assets of the IDA; thus, the Municipality has operational responsibility for the IDA. Separate financial statements are not issued.

Related Organization

The Mt. Lebanon Hospital Authority (MLHA) was incorporated under the Municipal Authorities Act of 1945. MLHA is authorized by law to borrow money, to issue bonds, and to secure payment of such bonds for the purpose of enabling it to acquire, construct, maintain, and lease facilities devoted for hospital purposes. Although the Municipality appoints a majority of the voting Board of Directors of MLHA, the Municipality can neither impose its will nor does the Municipality have an ongoing financial burden or benefit relationship.

Jointly Governed Organization

The Medical Rescue Team South Authority, Inc. (MRTSA) was originally incorporated in 1984 under the provisions of the Municipal Authorities Act of 1945. MRTSA is organized to provide emergency medical services (EMS) to its six contiguous participating municipalities including the Municipality. The governing body of MRTSA is its Board of Directors (Board), which is comprised of two members from each member community. The Board appoints an Operations Director to administer the affairs of MRTSA. Beyond appointing Board members, the individual member communities do not have the ability to significantly influence MRTSA operations. Therefore, MRTSA is not considered a

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

component unit of any one member community. Separately issued financial statements of MRTSA are available through MRTSA offices, 315 Cypress Way, Pittsburgh, PA 15228.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed 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 with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Expenses reported for functional activities include allocated indirect expenses.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 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 to the extent collectible. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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 Municipality considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Governmental fund revenues accrued on this basis include earned income taxes, property taxes, local services tax, sales tax, deed transfer tax, sewer and storm water assessments, donations, joint program cost reimbursements (animal control program, crossing guard services, and tax office operating costs), ice and snow control on state roads, ice rink rental, and magazine advertising. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences, other post-employment benefits, pension contributions, and claims and judgments are recorded only when payment is due.

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

Capital assessment revenues are accrued to match development expenditures if collection is assured. Revenues from intergovernmental grants are recognized on the basis of actual expenditures incurred and to the extent amounts are available.

The accounts of the Municipality are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

The Municipality reports the following major governmental funds:

The *General Fund* is the Municipality's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund.

The *Sewage Fund* accounts for sewer service charges assessed to properties in the Municipality and may be used only for sanitary sewer system maintenance and improvements.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The *Capital Projects Fund* accounts for funds provided by the Municipality including 1) interfund transfers, 2) issuance of bonds, and 3) grants and contributions received for the purpose of acquisition, construction, or improvement of capital facilities or infrastructure.

The Municipality reports the following major proprietary fund:

The *Parking Fund* is used to account for the operations of the Municipality's parking facilities.

The Municipality also has the following other governmental funds:

Special revenue funds include:

The *State Highway Aid Fund* accounts for state liquid fuels monies required to be spent on road maintenance and improvements.

The *Storm Water Fund* accounts for storm water fees assessed on properties and used only for storm water system maintenance and improvements.

The *Library Operating Fund* is the primary operating fund of the Library.

The *Industrial Development Authority Fund* accounts for the operations of the IDA, which was created to enhance and promote development, redevelopment, and economic activities.

The *Debt Service Fund* accounts for resources to be used for debt service expenditures.

Additionally, the Municipality reports the following fiduciary fund type:

The *Trust Funds* include the Pension Trust Fund and the Other Postemployment Benefits (OPEB) Trust Fund. The Pension Trust Fund accounts for assets held by the Municipality in a trustee capacity for the future payment of retirement benefits to employees. The Municipality has three separate Pension Trust Funds. The OPEB Trust Fund accounts for assets held by the Municipality in a trustee capacity for the future payment of postemployment benefits other than retirement benefits.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Municipality's enterprise fund is parking fees. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Interfund Activity in the Government-Wide Statements

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

E. Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund, the State Highway Aid Fund, the Storm Water Fund, the Sewage Fund, and the Capital Projects Fund on a modified accrual basis of accounting. In addition, an operating budget is adopted for the Parking Fund under the accrual method of accounting. Budgetary control for the Debt Service Fund is maintained through provisions of related trust indentures.

Adoption of the budget by the Commission constitutes appropriations for the expenditures for the fiscal year. Under the Home Rule Charter, the expenditure budget may be amended by the Commission after a public hearing, provided that such amendment shall not result in expenditures exceeding estimated revenue, including available fund balance, determined at the time of the amendment. Any excess appropriations at the end of the fiscal year are not carried forward, but instead lapse.

Within the budgeted funds, the Manager is authorized to transfer budgeted amounts between departments provided that such transfers do not alter total expenditures approved by the Commission or exceed estimated revenues. Therefore, the measurement level of control over expenditures in these funds is the surplus or deficit of the fund as a whole. Operating departments are charged with the maintenance of the budget for the department as a whole; however, operating departments may exceed the appropriation with Manager approval.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Library

The Library adopts annual operating budgets that are used for financial control purposes. There is no legal requirement for adoption of annual appropriated budgets.

IDA

The IDA did not adopt a legally appropriated operating budget for 2018.

F. Interfund Transactions

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances (reported in "due from" asset accounts) are considered "available spendable resources."

G. Deposits and Investments

The Municipality's cash and other money market instruments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

H. Fair Value Measurements

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

I. Capital Assets

Capital assets which include equipment, buildings, vehicles, land and building improvements, and infrastructure are recorded at cost or estimated historical cost. In accordance with applicable guidance, infrastructure assets that were acquired or significantly reconstructed, or that received significant improvements, in years ending after 1979 have been capitalized. To the extent the Municipality's capitalization

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threshold is met, capital outlays are recorded and depreciated using the straight-line method over the following estimated useful lives:

	<u>Capitalization Amount</u>	<u>Useful Life</u>
Land improvements	\$5,000 to \$25,000	10 to 40 years
Buildings	10,000 to 50,000	10 to 50 years
Building improvements	25,000	15 years
Phone system	10,000	15 years
Equipment	5,000	3 to 15 years
Vehicles	5,000 to 20,000	3 to 20 years
Library books and materials	n/a	15 years
<u>Infrastructure</u>		
Road network	50,000	40 years
Sewers	25,000	50 years
Parking lots	10,000	40 years
Sidewalks	10,000	25 years

Maintenance and repairs are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized.

J. Accumulated Unpaid Vacation and Sick Pay

Full-time employees are granted 10 to 25 days of vacation leave per year, dependent upon employment classification and length of service. Vacation leave may be carried beyond the calendar year only with the Manager's approval and must be used in the following year. Sick leave is accumulated continuously for full-time employees at the rate of 1½ days or 1 day per month to a maximum of 120 days dependent on date of hire. If any days in excess of the maximum occur, the extra days may qualify for an annual cash payment based on a predetermined scale. Unused vacation and unpaid sick day buy back is accrued in and eventually paid from the General Fund or Parking Fund. The benefits so accrued are not in excess of a normal year's accumulation.

Upon retirement, accumulated sick pay (up to the 120-day maximum) may be used to offset retirement medical costs or taken as a cash payment dependent on employment classification. The amount of the accumulation is based upon a sliding scale.

As of the date of the arbitration award for police, the sick day buy back provisions have been eliminated for new hires.

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K. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Municipality has one item that qualifies for reporting in this category:

Certain amounts determined in connection with pension and other postemployment benefits accounting requirements are reported as deferred outflows of resources on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Notes 8 and 9 present additional information about the pension and other postemployment benefits plans, respectively.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Municipality has two items that qualify for reporting in this category:

Unavailable revenue is reported only on the balance sheet and represents property and earned income taxes, sewer and storm water assessments, and donations which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.

Certain amounts determined in connection with pension and other postemployment benefits accounting requirements are reported as deferred inflows of resources on the government-wide financial statements. This amount is determined based on the actuarial valuations performed for the pension plans. Notes 8 and 9 present additional information about the pension and other postemployment benefits plans, respectively.

L. Fund Balance

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

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- **Nonspendable** – This category represents funds that are not in spendable form and includes such items as prepaid items and inventory. Nonspendable fund balances as of December 31, 2018 are described in the governmental funds balance sheet.
- **Restricted** – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. At December 31, 2018, the Municipality had restrictions through grant agreements, enabling legislation, and debt covenants as described in the governmental funds balance sheet.
- **Committed** – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by elected commissioners by ordinance. Such a commitment must be made prior to the end of the fiscal year. Removal of this commitment requires a Commission ordinance. As of December 31, 2018, the Municipality had no committed funds.
- **Assigned** – This category represents intentions of the Municipality to use the funds for specific purposes. The authority to make assignments of fund balance may only be made by the Commission and remains in place until the Commission releases the assignments. The assignment cannot exceed the available spendable unassigned fund balance in any particular fund. Assigned fund balances as of December 31, 2018 are described in the governmental funds balance sheet.
- **Unassigned** – This category includes the residual classification for the Municipality's General Fund and includes all spendable amounts not contained in other classifications for that fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report negative unassigned fund balance in that fund.

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

The Municipality's fund balance policy for the General Fund provides for a minimum unassigned fund balance of 10%, with a goal of 12-15%, of the Municipality's General

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Fund annual expenditures. The Municipality's fund balance policy also outlines conditions for the use of unassigned fund balance.

M. Classification of Net Position

The government-wide and proprietary fund financial statements are required to classify net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net position consists of constraints placed on assets through external restrictions, reduced by liabilities or deferred inflows or resources related to those assets. The Municipality's restricted net position is outlined on the statement of net position.
- Unrestricted – This component of net position consists of assets that do not meet the definition of "restricted" or "net investment in capital assets."

N. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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.

O. Adoption of Accounting Pronouncements

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," was adopted in the current year by the Municipality. As a result of this implementation, the government-wide net position as of January 1, 2018 was restated with a decrease of \$1,467,170 to record the Municipality's net OPEB liability as it relates to its post-employment benefits plan. The net OPEB liability is further described in Note 9.

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The following GASB Statements were also adopted for the year ended December 31, 2018: Statement Nos. 85 (Omnibus) and 86 (Certain Debt Extinguishment Issues). These statements had no significant impact on the Municipality's financial statements for the year ended December 31, 2018.

P. Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 83 (Asset Retirement Obligations), 84 (Fiduciary Activities), 87 (Leases), 88 (Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements), 89 (Accounting for Interest Cost Incurred before the End of a Construction Period), and 90 (Majority Equity Interests). Management has not yet determined the impact of these statements on the financial statements.

2. Property Taxes

Based upon assessed valuations established by Allegheny County as of January 1 (approximately \$2.7 billion in 2018), the Municipality bills and collects its own property taxes. The schedule for property taxes levied for 2018 is as follows:

June 1	- levy date
June 1 - July 31	- 2% discount period
August 1 - September 30	- face payment period
October 1 - April 30	- 10% penalty period
May 1	- delinquency period
July 20	- lien filing date

The municipal tax rate for all purposes in 2018 was 4.71 mills (\$4.71 per \$1,000 of assessed valuation). The state mandated limit on millage for the general operations of the Municipality is 30 mills, with separate millage limits available for fire protection, library, pension contributions, and other uses. The Municipality does not currently categorize the mills levied.

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3. Deposits and Investments

Governmental and Proprietary Funds

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury Bills, other short-term U.S. government obligations, short term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes also allow pooling of governmental funds for investment purposes.

The deposit and investment activities of the Municipality adhere to state statutes. Deposits of the governmental funds are either maintained in demand deposits at local banks, certificates of deposit, or other pooled investments with the Pennsylvania Local Government Investment Trust (PLGIT).

Deposits

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

Custodial Credit Risk – Deposits. As of December 31, 2018, \$500,000 of the Municipality's \$22,978,794 bank balance was insured by the Federal Deposit Insurance Corporation. The remaining bank balance was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$22,929,436 as of December 31, 2018.

Investments

The Municipality's cash equivalent investments in PLGIT are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The Municipality's position in the external investment pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The Municipality can generally withdraw funds from the external investment pool without limitation, other than investments within the PLIGT CD accounts, which can only be withdrawn at maturity. In addition, there are certain limitations placed on the following withdrawals: for PLGIT-Class

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and PLGIT/ARM accounts, there is a one-day holding period; for PLGIT CD accounts, there is a 60-day holding period and a penalty for early withdrawal.

As of December 31, 2018, the total of PLGIT accounts had bank and book balances of \$3,101,498, which is considered to be a cash equivalent for presentation on the statement of net position and governmental funds balance sheet.

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

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Municipality has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2018, the investments in PLGIT has received AAA ratings from Standard & Poor's.

Interest Rate Risk – The Municipality has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments have an average maturity of less than one year.

Pension and OPEB Trust Funds

The pension and OPEB trust funds' investments are held separately from those of other Municipality funds. Assets in the pension and OPEB trust funds are stated at fair value. Any premiums or discounts are recognized as a gain or loss upon disposition. The Municipality maintains investment policies that summarize the investment philosophy of the Municipality and establishes investment guidelines and performance objectives for the General Employees, Police, and Firemen pension plans and OPEB trust.

The Municipality's pension and OPEB trust funds categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The pension and OPEB trust funds have the following recurring fair value measurements at December 31, 2018:

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Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Short-term funds	\$ 2,056,661	\$ 2,056,661	\$ -	\$ -
Total Investments by Fair Value Level	2,056,661	2,056,661	-	-
Investments Measured at NAV:				
Multi-manager series trust:				
Domestic equity fund	37,292,831			
International equity fund	21,165,140			
Fixed income fund	29,610,123			
Real estate investment trust	3,323,241			
Total Investments measured at NAV	91,391,335			
Total investments measured at fair value	\$ 93,447,996			

Short-term funds classified in Level 1 are valued using prices quoted in active markets for those securities.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) under the so-called “practical expedient” is presented on the following table.

Instrument	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate investment trust (1)	\$ 3,323,241	\$ 1,676,759	N/A	N/A
Multi-manager series trust (2)	88,068,094	N/A	Daily	N/A
Total Investments Measured at NAV	\$ 91,391,335			

(1) *Real estate investment trust.* This investment type includes the Equus Investment Partnership X, L.P. (Partnership), a Pennsylvania limited partnership that invests in and acquires, holds, operates, and disposes of operation real estate through equity interests. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Municipality pension trust fund’s ownership interest in partners’ capital. This investment can never be redeemed within the fund. Distributions from the fund will be received as the underlying investments of the fund are liquidated. It is expected that the underlying assets of the fund will be liquidated over five to seven years after the end of the investment period.

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(2) *Multi-manager series trust.* This investment type includes the PFM Multi-Manager Series Trust (PFM Trust), a Delaware statutory trust organized on December 21, 2016. The PFM Trust offers the following series: Domestic Equity Fund, International Equity Fund, and Fixed Income Fund. The Domestic Equity Fund seeks to provide long-term capital appreciation through a diversified portfolio consisting primarily of U.S. equity securities. The International Equity Fund seeks to provide long-term capital appreciation through a diversified portfolio consisting primarily of non-U.S. equity securities. The Fixed Income Fund seeks to maximize total return (capital appreciation and income) consistent with reasonable risk. The Fixed Income Fund declares and distributes dividends from net investment income, if any, monthly. The Domestic Equity Fund and International Equity Fund each declare and distribute net investment income to shareholders as dividends at least annually. Each fund makes distributions of its net realized capital gains, if any, at least annually.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the Municipality believes its valuation methods for the pension and OPEB trust funds are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a description of the pension and OPEB trust funds' deposit and investment risks:

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Municipality has an adopted policy statement for each of its three sponsored pension plans – general employees, police, and firemen and the OPEB trust fund. The adopted policy indicates that the overall rating of the fixed income assets shall be investment grade (A or higher), based on the rating of one Nationally Recognized Statistical Rating Organization.

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The total plan target and range allocations are as follows for the pension trust funds:

<u>Asset Class</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Equity - Domestic	27%-57%	42%
Equity - International	8%-38%	23%
Equity - Other	0%-20%	0%
Fixed Income	18%-48%	33%
Cash Equivalent	0% - 20%	2%

The policy also indicates the objectives of the fund cannot be achieved without incurring a certain amount of principal volatility. The fund will be managed in a style that seeks to minimize principal fluctuations over the established time horizon and that is consistent with the fund's stated objectives.

The total plan target and range allocations are as follows for the OPEB trust:

<u>Asset Class</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Equity - Domestic	27%-57%	42%
Equity - International	8%-38%	23%
Equity - Other	0%-20%	0%
Fixed Income	18%-48%	35%
Cash Equivalent	0% - 20%	0%

Concentration of Credit Risk – The adopted pension investment policy indicates fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at the time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other federal agencies. In addition, not more than 5% of the total stock portfolio valued at market may be invested in the stock of any one corporation.

Interest Rate Risk – The pension and OPEB trust funds do not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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Library

In 1990, the Friends of the Library agreed to begin the Mt. Lebanon Public Library Fund (Fund) with a gift of \$15,000 to The Pittsburgh Foundation (Foundation). Subsequently, other donations were received by the Fund. The Foundation is under agreement to manage and invest the Fund. The annual net income of the Fund is paid to the Library, but due to the small amount of income available, the Library has been reinvesting the income into the Fund. As of December 31, 2018, the balance was \$81,455.

In 2017, the Friends of the Library began the Friends of Mt. Lebanon Public Library Designated Fund (Designated Fund) with a gift of \$50,000 to the Mt. Lebanon Community Endowment (Endowment). Subsequently, funds were moved from the Foundation to the Endowment. The Endowment is under agreement to manage and invest the Designated Fund. The annual net income of the Designated Fund is paid to the Library, but due to the small amount of income available, the Library has been reinvesting the income into the Designated Fund. As of December 31, 2018, the balance was \$129,001.

These funds are under the control of the Foundation and Endowment, respectively, and subject to their policies and, as such, are not recorded on the books of the Library.

4. Due From Other Governments

Amounts due from other governments represent receivables for services provided by the Municipality or collections made by another government on behalf of the Municipality. At December 31, 2018, the amounts are due from the following governmental units:

	<u>General Fund</u>
Due from:	
School District	\$ 173,347
County	211,736
Other	<u>27,409</u>
	<u>\$ 412,492</u>

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5. Long-Term Liabilities

During 2018, long-term liabilities changed as follows:

	Balance at January 1, 2018	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
Primary Government					
Governmental activities:					
Bonds payable	\$ 29,014,342	\$ -	\$ (2,436,210)	\$ 26,578,132	\$ 2,449,640
Compensated absences	1,865,803	1,303,045	(1,253,315)	1,915,533	614,758
Net pension liability	4,877,162	13,304,671	(4,002,304)	14,179,529	-
Net other postemployment benefits liability*	1,387,225	400,690	(201,692)	1,586,223	-
	<u>\$ 37,144,532</u>	<u>\$ 15,008,406</u>	<u>\$ (7,893,521)</u>	<u>\$ 44,259,417</u>	<u>\$ 3,064,398</u>
Governmental activities, long-term liabilities					
	<u>\$ 37,144,532</u>	<u>\$ 15,008,406</u>	<u>\$ (7,893,521)</u>	<u>\$ 44,259,417</u>	<u>\$ 3,064,398</u>
Business-type activities:					
Bonds payable	\$ 1,845,658	\$ -	\$ (723,790)	\$ 1,121,868	\$ 675,360
Compensated absences	39,706	33,292	(23,875)	49,123	10,975
	<u>\$ 1,885,364</u>	<u>\$ 33,292</u>	<u>\$ (747,665)</u>	<u>\$ 1,170,991</u>	<u>\$ 686,335</u>
Business-type activities, long-term liabilities					
	<u>\$ 1,885,364</u>	<u>\$ 33,292</u>	<u>\$ (747,665)</u>	<u>\$ 1,170,991</u>	<u>\$ 686,335</u>

* Balance at January 1, 2018 as restated under GASB No. 75.

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Bonds payable as of December 31, 2018 is composed of the following General Obligation Bond issues:

Description	Interest Rate %	Original Principal	Balance December 31, 2018
2012 Series A, maturing in 2019	0.350 - 2.625	2,500,000	\$ 160,000
2012 Series, maturing in 2028	0.85 - 3.00	2,380,000	2,115,000
2013 Series, maturing in 2025	0.50 - 2.05	4,450,000	2,355,000
2014 Series, maturing in 2028	0.35 - 3.00	4,175,000	2,375,000
2015 Series, maturing in 2025	2.00 - 4.00	9,620,000	8,310,000
2016 Series, maturing in 2027	2.00 - 3.25	4,355,000	4,330,000
2017 Series, maturing in 2032	0.80 - 3.25	8,800,000	8,055,000
			<u>\$ 27,700,000</u>

Total payments made on bonds payable in 2018 were \$3,160,000 and \$771,608 for principal and interest, respectively.

The future annual payments required to amortize all debt outstanding as of December 31, 2018 are as follows:

	Government Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 2,449,640	\$ 687,127	\$ 675,360	\$ 24,940
2020	2,562,442	627,750	77,558	10,680
2021	2,639,302	545,247	80,698	7,577
2022	2,697,732	482,986	82,268	5,963
2023	2,731,162	423,613	83,838	4,318
2024-2028	9,702,854	1,340,746	122,146	3,461
2029-2032	3,795,000	269,750	-	-
Total	<u>\$ 26,578,132</u>	<u>\$ 4,377,219</u>	<u>\$ 1,121,868</u>	<u>\$ 56,939</u>

The future annual payments listed above are to be funded by the General Fund, Sewage Fund, Storm Water Fund, and Parking Fund.

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The 2012 Series A General Obligation Bonds were used to fund capital projects intended to implement various energy-saving improvements to Municipal facilities.

The 2012 Refunding Series General Obligation Bonds were issued for the advance refunding of the Municipality's General Obligation Bonds, Series 2009.

The 2013 Series General Obligation Bonds were issued to provide funding of projects to upgrade and repair recreational facilities.

The 2014 Series General Obligation Bonds were issued to provide funding of projects to upgrade and repair parking and municipal facilities, improve storm water infrastructure and upgrade municipal equipment.

The 2015 Series General Obligation Bonds were issued for the current refunding of the Municipality's General Obligation Bonds, Series A of 2010, and for the current refunding of a portion of the Municipality's General Obligation Bonds, Series B of 2010.

The 2016 Series General Obligation Bonds were issued for the current refunding of a portion of the Municipality's General Obligation Bonds, Series of 2011, and for the advance refunding of a portion of the Municipality's General Obligation Bonds, Series A of 2012.

The 2017 Series General Obligation Bonds were issued to provide funding for various municipality capital improvement projects and equipment.

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6. Capital Assets

A summary of current year changes in capital assets is as follows:

	January 1, 2018	Additions	Disposals	December 31, 2018
Governmental activities:				
Land (not depreciated)	\$ 7,266,047	\$ -	\$ -	\$ 7,266,047
Construction in progress (not depreciated)	391,555	4,028,213	(27,895)	4,391,873
Buildings and improvements other than buildings	44,180,792	166,150	-	44,346,942
Infrastructure	92,762,853	3,685,626	-	96,448,479
Library book collection	2,670,634	280,749	(267,692)	2,683,691
Equipment	16,214,753	1,788,007	(605,283)	17,397,477
	<u>163,486,634</u>	<u>9,948,745</u>	<u>(900,870)</u>	<u>172,534,509</u>
Less accumulated depreciation for:				
Buildings and improvements other than buildings	(19,157,919)	(1,376,344)	-	(20,534,263)
Infrastructure	(34,932,319)	(1,740,299)	-	(36,672,618)
Library book collection	(367,245)	(313,140)	267,692	(412,693)
Equipment	(9,681,558)	(1,069,966)	523,229	(10,228,295)
	<u>(64,139,041)</u>	<u>(4,499,749)</u>	<u>790,921</u>	<u>(67,847,869)</u>
Governmental activities capital assets, net	<u>\$ 99,347,593</u>	<u>\$ 5,448,996</u>	<u>\$ (109,949)</u>	<u>\$ 104,686,640</u>
Business-type activities:				
Land (not depreciated)	\$ 2,687,084	\$ -	\$ -	\$ 2,687,084
Buildings and improvements other than buildings	14,083,978	33,839	-	14,117,817
Equipment	1,272,820	17,988	-	1,290,808
	<u>18,043,882</u>	<u>51,827</u>	<u>-</u>	<u>18,095,709</u>
Less accumulated depreciation for:				
Buildings and improvements other than buildings	(8,158,160)	(419,939)	-	(8,578,099)
Equipment	(978,504)	(72,342)	-	(1,050,846)
	<u>(9,136,664)</u>	<u>(492,281)</u>	<u>-</u>	<u>(9,628,945)</u>
Business-type activities capital assets, net	<u>\$ 8,907,218</u>	<u>\$ (440,454)</u>	<u>\$ -</u>	<u>\$ 8,466,764</u>

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Depreciation expense for capital assets and infrastructure was allocated to the various functions/programs as follows:

Governmental activities:	
General government	\$ 231,805
Public works	2,443,168
Human services	432,797
Culture and recreation	743,738
Public safety:	
Police	336,834
Fire	311,407
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 4,499,749</u>
Business-type activities:	
Parking	<u>\$ 492,281</u>

7. Interfund Receivables, Payables, and Transfers

Interfund balances 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 move revenues from one fund to pay for various programs or functions that the Municipality accounts for in other funds.

The individual interfund receivables and payables are shown below:

Fund	Interfund Receivable	Interfund Payable
General	\$ 1,435,107	\$ 2,768,472
Sewage	-	1,097,397
Capital Projects	2,717,859	-
Other governmental	-	337,710
	<hr/>	<hr/>
	4,152,966	4,203,579
Parking	50,613	-
	<hr/>	<hr/>
	<u>\$ 4,203,579</u>	<u>\$ 4,203,579</u>

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

	Transfer In			Total
	General Fund	Capital Projects	Other Governmental	
Transfer out:				
General	\$ -	\$ 1,855,213	\$ 4,233,582	\$ 6,088,795
Sewage	588,113	1,239,640	150,262	1,978,015
Other governmental	16,942	1,232,144	131,672	1,380,758
Parking	166,300	-	-	166,300
	<u>\$ 771,355</u>	<u>\$ 4,326,997</u>	<u>\$ 4,515,516</u>	<u>\$ 9,613,868</u>

8. Pension Plans

Summary of Significant Accounting Policies

Financial information of the pension plans (Plans) is presented on the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Employer contributions to the Plans are recognized when due as required by applicable law. Investments of the Plans are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

At December 31, 2018, there were no individual investments that constituted more than 5% of plan net position available for benefits that were required to be reported. The Plans did not have any investment transactions with related parties during the year.

Plan Description

The Municipality administers three single-employer defined benefit pension plans: General Employees, Police, and Firemen. These plans cover substantially all full-time employees. All plans provide retirement benefits to plan members and also provide for a death benefit for surviving spouses. Plan provisions are established by municipal ordinance with the authority for municipal contributions required by Act 205 of 1984 of the Commonwealth of Pennsylvania (Act). The Plans are governed by the Municipality's Commission which has delegated the authority to manage the Plans to the Manager. The activity of the Plans is reported within the Fiduciary Funds – Trust Funds in the accompanying financial statements. Separate plan financial statements are not available.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

At December 31, 2018, participants in the plans were as follows:

	<u>General Employees</u>	<u>Police</u>	<u>Firemen</u>
Inactive plan members or beneficiaries currently receiving benefits	67	50	13
Inactive plan members entitled to but not yet receiving benefits	21	2	0
Active plan members	<u>72</u>	<u>45</u>	<u>17</u>
Total plan members	<u><u>160</u></u>	<u><u>97</u></u>	<u><u>30</u></u>

Benefits Provided – General Employees Plan

Retirement Benefit – The General Employees plan provides for a normal retirement benefit after completion of 25 years of credited service and attaining age 60. For participants hired before January 1, 2012, the scheduled monthly retirement benefit is 60% of the participant's compensation averaged over 36 consecutive months out of the final 120 months of employment that produce the highest average. For participants hired on or after January 1, 2012, the scheduled monthly retirement benefit is 50% of the participant's compensation averaged over 36 consecutive months out of the final 120 months of employment that produce the highest average with compensation limited to base salary plus any applicable longevity. A participant is eligible for an additional monthly benefit of 1.0% of the final average monthly compensation for each year of credited service in excess of 25 years. After seven years of credited service, a participant is eligible to receive a retirement benefit with reductions for participants with less than 25 years of credited service and participants under the age of 60 at the time of the benefit commencement.

Death Benefit – If a participant shall die after commencement of retirement benefit payments in the normal form, a survivor benefit shall be paid to the surviving spouse of the participant until the death of the spouse shall occur. The benefit shall be paid in an amount equal to 50% of the monthly amount paid to the participant as of the date of death. If the participant chose an optional form for their retirement benefit payments, benefits will be paid in accordance with the option chosen. If a participant's death occurs before payment of a benefit has commenced, the participant's beneficiary shall be eligible to receive a lump sum distribution of an amount equal to the accumulated contributions of the participant as of the date of death of the participant.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Benefits Provided – Police Plan

Retirement Benefit – The Police plan provides for a normal retirement benefit after completion of 25 years of credited service and attaining age 50. For participants hired before January 11, 2004, the scheduled monthly retirement benefit is 75% of the participant's compensation averaged over 36 consecutive months out of the final 120 months of employment that produce the highest average. A participant is eligible for an additional monthly benefit of 1.0% of the final average monthly compensation for each year of credited service in excess of 25 years and an additional monthly benefit of 1.0% of final average monthly compensation for each year of active military service. A participant is vested after seven years of service. After seven years of service, a participant is eligible to receive a retirement benefit with reductions for participants with less than 25 years of credited service and participants under the age of 50 at the time of the benefit commencement.

For participants hired after January 11, 2004, the scheduled monthly retirement benefit is 50% of the average monthly compensation earned by the participant during the last 36 months immediately preceding termination of active employment. A participant is eligible for an additional monthly benefit of \$100 for completion of 26 years of service. A participant is 100% vested in the plan at 12 years of service. A participant is eligible for an early retirement benefit after 20 years of service subject to reductions for early retirement.

Disability Benefit - If a participant becomes totally and permanently disabled as a result of accident or sickness occurring in the line of duty, the participant is entitled to receive a monthly disability benefit. The scheduled benefit is the greater of the participant's accrued benefit or 50% of the participant's salary at the time the disability was incurred, offset by Social Security disability benefits for the same injury. Payments will continue until the earliest of recovery, death, or normal retirement.

Death Benefit – If a participant's death occurs after the commencement of retirement benefit payments in the normal form or prior to the commencement of the receipt of retirement benefits and after the participant has attained age 50, the participant's surviving spouse or dependent children are eligible to receive a monthly benefit. The benefit payable is 100% of the pension the participant was receiving or entitled to receive on the date of death and is payable until the latest of the spouse's death or the youngest dependent attaining age 18 (age 23 if attending college). If a participant's death occurs before payment of a benefit has commenced and was under the age of 50, the participant's beneficiary shall be eligible to receive a lump sum distribution of an amount equal to the accumulated contributions of the participant as of the date of death of the participant.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Cost of Living Adjustments – Benefit terms provide for annual cost-of-living adjustments to each participant’s retirement benefit subsequent to the member’s retirement date depending on date of hire. Participants hired prior to January 11, 2004 who have completed at least 20 years of credited service are eligible to receive an annual retirement benefit adjustment of 2% of the participant’s final average monthly compensation. Participants with less than 20 years of credited service are eligible to receive an annual retirement benefit adjustment of 2% of the participant’s retirement benefit. The total monthly retirement benefit including service increments, military service benefits, and cost-of-living adjustments shall not exceed an amount equal to 90% of the participant’s final average monthly compensation.

For participants hired after January 11, 2004, an annual retirement benefit adjustment on the participant’s monthly retirement benefit, excluding service increments, is based on the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The total of all increases may not exceed 30% of the participant’s original benefit nor may the sum of the retiree’s benefit and all increases exceed 75% of final average monthly compensation used to compute the original retirement benefit.

Benefits Provided – Firemen Plan

Retirement Benefit – The Firemen plan provides for a normal retirement benefit after completion of 25 years of credited service and attaining age 53. For participants hired before August 28, 2011, the scheduled monthly retirement benefit is 70% of the participant’s compensation averaged over 36 consecutive months out of the final 120 months of employment that produce the highest average. For participants hired on or after August 28, 2011, the scheduled monthly retirement benefit is 50% of the participant’s compensation averaged over 36 consecutive months out of the final 120 months of employment that produce the highest average with compensation limited to base salary plus any applicable longevity. A participant is eligible for an additional monthly benefit of 1.0% of the final average monthly compensation for each year of credited service in excess of 25 years and an additional monthly benefit of 1.0% of final average monthly compensation for each year of active military service. After seven years of credited service, an employee is eligible to receive a retirement benefit with reductions for participants with less than 25 years of credited service and participants under the age of 53 at the time of the benefit commencement.

Death Benefit – If a participant shall die after commencement of retirement benefit payments in the normal form or prior to the commencement of the receipt of retirement benefits and after the participant has attained age 53, the participant’s surviving spouse or dependent children are eligible to receive a monthly benefit. The benefit payable is 50% of

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

the pension the participant was receiving or entitled to receive on the date of death and is payable until the latest of the spouse's death or the youngest dependent attaining age 18. If the participant chose an optional form for their retirement benefit payments, benefits will be paid in accordance with the option chosen. If a participant's death occurs before payment of a benefit has commenced and was under the age of 53, the participant's beneficiary shall be eligible to receive a lump sum distribution of an amount equal to the accumulated contributions of the participant as of the date of death of the participant.

Contributions

The Plans are funded by the Municipality on an annual basis pursuant to the provisions of the Act. The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). Certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2017.

Employees are not required to contribute under the Act; such contributions are subject to collective bargaining and can be reduced or eliminated each year by Ordinance or Resolution subject to the Plans meeting certain financial conditions. For the year ended December 31, 2018, general employees were required to contribute 5% of their salary; police officers were required to contribute 4.5% of their salary; and firemen were required to contribute 5% of their salary. On-behalf payments by employees are recognized as contributions in the statement of changes in plan net position for fiduciary funds.

The Commonwealth of Pennsylvania allocates certain funds to assist in pension funding. Any financial requirement established by the MMO which exceeds the Commonwealth of Pennsylvania allocation must be funded by the Municipality. Payments made to the plans were sufficient to meet the MMOs in 2018. The following table reflects contribution information for 2018:

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

	General Employees	Police	Firemen	Total
MMO	\$ 424,715	\$ 2,331,048	\$ 230,060	\$ 2,985,823
Contributions:				
Municipal	\$ 92,123	\$ 1,931,538	\$ 70,791	\$ 2,094,452
Allocation of state aid	332,592	421,595	159,269	913,456
Total	424,715	2,353,133	230,060	3,007,908
Employee	233,311	232,434	89,058	554,803
Total contributions	\$ 658,026	\$ 2,585,567	\$ 319,118	\$ 3,562,711
Covered payroll	\$ 4,740,168	\$ 5,165,202	\$ 1,929,787	
Employee contributions as a % of covered payroll	4.92%	4.50%	4.61%	

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the appropriate plan and funded from investment earnings.

The contribution rate for the Police plan is based on the total compensation of the officer. The General Employees (negotiated) and Firemen (negotiated) plans have a different basis for the calculation of the pension contribution for hires after a certain effective date. For eligible employees hired before the effective date, the pension contribution is calculated on total compensation; whereas, employees hired after the effective date, the pension contribution is calculated using base wage plus longevity only. Effective dates for the General Employees and Firemen plans are January 1, 2012 and August 28, 2011, respectively. Other employee contributions to the pension plans include provisions for military buyback and retroactive pension contributions.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Net Pension (Asset) Liability

The components of the net pension (asset) liability of the Plans at December 31, 2018 were as follows:

	General Employees	Police	Firemen	Total
Total pension liability	\$ 27,581,830	\$ 61,421,368	\$ 16,936,205	\$ 105,939,403
Plan fiduciary net position	(25,219,256)	(50,775,227)	(15,765,391)	(91,759,874)
Net pension liability	\$ 2,362,574	\$ 10,646,141	\$ 1,170,814	\$ 14,179,529
Plan fiduciary net position as a percentage of the total pension liability	91.43%	82.67%	93.09%	

Changes in the Net Pension (Asset) Liability

The changes in the net pension (asset) liability of the Municipality for the General Employees Plan for the year ended December 31, 2018 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balances at December 31, 2017	\$ 26,293,532	\$ 27,245,426	\$ (951,894)
Changes for the year:			
Service cost	591,920	-	591,920
Interest	1,905,168	-	1,905,168
Differences between expected and actual experience	(26,433)	-	(26,433)
Contributions - employer	-	424,715	(424,715)
Contributions - employee	-	233,311	(233,311)
Net investment income	-	(1,454,774)	1,454,774
Benefit payments, including refunds	(1,182,357)	(1,182,357)	-
Administrative expense	-	(47,065)	47,065
Net changes	1,288,298	(2,026,170)	3,314,468
Balances at December 31, 2018	\$ 27,581,830	\$ 25,219,256	\$ 2,362,574

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The changes in the net pension (asset) liability of the Municipality for the Police Plan for the year ended December 31, 2018 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balances at December 31, 2017	\$ 58,751,318	\$ 53,874,156	\$ 4,877,162
Changes for the year:			
Service cost	1,410,980	-	1,410,980
Interest	4,243,417	-	4,243,417
Differences between expected and actual experience	(326,971)	-	(326,971)
Contributions - employer	-	2,353,133	(2,353,133)
Contributions - employee	-	232,434	(232,434)
Net investment income	-	(2,938,933)	2,938,933
Benefit payments, including refunds	(2,657,376)	(2,657,376)	-
Administrative expense	-	(88,187)	88,187
Net changes	2,670,050	(3,098,929)	5,768,979
Balances at December 31, 2018	<u>\$ 61,421,368</u>	<u>\$ 50,775,227</u>	<u>\$ 10,646,141</u>

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The changes in the net pension (asset) liability of the Municipality for the Firemen Plan for the year ended December 31, 2018 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balances at December 31, 2017	\$ 16,344,703	\$ 17,152,627	\$ (807,924)
Changes for the year:			
Service cost	297,870	-	297,870
Interest	1,172,120	-	1,172,120
Differences between expected and actual experience	(86,189)	-	(86,189)
Contributions - employer	-	230,060	(230,060)
Contributions - employee	-	89,058	(89,058)
Net investment income	-	(884,144)	884,144
Benefit payments, including refunds	(792,299)	(792,299)	-
Administrative expense	-	(29,911)	29,911
Net changes	591,502	(1,387,236)	1,978,738
Balances at December 31, 2018	<u>\$ 16,936,205</u>	<u>\$ 15,765,391</u>	<u>\$ 1,170,814</u>

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Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2018, and rolled forward to December 31, 2018, using the following actuarial assumptions, applied to all periods in the measurement:

	General Employees	Police	Firemen
Actuarial assumptions:			
Investment rate of return	7.25%	7.25%	7.25%
Projected salary increases	4.75%	5.50%	4.75%
Inflation rate	2.75%	2.75%	2.75%
Mortality	RP-2014 Mortality Table	RP-2014 Mortality Table with 50% of Blue Collar adjustment	RP-2014 Mortality Table with 50% of Blue Collar adjustment
Cost-of-living adjustments	N/A	2.0%*	N/A

Actuarial assumptions based on actuarial experience study for the period 1996 - 2014.

N/A - not applicable

* See page 85 for details

Changes in Actuarial Assumptions – There were no changes in actuarial assumptions for the actuarial valuations performed on January 1, 2018.

Investment Policy – Each Plan has an Investment Policy Statement which can be amended by the Commission based on recommendations from the Pension Investment Advisory Board. The core objectives of the statement are as follows: 1) Invest assets in a manner consistent with the fiduciary standards of the Act, 2) Provide for the funding and anticipated withdrawals on a continuing basis, 3) Conserve and enhance the capital value of the pension funds in real terms through asset appreciation and income generation, while maintaining a moderate investment risk profile, 4) Minimize principal fluctuations over the investment cycle (3-5 years), and 5) Achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in the policy.

Long Term Expected Rate of Return – The long-term expected rate of return on 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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 following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2018:

Asset Class	Target Allocation			Long-Term Expected Real Rate of Return		
	General			General		
	Employees	Police	Firemen	Employees	Police	Firemen
Domestic equity	42.0%	42.0%	42.0%	6.3%	6.3%	6.3%
International equity	23.0%	23.0%	23.0%	6.3%	6.3%	6.3%
Other equity	0.0%	0.0%	0.0%	6.3%	6.3%	6.3%
Fixed income	33.0%	33.0%	33.0%	2.0%	2.0%	2.0%
Cash	2.0%	2.0%	2.0%	0.0%	0.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>			

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2018, the annual money-weighted rate of return on the General Employees, Police, and Firemen Plan investments, net of investment expense, was (4.77%), (4.81%), and (4.67%), respectively.

Discount Rate - The discount rate used to measure the total pension liability for the General Employees, Police, and Firemen Plans was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Municipality's contributions will be made based on the yearly MMO calculation. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate – The following presents the net pension (asset) liability of the Plans calculated using the discount rates described above, as well as what the Plan's net pension (assets) liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

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NOTES TO FINANCIAL STATEMENTS

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	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
General Employees	\$ 5,677,017	\$ 2,362,574	\$ (422,605)
Police Plan	\$ 18,738,086	\$ 10,646,141	\$ 3,967,520
Firemen Plan	\$ 3,110,898	\$ 1,170,814	\$ (458,905)

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the Municipality recognized pension expense of approximately \$1,072,000 for the General Employees Plan, \$3,177,000 for the Police Plan, and \$505,000 for the Firemen Plan. At December 31, 2018, the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees	Police	Firemen	Total
<u>Deferred Outflow of Resources:</u>				
Differences between expected and actual experience	\$ 259,889	\$ 758,305	\$ 31,453	\$ 1,049,647
Changes in assumption	614,129	921,779	248,016	1,783,924
Net difference between projected and actual earnings on pension plan investments	3,174,036	6,352,696	1,960,557	11,487,289
Total deferred outflows of resources	\$ 4,048,054	\$ 8,032,780	\$ 2,240,026	\$ 14,320,860
<u>Deferred Inflows of Resources:</u>				
Differences between expected and actual experience	\$ 616,596	\$ 947,576	\$ 579,110	\$ 2,143,282
Net difference between projected and actual earnings on pension plan investments	1,315,223	2,575,451	821,860	4,712,534
Total deferred inflows of resources	\$ 1,931,819	\$ 3,523,027	\$ 1,400,970	\$ 6,855,816

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NOTES TO FINANCIAL STATEMENTS

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	General Employees	Police	Firemen	Total
2019	\$ 716,414	\$ 1,621,399	\$ 319,609	\$ 2,657,422
2020	391,547	990,338	108,798	1,490,683
2021	307,110	613,041	44,585	964,736
2022	701,164	1,297,551	380,427	2,379,142
2023	-	(12,576)	(14,363)	(26,939)
Thereafter	-	-	-	-
Total	\$ 2,116,235	\$ 4,509,753	\$ 839,056	\$ 7,465,044

Pension Trust Fund Financial Information as of December 31, 2018

Plan Net Position

	General Employees	Police	Firemen	Total
Assets				
Accrued income receivable	\$ 794	\$ 1,429	\$ 491	\$ 2,714
Investments (at fair value):				
Equity funds	15,785,216	31,789,097	9,784,355	57,358,668
Fixed income funds	7,985,641	16,073,914	4,992,548	29,052,103
Real estate investment trust	898,174	1,796,347	628,720	3,323,241
Short-term funds	556,571	1,129,531	363,742	2,049,844
Total Assets	25,226,396	50,790,318	15,769,856	91,786,570
Liabilities				
Accounts payable	7,140	15,091	4,465	26,696
Net Position Restricted for Pensions	\$ 25,219,256	\$ 50,775,227	\$ 15,765,391	\$ 91,759,874

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Changes in Plan Net Position

	General Employees	Police	Firemen	Total
Additions:				
Contributions:				
Employer, including state aid	\$ 424,715	\$ 2,353,133	\$ 230,060	\$ 3,007,908
Employee	233,311	232,434	89,058	554,803
Total contributions	658,026	2,585,567	319,118	3,562,711
Investment income:				
Net depreciation				
in fair value of investments	(1,839,788)	(3,719,523)	(1,126,699)	(6,686,010)
Interest and dividends	385,014	780,590	242,555	1,408,159
Total investment income	(1,454,774)	(2,938,933)	(884,144)	(5,277,851)
Less investment expense	35,922	72,610	22,564	131,096
Net investment income	(1,490,696)	(3,011,543)	(906,708)	(5,408,947)
Total additions	(832,670)	(425,976)	(587,590)	(1,846,236)
Deductions:				
Benefits	1,182,357	2,657,376	792,299	4,632,032
Administrative expense	11,143	15,577	7,347	34,067
Total deductions	1,193,500	2,672,953	799,646	4,666,099
Change in Plan Net Position	(2,026,170)	(3,098,929)	(1,387,236)	(6,512,335)
Net Position Restricted for Pensions:				
Beginning of year	27,245,426	53,874,156	17,152,627	98,272,209
End of year	\$ 25,219,256	\$ 50,775,227	\$ 15,765,391	\$ 91,759,874

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NOTES TO FINANCIAL STATEMENTS

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Net Appreciation (Depreciation) in Fair Value of Investments

The composition of net appreciation (depreciation) in fair value of investments reported on the statement of changes in plan net position is as follows:

	<u>General Employees</u>	<u>Police</u>	<u>Firemen</u>	<u>Total</u>
Realized gain (loss)	\$ 3,777,063	\$ 7,363,973	\$ 2,410,661	\$ 13,551,697
Unrealized gain (loss)	<u>(5,616,851)</u>	<u>(11,083,496)</u>	<u>(3,537,360)</u>	<u>(20,237,707)</u>
	<u>\$ (1,839,788)</u>	<u>\$ (3,719,523)</u>	<u>\$ (1,126,699)</u>	<u>\$ (6,686,010)</u>

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments.

Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year were included as part of the change in the fair value of investments reported in the prior year(s) and the current year.

9. Other Postemployment Benefits

Summary of Significant Accounting Policies

Financial information of the Mt. Lebanon Integral Part Trust (Trust) is presented on the accrual basis of accounting. Employer contributions to the Trust are made annually and reimbursements to the Municipality for retired member payments are submitted and received on an annual basis.

Investments of the Trust are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price.

At December 31, 2018, there were no individual investments that constituted more than 5% of Trust net position available for benefits that were required to be reported. The Trust did not have any investment transactions with related parties during the year.

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NOTES TO FINANCIAL STATEMENTS

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Plan Description

The Municipality has established the Trust to fund one or more of the Municipality's employee post-employment benefits other than pensions. The activity of the Trust is reported within the Fiduciary Funds – Trust Fund in the accompanying financial statements. Separate Trust financial statements are not available.

The Trust is a single-employer defined benefit plan administered by the Municipality which provides specific post-employment health and life insurance benefits for certain retired employees, with benefit levels negotiated by contractual group or set by the Municipality based on those levels.

The post-employment health insurance benefit has been eliminated for new hires as of the following effective dates: contract Police – May 15, 2012; contract Firemen – August 28, 2011; General Employees – January 1, 2012.

At December 31, 2018, participants in the Trust were as follows:

	<u>General Employees</u>	<u>Police</u>	<u>Firemen</u>
Participants:			
Inactive, currently receiving benefits:			
Health insurance	5	24	7
Life insurance	43	45	11
Active:			
Health insurance	57	32	9
Life insurance	87	42	17

Benefits Provided - Post-Employment Health Insurance

Upon retirement, a retiree may elect to either stay in the medical group of the Municipality or may leave the group to purchase their own medical coverage. In either case, the retiree shall be provided a reimbursement for health insurance premiums until such time as the retiree becomes eligible for Medicare.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The maximum amount of the reimbursement for each employee group is as follows:

Police: A percentage of Police Officer VI Pay Grade, based on years of service, as follows:

<u>Service at Retirement</u>	<u>Percentage</u>	<u>2018 Per Month Amount</u>
25+ years	0.80%	\$739.02
20-24 years	0.65%	\$600.46
16-19 years	0.50%	\$461.89

Firemen: \$400 per month upon retirement

General Employees: \$400 per month, after 15 years of service

Benefits Provided - Post-Employment Life Insurance

The following provisions were included in the actuarial assumption regarding life insurance:

Eligibility: Retirement with 15 years or more of service

Insurance amount: \$15,000 – Police and Firemen
\$10,000 – All others

Contributions

The Municipality makes required contributions to the Trust as specified by the actuarial valuation. An actuarial valuation will be performed biennially, and participants do not contribute to the Trust.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Net OPEB Liability

The components of the net OPEB liability of the Trust at December 31, 2018 were as follows:

Total OPEB liability	\$ 3,100,929
Plan fiduciary net position	<u>1,514,706</u>
Net OPEB liability	<u><u>\$ 1,586,223</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>48.85%</u></u>

Changes in the Net OPEB Liability

The changes in the net OPEB liability of the Municipality for the year ended December 31, 2018 were as follows:

	Increases / Decreases		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2017	\$ 2,964,772	\$ 1,577,547	\$ 1,387,225
Changes for the year:			
Service cost	69,975	-	69,975
Interest	214,728	-	214,728
Contributions - employer	-	201,692	(201,692)
Net investment income	-	(111,628)	111,628
Benefit payments	(148,546)	(148,546)	-
Administrative expense	-	(4,359)	4,359
Net changes	<u>136,157</u>	<u>(62,841)</u>	<u>198,998</u>
Balances at December 31, 2018	<u><u>\$ 3,100,929</u></u>	<u><u>\$ 1,514,706</u></u>	<u><u>\$ 1,586,223</u></u>

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation performed on January 1, 2017, and rolled forward to December 31, 2018, using the following actuarial assumptions, applied to all periods in the measurement:

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

- Actuarial cost method – Entry Age Normal Cost;
- Interest rate – 7.25%;
- Retirement Age – Police, upon attainment of age 51 and 25 years of service; Firemen, upon attainment of age 53 and 25 years of service; General and Public Works, upon attainment of age 60 and 25 years of service;
- Mortality – RP-2014 Combined Healthy;
- Salary increase – An assumed 5.5% increase in basic wages was used in the actuarial assumptions for Police medical benefits because the benefit is a function of base rates as outlined above;
- Inflation: 2.75%.

Changes in Actuarial Assumptions – The interest rate was decreased from 7.5% to 7.25% in the January 1, 2017 actuarial valuation. In addition, mortality rates were updated.

Investment Policy – The Trust has an Investment Policy Statement which can be amended by the Commission based on recommendations from the Pension Investment Advisory Board. The core objectives of the statement are as follows: 1) Invest assets in a manner consistent with the fiduciary standards of the Act, 2) Provide for the funding and anticipated withdrawals on a continuing basis, 3) Conserve and enhance the capital value of the pension funds in real terms through asset appreciation and income generation, while maintaining a moderate investment risk profile, 4) Minimize principal fluctuations over the investment cycle (3-5 years), and 5) Achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in the policy.

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

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Trust's target asset allocation as of December 31, 2018:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	42.0%	6.3%
International equity	23.0%	6.3%
Other equity	0.0%	6.3%
Fixed income	35.0%	2.0%
Cash	0.0%	0.0%
	100.0%	

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2018, the annual money-weighted rate of return on the Trust's investments, net of investment expense, was (4.94%).

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Trust calculated using the discount rate described above, as well as what the Trust's net OPEB liability would be if it was calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 1,864,068	\$ 1,586,223	\$ 1,342,094

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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

For the year ended December 31, 2018, the Municipality recognized OPEB expense of approximately \$300,000. At December 31, 2018, the Municipality reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

<u>Deferred Outflow of Resources:</u>	
Net difference between projected and actual earnings on OPEB plan investments	<u>\$ 188,141</u>
<u>Deferred Inflows of Resources:</u>	
Net difference between projected and actual earnings on OPEB plan investments	<u>\$ 89,301</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

<u>Year ended December 31,</u>	
2019	\$ 17,268
2020	17,268
2021	17,268
2022	47,036
2023	-
Thereafter	-
Total	<u>\$ 98,840</u>

10. Defined Contribution Plan

Certain management employees are eligible or required to participate in a defined contribution pension plan (Plan) adopted under the provisions of Internal Revenue Code Section 401 (Qualified pension, profit-sharing, and stock bonus plans). No employee of the Municipality can be in two qualified pension plans at once as an active employee. As part of its fiduciary role, the Municipality has an obligation of due care in selecting the third-party administrator.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Benefit terms are established and amended by resolution of the Commission. The Plan does not allow employee contributions and the Municipality contributes 15% of the employee's regular wages to the Plan on their behalf. The contributions and associated earnings vest immediately upon employee entry into the Plan. The Municipality contributes on a bi-weekly schedule.

During 2018, the Municipality contributed \$189,491 to the Plan. The Municipality had no liability outstanding at December 31, 2018.

11. Rental Income

The Parking Fund leases certain retail space at its North Parking Garage to a third party under a lease term of five years, with renewal options available. The Parking Fund also leases unused office space to the Mt. Lebanon Historical Society under a lease term of twenty years. Rental income under these arrangements was \$127,508 during the year ended December 31, 2018.

As of December 31, 2018, minimum annual rentals remaining under these lease arrangements are as follows:

<u>Year Ending</u>		
2019	\$	131,065
2020		134,709
2021		138,904
2022		148,356
2023		159,482
Thereafter		<u>495,646</u>
Total	\$	<u><u>1,208,162</u></u>

12. Risk Financing

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

For its property and liability coverage, the Municipality participates as a member of the Municipal Risk Management Property and Liability Trust (Trust), a public entity risk pool operated for the benefit of 165 cities, municipalities, boroughs, townships, and municipal authorities. The Trust operates pursuant to the Pa Intergovernmental Cooperation Act (1972 P.L., 762, No. 180; 53 P.S. Section 2303) and 42 Pa. C.S.A., Section 8564. The Trust purchases excess insurance with a \$150,000 per occurrence retention. The Trust may impose special assessments, when such assessments are required to reduce or eliminate a deficit of the Trust. The liability of current, former, and terminated members for special assessments shall be only for liabilities resulting from the actual plans of coverage of property and liability exposures provided by the Trust during the specific period of time that the coverages were in force. Political subdivision members may withdraw at the end of any policy or fiscal year by giving 90 days written notice to the Trust prior to the beginning of any policy or fiscal year. At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any other assets of the Trust.

For its worker's compensation insurance coverage, the Municipality participates in the Municipal Risk Management Worker's Compensation Pooled Trust (Trust), a public entity risk pool operated for the benefit of approximately 200 cities, municipalities, boroughs, townships, and municipal authorities. Trust underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1993 (Act 44). All Trust participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44. Each participant of the Trust agrees to jointly and severally assume and discharges the liabilities arising under the Worker's Compensation Act and Occupational Disease Act of each and every participant of the Trust. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. The Trust purchases excess insurance coverage with statutory limits. The retention for this excess coverage is \$750,000 per occurrence. There were no significant reductions in insurance coverage from coverage in the prior year. Political subdivisions joining the Trust must remain members for a minimum of four years; a member may withdraw from the Trust after that time by giving ninety days' notice, subject to approval by the Trust actuary under specified circumstances related to the continued fiscal stability of the pool. At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any other assets of the Trust. Estimates of any additional assessments are unknown.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

13. Contingent Liabilities and Commitments

Grant Programs

The Municipality participates in state or federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Municipality is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs.

Pennsylvania Department of Environmental Protection Consent Order

On May 6, 2004, the Municipality of Mt. Lebanon entered into an Administrative Consent Order (ACO) with the Allegheny County Health Department (ACHD) in order to eliminate sanitary sewer overflows and comply with the Clean Streams Law. As part of the ACO, Mt. Lebanon was required to inventory their system, complete necessary repairs, perform flow monitoring, dye test, adopt a point-of-sale dye testing ordinance, adopt an ordinance to eliminate storm water connections, perform a hydraulic analysis of the collection system, develop an operation and maintenance plan, and prepare a feasibility study to address any collection system deficiencies to eliminate sanitary sewer overflows within six (6) months after the submittal of an ALCOSAN wet weather plan or July 31, 2013, based on the submittal date of the ALCOSAN plan.

In 2013, in compliance with a consent order the Municipality submitted a feasibility study for long term improvements to address wet weather issues with an estimated cost of \$10,600,000. Under the original order, improvements were to be installed by 2026, however in the feasibility study it was noted that the minimum start of construction under any circumstance would be 2026.

The ACO expired on March 30, 2015. The Municipality asked ACHD to extend the termination date or to enter into a new Consent Order Agreement (COA). This extension was requested so that the Municipality could explore the potential benefits of Green Infrastructure (GI) as a means of reducing flows. The regulatory agencies are offering the opportunity for the customer municipalities to investigate flow reduction opportunities through two phases. The first phase will be implemented under an interim ACO. Phase two will require municipalities to negotiate and execute new COAs and ACOs consistent with the ALCOSAN agreement currently being developed.

The Interim COA was signed by the Municipality on December 8, 2015. The Interim COA requires that the Municipality complete a Source Reduction Study within 18 months of the execution of the COA. The Source Reduction Study also must include at least one flow

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

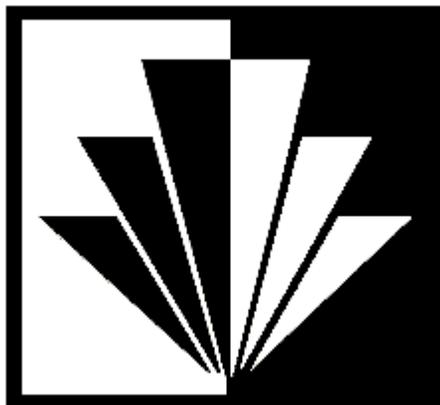
YEAR ENDED DECEMBER 31, 2018

reduction demonstration project within 500 days of the execution of the COA, as well as continuing to implement all items listed in the previously submitted Operation and Maintenance Plan. The Municipality has complied with all terms of the Interim COA and is awaiting further direction from the regulatory bodies.

During the year ended December 31, 2018, the Municipality incurred approximately \$1.2 million in expenditures related to sanitary sewer improvements.

Commitments

The Municipality has entered into contract commitments related to various capital purchases and projects. As of December 31, 2018, the Municipality had approximately \$5.2 million in commitments related to various capital projects.



REQUIRED

SUPPLEMENTARY INFORMATION

MT. LEBANON, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE MUNICIPALITY'S NET PENSION (ASSET) LIABILITY AND RELATED RATIOS

GENERAL EMPLOYEES PENSION PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2018	2017	2016	2015	2014
Total Pension Liability:					
Service cost	\$ 591,920	\$ 595,445	\$ 584,860	\$ 524,753	\$ 487,918
Interest	1,905,168	1,817,074	1,736,766	1,620,029	1,581,478
Changes of benefit terms	-	9,176	-	-	-
Differences between expected and actual experience	(26,433)	(754,836)	493,888	(391,056)	-
Changes of assumptions	-	655,645	-	604,646	-
Benefit payments, including refunds of member contributions	(1,182,357)	(1,153,080)	(1,114,298)	(1,066,084)	(1,055,408)
Net Changes in Total Pension Liability	1,288,298	1,169,424	1,701,216	1,292,288	1,013,988
Total Pension Liability - Beginning	26,293,532	25,124,108	23,422,892	22,130,604	21,116,616
Total Pension Liability - Ending (a)	\$ 27,581,830	\$ 26,293,532	\$ 25,124,108	\$ 23,422,892	\$ 22,130,604
Plan Fiduciary Net Position:					
Contributions - employer	\$ 424,715	\$ 403,602	\$ 413,887	\$ 433,269	\$ 432,172
Contributions - member	233,311	222,616	222,255	222,399	200,620
Net investment income	(1,454,774)	3,903,290	1,344,937	56,604	1,500,399
Benefit payments, including refunds of member contributions	(1,182,357)	(1,153,080)	(1,114,298)	(1,066,084)	(1,055,408)
Administrative expense	(47,065)	(52,741)	(68,792)	(79,994)	(13,394)
Net Change in Plan Fiduciary Net Position	(2,026,170)	3,323,687	797,989	(433,806)	1,064,389
Plan Fiduciary Net Position - Beginning	27,245,426	23,921,739	23,123,750	23,557,556	22,493,167
Plan Fiduciary Net Position - Ending (b)	\$ 25,219,256	\$ 27,245,426	\$ 23,921,739	\$ 23,123,750	\$ 23,557,556
Net Pension (Asset) Liability - Ending (a-b)	\$ 2,362,574	\$ (951,894)	\$ 1,202,369	\$ 299,142	\$ (1,426,952)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.43%	103.62%	95.21%	98.72%	106.45%
Covered Payroll	\$ 4,740,168	\$ 4,452,316	\$ 4,495,374	\$ 4,474,435	\$ 4,008,309
Net Pension (Asset) Liability as a Percentage of Covered Payroll	49.84%	(21.38%)	26.75%	6.69%	(35.60%)

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules - pension trust funds.

MT. LEBANON, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE MUNICIPALITY'S NET
PENSION (ASSET) LIABILITY AND RELATED RATIOS

POLICE PENSION PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2018	2017	2016	2015	2014
Total Pension Liability:					
Service cost	\$ 1,410,980	\$ 1,417,581	\$ 1,329,704	\$ 1,244,919	\$ 1,124,408
Interest	4,243,417	4,052,750	3,845,671	3,544,643	3,375,994
Changes of benefit terms	-	256,168	-	131,383	-
Differences between expected and actual experience	(326,971)	(978,015)	1,570,774	(231,435)	-
Changes of assumptions	-	654,822	-	1,596,283	-
Benefit payments, including refunds of member contributions	<u>(2,657,376)</u>	<u>(2,361,531)</u>	<u>(2,319,172)</u>	<u>(2,267,742)</u>	<u>(2,209,527)</u>
Net Changes in Total Pension Liability	2,670,050	3,041,775	4,426,977	4,018,051	2,290,875
Total Pension Liability - Beginning	<u>58,751,318</u>	<u>55,709,543</u>	<u>51,282,566</u>	<u>47,264,515</u>	<u>44,973,640</u>
Total Pension Liability - Ending (a)	<u>\$ 61,421,368</u>	<u>\$ 58,751,318</u>	<u>\$ 55,709,543</u>	<u>\$ 51,282,566</u>	<u>\$ 47,264,515</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 2,353,133	\$ 2,109,775	\$ 2,053,201	\$ 1,906,718	\$ 1,869,761
Contributions - member	232,434	238,177	207,998	203,554	181,912
Net investment income	(2,938,933)	7,657,620	2,561,820	107,540	2,626,108
Benefit payments, including refunds of member contributions	(2,657,376)	(2,361,531)	(2,319,172)	(2,267,742)	(2,209,526)
Administrative expense	<u>(88,187)</u>	<u>(95,084)</u>	<u>(120,705)</u>	<u>(141,950)</u>	<u>(16,497)</u>
Net Change in Plan Fiduciary Net Position	(3,098,929)	7,548,957	2,383,142	(191,880)	2,451,758
Plan Fiduciary Net Position - Beginning	<u>53,874,156</u>	<u>46,325,199</u>	<u>43,942,057</u>	<u>44,133,937</u>	<u>41,682,179</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 50,775,227</u>	<u>\$ 53,874,156</u>	<u>\$ 46,325,199</u>	<u>\$ 43,942,057</u>	<u>\$ 44,133,937</u>
Net Pension (Asset) Liability - Ending (a-b)	<u>\$ 10,646,141</u>	<u>\$ 4,877,162</u>	<u>\$ 9,384,344</u>	<u>\$ 7,340,509</u>	<u>\$ 3,130,578</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>82.67%</u>	<u>91.70%</u>	<u>83.15%</u>	<u>85.69%</u>	<u>93.38%</u>
Covered Payroll	<u>\$ 5,165,202</u>	<u>\$ 5,292,825</u>	<u>\$ 5,202,636</u>	<u>\$ 5,081,332</u>	<u>\$ 4,537,748</u>
Net Pension (Asset) Liability as a Percentage of Covered Payroll	206.11%	92.15%	180.38%	144.46%	68.99%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules - pension trust funds.

MT. LEBANON, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE MUNICIPALITY'S NET
PENSION (ASSET) LIABILITY AND RELATED RATIOS

FIREMEN PENSION PLAN

YEARS ENDED DECEMBER 31

LAST TEN YEARS*

	2018	2017	2016	2015	2014
Total Pension Liability:					
Service cost	\$ 297,870	\$ 311,943	\$ 352,303	\$ 330,893	\$ 364,155
Interest	1,172,120	1,126,813	1,101,371	1,031,986	993,682
Differences between expected and actual experience	(86,189)	(736,092)	78,650	(179,545)	-
Changes of assumptions	-	256,159	-	324,581	-
Benefit payments, including refunds of member contributions	(792,299)	(637,575)	(531,475)	(478,956)	(489,422)
Net Changes in Total Pension Liability	591,502	321,248	1,000,849	1,028,959	868,415
Total Pension Liability - Beginning	16,344,703	16,023,455	15,022,606	13,993,647	13,125,232
Total Pension Liability - Ending (a)	\$ 16,936,205	\$ 16,344,703	\$ 16,023,455	\$ 15,022,606	\$ 13,993,647
Plan Fiduciary Net Position:					
Contributions - employer	\$ 230,060	\$ 338,241	\$ 364,036	\$ 455,969	\$ 448,324
Contributions - member	89,058	91,154	84,081	82,730	72,526
Net investment income	(884,144)	2,443,097	832,846	31,987	887,616
Benefit payments, including refunds of member contributions	(792,299)	(637,575)	(531,475)	(478,956)	(489,422)
Administrative expense	(29,911)	(33,886)	(43,140)	(51,122)	(9,888)
Net Change in Plan Fiduciary Net Position	(1,387,236)	2,201,031	706,348	40,608	909,156
Plan Fiduciary Net Position - Beginning	17,152,627	14,951,596	14,245,248	14,204,640	13,295,484
Plan Fiduciary Net Position - Ending (b)	\$ 15,765,391	\$ 17,152,627	\$ 14,951,596	\$ 14,245,248	\$ 14,204,640
Net Pension (Asset) Liability - Ending (a-b)	\$ 1,170,814	\$ (807,924)	\$ 1,071,859	\$ 777,358	\$ (210,993)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.09%	104.94%	93.31%	94.83%	101.51%
Covered Payroll	\$ 1,929,787	\$ 1,823,074	\$ 1,895,055	\$ 1,966,010	\$ 1,826,798
Net Pension (Asset) Liability as a Percentage of Covered Payroll	60.67%	(44.32%)	56.56%	39.54%	(11.55%)

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules - pension trust funds.

MT. LEBANON, PENNSYLVANIA

SCHEDULES OF MUNICIPALITY'S CONTRIBUTIONS AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2018	2017	2016	2015	2014
GENERAL EMPLOYEES PLAN:					
Schedule of Municipality's Contributions					
Actuarially determined contribution	\$ 424,715	\$ 403,602	\$ 413,887	\$ 433,269	\$ 432,172
Contributions in relation to the actuarially determined contribution	424,715	403,602	413,887	433,269	432,172
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,740,168	\$ 4,452,316	\$ 4,495,374	\$ 4,474,435	\$ 4,008,309
Contributions as a percentage of covered payroll	8.96%	9.06%	9.21%	9.68%	10.78%
Investment Returns					
Annual money-weighted rate of return, net of investment expense	-4.77%	16.41%	5.96%	0.04%	6.86%
POLICE PLAN:					
Schedule of Municipality's Contributions					
Actuarially determined contribution	\$ 2,331,048	\$ 2,067,756	\$ 2,053,201	\$ 1,906,718	\$ 1,869,761
Contributions in relation to the actuarially determined contribution	2,353,133	2,109,775	2,053,201	1,906,718	1,869,761
Contribution deficiency (excess)	\$ (22,085)	\$ (42,019)	\$ -	\$ -	\$ -
Covered payroll	\$ 5,165,202	\$ 5,292,825	\$ 5,202,636	\$ 5,081,332	\$ 4,537,748
Contributions as a percentage of covered payroll	45.56%	39.86%	39.46%	37.52%	41.20%
Investment Returns					
Annual money-weighted rate of return, net of investment expense	-4.81%	16.39%	5.98%	0.02%	6.53%
FIREMEN PLAN:					
Schedule of Municipality's Contributions					
Actuarially determined contribution	\$ 230,060	\$ 338,241	\$ 364,036	\$ 455,969	\$ 448,324
Contributions in relation to the actuarially determined contribution	230,060	338,241	364,036	455,969	448,324
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,929,787	\$ 1,823,074	\$ 1,895,055	\$ 1,966,010	\$ 1,826,798
Contributions as a percentage of covered payroll	11.92%	18.55%	19.21%	23.19%	24.54%
Investment Returns					
Annual money-weighted rate of return, net of investment expense	-4.67%	16.36%	5.95%	0.02%	6.90%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules - pension trust funds.

MT. LEBANON, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2018

Actuarial Methods and Assumptions

Contributions are determined using actuarially determined rates based on the following methods and assumptions:

	General Employees	Police	Firemen
Actuarial valuation date	1/1/2017	1/1/2017	1/1/2017
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Open	Level Dollar Closed	Level Dollar Closed
Asset valuation method	4-Year Smoothing	4-Year Smoothing	4-Year Smoothing
Remaining amortization period	N/A	10-15 years	9-10 years
Actuarial assumptions:			
Investment rate of return	7.25%	7.25%	7.25%
Projected salary increases	4.75%	5.50%	4.75%
Inflation rate	2.75%	2.75%	2.75%
Cost-of-living adjustments	N/A	2.0% *	N/A
Mortality table	RP-2014	RP-2014 with 50% of the Blue Collar adjustment.	RP-2014 with 50% of the Blue Collar adjustment.

N/A - Not Applicable

* If hired before January 11, 2004, retirees who had completed 20 years of service and disabled retirees will receive annual increases of 2% final monthly average compensation. Annual increases for retirees with less than 20 years of service is 2% of the retirement benefits. If hired on or after January 11, 2004, the retiree will receive an increase in the monthly benefit, excluding service increment, equal to the percentage change in the CPI-W.

MT. LEBANON, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2018

Benefit Changes

General Employees Plan

In 2017, benefit terms were modified for Parking Authority employees to retire at age 60 regardless of service, with appropriate reduction for early retirement.

Police Plan

In 2015, benefit terms were modified to reflect a recent Pennsylvania Supreme Court decision regarding the interpretation of the maximum cost of living adjustment (COLA) applicable to participants who were hired before January 11, 2004 and who retired early.

In 2017, benefit terms were modified to increase the survivor benefit for participants hired after January 11, 2014. The surviving spouse will now receive 100% of the participant's accrued benefit, the same benefit as those officers hired before January 11, 2004. In addition, benefit terms were modified to change the averaging period for participants hired after January 11, 2014 from the highest consecutive 36 months out of the final 60 months of employment to the final 36 months of employment.

Changes in Actuarial Assumptions

General Employees Plan

In 2015, amounts reported as changes of assumptions resulted primarily from lowering the interest rate from 7.5% to 7.25% to add a degree of conservatism to the assumptions, lowering the assumed rate of salary increases from 5.0% to 4.75% based on lower expectations of future increases, and adding rates of retirement to better reflect participant's historical retirement patterns.

In 2017, the inflation rate assumption was lowered from 3.00% to 2.75%. In addition, there was a change in the mortality assumption. Significant reductions in mortality that have occurred since the development of the RP-2000 Mortality Table prompted the change in mortality assumption from the RP-2000 Combined Healthy Mortality Table with rates projected to improve with scale AA, to the RP-2014 Mortality Table with rates

MT. LEBANON, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2018

projected to improve based on the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

Police Plan

In 2015, amounts reported as changes of assumptions resulted primarily from lowering the interest rate from 7.5% to 7.25% to add a degree of conservatism to the assumptions and adding rates of retirement to better reflect the historical pattern of retirements and the greater incentive to retire early created by the Pennsylvania Supreme Court decision referenced above.

In 2017, the inflation rate assumption was lowered from 3.00% to 2.75%. In addition, there was a change in the mortality assumption. Significant reductions in mortality that have occurred since the development of the RP-2000 Mortality Table prompted the change in mortality assumption from the RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment and rates projected to improve with scale AA, to the RP-2014 Mortality Table with 50% of the Blue Collar Adjustment and rates projected to improve based on the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

Firemen Plan

In 2015, amounts reported as changes of assumptions resulted primarily from lowering the interest rate from 7.5% to 7.25% to add a degree of conservatism to the assumptions and lowering the assumed rate of salary increases from 5.0% to 4.75% based on lower expectations of future increases.

In 2017, the inflation rate assumption was lowered from 3.00% to 2.75%. In addition, there was a change in the mortality assumption. Significant reductions in mortality that have occurred since the development of the RP-2000 Mortality Table prompted the change in mortality assumption from the RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment and rates projected to improve with scale AA, to the RP-2014 Mortality Table with 50% of the Blue Collar Adjustment and rates projected to improve based on the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

MT. LEBANON, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE MUNICIPALITY'S NET OPEB LIABILITY AND RELATED RATIOS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2018	2017
Total OPEB Liability:		
Service cost	\$ 69,975	\$ 68,102
Interest	214,728	205,526
Benefit payments, including refunds of member contributions	(148,546)	(148,590)
Net Changes in Total OPEB Liability	136,157	125,038
Total OPEB Liability - Beginning	2,964,772	2,839,734
Total OPEB Liability - Ending (a)	\$ 3,100,929	\$ 2,964,772
Plan Fiduciary Net Position:		
Contributions - employer	\$ 201,692	\$ 201,692
Net investment income (loss)	(111,628)	248,280
Benefit payments, including refunds of member contributions	(148,546)	(148,590)
Administrative expense	(4,359)	(6,413)
Net Change in Plan Fiduciary Net Position	(62,841)	294,969
Plan Fiduciary Net Position - Beginning	1,577,547	1,282,578
Plan Fiduciary Net Position - Ending (b)	\$ 1,514,706	\$ 1,577,547
Net OPEB Liability (Asset) - Ending (a-b)	\$ 1,586,223	\$ 1,387,225
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	48.85%	53.21%
Covered Employee Payroll	\$ 13,117,492	\$ 10,613,421
Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	12.09%	13.07%

* Until a full 10-year trend is compiled, the required information for the Trust is presented for as many years as are available.

See accompanying notes to required supplementary schedules -
other postemployment benefits trust fund.

MT. LEBANON, PENNSYLVANIA

SCHEDULES OF MUNICIPALITY'S OPEB CONTRIBUTIONS AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2018	2017
Schedule of Municipality's Contributions		
Actuarially determined contribution	\$ 201,692	\$ 201,692
Contributions in relation to the actuarially determined contribution	201,692	201,692
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 13,117,492	\$ 10,613,421
Contributions as a percentage of covered employee payroll	1.54%	1.90%
Investment Returns		
Annual money-weighted rate of return, net of investment expense	-4.94%	16.73%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary schedules -
other postemployment benefits trust fund.

MT. LEBANON, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

YEAR ENDED DECEMBER 31, 2018

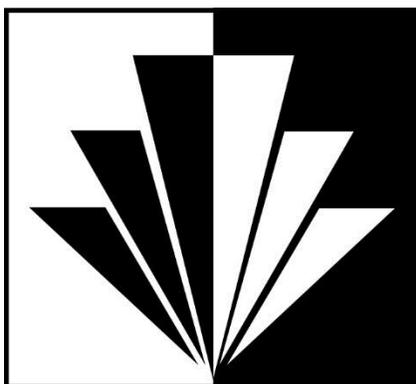
Actuarial Methods and Assumptions

The methods and assumptions used to determine contribution rates are as follows:

- Actuarial valuation date – January 1, 2017;
- Actuarial cost method – Entry Age Normal Cost;
- Actuarial value of assets – Market Value;
- Amortization method – Level Dollar Open;
- Amortization period – 30 years;
- Interest rate – 7.25%;
- Retirement Age – Police, upon attainment of age 51 and 25 years of service; Firemen, upon attainment of age 53 and 25 years of service; General and Public Works, upon attainment of age 60 and 25 years of service;
- Mortality – RP-2014 Combined Healthy;
- Salary increase – An assumed 5.5% increase in basic wages was used in the actuarial assumptions for Police medical benefits because the benefit is a function of base rates as outlined above;
- Inflation: 2.75%.

Changes in Actuarial Assumptions

The interest rate was decreased from 7.5% to 7.25% in the January 1, 2017 actuarial valuation. In addition, mortality rates were updated.



COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

General Fund:

The General Fund accounts for all transactions of the Municipality which are not properly accounted for in other funds. The General Fund is used to account for the ordinary operations of the Municipality which are financed from taxes and other general revenues.

Sewage Fund:

The Sewage Fund is used to account for sewer service charges assessed to properties in the Municipality. By agreement, Jordan Tax Service provides billing and collection service. All funds generated by the Municipality, net of sewer treatment charges, must be used for sanitary sewer maintenance and reconstruction.

Capital Projects Fund:

The Capital Projects Funds account for the acquisition, construction, or improvement of capital facilities or infrastructure by the Municipality.

MT. LEBANON, PENNSYLVANIA

GENERAL FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018, 2017, AND 2016

Assets	2018	2017	2016
Cash and other money market instruments	\$ 9,479,490	\$ 7,052,581	\$ 6,871,981
Receivables:			
Taxes	3,758,329	3,727,624	3,588,733
Assessments	13,405	15,203	29,635
Accounts	675,702	633,383	675,515
Due from other funds	1,435,107	1,499,963	529,388
Due from other governments	412,492	344,865	322,147
Other assets	727,810	371,430	343,329
Total Assets	\$ 16,502,335	\$ 13,645,049	\$ 12,360,728
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$ 1,313,717	\$ 415,290	\$ 550,240
Advance deposits	552,367	668,758	437,434
Due to other funds	2,768,472	978,491	748,708
Accrued payroll and deductions payable	1,081,038	918,105	894,406
Total Liabilities	5,715,594	2,980,644	2,630,788
Deferred Inflows of Resources:			
Unavailable revenue	3,125,286	3,262,077	3,059,155
Fund Balance:			
Nonspendable:			
Prepaid items and inventory	727,810	371,430	343,329
Assigned for:			
Capital projects	152,567	101,873	55,928
Subsequent years budget	1,405,870	1,132,960	998,620
Future benefit obligations	65,000	65,000	68,550
Unassigned	5,310,208	5,731,065	5,204,358
Total Fund Balance	7,661,455	7,402,328	6,670,785
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 16,502,335	\$ 13,645,049	\$ 12,360,728

MT. LEBANON, PENNSYLVANIA

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2018
(Comparative Actual for Years Ended December 31, 2017 and 2016)

	2018	2017	2016
Revenues:			
<u>Taxes:</u>			
Real estate	\$ 12,889,134	\$ 12,824,898	\$ 12,362,890
Earned income	12,330,334	12,036,410	11,677,730
Other	3,300,552	3,186,782	3,154,416
Total taxes	28,520,020	28,048,090	27,195,036
Licenses, permits, and fees	1,443,968	1,314,189	1,187,338
Fines, forfeitures, and penalties	101,794	122,006	137,051
Investment earnings	102,097	47,687	17,217
Intergovernmental	1,252,083	1,194,704	1,125,282
Recreation	2,867,680	2,591,989	3,005,162
Other	2,174,164	2,233,610	2,295,286
Total revenues	36,461,806	35,552,275	34,962,372
Expenditures:			
<u>Current:</u>			
General government	4,666,971	4,460,223	4,612,161
Community development	755,871	749,228	812,433
Public works	7,822,003	7,325,879	7,516,809
Human services	404,622	397,291	392,215
Culture and recreation	2,959,763	2,704,130	2,849,603
Public safety:			
Police	9,525,675	9,171,497	8,922,309
Fire	3,220,552	3,276,014	3,329,331
Other	1,002,111	898,368	880,789
Capital outlay	527,671	479,973	219,232
Total expenditures	30,885,239	29,462,603	29,534,882
Excess of Revenues over Expenditures	5,576,567	6,089,672	5,427,490
Other Financing Sources (Uses):			
<u>Transfers in:</u>			
Storm Water Fund	16,942	409,029	396,378
Parking Fund	166,300	162,151	159,612
Sewage Fund	588,113	448,758	512,039
Total transfers in	771,355	1,019,938	1,068,029
<u>Transfers out:</u>			
Library Operating Fund	(1,342,130)	(1,269,210)	(1,238,250)
Debt Service Fund	(2,891,452)	(2,891,019)	(1,723,317)
Capital Projects Fund	(1,855,213)	(2,217,838)	(2,543,591)
Total transfers out	(6,088,795)	(6,378,067)	(5,505,158)
Total other financing sources (uses)	(5,317,440)	(5,358,129)	(4,437,129)
Net Change in Fund Balance	259,127	731,543	990,361
Fund Balance:			
Beginning of year	7,402,328	6,670,785	5,680,424
End of year	\$ 7,661,455	\$ 7,402,328	\$ 6,670,785

MT. LEBANON, PENNSYLVANIA

DETAILED SCHEDULE OF GENERAL FUND REVENUES BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018

	Final Budget	Actual	Variance
Real Estate Taxes:			
Current year taxes	\$ 12,535,360	\$ 12,582,423	\$ 47,063
Prior years' taxes and penalties	304,000	306,711	2,711
Total real estate taxes	<u>12,839,360</u>	<u>12,889,134</u>	<u>49,774</u>
Earned Income Taxes			
	<u>12,268,500</u>	<u>12,330,334</u>	<u>61,834</u>
Other Taxes:			
Local Services tax	450,000	439,417	(10,583)
Real estate transfer taxes	1,650,000	1,843,974	193,974
Utility taxes	32,500	28,645	(3,855)
County sales tax	950,000	988,516	38,516
Total other taxes	<u>3,082,500</u>	<u>3,300,552</u>	<u>218,052</u>
Total taxes	<u>28,190,360</u>	<u>28,520,020</u>	<u>329,660</u>
Licenses, Permits, and Fees:			
Public works permits	60,000	98,490	38,490
Building permits	130,000	330,849	200,849
Other permits, licenses, and fees	188,580	233,689	45,109
Cable TV franchise fees	816,250	772,690	(43,560)
Liquor license fees	8,250	8,250	-
Total licenses, permits, and fees	<u>1,203,080</u>	<u>1,443,968</u>	<u>240,888</u>
Fines, Forfeitures, and Penalties:			
Motor vehicle code violations	140,000	96,943	(43,057)
Ordinance violation fines	3,000	1,786	(1,214)
Animal fines and kennel charges	1,500	2,975	1,475
Alarm system fines	100	90	(10)
Total fines, forfeitures, and penalties	<u>144,600</u>	<u>101,794</u>	<u>(42,806)</u>
Investment earnings			
	<u>28,000</u>	<u>102,097</u>	<u>74,097</u>
Intergovernmental			
	<u>1,233,310</u>	<u>1,252,083</u>	<u>18,773</u>
Recreation:			
Recreation center	1,863,750	1,762,009	(101,741)
Golf course	432,460	358,934	(73,526)
Tennis center	232,000	218,047	(13,953)
Seasonal programs	593,940	528,690	(65,250)
Total recreation	<u>3,122,150</u>	<u>2,867,680</u>	<u>(254,470)</u>
Other:			
Joint programs	687,930	680,530	(7,400)
Mt. Lebanon magazine	536,500	461,539	(74,961)
Other	868,670	1,030,552	161,882
Assessments	-	1,543	1,543
Total other	<u>2,093,100</u>	<u>2,174,164</u>	<u>81,064</u>
Total revenues	<u>\$ 36,014,600</u>	<u>\$ 36,461,806</u>	<u>\$ 447,206</u>

MT. LEBANON, PENNSYLVANIA

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY PROGRAM BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018

	Final Budget	Actual	Variance
General Government:			
General management	\$ 606,220	\$ 598,831	\$ 7,389
Public information	878,440	832,450	45,990
Legal services	376,940	347,125	29,815
Financial management	447,010	438,560	8,450
Treasury management	39,460	40,961	(1,501)
Real estate tax collection	124,860	117,799	7,061
Earned income tax collection	223,640	226,719	(3,079)
Other tax collection	8,100	8,887	(787)
Insurance	339,780	332,632	7,148
Information services	670,990	604,292	66,698
Office services	136,230	130,614	5,616
Fringe benefits unallocated	1,134,900	988,101	146,799
Total general government	<u>4,986,570</u>	<u>4,666,971</u>	<u>319,599</u>
Community Development:			
Economic development	181,560	168,697	12,863
Planning	123,750	113,730	10,020
Engineering	32,700	31,814	886
Inspection	350,140	346,928	3,212
Civic activity	102,570	94,702	7,868
Total community development	<u>790,720</u>	<u>755,871</u>	<u>34,849</u>
Public Works:			
Administration	490,440	479,934	10,506
Transportation:			
Street maintenance	508,170	508,472	(302)
Curb maintenance	128,760	127,799	961
Pedestrian routes	228,470	192,313	36,157
Ice and snow control	420,150	371,785	48,365
Traffic planning and signals	222,320	165,772	56,548
Traffic signs and painting	151,080	120,724	30,356
Street lighting	13,040	14,131	(1,091)
Total transportation	<u>1,671,990</u>	<u>1,500,996</u>	<u>170,994</u>
Sanitation:			
Sanitary sewer maintenance	475,210	588,113	(112,903)
Storm sewer maintenance	284,660	295,939	(11,279)
Refuse collection	2,181,240	2,062,912	118,328
Street sweeping	390,050	407,867	(17,817)
Total sanitation	<u>3,331,160</u>	<u>3,354,831</u>	<u>(23,671)</u>
Buildings, grounds, and equipment:			
Public safety building	339,890	335,294	4,596
Municipal building maintenance	253,330	259,579	(6,249)
Public works building maintenance	76,790	83,052	(6,262)
Library building maintenance	207,950	218,430	(10,480)
Parks maintenance	598,400	433,689	164,711
Planting areas	44,500	35,288	9,212
Forestry	594,680	584,858	9,822
Equipment maintenance	543,830	536,052	7,778
Total buildings, grounds, and equipment	<u>2,659,370</u>	<u>2,486,242</u>	<u>173,128</u>
Total public works	<u>8,152,960</u>	<u>7,822,003</u>	<u>330,957</u>

(Continued)

MT. LEBANON, PENNSYLVANIA

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY PROGRAM BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018
(Continued)

	Final Budget	Actual	Variance
Human Services:			
Outreach program	104,040	104,040	-
Medical Rescue Team South	278,370	278,371	(1)
Community organizations	26,500	22,211	4,289
Total human services	<u>408,910</u>	<u>404,622</u>	<u>4,288</u>
Culture and Recreation:			
Recreation management	325,150	323,340	1,810
Recreation center	1,649,330	1,664,268	(14,938)
Golf course	431,460	380,983	50,477
Tennis center	207,340	194,841	12,499
Seasonal programs	465,310	396,331	68,979
Total culture and recreation	<u>3,078,590</u>	<u>2,959,763</u>	<u>118,827</u>
Public Safety:			
Police:			
Administration	772,500	806,082	(33,582)
Field service	6,470,920	6,392,869	78,051
Support service	315,330	305,979	9,351
Investigations	963,790	914,166	49,624
Traffic safety	684,070	710,454	(26,384)
Crime prevention	405,160	396,125	9,035
Total police	<u>9,611,770</u>	<u>9,525,675</u>	<u>86,095</u>
Fire	<u>3,311,790</u>	<u>3,220,552</u>	<u>91,238</u>
Other:			
Emergency management	27,410	21,704	5,706
Crossing guards	570,640	542,388	28,252
Animal control	464,060	438,019	26,041
Total other	<u>1,062,110</u>	<u>1,002,111</u>	<u>59,999</u>
Total public safety	<u>13,985,670</u>	<u>13,748,338</u>	<u>237,332</u>
Capital Outlay:			
Equipment	305,150	295,993	9,157
Buildings & other improvements	709,450	231,678	477,772
Total capital outlay	<u>1,014,600</u>	<u>527,671</u>	<u>486,929</u>
Total expenditures by program	<u>\$ 32,418,020</u>	<u>\$ 30,885,239</u>	<u>\$ 1,532,781</u>

(Concluded)

MT. LEBANON, PENNSYLVANIA

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY OBJECT BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018

	Final Budget	Actual	Variance
Personnel Costs:			
Regular salaries and wages	\$ 11,090,790	\$ 10,867,466	\$ 223,324
Overtime wages	1,129,880	1,344,705	(214,825)
Part-time and temporary wages	1,515,100	1,399,406	115,694
Retainers and special salaries	27,400	27,260	140
Fringe benefits	7,279,850	6,900,311	379,539
Total personnel costs	21,043,020	20,539,148	503,872
Contractual Services:			
Special appropriations	841,880	814,713	27,167
Professional and consulting services	1,261,130	1,352,067	(90,937)
Training and conferences	111,960	81,814	30,146
Memberships	31,200	26,430	4,770
Insurance	339,780	332,632	7,148
Utilities and telephone	942,860	917,558	25,302
Repairs and maintenance	128,900	185,553	(56,653)
Printing and photography	161,150	140,830	20,320
Postage	89,100	66,660	22,440
Rentals	127,580	123,277	4,303
Contractual service	3,749,840	3,572,883	176,957
Other contractual services	664,400	497,984	166,416
Total contractual services	8,449,780	8,112,401	337,379
Commodities:			
Office supplies	35,000	27,328	7,672
Books and periodicals	10,200	9,712	488
Equipment	1,031,850	939,608	92,242
Maintenance supplies	493,960	406,711	87,249
Construction supplies	53,500	44,533	8,967
Supplies for resale and recreation supplies	88,280	78,252	10,028
Botanical supplies	25,800	21,834	3,966
Fuels and lubricants	172,030	178,041	(6,011)
Total commodities	1,910,620	1,706,019	204,601
Capital Budget	1,014,600	527,671	486,929
Total expenditures by object	\$ 32,418,020	\$ 30,885,239	\$ 1,532,781

MT. LEBANON, PENNSYLVANIA

SEWAGE FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018, 2017, AND 2016

	2018	2017	2016
<hr/> Assets <hr/>			
Cash and other money market instruments	\$ 11,433,956	\$ 9,981,139	\$ 7,698,130
Assessments receivable	1,038,834	1,087,966	964,240
Total Assets	<u>\$ 12,472,790</u>	<u>\$ 11,069,105</u>	<u>\$ 8,662,370</u>
<hr/> Liabilities, Deferred Inflows of Resources, and Fund Balance <hr/>			
Liabilities:			
Accounts payable	\$ 1,531,863	\$ 1,614,044	\$ 1,360,295
Due to other funds	1,097,397	702,952	212,071
Total Liabilities	<u>2,629,260</u>	<u>2,316,996</u>	<u>1,572,366</u>
Deferred Inflows of Resources:			
Unavailable revenue	268,441	297,737	290,710
Fund Balance:			
Restricted for capital projects	9,575,089	8,454,372	6,799,294
Total Fund Balance	<u>9,575,089</u>	<u>8,454,372</u>	<u>6,799,294</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 12,472,790</u>	<u>\$ 11,069,105</u>	<u>\$ 8,662,370</u>

MT. LEBANON, PENNSYLVANIA

SEWAGE FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018
(Comparative Actual for Years Ended December 31, 2017 and 2016)

	2018		2017	2016
	Final Budget	Actual		
Revenues:				
Licenses, permits, and fees	\$ 11,300,000	\$ 9,188,878	\$ 8,883,513	\$ 8,631,289
Fines, forfeitures, and penalties	17,000	18,841	19,001	18,313
Investment earnings	30,000	144,944	53,055	10,447
Other	31,500	34,589	31,500	31,725
Total revenues	11,378,500	9,387,252	8,987,069	8,691,774
Expenditures:				
General government	129,000	133,095	124,450	248,379
Public works	7,180,000	6,155,425	5,884,169	5,196,103
Total expenditures	7,309,000	6,288,520	6,008,619	5,444,482
Excess of Revenues over Expenditures	4,069,500	3,098,732	2,978,450	3,247,292
Other Financing Sources (Uses):				
Transfers out:				
Debt Service Fund	(150,290)	(150,262)	(149,966)	(55,761)
General Fund	(476,290)	(588,113)	(448,758)	(512,039)
Capital Projects Fund	(3,850,000)	(1,239,640)	(724,648)	(735,932)
Total other financing sources (uses)	(4,476,580)	(1,978,015)	(1,323,372)	(1,303,732)
Net Change in Fund Balance	\$ (407,080)	1,120,717	1,655,078	1,943,560
Fund Balance:				
Beginning of year		8,454,372	6,799,294	4,855,734
End of year		\$ 9,575,089	\$ 8,454,372	\$ 6,799,294

MT. LEBANON, PENNSYLVANIA

CAPITAL PROJECTS FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018, 2017, AND 2016

	2018	2017	2016
Assets			
Cash and other money market investments	\$ 3,396,742	\$ 7,367,015	\$ 621,485
Receivables - accounts	117,909	175,319	109,200
Due from other funds	2,717,859	978,491	748,708
Total Assets	\$ 6,232,510	\$ 8,520,825	\$ 1,479,393
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$ 1,450,523	\$ 380,980	\$ 290,591
Advance deposits	310,000	-	-
Total Liabilities	1,760,523	380,980	290,591
Deferred Inflows of Resources:			
Unavailable revenue	61,600	70,400	79,200
Fund Balance:			
Restricted	2,615,279	7,001,454	82,813
Assigned	1,795,108	1,067,991	1,026,789
Total Fund Balance	4,410,387	8,069,445	1,109,602
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 6,232,510	\$ 8,520,825	\$ 1,479,393

MT. LEBANON, PENNSYLVANIA

CAPITAL PROJECTS FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018
(Comparative Actual for Years Ended December 31, 2017 and 2016)

	2018		2017	2016
	Final Budget	Actual		
Revenues:				
Investment earnings	\$ -	\$ 96,780	\$ 64,053	\$ 1,613
Intergovernmental	1,145,800	84,622	-	10,221
Other	110,000	64,202	68,800	147,870
Total revenues	1,255,800	245,604	132,853	159,704
Expenditures:				
Debt service	-	-	52,287	-
Capital outlay	16,176,930	8,757,580	5,808,206	5,250,684
Total expenditures	16,176,930	8,757,580	5,860,493	5,250,684
Deficiency of Revenues over Expenditures	(14,921,130)	(8,511,976)	(5,727,640)	(5,090,980)
Other Financing Sources:				
Transfers in:				
General Fund	2,381,230	1,855,213	2,217,838	2,543,591
Storm Water Fund	869,180	1,232,144	937,902	1,283,699
Sewage Fund	3,850,000	1,239,640	724,648	735,932
Net transfers	7,100,410	4,326,997	3,880,388	4,563,222
Refunds of prior year expenditures	-	525,921	-	-
Issuance of debt	-	-	8,800,000	-
Bond issue premium	-	-	7,095	-
Total other financing sources	7,100,410	4,852,918	12,687,483	4,563,222
Net Change in Fund Balance	\$ (7,820,720)	(3,659,058)	6,959,843	(527,758)
Fund Balance:				
Beginning of year		8,069,445	1,109,602	1,637,360
End of year		\$ 4,410,387	\$ 8,069,445	\$ 1,109,602

OTHER GOVERNMENTAL FUNDS

Special Revenue:

The *State Highway Aid Fund* is used to account for state liquid fuels tax monies rebated to the Municipality. This special revenue fund is required by state law.

The *Storm Water Fund* is used to account for storm water fees assessed on properties in the Municipality, which may only be used for storm water system maintenance and improvements.

The Mt. Lebanon Public Library - *Library Operating Fund* reports ongoing operations of the Library.

The *Industrial Development Authority Fund* accounts for the operations of the IDA which was created to enhance and promote development, redevelopment and economic activities.

Debt Service:

The *Debt Service Fund* is used for the payment of principal and interest on general long-term obligations of the Municipality.

MT. LEBANON, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2018

Assets	Special Revenue Funds					Total
	State Highway Aid	Storm Water	Library Operating	Industrial Development Authority	Debt Service	
Cash and other money market instruments	\$ 186,934	\$ 124,251	\$ 752,545	\$ 14,537	\$ -	\$ 1,078,267
Receivables - assessments	-	255,869	-	-	-	255,869
Receivables - accounts	-	-	432	-	-	432
Total Assets	\$ 186,934	\$ 380,120	\$ 752,977	\$ 14,537	\$ -	\$ 1,334,568
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$ 126,913	\$ 20,656	\$ 41,164	\$ -	\$ -	\$ 188,733
Advance deposits	-	6,496	-	-	-	6,496
Due to other funds	-	196,481	141,229	-	-	337,710
Total Liabilities	126,913	223,633	182,393	-	-	532,939
Deferred Inflows of Resources:						
Unavailable revenue	-	156,487	-	-	-	156,487
Fund Balance:						
Restricted	60,021	-	380,847	14,537	-	455,405
Assigned	-	-	189,737	-	-	189,737
Total Fund Balance	60,021	-	570,584	14,537	-	645,142
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 186,934	\$ 380,120	\$ 752,977	\$ 14,537	\$ -	\$ 1,334,568

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds					Total
	State Highway Aid	Storm Water	Library Operating	Industrial Development Authority	Debt Service	
Revenues:						
Licenses, permits, and fees	\$ -	\$ 1,423,686	\$ -	\$ 3,750	\$ -	\$ 1,427,436
Fines, forfeitures, and penalties	-	-	65,924	-	-	65,924
Investment earnings	11,834	11,646	1,170	182	-	24,832
Intergovernmental	924,382	-	504,485	-	-	1,428,867
Other	-	-	270,221	-	-	270,221
Total revenues	936,216	1,435,332	841,800	3,932	-	3,217,280
Expenditures:						
Current:						
General government	-	54,574	-	-	-	54,574
Community development	-	-	-	3,715	-	3,715
Public works	1,079,146	-	-	-	-	1,079,146
Human services	-	-	2,045,184	-	-	2,045,184
Debt service:						
Principal	-	-	-	-	2,436,210	2,436,210
Interest	-	-	-	-	737,176	737,176
Total expenditures	1,079,146	54,574	2,045,184	3,715	3,173,386	6,356,005
Excess (Deficiency) of Revenues Over Expenditures	(142,930)	1,380,758	(1,203,384)	217	(3,173,386)	(3,138,725)
Other Financing Sources (Uses):						
Transfer in from General Fund	-	-	1,342,130	-	2,891,452	4,233,582
Transfer in from Sewage Fund	-	-	-	-	150,262	150,262
Transfer in from Storm Water Fund	-	-	-	-	131,672	131,672
Transfer out to Capital Projects Fund	-	(1,232,144)	-	-	-	(1,232,144)
Transfer out to Debt Service Fund	-	(131,672)	-	-	-	(131,672)
Transfer out to General Fund	-	(16,942)	-	-	-	(16,942)
Total other financing sources (uses)	-	(1,380,758)	1,342,130	-	3,173,386	3,134,758
Net Change in Fund Balance	(142,930)	-	138,746	217	-	(3,967)
Fund Balance:						
Beginning of year	202,951	-	431,838	14,320	-	649,109
End of year	\$ 60,021	\$ -	\$ 570,584	\$ 14,537	\$ -	\$ 645,142

MT. LEBANON, PENNSYLVANIA

STATE HIGHWAY AID FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018, 2017, AND 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets			
Cash and other money market instruments	<u>\$ 186,934</u>	<u>\$ 275,305</u>	<u>\$ 71,644</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 126,913	\$ -	\$ 71,579
Due to other funds	-	72,354	-
Total Liabilities	<u>126,913</u>	<u>72,354</u>	<u>71,579</u>
Fund Balance - Restricted	<u>60,021</u>	<u>202,951</u>	<u>65</u>
Total Liabilities and Fund Balance	<u>\$ 186,934</u>	<u>\$ 275,305</u>	<u>\$ 71,644</u>

MT. LEBANON, PENNSYLVANIA

STATE HIGHWAY AID FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018
(Comparative Actual for Years Ended December 31, 2017 and 2016)

	2018		2017	2016
	Final Budget	Actual		
Revenues:				
Investment earnings	\$ 5,000	\$ 11,834	\$ 4,463	\$ 2,070
Intergovernmental - state allocation	910,000	924,382	881,538	842,358
Total revenues	915,000	936,216	886,001	844,428
Expenditures:				
Current - public works	947,900	1,079,146	683,115	844,428
Net Change in Fund Balance	\$ (32,900)	(142,930)	202,886	-
Fund Balance:				
Beginning of year		202,951	65	65
End of year		\$ 60,021	\$ 202,951	\$ 65

MT. LEBANON, PENNSYLVANIA

STORM WATER FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018, 2017, AND 2016

	2018	2017	2016
Assets			
Cash and other money market instruments	\$ 124,251	\$ 461,347	\$ 37,703
Receivables - assessments	255,869	170,946	219,529
Total Assets	\$ 380,120	\$ 632,293	\$ 257,232
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$ 20,656	\$ -	\$ 6,028
Advance deposits	6,496	-	-
Due to other funds	196,481	510,220	72,894
Total Liabilities	223,633	510,220	78,922
Deferred Inflows of Resources:			
Unavailable revenue	156,487	122,073	101,007
Fund Balance - Restricted	-	-	77,303
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 380,120	\$ 632,293	\$ 257,232

MT. LEBANON, PENNSYLVANIA

STORM WATER FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018
(Comparative Actual for Years Ended December 31, 2017 and 2016)

	2018		2017	2016
	Final Budget	Actual		
Revenues:				
Licenses, permits, and fees	\$ 1,450,000	\$ 1,423,686	\$ 1,437,259	\$ 1,517,684
Investment earnings	4,000	11,646	6,392	3,916
Total revenues	1,454,000	1,435,332	1,443,651	1,521,600
Expenditures:				
Current - general government	43,500	54,574	40,345	41,771
Excess of Revenues Over Expenditures	1,410,500	1,380,758	1,403,306	1,479,829
Other Financing Uses:				
Transfer out to Capital Projects Fund	(869,180)	(1,232,144)	(937,902)	(1,283,699)
Transfer out to Debt Service Fund	(131,680)	(131,672)	(133,678)	(130,578)
Transfer out to General Fund	(448,730)	(16,942)	(409,029)	(396,378)
Total other financing uses	(1,449,590)	(1,380,758)	(1,480,609)	(1,810,655)
Net Change in Fund Balance	\$ (39,090)	-	(77,303)	(330,826)
Fund Balance:				
Beginning of year		-	77,303	408,129
End of year		\$ -	\$ -	\$ 77,303

MT. LEBANON, PENNSYLVANIA

MT. LEBANON PUBLIC LIBRARY - LIBRARY OPERATING FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018, 2017, AND 2016

	2018	2017	2016
Assets			
Cash and money market instruments	\$ 752,545	\$ 627,871	\$ 489,771
Receivables - accounts	432	9	-
Total Assets	\$ 752,977	\$ 627,880	\$ 489,771
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 41,164	\$ 17,358	\$ 35,509
Due to other funds	141,229	178,684	182,674
Total Liabilities	182,393	196,042	218,183
Fund Balance:			
Restricted	380,847	276,572	196,344
Assigned	189,737	155,266	75,244
Total Fund Balance	570,584	431,838	271,588
Total Liabilities and Fund Balance	\$ 752,977	\$ 627,880	\$ 489,771

MT. LEBANON, PENNSYLVANIA

MT. LEBANON PUBLIC LIBRARY - LIBRARY OPERATING FUND COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

	2018	2017	2016
Revenues:			
Fines, forfeitures, and penalties	\$ 65,924	\$ 66,403	\$ 66,563
Investment earnings	1,170	932	788
Intergovernmental	504,485	498,762	491,868
Other	270,221	242,433	224,379
Total revenues	841,800	808,530	783,598
Expenditures:			
Current - human services:			
Salaries, payroll taxes, and benefits	1,455,778	1,377,740	1,427,933
Collection	430,732	393,255	408,778
General administration	158,674	146,495	146,825
Total expenditures	2,045,184	1,917,490	1,983,536
Deficiency of Revenues Over Expenditures	(1,203,384)	(1,108,960)	(1,199,938)
Other Financing Sources:			
Transfer in from General Fund	1,342,130	1,269,210	1,238,250
Net Change in Fund Balance	138,746	160,250	38,312
Fund Balance:			
Beginning of year	431,838	271,588	233,276
End of year	\$ 570,584	\$ 431,838	\$ 271,588

MT. LEBANON, PENNSYLVANIA

INDUSTRIAL DEVELOPMENT AUTHORITY FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018, 2017, AND 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets			
Cash and other money market instruments	\$ 14,537	\$ 14,320	\$ 14,272
Total Assets	\$ 14,537	\$ 14,320	\$ 14,272
Liabilities and Fund Balance			
Liabilities:			
Due to other funds	\$ -	\$ -	\$ -
Fund Balance - Restricted	14,537	14,320	14,272
Total Liabilities and Fund Balance	\$ 14,537	\$ 14,320	\$ 14,272

MT. LEBANON, PENNSYLVANIA

INDUSTRIAL DEVELOPMENT AUTHORITY FUND COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:			
Licenses, permits, and fees	\$ 3,750	\$ 3,750	\$ 3,750
Investment earnings	<u>182</u>	<u>97</u>	<u>48</u>
Total revenues	<u>3,932</u>	<u>3,847</u>	<u>3,798</u>
Expenditures:			
Current - community development	<u>3,715</u>	<u>3,799</u>	<u>4,258</u>
Total expenditures	<u>3,715</u>	<u>3,799</u>	<u>4,258</u>
Net Change in Fund Balance	217	48	(460)
Fund Balance:			
Beginning of year	<u>14,320</u>	<u>14,272</u>	<u>14,732</u>
End of year	<u><u>\$ 14,537</u></u>	<u><u>\$ 14,320</u></u>	<u><u>\$ 14,272</u></u>

MT. LEBANON, PENNSYLVANIA

DEBT SERVICE FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2018, 2017, AND 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<hr/> Assets <hr/>			
Cash and other money market instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<hr/> Liabilities and Fund Balance <hr/>			
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

MT. LEBANON, PENNSYLVANIA

DEBT SERVICE FUND COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

	2018	2017	2016
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Debt service:			
Principal	2,436,210	2,527,468	1,415,516
Interest	737,176	647,195	466,848
Bond issuance cost	-	-	43,719
	3,173,386	3,174,663	1,926,083
Deficiency of Revenues Over Expenditures	(3,173,386)	(3,174,663)	(1,926,083)
Other Financing Sources (Uses):			
Transfers in from General Fund	2,891,452	2,891,019	1,723,317
Transfers in from Sewage Fund	150,262	149,966	55,761
Transfers in from Storm Water Fund	131,672	133,678	130,578
Issuance of refunding bonds	-	-	4,355,000
Bond issue premium	-	-	140,754
Payments to refunded bond escrow agent	-	-	(4,479,327)
	3,173,386	3,174,663	1,926,083
Net Change in Fund Balance	-	-	-
Fund Balance:			
Beginning of year	-	-	-
End of year	\$ -	\$ -	\$ -

PARKING FUND

The *Parking Fund* is used to account for the operations of the Municipality's parking facilities.

MT. LEBANON, PENNSYLVANIA

PARKING FUND

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BY FACILITY

YEAR ENDED DECEMBER 31, 2018

	North Garage	South Garage	Meter	Lot	Properties	General	Total
Operating Revenues:							
Vehicle space rental	\$ 493,412	\$ 507,985	\$ -	\$ 202,656	\$ -	\$ -	\$ 1,204,053
Meter collections	-	-	335,157	210,212	-	-	545,369
Fine collections	-	-	197,450	-	-	-	197,450
Rental	119,508	-	-	-	8,000	-	127,508
Other	(36)	-	6,020	-	-	389	6,373
Total operating revenues	612,884	507,985	538,627	412,868	8,000	389	2,080,753
Operating Expenses:							
Personnel	177,837	168,017	139,232	112,123	5,044	105,637	707,890
Contracted services	98,394	61,486	83,905	42,237	-	47,046	333,068
Utilities	22,086	18,824	899	6,556	(76)	-	48,289
Materials and supplies	35,561	16,427	16,089	4,383	273	2,948	75,681
Depreciation	223,589	174,500	43,649	44,784	-	5,759	492,281
Total operating expenses	557,467	439,254	283,774	210,083	5,241	161,390	1,657,209
Operating Income (Loss)	55,417	68,731	254,853	202,785	2,759	(161,001)	423,544
Nonoperating Revenues (Expenses):							
Interest income	-	-	-	-	-	9,047	9,047
Interest expense	-	-	-	-	-	(34,432)	(34,432)
Total nonoperating revenues (expenses)	-	-	-	-	-	(25,385)	(25,385)
Income (loss) before transfers	55,417	68,731	254,853	202,785	2,759	(186,386)	398,159
Transfers out	-	-	(85,000)	-	-	(81,300)	(166,300)
Change in Net Position	\$ 55,417	\$ 68,731	\$ 169,853	\$ 202,785	\$ 2,759	\$ (267,686)	\$ 231,859

FIDUCIARY FUNDS

The *Pension Trust Fund* accounts for assets held by the Municipality in a trustee capacity for the future payment of retirement benefits to employees.

The *Other Postemployment Benefits (OPEB) Trust Fund* accounts for assets held by the Municipality in a trustee capacity for the future payment of postemployment benefits other than retirement benefits.

MT. LEBANON, PENNSYLVANIA

COMBINING STATEMENT OF PLAN NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

DECEMBER 31, 2018

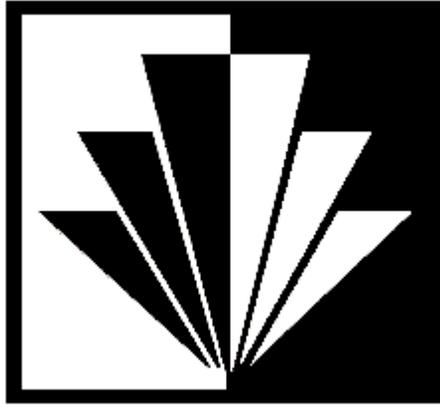
	Pension Trust Funds				Other Postemployment Benefits	Total Trust Funds
	General Employees	Police	Firemen	Total Pension		
Assets						
Accrued income receivable	\$ 794	\$ 1,429	\$ 491	\$ 2,714	\$ 8	\$ 2,722
Investments (at fair value):						
Equity funds	15,785,216	31,789,097	9,784,355	57,358,668	1,099,303	58,457,971
Fixed income funds	7,985,641	16,073,914	4,992,548	29,052,103	558,020	29,610,123
Real estate investment trust	898,174	1,796,347	628,720	3,323,241	6,817	3,330,058
Short-term funds	556,571	1,129,531	363,742	2,049,844	-	2,049,844
Total Assets	25,226,396	50,790,318	15,769,856	91,786,570	1,664,148	93,450,718
Liabilities						
Accounts payable	7,140	15,091	4,465	26,696	149,442	176,138
Net Position						
Restricted for pensions	25,219,256	50,775,227	15,765,391	91,759,874	-	91,759,874
Restricted for OPEB benefits	-	-	-	-	1,514,706	1,514,706
Total Net Position	\$ 25,219,256	\$ 50,775,227	\$ 15,765,391	\$ 91,759,874	\$ 1,514,706	\$ 93,274,580

MT. LEBANON, PENNSYLVANIA

COMBING STATEMENT OF CHANGES IN PLAN NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

YEAR ENDED DECEMBER 31, 2018

	Pension Trust Funds				Other Postemployment Benefits	Total Trust Funds
	General Employees	Police	Firemen	Total Pension		
Additions:						
Contributions:						
Employer, including state aid	\$ 424,715	\$ 2,353,133	\$ 230,060	\$ 3,007,908	\$ 201,692	\$ 3,209,600
Employee	233,311	232,434	89,058	554,803	-	554,803
Total contributions	658,026	2,585,567	319,118	3,562,711	201,692	3,764,403
Investment loss:						
Net depreciation in fair value of investments	(1,839,788)	(3,719,523)	(1,126,699)	(6,686,010)	(136,891)	(6,822,901)
Interest and dividends	385,014	780,590	242,555	1,408,159	25,263	1,433,422
Total investment loss	(1,454,774)	(2,938,933)	(884,144)	(5,277,851)	(111,628)	(5,389,479)
Less investment expense	35,922	72,610	22,564	131,096	2,349	133,445
Net investment loss	(1,490,696)	(3,011,543)	(906,708)	(5,408,947)	(113,977)	(5,522,924)
Total additions	(832,670)	(425,976)	(587,590)	(1,846,236)	87,715	(1,758,521)
Deductions:						
Benefits	1,182,357	2,657,376	792,299	4,632,032	148,546	4,780,578
Administrative expense	11,143	15,577	7,347	34,067	2,010	36,077
Total deductions	1,193,500	2,672,953	799,646	4,666,099	150,556	4,816,655
Change in Plan Net Position	(2,026,170)	(3,098,929)	(1,387,236)	(6,512,335)	(62,841)	(6,575,176)
Net Position:						
Beginning of year	27,245,426	53,874,156	17,152,627	98,272,209	1,577,547	99,849,756
End of year	<u>\$ 25,219,256</u>	<u>\$ 50,775,227</u>	<u>\$ 15,765,391</u>	<u>\$ 91,759,874</u>	<u>\$ 1,514,706</u>	<u>\$ 93,274,580</u>



CAPITAL
ASSETS

MT. LEBANON, PENNSYLVANIA

COMPARATIVE STATEMENT OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE

DECEMBER 31, 2018, 2017, AND 2016

	2018	2017	2016
Capital Assets:			
Land	\$ 7,266,047	\$ 7,266,047	\$ 7,266,047
Construction in progress	4,391,873	391,555	187,508
Buildings and improvements other than buildings	44,346,942	44,180,792	41,840,138
Infrastructure	96,448,479	92,762,853	89,704,601
Library book collection	2,683,691	2,670,634	2,740,979
Equipment	17,397,477	16,214,753	15,991,470
	\$ 172,534,509	\$ 163,486,634	\$ 157,730,743
Investments in Capital Assets By Source:			
Governmental funds	\$ 114,818,785	\$ 110,404,410	\$ 106,984,525
General Obligation Bonds	53,697,211	49,163,969	46,827,963
Gifts, grants, and other resources	4,018,513	3,918,255	3,918,255
	\$ 172,534,509	\$ 163,486,634	\$ 157,730,743

MT. LEBANON, PENNSYLVANIA

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE

YEAR ENDED DECEMBER 31, 2018

	Land	Construction in Progress	Buildings and Improvements Other Than Buildings	Infrastructure	Library Book Collection	Equipment	Total
Capital Assets, Beginning of Year	\$ 7,266,047	\$ 391,555	\$ 44,180,792	\$ 92,762,853	\$ 2,670,634	\$ 16,214,753	\$ 163,486,634
Expenditures from:							
General Fund	-	-	75,575	-	-	1,182,720	1,258,295
General Obligation Bonds	-	3,927,955	-	-	-	605,287	4,533,242
Special Revenue and Capital Projects Funds	-	-	90,575	3,685,626	280,749	-	4,056,950
Gifts, Grants and Other Sources	-	100,258	-	-	-	-	100,258
Less capital asset disposals	-	(27,895)	-	-	(267,692)	(605,283)	(900,870)
Capital Assets, End of Year	<u>\$ 7,266,047</u>	<u>\$ 4,391,873</u>	<u>\$ 44,346,942</u>	<u>\$ 96,448,479</u>	<u>\$ 2,683,691</u>	<u>\$ 17,397,477</u>	<u>\$ 172,534,509</u>

MT. LEBANON, PENNSYLVANIA

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

DECEMBER 31, 2018

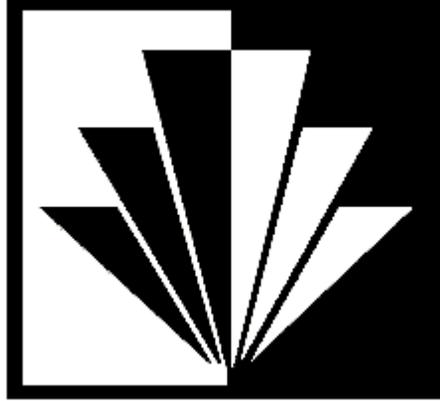
	Land	Construction in Progress	Buildings and Improvements other than Buildings	Infrastructure	Library Book Collection	Equipment	Total
Administration:							
General	\$ 94,563	\$ -	\$ 8,692,675	\$ -	\$ -	\$ 780,673	\$ 9,567,911
Parks and Recreation:							
Facilities	6,687,739	-	18,298,837	-	-	-	24,986,576
Vehicles and special purpose equipment	-	-	-	-	-	850,147	850,147
Total parks and recreation	6,687,739	-	18,298,837	-	-	850,147	25,836,723
Public Works:							
General	48,750	4,291,615	2,733,316	-	-	1,712,560	8,786,241
Infrastructure	-	-	-	96,448,479	-	-	96,448,479
Traffic installations	-	100,258	-	-	-	3,640,396	3,740,654
Vehicles and special purpose equipment	-	-	-	-	-	4,002,196	4,002,196
Total public works	48,750	4,391,873	2,733,316	96,448,479	-	9,355,152	112,977,570
Fire Department:							
General	-	-	-	-	-	711,771	711,771
Communications	-	-	-	-	-	199,626	199,626
Vehicles and apparatus	-	-	-	-	-	3,222,769	3,222,769
Total fire department	-	-	-	-	-	4,134,166	4,134,166
Police Department:							
General	-	-	-	-	-	420,720	420,720
Communications	-	-	-	-	-	239,756	239,756
Vehicles	-	-	-	-	-	1,431,422	1,431,422
Total police department	-	-	-	-	-	2,091,898	2,091,898
Public Safety:							
General	370,479	-	-	-	-	-	370,479
Facilities	-	-	9,916,976	-	-	-	9,916,976
Total public safety	370,479	-	9,916,976	-	-	-	10,287,455
Public Library:							
General	64,516	-	4,705,138	-	2,683,691	185,441	7,638,786
Total capital assets	<u>\$ 7,266,047</u>	<u>\$ 4,391,873</u>	<u>\$ 44,346,942</u>	<u>\$ 96,448,479</u>	<u>\$ 2,683,691</u>	<u>\$ 17,397,477</u>	<u>\$ 172,534,509</u>

MT. LEBANON, PENNSYLVANIA

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

YEAR ENDED DECEMBER 31, 2018

	January 1, 2018	Additions	Disposals	Transfers/ Reclassifications	December 31, 2018
Administration:					
General	\$ 9,377,430	\$ 189,371	\$ -	\$ 1,110	\$ 9,567,911
Parks and Recreation:					
Facilities	24,986,576	-	-	-	24,986,576
Vehicles and special purpose equipment	666,906	183,241	-	-	850,147
Total parks and recreation	25,653,482	183,241	-	-	25,836,723
Public Works:					
General	4,810,606	4,003,530	(27,895)	-	8,786,241
Infrastructure	92,762,853	3,685,626	-	-	96,448,479
Traffic installations	3,640,396	100,258	-	-	3,740,654
Vehicles and special purpose equipment	3,713,197	440,368	(120,184)	(31,185)	4,002,196
Total public works	104,927,052	8,229,782	(148,079)	(31,185)	112,977,570
Fire Department:					
General	711,771	-	-	-	711,771
Communications	199,626	-	-	-	199,626
Vehicles and apparatus	2,977,806	605,287	(360,324)	-	3,222,769
Total fire department	3,889,203	605,287	(360,324)	-	4,134,166
Police Department:					
General	395,556	25,164	-	-	420,720
Communications	239,756	-	-	-	239,756
Vehicles	1,090,971	435,151	(124,775)	30,075	1,431,422
Total police department	1,726,283	460,315	(124,775)	30,075	2,091,898
Public Safety:					
General	370,479	-	-	-	370,479
Facilities	9,916,976	-	-	-	9,916,976
Total public safety	10,287,455	-	-	-	10,287,455
Public Library:					
General	7,625,729	280,749	(267,692)	-	7,638,786
Total capital assets	\$ 163,486,634	\$ 9,948,745	\$ (900,870)	\$ -	\$ 172,534,509



STATISTICAL

SECTION

Statistical Section

This section of the Mt. Lebanon Municipality's (Municipality) 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 municipality's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Municipality's financial performance and well-being have changed over time.	151
Revenue Capacity These schedules contain information to help the reader assess the Municipality's most significant local revenue sources, the property tax, and the earned income tax.	159
Debt Capacity These schedules present information to help the reader assess the affordability of the Municipality's current levels of outstanding debt and the Municipality's ability to issue additional debt in the future.	166
Demographic and Economic information These schedules offer economic and demographic indicators to help the reader understand the environment within which the Municipality's financial activities take place.	169
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Municipality's financial report relates to the services the Municipality provides and the activities it performs.	172

MT. LEBANON, PENNSYLVANIA

NET POSITION BY COMPONENT LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING

	<u>2018</u>	<u>2017 ⁽³⁾</u>	<u>2016</u>	<u>2015</u>
Governmental Activities:				
Net investment in capital assets	\$ 80,723,787	\$ 77,334,705	\$ 74,482,051	\$ 71,957,562
Restricted	10,026,812	8,967,508	6,940,867	5,139,679
Unrestricted	<u>3,479,951</u>	<u>4,452,226</u>	<u>5,569,888</u>	<u>6,514,149</u>
<i>Total Governmental Activities Net Position</i>	<u>\$ 94,230,550</u>	<u>\$ 90,754,439</u>	<u>\$ 86,992,806</u>	<u>\$ 83,611,390</u>
Business-type Activities ⁽¹⁾:				
Net investment in capital assets	\$ 7,344,896	\$ 7,061,560	\$ 6,340,964	\$ 5,413,745
Unrestricted	<u>865,809</u>	<u>917,286</u>	<u>1,218,662</u>	<u>1,891,797</u>
<i>Total Business-type Activities Net Position</i>	<u>\$ 8,210,705</u>	<u>\$ 7,978,846</u>	<u>\$ 7,559,626</u>	<u>\$ 7,305,542</u>
Primary Government:				
Net investment in capital assets	\$ 88,068,683	\$ 84,396,265	\$ 80,823,015	\$ 77,371,307
Restricted	10,026,812	8,967,508	6,940,867	5,139,679
Unrestricted	<u>4,345,760</u>	<u>5,369,512</u>	<u>6,788,550</u>	<u>8,405,946</u>
<i>Total Primary Government Net Position</i>	<u>\$ 102,441,255</u>	<u>\$ 98,733,285</u>	<u>\$ 94,552,432</u>	<u>\$ 90,916,932</u>

(1) The Parking Fund (the business-type activity) was established January 1, 2012 upon the consolidation of the Mt. Lebanon Parking Authority, a component unit of Mt. Lebanon.

(2) Governmental Activities net position restated for recognition of net pension liability and an adjustment for capital assets over depreciated in previous years.

(3) Governmental Activities net position restated for recognition of net other postemployment liability.

2014 ⁽²⁾	2013	2012	2011	2010	2009
\$ 66,597,935	\$ 56,344,296	\$ 51,419,042	\$ 45,610,982	\$ 43,486,228	\$ 40,420,398
4,886,309	5,557,751	5,137,242	3,706,697	1,886,214	2,416,783
7,893,497	9,910,428	9,524,959	9,768,583	9,260,315	10,192,922
<u>\$ 79,377,741</u>	<u>\$ 71,812,475</u>	<u>\$ 66,081,243</u>	<u>\$ 59,086,262</u>	<u>\$ 54,632,757</u>	<u>\$ 53,030,103</u>

\$ 4,953,686	\$ 4,647,536	\$ 4,414,824
1,975,476	1,763,124	2,125,128
<u>\$ 6,929,162</u>	<u>\$ 6,410,660</u>	<u>\$ 6,539,952</u>

\$ 71,551,621	\$ 60,991,832	\$ 55,833,866	\$ 45,610,982	\$ 43,486,228	\$ 40,420,398
4,886,309	5,557,751	5,137,242	3,706,697	1,886,214	2,416,783
9,868,973	11,673,552	11,650,087	9,768,583	9,260,315	10,192,922
<u>\$ 86,306,903</u>	<u>\$ 78,223,135</u>	<u>\$ 72,621,195</u>	<u>\$ 59,086,262</u>	<u>\$ 54,632,757</u>	<u>\$ 53,030,103</u>

MT. LEBANON, PENNSYLVANIA

CHANGES IN NET POSITION LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General government	\$ 1,394,665	\$ 1,523,785	\$ 1,575,830	\$ 1,461,429
Community development	482,238	367,164	224,375	195,858
Public works	10,940,692	10,566,251	10,221,004	9,921,004
Human services	81,887	80,284	80,179	84,711
Cultural and recreation	2,867,480	2,591,871	3,004,355	2,973,206
Public safety	1,195,842	1,246,112	1,322,757	1,168,198
Operating grants and contributions	3,366,768	3,166,698	3,060,795	2,940,458
Capital grants and contributions	93,422	60,000	237,291	152,630
<i>Total governmental activities program revenues</i>	<u>20,422,994</u>	<u>19,602,165</u>	<u>19,726,586</u>	<u>18,897,494</u>
Business-type Activities - Parking ⁽¹⁾	<u>2,080,753</u>	<u>2,041,315</u>	<u>2,026,701</u>	<u>2,009,582</u>
<i>Total primary government program revenues</i>	<u>\$ 22,503,747</u>	<u>\$ 21,643,480</u>	<u>\$ 21,753,287</u>	<u>\$ 20,907,076</u>
Expenses:				
Governmental Activities:				
General government	\$ 5,083,689	\$ 4,889,807	\$ 5,222,338	\$ 5,129,230
Community development	807,040	765,250	866,012	902,482
Public works	17,914,631	16,483,756	15,888,156	15,223,427
Human services	2,677,144	2,450,286	2,543,208	2,339,041
Cultural and recreation	3,270,388	3,509,202	3,674,132	3,616,982
Public safety	15,391,328	14,098,357	15,116,604	13,844,481
Interest on long-term debt	717,438	773,131	493,804	487,306
<i>Total governmental activities expenses</i>	<u>45,861,658</u>	<u>42,969,789</u>	<u>43,804,254</u>	<u>41,542,949</u>
Business-type Activities - Parking	<u>1,691,641</u>	<u>1,467,454</u>	<u>1,613,856</u>	<u>1,487,970</u>
<i>Total primary government expenses</i>	<u>\$ 47,553,299</u>	<u>\$ 44,437,243</u>	<u>\$ 45,418,110</u>	<u>\$ 43,030,919</u>
General Revenues and Other Changes in Net Position:				
Governmental Activities:				
Taxes:				
Real estate	\$ 12,868,406	\$ 12,856,418	\$ 12,344,588	\$ 12,064,474
Earned income	12,210,864	12,214,397	11,764,177	11,630,148
Other	3,300,552	3,186,782	3,154,416	2,999,496
Other - interest and transfer	534,953	338,830	195,903	184,986
<i>Total governmental activities</i>	<u>28,914,775</u>	<u>28,596,427</u>	<u>27,459,084</u>	<u>26,879,104</u>
Business-type Activities - Parking	<u>(157,253)</u>	<u>(154,641)</u>	<u>(158,761)</u>	<u>(145,232)</u>
<i>Total primary government</i>	<u>\$ 28,757,522</u>	<u>\$ 28,441,786</u>	<u>\$ 27,300,323</u>	<u>\$ 26,733,872</u>
Change in Net Position				
<i>Governmental Activities</i>	<u>\$ 3,476,111</u>	<u>\$ 5,228,803</u>	<u>\$ 3,381,416</u>	<u>\$ 4,233,649</u>
<i>Business-type Activities</i>	<u>231,859</u>	<u>419,220</u>	<u>254,084</u>	<u>376,380</u>
<i>Total primary government</i>	<u>\$ 3,707,970</u>	<u>\$ 5,648,023</u>	<u>\$ 3,635,500</u>	<u>\$ 4,610,029</u>

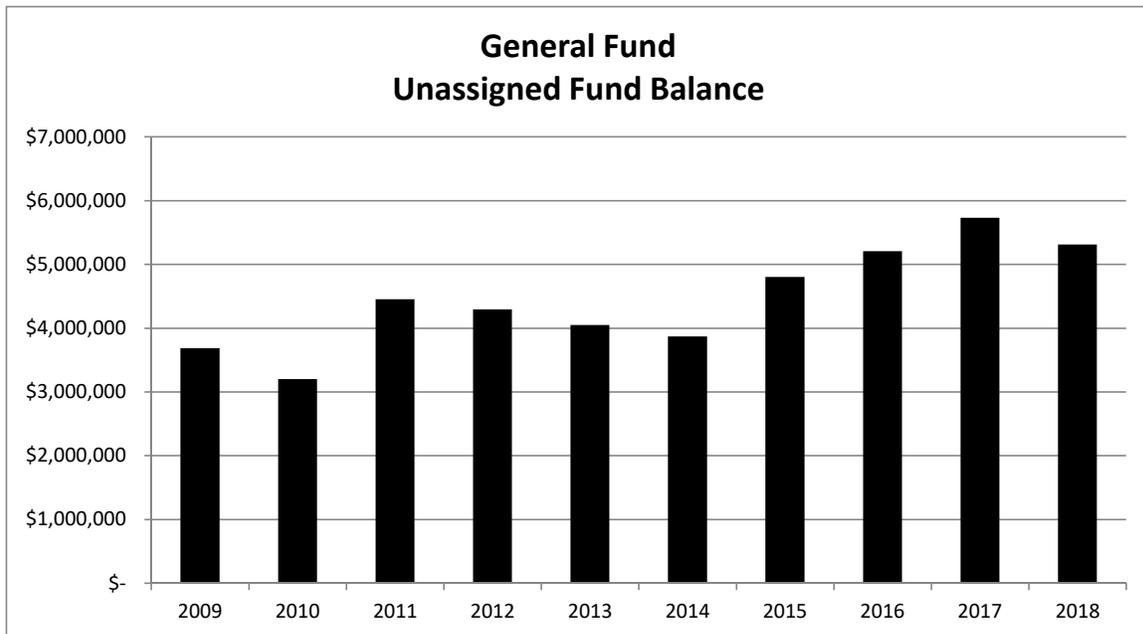
(1) The Parking Fund (the business-type activity) was established January 1, 2012 upon the consolidation of the Mt. Lebanon Parking Authority, a component unit of Mt. Lebanon. N/A=Not Applicable.

	2014	2013	2012	2011	2010	2009
\$	1,502,041	\$ 1,839,277	\$ 1,803,067	\$ 1,975,477	\$ 1,786,643	\$ 1,588,181
	239,577	161,723	907,386	322,617	207,081	190,474
	9,393,226	9,144,178	9,237,588	8,121,466	7,710,088	7,507,547
	77,849	99,676	87,739	87,622	87,967	87,888
	2,815,975	2,689,655	2,702,628	2,593,396	2,504,662	2,364,306
	748,128	797,843	762,864	911,304	758,209	791,624
	2,796,934	2,259,523	2,185,900	2,895,636	2,346,591	2,451,100
	459,955	618,683	524,105	466,102	10,623	189,898
	18,033,685	17,610,558	18,211,277	17,373,620	15,411,864	15,171,018
	2,027,837	2,012,002	2,068,078.00	N/A	N/A	N/A
\$	20,061,522	\$ 19,622,560	\$ 20,279,355	\$ 17,373,620	\$ 15,411,864	\$ 15,171,018
\$	5,028,178	\$ 4,639,338	\$ 4,162,671	\$ 4,366,065	\$ 4,363,644	\$ 4,346,163
	862,888	893,173	917,814	855,815	1,071,865	1,055,527
	14,117,364	13,866,143	12,917,735	13,030,094	12,884,164	12,507,231
	2,333,704	2,357,084	2,042,601	2,100,622	2,068,627	1,549,236
	3,446,210	3,531,847	3,166,703	3,138,336	3,107,956	3,126,652
	12,654,350	11,923,138	11,808,211	11,426,122	11,198,737	10,211,525
	633,388	549,138	883,776	979,150	1,155,273	884,310
	39,076,082	37,759,861	35,899,511	35,896,204	35,850,266	33,680,644
	1,500,662	1,985,543	1,488,626.00	N/A	N/A	N/A
\$	40,576,744	\$ 39,745,404	\$ 37,388,137	\$ 35,896,204	\$ 35,850,266	\$ 33,680,644
\$	12,062,164	\$ 12,000,641	\$ 11,487,806	\$ 10,237,545	\$ 10,321,729	\$ 10,588,689
	11,529,728	10,898,054	10,368,678	10,379,339	9,480,804	9,289,151
	2,777,634	2,802,247	2,675,778	2,337,136	2,208,037	2,503,625
	181,454	179,593	150,953	22,069	30,486	66,680
	26,550,980	25,880,535	24,683,215	22,976,089	22,041,056	22,448,145
	(8,673)	(155,751)	(132,460.00)	N/A	N/A	N/A
\$	26,542,307	\$ 25,724,784	\$ 24,550,755	\$ 22,976,089	\$ 22,041,056	\$ 22,448,145
\$	5,508,583	\$ 5,731,232	\$ 6,994,981	\$ 4,453,505	\$ 1,602,654	\$ 3,938,519
	518,502	(129,292)	446,992	N/A	N/A	N/A
\$	6,027,085	\$ 5,601,940	\$ 7,441,973	\$ 4,453,505	\$ 1,602,654	\$ 3,938,519

MT. LEBANON, PENNSYLVANIA

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2018	2017	2016	2015
General Fund:				
Nonspendable	\$ 727,810	\$ 371,430	\$ 343,329	\$ 344,193
Restricted	-	-	-	-
Assigned	1,623,437	1,299,833	1,123,098	533,608
Unassigned	5,310,208	5,731,065	5,204,358	4,802,623
<i>Total General Fund</i>	7,661,455	7,402,328	6,670,785	5,680,424
All Other Governmental Funds:				
Restricted	12,645,773	15,949,669	7,170,091	6,328,567
Assigned	1,984,845	1,223,257	1,102,033	820,942
Total All Other Governmental Funds	14,630,618	17,172,926	8,272,124	7,149,509
<i>Total Governmental Funds</i>	\$ 22,292,073	\$ 24,575,254	\$ 14,942,909	\$ 12,829,933



<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 548,231	\$ 285,567	\$ -	\$ 3,376,398	\$ 3,927,654	\$ 760,177
-	-	-	462,248	-	-
1,175,920	1,074,840	1,354,100	2,565,198	3,566,620	3,321,590
<u>3,869,664</u>	<u>4,045,633</u>	<u>4,294,814</u>	<u>4,452,027</u>	<u>3,197,820</u>	<u>3,685,251</u>
<u>5,593,815</u>	<u>5,406,040</u>	<u>5,648,914</u>	<u>10,855,871</u>	<u>10,692,094</u>	<u>7,767,018</u>
7,958,638	9,031,519	5,374,934	3,188,649	2,014,824	2,680,004
<u>1,263,009</u>	<u>1,653,844</u>	<u>1,132,814</u>	<u>343,381</u>	<u>257,103</u>	<u>219,099</u>
<u>9,221,647</u>	<u>10,685,363</u>	<u>6,507,748</u>	<u>3,532,030</u>	<u>2,271,927</u>	<u>2,899,103</u>
<u>\$ 14,815,462</u>	<u>\$ 16,091,403</u>	<u>\$ 12,156,662</u>	<u>\$ 14,387,901</u>	<u>\$ 12,964,021</u>	<u>\$ 10,666,121</u>

The fund balances presented on these pages have been restated to reflect the implementation of GASB Statement No. 54, which was implemented in 2011. The Statement categorizes fund balance to the extent to which an entity is bound to observe the constraints imposed upon the use of resources.

MT. LEBANON, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2018	2017	2016	2015
Revenues:				
Real estate taxes	\$ 12,889,134	\$ 12,824,898	\$ 12,362,890	\$ 12,062,778
Earned income taxes	12,330,334	12,036,410	11,677,730	11,682,140
Other taxes	3,300,552	3,186,782	3,154,416	2,999,496
Licenses, permits, and fees	12,060,282	11,638,711	11,340,061	11,092,966
Fines, forfeitures, and penalties	186,559	207,410	221,927	227,209
Investment and rental ⁽¹⁾	368,653	176,679	36,291	27,389
Intergovernmental	2,765,572	2,575,004	2,469,729	2,601,595
Recreation	2,867,680	2,591,989	3,005,162	2,960,477
Other	2,543,176	2,576,343	2,716,154	2,374,327
Total Revenues	49,311,942	47,814,226	46,984,360	46,028,377
Expenditures:				
Current:				
General government	4,854,640	4,625,018	4,902,311	4,943,730
Community development	759,586	753,027	816,691	1,020,972
Public works	15,056,574	13,893,163	13,574,639	13,184,534
Human services	2,449,806	2,314,781	2,375,751	2,403,763
Cultural and recreation	2,959,763	2,704,130	2,849,603	2,871,336
Public Safety:				
Police	9,525,675	9,171,497	8,922,309	8,482,838
Fire	3,220,552	3,276,014	3,329,331	3,432,157
Other	1,002,111	898,368	880,789	852,520
Debt service:				
Principal Retirement	2,436,210	2,527,468	1,415,516	1,968,592
Interest and Fiscal Charges	737,176	699,482	510,567	710,652
Capital Outlay	9,285,251	6,288,179	5,469,916	8,361,841
Total Expenditures	52,287,344	47,151,127	45,047,423	48,232,935
Excess (Deficiency) of Revenues Over Expenditures	(2,975,402)	663,099	1,936,937	(2,204,558)
Other Financing Sources (Uses):				
Transfers in	9,613,868	9,344,199	8,779,157	11,197,761
Transfers out	(9,447,568)	(9,182,048)	(8,619,545)	(11,040,164)
Refunds of prior year expenditures	525,921	-	-	-
Debt transfer to Parking Fund	-	-	-	-
Debt proceeds	-	8,800,000	-	-
Bond issuance premium (discount)	-	7,095	140,754	261,969
Proceeds of refunding bonds	-	-	4,355,000	9,015,864
Payment to refunded bond escrow agent	-	-	(4,479,327)	(9,216,401)
Total Other Financing Sources (Uses)	692,221	8,969,246	176,039	219,029
Net Change in Fund Balances	\$ (2,283,181)	\$ 9,632,345	\$ 2,112,976	\$ (1,985,529)
Debt service as a percentage of non-capital expenditures	7.5%	7.8%	4.9%	6.9%
Debt service as a percentage of total expenditures	6.1%	6.7%	4.3%	5.6%

(1) Beginning in 2015, rental revenue is recognized in recreation or other revenue.

	2014	2013	2012	2011	2010	2009
\$	12,056,146	\$ 11,979,183	\$ 11,469,800	\$ 10,283,677	\$ 10,416,061	\$ 10,718,049
	11,471,738	11,130,541	10,010,482	9,971,469	9,573,712	9,539,489
	2,777,634	2,802,247	2,675,778	2,337,136	2,208,037	2,503,625
	10,387,664	9,758,025	10,375,517	8,942,899	8,457,210	7,875,213
	234,949	215,515	225,963	350,189	252,090	208,202
	26,265	22,217	18,493	22,069	30,486	66,680
	2,417,986	2,682,434	2,600,691	2,686,875	2,190,883	2,465,350
	2,815,568	2,689,655	2,702,660	2,593,396	2,503,655	2,364,866
	2,208,572	2,041,448	2,024,394	2,647,424	2,073,437	2,083,078
	<u>44,396,522</u>	<u>43,321,265</u>	<u>42,103,778</u>	<u>39,835,134</u>	<u>37,705,571</u>	<u>37,824,552</u>
	4,807,067	4,481,903	4,243,332	4,179,993	4,211,385	4,215,509
	859,928	890,553	950,207	854,267	1,067,401	1,057,204
	12,142,459	11,996,308	11,318,232	11,197,659	11,231,086	10,911,476
	2,373,858	2,405,214	2,157,411	2,052,173	1,922,333	2,014,890
	2,706,114	2,589,342	2,703,630	2,681,818	2,652,466	2,594,450
	7,855,513	7,449,755	7,394,093	6,938,646	6,886,361	6,155,522
	3,394,563	3,256,265	3,187,886	3,237,997	3,089,120	2,884,982
	833,449	812,528	799,852	811,966	838,079	805,934
	1,736,272	1,733,289	1,715,934	1,600,000	1,675,000	1,640,000
	660,227	648,349	666,602	722,849	1,019,331	940,969
	11,035,151	7,872,576	8,096,543	4,184,045	4,158,450	4,714,670
	<u>48,404,601</u>	<u>44,136,082</u>	<u>43,233,722</u>	<u>38,461,413</u>	<u>38,751,012</u>	<u>37,935,606</u>
	<u>(4,008,079)</u>	<u>(814,817)</u>	<u>(1,129,944)</u>	<u>1,373,721</u>	<u>(1,045,441)</u>	<u>(111,054)</u>
	9,089,654	10,261,960	8,883,458	7,500,249	7,549,265	6,355,749
	(8,934,465)	(10,104,584)	(8,750,998)	(7,500,249)	(7,549,265)	(6,355,749)
	-	-	-	-	-	-
	-	-	(3,804,446)	-	-	-
	2,545,000	4,450,000	2,500,000	-	3,230,000	2,115,000
	31,949	142,182	(16,812)	2,134	(90,662)	2,770
	-	-	3,355,000	4,005,000	12,390,000	-
	-	-	(3,277,355)	(3,956,975)	(12,185,997)	-
	<u>2,732,138</u>	<u>4,749,558</u>	<u>(1,111,153)</u>	<u>50,159</u>	<u>3,343,341</u>	<u>2,117,770</u>
\$	<u>(1,275,941)</u>	<u>\$ 3,934,741</u>	<u>\$ (2,241,097)</u>	<u>\$ 1,423,880</u>	<u>\$ 2,297,900</u>	<u>\$ 2,006,716</u>
	6.5%	6.6%	6.9%	6.8%	7.9%	7.9%
	5.0%	5.4%	5.5%	6.0%	7.0%	6.8%

MT. LEBANON, PENNSYLVANIA

PROGRAM REVENUES BY FUNCTION/PROGRAM LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Function/Program:				
Governmental Activities:				
General government	\$ 2,809,402	\$ 2,859,294	\$ 2,846,674	\$ 2,544,310
Community development	482,238	367,164	226,875	299,419
Public works	12,001,459	11,525,427	11,117,197	10,914,962
Human services	840,630	807,598	782,810	753,240
Cultural and recreation	2,869,864	2,594,292	3,139,992	2,984,254
Public safety:				
Police	609,748	722,699	887,848	667,662
Fire	218,138	226,777	249,094	241,097
Other	591,515	498,914	476,096	492,550
<i>Total Governmental Activities</i>	<u>20,422,994</u>	<u>19,602,165</u>	<u>19,726,586</u>	<u>18,897,494</u>
Business-type Activity - Parking ⁽¹⁾	<u>2,080,753</u>	<u>2,041,315</u>	<u>2,026,701</u>	<u>2,009,582</u>
<i>Total Primary Government</i>	<u>\$ 22,503,747</u>	<u>\$ 21,643,480</u>	<u>\$ 21,753,287</u>	<u>\$ 20,907,076</u>

(1) The Parking Fund (the business-type activity) was established January 1, 2012 upon the consolidation of the Mt. Lebanon Parking Authority, a component unit of Mt. Lebanon. N/A=Not Applicable

	2014	2013	2012	2011	2010	2009
\$	2,545,411	\$ 2,586,857	\$ 2,462,664	\$ 3,053,652	\$ 2,439,933	\$ 2,194,491
	239,577	161,723	907,386	322,617	215,581	207,974
	10,534,547	10,412,532	9,978,270	9,322,913	8,318,271	8,413,053
	828,435	698,325	678,353	637,173	742,410	841,525
	2,825,067	2,699,979	2,713,369	2,608,629	2,517,961	2,371,459
	254,379	284,326	296,239	341,428	334,260	354,058
	321,892	276,188	681,504	621,573	365,436	337,904
	484,377	490,628	493,492	465,735	478,012	450,554
	<u>18,033,685</u>	<u>17,610,558</u>	<u>18,211,277</u>	<u>17,373,720</u>	<u>15,411,864</u>	<u>15,171,018</u>
	<u>2,027,837</u>	<u>2,012,002</u>	<u>2,068,078</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$	<u><u>20,061,522</u></u>	<u><u>\$ 19,622,560</u></u>	<u><u>\$ 20,279,355</u></u>	<u><u>\$ 17,373,720</u></u>	<u><u>\$ 15,411,864</u></u>	<u><u>\$ 15,171,018</u></u>

MT. LEBANON, PENNSYLVANIA

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS LAST TEN YEARS MODIFIED ACCRUAL BASIS OF ACCOUNTING

<u>Year</u>	<u>Real Estate</u>	<u>Earned Income</u>	<u>Local Services</u>	<u>Real Estate Transfer</u>	<u>Utility</u>	<u>County Sales</u>	<u>Total</u>
2018	\$12,889,134	\$12,330,334	\$439,417	\$1,843,974	\$28,645	\$988,516	\$28,520,020
2017	12,824,898	12,036,410	446,019	1,760,690	27,978	952,095	28,048,090
2016	12,362,890	11,677,730	442,631	1,759,408	30,004	922,373	27,195,036
2015	12,062,778	11,682,140	454,080	1,615,768	30,571	899,077	26,744,414
2014	12,056,146	11,471,738	433,413	1,458,034	32,766	853,421	26,305,518
2013	11,979,183	11,130,541	441,779	1,509,382	30,664	820,422	25,911,971
2012	11,469,800	10,010,482	450,156	1,399,174	30,865	795,583	24,156,060
2011	10,283,677	9,971,469	378,826	1,183,832	31,034	743,444	22,592,282
2010	10,416,061	9,573,712	386,323	1,084,557	31,639	705,518	22,197,810
2009	10,718,049	9,539,489	362,143	1,442,552	30,957	667,973	22,761,163

MT. LEBANON, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN YEARS

Tax Year	Mills Levied			
	Mt. Lebanon	Mt. Lebanon School District	Allegheny County	Total
2018	4.71	24.32	4.73	33.76
2017	4.71	23.93	4.73	33.37
2016	4.51	23.93	4.73	33.17
2015	4.51	23.55	4.73	32.79
2014	4.51	23.15	4.73	32.39
2013	4.51	22.61	4.73	31.85
2012	5.43	27.13	5.69	38.25
2011	4.76	26.63	4.69	36.08
2010	4.89	26.63	4.69	36.21
2009	4.89	24.11	4.69	33.69

Note: Mill - one one thousandth of a dollar. Used to calculate a tax levied on real estate.
(One mill = \$0.001)

Sources: Mt. Lebanon Comprehensive Annual Financial Reports
Mt. Lebanon School District Comprehensive Annual Financial Reports
Allegheny County Comprehensive Annual Financial Reports

MT. LEBANON, PENNSYLVANIA

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY LAST TEN YEARS

Year	Taxable Real Property	Exempt Real Property	Total	Estimated Actual Values of Real Property	Mt. Lebanon Municipal Millage Rate
2018	\$2,747,645,634	\$349,059,900	\$3,096,705,534	\$3,096,705,534	4.71
2017	2,743,104,034	376,669,846	3,119,773,880	3,119,773,880	4.71
2016	2,734,870,374	381,877,822	3,116,748,196	3,116,748,196	4.51
2015	2,732,801,335	381,969,222	3,114,770,557	3,114,770,557	4.51
2014	2,718,872,379	372,261,922	3,091,134,301	3,091,134,301	4.51
2013	2,698,042,173	469,117,122	3,167,159,295	3,167,159,295	4.51
2012	2,156,859,685	230,844,340	2,387,704,025	2,387,704,025	5.43
2011	2,164,809,298	225,175,340	2,389,984,638	2,389,984,638	4.76
2010	2,159,216,301	224,767,840	2,383,984,141	2,383,984,141	4.89
2009	2,175,275,286	224,737,840	2,400,013,126	2,400,013,126	4.89

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 Comprehensive Annual Financial Reports

MT. LEBANON, PENNSYLVANIA

PRINCIPAL TAXPAYERS

DECEMBER 31, 2018 AND DECEMBER 31, 2009

<u>Taxpayer - Type of Real Property</u>	December 31, 2018			December 31, 2009		
	Estimated Actual Values of Real Property	Rank	Percentage of Total Assessed Valuation	Estimated Actual Values of Real Property	Rank	Percentage of Total Assessed Valuation
The Galleria (L&B Southpoint) - <i>Retail Shops</i>	\$29,300,000	1	1.07%	\$30,400,000	1	1.40%
Brookdale Senior Housing (A.H. Pennsylvania) - <i>Senior Housing</i>	19,000,000	2	0.69%	17,000,000	3	0.78%
Bower Hill Development - <i>Co-op Apartments</i>	17,500,000	3	0.64%	11,699,700	4	0.54%
Concordia Lutheran - <i>Senior Housing/Health</i>	13,162,800	4	0.48%	28,000,000	2	1.29%
Mt. Lebanon Hospitality - <i>Hotel</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%
Virginia 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	10	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	0.28%
Asbury Health - <i>Personal Care Facility</i>				5,568,417	8	0.26%
Jon Pan Realty Inc. - <i>Retail Shops</i>				5,555,000	9	0.26%
	<u>\$125,620,780</u>		<u>4.59%</u>	<u>\$122,333,137</u>		<u>5.63%</u>
Total Taxable Assessed Valuation	<u>\$2,747,645,634</u>			<u>\$2,175,275,286</u>		

Source: Mt. Lebanon Tax Office
Mt. Lebanon Comprehensive Annual Financial Reports

MT. LEBANON, PENNSYLVANIA

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Year	Tax Levy as of June 1st Billing	Adjustments to Tax Levy	Total Adjusted Tax Levy as of 12/31/17	Face Value of Current Collections	Percent of Current Tax Collection	Total Delinquent/ Liened Collections	Total Collection of Adjusted Tax Levy (Net of Refunds)	Total Collection as Percentage of Adjusted Tax
2018	\$12,947,416	(\$5,148)	\$12,942,268	\$12,730,211	98.36%	\$0	\$12,723,957	98.31%
2017	12,924,695	(5,862)	12,918,833	12,679,105	98.14%	139,625	12,809,247	99.15%
2016	12,339,086	(16,007)	12,323,079	12,120,139	98.35%	109,620	12,193,810	98.95%
2015	12,336,080	(27,376)	12,308,704	12,132,595	98.57%	238,312	12,277,302	99.74%
2014	12,169,288	37,172	12,206,460	12,024,213	98.51%	292,547	12,176,197	99.75%
2013	12,232,975	(143,650)	12,089,325	11,994,251	99.21%	308,670	12,069,478	99.84%
2012	11,715,440	(3,823)	11,711,617	11,452,904	97.79%	264,808	11,698,325	99.89%
2011	10,289,825	(35,042)	10,254,783	10,097,309	98.46%	270,353	10,253,969	99.99%
2010	10,646,040	(82,518)	10,563,522	10,311,707	97.62%	253,931	10,551,573	99.89%
2009	10,644,634	(74,289)	10,570,345	10,244,195	96.91%	327,872	10,558,158	99.88%

Source: Mt. Lebanon Tax Office

MT. LEBANON, PENNSYLVANIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN YEARS

	Net non- electoral direct debt - governmental activities	Net non- electoral direct debt - business- type activities	Lease rental debt (1)	Total primary government	% of Assessed Valuation	Direct debt per capita	Total primary government debt per capita	Debt per total personal income
2018	\$26,578,132	\$ 1,121,868	\$ -	\$27,700,000	1.01%	\$836	\$836	1.96%
2017	29,014,342	1,845,658	-	30,860,000	1.13%	931	931	2.19%
2016	22,741,810	2,568,190	-	25,310,000	0.93%	764	764	1.79%
2015	24,212,326	3,247,674	-	27,460,000	1.00%	829	829	1.95%
2014	26,271,954	3,928,046	-	30,200,000	1.11%	911	911	2.14%
2013	25,463,226	2,931,774	-	28,395,000	1.05%	857	857	2.01%
2012	22,746,515	3,543,485	-	26,290,000	1.22%	793	793	1.86%
2011	25,670,000	-	-	25,670,000	1.18%	774	774	1.82%
2010	27,075,000	-	-	27,075,000	1.25%	820	820	2.44%
2009	25,115,000	-	4,362,203	29,477,203	1.36%	761	893	2.65%

(1) Represents debt guaranteed for the Mt. Lebanon Parking Authority.

In 2010 all Mt. Lebanon Parking Authority Debt was refunded by Mt. Lebanon General Obligation Bonds. The debt was repaid by the Authority in accordance with notes between the two entities (2010-2011).

MT. LEBANON, PENNSYLVANIA

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

	<u>Three year average revenue (borrowing base) (1)</u>	<u>Legal debt limit (2)</u>	<u>Debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Legal debt margin % (3)</u>
2018	\$57,505,450	\$143,763,625	\$30,860,000	\$112,903,625	78.53%
2017	56,331,287	140,828,218	30,860,000	109,968,218	78.09%
2016	52,283,898	130,709,745	25,310,000	105,399,745	80.64%
2015	53,287,193	133,217,983	27,460,000	105,757,983	79.39%
2014	54,992,921	137,482,303	30,200,000	107,282,303	78.03%
2013	51,631,429	129,078,573	28,395,000	100,683,573	78.00%
2012	47,932,099	119,830,248	26,290,000	93,540,248	78.06%
2011	42,727,273	106,818,183	25,670,000	81,148,183	75.97%
2010	45,195,768	112,989,420	27,075,000	85,914,420	76.04%
2009	43,502,735	108,756,838	29,477,203	79,279,635	72.90%

(1) The local Governmental Unit Debt act (Act 52 of 1978), reenacted and amending Act 185 of 1972 prescribes debt limits, net revenues and the calculation of the borrowing base for all local units in Pennsylvania. The "Debt act" is administered by the Pennsylvania Department of Economic Development. Under the Mt. Lebanon Home Rule Charter, any new debt in excess of 25% of the borrowing base must be approved by the electorate.

(2) 250% of borrowing base. Under the Debt Act, the Municipality could use a legal debt limit multiplier of 350%.

(3) Percent of debt limit remaining.

MT. LEBANON, PENNSYLVANIA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2018

<u>Jurisdiction</u>	<u>Total Debt Outstanding</u>	<u>Percentage Applicable to Mt. Lebanon</u>	<u>Amount Applicable to Mt. Lebanon</u>
Direct			
Mt. Lebanon (1)	\$26,578,132	100.0%	\$26,578,132
Overlapping			
Mt. Lebanon School District (2)	139,800,000	100.0%	139,800,000
County of Allegheny (3)	939,470,975	3.5%	32,881,484
<i>Total Overlapping Debt</i>	<u>1,079,270,975</u>		<u>172,681,484</u>
Total	<u><u>\$1,105,849,107</u></u>		<u><u>\$199,259,616</u></u>

Sources: Municipal Finance Department.

Mt. Lebanon School District CAFR and Allegheny County Controller's Office

(1) The local Governmental Unit Debt act (Act 52 of 1978), reenacted and amending Act 185 of 1972 prescribes debt limits, net revenues and the calculation of the borrowing base for all local units in Pennsylvania. The "Debt act" is administered by the Pennsylvania Department of Economic Development. Under the Mt. Lebanon Home Rule Charter, any new debt in excess of 25% of the borrowing base must be approved by the electorate.

(2) Mt. Lebanon School District figures are for the year ending June 30, 2018.

(3) Proportionate share of Allegheny County's existing debt as of December 31, 2018 (unaudited) based on the ratio of Mt. Lebanon's assessed valuation to Allegheny County's assessed valuation.

MT. LEBANON, PENNSYLVANIA

PRINCIPAL EMPLOYERS CURRENT YEAR AND TEN YEARS AGO

Employer	December 31, 2018			December 31, 2009		
	Employees	Rank	Percentage of Total Municipality Employment	Employees	Rank	Percentage of Total Municipality Employment
St Clair Hospital	2,043	1	21.7%	1,520	1	20.7%
Mt. Lebanon School District	801	2	8.5%	710	2	9.7%
Asbury Health Center	465	3	4.9%	229	3	3.1%
Baptist Homes Nursing	222	4	2.4%	228	4	3.1%
Mt. Lebanon Municipality	221	5	2.3%	214	5	2.9%
Keystone Oaks School District	167	6	1.8%	179	6	2.4%
Concordia of South Hills	132	7	1.4%			
Shop N Save	114	8	1.2%	126	10	1.7%
Brookdale Senior Living	103	9	1.1%			
Giant Eagle	98	10	1.0%	161	7	2.2%
Home Nursing Agency				137	8	1.9%
Golden Ventures				136	9	1.9%
Total	4,366		46.3%	3,640		49.6%
Total Employees	9,425			7,347		

Source: Mt. Lebanon Tax Office

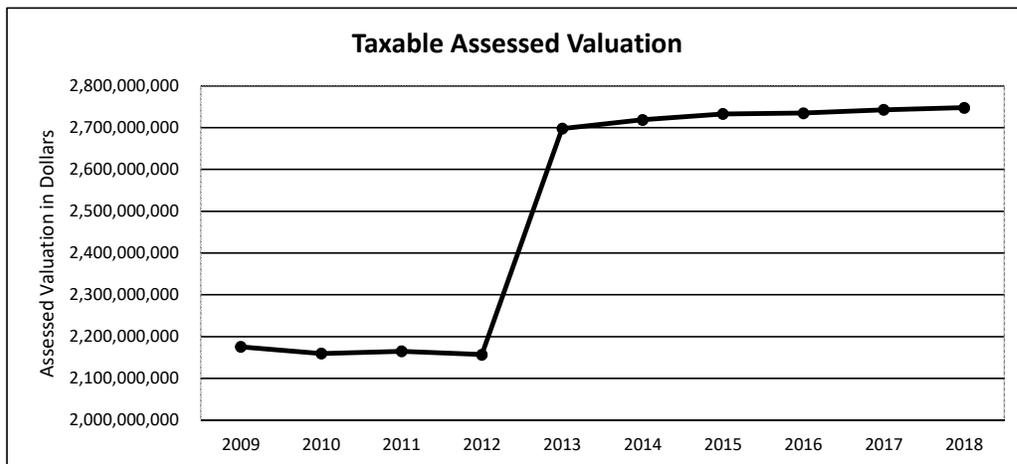
MT. LEBANON, PENNSYLVANIA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS

Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Median Household Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or higher (1)
2018	33,137	\$ 1,410,189,087	\$ 42,711	\$ 74,003	43.8	64.1 %
2017	33,137	1,410,189,087	\$ 42,711	74,003	43.8	64.1 %
2016	33,137	1,410,189,087	42,711	74,003	43.8	64.1 %
2015	33,137	1,410,189,087	42,711	74,003	43.8	64.1 %
2014	33,137	1,410,189,087	42,711	74,003	43.8	64.1 %
2013	33,137	1,410,189,087	42,711	74,003	43.8	64.1 %
2012	33,137	1,410,189,087	42,711	74,003	43.8	64.1 %
2011	33,137	1,410,189,087	42,711	74,003	43.8	64.1 %
2010	33,017	1,111,088,084	33,652	60,783	41.8	61.0 %
2009	33,017	1,111,088,084	33,652	60,783	41.8	61.0 %

(1) Source: 2009-2010, 2000 U. S. Census; 2011-2018, 2010 U. S. Census

(2) 2009-2010 Computation of per capita personal income multiplied by population; 2011-2018, 2010 U. S. Census

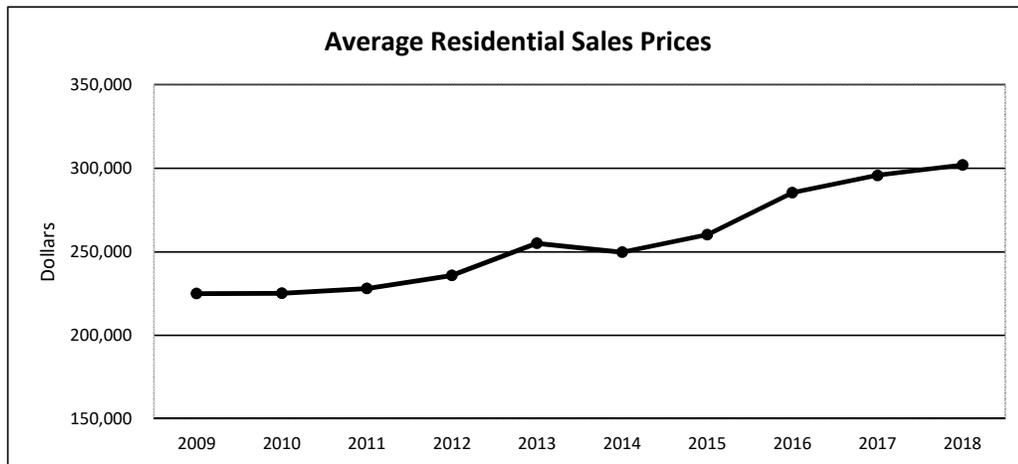


<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>	<u>Average Sales Price of Residential Property (5)</u>	<u>Total Taxable Assessed Property Value (5)</u>
5,495	3.2 %	\$ 301,925	\$ 2,747,645,634
5,450	3.5 %	295,737	2,743,104,034
5,361	2.5 %	285,383	2,734,870,374
5,321	2.9 %	260,177	2,732,801,335
5,218	3.6 %	249,768	2,718,872,379
5,268	4.5 %	255,115	2,698,042,173
5,297	4.7 %	235,838	2,156,859,685
5,268	4.8 %	228,008	2,164,809,298
5,302	5.3 %	225,237	2,159,216,301
5,294	5.0 %	224,979	2,175,275,286

(3) Source: Mt. Lebanon School District

(4) Source: US Dept. of Labor & PA Center for Workforce Information & Analysis (2009-2014)
US Census Bureau American Community Survey (2015-2018)

(5) Source: Mt. Lebanon Tax Office



MT. LEBANON, PENNSYLVANIA

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN YEARS

Function/program	2018	2017	2016	2015
General Government: (1)				
Lien letter & tax certification requests	952	1,802	1,161	2,381
LeboAlerts (online and SMS notification system)	375	339	413	442
Community Development:				
Number of permits issued (2)	650	623	585	536
Estimated value of construction ³ (2)	\$34,257,329	\$25,555,091	\$15,765,213	\$14,008,035
Occupancy permits issued (2)	25	18	28	43
Number of Planning Commission agenda items (3)	13	14	12	10
Police: (4)				
Calls for service ^b	21,819	23,094	25,796	26,996
Total arrests	548	565	609	603
Part I Offenses reported (major offenses)	293	280	414	315
Part I Offenses cleared percentage	45%	50%	39%	41%
Part II Offenses reported (other crimes)	611	610	716	674
Part II Offenses cleared percentage	57%	54%	47%	57%
DUI arrests	68	57	76	94
Animal control calls for service	2,207	1,881	2,203	2,093
Fire: (5)				
Calls for service (emergency and non-emergency) ^c	4,502	3,875	3,695	3,886
Responses involving loss	30	25	22	23
Fire loss (per capita)	\$31.21	\$4.27	\$10.83	\$23.73
Structure fires	17	9	29	15
Public Works: (6)				
Roads resurfaced (linear feet)	11,804	8,080	7,247	4,475
Roads reconstructed (linear feet)	6,500	6,564	5,875	6,250
Sidewalks repaired (square feet)	0	2,860	5,957	4,074
Curb replacement (linear feet)	2,614	1,604	2,341	1,515
Number of trees removed	157	122	146	134
Number of trees planted	58	116	157	133
Number of municipal trees	11,494	11,494	11,500	11,489
Residential curb side recycling tons picked up ^d	2,612	2,447	2,110	2,128
Truckloads of leaves picked-up ^e	1,624	1,033	1,030	926
Tons of snow melting salt used	5,463	3,006	5,519	3,748
Closed circuit televising (miles)	27.0	15.1	16.0	17.0
Point repairs	25	30	3	6
Root damage sidewalk restoration (square feet)	18,054	14,140	12,242	20,569
Structural liner corrections (linear feet)	11,295	3,526	2,350	11,100
Recreation: ^f (7)				
Ice Center Attendance	65,345	33,254	62,485	67,081
Pool Attendance	55,318	60,032	68,546	67,142
Number of golf rounds played	19,088	22,662	23,183	23,459
Number of Seasonal Programs	425	410	449	449
Seasonal Program Enrollment	10,417	11,291	11,790	10,696
Seasonal Program Attendance	67,418	72,537	74,038	68,726
Tennis Center Attendance	9,653	10,311	11,963	12,900
Number of Tennis Programs	118	108	113	117
Tennis Program Enrollment	1,006	993	1,051	1,121
Platform Tennis Center Attendance	6,480	7,320	7,084	7,471
Library: (8)				
Collection ^g	145,801	147,518	153,225	157,393
Circulation ^g	702,637	724,875	632,983	609,329
Reference questions	32,929	42,075	57,909	72,169
Number of programs	2,095	1,832	1,654	1,674
Program attendance	46,399	42,247	35,882	35,279
Registration	17,814	18,129	18,680	20,779
Registrations as a percentage of population	54%	54%	56%	63%
Visits by library patrons	343,995	368,930	328,774	359,104
Minutes patrons spent on computers in library	7,286,840	6,417,127	6,297,676	5,871,568
Parking: ^h				
Meter tickets	6,516	7,098	5,029	5,781
Police tickets	6,846	6,704	7,514	8,084
Tickets paid online	4,950	3,749	3,232	3,164

Sources:

- (1) Mt. Lebanon Finance Department
- (2) Mt. Lebanon Inspections Department
- (3) Mt. Lebanon Planning Department
- (4) Mt. Lebanon Police Department

- (5) Mt. Lebanon Fire Department
- (6) Mt. Lebanon Department of Public Works
- (7) Mt. Lebanon Recreation Department
- (8) Mt. Lebanon Library

n/a: Information not available

NOTE: Certain amounts and quantities are estimates

2014	2013	2012	2011	2010	2009
1,341	1,165	1,624	1,262	1,346	1,077
347	414	365	260	296	182
526	482	635	682	733	689
\$16,872,741	\$15,186,564	\$128,540,359	\$18,645,425	\$36,463,804	\$14,855,044
24	31	45	47	50	127
14	14	9	18	13	11
27,385	27,286	26,162	26,930	28,824	28,179
635	587	643	693	736	818
276	317	274	269	302	295
44%	47%	49%	41%	41%	51%
676	549	655	673	737	728
59%	65%	78%	66%	70%	75%
118	88	95	117	145	138
2,089	1,691	1,641	1,739	1,555	1,699
3,952	3,884	3,762	3,373	3,440	3,189
36	34	24	24	36	26
\$6.69	\$8.88	\$21.40	\$23.72	\$34.15	\$7.13
15	16	27	22	17	19
6,900	5,485	1,702	7,609	6,906	7,053
5,600	3,473	6,625	4,075	0	6,100
0	7,579	6,659	3,591	7,408	0
695	1,469	1,341	1,442	1,500	2,535
149	325	126	250	132	140
343	219	121	330	248	185
11,490	11,296	11,402	11,407	11,327	11,211
2,542	2,616	2,227	2,420	2,197	1,897
1,529	1,392	1,309	1,300	1,148	1,273
7,202	6,060	1,170	6,356	7,461	7,241
3.2	20.9	19.6	16.3	7.2	3.4
23	8	51	34	243	124
37,696	37,840	40,000	30,336	48,280	30,355
16,425	9,670	1,770	4,523	21,983	18,185
70,691	69,576	64,646	69,883	69,782	66,567
59,516	40,054	49,749	54,007	50,008	40,728
22,916	23,824	27,619	24,039	26,271	27,763
443	417	410	443	471	475
10,815	10,100	10,003	10,204	10,627	10,437
70,966	71,733	65,353	67,959	70,357	68,249
12,617	13,399	15,978	15,827	16,304	15,675
131	130	111	126	99	78
1,280	1,215	1,061	1,273	1,067	737
7,115	6,505	5,790	5,183	4,818	3,719
154,648	152,272	156,800	166,393	172,315	172,947
583,771	597,446	529,966	523,517	549,935	600,389
71,993	62,956	68,145	56,482	66,466	69,822
1,821	1,438	1,476	1,323	1,240	1,358
37,743	30,738	29,025	27,785	26,446	27,906
21,279	22,111	20,845	21,534	22,147	22,768
64%	67%	63%	65%	67%	69%
360,960	326,128	382,027	374,551	329,637	438,623
5,332,644	5,261,343	4,604,032	3,743,437	3,481,219	3,867,774
7,423	7,886	9,557			
8,195	7,525	7,721			
2,930	2,383	1,981			

Notes:

- a: Excludes signs, mechanical, pools, demolition & driveways
- b: Calls for Service are calculated by Allegheny County
- c: Nonemergency calls for service include community outreach, education and inspections
- d: Includes all residential recycling
- e: Truckload of leaves = 4 Tons
- f: Beginning in 2008, the Recreation Department enhanced tracking of operating indicators
- g: Beginning in 2013, the Library collection and circulation totals include e-books.
- h: The Parking Fund (the business-type activity) was established January 1, 2012 upon the consolidation of the Mt. Lebanon Parking Authority, a component unit of Mt. Lebanon.

MT. LEBANON, PENNSYLVANIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN YEARS

Function/program	2018	2017	2016	2015
General Government				
Square footage occupied	32,020	32,020	32,020	32,020
Inspection vehicles	2	2	2	2
Other departmental vehicles	4	3	4	5
Public Works				
Municipal street (lane miles)	179.00	179.00	179.00	179.00
Number of traffic lighted intersections	41	41	41	41
Sanitary sewers (miles) ⁽¹⁾	147.52	145.39	145.39	145.37
Storm sewers (miles)	72.33	60.51	60.51	60.25
Vehicles	29	28	28	26
Library				
Square footage occupied	30,060	30,060	30,060	30,060
Collection	145,801	147,518	153,225	157,393
Recreation				
Number of parks	12	12	12	12
Acreage of park land	304.11	304.11	304.11	304.11
Recreation centers	1	1	1	1
Recreation center square footage	55,954	55,954	55,954	55,954
Ice skating rinks	2	2	2	2
Golf course (9-hole)	1	1	1	1
Tennis Courts	15	15	15	15
Platform tennis courts	4	4	4	4
Ball fields	5	5	5	5
Public Safety				
Public safety center	1	1	1	1
Square footage of fire department	20,866	20,866	20,866	20,866
Square footage of police department	28,134	28,134	28,134	28,134
Fire vehicles	12	12	11	12
Police vehicles	40	32	35	30
Parking ⁽²⁾				
Parking Garages	2	2	2	2
Square footage of North Garage	117,238	117,238	117,238	117,238
Square footage of South Garage	112,200	112,200	112,200	112,200
Parking spaces available in municipality	1,018	1,018	1,018	1,018
Parking Vehicles	4	4	4	4

Sources:

Finance Department, Capital Improvement Programs, Public Works and Appraisals

(1)Due to consent order work sanitary sewer measurements may change until measurements are complete.

(2)The Parking Fund (the business-type activity) was established January 1, 2012 upon the consolidation of the Mt. Lebanon Parking Authority, a component unit of Mt. Lebanon.

2014	2013	2012	2011	2010	2009
32,020	32,020	32,020	32,020	32,020	32,020
2	2	2	2	2	2
5	5	5	5	5	5
179.00	179.00	179.00	179.00	179.00	179.00
41	41	41	41	41	41
144.97	144.75	144.75	144.75	144.44	144.44
59.97	59.58	58.92	58.92	58.69	58.69
26	27	27	27	27	27
30,060	30,060	30,060	30,060	30,060	30,060
154,648	152,272	156,800	166,393	172,315	172,947
12	12	12	12	12	12
304.11	304.11	301.71	301.71	301.71	301.71
1	1	1	1	1	1
55,954	55,954	55,954	55,954	55,954	55,954
2	2	2	2	2	2
1	1	1	1	1	1
15	15	15	15	15	15
4	4	4	4	4	4
5	5	5	5	5	5
1	1	1	1	1	1
20,866	20,866	20,866	20,866	20,866	20,866
28,134	28,134	28,134	28,134	28,134	28,134
12	12	12	12	12	13
30	29	29	29	29	30
2	2	2			
117,238	117,238	117,238			
112,200	112,200	112,200			
1,018	1,020	1,022			
4	4	4			

MT. LEBANON, PENNSYLVANIA

FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM LAST TEN YEARS

<u>Function/program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government:										
Administration	4.2	4.0	3.8	4.3	4.0	3.7	4.2	4.1	4.0	4.0
Information Technology	3.4	3.7	3.7	3.8	3.1	3.1	3.1	3.7	3.4	3.1
Finance	4.6	4.7	4.7	4.7	4.5	4.7	3.8	3.8	3.8	4.6
Tax	1.5	1.8	2.0	2.0	2.0	2.0	3.6	4.7	5.3	5.3
Public Information	6.4	6.3	6.3	6.3	5.0	7.0	6.6	6.6	6.5	6.5
Parking Clerical	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0
Community Development										
Economic Develop/Planning	2.5	2.8	2.8	3.0	3.2	3.0	3.0	3.0	3.0	3.0
GIS	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Inspections	4.0	4.0	4.0	4.0	4.2	4.3	4.0	4.6	4.6	4.0
Public Works										
Administration	5.0	5.0	3.0	2.5	3.6	3.7	3.5	3.8	3.8	4.3
Maintenance/Labor	25.7	24.7	24.8	24.4	23.0	23.1	23.5	26.7	23.6	23.9
Maintenance/Labor - Parking	3.0	2.5	3.0	3.0	3.0	3.0	3.0	0.0	0.0	0.0
Human Services/Library	23.9	23.3	23.9	23.8	20.2	21.5	20.9	21.1	22.7	25.3
Public Safety										
Police Officers	43.8	44.7	45.0	44.6	45.0	44.0	44.0	44.0	44.0	44.0
Police Civilians ⁽¹⁾	9.7	8.8	8.8	8.5	8.6	8.8	8.9	8.9	8.9	11.1
Crossing Guards ⁽²⁾	43.0	43.0	43.0	43.0	43.0	56.0	58.0	58.0	57.4	56.5
Fire	16.7	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Fire civilians	1.0	1.1	1.2	1.2	1.2	1.3	1.3	1.2	1.4	1.5
Parking Enforcement ⁽³⁾	7.6	7.7	7.6	8.3	7.6	8.0	7.4	0.0	0.0	0.0
Recreation										
Management	4.1	4.9	5.3	5.4	5.3	5.7	5.8	5.6	5.2	5.2
Seasonal	2.0	2.0	1.4	1.5	1.7	1.7	3.1	2.1	2.9	3.0
Golf	5.4	5.3	5.5	5.2	3.5	5.5	3.2	5.0	5.3	5.3
Tennis	2.1	2.2	2.2	2.5	1.6	2.0	1.4	1.5	1.6	2.5
Ice Rink	16.0	14.4	17.2	16.0	13.2	14.5	16.3	15.0	14.5	14.2
Pool	8.0	8.1	8.5	9.1	6.7	6.2	5.8	6.1	6.1	5.8
Totals:	<u>244.6</u>	<u>243.0</u>	<u>246.7</u>	<u>246.1</u>	<u>232.2</u>	<u>251.8</u>	<u>253.4</u>	<u>247.5</u>	<u>246.0</u>	<u>251.1</u>

(1) Police civilians include animal control and police records employees

(2) Includes crossing guard supervisor and each regular crossing guard post.

(3) The Parking Fund (the business-type activity) was established January 1, 2012 upon the consolidation of the Mt. Lebanon Parking Authority, a component unit of Mt. Lebanon in prior years.

Sources: Mt. Lebanon financial and personnel records



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