



MT. LEBANON, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2015



MT. LEBANON, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2015

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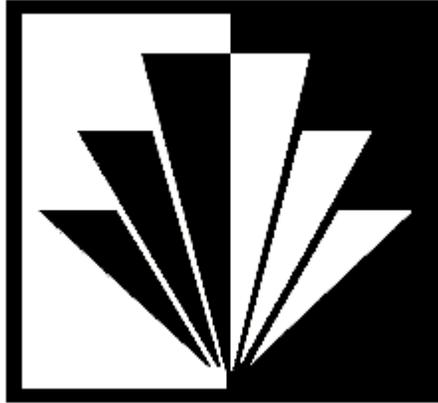
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INTRODUCTORY
SECTION



April 18, 2016

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, 2015, 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 2015 financial and management items, the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association (GFOA) for the 2014 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, 2015; 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, 2015 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 the housing crisis of 2008-2009, the average sale price of residential homes has increased 18.0%, with the average price of a residential property increasing 4.2% compared to the prior year. The housing stock is varied in style and price. In 2015, the average sale price was \$260,177 on 595 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 2010-2014, the unemployment rate in the Municipality was 2.9% which is below rates for Allegheny County (4.9%) and the Commonwealth of Pennsylvania (Commonwealth) (5.4%).

The Municipality has very healthy 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 Commonwealth, 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 (hereafter “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 2015, the Municipality organized its thirteenth 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, the Tour de Mt. Lebanon and Plein Air.

The business districts continue to be near full occupancy. The vacancy rate for Washington Road is presently ~7% 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 is poised to see a major investment at the former Beverly Motors. This property which could have sat vacant for years is being transformed into a restaurant/grocer with an emphasis on sustainable sourcing practices.

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, utilizing innovation approaches to reclaim underutilized space to create vital nodes, development of upper floor units for commercial or residential purposes, 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 2016 will be to explore initiatives to continue the pattern of private investment in our commercial districts and adjoining residential areas. The Economic Development Council will be looking to implement actions items outlined in a recently completed Uptown Strategic Plan (2015). This plans calls for bold new approach(s) to maintaining our Central Business District’s (CBD) vitality.

As noted above, Uptown Mt. Lebanon was also accepted into the Commonwealth of Pennsylvania’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. Uptown Mt. Lebanon was also recognized by the National Trust for Historic Preservation’s Main Street Center as a national model.

Zamagias Properties (WPBH LLC) submitted an application for property located at the corner of Washington and Bower Hill Road. The land development application has received a recommendation for final approval from the Planning Board and will be presented to the

Commission for approval in early 2016. The development will consist of 46 condominium units, associated parking, site amenities, the creation of 18 on-street parking spaces that would be controlled by the municipality and provision of an easement to the municipality for the possible creation of a turn lane on Bower Hill Road immediately abutting the development.

Summit Point Plan of Lots #2 received subdivision approval in 2015. This is a new residential subdivision located in the Sunset Hills area of the municipality that will provide 11 single family home sites. Grading work related to the subdivision began in 2015 and permit applications for the construction of new single family homes will begin to be issued in the spring of 2016.

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. The Mt. Lebanon School District ranked #3 in Allegheny County and #5 in the state in the 2015 Pittsburgh Business Times Guide to Western PA Schools. Markham Elementary School Ranked #1 in the region for 4th Grade and Mt. Lebanon High School ranked #2. 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. The Mt. Lebanon School District ranked among the top school districts in the nation and the only school district in the state selected as a 2015 Digital School District by the Center for Digital Education and the National School Boards Association. In the area of fine arts, Mt. Lebanon School District was honored by the NAMM Foundation as one of the Best 100 Communities for Music Education in 2015.

Mt. Lebanon High School was awarded a silver ranking in the 2015 U.S. News and World Report Best High School Ranking. The high school was ranked #10 in Pennsylvania. The high school was ranked the #1 in high school in Pennsylvania by StartClass.com, an education research website that provides students, parents, and educators with information to research education options. The Class of 2015 graduated 388 students with ninety-five percent continuing to pursue full time or Armed Service education. The class of 2016 had 10 students selected as National Merit Semifinalists and 15 Commended.

Athletic teams continue to excel at the highest levels of local and state competition.

MAJOR INITIATIVES

Like many other local governments, the Municipality faced fiscal challenges heading into the 2015 budget due to projected minimal revenue increases coupled with increasing expenditures and capital needs. Due to an unanticipated increase in real estate transfer tax collections, increases in earned income tax collections and 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 69.1% of the revenue for the General Fund, the Municipality's main operating fund. Real estate tax collections remained flat while earned income tax collections saw a slight increase of 1.8% from the prior year. A Commission initiative to examine under assessed residential properties

that began in 2013, continued in 2015. In 2013, a county-wide real estate reassessment was completed. Many homeowners appealed their assessed value, citing over assessment. The Commission, in the interest of equity across all residential property, chose to appeal properties that met certain criteria for under assessment set by the Municipality. A total of 26 properties were appealed by the Municipality in 2015 resulting in increases in assessed value of \$4.4 million. The Commission has initiated the same program in 2016, identifying 14 residential properties for appeal. Heading into the 2016 year, the millage rate has remained the same.

As noted in prior year reports, 2012 was the first year for the new earned income tax collection (EIT) system. In this fourth year of employer mandated collections, EIT experienced an increase of \$210,402 or 1.8%. This is important because trends in EIT collections were difficult to monitor in first two years due to the newly enacted employer mandated collections. The increase in 2015 was slightly below budgeted projections of 2.0%. The Municipality continues to be encouraged by the new collection system and will continue to monitor collection patterns throughout 2016.

As the Municipality tightens its spending for services, it also must consider the funding for continuing capital needs. 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 2015, this policy was met with funding for street construction provided by two sources - \$1.75 million from the General Fund and \$598,865 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 2015, sanitary sewer capital expenditures totaled \$2.80 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 five years, \$10.08 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 fourth full year, the storm water fee generated \$1.61 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 four years, \$4.3 million has been spent on storm water capital projects to maintain, enhance and expand the storm sewer system. The fee has also allowed for certain major storm sewer capital projects to be completed through debt issuance. In 2014, \$1.5 million worth of bonds were issued related to three major storm water projects in order to expedite the completion of these high priority projects (estimated 2016 completion). All debt service related to these projects will be paid for from the storm water fee.

In addition to the infrastructure improvements, other capital budget items were acquired or renovated. The \$1.13 million field turf renovation of Wildcat and Middle fields was completed in 2015. Other major capital projects included the acquisition of a new sewer truck for maintenance, major façade repairs at the municipal building and public safety center and

recreation center building improvements.

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 2020. The 2016 adopted budget provides over \$8.79 million for capital projects and improvements.

The continued focus on capital and infrastructure needs was enhanced by the refinancing of two bond issues in 2015. The majority of the 2010 Series A bonds and all of the 2010 Series B bonds were refinanced. The net present value savings was \$567,547 and in 2016, a debt service reduction of \$538,711 will help sustain the Municipality's focus on capital needs.

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 2015 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 (excluding the Capital Assessment Fund). 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.

During 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 2015, the unassigned fund balance was 13.6% 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 2015, 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 November 2015, 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, 2014. The Municipality has received this award for 39 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,



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, 2014

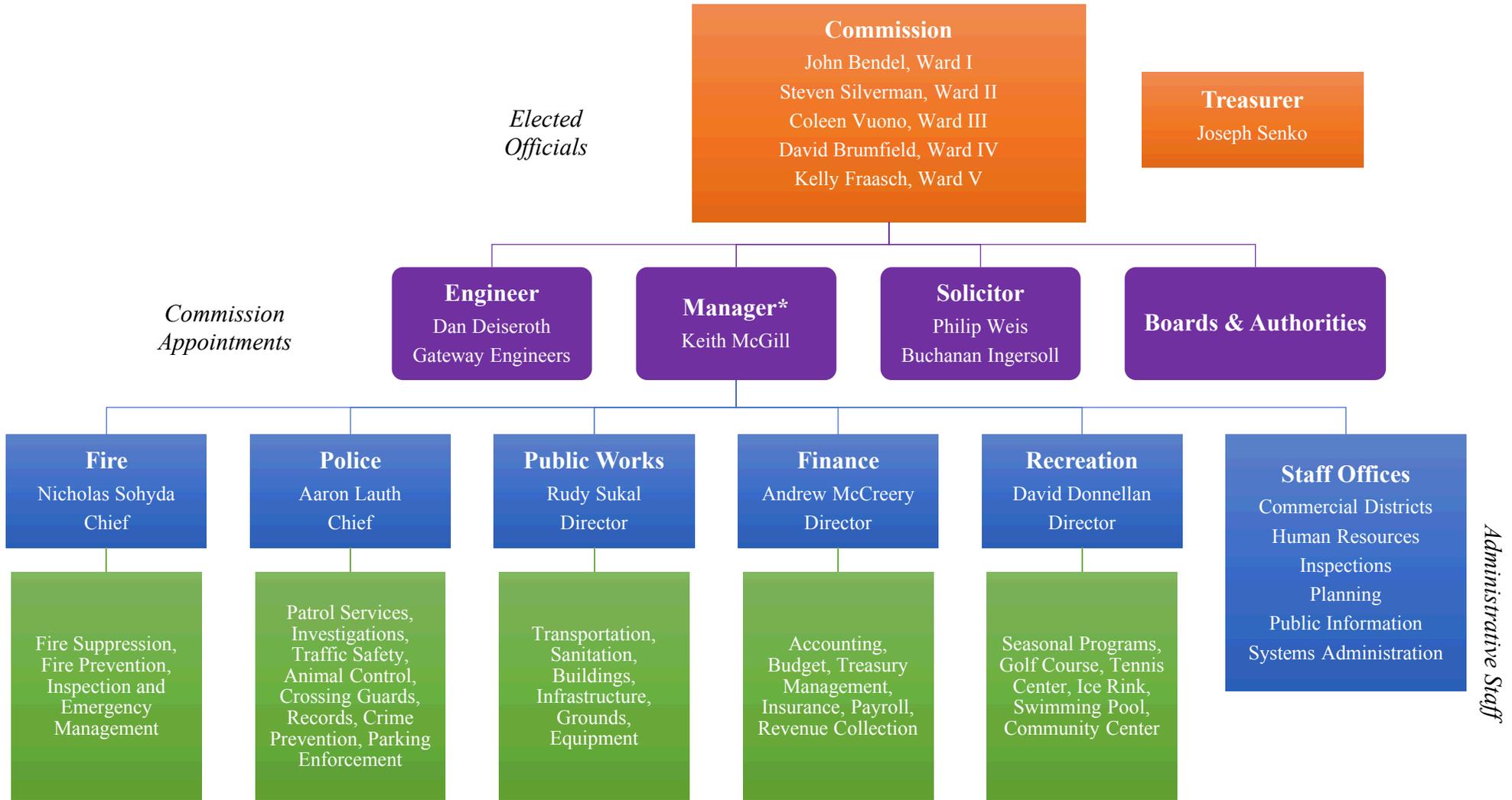
Executive Director/CEO

MT. LEBANON, PENNSYLVANIA

ORGANIZATIONAL CHART

DECEMBER 31, 2015

10



* Interim Manager as of December 31, 2015, appointed Manager January 4, 2016.

MT. LEBANON, PENNSYLVANIA

PRINCIPAL OFFICERS

COMMISSION



John Bendel
President



Kelly Fraasch
Vice President



Steven Silverman



David Brumfield



Coleen Vuono

STAFF

Keith McGill, *Interim Manager*
(Appointed Manager January 4, 2016)

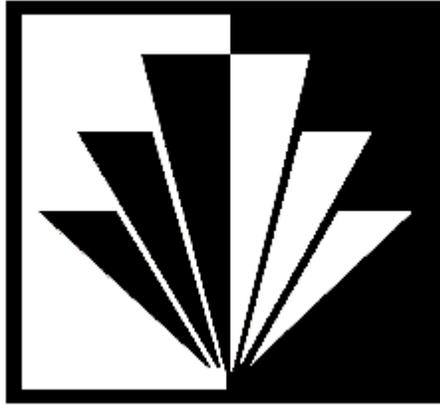
Andrew McCreery, CPA, *Finance Director*

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, 2015, 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, 2015, 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 2 to the financial statements, the Municipality adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions,*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date,*" which requires the Municipality to record its net pension 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 15 through 41, 103 through 108, and 109 through 111, 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 historic 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 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.

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

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, 2013 and 2014, 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 2013 and 2014 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 2013 and 2014 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 2013 and 2014 are fairly stated in all material respects in relation to the basic financial statements from which they were derived.

Maher Duessel
Pittsburgh, Pennsylvania
April 18, 2016

MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015

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, 2015. Please read this Management's Discussion and Analysis in conjunction with the preceding transmittal letter and the accompanying financial statements and notes that follow in order to obtain a thorough understanding of the Municipality's financial condition at December 31, 2015.

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 \$83,611,390 (net position). Of this amount, \$6,514,149 (unrestricted net position) may be used to meet the Municipality's ongoing obligations to its citizens and creditors.
 - The Municipality had two adjustments to net position for the prior year, which resulted in a net increase in the beginning net position of \$2,056,683. The first adjustment was an increase of \$4,121,433 to adjust for assets that were over-depreciated in previous years. The second adjustment was a decrease of \$2,064,750 for the cumulative effect of implementation of Governmental Accounting Standards Board (GASB) Statement No. 68. All comparative data will encompass this restatement.
 - The Municipality's governmental activities total net position increased from 2014 by \$4.2 million or 5.3% and unrestricted net position decreased by \$1.4 million or 17.5% in 2015.
 - Net investment in capital assets (net capital assets net of related debt) was \$71,957,562 at December 31, 2015, an increase of \$5.4 million.
 - The Municipality's real property tax rate remained at 4.51 mills and the earned income tax rate remained at 0.8%.
 - The total fund balance for governmental funds was \$12,829,933 at December 31, 2015, with \$4,802,623 in unassigned fund balance.
 - The General Fund had a total fund balance of \$5.68 million, of which \$4.80 million was unassigned. The total fund balance for the General Fund increased by \$86,609 or 1.5% and the unassigned fund balance increased by \$932,959 or 24.1%.
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MANAGEMENT'S DISCUSSION AND ANALYSIS

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- The unassigned fund balance in the General Fund is 13.9% of the General Fund's total revenues and 13.6% of the fund's total expenditures (including capital transfers).
- In 2015, the Municipality issued bonds in the amount of \$9,620,000 to refund the majority of the 2010 Series A bonds and all of the 2010 Series B bonds. The bond issue was split between the General Fund (93.72%) and the Parking Fund (6.28%). The final maturity of the issue is September 1, 2025. The coupon rate ranges from 2.0% – 4.0% over the life of the bonds. The present value savings was \$567,547 or 5.84%.
- At December 31, 2015, the Municipality had \$27.5 million of debt outstanding. This represents a decrease of \$2,740,000 or 9.1% from the previous year. The amount of outstanding direct debt per capita decreased from \$911 to \$829.
- The Municipality's business-type activities (Parking Fund) net position increased by \$376,380 or 5.4%. The unrestricted portion of net position decreased by 4.2%.
- The plan net position held in trust to pay pension benefits decreased \$585,078 or 0.7% in 2015. Plan net position in the other post-employment benefits trust increased \$14,663 or 1.3%.
- During 2015, the Municipality implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions.*" This Statement further revises existing guidance for the financial reports of the Municipality's defined benefit pension plans, and establishes new financial reporting requirements for governments that provide employees with pension benefits.

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 42-43) are government-wide financial statements that provide long-term and short-term information about the Municipality's overall financial status.
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MANAGEMENT'S DISCUSSION AND ANALYSIS

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- The remaining statements (pages 44-54) are fund financial statements that focus on individual parts of municipal government, reporting operations in more detail than the government-wide statements.

The fund financial statements include:

- The governmental funds statements (pages 44-49) 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 50-52) offer financial information about the activity (parking) that the Municipality operates as a business.
- Fiduciary fund statements (pages 53-54) 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 112-139 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 and an additional detail statement for the operations of the proprietary fund.

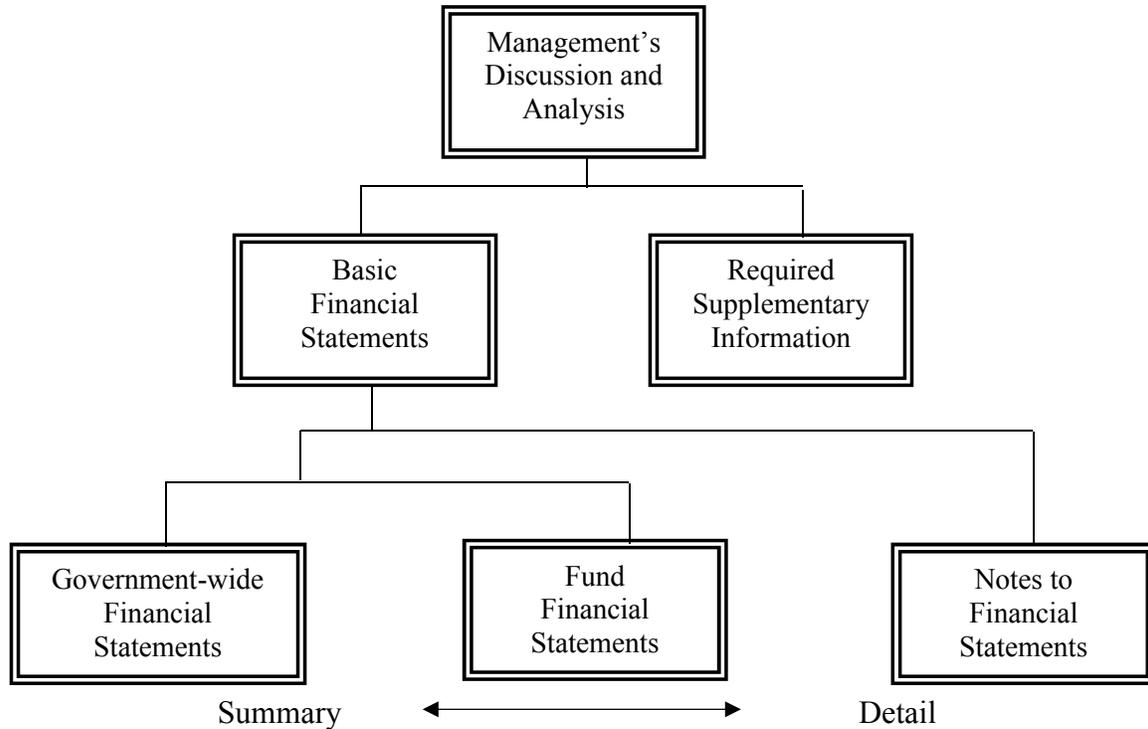
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MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015

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.

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

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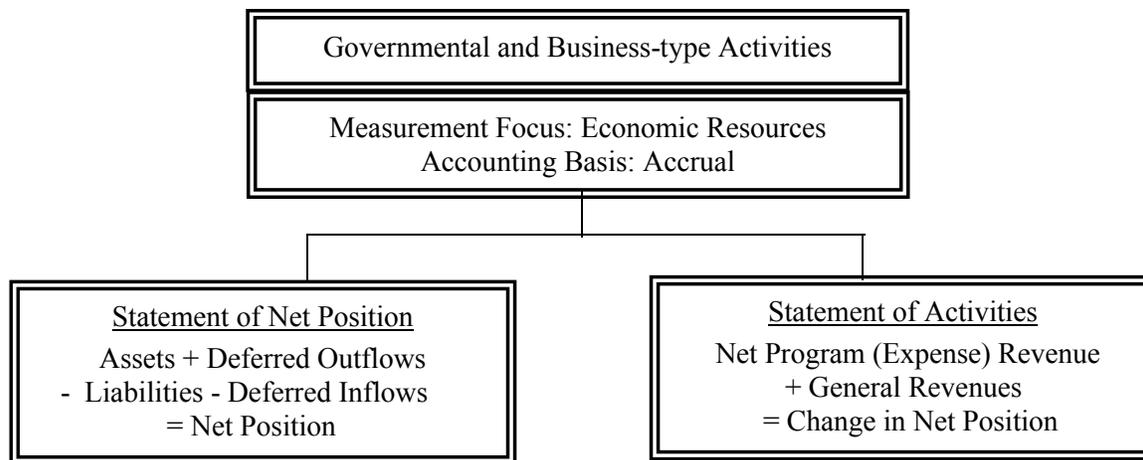
MANAGEMENT'S DISCUSSION AND ANALYSIS

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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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

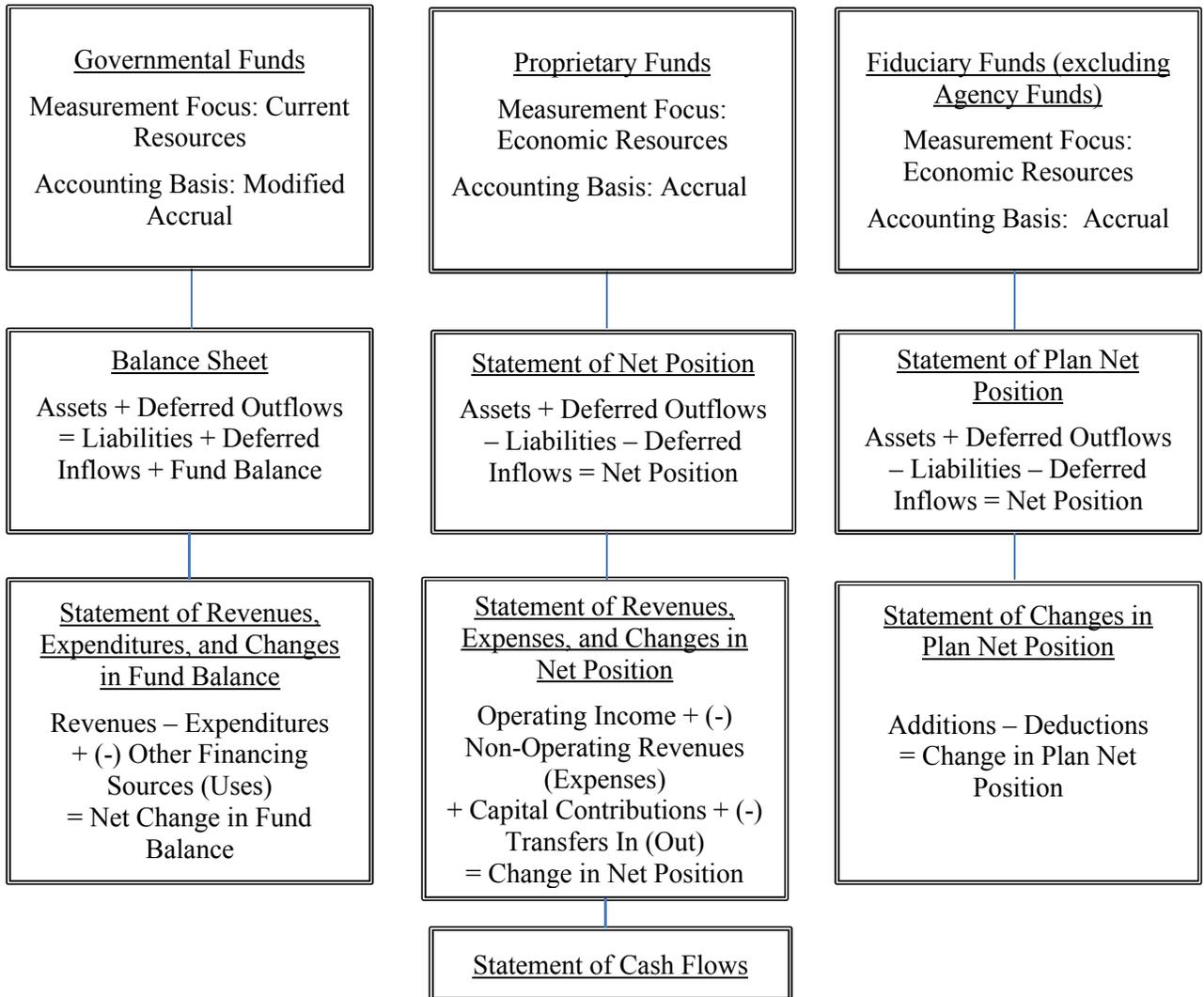
DECEMBER 31, 2015

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



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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 present 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 Benefit (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.

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FINANCIAL ANALYSIS OF THE MUNICIPALITY AS A WHOLE

The Municipality's net position for its governmental and business-type activities at December 31, 2015 and 2014 are presented below.

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
ASSETS				
Current and other assets	\$ 20,831,783	\$ 23,753,463	\$ 2,108,986	\$ 3,010,040
Capital assets	95,270,908	89,820,444	8,661,419	8,004,495
Total Assets	116,102,691	113,573,907	10,770,405	11,014,535
DEFERRED OUTFLOWS OF RESOURCES				
	6,621,664	-	-	-
LIABILITIES				
Current and other liabilities	6,214,490	7,159,408	875,482	826,920
Non-current liabilities	32,230,382	27,036,758	2,589,381	3,258,453
Total Liabilities	38,444,872	34,196,166	3,464,863	4,085,373
DEFERRED INFLOWS OF RESOURCES				
	668,093	-	-	-
NET POSITION				
Net investment in capital assets*	71,957,562	66,597,935	5,413,745	4,953,686
Restricted	5,139,679	4,886,309	-	-
Unrestricted*	6,514,149	7,893,497	1,891,797	1,975,476
Total Net Position*	\$ 83,611,390	\$ 79,377,741	\$ 7,305,542	\$ 6,929,162

*As noted in the results in brief section, net position was restated for 2014 due to adjustments related to assets being over-depreciated in prior years and the cumulative effect of implementation of GASB Statement No. 68. Please see Note 6 and Note 8 for more detailed information.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

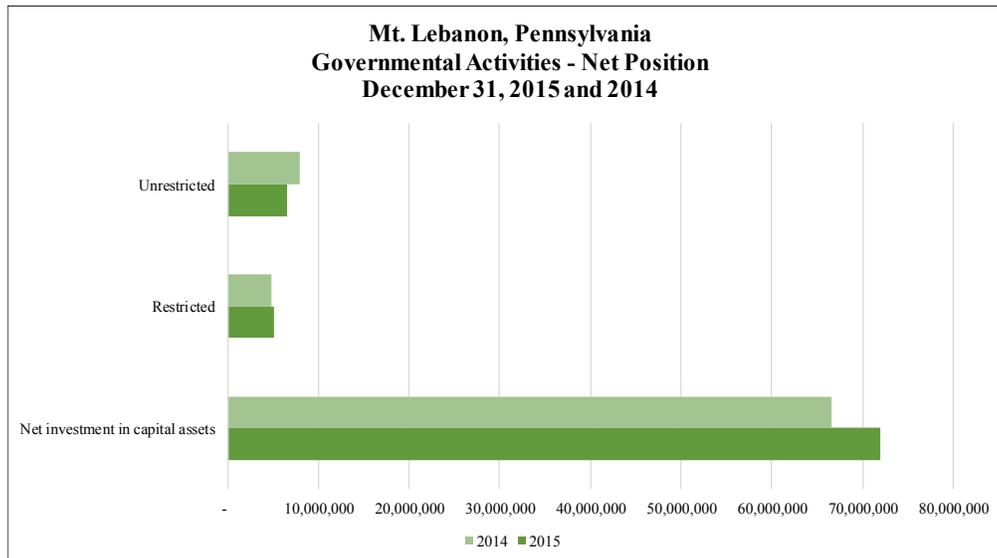
DECEMBER 31, 2015

Governmental Activities

Net Position

The net position of governmental activities increased from the previous year by \$4.2 million or 5.3%, to \$83.6 million. Of this amount, \$71.96 million represents the net balance of long-term capital assets and long-term debt. The \$5.1 million in restricted net position is comprised of \$4,974,168 for infrastructure upgrades, \$150,714 for donor-restricted purposes for the Mt. Lebanon Public Library and \$14,732 for industrial development activities. The unrestricted net position of \$6.51 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, 2015 and 2014:



Capital Assets

The largest portion of the Municipality's net position (86.1%) 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 for unspent bond proceeds). Resources necessary to repay this debt will be required to be provided from other resources, since the capital

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MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015

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, 2015 and 2014:

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Revenues:				
Program revenues:				
Charges for services	\$15,804,406	\$14,776,796	\$ 2,009,582	\$ 2,027,837
Operating grants and contributions	2,940,458	2,796,934	-	-
Capital grants and contributions	152,630	459,955	-	-
General revenues:				
Real estate taxes	12,064,474	12,062,164	-	-
Earned income taxes	11,630,148	11,529,728	-	-
Other, including interest	3,026,885	2,803,899	12,365	146,516
Total revenues	45,619,001	44,429,476	2,021,947	2,174,353
Program Expenses:				
General government	5,129,230	5,028,178	-	-
Community development	902,482	862,888	-	-
Public works	15,223,427	14,117,364	-	-
Human services	2,339,041	2,333,704	-	-
Culture and recreation	3,616,982	3,446,210	-	-
Public safety:				
Police	9,197,855	8,067,489	-	-
Fire	3,809,582	3,751,720	-	-
Other	837,044	835,141	-	-
Interest on long-term debt	487,306	633,388	-	-
Parking	-	-	1,487,970	1,500,662
Total expenses	41,542,949	39,076,082	1,487,970	1,500,662
Increase (decrease) in net position before transfers	4,076,052	5,353,394	533,977	673,691
Transfers	157,597	155,189	(157,597)	(155,189)
Increase (decrease) in net position	4,233,649	5,508,583	376,380	518,502
Net position-beginning	79,377,741	71,812,475	6,929,162	6,410,660
Net position-adjustment to net position	-	2,056,683	-	-
Net position-ending	\$83,611,390	\$79,377,741	\$ 7,305,542	\$ 6,929,162

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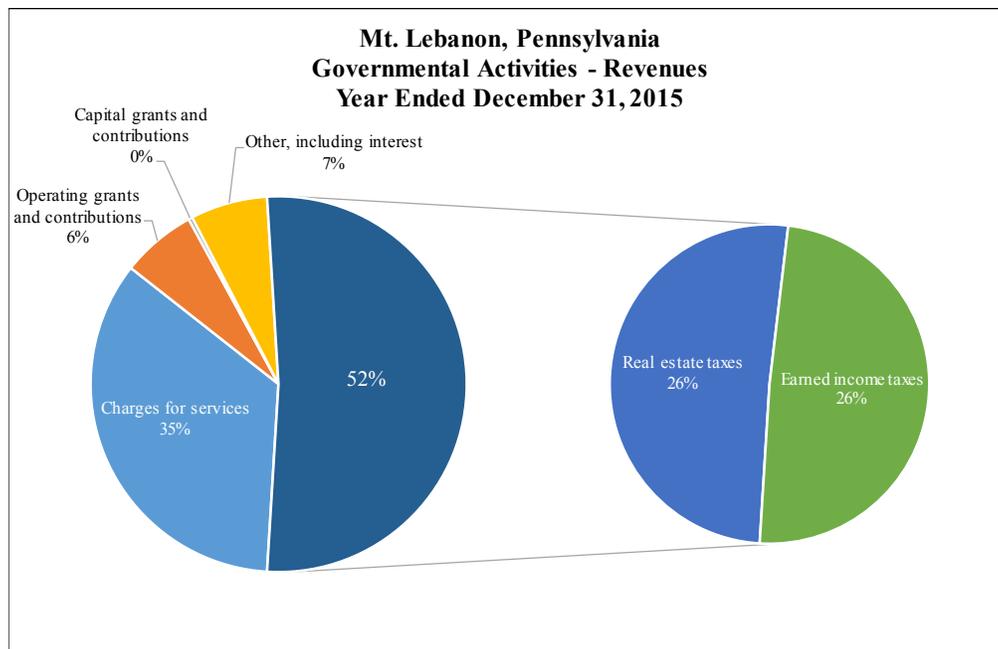
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015

Revenues

Total revenues for governmental activities of \$45.6 million were largely derived from charges for services, real estate taxes, and earned income taxes (86.6%). Real estate taxes and earned income taxes make up 88.8% of all taxes collected by the Municipality. All sources of taxes provide 58.5% 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, 2015:



Governmental activities revenues increased \$1,189,525 or 2.7%. Highlighted below are the major program revenue variances.

- **Charges for services** increased \$1,027,610 due to an increase in sewer user fee collections and reimbursements for police special details. In 2015, the pass through sewer processing fee from ALCOSAN increased 11%. Overall, sewer user fee collections were up \$539,276 from 2014. In addition, the Municipality had a large road construction season from external parties, including utility

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- companies and Pennsylvania Department of Transportation (PennDOT). The road projects required police traffic services and the Municipality was reimbursed for these services by the contractors. The increase over 2014 was \$384,500.
- **Operating grants and contributions** increased \$143,524 due to additional state liquid fuels tax and recycling grants 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.

On January 14, 2015, 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 2015, the net decrease in assessed value was \$2,471,492 or less than 0.1%. Current real estate tax collections increased 0.7% compared to prior year collections due to an increased rate of collection. Until the County does another county-wide reassessment, the Municipality should expect flat assessment values.

Earned income taxes increased in 2015 by \$100,420 or 0.9%. This was in part due to the stabilization of collection patterns as the employer mandated collection system entered its fourth year as well as economic conditions being stable throughout the region. The Municipality has the advantage of having the same tax collector as the City of Pittsburgh, where a large portion of our tax base is employed. This cohesion provides for less of a time lag between the mandated withholding from the taxpayer to remittance to the Municipality.

Primary revenue sources within the other category are real estate transfer taxes, which increased by 10.8% due to an increase (4.2%) in the average residential sale price and sales taxes, shared by the County, which increased 5.3% reflecting the local economy.

Program Expenses

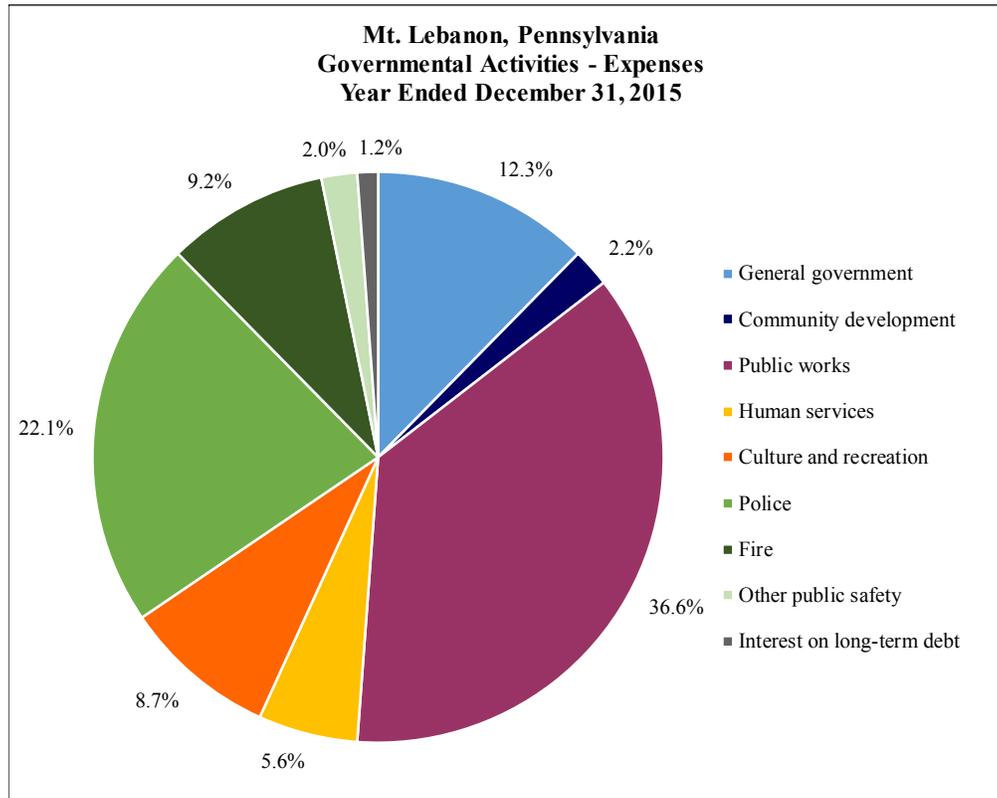
Total 2015 program expenses for all programs were \$41.5 million. The expenses reflect the delivery of a range of services, with the two largest areas being public works and public safety. Public safety has two operational departments – police and fire. The third largest area is general government, which includes administration, legal services, public information, information technology, insurance, and finance/tax functions.

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The following chart graphically depicts the governmental activities program expenses for the fiscal year ended December 31, 2015:



Increases in program expenses from the prior year totaled \$2.47 million. Despite this increase, operating departments and offices continued to do an exceptional job in controlling costs relative to budgeted amounts. Highlighted below are the major program expense variances.

- **General Government** saw increases from the 2014-2015 insurance renewal and executive management searches for the manager, police chief, and public works director.
- **Public Works** experienced increases from an 11% increase in sewer processing fees charged by ALCOSAN and pension expenses related to GASB Statement No. 68 netted with decreases from personnel vacancies and fuel savings.
- **Police and Fire** expenses increased due to pension expenses related to GASB Statement No. 68 and contractual personnel increases.
- **Interest on long-term debt** decreased due to the savings from 2015 bond issue, which refunded portions of two previous bond issues.

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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		
	2015	2014	Inc/(Dec)
General government	\$ (2,584,920)	\$ (2,482,767)	\$ 102,153
Community development	(603,063)	(623,311)	(20,248)
Public works	(4,308,465)	(3,582,817)	725,648
Human services	(1,585,801)	(1,505,269)	80,532
Culture and recreation	(632,728)	(621,143)	11,585
Public safety:			
Police	(8,530,193)	(7,813,110)	717,083
Fire	(3,568,485)	(3,429,828)	138,657
Other	(344,494)	(350,764)	(6,270)
Interest on long-term debt	(487,306)	(633,388)	(146,082)
Total Net Expenses	<u>\$ (22,645,455)</u>	<u>\$ (21,042,397)</u>	<u>\$ 1,603,058</u>

The total net expense increased \$1,603,058 or 7.6% from 2014 to 2015. The reasons for this increase can be attributed to revenue and expense changes already discussed, such as increases in project activities throughout different departments.

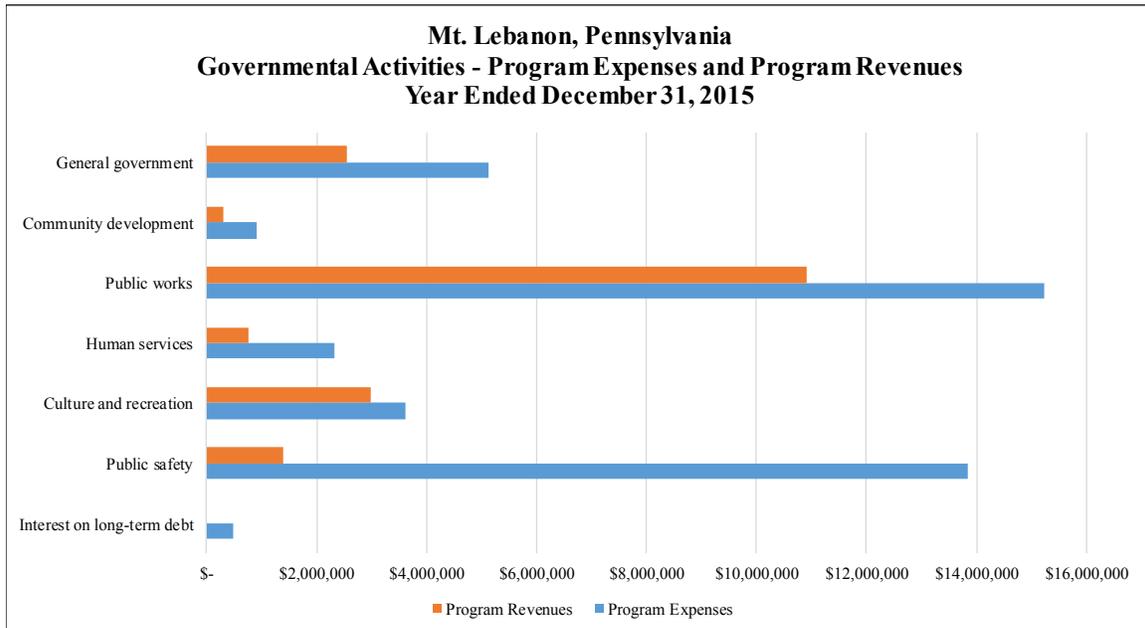
Highlighted in the expenses section, GASB Statement No. 68 had a large effect on expenses in the statement of activities. The cumulative effect on the statement of activities was an increase to pension expense of \$970,806. This is the difference between the annual required pension contribution per Commonwealth of Pennsylvania (State) regulations and the expense calculated for GASB Statement No. 68. 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 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 2016 and future years. The calculation is only for government-wide financial statement purposes.

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The following chart graphically depicts the governmental activities program revenues and program expenses for the fiscal year ended December 31, 2015:



Business-type Activities

The Municipality business-type activities consist of the operation of the Parking Fund. This was the fourth year of operations for the Parking Fund under the management of the Municipality. The Municipality completed the second phase of a four-year rehabilitation and improvements project to the north and south parking garages. The second phase was funded by a combination of current reserves and bond funds. The expenses for the completion of the second phase were improvements to the parking garages; therefore, all the expenses totaling more than \$1,061,558 were capitalized in 2015.

The operating results for the Parking Fund were positive for the current fiscal year. Net position increased \$376,380 or 5.4% due to consistent revenue collection and expense control. In 2016, the Municipality budgeted to fund phase three of parking garage improvements, which will address the façades of both garages. This will be funded through current reserves.

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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 \$12.8 million, which represents a decrease of \$1.98 million from the previous year. The following chart shows the changes in fund balances during 2015:

Fund	Fund Balance		Increase (Decrease)
	2015	2014	
General	\$ 5,680,424	\$ 5,593,815	\$ 86,609
Sewage	4,855,734	5,550,354	(694,620)
Capital Projects	1,637,360	3,049,443	(1,412,083)
Other governmental funds:			
Storm Water	408,129	329,820	78,309
Library Operating	233,276	278,089	(44,813)
Industrial Development	14,732	13,525	1,207
Capital Assessment	213	412	(199)
State Highway Aid	65	4	61
Total fund balance	<u>\$12,829,933</u>	<u>\$14,815,462</u>	<u>\$(1,985,529)</u>

In 2015, the fund balance of the General Fund increased by 1.5%. The 2015 final budget appropriated \$1.63 million of fund balance to cover operational and capital expenditures, specifically 2014 capital projects to be completed in 2015 and the assignment of 2014 unassigned fund balance in excess of 10% of expenditures to accomplish necessary projects. Due to an increase in earned income and real estate transfer tax collections, departments coming in under budget and the timing of funded capital projects, the Municipality did not need to use fund balance to supplement current operational expenditures.

The fund balance decrease of \$694,620 in the Sewage Fund is due to a large capital construction project completed in 2015 in the area of Altoona Place, Mapleton Avenue, and Rae Avenue. The total project cost in 2015 allocated to the Sewage Fund was \$1.6 million. The Sewage Fund's primary revenue source is assessments, which are based on water consumption. The remaining fund balance of \$4.9 million will be used for future construction projects or regulatory mandates related to sanitary sewers.

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The increase in the Storm Water Fund was due to the timing of capital projects. Assessments are made annually but projects stretch out for longer periods. In 2015, a few long-term projects finished with the bulk of expenditures occurring in prior years. On an annual basis, the municipal engineer issues a report on potential storm water capital projects. The balance in this fund will be used for projects identified in that report in future years.

The other significant decrease is in the fund balance for the Capital Projects Fund. A large reduction in fund balance was due to the use of 2014 bond proceeds for municipal building improvements, façade repairs, and storm water infrastructure projects. The remaining reduction in fund balance was using the reserves for field enhancements and recreation center improvements.

Of the \$12.8 million combined fund balance total, \$6.3 million (or 49.3%) is restricted fund balance. This category of fund balance represents the amounts that are constrained to be spent for specific purposes. These constraints are placed either by external parties or enabling legislation. Restrictions, and the source of the restriction, include \$4.86 million for sanitary sewer improvements (ALCOSAN agreement), \$898,980 for municipal facilities and storm water projects (bond proceeds), \$150,714 at the library (donor), \$408,129 for future storm water improvements (enabling), and \$14,732 for industrial development activities (enabling).

In addition, assignments totaling \$1.35 million (or 10.5%) include \$443,970 used to balance the Municipality's 2016 budget. The amount used to balance the 2016 budget represents fund balance used to complete projects carried over (re-budgeted) into 2016. Assignments related to capital projects are \$738,380 in the Capital Projects Fund for various community improvements, \$21,088 in the General Fund for replacement of the field turf located at Wildcat and Middle fields and \$68,550 for future benefit obligations. Lastly, the Library Operating Fund has \$82,562 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 Mt. Lebanon 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 \$4,802,623 or 13.6% 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 2016.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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General Fund

The results of the General Fund for 2015 demonstrate that the Municipality has been able to remain stable in the ever changing financial landscape. The chart below shows the operating results of this fund for 2015:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance (Unfavorable)</u>
Revenues	\$ 33,837,330	\$ 34,377,902	\$ 540,572
Expenditures	29,866,960	29,404,338	462,622
Excess of Revenues Over Expenditures	3,970,370	4,973,564	1,003,194
Transfers, net	(5,595,950)	(4,886,955)	708,995
Net change in fund balance from operations	<u>\$ (1,625,580)</u>	<u>\$ 86,609</u>	<u>\$ 1,712,189</u>

It was planned that the Municipality use \$1,625,580 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 2015. The sections below will discuss the results that led to this favorable result.

Revenues

Total operating revenues exceeded budget by \$540,572 or 1.6%. The major budget to actual variances contributing to this result are as follows:

Revenue Source	Exceeds/ (Under) Budget (in thousands)	Reason
Earned income taxes	(26.4)	Collections increased more closely related to economic factors, reaching 99.8% of the budget
Real estate transfer taxes	165.8	Sales of real estate in the Municipality continued to keep pace with prior years
County sales tax	89.1	Economy continued to improve, 11.0% above budget

MT. LEBANON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Revenue Source	Exceeds/ (Under) Budget (in thousands)	Reason
Recreation	26.2	Ice rink and swimming pool revenues exceeded budget estimates, while golf course and seasonal programs were slightly below budget
Other Revenue	266.4	Reimbursements for police special details related to road construction projects exceeded budget projections for the year

Expenditures

Overall, expenditures were \$462,622 or 1.5% less than budgeted. The major budget to actual fluctuations contributing to this favorable performance were:

Function	Under/ (Exceeds) Budget (in thousands)	Reason
Insurance	41.7	Although insurance increased over prior year expenditures, budget savings were realized due to competitive proposals at renewal
Economic development	61.7	The Beverly Road streetscape project came in under budgeted projections
Public works administration	118.6	Budget savings were realized due to personnel changes within the public works department
Transportation	118.9	Contractual work was lower than budgeted as well as state highway aid funds were higher than budgeted, which offsets transportation expenditures
Buildings, grounds, and equipment	223.3	Assignments for deer management and invasive species management were not spent in 2015 and the Municipality realized over \$100,000 budgetary savings in fuel expenditures
Public safety	(221.7)	Police expenditures exceeded budget due to additional reimbursable special details related to road reconstruction
Capital outlay	48.8	Assignments for Robb Hollow park improvements were not spent in 2015

These items account for 85% of the expenditure variance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015

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 \$5,680,424, an increase of \$86,609 from 2014. The reasons for this increase have been discussed above. This fund balance is categorized into the following fund balance components:

Fund Balance Component	Amount	Explanation
Nonspendable	\$ 344,193	Prepaid items and inventory
Assigned for:		
Capital projects	21,088	Field turf replacement
Subsequent years budget	443,970	2016 budget
Future benefit obligations	68,550	Health care increases
Unassigned	4,802,623	Available for expenditure
Total Fund Balance	<u>\$ 5,680,424</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. 2015 was the third full year of billing and collection services performed by Jordan Tax Service. 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 \$8,337,960 and all other income totaled \$56,205. Transfers to the Capital Projects Fund for infrastructure and equipment expenditures were \$3.1 million. In addition, \$478,672 was transferred to the General Fund for sanitary sewer maintenance activities and \$147,950 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.

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The remainder of sewage fund expenditures was for payments to ALCOSAN for their portion of sewage charges and to Jordan Tax Service for collection expenditures. The remaining fund balance of \$4,855,734 was restricted for continuing infrastructure work for the EPA mandate and for other expenditures as above (collections costs, maintenance, debt service, and ALCOSAN payments).

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 2015, this fund had expenditures of \$8.0 million, or \$2.3 million lower than the previous year. The Capital Projects Fund has a fund balance of \$1,637,360 at year-end. Of this balance, \$898,980 is restricted for the completion of improvements to municipal facilities and storm sewers funded by the 2014 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 2015	Restricted Fund Balance 12/31/2015	Assigned Fund Balance 12/31/2015
Sanitary sewers improvements	\$ 2,801,728	\$ -	\$ -
Street reconstruction	2,354,968	-	-
Storm water system upgrades	1,013,883	748,788	-
Traffic signal/intersection upgrades	93,095	-	206,000
Building and facility improvements	431,661	150,192	400,000
Recreation facilities improvements	240,248	-	85,120
Parks and field improvements	694,297	-	47,260
Pedestrian routes improvements	41,311	-	-
Large equipment	325,000	-	-
	<u>\$ 7,996,191</u>	<u>\$ 898,980</u>	<u>\$ 738,380</u>

Other Governmental Funds

The Storm Water Fund was created for the collection of fees to be used for storm water improvements. The funds raised may be used for the maintenance and reconstruction of the existing storm water system as well as for the extension of the system. It may also be

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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used for items that affect storm water conveyance and for the administrative costs for the fund. The fee is based on an impervious surface calculation based on a unit value of \$8 per month. Single family residential properties pay a one-unit rate with all other properties (multiple-family, commercial and tax-exempt) charged based on the impervious surface area of the property. For 2015, the fourth full year of collection, this fund generated \$1,609,132, which was used for capital projects (\$1,036,526), storm sewer maintenance and conveyance costs (\$300,622), debt service payments (\$125,820), and collection costs (\$71,484). There is a fund balance of \$408,129 restricted for future storm water needs.

Within the other governmental funds category is the State Highway Aid Fund (state revenues dedicated to pay for certain street maintenance and improvement costs), the Library Operating Fund (the main fund of the separately run but not legally separate public library), the 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), the Capital Assessment Fund (deposits made by developers and others for land development projects), and the Debt Service Fund (reporting all debt payments and refundings). In total, the activities of these funds generated revenues of \$1.5 million and had a net decrease in fund balance of \$43,744. The details of the activities of these funds may be found on pages 123-137.

Budgetary Highlights

The 2015 General Fund budget was adopted in December 2014. The adopted General Fund budget had expenditures, including transfers, of \$36.4 million. Expenditures were covered by current revenues, including transfers, of \$34.8 million and fund balance of \$1.6 million. There no budget amendments in 2015.

The 2016 municipal budget was adopted in December 2015. Several 2016 budget highlights include:

- The 2016 General Fund budget was adopted at \$35.7 million or a decrease of 1.9% from the final 2015 budget. The net decrease was a combination of operational expenditures decreasing 0.8% and debt service decreasing 21.3% due to the 2015 bond refinancing activities. The budget continues to comply with two policies enacted by the Commission related to limits on the use of fund balance in an annual budget (balanced budget without use of fund balance), and funding an acceptable level of street reconstruction without use of fund balance.
- The 2016 General Fund budget includes funds to maintain current levels of service as well as for street reconstruction, capital equipment purchases, and

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facility renovations. The capital items funded by the General Fund for 2016 include: leasing a new front-end loader, public safety equipment, major park improvements, golf course equipment, and improvements at the golf course. In addition, improvements at Robb Hollow park were carried over into 2016.

- 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). Other major capital projects and purchases include: municipal building façade repairs, Cochran Road improvements, flooring replacements at the ice rink, reconstruction of two new paddle tennis courts, and sidewalk improvements at the tennis center. In addition, bond issue projects that were initiated in 2014 will continue into 2016.

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 50-52, provide the same type of information as on the government-wide statements, but in more detail.

As of December 31, 2015, the unrestricted net position of the fund is \$1.9 million, a decrease of \$83,679 from the end of 2014. In 2015, the parking garages were in the third year of improvements, which was funded by remaining bond proceeds and reserves. Charges for services for the year were \$2,009,582, which is a slight decrease of 0.9% over the prior year. Revenues were consistent with the prior year, as parking capacity was diminished during the improvements. The operating expenses of the fund totaled \$1,415,319. This is a decrease of 2.7% from the prior year. 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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MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2015 and 2014, as restated:

	<u>Summary of Capital Assets</u>			
	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 7,266,047	\$ 7,266,047	\$ 2,687,084	\$ 2,687,084
Construction in progress	147,370	1,973,333	-	-
Buildings and improvements other than buildings	41,309,026	39,606,256	13,128,038	12,066,479
Infrastructure	85,451,756	78,761,888	-	-
Equipment and other capital assets	<u>18,218,768</u>	<u>17,468,048</u>	<u>978,730</u>	<u>978,730</u>
Total capital assets	<u>152,392,967</u>	<u>145,075,572</u>	<u>16,793,852</u>	<u>15,732,293</u>
Less accumulated depreciation for:				
Buildings and improvements other than buildings	(16,554,776)	(16,903,570)	(7,393,481)	(7,063,558)
Infrastructure	(31,690,176)	(30,287,481)	-	-
Equipment and other capital assets	<u>(8,877,107)</u>	<u>(8,064,077)</u>	<u>(738,952)</u>	<u>(664,240)</u>
Total accumulated depreciation	<u>(57,122,059)</u>	<u>(55,255,128)</u>	<u>(8,132,433)</u>	<u>(7,727,798)</u>
Total Capital Assets, Net	<u><u>\$95,270,908</u></u>	<u><u>\$89,820,444</u></u>	<u><u>\$ 8,661,419</u></u>	<u><u>\$ 8,004,495</u></u>

The significant changes in the governmental activities include: additions to infrastructure for streets, sanitary and storm sewers, and the completion of the Wildcat and Middle field turf renovations. In the Parking Fund (business-type activity), there were additions for the completion of improvements to the parking decks at the north and south parking garages.

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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MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015

Long-Term Debt

In 2015, the Municipality's total debt decreased by \$2,740,000 or 9.1%. The reason for the decrease was the issuance of a refunding bond issue in 2015 and continued principal payments on outstanding general obligation bonds. The 2015 bond issue was issued at a premium with a present value savings of \$567,547 or 5.8%. The issue has a maturity date of 2025 with coupon rates of 2.0% to 4.0%.

At December 31, 2015, the Municipality had \$27,460,000 of debt outstanding. The following details activity related to general obligation bonds during 2015:

<u>Summary of General Obligation Bond Activity</u>	
Beginning balance at January 1, 2015	\$ 30,200,000
New debt issues	9,620,000
Principal retirement	<u>(12,360,000)</u>
Ending balance at December 31, 2015	<u>\$ 27,460,000</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 received in 2014 from Moody's Investor Service at the time of the 2015 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 2015, the combined plan net position decreased \$585,078 or 0.7%. 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 2015.

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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 2015, employee contributions were needed in all three plans and were assessed at the maximum allowable in each plan – general 5%, uniformed fire 4.25%, and uniformed police 4%.

As mandated by state law, actuarial valuations for the plans are performed every two years – on 1/1/odd year date. As of the January 1, 2015 valuation, the actuarial accrued liability (AAL) of the three plans was \$86.1 million. At that time, for the three plans on a summarized basis, the AAL exceeded the actuarial value of assets by \$6.99 million. The Municipality chooses to have actuarial valuations performed every year to provide needed information for budgetary planning. In comparison to the January 1, 2014 valuation, the combined AAL increased by \$6.90 million and the AAL in excess of the actuarial value of assets decreased by \$222,241 as of January 1, 2015.

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 and 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, 2015, the date of the most recent actuarial report, the actuarial accrued liability for the plan was \$2.63 million. At that point in time, the plan had \$1.17 million in funding, leaving an unfunded liability of \$1.46 million, and a funded ratio of 44.5%. The next actuarial valuation will be performed as of January 1, 2017.

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

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works, and all other full-time employees, the postemployment medical benefit has 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, 2015

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and other money market instruments	\$ 14,439,804	\$ 2,111,656	\$ 16,551,460
Receivables:			
Taxes	3,508,168	-	3,508,168
Assessments	1,341,894	-	1,341,894
Accounts	729,723	40,807	770,530
Due from other governments	329,545	-	329,545
Internal balances	55,422	(55,422)	-
Other assets	344,193	11,945	356,138
Other post employment benefits asset	83,034	-	83,034
Capital assets, not being depreciated	7,413,417	2,687,084	10,100,501
Capital assets, net of accumulated depreciation	34,095,911	5,974,335	40,070,246
Infrastructure assets, net of accumulated depreciation	53,761,580	-	53,761,580
Total Assets	116,102,691	10,770,405	126,873,096
Deferred Outflows of Resources			
Deferred outflows of resources for pension	6,621,664	-	6,621,664
Liabilities			
Accounts payable	3,399,914	109,234	3,509,148
Advance deposits	309,190	46,771	355,961
Accrued payroll and deductions payable	202,577	6,760	209,337
Accrued interest payable	163,532	25,836	189,368
Net pension liability	8,417,009	-	8,417,009
Compensated absences, current portion	518,761	7,397	526,158
Compensated absences, long-term portion	1,221,563	21,191	1,242,754
Bonds payable, current portion	1,620,516	679,484	2,300,000
Bonds payable, long-term portion	22,591,810	2,568,190	25,160,000
Total Liabilities	38,444,872	3,464,863	41,909,735
Deferred Inflows of Resources			
Deferred inflows of resources for pension	668,093	-	668,093
Net Position			
Net investment in capital assets	71,957,562	5,413,745	77,371,307
Restricted for:			
Capital projects	4,974,168	-	4,974,168
Library	150,714	-	150,714
Industrial development	14,732	-	14,732
State highway aid	65	-	65
Unrestricted	6,514,149	1,891,797	8,405,946
Total Net Position	\$ 83,611,390	\$ 7,305,542	\$ 90,916,932

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 5,129,230	\$ 1,461,429	\$ 1,082,881	\$ -	\$ (2,584,920)	\$ -	\$ (2,584,920)
Community development	902,482	195,858	103,561	-	(603,063)	-	(603,063)
Public works	15,223,427	9,921,004	841,328	152,630	(4,308,465)	-	(4,308,465)
Human services	2,339,041	84,711	668,529	-	(1,585,801)	-	(1,585,801)
Culture and recreation	3,616,982	2,973,206	11,048	-	(632,728)	-	(632,728)
Public safety:							
Police	9,197,855	598,296	69,366	-	(8,530,193)	-	(8,530,193)
Fire	3,809,582	77,352	163,745	-	(3,568,485)	-	(3,568,485)
Other	837,044	492,550	-	-	(344,494)	-	(344,494)
Interest on long-term debt	487,306	-	-	-	(487,306)	-	(487,306)
Total governmental activities	41,542,949	15,804,406	2,940,458	152,630	(22,645,455)	-	(22,645,455)
Business-Type activities:							
Parking	1,487,970	2,009,582	-	-	-	521,612	521,612
Total primary government	\$ 43,030,919	\$ 17,813,988	\$ 2,940,458	\$ 152,630	(22,645,455)	521,612	(22,123,843)
General revenues:							
Taxes:							
Real estate					12,064,474	-	12,064,474
Earned income					11,630,148	-	11,630,148
Other					2,999,496	-	2,999,496
Interest income					27,389	2,365	29,754
Gain on sale of property					-	10,000	10,000
Transfers - internal activities					157,597	(157,597)	-
Total general revenues and transfers					26,879,104	(145,232)	26,733,872
Change in Net Position					4,233,649	376,380	4,610,029
Net position - beginning of year, as restated					79,377,741	6,929,162	86,306,903
Net position - end of year					\$ 83,611,390	\$ 7,305,542	\$ 90,916,932

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2015

<u>Assets</u>	General	Sewage	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and other money market instruments	\$ 5,403,932	\$ 6,030,146	\$ 1,960,807	\$ 1,044,919	\$ 14,439,804
Receivables:					
Taxes	3,508,168	-	-	-	3,508,168
Assessments	45,529	1,104,653	-	191,712	1,341,894
Accounts	729,723	-	-	-	729,723
Due from other funds	723,500	-	810,460	22,250	1,556,210
Due from other governments	329,545	-	-	-	329,545
Other assets	344,193	-	-	-	344,193
Total Assets	\$ 11,084,590	\$ 7,134,799	\$ 2,771,267	\$ 1,258,881	\$ 22,249,537
Liabilities, Deferred					
Inflows of Resources, and Fund Balance					
<u>Liabilities:</u>					
Accounts payable	\$ 800,311	\$ 1,417,871	\$ 1,133,907	\$ 47,825	\$ 3,399,914
Advance deposits	178,761	-	-	130,429	309,190
Due to other funds	832,710	393,559	-	274,519	1,500,788
Accrued payroll and deductions payable	721,338	-	-	-	721,338
Total Liabilities	2,533,120	1,811,430	1,133,907	452,773	5,931,230
<u>Deferred Inflows of Resources:</u>					
Unavailable revenue	2,871,046	467,635	-	149,693	3,488,374
<u>Fund Balance:</u>					
Nonspendable:					
Prepaid items and inventory	344,193	-	-	-	344,193
Restricted for:					
Capital projects	-	4,855,734	898,980	408,342	6,163,056
Library donor specifications	-	-	-	150,714	150,714
Industrial development	-	-	-	14,732	14,732
State highway aid	-	-	-	65	65
Assigned for:					
Capital projects	21,088	-	738,380	-	759,468
Library services	-	-	-	82,562	82,562
Subsequent years budget	443,970	-	-	-	443,970
Future benefit obligations	68,550	-	-	-	68,550
Unassigned	4,802,623	-	-	-	4,802,623
Total Fund Balance	5,680,424	4,855,734	1,637,360	656,415	12,829,933
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 11,084,590	\$ 7,134,799	\$ 2,771,267	\$ 1,258,881	\$ 22,249,537

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

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

DECEMBER 31, 2015

Total Fund Balance - Governmental Funds			\$ 12,829,933
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			95,270,908
Property and earned income tax receivable and assessments receivable are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.			3,488,374
Interest expense on long-term debt is not recognized on the fund statements until due.			(163,532)
The other postemployment benefits asset is not reflected on the fund statements.			83,034
The net pension liability is not reflected on the fund financial statements.			(8,417,009)
Deferred outflows of resources for pension are recorded and amortized in the statement of net position. Additionally, deferred inflows of resources for pension are not recorded on the fund financial statements.			5,953,571
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Compensated absences	\$ (1,221,563)	
	Bonds payable	<u>(24,212,326)</u>	<u>(25,433,889)</u>
Net Position - Governmental Activities			<u>\$ 83,611,390</u>

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

	General	Sewage	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Real estate	\$ 12,062,778	\$ -	\$ -	\$ -	\$ 12,062,778
Earned income	11,682,140	-	-	-	11,682,140
Other	2,999,496	-	-	-	2,999,496
Total taxes	26,744,414	-	-	-	26,744,414
Licenses, permits, and fees	1,142,124	8,337,960	-	1,612,882	11,092,966
Fines, forfeitures, and penalties	146,528	17,438	-	63,243	227,209
Investment earnings	11,395	9,000	530	6,464	27,389
Intergovernmental	1,268,046	-	146,435	1,187,114	2,601,595
Recreation	2,960,477	-	-	-	2,960,477
Other	2,104,918	29,767	6,195	233,447	2,374,327
Total revenues	34,377,902	8,394,165	153,160	3,103,150	46,028,377
Expenditures:					
Current:					
General government	4,626,654	245,592	-	71,484	4,943,730
Community development	1,018,392	-	-	2,580	1,020,972
Public works	7,371,573	5,089,843	-	723,118	13,184,534
Human services	392,705	-	-	2,011,058	2,403,763
Culture and recreation	2,871,336	-	-	-	2,871,336
Public safety:					
Police	8,482,838	-	-	-	8,482,838
Fire	3,432,157	-	-	-	3,432,157
Other	852,520	-	-	-	852,520
Debt service	-	-	-	2,679,244	2,679,244
Capital outlay	356,163	-	7,996,191	9,487	8,361,841
Total expenditures	29,404,338	5,335,435	7,996,191	5,496,971	48,232,935
Excess (Deficiency) of Revenues over Expenditures	4,973,564	3,058,730	(7,843,031)	(2,393,821)	(2,204,558)
Other Financing Sources (Uses):					
Transfers in	936,891	-	6,430,948	3,829,922	11,197,761
Transfers out	(5,823,846)	(3,753,350)	-	(1,462,968)	(11,040,164)
Proceeds from issuance of refunding bonds	-	-	-	9,015,864	9,015,864
Bond issue premium (discount)	-	-	-	261,969	261,969
Payments to refunded bonds escrow agent	-	-	-	(9,216,401)	(9,216,401)
Total other financing sources (uses)	(4,886,955)	(3,753,350)	6,430,948	2,428,386	219,029
Net Change in Fund Balance	86,609	(694,620)	(1,412,083)	34,565	(1,985,529)
Fund Balance:					
Beginning of year	5,593,815	5,550,354	3,049,443	621,850	14,815,462
End of year	\$ 5,680,424	\$ 4,855,734	\$ 1,637,360	\$ 656,415	\$ 12,829,933

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, 2015

Net Change in Fund Balance - Governmental Funds \$ (1,985,529)

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	\$ 9,207,320	
Depreciation expense	<u>(3,691,593)</u>	5,515,727

The net effect of various transactions involving capital assets (i.e. sales, dispositions, trade-ins) is to decrease net position. (65,263)

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. 2,059,628

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. (409,376)

Decrease in the long-term portion of the compensated absence liability is reflected as an adjustment to expense on the statement of activities, but not included in the fund statements. 19,200

Decrease in the other postemployment benefits asset does not consume current financial resources and, therefore, is not reflected on the fund statements. (811)

Changes in the net pension liability and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements. (970,805)

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. 70,878

Change in Net Position of Governmental Activities \$ 4,233,649

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, 2015

	General Fund				Sewage Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:								
Taxes	\$ 26,499,700	\$ 26,499,700	\$ 26,744,414	\$ 244,714	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	1,131,800	1,131,800	1,142,124	10,324	9,497,450	9,497,450	8,337,960	(1,159,490)
Fines, forfeitures, and penalties	182,050	182,050	146,528	(35,522)	22,000	22,000	17,438	(4,562)
Investment earnings	1,000	1,000	11,395	10,395	3,000	3,000	9,000	6,000
Intergovernmental	1,250,000	1,250,000	1,268,046	18,046	-	-	-	-
Recreation	2,934,230	2,934,230	2,960,477	26,247	-	-	-	-
Other	1,838,550	1,838,550	2,104,918	266,368	27,000	27,000	29,767	2,767
Total revenues	33,837,330	33,837,330	34,377,902	540,572	9,549,450	9,549,450	8,394,165	(1,155,285)

(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, 2015

(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	4,732,070	4,732,070	4,626,654	105,416	284,500	284,500	245,592	38,908
Community development	1,122,230	1,122,230	1,018,392	103,838	-	-	-	-
Public works	7,845,380	7,845,380	7,371,573	473,807	5,826,790	5,826,790	5,089,843	736,947
Human services	390,800	390,800	392,705	(1,905)	-	-	-	-
Culture and recreation	2,825,670	2,825,670	2,871,336	(45,666)	-	-	-	-
Public safety:								
Police	8,174,850	8,174,850	8,482,838	(307,988)	-	-	-	-
Fire	3,458,100	3,458,100	3,432,157	25,943	-	-	-	-
Other	912,840	912,840	852,520	60,320	-	-	-	-
Capital outlay	405,020	405,020	356,163	48,857	-	-	-	-
Total expenditures	29,866,960	29,866,960	29,404,338	462,622	6,111,290	6,111,290	5,335,435	775,855
Excess (Deficiency) of Revenues Over Expenditures	3,970,370	3,970,370	4,973,564	1,003,194	3,438,160	3,438,160	3,058,730	(379,430)
Other Financing Sources (Uses):								
Transfers in	954,880	954,880	936,891	(17,989)	-	-	-	-
Transfers out	(6,550,830)	(6,550,830)	(5,823,846)	726,984	(6,609,400)	(6,609,400)	(3,753,350)	2,856,050
Total other financing sources (uses)	(5,595,950)	(5,595,950)	(4,886,955)	708,995	(6,609,400)	(6,609,400)	(3,753,350)	2,856,050
Net Change in Fund Balance	\$ (1,625,580)	\$ (1,625,580)	86,609	\$ 1,712,189	\$ (3,171,240)	\$ (3,171,240)	(694,620)	\$ 2,476,620
Fund Balance:								
Beginning of year			5,593,815				5,550,354	
End of year			\$ 5,680,424				\$ 4,855,734	

(Concluded)

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

STATEMENT OF NET POSITION PROPRIETARY FUND - PARKING FUND

DECEMBER 31, 2015

<u>Assets</u>	
Current assets:	
Cash and other money market instruments	\$ 2,111,656
Accounts receivable	40,807
Prepays and other assets	11,945
Total current assets	<u>2,164,408</u>
Non-current assets:	
Capital assets not being depreciated	2,687,084
Capital assets, net of accumulated depreciation	5,974,335
Total non-current assets	<u>8,661,419</u>
Total Assets	<u><u>\$ 10,825,827</u></u>
<u>Liabilities and Net Position</u>	
Liabilities:	
Current liabilities:	
Current portion of bonds payable	\$ 679,484
Accrued interest payable	25,836
Accounts payable	109,234
Accrued payroll	14,157
Due to other funds	55,422
Advance deposits	46,771
Total current liabilities	<u>930,904</u>
Non-current liabilities:	
Bonds payable	2,568,190
Compensated absences	21,191
Total noncurrent liabilities	<u>2,589,381</u>
Total Liabilities	<u>3,520,285</u>
Net Position:	
Net investment in capital assets	5,413,745
Unrestricted	1,891,797
Total Net Position	<u>7,305,542</u>
Total Liabilities and Net Position	<u><u>\$ 10,825,827</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, 2015

Operating Revenues:	
Vehicle space rental	\$ 1,021,449
Meter collections	548,939
Fine collections	261,178
Rental	173,381
Other	4,635
Total operating revenues	<u>2,009,582</u>
Operating Expenses:	
Personnel	704,698
Contracted services	213,689
Utilities	44,187
Materials and supplies	48,110
Depreciation	404,635
Total operating expenses	<u>1,415,319</u>
Operating Income	<u>594,263</u>
Nonoperating Revenues (Expenses):	
Interest income	2,365
Interest expense	(72,651)
Gain (loss) on sale of property	10,000
Total nonoperating revenues (expenses)	<u>(60,286)</u>
Income (loss) before transfers	533,977
Transfers out	<u>(157,597)</u>
Change in Net Position	<u>376,380</u>
Net Position:	
Beginning of year	<u>6,929,162</u>
End of year	<u>\$ 7,305,542</u>

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

STATEMENT OF CASH FLOWS PROPRIETARY FUND - PARKING FUND

YEAR ENDED DECEMBER 31, 2015

Cash Flows From Operating Activities:	
Receipts from customers	\$ 2,003,353
Payments for goods and services	(226,342)
Payments to employees	(708,888)
Net cash provided by (used in) operating activities	<u>1,068,123</u>
Cash Flows From Non-Capital Financing Activities:	
Transfers to and from other funds	(206,045)
Interest income	2,365
Net cash provided by (used in) non-capital financing activities	<u>(203,680)</u>
Cash Flows From Capital and Related Financing Activities:	
Payment of long-term debt	(680,372)
Proceeds from issuance of long-term debt	608,100
Payments to refunded bonds escrow agent	(608,100)
Payment of interest on long-term debt	(84,921)
Acquisition of property and equipment	(1,061,559)
Proceeds from sale of capital assets	10,000
Net cash provided by (used in) capital and related financing activities	<u>(1,816,852)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(952,409)</u>
Cash and Cash Equivalents:	
Beginning of year	<u>3,064,065</u>
End of year	<u>\$ 2,111,656</u>
Reconciliation of Operating Income to Net	
Cash Provided by (Used in) Operating Activities:	
Operating income	\$ <u>594,263</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation	404,635
Change in operating assets and liabilities:	
Accounts receivable	(5,818)
Prepays and other assets	2,911
Accounts payable	76,733
Accrued payroll	(4,190)
Advance deposits	(411)
Total adjustments	<u>473,860</u>
Net cash provided by (used in) operating activities	<u>\$ 1,068,123</u>

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

STATEMENT OF PLAN NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

DECEMBER 31, 2015

	Pension	Other Postemployment Benefits
Assets	<u> </u>	<u> </u>
Accrued income receivable	\$ 5,542	\$ -
Investments (at fair value):		
Equities	52,487,705	1,081,358
Fixed income	26,236,741	236,210
Short-term funds	2,625,664	10,708
Total Assets	<u>81,355,652</u>	<u>1,328,276</u>
Liabilities	<u> </u>	<u> </u>
Accounts payable	44,597	142,242
Net Position	<u> </u>	<u> </u>
Restricted for pensions	81,311,055	-
Held in trust for OPEB benefits	-	1,186,034
Total Net Position	<u>\$ 81,311,055</u>	<u>\$ 1,186,034</u>

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

	Pension	Other Postemployment Benefits
Additions:		
Contributions:		
Employer, including state aid	\$ 2,795,956	\$ 199,141
Employee	508,683	-
Total contributions	3,304,639	199,141
Investment income:		
Net depreciation in fair value of investments	(1,385,253)	(46,815)
Interest and dividends	1,581,384	-
Total investment income	196,131	(46,815)
Less investment expense	236,598	-
Net investment income	(40,467)	(46,815)
Total additions	3,264,172	152,326
Deductions:		
Benefits	3,809,224	134,163
Withdrawals	3,558	-
Administrative expense	36,468	3,500
Total deductions	3,849,250	137,663
Increase (Decrease) in Plan Net Position	(585,078)	14,663
Plan Net Position:		
Beginning of year	81,896,133	1,171,371
End of year	\$ 81,311,055	\$ 1,186,034

See accompanying notes to financial statements.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

- 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.
 - 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 their 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

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 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

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

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, 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. Unavailable revenue has been recorded for certain receivables that are measurable but not available to finance current liabilities. 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.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

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 *Capital Assessment Fund*, which accounts for the acquisition, construction, or improvement of facilities of infrastructure paid for by developers or through similar agreements, is the other Capital Projects Fund.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

Additionally, the Municipality reports the following fiduciary fund types:

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 *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.

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. The Capital Assessment Fund does not have a legally adopted annual budget. Budgetary control for the Debt Service Fund is maintained through provisions of related trust indentures.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

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 2015.

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

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

Investments, principally mutual funds and money market funds, are carried at fair value.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

H. 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 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.

I. 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 per month to a maximum of 120 days. If any days in excess of the maximum occur, the extra days may qualify for an annual cash payment based on a sliding 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.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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. The amount of the accumulation is based upon a sliding scale.

As of the dates for arbitration awards in police and fire, the negotiated contract for public works and all other full time employees, the sick day buy back provisions have been eliminated for new hires.

J. 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:

In conjunction with pension accounting requirements, the effect of the change in assumptions and the difference between projected and actual earnings on pension plan investments are recorded as deferred outflows of resources related to pensions on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Note 8 presents additional information about the pension plans.

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 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.

In conjunction with pension accounting requirements, the difference between expected and actual experience is recorded as a deferred inflow of resources related to pensions on the government-wide financial

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

statements. This amount is determined based on the actuarial valuations performed for the pension plans.

K. 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:

- 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, 2015 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, 2015, 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, 2015, 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, 2015 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.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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

L. 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 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."

M. 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.

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NOTES TO FINANCIAL STATEMENTS

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N. Adoption of Accounting Pronouncements

The requirements of the following GASB Statements were adopted for the Municipality's 2015 financial statements:

GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*." These Statements establish new financial reporting requirements for most governments that provide their employees with pension benefits (see Note 8). As a result of this implementation, the government-wide net position as of January 1, 2015 was restated with a decrease of \$2,064,750 to record the Municipality's net pension liability.

GASB Statement No. 69, "*Government Combinations and Disposals of Government Operations*." This Statement provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The Municipality has no mergers, acquisitions or operations that have been transferred or sold to report.

O. Pending Pronouncements

GASB has issued the following Statements, which will become effective in future years as shown below. Management has not yet determined the impact of these Statements on the Municipality's financial statements.

GASB Statement No. 72, "*Fair Value Measurement and Application*," effective for fiscal years beginning after June 15, 2015 (the Municipality's financial statements for the year ending December 31, 2016). This Statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*," effective for fiscal years beginning after June 15, 2015 (the Municipality's financial statements for the year ending December 31, 2016) – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016

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(the Municipality's financial statements for the year ending December 31, 2017). This Statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68).

GASB Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*," effective for fiscal years beginning after June 15, 2016 (the Municipality's financial statements for the year ending December 31, 2017). This Statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This Statement replaces Statement No. 43.

GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," effective for fiscal years beginning after June 15, 2017 (the Municipality's financial statements for the year ending December 31, 2018). This Statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement replaces the requirements of Statement No. 45.

GASB Statement No. 76, "*Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*," effective for fiscal years beginning after June 15, 2015 (the Municipality's financial statements for the year ending December 31, 2016). This Statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55.

GASB Statement No. 77, "*Tax Abatement Disclosures*," effective for fiscal years beginning after December 15, 2015 (the Municipality's financial statements for the year ending December 31, 2016). This Statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government's finances.

GASB Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*," effective for fiscal years beginning after December 31, 2015 (the Municipality's financial statements for the year

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ending December 31, 2016). This statement address a practice issue regarding the scope and applicability of Statement No. 68, "Accounting and Financial Reporting for Pensions." The issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local government employers whose employees are provided with such pensions.

GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*," effective for fiscal years beginning after June 15, 2015 (the Municipality's financial statements for the year ending December 31, 2016). This statement addresses accounting and reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 80, "*Blending Requirements for Certain Component Unites – an amendment of GASB Statement No. 14*," effective for fiscal years beginning after June 15, 2016 (the Municipality's financial statements for the year ending December 31, 2017). The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, "*Irrevocable Split-Interest Agreement*," effective for fiscal years beginning after December 31, 2016 (the Municipality's financial statements for the year ending December 31, 2017). The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, "*Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*," effective for fiscal years beginning after June 15, 2016 (the Municipality's financial statements for the year ending December 31, 2017). The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

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NOTES TO FINANCIAL STATEMENTS

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2. PROPERTY TAXES

Based upon assessed valuations established by Allegheny County as of January 1 (approximately \$2.7 billion in 2015), the Municipality bills and collects its own property taxes. The schedule for property taxes levied for 2015 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
June 25	- lien filing date

The municipal tax rate for all purposes in 2015 was 4.51 mills (\$4.51 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.

3. DEPOSITS AND INVESTMENTS

Governmental and Proprietary Funds

Pennsylvania statutes provide for investment of governmental funds into certain authorized investments including U.S. Treasury Bills, other short-term U.S. and Pennsylvania government obligations, 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:

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Custodial Credit Risk – Deposits. As of December 31, 2015, \$252,600 of the Municipality's \$12,178,854 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 \$11,835,164 as of December 31, 2015.

Investments

The Municipality's cash equivalent investments in PLGIT and money markets are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. With regard to the investment in PLGIT, an external investment pool, the fair value of the Municipality's position in the external investment pool is the same as the value of the pool shares. 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.

As of December 31, 2015, the total of PLGIT and money markets had bank balances of \$4,731,628 (book balance of \$4,716,296), which are 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, 2015, investments in PLGIT and money markets have 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.

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NOTES TO FINANCIAL STATEMENTS

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Pension Trust Fund

The pension trust funds' investments are held separately from those of other Municipality funds. Assets in the pension 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.

As of December 31, 2015, the Municipality had the following cash and investments in its pension trust funds:

Cash or Investment Type	Fair Value	Investment Maturities from December 31, 2015			
		Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Babson Capital Floating Rate Income Fund	\$ 2,111,830	\$ 2,111,830	\$ -	\$ -	\$ -
Baird Core Plus Bond Fund	7,162,348	1,432	2,206,003	1,583,595	3,371,318
Federated Ultrashort Bond Fund	1,049,160	105	691,816	149,715	207,524
Metropolitan West Total Return Bond Fund	7,193,590	-	2,100,528	1,129,394	3,963,668
Templeton Global Bond Fund	8,670	-	4,189	3,499	982
Vanguard Inflation-Protected Securities Fund	1,731,723	-	562,637	775,292	393,794
Vanguard Intermediate-Term Investment Grade Fund	6,969,532	-	1,752,140	4,524,621	692,771
Voya Intermediate Bond Fund	9,888	-	1,866	2,978	5,044
Total fixed income investments	26,236,741	\$ 2,113,367	\$ 7,319,179	\$ 8,169,094	\$ 8,635,101
Equities	52,487,705				
Short-term funds	2,625,664				
Total cash and other investments	55,113,369				
Total cash and investments reported on the statement of plan net position	\$ 81,350,110				

The following is a description of the pension 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. 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.

As of December 31, 2015, the Municipality had the following credit quality distribution for fixed income investments with credit exposure:

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<u>Rating (1)</u>	<u>Fair Value</u>	<u>Percentage of Total Fixed Income Investments with Credit Exposure</u>
AAA/Aaa	\$ 11,562,546	44.5%
AA/Aa	1,957,238	7.6%
A	5,748,868	22.1%
BBB/Baa	3,688,019	14.2%
BB/Ba	503,824	2.0%
B	1,851,752	7.1%
Below B	656,665	2.5%
Subtotal	25,968,912	100.0%
Not rated	267,829	
Total fixed income investments	<u>\$ 26,236,741</u>	

(1) Ratings were from either Standard & Poor's or Moody's Investor Services.

The overall rating of the fixed income assets were investment grade, with 73.4% of fixed income investments exposed to credit risk being rated A or higher.

The total plan target and range allocations are as follows:

<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.

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The pension trust funds include some investments in mutual funds that incorporate the use of derivatives as an investment tool. This includes the use of interest rate swaps, which are utilized to hedge the interest rate exposure in a fund.

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 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.

Other Postemployment Benefits Trust Fund (OPEB)

The OPEB trust funds' investments are held separately from those of other Municipality funds. Assets in the OPEB trust fund are stated at fair value. Any premiums or discounts are recognized as a gain or loss upon disposition.

As of December 31, 2015, the Municipality had the following cash and investments in its OPEB trust fund:

Cash or Investment Type	Fair Value	Investment Maturities from December 31, 2015			
		Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Fixed income funds	\$ 236,210	\$ -	\$ 236,210	\$ -	\$ -
Equities	1,081,358				
Short-term funds	10,708				
Total cash and other investments	1,092,066				
Total cash and investments reported on the statement of plan net position	\$ 1,328,276				

The following is a description of the 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. As of December 31, 2015, the OPEB trust funds' investments in fixed income funds were unrated.

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The Municipality's OPEB trust fund investments are diversified as follows:

81.4% Equities
17.8% Fixed income funds
.8% Short-term funds

Interest Rate Risk – The OPEB trust fund does 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.

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, 2015, the balance was \$129,065.

These funds are under the control of the Foundation 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, 2015, the amounts are due from the following governmental units:

	<u>General Fund</u>
Due from:	
School District	\$ 179,980
County	158,098
Other	<u>(8,533)</u>
	<u>\$ 329,545</u>

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NOTES TO FINANCIAL STATEMENTS

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5. LONG-TERM DEBT

During 2015, general long-term debt changed as follows:

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due within one year
Primary Government:					
Governmental activities:					
Bonds payable	\$ 26,271,954	\$ 9,015,864	\$(11,075,492)	\$ 24,212,326	\$ 1,620,516
Compensated absences	1,723,038	895,441	(878,155)	1,740,324	518,761
Governmental activities long-term liabilities	<u>\$ 27,994,992</u>	<u>\$ 9,911,305</u>	<u>\$(11,953,647)</u>	<u>\$ 25,952,650</u>	<u>\$ 2,139,277</u>
Business-type activities:					
Bonds payable	\$ 3,928,046	\$ 604,136	\$ (1,284,508)	\$ 3,247,674	\$ 679,484
Compensated absences	16,429	31,845	(19,686)	28,588	7,397
Business-type activities long-term liabilities	<u>\$ 3,944,475</u>	<u>\$ 635,981</u>	<u>\$ (1,304,194)</u>	<u>\$ 3,276,262</u>	<u>\$ 686,881</u>

Long-term debt as of December 31, 2015 is composed of the following General Obligation Bond issues:

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Description	Interest Rate %	Original Principal	Balance December 31, 2015
2010 Series A, maturing in 2024	1.00 - 3.75	\$ 10,505,000	\$ 1,105,000
2010 Series C, maturing in 2017	0.85 - 3.00	3,230,000	930,000
2011 Series, maturing in 2027	1.50 - 3.25	4,005,000	3,620,000
2012 Series A, maturing in 2027	0.350 - 2.625	2,500,000	2,040,000
2012 Series B, maturing in 2017	0.50 - 2.00	975,000	495,000
2012 Series, maturing in 2028	0.85 - 3.00	2,380,000	2,285,000
2013 Series, maturing in 2025	0.50 - 2.05	4,450,000	3,370,000
2014 Series, maturing in 2028	0.35 - 3.00	4,175,000	3,995,000
2015 Series, maturing in 2025	2.00 - 4.00	9,620,000	9,620,000
			<u>\$ 27,460,000</u>

Total payments made on the long-term debt in 2015 were \$2,645,000 and \$729,762 for principal and interest, respectively. There was also \$9,715,000 in long-term debt principal refunded during the year.

The future annual payments required to amortize all debt outstanding as of December 31, 2015 are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 1,620,516	\$ 509,209	\$ 679,484	\$ 62,868
2017	2,077,468	541,531	722,532	52,494
2018	2,116,210	503,076	723,790	39,416
2019	2,159,640	459,215	675,360	24,940
2020	2,217,442	405,638	77,558	10,680
2021-2025	10,681,050	1,191,653	368,950	21,319
2026-2028	3,340,000	199,300	-	-
Total	<u>\$ 24,212,326</u>	<u>\$ 3,809,622</u>	<u>\$ 3,247,674</u>	<u>\$ 211,717</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 2010 Series A and 2010 Series B General Obligation Bonds were used for the current refunding of the Municipality's General Obligation Bonds, 2003 Series A, 2003 Series B, Series 2004, and the advanced refunding of Series 2006.

The 2010 Refunding Series C General Obligation Bonds were issued for the current refunding of Mt. Lebanon Parking Authority Guaranteed Parking Revenue Bonds Series 2003.

The 2011 Refunding Series General Obligation Bonds were issued for the advance refunding of the Municipality's General Obligation Bonds, Series 2007.

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 Series B General Obligation Bonds were used to advance refund a portion of the 2008 Refunding Series.

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 B of 2010, and for the current refunding of a portion of the Municipality's General Obligation Bonds, Series C of 2010. The refunding resulted in a total cash savings of \$581,255, which had a present value savings of \$567,547 for a savings of 5.84%.

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NOTES TO FINANCIAL STATEMENTS

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6. CAPITAL ASSETS

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

	Restated January 1, 2015	Additions	Disposals	Transfers/ Reclassifications	December 31, 2015
Governmental activities:					
Land (not depreciated)	\$ 7,266,047	\$ -	\$ -	\$ -	\$ 7,266,047
Construction in progress (not depreciated)	1,973,333	107,379	(1,933,342)	-	147,370
Buildings and improvements other than buildings	39,606,256	1,756,533	(53,763)	-	41,309,026
Infrastructure	78,761,888	6,689,868	-	-	85,451,756
Library book collection	2,725,868	338,645	(257,475)	-	2,807,038
Equipment	14,742,180	2,248,237	(1,578,687)	-	15,411,730
	<u>145,075,572</u>	<u>11,140,662</u>	<u>(3,823,267)</u>	<u>-</u>	<u>152,392,967</u>
Less accumulated depreciation for:					
Buildings and improvements other than buildings	(16,903,570)	(1,214,374)	53,763	1,509,405	(16,554,776)
Infrastructure	(30,287,481)	(1,402,695)	-	-	(31,690,176)
Library book collection	(538,180)	(254,404)	257,475	-	(535,109)
Equipment	(7,525,897)	(820,120)	1,513,424	(1,509,405)	(8,341,998)
	<u>(55,255,128)</u>	<u>(3,691,593)</u>	<u>1,824,662</u>	<u>-</u>	<u>(57,122,059)</u>
Governmental activities capital assets, net	<u>\$ 89,820,444</u>	<u>\$ 7,449,069</u>	<u>\$ (1,998,605)</u>	<u>\$ -</u>	<u>\$ 95,270,908</u>
Business-type activities:					
Land (not depreciated)	\$ 2,687,084	\$ -	\$ -	\$ -	\$ 2,687,084
Buildings and improvements other than buildings	12,066,479	1,061,559	-	-	13,128,038
Equipment	978,730	-	-	-	978,730
	<u>15,732,293</u>	<u>1,061,559</u>	<u>-</u>	<u>-</u>	<u>16,793,852</u>
Less accumulated depreciation for:					
Buildings and improvements other than buildings	(7,063,558)	(329,923)	-	-	(7,393,481)
Equipment	(664,240)	(74,712)	-	-	(738,952)
	<u>(7,727,798)</u>	<u>(404,635)</u>	<u>-</u>	<u>-</u>	<u>(8,132,433)</u>
Business-type activities capital assets, net	<u>\$ 8,004,495</u>	<u>\$ 656,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,661,419</u>

Accumulated depreciation for governmental activities, buildings and improvements other than buildings, was restated as of January 1, 2015 with a decrease of \$4,121,433 to adjust for assets that were over-depreciated in previous years. This restatement also impacted beginning net position for governmental activities.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

Governmental activities:	
General government	\$ 232,463
Public works	1,843,565
Human services	362,301
Culture and recreation	696,290
Public safety:	
Police	262,312
Fire	294,662
	<hr/>
Total depreciation expense - governmental activities	\$ 3,691,593
	<hr/>
Business-type activities:	
Parking	\$ 404,635
	<hr/>

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:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 723,500	\$ 832,710
Sewage	-	393,559
Capital Projects	810,460	-
Other governmental	22,250	274,519
	<hr/>	<hr/>
	1,556,210	1,500,788
Parking	-	55,422
	<hr/>	<hr/>
	\$ 1,556,210	\$ 1,556,210
	<hr/>	<hr/>

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	Transfer In			
	General	Capital	Other	
	Fund	Projects	Governmental	Total
Transfer out:				
General	\$ -	\$ 2,267,694	\$ 3,556,152	\$ 5,823,846
Sewage	478,672	3,126,728	147,950	3,753,350
Other Governmental	300,622	1,036,526	125,820	1,462,968
Parking	157,597	-	-	157,597
	<u>\$ 936,891</u>	<u>\$ 6,430,948</u>	<u>\$ 3,829,922</u>	<u>\$ 11,197,761</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, 2015, 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 as the Pension Trust Fund in the accompanying financial statements. Separate plan financial statements are not available.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

At January 1, 2015, participants in the plans were as follows:

	General Employees	Police	Firemen
Inactive plan members or beneficiaries currently receiving benefits	60	48	12
Inactive plan members entitled to but not yet receiving benefits	21	2	0
Active plan members	70	44	17
Total plan members	<u>151</u>	<u>94</u>	<u>29</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

YEAR ENDED DECEMBER 31, 2015

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

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

an amount equal to the accumulated contributions of the participant as of the date of death of the participant.

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 and 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.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 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, 2015; however, this valuation is not used for funding purposes. The January 1, 2013 valuation was used in the calculation of the Municipality's 2015 MMO.

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, 2015, general employees were required to contribute 5% of their salary; police officers were required to contribute 4% of their salary; and firemen were required to contribute 4.25% of their salary.

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 2015. The following table reflects contribution information for 2015:

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	General Employees	Police	Firemen	Total
MMO	\$ 433,269	\$ 1,906,718	\$ 455,969	\$ 2,795,956
Contributions:				
Municipal	\$ 158,811	\$ 1,569,527	\$ 322,661	\$ 2,050,999
Allocation of state aid	274,458	337,191	133,308	744,957
Total	433,269	1,906,718	455,969	2,795,956
Employee	222,399	203,554	82,730	508,683
Total contributions	\$ 655,668	\$ 2,110,272	\$ 538,699	\$ 3,304,639
Covered payroll	\$ 4,474,435	\$ 5,081,332	\$ 1,966,010	
Employee contributions as a % of covered payroll	4.97%	4.01%	4.21%	

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 (arbitrated) 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.

Net Pension Liability

The components of the net pension liability of the Plans at December 31, 2015 were as follows:

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	<u>Employees</u>	<u>Police</u>	<u>Firemen</u>	<u>Total</u>
Total pension liability	\$ 23,422,892	\$ 51,282,566	\$ 15,022,606	\$ 89,728,064
Plan fiduciary net position	<u>(23,123,750)</u>	<u>(43,942,057)</u>	<u>(14,245,248)</u>	<u>(81,311,055)</u>
Net pension liability	<u>\$ 299,142</u>	<u>\$ 7,340,509</u>	<u>\$ 777,358</u>	<u>\$ 8,417,009</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>98.72%</u>	<u>85.69%</u>	<u>94.83%</u>	

Changes in the Net Pension Liability

The changes in the net pension liability of the Municipality for the year ended December 31, 2015 were as follows:

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	\$ 83,388,766	\$ 81,896,133	\$ 1,492,633
Changes for the year:			
Service cost	2,100,565	-	2,100,565
Interest	6,196,658	-	6,196,658
Changes of benefit terms	131,383	-	131,383
Differences between expected and actual	(802,036)	-	(802,036)
Changes of assumptions	2,525,510	-	2,525,510
Contributions - employer	-	2,795,956	(2,795,956)
Contributions - employee	-	508,683	(508,683)
Net investment income	-	196,131	(196,131)
Benefit payments, including refunds	(3,812,782)	(3,812,782)	-
Administrative expense	-	(273,066)	273,066
Net changes	6,339,298	(585,078)	6,924,376
Balances at December 31, 2015	\$ 89,728,064	\$ 81,311,055	\$ 8,417,009
Plan fiduciary net position as a percentage of the total pension liability			90.62%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2015, and rolled forward to December 31, 2015, using the following actuarial assumptions, applied to all periods in the measurement:

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	General Employees	Police	Firemen
Actuarial assumptions:			
Investment rate of return	7.25%	7.25%	7.25%
Projected salary increases	4.75%	5.5%	4.75%
Inflation rate	3.0%	3.0%	3.0%
Mortality	RP-2000 Combined Healthy Mortality Table, Scale AA	RP-2000 Combined Healthy Mortality Table, Scale AA	RP-2000 Combined Healthy Mortality Table, Scale AA
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 82 for details

Changes in Actuarial Assumptions – Based upon an actuarial valuation performed as of January 1, 2015, the investment rate of return was lowered from 7.50% to 7.25% to add a degree of conservatism to the assumptions for all Plans. In addition, the assumed rate of salary increases was reduced from 5.00% to 4.75% based on lower expectations of future increases for the General Employees and Firemen Plans. Lastly, rates of retirement were added to better reflect participants' historical retirement patterns for the General Employees and Police Plans. These assumption changes increased the total pension liability by \$2,525,510.

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.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 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, 2015:

Asset Class	Target Allocation			Long Term Expected Real Rate of Return		
	General Employees	Police	Firemen	General 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, 2015, the annual money-weighted rate of return on the General Employees, Police, and Firemen Plan investments, net of investment expense, was 0.04%, 0.02%, and 0.02%, 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.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plans calculated using the discount rates described above, as well as what the Plan’s net pension 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
General Employees	\$ 3,163,470	\$ 299,142	\$ (2,110,714)
Police Plan	\$ 14,164,260	\$ 7,340,509	\$ 1,694,646
Firemen Plan	\$ 2,521,127	\$ 777,358	\$ (692,408)

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

For the year ended December 31, 2015, the Municipality recognized pension expense of approximately \$3.8 million. At December 31, 2015, the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	General Employees	Police	Firemen	Total
<u>Deferred Outflow of Resources:</u>				
Changes in assumption	\$ 508,670	\$ 1,325,727	\$ 265,566	\$ 2,099,963
Net difference between projected and actual earnings on pension plan investments	<u>1,299,472</u>	<u>2,431,714</u>	<u>790,515</u>	<u>4,521,701</u>
Total deferred outflows of resources	<u>\$ 1,808,142</u>	<u>\$ 3,757,441</u>	<u>\$ 1,056,081</u>	<u>\$ 6,621,664</u>
	General Employees	Police	Firemen	Total
<u>Deferred Inflows of Resources:</u>				
Differences between expected and actual experience	<u>\$ 328,984</u>	<u>\$ 192,209</u>	<u>\$ 146,900</u>	<u>\$ 668,093</u>

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

<u>Year ended December 31,</u>	
2016	\$ 1,422,030
2017	1,422,030
2018	1,422,030
2019	1,422,027
2020	255,288
Thereafter	<u>10,166</u>
Total	<u>\$ 5,953,571</u>

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Pension Trust Fund Financial Information as of December 31, 2015

Plan Net Position

	General Employees	Police	Firemen	Total
Assets				
Accrued income receivable	\$ 1,555	\$ 3,013	\$ 974	\$ 5,542
Investments (at fair value):				
Equities	14,983,260	28,326,913	9,177,532	52,487,705
Fixed income	7,511,897	14,119,548	4,605,296	26,236,741
Short-term funds	639,651	1,516,741	469,272	2,625,664
Total Assets	23,136,363	43,966,215	14,253,074	81,355,652
Liabilities				
Accounts payable	12,613	24,158	7,826	44,597
Net Position Restricted for Pensions	\$ 23,123,750	\$ 43,942,057	\$ 14,245,248	\$ 81,311,055

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Changes in Plan Net Position

	<u>General Employees</u>	<u>Police</u>	<u>Firemen</u>	<u>Total</u>
Additions:				
Contributions:				
Employer, including state aid	\$ 433,269	\$ 1,906,718	\$ 455,969	\$ 2,795,956
Employee	222,399	203,554	82,730	508,683
Total contributions	<u>655,668</u>	<u>2,110,272</u>	<u>538,699</u>	<u>3,304,639</u>
Investment income:				
Net depreciation in fair value of investments	(397,073)	(748,474)	(239,706)	(1,385,253)
Interest and dividends	453,677	856,014	271,693	1,581,384
Total investment income	56,604	107,540	31,987	196,131
Less investment expense	67,503	127,268	41,827	236,598
Net investment income	(10,899)	(19,728)	(9,840)	(40,467)
Total additions	<u>644,769</u>	<u>2,090,544</u>	<u>528,859</u>	<u>3,264,172</u>
Deductions:				
Benefits	1,054,370	2,267,742	487,112	3,809,224
Withdrawals	11,714	-	(8,156)	3,558
Administrative expense	12,491	14,682	9,295	36,468
Total Deductions	<u>1,078,575</u>	<u>2,282,424</u>	<u>488,251</u>	<u>3,849,250</u>
Increase (Decrease) in Plan Net Position	(433,806)	(191,880)	40,608	(585,078)
Net Position Restricted for Pensions:				
Beginning of year	<u>23,557,556</u>	<u>44,133,937</u>	<u>14,204,640</u>	<u>81,896,133</u>
End of year	<u>\$ 23,123,750</u>	<u>\$ 43,942,057</u>	<u>\$ 14,245,248</u>	<u>\$ 81,311,055</u>

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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:

	General Employees	Police	Firemen	Total
Realized gain (loss)	\$ 1,033,031	\$ 1,781,453	\$ 627,281	\$ 3,441,765
Unrealized gain (loss)	(1,430,104)	(2,529,927)	(866,987)	(4,827,018)
	<u>\$ (397,073)</u>	<u>\$ (748,474)</u>	<u>\$ (239,706)</u>	<u>\$ (1,385,253)</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

Plan Description

The Municipality has established the Mt. Lebanon Integral Part Trust (Trust) to fund one or more of the Municipality's employee post-employment benefits other than pensions. The activity of the Trust is reported as the Other Postemployment Benefits 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.

The post-employment medical benefit has been eliminated for new hires as of a certain effective date. Effective dates are as follows: contract Police – May 15, 2012; contract Firemen – August 28, 2011; General Employees – January 1, 2012.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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As of January 1, 2015, the date of the most recent actuarial valuation, participants of the Trust were as follows:

	<u>General Employees</u>	<u>Police</u>	<u>Firemen</u>
Participants:			
Retired:			
Health insurance	11	21	3
Life insurance	41	36	8
Active:			
Health insurance	75	41	16
Life insurance	83	44	17

Retiree healthcare benefits were calculated by applying the reimbursement of premiums up to the following amounts, depending on employee group:

<u>2015 Current Monthly Rate</u>	
Firemen	\$ 400
General Employees	\$ 400 After 15 years of service

Police - Percentage of Police Officer IV Pay Grade

<u>Service at Retirement</u>	<u>Percentage</u>
25+ years	0.80%
20-24 years	0.65%
16-19 years	0.50%

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.

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

Summary of Significant Accounting Policies

Financial information of the 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 a quarterly 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, 2015, 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.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The Municipality's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with applicable GASB guidance. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over an open period not to exceed thirty years. The Municipality's annual OPEB cost, the percentage of annual OPEB cost contributed to the Trust and the net OPEB obligation (asset) for the year ended December 31, 2015 were as follows:

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Annual required contribution	\$	199,141
Interest on net OPEB obligation		(6,288)
Adjustment to the ARC		<u>7,099</u>
Annual OPEB cost		199,952
Contribution made		<u>199,141</u>
Change in net OPEB obligation		811
Net OPEB obligation (asset), December 31, 2014		<u>(83,845)</u>
Net OPEB obligation (asset), December 31, 2015	\$	<u><u>(83,034)</u></u>

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contributions</u>	<u>% Contributed</u>	<u>Net Ending OPEB Obligation (Asset)</u>
12/31/2013	\$ 204,434	\$ 214,380	105%	\$ (84,655)
12/31/2014	204,530	203,720	100%	(83,845)
12/31/2015	199,952	199,141	100%	(83,034)

Funding Status and Funding Progress

The funding status of the plan as of January 1, 2015 was as follows:

Actuarial value of plan assets	\$ 1,171,371
Actuarial accrued liability (AAL)	<u>2,631,078</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$(1,459,707)</u></u>
Funded ratio (actuarial value of plan assets/AAL)	44.52%
Covered payroll (active plan members)	<u><u>\$11,523,314</u></u>
UAAL as a percentage of covered payroll	(12.67%)

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the future status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made in the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements will show multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

For the January 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included a 7.5% per year interest rate. The ARC was developed based upon the sum of the normal cost and an annual amount to amortize the unfunded Actuarial Accrued Liability over a 30-year open period. The amortization method used is level-dollar. Since the OPEB benefits are paid on a fixed basis, there is no healthcare assumption.

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.

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

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

and associated earnings vest immediately upon employee entry into the Plan. The Municipality contributes on a bi-weekly schedule. During 2015, the Municipality contributed \$179,300, and for the year ended 2015, the Plan assets totaled \$955,816.

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 \$173,381 during the year ended December 31, 2015.

As of December 31, 2015, minimum annual rentals remaining under these lease arrangements are as follows:

<u>Year Ended</u>		
2016	\$	142,424
2017		124,024
2018		127,502
2019		131,058
2020		134,706
Thereafter		<u>927,898</u>
Total	\$	<u><u>1,587,612</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.

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.,

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 201 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.

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

MT. LEBANON, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 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.

MT. LEBANON, PENNSYLVANIA

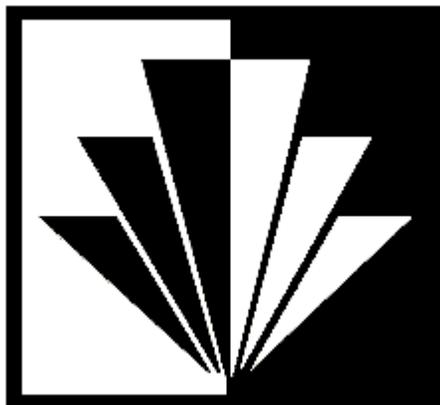
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

During the year ended December 31, 2015, the Municipality incurred approximately \$2.8 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, 2015, the Municipality had approximately \$4.9 million in commitments related to capital projects including road repairs, pool renovation projects, field turf projects, and sewer lining and repairs.



REQUIRED

SUPPLEMENTARY INFORMATION

MT. LEBANON, PENNSYLVANIA

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

GENERAL EMPLOYEES PENSION PLAN

YEARS ENDED DECEMBER 31

	2015	2014
Total Pension Liability:		
Service cost	\$ 524,753	\$ 487,918
Interest	1,620,029	1,581,478
Differences between expected and actual experience	(391,056)	-
Changes of assumptions	604,646	-
Benefit payments, including refunds of member contributions	(1,066,084)	(1,055,408)
Net Changes in Total Pension Liability	1,292,288	1,013,988
Total Pension Liability - Beginning	22,130,604	21,116,616
Total Pension Liability - Ending (a)	\$ 23,422,892	\$ 22,130,604
Plan Fiduciary Net Position:		
Contributions - employer	\$ 433,269	\$ 432,172
Contributions - member	222,399	200,620
Net investment income	56,604	1,500,399
Benefit payments, including refunds of members contributions	(1,066,084)	(1,055,408)
Administrative expense	(79,994)	(13,394)
Net Change in Plan Fiduciary Net Position	(433,806)	1,064,389
Plan Fiduciary Net Position - Beginning	23,557,556	22,493,167
Plan Fiduciary Net Position - Ending (b)	\$ 23,123,750	\$ 23,557,556
Net Pension Liability (Asset) - Ending (a-b)	\$ 299,142	\$ (1,426,952)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.72%	106.45%
Covered Employee Payroll	\$ 4,474,435	\$ 4,008,309
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	6.69%	(-35.60%)

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

MT. LEBANON, PENNSYLVANIA

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

POLICE PENSION PLAN

YEARS ENDED DECEMBER 31

	2015	2014
Total Pension Liability:		
Service cost	\$ 1,244,919	\$ 1,124,408
Interest	3,544,643	3,375,994
Changes of benefit terms	131,383	-
Differences between expected and actual experience	(231,435)	-
Changes of assumptions	1,596,283	-
Benefit payments, including refunds of member contributions	(2,267,742)	(2,209,527)
Net Changes in Total Pension Liability	4,018,051	2,290,875
Total Pension Liability - Beginning	47,264,515	44,973,640
Total Pension Liability - Ending (a)	\$ 51,282,566	\$ 47,264,515
Plan Fiduciary Net Position:		
Contributions - employer	\$ 1,906,718	\$ 1,869,761
Contributions - member	203,554	181,912
Net investment income	107,540	2,626,108
Benefit payments, including refunds of members contributions	(2,267,742)	(2,209,526)
Administrative expense	(141,950)	(16,497)
Net Change in Plan Fiduciary Net Position	(191,880)	2,451,758
Plan Fiduciary Net Position - Beginning	44,133,937	41,682,179
Plan Fiduciary Net Position - Ending (b)	\$ 43,942,057	\$ 44,133,937
Net Pension Liability (Asset) - Ending (a-b)	\$ 7,340,509	\$ 3,130,578
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.69%	93.38%
Covered Employee Payroll	\$ 5,081,332	\$ 4,537,748
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	144.46%	68.99%

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

MT. LEBANON, PENNSYLVANIA

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

FIREMEN PENSION PLAN

YEARS ENDED DECEMBER 31

	2015	2014
Total Pension Liability:		
Service cost	\$ 330,893	\$ 364,155
Interest	1,031,986	993,682
Differences between expected and actual experience	(179,545)	-
Changes of assumptions	324,581	-
Benefit payments, including refunds of member contributions	(478,956)	(489,422)
Net Changes in Total Pension Liability	1,028,959	868,415
Total Pension Liability - Beginning	13,993,647	13,125,232
Total Pension Liability - Ending (a)	\$ 15,022,606	\$ 13,993,647
Plan Fiduciary Net Position:		
Contributions - employer	\$ 455,969	\$ 448,324
Contributions - member	82,730	72,526
Net investment income	31,987	887,616
Benefit payments, including refunds of members contributions	(478,956)	(489,422)
Administrative expense	(51,122)	(9,888)
Net Change in Plan Fiduciary Net Position	40,608	909,156
Plan Fiduciary Net Position - Beginning	14,204,640	13,295,484
Plan Fiduciary Net Position - Ending (b)	\$ 14,245,248	\$ 14,204,640
Net Pension Liability (Asset) - Ending (a-b)	\$ 777,358	\$ (210,993)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.83%	101.51%
Covered Employee Payroll	\$ 1,966,010	\$ 1,826,798
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	39.54%	(-11.55%)

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

	2015	2014
GENERAL EMPLOYEES PLAN:		
<u>Schedule of Municipality's Contributions</u>		
Actuarially determined contribution	\$ 433,269	\$ 432,172
Contributions in relation to the actuarially determined contribution	433,269	432,172
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 4,474,435	\$ 4,008,309
Contributions as a percentage of covered employee payroll	9.68%	10.78%
<u>Investment Returns</u>		
Annual money-weighted rate of return, net of investment expense	0.04%	6.86%
POLICE PLAN:		
<u>Schedule of Municipality's Contributions</u>		
Actuarially determined contribution	\$ 1,906,718	\$ 1,869,761
Contributions in relation to the actuarially determined contribution	1,906,718	1,869,761
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 5,081,332	\$ 4,537,748
Contributions as a percentage of covered employee payroll	37.52%	41.20%
<u>Investment Returns</u>		
Annual money-weighted rate of return, net of investment expense	0.02%	6.53%
FIREMEN PLAN:		
<u>Schedule of Municipality's Contributions</u>		
Actuarially determined contribution	\$ 455,969	\$ 448,324
Contributions in relation to the actuarially determined contribution	455,969	448,324
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 1,966,010	\$ 1,826,798
Contributions as a percentage of covered employee payroll	23.19%	24.54%
<u>Investment Returns</u>		
Annual money-weighted rate of return, net of investment expense	0.02%	6.90%

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, 2015

Actuarial Methods and Assumptions

	<u>General Employees</u>	<u>Police</u>	<u>Firemen</u>
Actuarial valuation date	1/1/2015	1/1/2015	1/1/2015
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	3.0%	3.0%	3.0%
Cost-of-living adjustments	N/A	2.0% *	N/A
Mortality table	RP-2000 Combined Healthy	RP-2000 Combined Healthy	RP-2000 Combined Healthy

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, 2015

Benefit Changes

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.

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.

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.

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.

MT. LEBANON, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess as a Percentage of Covered Payroll
1/1/2011	\$ 631,024	\$ 2,397,383	\$ (1,766,359)	26.32%	\$ 9,301,648	(18.99%)
1/1/2013	840,182	2,443,728	(1,603,546)	34.38%	9,846,354	(16.29%)
1/1/2015	1,171,371	2,631,078	(1,459,707)	44.52%	11,523,314	(12.67%)

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

MT. LEBANON, PENNSYLVANIA

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS

OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

<u>Calendar Year</u>	<u>Annual Required Contributions</u>	<u>Actual Employer Contribution</u>	<u>Annual Percentage Contributed</u>
2010	\$ 220,485	\$ 220,990	100.23%
2011	214,378	220,990	103.08%
2012	214,378	214,380	100.00%
2013	203,711	214,380	105.24%
2014	203,711	203,720	100.00%
2015	199,141	199,141	100.00%

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

MT. LEBANON, PENNSYLVANIA

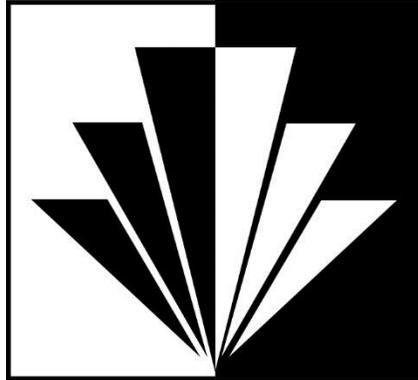
NOTE TO REQUIRED SUPPLEMENTARY SCHEDULES OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

YEAR ENDED DECEMBER 31, 2015

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

Actuarial valuation date	1/1/15
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Amortization period	30 years
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	5.5%
Inflation rate	3.0%
Cost-of-living adjustments	n/a

n/a = not applicable



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, the Pennsylvania American Water Company (PAWC) 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, 2015, 2014, AND 2013

	2015	2014	2013
Assets			
Cash and other money market instruments	\$ 5,403,932	\$ 5,205,054	\$ 4,912,709
Receivables:			
Taxes	3,508,168	3,492,663	3,424,621
Assessments	45,529	26,326	40,542
Accounts	729,723	619,434	567,067
Due from other funds	723,500	1,170,576	937,514
Due from other governments	329,545	330,800	352,369
Other assets	344,193	548,231	285,567
	\$ 11,084,590	\$ 11,393,084	\$ 10,520,389
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$ 800,311	\$ 767,862	\$ 542,287
Advance deposits	178,761	211,976	226,998
Due to other funds	832,710	589,843	379,875
Accrued payroll and deductions payable	721,338	1,239,074	1,030,513
	2,533,120	2,808,755	2,179,673
Deferred Inflows of Resources:			
Unavailable revenue	2,871,046	2,990,514	2,934,676
Fund Balance:			
Nonspendable:			
Prepaid items and inventory	344,193	548,231	285,567
Assigned for:			
Capital projects	21,088	650	-
Subsequent years budget	443,970	1,175,270	1,074,840
Future benefit obligations	68,550	-	-
Unassigned	4,802,623	3,869,664	4,045,633
	5,680,424	5,593,815	5,406,040
Total Fund Balance	5,680,424	5,593,815	5,406,040
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 11,084,590	\$ 11,393,084	\$ 10,520,389

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015
(Comparative Actual for Years Ended December 31, 2014 and 2013)

	2015	2014	2013
Revenues:			
<hr/>			
Taxes:			
Real estate	\$ 12,062,778	\$ 12,056,146	\$ 11,979,183
Earned income	11,682,140	11,471,738	11,130,541
Other	2,999,496	2,777,634	2,802,247
Total taxes	26,744,414	26,305,518	25,911,971
Licenses, permits, and fees	1,142,124	1,143,525	1,123,952
Fines, forfeitures, and penalties	146,528	149,484	134,116
Investment earnings	11,395	18,471	13,796
Intergovernmental	1,268,046	1,106,421	1,072,206
Recreation	2,960,477	2,815,568	2,689,655
Other	2,104,918	1,563,719	1,804,458
Total revenues	34,377,902	33,102,706	32,750,154
Expenditures:			
<hr/>			
Current:			
General government	4,626,654	4,471,922	4,220,884
Community development	1,018,392	857,348	888,013
Public works	7,371,573	7,097,987	7,411,781
Human services	392,705	369,793	364,696
Culture and recreation	2,871,336	2,706,114	2,589,342
Public safety:			
Police	8,482,838	7,855,513	7,449,755
Fire	3,432,157	3,394,563	3,256,265
Other	852,520	833,449	812,528
Capital outlay	356,163	741,097	402,948
Total expenditures	29,404,338	28,327,786	27,396,212
Excess of Revenues over Expenditures	4,973,564	4,774,920	5,353,942
Other Financing Sources (Uses):			
<hr/>			
Transfers in:			
Storm Water Fund	300,622	176,953	285,240
Parking Fund	157,597	157,376	157,376
Sewage Fund	478,672	215,454	340,704
Total transfers in	936,891	549,783	783,320
Transfers out:			
Library Operating Fund	(1,212,110)	(1,182,550)	(1,153,710)
Debt Service Fund	(2,344,042)	(2,277,643)	(2,275,351)
Capital Projects Fund	(2,267,694)	(1,676,735)	(2,951,075)
Total transfers out	(5,823,846)	(5,136,928)	(6,380,136)
Net transfers	(4,886,955)	(4,587,145)	(5,596,816)
Total other financing sources (uses)	(4,886,955)	(4,587,145)	(5,596,816)
Net Change in Fund Balance	86,609	187,775	(242,874)
Fund Balance:			
<hr/>			
Beginning of year	5,593,815	5,406,040	5,648,914
End of year	\$ 5,680,424	\$ 5,593,815	\$ 5,406,040

MT. LEBANON, PENNSYLVANIA

DETAILED SCHEDULE OF GENERAL FUND REVENUES BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual	Variance
Real Estate Taxes:			
Current year taxes	\$ 11,691,700	\$ 11,832,609	\$ 140,909
Prior years' taxes and penalties	371,500	230,169	(141,331)
Total real estate taxes	12,063,200	12,062,778	(422)
Earned Income Taxes			
	11,708,500	11,682,140	(26,360)
Other Taxes:			
Local Services tax	437,500	454,080	16,580
Real estate transfer taxes	1,450,000	1,615,768	165,768
Utility taxes	30,500	30,571	71
County sales tax	810,000	899,077	89,077
Total other taxes	2,728,000	2,999,496	271,496
Total taxes	26,499,700	26,744,414	244,714
Licenses, Permits, and Fees:			
Public works permits	60,000	56,360	(3,640)
Building permits	100,000	90,491	(9,509)
Other permits, licenses, and fees	173,850	190,779	16,929
Cable TV franchise fees	790,000	796,844	6,844
Liquor license fees	7,950	7,650	(300)
Total licenses, permits, and fees	1,131,800	1,142,124	10,324
Fines, Forfeitures, and Penalties:			
Motor vehicle code violations	180,000	139,008	(40,992)
Ordinance violation fines	1,000	5,045	4,045
Animal fines and kennel charges	1,000	2,475	1,475
Alarm system fines	50	-	(50)
Total fines, forfeitures, and penalties	182,050	146,528	(35,522)
Investment earnings			
	1,000	11,395	10,395
Intergovernmental			
	1,250,000	1,268,046	18,046
Recreation:			
Recreation center	1,664,960	1,766,071	101,111
Golf course	466,450	418,204	(48,246)
Tennis center	242,200	234,230	(7,970)
Seasonal programs	560,620	541,972	(18,648)
Total recreation	2,934,230	2,960,477	26,247
Other:			
Joint programs	576,250	580,242	3,992
Mt. Lebanon magazine	583,500	541,146	(42,354)
Other	613,800	951,123	337,323
Assessments	65,000	32,407	(32,593)
Total other	1,838,550	2,104,918	266,368
Total revenues	\$ 33,837,330	\$ 34,377,902	\$ 540,572

MT. LEBANON, PENNSYLVANIA

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY PROGRAM BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual	Variance
General Government:			
General management	\$ 552,580	\$ 558,628	\$ (6,048)
Public information	842,440	829,492	12,948
Legal services	287,000	298,488	(11,488)
Financial management	492,480	469,247	23,233
Treasury management	51,160	50,514	646
Real estate tax collection	128,990	119,728	9,262
Earned income tax collection	214,600	212,234	2,366
Other tax collection	39,120	40,908	(1,788)
Insurance	405,000	363,305	41,695
Information services	514,510	523,195	(8,685)
Office services	172,470	150,169	22,301
Fringe benefits unallocated	1,031,720	1,010,746	20,974
Total general government	4,732,070	4,626,654	105,416
Community Development:			
Economic development	374,070	312,332	61,738
Planning	197,690	195,733	1,957
Engineering	38,000	26,164	11,836
Inspection	331,960	332,636	(676)
GIS	77,380	73,918	3,462
Civic activity	103,130	77,609	25,521
Total community development	1,122,230	1,018,392	103,838
Public Works:			
Administration	429,060	310,475	118,585
Transportation:			
Street maintenance	586,290	398,606	187,684
Curb maintenance	53,840	67,904	(14,064)
Pedestrian routes	200,410	299,386	(98,976)
Ice and snow control	521,900	622,374	(100,474)
Traffic planning and signals	255,470	167,660	87,810
Traffic signs and painting	99,140	128,361	(29,221)
Street lighting	110,020	23,854	86,166
Total transportation	1,827,070	1,708,145	118,925
Sanitation:			
Sanitary sewer maintenance	465,660	478,672	(13,012)
Storm sewer maintenance	223,010	197,777	25,233
Refuse collection	2,032,760	2,052,074	(19,314)
Street sweeping	327,890	307,759	20,131
Total sanitation	3,049,320	3,036,282	13,038
Buildings, grounds, and equipment:			
Public safety building	313,810	332,910	(19,100)
Municipal building maintenance	293,760	241,773	51,987
Public works building maintenance	66,920	76,997	(10,077)
Library building maintenance	158,120	173,498	(15,378)
Parks maintenance	576,910	459,509	117,401
Planting areas	57,000	69,892	(12,892)
Forestry	371,860	392,892	(21,032)
Equipment maintenance	701,550	569,200	132,350
Total buildings, grounds, and equipment	2,539,930	2,316,671	223,259
Total public works	7,845,380	7,371,573	473,807

(Continued)

MT. LEBANON, PENNSYLVANIA

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY PROGRAM BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2015

(Continued)

	Final Budget	Actual	Variance
Human Services:			
Outreach program	104,500	104,500	-
Medical Rescue Team South	238,130	238,136	(6)
Community organizations	48,170	50,069	(1,899)
Total human services	390,800	392,705	(1,905)
Culture and Recreation:			
Recreation management	311,960	299,173	12,787
Recreation center	1,446,360	1,538,681	(92,321)
Golf course	392,990	387,199	5,791
Tennis center	202,550	210,237	(7,687)
Seasonal programs	471,810	436,046	35,764
Total culture and recreation	2,825,670	2,871,336	(45,666)
Public Safety:			
Police:			
Administration	643,660	632,023	11,637
Field service	5,442,500	5,804,933	(362,433)
Support service	261,780	234,142	27,638
Investigations	924,820	905,303	19,517
Traffic safety	589,970	591,262	(1,292)
Crime prevention	312,120	315,175	(3,055)
Total police	8,174,850	8,482,838	(307,988)
Fire	3,458,100	3,432,157	25,943
Other:			
Emergency management	27,960	24,499	3,461
Crossing guards	529,270	503,039	26,231
Animal control	355,610	324,982	30,628
Total other	912,840	852,520	60,320
Total public safety	12,545,790	12,767,515	(221,725)
Capital Outlay:			
Equipment	319,520	311,786	7,734
Buildings & other improvements	85,500	44,377	41,123
Total capital outlay	405,020	356,163	48,857
Total expenditures by program	\$ 29,866,960	\$ 29,404,338	\$ 462,622

(Concluded)

MT. LEBANON, PENNSYLVANIA

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY OBJECT BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2015

	Final Budget	Actual	Variance
Personnel Costs:			
Regular salaries and wages	\$ 10,214,330	\$ 10,153,534	\$ 60,796
Overtime wages	977,770	1,239,152	(261,382)
Part-time and temporary wages	1,428,630	1,452,358	(23,728)
Retainers and special salaries	27,300	27,100	200
Fringe benefits	6,680,930	6,540,344	140,586
Total personnel costs	19,328,960	19,412,488	(83,528)
Contractual Services:			
Special appropriations	815,780	790,222	25,558
Professional and consulting services	1,112,280	1,178,853	(66,573)
Training and conferences	106,740	77,961	28,779
Memberships	28,250	22,848	5,402
Insurance	405,000	363,305	41,695
Utilities and telephone	1,047,010	877,878	169,132
Repairs and maintenance	149,200	145,997	3,203
Printing and photography	172,900	158,384	14,516
Postage	95,900	86,251	9,649
Rentals	177,850	169,765	8,085
Contractual service	3,775,760	3,557,810	217,950
Other contractual services	718,560	633,153	85,407
Total contractual services	8,605,230	8,062,427	542,803
Commodities:			
Office supplies	36,600	25,310	11,290
Books and periodicals	11,540	7,959	3,581
Equipment	583,240	569,490	13,750
Maintenance supplies	462,230	694,100	(231,870)
Construction supplies	20,500	24,667	(4,167)
Supplies for resale and recreation supplies	84,730	79,863	4,867
Botanical supplies	21,900	19,857	2,043
Fuels and lubricants	307,010	152,014	154,996
Total commodities	1,527,750	1,573,260	(45,510)
Capital Budget	405,020	356,163	48,857
Total expenditures by object	\$ 29,866,960	\$ 29,404,338	\$ 462,622

MT. LEBANON, PENNSYLVANIA

SEWAGE FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2015, 2014, AND 2013

	2015	2014	2013
<hr/> Assets <hr/>			
Cash and other money market instruments	\$ 6,030,146	\$ 6,864,424	\$ 5,619,802
Assessments receivable	1,104,653	1,238,549	1,266,180
Due from other funds	-	-	334,547
Total Assets	<u>\$ 7,134,799</u>	<u>\$ 8,102,973</u>	<u>\$ 7,220,529</u>
 <hr/> Liabilities, Deferred Inflows of Resources, and Fund Balance <hr/>			
Liabilities:			
Accounts payable	\$ 1,417,871	\$ 1,120,344	\$ 963,603
Due to other funds	393,559	778,904	538,124
Total Liabilities	<u>1,811,430</u>	<u>1,899,248</u>	<u>1,501,727</u>
Deferred Inflows of Resources:			
Unavailable revenue	<u>467,635</u>	<u>653,371</u>	<u>692,284</u>
Fund Balance:			
Restricted for capital projects	<u>4,855,734</u>	<u>5,550,354</u>	<u>5,026,518</u>
Total Fund Balance	<u>4,855,734</u>	<u>5,550,354</u>	<u>5,026,518</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 7,134,799</u>	<u>\$ 8,102,973</u>	<u>\$ 7,220,529</u>

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015
(Comparative Actual for Years Ended December 31, 2014 and 2013)

	2015		2014	2013
	Final Budget	Actual		
Revenues:				
Licenses, permits, and fees	\$ 9,497,450	\$ 8,337,960	\$ 7,798,684	\$ 7,237,622
Fines, forfeitures, and penalties	22,000	17,438	22,875	1,768
Investment earnings	3,000	9,000	4,114	3,860
Other	27,000	29,767	27,936	26,511
Total revenues	9,549,450	8,394,165	7,853,609	7,269,761
Expenditures:				
General government	284,500	245,592	295,955	232,753
Public works	5,826,790	5,089,843	4,387,687	3,974,463
Total expenditures	6,111,290	5,335,435	4,683,642	4,207,216
Excess of Revenues over Expenditures	3,438,160	3,058,730	3,169,967	3,062,545
Other Financing Sources (Uses):				
Transfers out:				
Debt Service Fund	(147,950)	(147,950)	(95,430)	(45,573)
General Fund	(467,450)	(478,672)	(217,641)	(340,704)
Capital Projects Fund	(5,994,000)	(3,126,728)	(2,333,060)	(1,711,245)
Total other financing sources (uses)	(6,609,400)	(3,753,350)	(2,646,131)	(2,097,522)
Net Change in Fund Balance	\$ (3,171,240)	(694,620)	523,836	965,023
Fund Balance:				
Beginning of year		5,550,354	5,026,518	4,061,495
End of year		\$ 4,855,734	\$ 5,550,354	\$ 5,026,518

MT. LEBANON, PENNSYLVANIA

CAPITAL PROJECTS FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets			
Cash and other money market investments	\$ 1,960,807	\$ 3,923,064	\$ 5,863,510
Receivables - accounts	-	-	212,878
Due from other funds	<u>810,460</u>	<u>589,843</u>	<u>623,788</u>
Total Assets	<u><u>\$ 2,771,267</u></u>	<u><u>\$ 4,512,907</u></u>	<u><u>\$ 6,700,176</u></u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 1,133,907	\$ 1,463,464	\$ 1,207,714
Due to other funds	<u>-</u>	<u>-</u>	<u>194,870</u>
Total Liabilities	<u>1,133,907</u>	<u>1,463,464</u>	<u>1,402,584</u>
Fund Balance:			
Restricted	898,980	1,875,964	3,748,694
Assigned	<u>738,380</u>	<u>1,173,479</u>	<u>1,548,898</u>
Total Fund Balance	<u>1,637,360</u>	<u>3,049,443</u>	<u>5,297,592</u>
Total Liabilities and Fund Balance	<u><u>\$ 2,771,267</u></u>	<u><u>\$ 4,512,907</u></u>	<u><u>\$ 6,700,176</u></u>

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015
(Comparative Actual for Years Ended December 31, 2014 and 2013)

	2015		2014	2013
	Final Budget	Actual		
Revenues:				
Investment earnings	\$ -	\$ 530	\$ 537	\$ 1,097
Intergovernmental	315,100	146,435	200,721	561,648
Other	-	6,195	259,234	20,485
Total revenues	315,100	153,160	460,492	583,230
Expenditures:				
Debt service	-	-	23,426	54,878
Capital outlay	12,747,650	7,996,191	10,246,412	7,458,393
Total expenditures	12,747,650	7,996,191	10,269,838	7,513,271
Deficiency of Revenues over Expenditures	(12,432,550)	(7,843,031)	(9,809,346)	(6,930,041)
Other Financing Sources:				
Transfers in:				
General Fund	2,986,780	2,267,694	1,676,735	2,951,075
Storm Water Fund	913,630	1,036,526	974,453	1,341,686
Sewage Fund	5,994,000	3,126,728	2,333,060	1,711,245
Net transfers	9,894,410	6,430,948	4,984,248	6,004,006
Issuance of debt	-	-	2,545,000	4,450,000
Bond issue premium	-	-	31,949	142,182
Total other financing sources	9,894,410	6,430,948	7,561,197	10,596,188
Net Change in Fund Balance	<u>\$ (2,538,140)</u>	(1,412,083)	(2,248,149)	3,666,147
Fund Balance:				
Beginning of year		3,049,443	5,297,592	1,631,445
End of year		<u>\$ 1,637,360</u>	<u>\$ 3,049,443</u>	<u>\$ 5,297,592</u>

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.

Capital Projects:

The *Capital Assessment Fund* accounts for funds provided for in advance by the developer to cover the cost of infrastructure improvements.

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, 2015

Assets	Special Revenue Funds						Total
	State Highway Aid	Storm Water	Library Operating	Industrial Development Authority	Capital Assessment	Debt Service	
Cash and other money market instruments	\$ 5,065	\$ 479,848	\$ 432,682	\$ 12,482	\$ 114,842	\$ -	\$ 1,044,919
Receivables - assessments	-	191,712	-	-	-	-	191,712
Due from other funds	-	-	-	2,250	20,000	-	22,250
Total Assets	\$ 5,065	\$ 671,560	\$ 432,682	\$ 14,732	\$ 134,842	\$ -	\$ 1,258,881
Liabilities, Deferred Inflows of Resources, and Fund Balance							
<u>Liabilities:</u>							
Accounts payable	\$ -	\$ 23,613	\$ 20,012	\$ -	\$ 4,200	\$ -	\$ 47,825
Advance deposits	-	-	-	-	130,429	-	130,429
Due to other funds	5,000	90,125	179,394	-	-	-	274,519
Total Liabilities	5,000	113,738	199,406	-	134,629	-	452,773
<u>Deferred Inflows of Resources:</u>							
Unavailable revenue	-	149,693	-	-	-	-	149,693
<u>Fund Balance:</u>							
Restricted	65	408,129	150,714	14,732	213	-	573,853
Assigned	-	-	82,562	-	-	-	82,562
Total Fund Balance	65	408,129	233,276	14,732	213	-	656,415
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,065	\$ 671,560	\$ 432,682	\$ 14,732	\$ 134,842	\$ -	\$ 1,258,881

MT. LEBANON, PENNSYLVANIA
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds						Total
	State Highway Aid	Storm Water	Library Operating	Industrial Development Authority	Capital Assessment	Debt Service	
Revenues:							
Licenses, permits, and fees	\$ -	\$ 1,609,132	\$ -	\$ 3,750	\$ -	\$ -	\$ 1,612,882
Fines, forfeitures, and penalties	-	-	63,243	-	-	-	63,243
Investment earnings	1,563	3,629	895	37	340	-	6,464
Intergovernmental	721,616	-	465,498	-	-	-	1,187,114
Other	-	-	224,499	-	8,948	-	233,447
Total revenues	723,179	1,612,761	754,135	3,787	9,288	-	3,103,150
Expenditures:							
Current:							
General government	-	71,484	-	-	-	-	71,484
Community development	-	-	-	2,580	-	-	2,580
Public works	723,118	-	-	-	-	-	723,118
Human services	-	-	2,011,058	-	-	-	2,011,058
Debt service:							
Principal	-	-	-	-	-	1,968,592	1,968,592
Interest	-	-	-	-	-	657,111	657,111
Bond issuance costs	-	-	-	-	-	53,541	53,541
Capital outlay	-	-	-	-	9,487	-	9,487
Total expenditures	723,118	71,484	2,011,058	2,580	9,487	2,679,244	5,496,971
Excess (Deficiency) of Revenues Over Expenditures	61	1,541,277	(1,256,923)	1,207	(199)	(2,679,244)	(2,393,821)
Other Financing Sources (Uses):							
Transfer in from General Fund	-	-	1,212,110	-	-	2,344,042	3,556,152
Transfer in from Sewage Fund	-	-	-	-	-	147,950	147,950
Transfer in from Storm Water Fund	-	-	-	-	-	125,820	125,820
Transfer out to Capital Projects Fund	-	(1,036,526)	-	-	-	-	(1,036,526)
Transfer out to Debt Service Fund	-	(125,820)	-	-	-	-	(125,820)
Transfer out to General Fund	-	(300,622)	-	-	-	-	(300,622)
Proceeds from issuance of refunding bonds	-	-	-	-	-	9,015,864	9,015,864
Bond issue premium	-	-	-	-	-	261,969	261,969
Payments to refunded bond escrow agent	-	-	-	-	-	(9,216,401)	(9,216,401)
Total other financing sources (uses)	-	(1,462,968)	1,212,110	-	-	2,679,244	2,428,386
Net Change in Fund Balance	61	78,309	(44,813)	1,207	(199)	-	34,565
Fund Balance:							
Beginning of year	4	329,820	278,089	13,525	412	-	621,850
End of year	\$ 65	\$ 408,129	\$ 233,276	\$ 14,732	\$ 213	\$ -	\$ 656,415

MT. LEBANON, PENNSYLVANIA

STATE HIGHWAY AID FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets			
Cash and other money market instruments	<u>\$ 5,065</u>	<u>\$ 4</u>	<u>\$ -</u>
Liabilities and Fund Balance			
Liabilities:			
Due to other funds	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Restricted	<u>65</u>	<u>4</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 5,065</u>	<u>\$ 4</u>	<u>\$ -</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, 2015
(Comparative Actual for Years Ended December 31, 2014 and 2013)

	2015		2014	2013
	Final Budget	Actual		
Revenues:				
Investment earnings	\$ 2,000	\$ 1,563	\$ 1,749	\$ 1,419
Intergovernmental - state allocation	700,000	721,616	655,040	608,645
Total revenues	702,000	723,179	656,789	610,064
Expenditures:				
Current - public works	702,000	723,118	656,785	610,064
Excess of Revenues Over Expenditures	\$ -	61	4	-
Fund Balance:				
Beginning of year		4	-	-
End of year		\$ 65	\$ 4	\$ -

MT. LEBANON, PENNSYLVANIA

STORM WATER FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets			
Cash and other money market instruments	\$ 479,848	\$ 464,977	\$ 586,294
Receivables - assessments	191,712	266,178	279,930
Due from other funds	-	-	30,198
Total Assets	<u>\$ 671,560</u>	<u>\$ 731,155</u>	<u>\$ 896,422</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$ 23,613	\$ 4,439	\$ -
Due to other funds	90,125	143,031	580,461
Total Liabilities	<u>113,738</u>	<u>147,470</u>	<u>580,461</u>
Deferred Inflows of Resources:			
Unavailable revenue	<u>149,693</u>	<u>253,865</u>	<u>237,836</u>
Fund Balance - Restricted	<u>408,129</u>	<u>329,820</u>	<u>78,125</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 671,560</u>	<u>\$ 731,155</u>	<u>\$ 896,422</u>

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015
(Comparative Actual for Years Ended December 31, 2014 and 2013)

	2015		2014	2013
	Final Budget	Actual		
Revenues:				
Licenses, permits, and fees	\$ 1,350,000	\$ 1,609,132	\$ 1,441,705	\$ 1,392,664
Investment earnings	400	3,629	586	958
Total revenues	1,350,400	1,612,761	1,442,291	1,393,622
Expenditures:				
Current - general government	29,000	71,484	39,190	28,266
Excess of Revenues Over Expenditures	1,321,400	1,541,277	1,403,101	1,365,356
Other Financing Uses:				
Transfer out to Capital Projects Fund	(913,630)	(1,036,526)	(974,453)	(1,341,686)
Transfer out to Debt Service Fund	(125,820)	(125,820)	-	-
Transfer out to General Fund	(328,130)	(300,622)	(176,953)	(285,240)
Total other financing uses	(1,367,580)	(1,462,968)	(1,151,406)	(1,626,926)
Net Change in Fund Balance	\$ (46,180)	78,309	251,695	(261,570)
Fund Balance:				
Beginning of year		329,820	78,125	339,695
End of year		\$ 408,129	\$ 329,820	\$ 78,125

MT. LEBANON, PENNSYLVANIA

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

DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets			
Cash and money market instruments	\$ 432,682	\$ 440,661	\$ 476,500
Other assets	-	-	11,651
Total Assets	<u><u>\$ 432,682</u></u>	<u><u>\$ 440,661</u></u>	<u><u>\$ 488,151</u></u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 20,012	\$ 30,778	\$ 78,143
Due to other funds	179,394	131,794	139,647
Total Liabilities	<u>199,406</u>	<u>162,572</u>	<u>217,790</u>
Fund Balance:			
Restricted	150,714	188,559	165,415
Assigned	82,562	89,530	104,946
Total Fund Balance	<u>233,276</u>	<u>278,089</u>	<u>270,361</u>
Total Liabilities and Fund Balance	<u><u>\$ 432,682</u></u>	<u><u>\$ 440,661</u></u>	<u><u>\$ 488,151</u></u>

MT. LEBANON, PENNSYLVANIA

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

YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	2015	2014	2013
Revenues:			
Fines, forfeitures, and penalties	\$ 63,243	\$ 62,590	\$ 79,631
Investment earnings	895	808	1,087
Intergovernmental	465,498	455,804	439,935
Other	224,499	310,041	178,759
Total revenues	754,135	829,243	699,412
Expenditures:			
Current - human services:			
Salaries, payroll taxes, and benefits	1,269,997	1,206,911	1,178,731
Collection	562,472	619,004	689,711
General administration	178,589	178,150	172,076
Total expenditures	2,011,058	2,004,065	2,040,518
Deficiency of Revenues Over Expenditures	(1,256,923)	(1,174,822)	(1,341,106)
Other Financing Sources:			
Transfer in from General Fund	1,212,110	1,182,550	1,153,710
Net Change in Fund Balance	(44,813)	7,728	(187,396)
Fund Balance:			
Beginning of year	278,089	270,361	457,757
End of year	\$ 233,276	\$ 278,089	\$ 270,361

MT. LEBANON, PENNSYLVANIA

INDUSTRIAL DEVELOPMENT AUTHORITY COMPARATIVE BALANCE SHEET

DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets			
Cash and other money market instruments	\$ 12,482	\$ 13,525	\$ 13,395
Due from other funds	<u>2,250</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 14,732</u>	<u>\$ 13,525</u>	<u>\$ 13,395</u>
Liabilities and Fund Balance			
Liabilities:			
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040</u>
Fund Balance - Restricted	<u>14,732</u>	<u>13,525</u>	<u>12,355</u>
Total Liabilities and Fund Balance	<u>\$ 14,732</u>	<u>\$ 13,525</u>	<u>\$ 13,395</u>

MT. LEBANON, PENNSYLVANIA

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

YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:			
Licenses, permits, and fees	\$ 3,750	\$ 3,750	\$ 3,787
Investment earnings	<u>37</u>	<u>-</u>	<u>-</u>
Total revenues	<u>3,787</u>	<u>3,750</u>	<u>3,787</u>
Expenditures:			
Current - community development	<u>2,580</u>	<u>2,580</u>	<u>2,540</u>
Total expenditures	<u>2,580</u>	<u>2,580</u>	<u>2,540</u>
Net Change in Fund Balance	1,207	1,170	1,247
Fund Balance:			
Beginning of year	<u>13,525</u>	<u>12,355</u>	<u>11,108</u>
End of year	<u>\$ 14,732</u>	<u>\$ 13,525</u>	<u>\$ 12,355</u>

MT. LEBANON, PENNSYLVANIA

CAPITAL ASSESSMENT FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets			
Cash and other money market instruments	\$ 114,842	\$ 131,858	\$ 118,879
Due from other funds	20,000	-	-
Total Assets	<u>\$ 134,842</u>	<u>\$ 131,858</u>	<u>\$ 118,879</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 4,200	\$ 607	\$ 332
Advance deposits	130,429	117,862	118,135
Due to other funds	-	12,977	-
Total Liabilities	<u>134,629</u>	<u>131,446</u>	<u>118,467</u>
Fund Balance - Restricted	<u>213</u>	<u>412</u>	<u>412</u>
Total Liabilities and Fund Balance	<u>\$ 134,842</u>	<u>\$ 131,858</u>	<u>\$ 118,879</u>

MT. LEBANON, PENNSYLVANIA

CAPITAL ASSESSMENT FUND COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:			
Investment earnings	\$ 340	\$ -	\$ -
Other	<u>8,948</u>	<u>47,642</u>	<u>11,235</u>
Total revenues	<u>9,288</u>	<u>47,642</u>	<u>11,235</u>
Expenditures:			
Capital outlay	<u>9,487</u>	<u>47,642</u>	<u>11,235</u>
Total expenditures	<u>9,487</u>	<u>47,642</u>	<u>11,235</u>
Net Change in Fund Balance	(199)	-	-
Fund Balance:			
Beginning of year	<u>412</u>	<u>412</u>	<u>412</u>
End of year	<u>\$ 213</u>	<u>\$ 412</u>	<u>\$ 412</u>

MT. LEBANON, PENNSYLVANIA

DEBT SERVICE FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2015, 2014, AND 2013

	<u>2015</u>	<u>2014</u>	<u>2013</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, 2015, 2014, AND 2013

	2015	2014	2013
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Debt service:			
Principal	1,968,592	1,736,272	1,733,289
Interest	657,111	636,801	593,471
Bond issuance cost	53,541	-	-
Total expenditures	2,679,244	2,373,073	2,326,760
Deficiency of Revenues Over Expenditures	(2,679,244)	(2,373,073)	(2,326,760)
Other Financing Sources (Uses):			
Transfers in from General Fund	2,344,042	2,277,643	2,275,351
Transfers in from Sewage Fund	147,950	95,430	45,573
Transfers in from Storm Water Fund	125,820		
Proceeds from issuance of refunding bonds	9,015,864	-	-
Bond issue premium (discount)	261,969	-	-
Payments to refunded bond escrow agent	(9,216,401)	-	-
Total other financing sources (uses)	2,679,244	2,373,073	2,320,924
Net Change in Fund Balance	-	-	(5,836)
Fund Balance:			
Beginning of year	-	-	5,836
End of year	\$ -	\$ -	\$ -

PARKING FUND

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

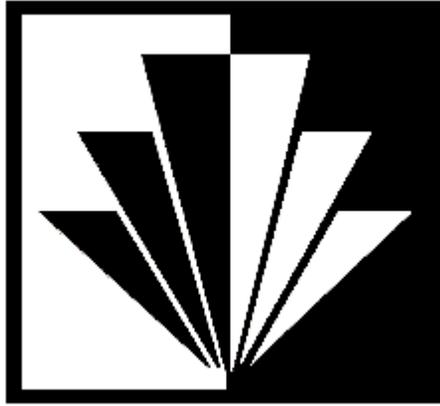
MT. LEBANON, PENNSYLVANIA

PARKING FUND

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

YEAR ENDED DECEMBER 31, 2015

	North Garage	South Garage	Meter	Lot	Properties	General	Total
Operating Revenues:							
Vehicle space rental	\$ 425,665	\$ 431,332	\$ -	\$ 164,452	\$ -	\$ -	\$ 1,021,449
Meter collections	-	-	316,124	232,815	-	-	548,939
Fine collections	-	-	261,178	-	-	-	261,178
Rental	165,381	-	-	-	8,000	-	173,381
Other	-	65	3,909	103	-	558	4,635
Total operating revenues	591,046	431,397	581,211	397,370	8,000	558	2,009,582
Operating Expenses:							
Personnel	174,696	170,897	140,459	102,768	2,729	113,149	704,698
Contracted services	46,110	43,748	47,821	30,618	-	45,392	213,689
Utilities	17,414	20,609	567	5,409	188	-	44,187
Materials and supplies	9,492	14,436	11,263	9,725	945	2,249	48,110
Depreciation	182,574	139,340	35,903	46,545	273	-	404,635
Total operating expenses	430,286	389,030	236,013	195,065	4,135	160,790	1,415,319
Operating Income (Loss)	160,760	42,367	345,198	202,305	3,865	(160,232)	594,263
Nonoperating Revenues (Expenses):							
Interest income	-	-	-	-	-	2,365	2,365
Interest expense	-	-	-	-	-	(72,651)	(72,651)
Gain (loss) on sale of property	-	-	-	-	-	10,000	10,000
Total nonoperating revenues (expenses)	-	-	-	-	-	(60,286)	(60,286)
Income (loss) before transfers	160,760	42,367	345,198	202,305	3,865	(220,518)	533,977
Transfers out	-	-	(85,000)	-	-	(72,597)	(157,597)
Change in Net Position	\$ 160,760	\$ 42,367	\$ 260,198	\$ 202,305	\$ 3,865	\$ (293,115)	\$ 376,380



CAPITAL
ASSETS

MT. LEBANON, PENNSYLVANIA

COMPARATIVE STATEMENT OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE

DECEMBER 31, 2015, 2014, AND 2013

	2015	2014 *	2013
Capital Assets:			
Land	\$ 7,266,047	\$ 7,266,047	\$ 7,266,047
Construction in progress	147,370	1,973,333	1,315,854
Buildings and improvements other than buildings	41,309,026	39,606,256	35,573,614
Infrastructure	85,451,756	78,761,888	74,476,981
Library book collection	2,807,038	2,725,868	2,657,044
Equipment	15,411,730	14,742,180	14,019,353
	\$ 152,392,967	\$ 145,075,572	\$ 135,308,893
Investments in Capital Assets By Source:			
Governmental funds	\$ 102,716,599	\$ 96,955,958	\$ 87,700,328
General Obligation Bonds	45,785,212	45,207,269	41,872,491
Gifts, grants, and other resources	3,891,156	2,912,345	5,736,074
	\$ 152,392,967	\$ 145,075,572	\$ 135,308,893

* Investments in Capital Assets by Source were reclassified to conform to the current year presentation.

MT. LEBANON, PENNSYLVANIA

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE

YEAR ENDED DECEMBER 31, 2015

	Land	Construction in Progress	Buildings and Improvements Other Than Buildings	Infrastructure	Library Book Collection	Equipment	Total
Capital Assets, Beginning of Year	\$ 7,266,047	\$ 1,973,333	\$ 39,606,256	\$ 78,761,888	\$ 2,725,868	\$ 14,742,180	\$ 145,075,572
Expenditures from:							
General Fund	-	-	-	134,207	-	906,640	1,040,847
General Obligation Bonds	-	107,379	430,573	-	-	-	537,952
Special Revenue and Capital Projects Funds	-	-	1,325,960	6,555,661	338,645	362,786	8,583,052
Grants	-	-	-	-	-	861,207	861,207
Gifts and other sources	-	-	-	-	-	117,604	117,604
Less capital asset disposals	-	(1,933,342)	(53,763)	-	(257,475)	(1,578,687)	(3,823,267)
Capital Assets, End of Year	<u>\$ 7,266,047</u>	<u>\$ 147,370</u>	<u>\$ 41,309,026</u>	<u>\$ 85,451,756</u>	<u>\$ 2,807,038</u>	<u>\$ 15,411,730</u>	<u>\$ 152,392,967</u>

MT. LEBANON, PENNSYLVANIA

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

DECEMBER 31, 2015

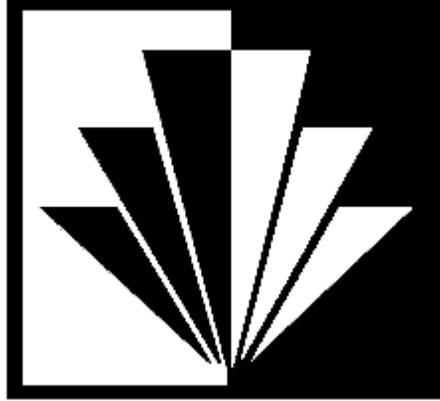
	Land	Construction in Progress	Buildings and Improvements other than Buildings	Infrastructure	Library Book Collection	Equipment	Total
Administration:							
General	\$ 94,563	\$ -	\$ 8,426,812	\$ -	\$ -	\$ 762,339	\$ 9,283,714
Parks and Recreation:							
Facilities	6,687,739	-	15,796,991	-	-	-	22,484,730
Vehicles and special purpose equipment	-	-	-	-	-	642,876	642,876
Total parks and recreation	6,687,739	-	15,796,991	-	-	642,876	23,127,606
Public Works:							
General	48,750	-	2,463,109	-	-	1,683,875	4,195,734
Infrastructure	-	147,370	-	85,451,756	-	-	85,599,126
Traffic installations	-	-	-	-	-	3,640,396	3,640,396
Vehicles and special purpose equipment	-	-	-	-	-	3,300,926	3,300,926
Total public works	48,750	147,370	2,463,109	85,451,756	-	8,625,197	96,736,182
Fire Department:							
General	-	-	-	-	-	681,971	681,971
Communications	-	-	-	-	-	199,626	199,626
Vehicles and apparatus	-	-	-	-	-	2,918,617	2,918,617
Total fire department	-	-	-	-	-	3,800,214	3,800,214
Police Department:							
General	-	-	-	-	-	307,978	307,978
Communications	-	-	-	-	-	239,756	239,756
Vehicles	-	-	-	-	-	847,929	847,929
Total police department	-	-	-	-	-	1,395,663	1,395,663
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	-	2,807,038	185,441	7,762,133
Total capital assets	<u>\$ 7,266,047</u>	<u>\$ 147,370</u>	<u>\$ 41,309,026</u>	<u>\$ 85,451,756</u>	<u>\$ 2,807,038</u>	<u>\$ 15,411,730</u>	<u>\$ 152,392,967</u>

MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

	January 1, 2015	Additions	Disposals	Transfers/ Reclassifications	December 31, 2015
Administration:					
General	\$ 8,957,065	\$ 410,175	\$ (133,096)	\$ 49,570	\$ 9,283,714
Parks and Recreation:					
General	86,488	-	-	(86,488)	-
Facilities	22,691,458	199,720	(485,706)	79,258	22,484,730
Vehicles and special purpose equipment	256,549	48,333	(74,340)	412,334	642,876
Total parks and recreation	23,034,495	248,053	(560,046)	405,104	23,127,606
Public Works:					
General	3,602,660	1,150,840	(594,026)	36,260	4,195,734
Infrastructure	79,534,798	6,797,247	(732,919)	-	85,599,126
Traffic installations	2,933,267	898,993	(191,864)	-	3,640,396
Vehicles and special purpose equipment	3,428,074	639,624	(344,983)	(421,789)	3,300,926
Total public works	89,498,799	9,486,704	(1,863,792)	(385,529)	96,736,182
Fire Department:					
General	873,896	24,580	(216,505)	-	681,971
Communications	414,778	60,369	(275,521)	-	199,626
Vehicles and apparatus	2,899,099	44,798	(25,280)	-	2,918,617
Total fire department	4,187,773	129,747	(517,306)	-	3,800,214
Police Department:					
General	604,392	-	(296,414)	-	307,978
Communications	252,510	-	(12,754)	-	239,756
Vehicles	832,786	256,422	(172,134)	(69,145)	847,929
Total police department	1,689,688	256,422	(481,302)	(69,145)	1,395,663
Public Safety:					
General	370,479	-	-	-	370,479
Facilities	9,763,664	153,312	-	-	9,916,976
Total public safety	10,134,143	153,312	-	-	10,287,455
Public Library:					
General	7,573,609	456,249	(267,725)	-	7,762,133
Total capital assets	\$ 145,075,572	\$ 11,140,662	\$ (3,823,267)	\$ -	\$ 152,392,967



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.	145
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.	153
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.	160
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.	163
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.	166

MT. LEBANON, PENNSYLVANIA

NET POSITION BY COMPONENT LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING

	2015	2014 ⁽²⁾	2013	2012
Governmental Activities:				
Net investment in capital assets	\$ 71,957,562	\$ 66,597,935	\$ 56,344,296	\$ 51,419,042
Restricted	5,139,679	4,886,309	5,557,751	5,137,242
Unrestricted	6,514,149	7,893,497	9,910,428	9,524,959
<i>Total Governmental Activities Net Position</i>	<u>\$ 83,611,390</u>	<u>\$ 79,377,741</u>	<u>\$ 71,812,475</u>	<u>\$ 66,081,243</u>
Business-type Activities ⁽¹⁾:				
Net investment in capital assets	\$ 5,413,745	\$ 4,953,686	\$ 4,647,536	\$ 4,414,824
Unrestricted	1,891,797	1,975,476	1,763,124	2,125,128
<i>Total Business-type Activities Net Position</i>	<u>\$ 7,305,542</u>	<u>\$ 6,929,162</u>	<u>\$ 6,410,660</u>	<u>\$ 6,539,952</u>
Primary Government:				
Net investment in capital assets	\$ 77,371,307	\$ 71,551,621	\$ 60,991,832	\$ 55,833,866
Restricted	5,139,679	4,886,309	5,557,751	5,137,242
Unrestricted	8,405,946	9,868,973	11,673,552	11,650,087
<i>Total Primary Government Net Position</i>	<u>\$ 90,916,932</u>	<u>\$ 86,306,903</u>	<u>\$ 78,223,135</u>	<u>\$ 72,621,195</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.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 45,610,982	\$ 43,486,228	\$ 40,420,398	\$ 38,409,234	\$ 40,206,758	\$ 36,311,527
3,706,697	1,886,214	2,416,783	2,039,548	1,473,434	65,944
9,768,583	9,260,315	10,192,922	8,642,802	4,654,851	4,982,062
<u>\$ 59,086,262</u>	<u>\$ 54,632,757</u>	<u>\$ 53,030,103</u>	<u>\$ 49,091,584</u>	<u>\$ 46,335,043</u>	<u>\$ 41,359,533</u>

\$ 45,610,982	\$ 43,486,228	\$ 40,420,398	\$ 38,409,234	\$ 40,206,758	\$ 36,311,527
3,706,697	1,886,214	2,416,783	2,039,548	1,473,434	65,944
9,768,583	9,260,315	10,192,922	8,642,802	4,654,851	4,982,062
<u>\$ 59,086,262</u>	<u>\$ 54,632,757</u>	<u>\$ 53,030,103</u>	<u>\$ 49,091,584</u>	<u>\$ 46,335,043</u>	<u>\$ 41,359,533</u>

MT. LEBANON, PENNSYLVANIA

CHANGES IN NET POSITION LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING

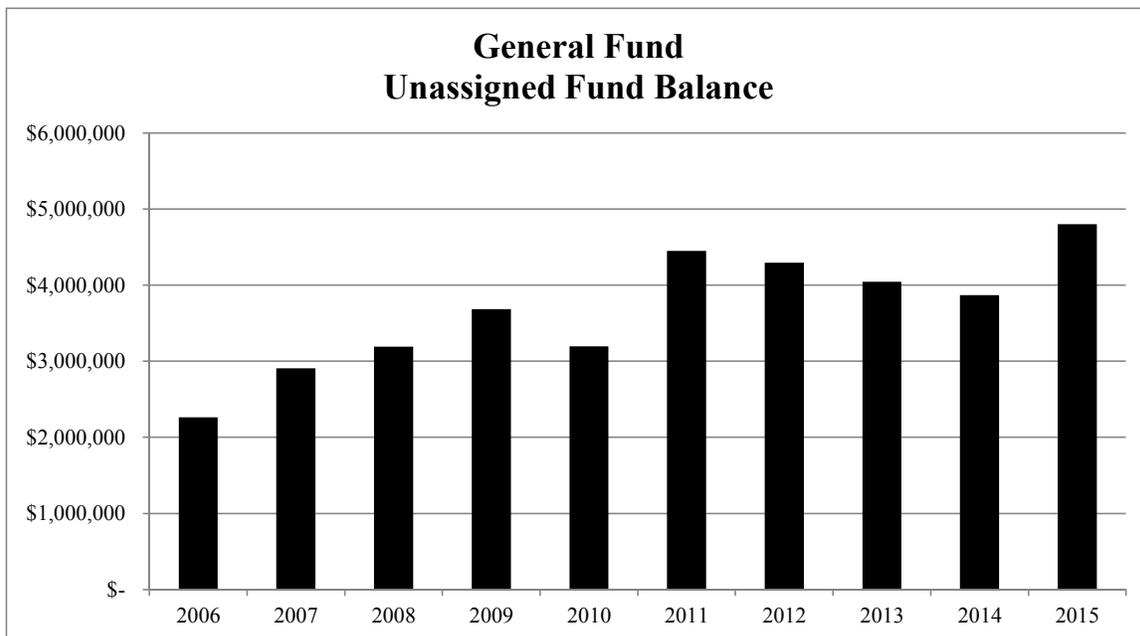
	2015	2014	2013	2012
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General government	\$ 1,461,429	\$ 1,502,041	\$ 1,839,277	\$ 1,803,067
Community development	195,858	239,577	161,723	907,386
Public works	9,921,004	9,393,226	9,144,178	9,237,588
Human services	84,711	77,849	99,676	87,739
Cultural and recreation	2,973,206	2,815,975	2,689,655	2,702,628
Public safety	1,168,198	748,128	797,843	762,864
Operating grants and contributions	2,940,458	2,796,934	2,259,523	2,185,900
Capital grants and contributions	152,630	459,955	618,683	524,105
<i>Total governmental activities program revenues</i>	18,897,494	18,033,685	17,610,558	18,211,277
Business-type Activities - Parking (1)	2,009,582	2,027,837	2,012,002	2,068,078.00
<i>Total primary government program revenues</i>	<u>\$ 20,907,076</u>	<u>\$ 20,061,522</u>	<u>\$ 19,622,560</u>	<u>\$ 20,279,355</u>
Expenses:				
Governmental Activities:				
General government	\$ 5,129,230	\$ 5,028,178	\$ 4,639,338	\$ 4,162,671
Community development	902,482	862,888	893,173	917,814
Public works	15,223,427	14,117,364	13,866,143	12,917,735
Human services	2,339,041	2,333,704	2,357,084	2,042,601
Cultural and recreation	3,616,982	3,446,210	3,531,847	3,166,703
Public safety	13,844,481	12,654,350	11,923,138	11,808,211
Interest on long-term debt	487,306	633,388	549,138	883,776
<i>Total governmental activities expenses</i>	41,542,949	39,076,082	37,759,861	35,899,511
Business-type Activities - Parking	1,487,970	1,500,662	1,985,543	1,488,626.00
<i>Total primary government expenses</i>	<u>\$ 43,030,919</u>	<u>\$ 40,576,744</u>	<u>\$ 39,745,404</u>	<u>\$ 37,388,137</u>
General Revenues and Other Changes in Net Position:				
Governmental Activities:				
Taxes:				
Real estate	\$ 12,064,474	\$ 12,062,164	\$ 12,000,641	\$ 11,487,806
Earned income	11,630,148	11,529,728	10,898,054	10,368,678
Other	2,999,496	2,777,634	2,802,247	2,675,778
Other - interest and transfer	184,986	181,454	179,593	150,953
<i>Total governmental activities</i>	26,879,104	26,550,980	25,880,535	24,683,215
Business-type Activities - Parking	(145,232)	(8,673)	(155,751)	(132,460.00)
<i>Total primary government</i>	<u>\$ 26,733,872</u>	<u>\$ 26,542,307</u>	<u>\$ 25,724,784</u>	<u>\$ 24,550,755</u>
Change in Net Position				
<i>Governmental Activities</i>	\$ 4,233,649	\$ 5,508,583	\$ 5,731,232	\$ 6,994,981
<i>Business-type Activities</i>	376,380	518,502	(129,292)	446,992
<i>Total primary government</i>	<u>\$ 4,610,029</u>	<u>\$ 6,027,085</u>	<u>\$ 5,601,940</u>	<u>\$ 7,441,973</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.

	2011	2010	2009	2008	2007	2006
\$	1,975,477	\$ 1,786,643	\$ 1,588,181	\$ 1,587,119	\$ 1,773,692	\$ 1,338,748
	322,617	207,081	190,474	199,404	249,740	299,507
	8,121,466	7,710,088	7,507,547	7,293,563	6,622,455	5,577,061
	87,622	87,967	87,888	98,512	79,085	187,900
	2,593,396	2,504,662	2,364,306	2,469,587	2,300,003	2,191,857
	911,304	758,209	791,624	812,740	754,612	696,991
	2,895,636	2,346,591	2,451,100	2,851,462	2,551,968	2,207,553
	466,102	10,623	189,898	2,000	55,896	215,163
	17,373,620	15,411,864	15,171,018	15,314,387	14,387,451	12,714,780
	N/A	N/A	N/A	N/A	N/A	N/A
\$	17,373,620	\$ 15,411,864	\$ 15,171,018	\$ 15,314,387	\$ 14,387,451	\$ 12,714,780
\$	4,366,065	\$ 4,363,644	\$ 4,346,163	\$ 4,514,541	\$ 4,206,010	\$ 4,324,716
	855,815	1,071,865	1,055,527	774,842	776,340	705,202
	13,030,094	12,884,164	12,507,231	13,298,068	10,538,230	9,780,359
	2,100,622	2,068,627	1,549,236	1,868,807	2,513,067	1,840,308
	3,138,336	3,107,956	3,126,652	3,224,297	2,789,403	2,915,020
	11,426,122	11,198,737	10,211,525	10,100,502	10,251,807	10,800,509
	979,150	1,155,273	884,310	1,153,614	1,092,488	1,023,774
	35,896,204	35,850,266	33,680,644	34,934,671	32,167,345	31,389,888
	N/A	N/A	N/A	N/A	N/A	N/A
\$	35,896,204	\$ 35,850,266	\$ 33,680,644	\$ 34,934,671	\$ 32,167,345	\$ 31,389,888
\$	10,237,545	\$ 10,321,729	\$ 10,588,689	\$ 10,689,657	\$ 10,521,694	\$ 10,602,887
	10,379,339	9,480,804	9,289,151	9,285,601	9,255,893	9,031,811
	2,337,136	2,208,037	2,503,625	2,246,050	2,595,734	2,775,047
	22,069	30,486	66,680	155,517	382,084	273,222
	22,976,089	22,041,056	22,448,145	22,376,825	22,755,405	22,682,967
	N/A	N/A	N/A	N/A	N/A	N/A
\$	22,976,089	\$ 22,041,056	\$ 22,448,145	\$ 22,376,825	\$ 22,755,405	\$ 22,682,967
\$	4,453,505	\$ 1,602,654	\$ 3,938,519	\$ 2,756,541	\$ 4,975,511	\$ 4,007,859
	N/A	N/A	N/A	N/A	N/A	N/A
\$	4,453,505	\$ 1,602,654	\$ 3,938,519	\$ 2,756,541	\$ 4,975,511	\$ 4,007,859

MT. LEBANON, PENNSYLVANIA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:				
Nonspendable	\$ 344,193	\$ 548,231	\$ 285,567	\$ -
Restricted	-	-	-	-
Assigned	533,608	1,175,920	1,074,840	1,354,100
Unassigned	4,802,623	3,869,664	4,045,633	4,294,814
<i>Total General Fund</i>	<u>5,680,424</u>	<u>5,593,815</u>	<u>5,406,040</u>	<u>5,648,914</u>
All Other Governmental Funds:				
Restricted	6,328,567	7,958,638	9,031,519	5,374,934
Assigned	820,942	1,263,009	1,653,844	1,132,814
Unassigned	-	-	-	-
<i>Total All Other Governmental Funds</i>	<u>7,149,509</u>	<u>9,221,647</u>	<u>10,685,363</u>	<u>6,507,748</u>
<i>Total Governmental Funds</i>	<u>\$ 12,829,933</u>	<u>\$ 14,815,462</u>	<u>\$ 16,091,403</u>	<u>\$ 12,156,662</u>



<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 3,376,398	\$ 3,927,654	\$ 760,177	\$ 833,683	\$ 1,278,541	\$ 982,668
462,248	-	-	-	-	-
2,565,198	3,566,620	3,321,590	2,322,442	986,197	898,337
4,452,027	3,197,820	3,685,251	3,192,021	2,908,480	2,265,168
<u>10,855,871</u>	<u>10,692,094</u>	<u>7,767,018</u>	<u>6,348,146</u>	<u>5,173,218</u>	<u>4,146,173</u>
3,188,649	2,014,824	2,680,004	2,119,895	2,515,749	453,602
343,381	257,103	219,099	191,364	218,070	167,801
-	-	-	-	-	(536,209)
<u>3,532,030</u>	<u>2,271,927</u>	<u>2,899,103</u>	<u>2,311,259</u>	<u>2,733,819</u>	<u>85,194</u>
<u>\$ 14,387,901</u>	<u>\$ 12,964,021</u>	<u>\$ 10,666,121</u>	<u>\$ 8,659,405</u>	<u>\$ 7,907,037</u>	<u>\$ 4,231,367</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

	2015	2014	2013	2012
Revenues:				
Real estate taxes	\$ 12,062,778	\$ 12,056,146	\$ 11,979,183	\$ 11,469,800
Earned income taxes	11,682,140	11,471,738	11,130,541	10,010,482
Other taxes	2,999,496	2,777,634	2,802,247	2,675,778
Licenses, permits, and fees	11,092,966	10,387,664	9,758,025	10,375,517
Fines, forfeitures, and penalties	227,209	234,949	215,515	225,963
Investment and rental ⁽¹⁾	27,389	26,265	22,217	18,493
Intergovernmental	2,601,595	2,417,986	2,682,434	2,600,691
Recreation	2,960,477	2,815,568	2,689,655	2,702,660
Other	2,374,327	2,208,572	2,041,448	2,024,394
<i>Total Revenues</i>	46,028,377	44,396,522	43,321,265	42,103,778
Expenditures:				
Current:				
General government	4,943,730	4,807,067	4,481,903	4,243,332
Community development	1,020,972	859,928	890,553	950,207
Public works	13,184,534	12,142,459	11,996,308	11,318,232
Human services	2,403,763	2,373,858	2,405,214	2,157,411
Cultural and recreation	2,871,336	2,706,114	2,589,342	2,703,630
Public Safety:				
Police	8,482,838	7,855,513	7,449,755	7,394,093
Fire	3,432,157	3,394,563	3,256,265	3,187,886
Other	852,520	833,449	812,528	799,852
Debt service:				
Principal Retirement	1,968,592	1,736,272	1,733,289	1,715,934
Interest and Fiscal Charges	710,652	660,227	648,349	666,602
Capital Outlay	8,361,841	11,035,151	7,872,576	8,096,543
<i>Total Expenditures</i>	48,232,935	48,404,601	44,136,082	43,233,722
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	(2,204,558)	(4,008,079)	(814,817)	(1,129,944)
Other Financing Sources (Uses):				
Proceeds from capital lease	-	-	-	-
Transfers in	11,197,761	9,089,654	10,261,960	8,883,458
Transfers out	(11,040,164)	(8,934,465)	(10,104,584)	(8,750,998)
Debt transfer to Parking Fund	-	-	-	(3,804,446)
Debt proceeds	-	2,545,000	4,450,000	2,500,000
Bond issuance premium (discount)	261,969	31,949	142,182	(16,812)
Proceeds of refunding bonds	9,015,864	-	-	3,355,000
Payment to refunded bond escrow agent	(9,216,401)	-	-	(3,277,355)
<i>Total Other Financing Sources (Uses)</i>	219,029	2,732,138	4,749,558	(1,111,153)
<i>Net Change in Fund Balances</i>	\$ (1,985,529)	\$ (1,275,941)	\$ 3,934,741	\$ (2,241,097)
Debt service as a percentage of non-capital expenditures	6.9%	6.5%	6.6%	6.9%
Debt service as a percentage of total expenditures	5.6%	5.0%	5.4%	5.5%

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

	2011	2010	2009	2008	2007	2006
\$	10,283,677	\$ 10,416,061	\$ 10,718,049	\$ 10,927,228	\$ 10,310,973	\$ 10,125,319
	9,971,469	9,573,712	9,539,489	9,523,172	9,045,173	8,554,243
	2,337,136	2,208,037	2,503,625	2,246,050	2,595,734	2,775,047
	8,942,899	8,457,210	7,875,213	7,684,172	7,305,461	6,169,996
	350,189	252,090	208,202	219,284	211,187	210,699
	22,069	30,486	66,680	155,517	382,084	273,221
	2,686,875	2,190,883	2,465,350	2,633,772	2,183,312	2,348,348
	2,593,396	2,503,655	2,364,866	2,472,389	2,276,608	2,185,704
	2,647,424	2,073,437	2,083,078	2,239,726	2,224,501	1,891,678
	<u>39,835,134</u>	<u>37,705,571</u>	<u>37,824,552</u>	<u>38,101,310</u>	<u>36,535,033</u>	<u>34,534,255</u>
	4,179,993	4,211,385	4,215,509	4,347,415	4,060,121	4,212,875
	854,267	1,067,401	1,057,204	770,806	774,413	697,660
	11,197,659	11,231,086	10,911,476	10,227,335	9,554,642	9,252,221
	2,052,173	1,922,333	2,014,890	2,008,130	1,908,405	1,759,675
	2,681,818	2,652,466	2,594,450	2,682,775	2,675,650	2,752,391
	6,938,646	6,886,361	6,155,522	6,168,890	5,906,556	5,681,724
	3,237,997	3,089,120	2,884,982	2,651,522	2,829,304	2,672,628
	811,966	838,079	805,934	852,031	1,103,070	1,383,572
	1,600,000	1,675,000	1,640,000	1,655,000	1,415,000	1,360,000
	722,849	1,019,331	940,969	960,122	1,085,584	999,695
	4,184,045	4,158,450	4,714,670	5,148,294	5,416,788	5,378,577
	<u>38,461,413</u>	<u>38,751,012</u>	<u>37,935,606</u>	<u>37,472,320</u>	<u>36,729,533</u>	<u>36,151,018</u>
	<u>1,373,721</u>	<u>(1,045,441)</u>	<u>(111,054)</u>	<u>628,990</u>	<u>(194,500)</u>	<u>(1,616,763)</u>
	-	-	-	-	25,170	80,784
	7,500,249	7,549,265	6,355,749	7,277,723	7,019,003	6,527,025
	(7,500,249)	(7,549,265)	(6,355,749)	(7,277,723)	(7,019,003)	(6,527,025)
	-	-	-	-	-	-
	-	3,230,000	2,115,000	-	3,845,000	1,800,000
	2,134	(90,662)	2,770	-	-	-
	4,005,000	12,390,000	-	9,365,000	-	-
	(3,956,975)	(12,185,997)	-	(9,241,622)	-	-
	<u>50,159</u>	<u>3,343,341</u>	<u>2,117,770</u>	<u>123,378</u>	<u>3,870,170</u>	<u>1,880,784</u>
\$	<u>1,423,880</u>	<u>\$ 2,297,900</u>	<u>\$ 2,006,716</u>	<u>\$ 752,368</u>	<u>\$ 3,675,670</u>	<u>\$ 264,021</u>
	6.8%	7.9%	7.9%	8.2%	8.1%	8.0%
	6.0%	7.0%	6.8%	7.0%	6.8%	6.5%

MT. LEBANON, PENNSYLVANIA

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

	2015	2014	2013	2012
Function/Program:				
Governmental Activities:				
General government	\$ 2,544,310	\$ 2,545,411	\$ 2,586,857	\$ 2,462,664
Community development	299,419	239,577	161,723	907,386
Public works	10,914,962	10,534,547	10,412,532	9,978,270
Human services	753,240	828,435	698,325	678,353
Cultural and recreation	2,984,254	2,825,067	2,699,979	2,713,369
Public safety:				
Police	667,662	254,379	284,326	296,239
Fire	241,097	321,892	276,188	681,504
Other	492,550	484,377	490,628	493,492
<i>Total Governmental Activities</i>	18,897,494	18,033,685	17,610,558	18,211,277
Business-type Activity - Parking (1)	2,009,582	2,027,837	2,012,002	2,068,078
<i>Total Primary Government</i>	\$ 20,907,076	\$ 20,061,522	\$ 19,622,560	\$ 20,279,355

(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

	2011	2010	2009	2008	2007	2006
\$	3,053,652	\$ 2,439,933	\$ 2,194,491	\$ 2,213,405	\$ 2,436,293	\$ 1,953,568
	322,617	215,581	207,974	541,213	249,740	316,071
	9,322,913	8,318,271	8,413,053	7,992,065	7,394,481	6,226,166
	637,173	742,410	841,525	927,370	922,159	767,042
	2,608,629	2,517,961	2,371,459	2,483,817	2,315,003	2,286,225
	341,428	334,260	354,058	476,137	310,316	374,873
	621,573	365,436	337,904	240,664	343,838	284,754
	465,735	478,012	450,554	439,716	415,621	506,081
	<u>17,373,720</u>	<u>15,411,864</u>	<u>15,171,018</u>	<u>15,314,387</u>	<u>14,387,451</u>	<u>12,714,780</u>
	N/A	N/A	N/A	N/A	N/A	N/A
\$	<u><u>17,373,720</u></u>	<u><u>15,411,864</u></u>	<u><u>15,171,018</u></u>	<u><u>15,314,387</u></u>	<u><u>14,387,451</u></u>	<u><u>12,714,780</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>
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
2008 ⁽¹⁾	10,927,228	9,523,172	353,700	1,191,362	28,384	672,604	22,696,450
2007	10,310,973	9,045,173	472,788	1,426,903	31,692	664,351	21,951,880
2006	10,125,319	8,554,243	501,678	1,605,686	33,975	633,708	21,454,609

(1) Beginning in 2008, EMST was eliminated and replaced with Local Services Tax (LST) .

MT. LEBANON, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN YEARS

Tax Year	Mills Levied			Total
	Mt. Lebanon	Mt. Lebanon School District	Allegheny County	
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
2008	4.97	23.81	4.69	33.47
2007	4.97	23.56	4.69	33.22
2006	4.79	23.56	4.69	33.04

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
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
2008	2,171,398,932	213,444,340	2,384,843,272	2,384,843,272	4.97
2007	2,154,641,502	279,749,900	2,434,391,402	2,434,391,402	4.97
2006	2,164,018,756	218,095,440	2,382,114,196	2,382,114,196	4.79
2005	2,171,329,944	219,487,540	2,390,817,484	2,390,817,484	4.57

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, 2015 AND DECEMBER 31, 2006

Taxpayer - <i>Type of Real Property</i>	December 31, 2015			December 31, 2006		
	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%	\$16,150,000	2	0.75%
Brookdale Senior Housing (A.H. Pennsylvania) - <i>Senior Housing</i>	19,000,000	2	0.70%	18,560,900	1	0.86%
Bower Hill Development - <i>Co-op Apartments</i>	17,500,000	3	0.64%	11,699,700	3	0.54%
Mt. Lebanon Hospitality - <i>Hotel</i>	13,768,900	4	0.50%	-		-
Concordia Luthern - <i>Senior Housing/Health</i>	10,562,557	5	0.39%	-		-
IHP/Bower Hill LLC - <i>Apartments</i>	9,400,000	6	0.34%	6,831,700	4	0.32%
Pendale Towers - <i>Apartments</i>	8,150,000	7	0.30%	5,253,200	9	0.24%
Tithonus Mount Lebanon - <i>Personal Care Facility</i>	8,138,900	8	0.30%	-		-
Virginia Manor Shops - <i>Retail Shops</i>	6,355,400	9	0.23%	-		-
St. Clair Memorial Hospital - <i>Medical Offices</i>	6,026,680	10	0.22%	5,777,120	6	0.27%
900 Washington Road - <i>Co-op Apartments</i>	-		-	-		-
650 Washington Road Associates - <i>Office Building</i>	-		-	6,193,900	5	0.29%
Asbury Health - <i>Personal Care Facility</i>	-		-	5,677,966	7	0.26%
Jon Pan Realty Inc. - <i>Retail Shops</i>	-		-	5,555,000	8	0.26%
1121 Bower Hill Road - <i>Office Building</i>	-		-	4,971,000	10	0.23%
	\$128,202,437		4.69%	\$86,670,486		4.02%
Total Taxable Assessed Valuation	\$2,732,801,335			\$2,164,018,756		

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 12/31/15	Face Value of Current Collections	Percent of Current Tax Collection	Total Delinquent/Liened Collections	Total Collections net of refunds	Total Collection as Percentage of Adjusted Tax (After Refunds)
2015	\$12,336,080	(\$11,146)	\$12,324,934	\$12,132,595	98.44%	\$0	\$12,079,983	98.01%
2014	12,169,288	44,805	12,214,093	12,024,213	98.45%	196,790	12,048,858	98.65%
2013	12,232,975	(154,689)	12,078,286	11,994,251	99.30%	248,702	12,021,612	99.53%
2012	11,715,440	(10,779)	11,704,661	11,452,904	97.85%	229,117	11,662,634	99.64%
2011	10,289,825	(31,620)	10,258,205	10,097,309	98.43%	203,167	10,210,965	99.54%
2010	10,646,040	(88,782)	10,557,258	10,311,707	97.67%	243,713	10,542,310	99.86%
2009	10,644,634	(80,656)	10,563,978	10,244,195	96.97%	296,574	10,526,860	99.65%
2008	10,719,929	93,631	10,813,560	10,395,680	96.14%	286,891	10,694,935	98.90%
2007	10,671,034	107,935	10,778,969	10,287,350	95.44%	481,623	10,735,338	99.60%
2006	10,421,757	(93,253)	10,328,504	9,981,728	96.64%	340,843	10,173,867	98.50%

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
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%
2008	24,640,000	-	4,879,069	29,519,069	1.36%	746	894	2.66%
2007	26,045,000	-	5,385,780	31,430,780	1.46%	789	952	2.83%
2006	23,615,000	-	5,882,342	29,497,342	1.36%	715	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>
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%
2008	40,258,595	100,646,488	29,519,069	71,127,419	70.67%
2007	41,603,126	104,007,815	31,430,780	72,577,035	69.78%
2006	38,302,507	95,756,268	29,497,342	66,258,926	69.20%

(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, 2015

Jurisdiction	Total Debt Outstanding	Percentage Applicable to Mt. Lebanon	Amount Applicable to Mt. Lebanon
Direct			
Mt. Lebanon (1)	\$24,212,326	100.0%	\$24,212,326
Overlapping			
Mt. Lebanon School District (2)	152,485,000	100.0%	152,485,000
County of Allegheny (3)	857,148,929	3.6%	30,857,361
<i>Total Overlapping Debt</i>	1,009,633,929		183,342,361
Total	\$1,033,846,255		\$207,554,687

Sources: Municipal Finance Department.

Mt. Lebanon School District CAFR and County of Allegheny Manager'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, 2015.

(3) Proportionate share of Allegheny County's existing debt as of December 31, 2015 (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**

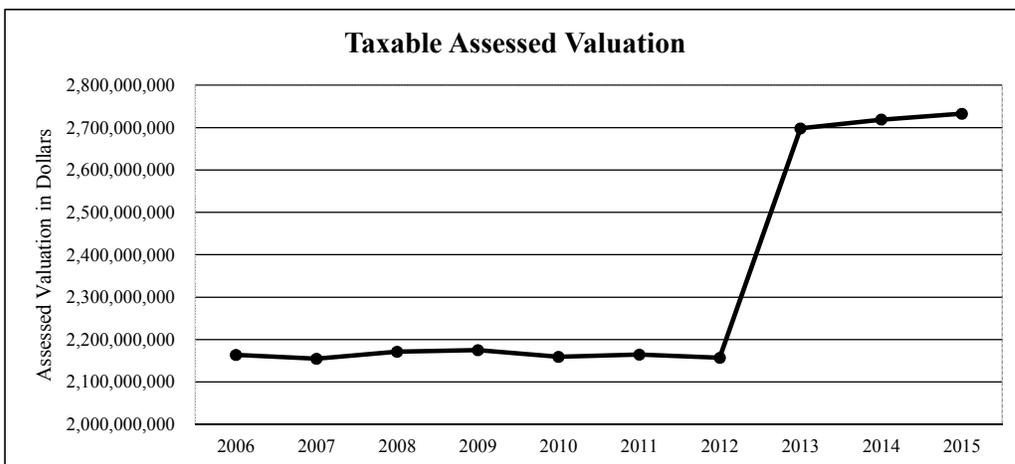
Employer	December 31, 2015			December 31, 2006		
	Employees	Rank	Percentage of Total Municipality Employment	Employees	Rank	Percentage of Total Municipality Employment
St Clair Hospital	2,212	1	23.0%	2,036	1	21.4%
Mt. Lebanon School District	726	2	7.6%	878	2	9.2%
Asbury Health Center	424	3	4.4%	328	4	3.4%
Baptist Homes Nursing	262	4	2.7%	221	8	2.3%
Mt. Lebanon Municipality	238	5	2.5%	383	3	4.0%
Keystone Oaks SD	177	6	1.8%	192	10	2.0%
Family Hospice	160	7	1.7%	-		-
Giant Eagle	158	8	1.6%	195	9	2.0%
Concordia of South Hills	143	9	1.5%	224	7	2.4%
Shop n Save	141	10	1.5%	-		-
Bradley Center	-		-	230	5	2.4%
Houlihans	-		-	230	6	2.4%
Total	4,641		48.3%	4,917		51.5%
 Total Employees	 9,601			 9,529		

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)
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 %
2008	33,017	1,111,088,084	33,652	60,783	41.8	61.0 %
2007	33,017	1,111,088,084	33,652	60,783	41.8	61.0 %
2006	33,017	1,111,088,084	33,652	60,783	41.8	61.0 %

(1) Source: 2006-2010, 2000 U. S. Census; 2011-2015, 2010 U. S. Census
(2) 2006-2010 Computation of per capita personal income multiplied by population;
2011-2015, 2010 U. S. Census

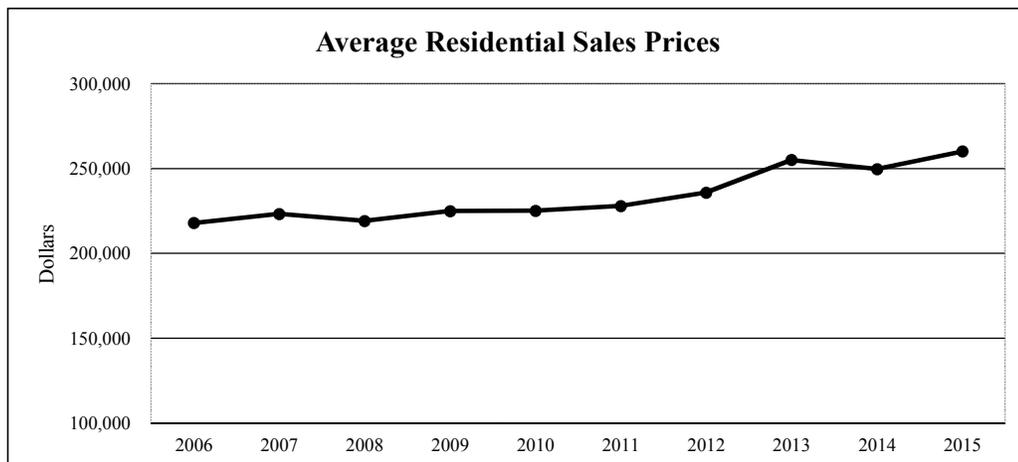


School Enrollment (3)	Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Taxable Assessed Property Value (5)
5,321	2.9 %	\$ 260,177	\$ 2,732,801,335
5,218	3.6 %	249,768	2,718,872,379
5,268	4.5 %	255,115	2,698,042,173
5,297	4.7 %	235,838	2,156,859,685
5,268	4.8 %	228,008	2,164,809,298
5,302	5.3 %	225,237	2,159,216,301
5,294	5.0 %	224,979	2,175,275,286
5,416	3.5 %	219,228	2,171,398,932
5,436	3.0 %	223,377	2,154,641,502
5,454	3.4 %	217,963	2,164,018,756

(3) Source: Mt. Lebanon School District

(4) Source: US Dept. of Labor & PA Center for Workforce Information & Analysis (2006-2014)
US Census Bureau American Community Survey (2015)

(5) Source: Mt. Lebanon Tax Office



MT. LEBANON, PENNSYLVANIA

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN YEARS

Function/program	2015	2014	2013	2012
General Government: (1)				
Lien letter & tax certification requests	2,381	1,341	1,165	1,624
LeboAlerts (online and SMS notification system)	442	347	414	365
Community Development:				
Number of permits issued (2)	536	526	482	635
Estimated value of construction ^a (2)	\$14,008,035	\$16,872,741	\$15,186,564	\$128,540,359
Occupancy permits issued (2)	43	24	31	45
Number of Planning Commission agenda items (3)	10	14	14	9
Police: (4)				
Calls for service ^b	26,996	27,385	27,286	26,162
Total arrests	603	635	587	643
Part I Offenses reported (major offenses)	315	276	317	274
Part I Offenses cleared percentage	41%	44%	47%	49%
Part II Offenses reported (other crimes)	674	676	549	655
Part II Offenses cleared percentage	57%	59%	65%	78%
DUI arrests	94	118	88	95
Animal control calls for service	2,093	2,089	1,691	1,641
Fire: (5)				
Calls for service (emergency and non-emergency) ^c	3,886	3,952	3,884	3,762
Responses involving loss	23	36	34	24
Fire loss (per capita)	\$23.73	\$6.69	\$8.88	\$21.40
Structure fires	15	15	16	27
Public Works: (6)				
Roads resurfaced (linear feet)	4,475	6,900	5,485	1,702
Roads reconstructed (linear feet)	6,250	5,600	3,473	6,625
Sidewalks repaired (square feet)	4,074	0	7,579	6,659
Curb replacement (linear feet)	1,515	695	1,469	1,341
Number of trees removed	134	149	325	126
Number of trees planted	133	343	219	121
Number of municipal trees	11,489	11,490	11,296	11,402
Residential curb side recycling tons picked up ^d	2,038	2,542	2,616	2,227
Truckloads of leaves picked-up ^e	926	1,529	1,392	1,309
Tons of snow melting salt used	3,748	7,202	6,060	1,170
Closed circuit televising (miles)	17.0	3.2	20.9	19.6
Point repairs	6	23	8	51
Root damage restoration (square feet)	20,569	37,696	37,840	40,000
Structural liner corrections (linear feet)	11,100	16,425	9,670	1,770
Recreation: ^f (7)				
Ice Center Attendance	67,081	70,691	69,576	64,646
Pool Attendance	67,142	59,516	40,054	49,749
Number of golf rounds played	23,459	22,916	23,824	27,619
Number of Seasonal Programs	449	443	417	410
Seasonal Program Enrollment	10,696	10,815	10,100	10,003
Seasonal Program Attendance	68,726	70,966	71,733	65,353
Tennis Center Attendance	12,900	12,617	13,399	15,978
Number of Tennis Programs	117	131	130	111
Tennis Program Enrollment	1,121	1,280	1,215	1,061
Platform Tennis Center Attendance	7,471	7,115	6,505	5,790
Library: (8)				
Collection ^g	166,130	172,628	167,845	154,510
Circulation ^g	633,700	622,282	597,446	529,966
Reference questions	72,169	71,993	62,956	68,145
Number of programs	1,674	1,821	1,438	1,476
Program attendance	35,279	37,743	30,738	29,025
Registration	20,779	21,279	22,111	20,845
Registrations as a percentage of population	63%	64%	67%	63%
Visits by library patrons	359,104	360,960	326,128	382,027
Minutes patrons spent on computers in library	5,871,568	5,332,644	5,261,343	4,604,032
Parking: ^h				
Meter tickets	5,781	7,423	7,886	9,557
Police tickets	8,084	8,195	7,525	7,721
Tickets paid online	3,164	2,930	2,383	1,981

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

2011	2010	2009	2008	2007	2006
1,262	1,346	1,077	910	954	1,027
260	296	182	n/a	n/a	n/a
682	733	689	604	705	657
\$18,645,425	\$36,463,804	\$14,855,044	\$15,542,003	\$22,865,653	\$23,672,730
47	50	127	67	93	78
18	13	11	13	15	12
26,930	28,824	28,179	29,211	30,393	36,393
693	736	818	947	867	912
269	302	295	375	363	371
41%	41%	51%	39%	47%	49%
673	737	728	810	754	734
66%	70%	75%	77%	74%	75%
117	145	138	151	137	101
1,739	1,555	1,699	1,559	1,920	2,156
3,373	3,440	3,189	2,917	2,521	3,395
24	36	26	22	46	27
\$23.72	\$34.15	\$7.13	\$18.04	\$26.23	\$4.22
22	17	19	17	32	19
7,609	6,906	7,053	14,017	7,920	7,921
4,075	0	6,100	2,849	3,960	5,444
3,591	7,408	0	11,113	8,105	11,341
1,442	1,500	2,535	2,125	1,421	1,675
250	132	140	213	118	102
330	248	185	178	194	300
11,407	11,327	11,211	(35)	274	198
2,420	2,197	1,897	1,078	996	694
1,300	1,148	1,273	1,405	1,885	1,331
6,356	7,461	7,241	6,629	5,044	1,851
16.3	7.2	3.4	20.5	26.7	23.0
34	243	124	268	269	174
30,336	48,280	30,355	32,208	9,007	27,842
4,523	21,983	18,185	15,431	13,059	1,413
69,883	69,782	66,567	69,312	61,481	57,652
54,007	50,008	40,728	47,541	60,197	58,056
24,039	26,271	27,763	25,696	22,247	21,969
443	471	475	466	447	432
10,204	10,627	10,437	10,133	n/a	n/a
67,959	70,357	68,249	73,970	n/a	n/a
15,827	16,304	15,675	13,135	15,988	17,921
126	99	78	90	52	52
1,273	1,067	737	985	n/a	n/a
5,183	4,818	3,719	3,422	2,759	3,480
158,437	172,315	170,898	174,105	175,302	170,869
523,517	549,935	600,389	566,824	565,883	569,246
56,482	66,466	69,822	67,760	71,275	69,060
1,323	1,240	1,358	1,309	1,552	1,309
27,785	26,446	27,906	27,647	29,549	28,799
21,534	22,147	22,768	23,158	24,879	25,172
65%	67%	69%	70%	75%	76%
374,551	329,637	438,623	393,322	397,535	381,330
3,743,437	3,481,219	3,867,774	n/a	n/a	n/a

Notes:

- a: Excludes signs, mechanical, pools, demolition & driveways
- b: Calls for Service are calculated by Allegheny County starting in 2007
- 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	2015	2014	2013	2012
General Government				
Square footage occupied	32,020	32,020	32,020	32,020
Inspection vehicles	2	2	2	2
Other departmental vehicles	5	5	5	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⁾	145.37	144.97	144.75	144.75
Storm sewers (miles)	60.25	59.97	59.58	58.92
Vehicles	26	26	27	27
Library				
Square footage occupied	30,060	30,060	30,060	30,060
Collection	166,130	172,628	167,845	154,510
Recreation				
Number of parks	12	12	12	12
Acreage of park land	304.11	304.11	304.11	301.71
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	12	12
Police vehicles	30	30	29	29
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	1,020	1,022
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.

2011	2010	2009	2008	2007	2006
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
144.75	144.44	144.44	144.44	144.44	146.08
58.92	58.69	58.69	58.69	58.69	58.69
27	27	27	26	28	28
30,060	30,060	30,060	30,060	30,060	30,060
158,437	172,315	170,898	174,105	175,302	170,869
12	12	12	12	12	12
301.71	301.71	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	2
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	13	13	14	14
29	29	30	30	31	33

MT. LEBANON, PENNSYLVANIA

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

<u>Function/program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government:										
Administration	4.3	4.0	3.7	4.2	4.1	4.0	4.0	5.3	5.8	5.8
Information Technology	3.8	3.1	3.1	3.1	3.7	3.4	3.1	3.0	2.7	2.9
Finance	4.7	4.5	4.7	3.8	3.8	3.8	4.6	4.7	4.7	4.9
Tax	2.0	2.0	2.0	3.6	4.7	5.3	5.3	5.3	5.3	5.2
Public Information	6.3	5.0	7.0	6.6	6.6	6.5	6.5	6.5	6.4	6.5
Parking Clerical	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Community Development										
Economic Develop/Planning	3.0	3.2	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
GIS	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Inspections	4.0	4.2	4.3	4.0	4.6	4.6	4.0	4.0	4.0	4.0
Public Works										
Administration	2.5	3.6	3.7	3.5	3.8	3.8	4.3	4.3	5.3	5.6
Maintenance/Labor	24.4	23.0	23.1	23.5	26.7	23.6	23.9	24.9	22.8	23.4
Maintenance/Labor - Parking	3.0	3.0	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0
Human Services/Library	23.8	20.2	21.5	20.9	21.1	22.7	25.3	27.7	27.2	27.0
Public Safety										
Police Officers	44.6	45.0	44.0	44.0	44.0	44.0	44.0	44.0	43.0	42.0
Police Civilians ⁽¹⁾	8.5	8.6	8.8	8.9	8.9	8.9	11.1	15.7	9.4	9.4
Crossing Guards ⁽²⁾	43.0	43.0	56.0	58.0	58.0	57.4	56.5	56.0	56.0	50.0
Fire	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Fire civilians	1.2	1.2	1.3	1.3	1.2	1.4	1.5	1.2	1.0	1.0
911 ⁽³⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.8	10.5
Parking Enforcement ⁽⁴⁾	8.3	7.6	8.0	7.4	0.0	0.0	0.0	0.0	0.0	0.0
Recreation										
Management	5.4	5.3	5.7	5.8	5.6	5.2	5.2	5.4	5.5	4.6
Seasonal	1.5	1.7	1.7	3.1	2.1	2.9	3.0	3.6	3.4	4.1
Golf	5.2	3.5	5.5	3.2	5.0	5.3	5.3	5.8	5.7	6.0
Tennis	2.5	1.6	2.0	1.4	1.5	1.6	2.5	3.3	2.1	3.9
Ice Rink	16.0	13.2	14.5	16.3	15.0	14.5	14.2	15.5	13.6	16.7
Pool	9.1	6.7	6.2	5.8	6.1	6.1	5.8	6.5	6.2	6.1
Totals:	246.1	232.2	251.8	253.4	247.5	246.0	251.1	263.7	257.9	259.6

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

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

(2) 911 Call Center function was assumed by Allegheny County in 2007

(4) 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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