

**MT. LEBANON**  
**PENNSYLVANIA**

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**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**

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FISCAL YEAR ENDED DECEMBER 31, 2012



**Mt. Lebanon, Pennsylvania**

Comprehensive Annual Financial Report

Year Ended December 31, 2012

Issued by the Department of Finance  
Marcia L. Taylor, CPA, Assistant Manager/  
Finance Director



**MT. LEBANON, PENNSYLVANIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2012**

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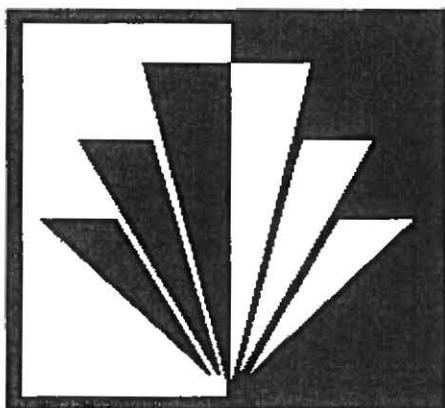
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INTRODUCTORY

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SECTION

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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, 2012, 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 2012 financial and management items, the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association (GFOA) for the 2011 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, 2012; 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. 14, "*The Financial Reporting Entity*," the financial information for the Mt. Lebanon Industrial Development Authority for the year ended December 31, 2012 is blended into the funds of the Municipality as the municipality's elected officials serve as the board for the Authority. 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.

This is the first year of inclusion of parking operations as a proprietary fund. Previously these services were provided by the Mt. Lebanon Parking Authority which was reported as a discretely presented component unit.

### **ECONOMIC CONDITION**

Mt. Lebanon 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 Pittsburgh located six miles southwest of that city. The 2010 Census indicates the Municipality's population is 33,137. This is an increase of 120 people compared to the 2000 Census.

While the real estate market significantly declined and is slowly recovering in other areas of the country, the values in the Municipality have not been as negatively impacted. In 2012, the average price for residential housing in the Municipality increased to \$235,838, an increase of 3.5% from 2011. Since 2008, the average market price of a home has increased over 7.6%. The housing stock is varied in style and price – 2012 sales ranged from \$26,000 to \$1,125,000. In addition to the sales price increase in 2012, the number of homes sold increased 5.2% over 2011. The combination of the sales price gain and the strong sales market lead to an increase of 18.2% in the real estate transfer tax collections.

The unemployment rate for Municipality residents continues to be low compared to state and national trends. According to the Pennsylvania Department of Labor & Industry, the 2012 annual average unemployment rate in the Municipality was 4.7% which is significantly below the 2012 rates for Pittsburgh (7.2%), Allegheny County (6.8%), and the Commonwealth of Pennsylvania (Commonwealth) (7.9%).

The Municipality has very healthy traditional business districts, a feature that is not found in many Pittsburgh suburbs. Washington Road, designated as a Main Street Achiever 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 2003 and reorganized in 2008, the Uptown Business Association (UBA) was created with the mission to "...preserve and strengthen downtown as a community center and as a regional shopping and entertainment location." In 2012, the UBA organized its tenth consecutive series of First Friday events - attracting thousands to the shops and restaurants along Washington Road. The UBA introduced a sustainable Farmer's Market in 2006 which provides an important anchor to Washington Road businesses and brings people to the shopping district on Saturday mornings. In addition, the Municipality kicked off the region's first Plein Air art event which attracted thousands of art lovers to the community's central business district.

The business districts continue to be virtually fully occupied. The vacancy rate for Washington Road is presently 8% and Beverly Road is 0%. This compares to national average vacancy rate of 10%. Lease rates are stable and properties are vacant only for short periods. Interest is 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 and a strong disinclination to blighting. Current priorities include, but are not limited to - encouraging development of upper floor units for commercial or residential purposes, and developing the former Denis Theater into an independent film theater, community cultural center and key contributor to the region's economic vitality. The Economic Development Office central focus in 2013 will be development of air rights above the Mt. Lebanon T station. To date, a market analysis and preliminary engineering have been completed. A development team is being assembled for this project.

In September 2007, the Mt. Lebanon Parking Authority entered into a sales agreement with a developer for property it owned between 607 and 615 Washington Road. This property contained the North Lot and adjacent additional surface parking. The developer is constructing a 108 room SpringHill Suites hotel, associated parking, and an additional pedestrian connection to Parse Way (LRT level). The cost of this project is estimated to be \$13-\$14 million. The construction began in the 2011 and should be completed by September of 2013.

Recently completed development projects within the Municipality include construction by St. Clair Hospital of a 1,885 square foot addition, one-story addition fronting on Bower Hill Road adjacent to the existing Cancer Center. The addition houses a second linear accelerator for cancer treatment. The Mt. Lebanon School District received approval in 2011 to renovate and rebuild the high school on the existing site to accommodate the educational needs of the Mt. Lebanon School District's high school students. Construction on the high school project began in early 2012, and will last four years. The building will include educational and administrative space as well as an auditorium, theater, swimming pool, several gyms, and other related accessory uses.

One other development project approved in 2012 includes a Fresh Market Grocery Store. To date the developer has demolished and removed the former Roth carpet building located at the corner of Connor and Gilkeson Roads and has begun construction of a new 18,672 sq. ft. building. The current project schedule anticipates a July 2013 opening.

The Mt. Lebanon School District has always been a leader in instructional excellence in the country. This reputation, along with continuing achievements by faculty and students, combines to be a strong attraction for young families to the community. In the 2012 Pittsburgh Business Times' Guide to Western Pennsylvania Schools, Mt. Lebanon School District ranked #2 and the high school ranked #2 in the region. U. S. News and World Report ranked the high school as #8 in the state and the top high school in Western Pennsylvania. The high school also received national recognition in Newsweek Magazine's 2012 list of "Top U.S. High Schools."

The Class of 2012 graduated 430 students with ninety-eight percent continuing to pursue full time or Armed Service education. The class had seven National Merit Semifinalists and 13 Commended.

In the area of fine arts, Mt. Lebanon School District was honored by the NAMM Foundation as one of the "2012 Best 100 Communities for Music Education"— an award that identifies school districts committed to music education as a conduit for success in school and in life. Athletic teams continue to excel at the highest levels of local and state competition. The girls' teams in volleyball, cross country, tennis singles, and basketball won the WPIAL Championships in 2012.

### MAJOR INITIATIVES

Like many other local governments, the Municipality faced fiscal challenges in 2012 due to relatively flat revenues and increasing expenditures. The operating departments have done an exceptional job in reducing costs wherever possible, and continue to provide a high level of service to our residents and businesses.

The Municipality's two main revenue sources – the real estate and earned income taxes - account for 66% of the revenue for the General Fund. Each of these taxes had issues in 2012 which will continue into 2013. For the real estate tax, it was expected that there would be a real estate re-assessment by the County for 2012, but in the last hours of 2011 use of the new assessment numbers was put on hold for a year. The Municipality was anticipating an increase of about 28% in the value of taxable property. With the re-assessment on hold, the Municipality found it necessary to raise the real estate tax rate from 4.76 to 5.43 mills for 2012. In 2012, the County heard appeals on tens of thousands of properties County-wide and at this time, the Municipality's overall increase is approximately 25%. Though the new assessment numbers will become the basis for the real estate tax billing for 2013, there are still appeals to be resolved and new appeals are being allowed by the County. There is legislation in place that caps new revenue as a result of a re-assessment at 5%, which the Municipality intends to capture in 2013. At this time, the Municipality has not yet set its 2013 millage, waiting for as many appeals as possible to be resolved.

2012 was the first year for the new earned income tax collection (EIT) system. In years past, the Municipality collected EIT for itself and the school district and the collection costs were about 1.25% of the revenues collected. Under a new state requirement, EIT is collected by counties and in the County only, by district, all using private collection firms. The law also requires that EIT be withheld by employers. In this first year, collections did not have the strong pattern of past years; it took time for the employers to catch onto the new system and the tax collectors have remittance periods built into the system. Collections of EIT for 2012 grew by only .4%, which is not reflective of the local economy and indicative of the issues still involved in working out the new system. Implementation of the new system eliminated two full-time and one part-time collection positions, but the costs are higher – 1.8% of the collections.

As the Municipality tightens its spending for services, it also must consider the funding for continuing capital needs. In 2011, the Commission passed an ordinance (effective for the 2012 budget) 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 2012, this policy was met with funding for street construction provided by two sources - \$1.6 million from the General Fund and \$500,000 for curb work from the storm water fee.

Work continued on sanitary sewers to meet the federal consent order. In 2012, sanitary sewer expenditures totaled \$968,901; all funded by a surcharge on the ALCOSAN bills. In addition, sewer lines were treated with chemicals to stop root infiltration. In the last five years, \$12.3 million has been spent on sanitary sewer improvements; the engineer estimates that an additional \$19.3 million will be needed in the next five years to meet our legal obligation. 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 near future to pay for the required improvements.

In September 2011, a new storm water fee was initiated. In its first full year (2012), the fee generated \$1.3 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 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 addition to the infrastructure improvements, other capital budget items were acquired or renovated. The Veteran's Memorial, funded completely by donations including a significant donation from Duquesne Light for \$220,000, was completed and dedicated. Improvements were made at the recreation center, tennis center and in various parks and playgrounds. Traffic signal upgrades were made and work began on projects using a Guaranteed Energy Savings contract. Under this form of financing, bonds were issued and structured so that the savings in energy costs generated by the improvements will pay the debt service costs. If the estimated energy savings fall short, the contractor must make up the difference. Two fire trucks were purchased, one with assistance of a grant in the amount of \$585,000, and public works equipment was replaced (two large trucks, forestry bucket truck and leaf loaders). Three projects (pool renovations, park/field improvements and golf course improvements) that had been under discussion for many years were approved with funding provided by a bond issue late in the year.

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 Capital Improvement Program (CIP) details the continuation of addressing infrastructure and other needs through the year 2017. The 2013 adopted budget provides over \$14.5 million for capital projects and improvements.

Effective January 1, 2012, the operations of the Mt. Lebanon Parking Authority were consolidated into the Municipality. Previously the Mt. Lebanon Parking Authority was reported as a discretely presented component unit of the Municipality because of the debt transactions between the two entities. In combining the operations, the Municipality did not establish a Parking Department; but instead split the operational areas of the former Mt. Lebanon Parking Authority among existing municipal departments with maintenance transferred to public works, enforcement transferred to police, and collections transferred to the tax office (finance). The Municipality is now accounting for the parking function as an enterprise fund. A Parking Facilities Board (committee in 2012, board formed in early 2013) is reviewing the facilities used for parking and will be making recommendations for the Capital Improvement Program.

As the Municipality celebrated its Centennial it also began work on two projects that will affect the community for years to come. In 2012, the Municipality contracted with a firm to update the Municipality's long range Comprehensive Plan. Elevate: Looking Beyond Today's Horizon, kicked off its public outreach effort on July 4<sup>th</sup>. As stated in the Charter, this plan will set forth policies to govern the future physical development of the Municipality. As part of the Comprehensive Plan process three key development opportunity sites have been identified and the plan will attempt to understand more area-specific opportunities about the potential highest and best uses of these sites. Discussions and analysis will explore potential scale (square footages) and tax generation of future infill efforts/pursuits. A Facilitation and Coordination Committee and three Advisory Groups have been developed and will provide input and comments as a draft is developed. Estimated completion and adoption of the plan is late 2013.

The second project is a review of the Municipality's Home Rule Charter. Adopted in 1974, the Charter is periodically reviewed by a select group of citizens to make sure that it is responsive to the changes in the community and the environment in which we operate. Like the Comprehensive Plan, this project will involve the public and gather input from a variety of sources. The Charter review is scheduled to be completed in 2013 and if any changes are recommended, they will be taken to the voters in 2014.

## 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 2012 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 firm 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 2012, the Commission complied with these policies with two budget amendments made as a result of the capital improvement discussion and minimum unassigned fund balance policies. At the end of 2011 the unassigned fund balance was in excess of the 10% minimum level, which allowed \$1,384,950 to be budgeted for recreation improvements. In the preparation of the 2013 budget these policies were also followed, with unassigned fund balance used only for pension funding (at the decreased level mandated by the pension policy).

## **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.

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 \$500,000. If appropriate, the Municipality will perform separate program audits.

### **Certificate of Achievement**

In January 2013, 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, 2011. The Municipality has received this award for 36 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.

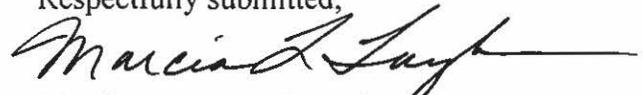
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **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,



Marcia L. Taylor, CPA, CGFM  
Assistant Manager/Finance Director

Mt. Lebanon, Pennsylvania  
April 17, 2013

# 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, 2011

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

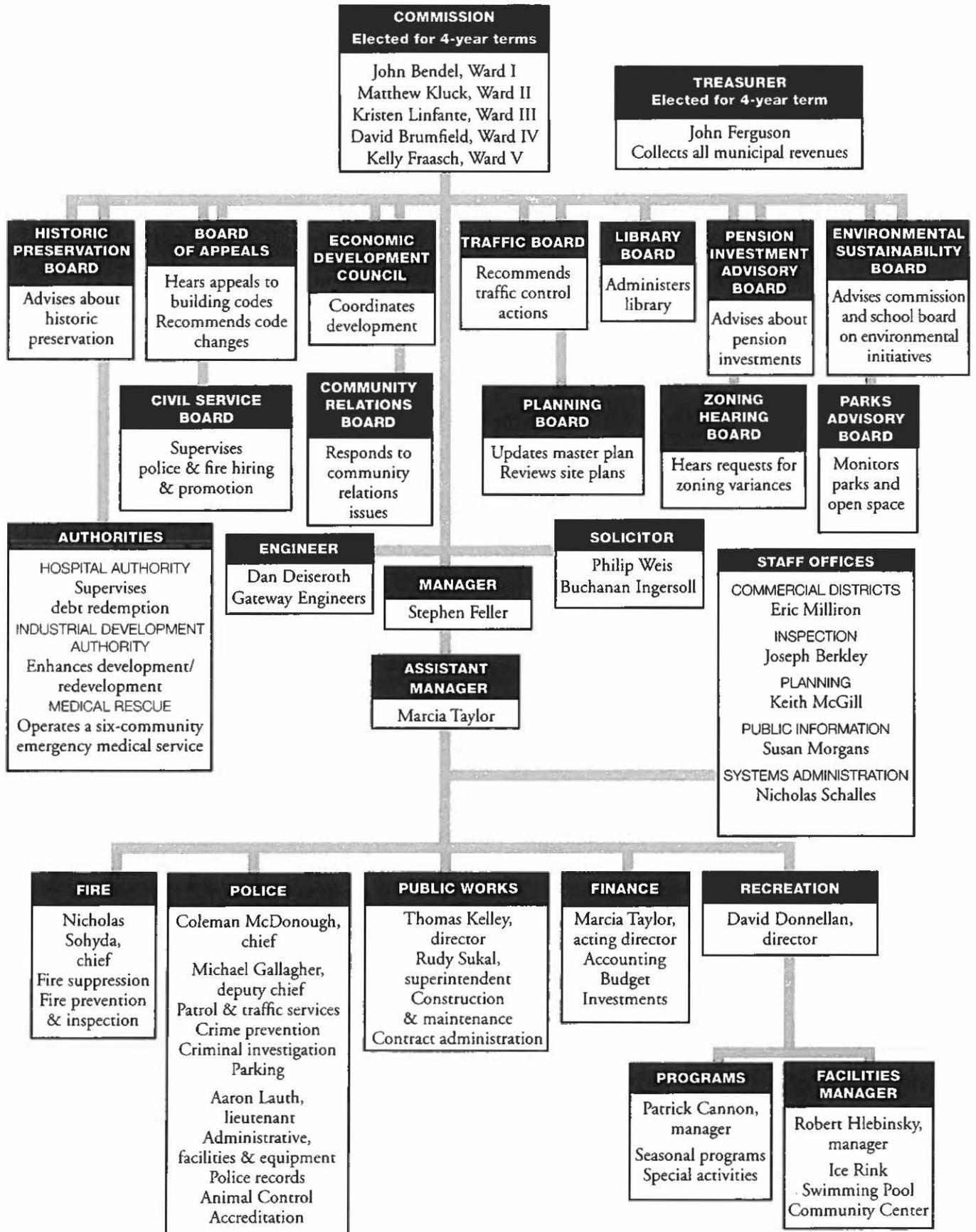


*Christopher P. Moir*  
President

*Jeffrey R. Emer*  
Executive Director

# ORGANIZATIONAL CHART—MT. LEBANON, PA

as of December 31, 2012



# MT. LEBANON, PENNSYLVANIA

## PRINCIPAL OFFICERS



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2012

David Brumfield  
President

Matthew Kluck  
Vice President

John Bendel

Kristen Linfante

Kelly Fraasch

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2011

Daniel Miller  
President

David Brumfield  
Vice President

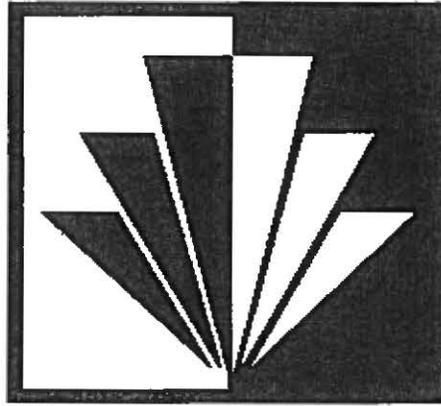
Joseph DeIuliis

Matthew Kluck

Bonnie VanKirk

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Stephen M. Feller, Manager  
Marcia L. Taylor, CPA, CGFM, Assistant Manager/Finance Director



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FINANCIAL

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SECTION

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## Independent Auditor's Report

The Commission of the Municipality  
of Mt. Lebanon, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Mt. Lebanon, Pennsylvania (Municipality), as of and for the year ended December 31, 2012, which collectively comprise the Municipality's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

#### ***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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective

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

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.

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, pension, and other postemployment benefit information on pages 17 through 38, 89 through 91, and 92 through 94, 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 the 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 assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's financial statements as a whole. The introductory section, combining and individual fund financial statements, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

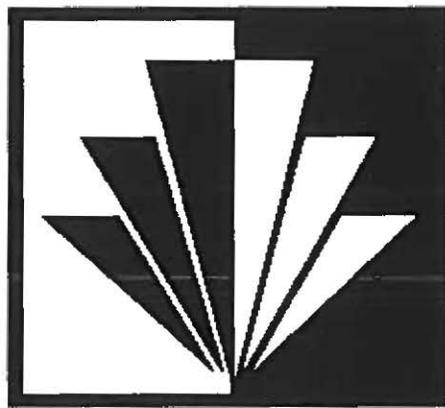
We have also previously audited, in accordance with auditing standards generally accepted in the United States, the Municipality's basic financial statements for the years ended December 31, 2010 and 2011, which are not presented with the accompanying financial statements. In our reports dated April 15, 2011 and April 13, 2012, respectively, we expressed unqualified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, 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 of the Municipality's financial statements as a whole. The individual fund financial statements related to 2010 and 2011 are presented for the purposes of additional analysis and are not a required part of the financial statements.

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

The individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2010 and 2011 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements related to 2010 and 2011 are fairly stated in all material respects in relation to the basic financial statements from which they were derived.

*Maher Duessel*

Pittsburgh, Pennsylvania  
April 17, 2013



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012. Please read this Management's Discussion and Analysis in conjunction with the preceding transmittal letter and the accompanying financial statements and notes which follow in order to obtain a thorough understanding of the Municipality's financial condition at December 31, 2012.

### RESULTS IN BRIEF

- ▶ Total assets of the Municipality's governmental activities exceeded its liabilities at the close of the most recent year by \$66,081,243 (net position). Of this amount, \$9,524,959 (unrestricted net position) may be used to meet the Municipality's ongoing obligations to its citizens and creditors.
- ▶ The Municipality's governmental activities total net position increased from 2012 by \$6.99 million or 11.8%.
- ▶ Unrestricted net position decreased by \$243,624 or 2.5% in 2012.
- ▶ Net investment in capital assets (net capital assets net of related debt) was \$51,419,042 at December 31, 2012, an increase of \$5.8 million.
- ▶ The Municipality's real property tax rate was increased from 4.76 to 5.43 mills.
- ▶ The total fund balance for governmental funds was \$12,156,662 at December 31, 2012, with \$4,294,814 in unassigned fund balance.
- ▶ The General Fund had a total fund balance of \$5.65 million, of which \$4.29 million was unassigned. The total fund balance for the General Fund decreased by \$5,206,957 and the unassigned fund balance decreased by \$157,213.
- ▶ The unassigned fund balance in the General Fund is 13.16% of the General Fund's total revenues and 12.39% of the fund's total expenditures (including transfers).
- ▶ In 2012, the Municipality issued bonds to advance refund the 2009 and a portion of the 2008 outstanding bonds. The final maturity of the issues remained the same as the original debt. The refundings will provide \$158,011 in debt service savings over the remaining life of the bonds. In addition, a guaranteed energy savings bond issue was completed for \$2,500,000.
- ▶ The Municipality's Aa1 bond rating from Moody's was reaffirmed at the time of the bond issuances.
- ▶ At December 31, 2012, the Municipality had \$26.29 million of debt outstanding. This represents an increase of \$620,000 or 2.4% from the previous year. The amount of outstanding direct debt per capita increased from \$774 to \$793.

- ▶ The Mt. Lebanon Parking Authority (Authority) was consolidated into the operations of the Municipality effective January 1, 2012.
- ▶ The plan net position held in trust to pay pension benefits increased \$7.62 million, or 12.8% in 2012. Plan net position in the other post-employment benefits trust increased \$146,082, or 21.0%.

## **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 39-40) are government-wide financial statements that provide long-term and short-term information about the Municipality's overall financial status.
- The remaining statements (pages 41-51) are fund financial statements that focus on individual parts of municipal government, reporting operations in more detail than the government-wide statements.

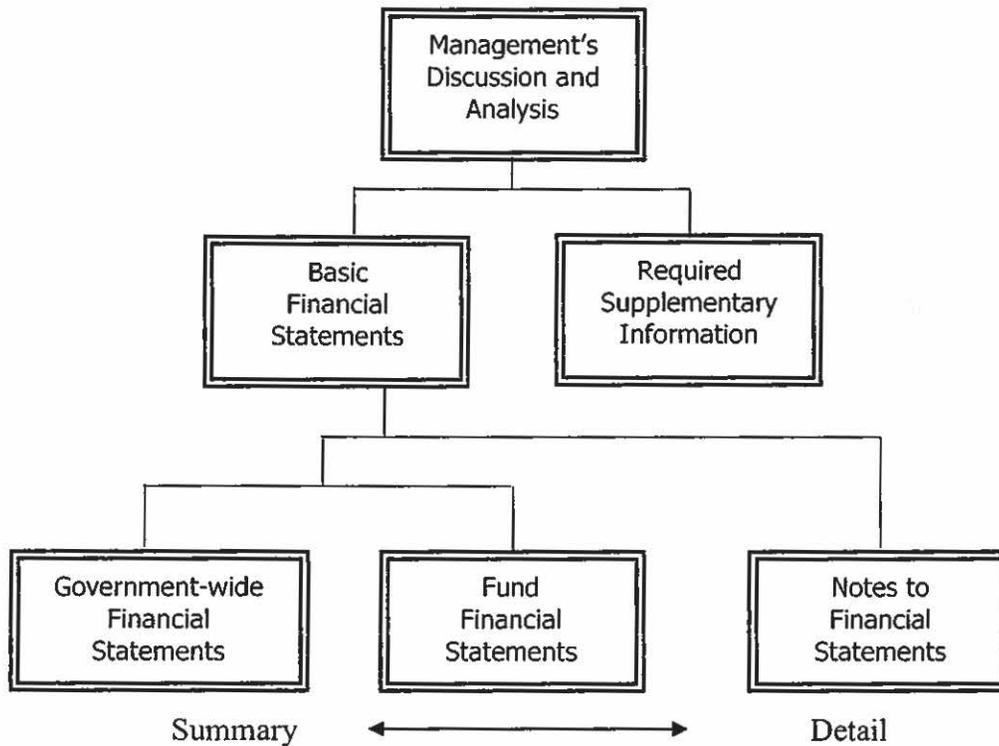
The fund financial statements include:

- The governmental funds statements (pages 41-46) 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 47-49) offer financial information about the activity (parking) that the Municipality operates as a business.
- Fiduciary fund statements (pages 50-51) 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 statements 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, a section provides additional details on the major governmental funds, combining statements for the other governmental funds that are presented in a single column in the basic financial statements as well as additional details on these funds, and an additional detail statement for the operations of the proprietary fund.

*Figure 1*

**REQUIRED COMPONENTS OF THE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



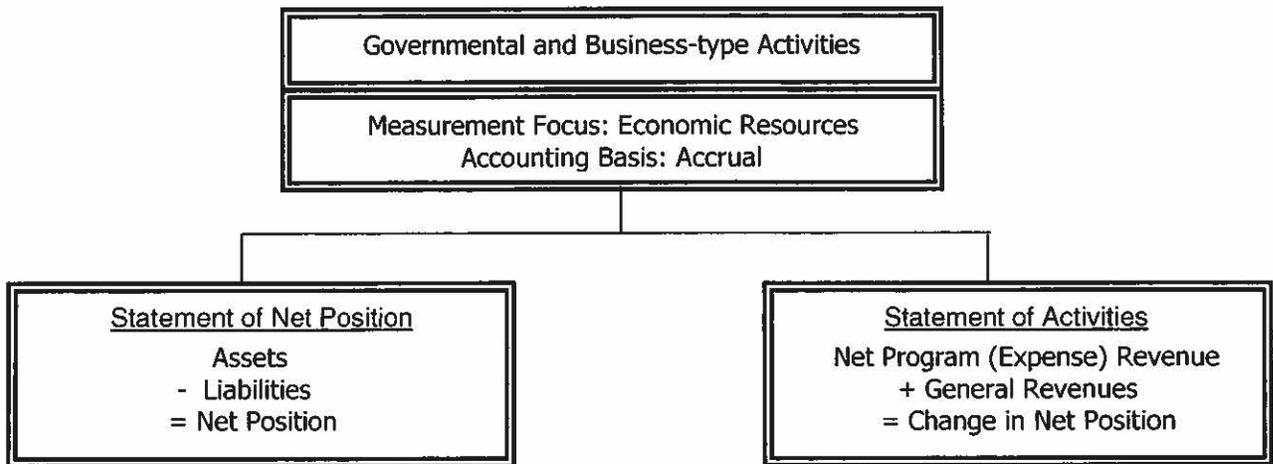
**Government-wide Financial Statements**

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 and liabilities, except fiduciary funds. Net position, the difference between the Municipality's assets and liabilities, is one way to measure the Municipality's financial health. Over time, increases or decreases in the Municipality's net position are 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 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 the police, fire, public works, and recreation departments, 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.

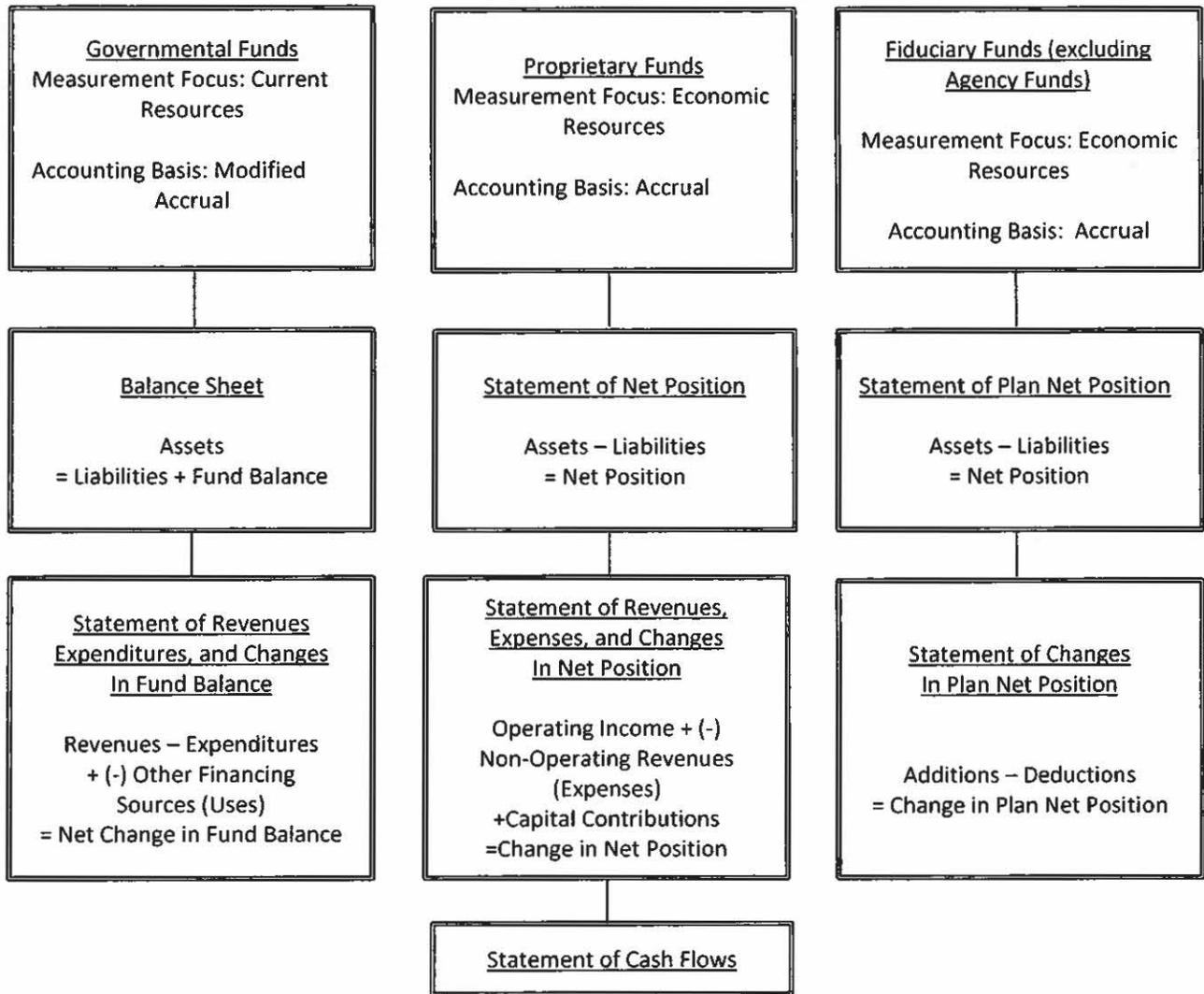
The government-wide financial statements do not include any component units presently on a discrete basis. All component units of the Municipality are blended.

The Mt. Lebanon Parking Authority ceased operations on December 31, 2011. Effective January 1, 2012, the operations of the former Authority have been consolidated into those of the Municipality. A separate parking department was not created – the operations of the Authority were assigned to three separate municipal departments – police (enforcement and garage cashiers), public works (maintenance of facilities), and finance/tax (permits and ticket collection). Prior to this consolidation, the Authority was reported as a discretely presented component unit of the Municipality.

**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**



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 another 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.

## FINANCIAL ANALYSIS OF THE MUNICIPALITY AS A WHOLE

The Municipality’s net position for its governmental funds at December 31, 2012 and 2011 is presented below. The net position for the business-type activity is also included at December 31, 2012 with a comparison to the statements presented at December 31, 2011 by the Mt. Lebanon Parking Authority, a component unit.

	Governmental Activities		Business-type Activity	Component Unit
	2012	2011	2012	2011
<b>Assets</b>				
Current and other assets	\$ 21,451,486	\$ 22,113,648	\$ 2,244,399	\$ 1,196,308
Capital assets	73,569,522	67,938,784	7,958,309	8,255,907
Total Assets	<u>95,021,008</u>	<u>90,052,432</u>	<u>10,202,708</u>	<u>9,452,215</u>
<b>Liabilities</b>				
Current and other liabilities	6,783,178	6,431,855	721,806	648,066
Non-current liabilities	22,156,587	24,534,315	2,940,950	2,711,189
Total Liabilities	<u>28,939,765</u>	<u>30,966,170</u>	<u>3,662,756</u>	<u>3,359,255</u>
<b>Net Position</b>				
Net investment in capital assets	51,419,042	45,610,982	4,414,824	4,913,709
Restricted	5,137,242	3,706,697	-	-
Unrestricted	9,524,959	9,768,583	2,125,128	1,179,251
Total Net Position	<u>\$ 66,081,243</u>	<u>\$ 59,086,262</u>	<u>\$ 6,539,952</u>	<u>\$ 6,092,960</u>

### Net Position

The net position of governmental activities increased from the previous year by \$6.99 million (or 11.8%) to \$66.1 million. Of this amount, \$51.4 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

\$4,273,752 for consent decree sewage infrastructure upgrades, \$485,781 for storm water projects, \$331,861 for donor restricted purposes for the Mt. Lebanon Public Library, \$39,600 contribution from St. Clair Hospital for traffic improvements, \$5,836 for debt service payments in 2013, and \$412 in a developer's escrow. The unrestricted net position of \$9.5 million represents funds available to maintain operations or to provide for the payments of long-term debt at the government-wide level.

### **Capital Assets**

The largest portion of the Municipality's net position (77.8%) 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 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 activities for the fiscal years ended December 31, 2012 and 2011:

	2012	2011	Increase (Decrease)
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 15,501,272	\$ 14,011,882	\$ 1,489,390
Operating grants	2,185,900	2,895,636	(709,736)
Capital grants	524,105	466,102	58,003
General revenues:			
Real estate taxes	11,487,806	10,237,545	1,250,261
Earned income taxes	10,368,678	10,379,339	(10,661)
Other, including interest	2,694,271	2,359,205	335,066
Transfer from parking fund	132,460	-	132,460
<b>Total revenues</b>	<b>42,894,492</b>	<b>40,349,709</b>	<b>2,544,783</b>
<b>Program Expenses:</b>			
General government	4,162,671	4,366,065	(203,394)
Community development	1,271,773	1,173,350	98,423
Public works	12,563,776	12,712,559	(148,783)
Human services	2,042,601	2,100,622	(58,021)
Culture and recreation	3,166,703	3,138,336	28,367
Public safety:			
Police	7,549,005	7,151,998	397,007
Fire	3,454,123	3,460,417	(6,294)
Other	805,083	813,707	(8,624)
Interest on long-term debt	883,776	979,150	(95,374)
<b>Total expenses</b>	<b>35,899,511</b>	<b>35,896,204</b>	<b>3,307</b>
<b>Change in Net Position</b>	<b>6,994,981</b>	<b>4,453,505</b>	<b>2,541,476</b>
Net position - beginning	59,086,262	54,632,757	4,453,505
Net position - ending	<b>\$ 66,081,243</b>	<b>\$ 59,086,262</b>	<b>\$ 6,994,981</b>

Total government-wide revenues of \$42.8 million were largely derived from charges for services, property taxes, and earned income taxes. Overall revenues increased almost \$2.5 million or 6.3%. Charges for services increased \$1.49 million with the most significant increases from building permits (permit for high school \$100+ million renovation), and assessments for storm water improvements (first full year of collection of new fee). Operating grants decreased because of the one-time additional state aid received in 2011 for pensions and the volunteer fire company. Capital grants in 2012 were primarily from a grant received to replace a fire truck.

In 2012, the County continued its 2002 base year assessment policy, even though re-assessment figures were complete. The County decided that the new assessment numbers, in which the Municipality increased its taxable property values by about 27%, would be effective for 2013

and 2012 would be a year for appeals to be made and settled. Though the new figures are in use for 2013, appeals are still yet to be fully resolved. Since the re-assessment values were not able to be used in 2012, the Municipality raised its millage from 4.76 to 5.43 mills in order to balance the 2012 budget. The Municipality is subject to state legislation capping any gain in real estate revenue in a re-assessment year at 5% of the prior year's collections. The Municipality has prepared its 2013 budget using the full 5%.

Earned income taxes were flat in 2012 as the new state mandated collection system was implemented in January 2012 and experienced some growing pains. Employers, who are required to withhold the tax from employees, may not have been fully cognizant of the law at the beginning of the year. Under the state law implementing the collection system, there are significant time lags between the mandated withholding from the taxpayer to remittance to the Municipality.

Within the other category are real estate transfer taxes, which increased 18.2% due to strong housing prices and an active sales market. The sales tax shared by the County increased 7.0% reflecting the local economy. This is the first year for a transfer from the parking fund. The transfer is primarily for meter revenues assigned to the fund yet levied by the Municipality.

Total program expenses in 2012 were \$35.9 million, a mere \$3,307 increase from the prior year. Operating departments and offices continued to do an exceptional job in controlling costs. The decrease in General Government expenses relates to the one-time transfer of debt from the governmental fund to the parking fund. The former Authority had made advance payments on certain debt issues. Community Development expenses increased because of the payments made for the comprehensive plan, which will be completed in 2013. The slight (1.1%) decrease in Public Works reflects savings in many different areas, offsetting increases in parks maintenance and forestry spending. The police arbitration award was received in late summer 2012, with retroactive pay being paid from January 1, 2011 through that time. The interest on long term debt were reduced significantly (9.7%) due to the two refunding issues completed in 2012 and one in late 2011.

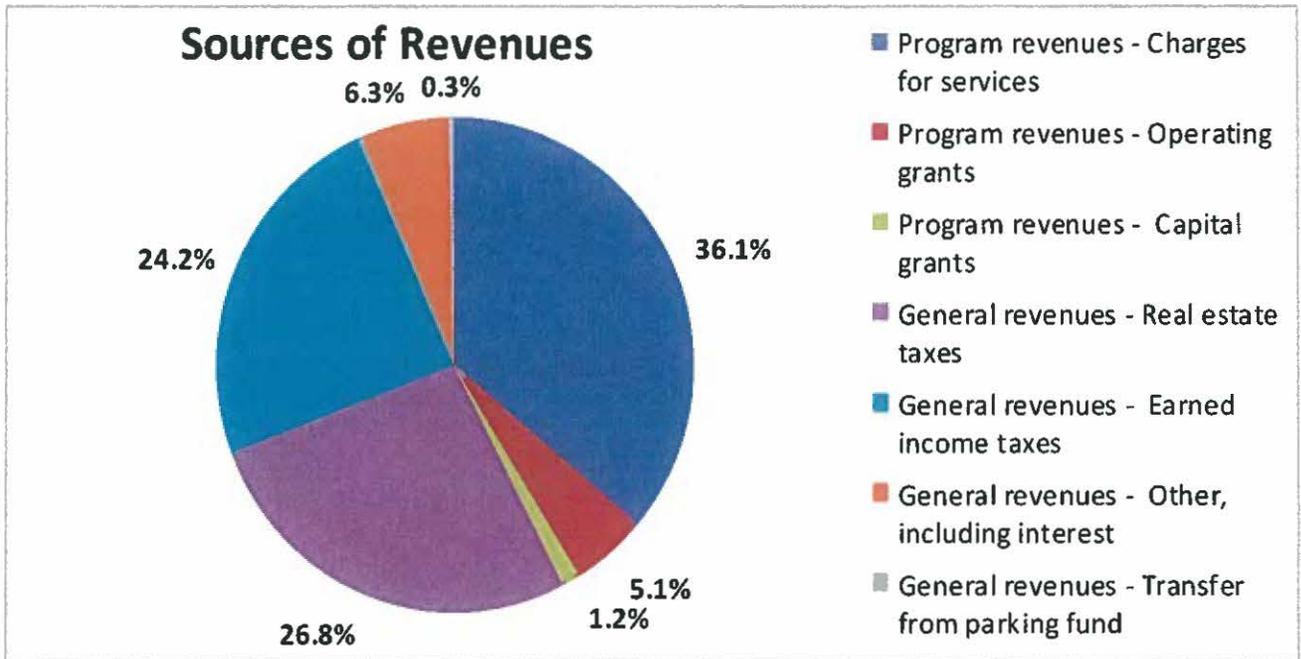
A change in net position comparison is not presented in 2012 for the business-type activity. As noted, this is the first year of operation for the parking fund. The year-end of the Authority was June 30 and the December 31, 2011 statements for the component unit included 18 months of operations.

## **Governmental Activities**

### **Revenue Sources**

Taken together, all sources of taxes provide slightly over 57% of the Municipality's revenues. The Municipality collects revenues from six taxes, with real estate and earned income taxes generating 93% of the tax revenues. The majority of the remainder of the revenues comes from charges for service. This category includes recreation, 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.

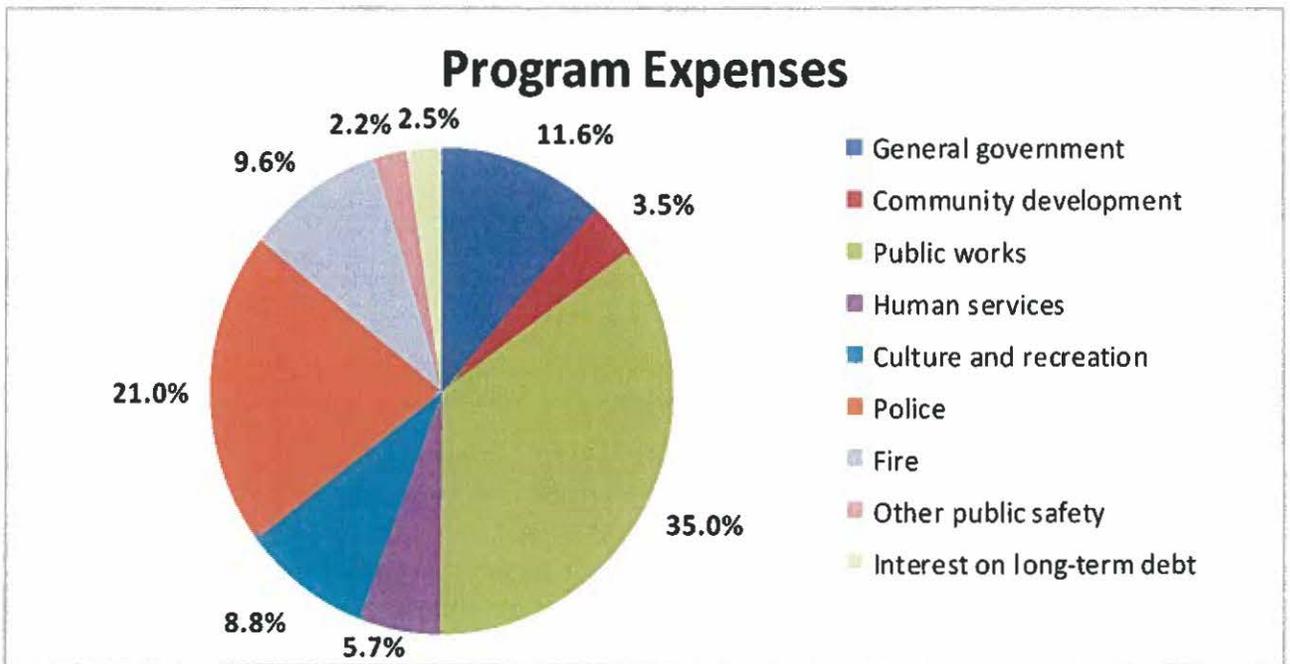
The following chart graphically depicts the governmental activities sources of revenues for the fiscal year ended December 31, 2012:



**Program Expenses**

Total 2012 expenses for all programs were \$35.9 million. The expenses reflect the delivery of a range of services, with the two largest areas being public works and public safety. Public safety has two operational departments – police and fire. The third largest area is general government which includes administration, legal services, public information, technology, insurance and finance/tax functions.

The following chart graphically depicts the governmental activities program expenses for the fiscal year ended December 31, 2012:



#### Net Program Expenses/Revenues

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. The total net expense decreased \$834,350 from 2011 to 2012. The reasons for this decrease can be attributed to revenue and expense changes already discussed – the reduction in state aid for pension and the volunteer fire company, the transfer of the parking fund debt, the building permit from the high school project, the full-year of storm water fee collections, the debt service savings and the police arbitration award. In addition, recreation revenues increased over \$100,000 in 2012. The statement of activities on page 40 details the development of the net expenses. The following table shows the comparison of governmental activities net expenses between 2012 and 2011:

	Net Expenses		
	2012	2011	Difference
<b>Program Expenses:</b>			
General government	\$ (1,700,007)	\$ (1,312,413)	\$ (387,594)
Community development	(364,387)	(850,733)	486,346
Public works	(2,585,506)	(3,389,646)	804,140
Human services	(1,364,248)	(1,463,449)	99,201
Culture and recreation	(453,334)	(529,807)	76,473
Public safety:			
Police	(7,252,766)	(6,810,570)	(442,196)
Fire	(2,772,619)	(2,838,844)	66,225
Other	(311,591)	(347,972)	36,381
Interest on long-term debt	(883,776)	(979,150)	95,374
<b>Total Net Expenses</b>	<b>\$ (17,688,234)</b>	<b>\$ (18,522,584)</b>	<b>\$ 834,350</b>

## 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 approximately \$12.2 million which represents a decrease of \$2.2 million from the previous year. The following chart shows the changes in fund balances during 2012:

Fund	Fund Balance		
	2012	2011	Increase (Decrease)
General	\$ 5,648,914	\$ 10,855,871	\$ (5,206,957)
Sewage	4,061,495	2,409,696	1,651,799
Capital Projects	1,631,445	612,728	1,018,717
Other governmental funds:			
Storm water	339,695	25,434	314,261
Library operating	457,757	481,473	(23,716)
Industrial development	11,108	9,858	1,250
Capital assessment	412	412	-
Debt service	5,836	2,287	3,549
<b>Total other governmental funds</b>	<b>814,808</b>	<b>519,464</b>	<b>295,344</b>
<b>Total fund balance</b>	<b>\$ 12,156,662</b>	<b>\$ 14,397,759</b>	<b>\$ (2,241,097)</b>

The significant decrease in the General Fund is caused by two actions. First, in 2011 a reserve of \$3.8 million for debt of the Parking Authority was reported. This reserve offset the long-term receivables for future debt payments being made by the Authority to the Municipality. In 2010, all Authority debt was refunded by debt of the Municipality. A note was executed between the two parties. As of the end of 2012, this debt has been transferred to the Parking Fund and the note and reserve eliminated. The second action was the use of \$1.4 million in fund balance, through budget amendments, for a variety of recreation improvements. The Commission has adopted a policy of maintaining a minimum of 10% of total expenditures as unassigned fund balance in the General Fund, and these budget amendments used fund balance in excess of this minimum to accomplish necessary projects.

The increase in the Sewage Fund is based on the timing of assessments versus projects. Assessments, which are based on water consumption, are charged monthly; however the spending pattern does not follow the collection pattern. In the 2013 budget, \$1.1 million of this fund balance has been allocated for project funding. The fund balance increase in the Storm Water Fund is similar – assessments are made annually (with installment payments allowed) but projects stretch out for longer periods. The balance in this fund will be used for storm projects in future years. The other significant increase is in the fund balance for the Capital Projects Fund. At the end of 2012, projects in various states of completion and therefore generating fund balance included traffic signal and traffic calming improvements, the Guaranteed Energy contract improvements, and improvements in parks and recreation facilities. During 2012, the Veteran's Memorial project was completed and the memorial dedicated.

Of the \$12.2 million combined fund balance total, \$5.4 million (or 44.2%) 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 \$4,061,495 for sanitary sewer improvements (ALCOSAN agreement), \$596,035 for the Guaranteed Energy contract (bond proceeds), \$39,600 for traffic signal improvements (donor), \$331,861 at the library (donor), and \$339,695 for future storm system improvements (enabling), \$5,836 for debt service in 2013 (enabling), and \$412 for development improvements (donor).

In addition, assignments totaling \$2.4 million (or 20.5%) include \$994,100 used to balance the Municipality's 2013 budget, \$360,000 for the pension obligation due in 2014. The amount used to balance the 2013 budget represents fund balance used to fund pension obligations (\$720,000) and to complete projects carried over (re-budgeted) into 2013 (\$274,100). Three residual fund balances - \$995,810 in the Capital Projects Fund, \$125,896 in the Library Operating Fund, and \$11,108 in the Industrial Development Fund – are also categorized as assigned.

The residual fund balance in the General Fund, categorized as unassigned, represents fund balance that has not been restricted or assigned to specific purposes with the General Fund. These monies are available for expenditure. The previously mentioned fund balance policy adopted by the Commission establishes 10% of total expenditures as the goal for maintenance of unassigned General Fund fund balance. At year-end, this fund balance is \$4,294,814 or 12.39% of total expenditures. In another policy adopted by the Commission, any General Fund fund balance in excess of the 10% goal becomes the subject of a Capital Investment Discussion. This discussion will be held in April 2013.

## General Fund

The results of the General Fund for 2012 demonstrate that the Municipality can respond well in times of economic stress. Due to the already discussed debt transfer to the Parking Fund, the 2012 results can be difficult to explain. The chart below shows the operating results of this fund for 2012:

	<u>Final Budget</u>	<u>Actual</u>	Variance (Unfavorable)
Revenues	\$ 31,575,350	\$ 32,107,284	\$ 531,934
Expenditures	<u>28,983,480</u>	<u>27,668,802</u>	<u>1,314,678</u>
Excess of Revenues Over Expenditures	2,591,870	4,438,482	1,846,612
Transfers, net	<u>(5,538,760)</u>	<u>(5,840,993)</u>	<u>(302,233)</u>
Net change in fund balance from operations	<u>\$ (2,946,890)</u>	(1,402,511)	<u>\$ 1,544,379</u>
Debt transfer to Parking Fund		<u>(3,804,446)</u>	
Net change in fund balance		<u>\$ (5,206,957)</u>	

It was planned that the Municipality use \$2,946,890 in fund balance to support operations for the year, but in actuality \$1,402,511 was needed. The sections below will discuss the results that led to this favorable position.

### Revenues

Total operating revenues exceeded budget by \$531,934 or 1.6%. The majority of the revenue increase is from three items: earned income tax collections in excess of the budget by \$187,000 due to a conservative budget in light of the new, unknown collection system; real estate transfer tax collections in excess of budget by \$224,000 due to the previously discussed strong housing market; and zoning permit fees in excess of the budget by \$68,000 due to the high school renovation project.

### Expenditures

Overall, expenditures were \$1,314,678 or 4.5% less than budgeted. The major budget to actual fluctuations contributing to this favorable performance were:

Area	Under budget (in thousands)	Reason
Tax collection	\$56	Budget developed with unknown impact of new collection system
General management	40	Personnel costs and software improvements not completed (to be finished in 2013)
Street maintenance	206	Projects incomplete and carried into 2013
Ice and snow control	257	Mild winter - personnel and salt underbudget
Sanitary and storm sewer maintenance	328	Efforts focused on capital projects in 2012
Refuse collection	141	Less than anticipated woody waste and special collection costs
Capital	225	Portion of fire truck paid in 2011 after 2012 budget approved

These items account for 95% of the expenditure variance.

### **Fund Balance**

The fund balance results and new Commission policies related to fund balance were discussed at the beginning of this section. The General Fund fund balance at year end totaled \$5,648,914, a decrease of \$5,206,957 from 2011. The reasons for this decrease have been discussed above. This fund balance is categorized into the following component fund balance:

- Assigned      \$994,100      Subsequent (2013) budget
- Assigned      360,000      2014 pension obligation
- Unassigned    4,294,814

The General Fund has no nonspendable, 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. Through August 2012, the billing and collection services were performed by Pennsylvania American Water Company (PAWC). At that time, due to a contract cancellation by the water company, the billing and collection services were transferred to Jordan Tax Service. Under the continuing directives of the Environmental Protection Agency (EPA) 308 order, substantial funding is needed to fund the required work.

Total assessments (municipal and ALCOSAN combined) were \$7,268,263 and all other income totaled \$27,156. Transfers to the Capital Projects Fund for infrastructure expenditures were \$1.2 million. In addition, \$231,117 was transferred to the General Fund for sanitary sewer

maintenance activities and \$39,264 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.

The remainder of sewage fund expenditures was for payments to ALCOSAN for their portion of sewage charges and to PAWC and Jordan for collection expenditures. The remaining fund balance of \$4,061,495 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 and Sewage Fund transfers, fees, grants, and bond proceeds. In 2012, this fund had expenditures of \$6.5 million, almost \$3 million higher than the previous year. The Capital Projects fund has a fund balance of \$1,631,445 at year-end. Of this balance, \$635,635 is restricted for the completion of the Guaranteed Energy projects that were funded by a bond issue (\$596,035) and a \$39,600 contribution received from St. Clair Hospital for traffic signal improvements at Bower Hill and Segar Roads. The assigned fund balance consists of a number of projects begun in 2012 with funding from the budget amendments. These projects will be completed in 2013.

Projects accounted for in the Capital Projects Fund include:

	Expended in 2012	Restricted Fund Balance 12/31/2012	Assigned Fund Balance 12/31/2012
Sanitary sewers (EPA 308)	\$ 968,901	\$ -	\$ -
Street reconstruction	2,457,075	-	-
Storm water system upgrades	240,280	-	-
Traffic signal/intersection upgrades	261,351	39,600	110,400
Traffic calming	-	-	50,000
Veteran's Memorial completion	439,159	-	(114)
Recreation facilities improvements	75,546	-	409,835
Library building improvements	26,901	-	36,549
Purchase of golf course mower	39,620	-	-
Guaranteed Energy Savings Contract	1,903,965	596,035	-
Parks and playgrounds upgrades	89,190	-	389,140
Other	7,265	-	-
	<u>\$ 6,509,253</u>	<u>\$ 635,635</u>	<u>\$ 995,810</u>

### **Other Funds**

In 2011, a new fund, 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 used for items that affect storm water conveyance (such as curbs) 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 2012, the first full year of collection, this fund generated \$1,277,624 which was used for capital projects (\$763,408), storm sewer maintenance and conveyance costs (\$157,754), and collection costs (\$42,442). There is a fund balance of \$339,695 restricted for future storm sewer needs.

Also 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 \$1.4 million and had a net change in fund balance of \$(18,917). The details of the activities of these funds may be found on pages 107-120.

### **Budgetary Highlights**

In 2012, the budget was amended three times. The first amendment allocated \$393,460 in unassigned General Fund fund balance and grant funds totaling \$189,600 to purchase public works radios, upgrade traffic signals, improve parks and upgrade lighting, and replace doors and restroom fixtures at the public library. The second amendment allocated \$1,001,490 in unassigned General Fund fund balance to improve parks; ceiling, flooring, and sound improvements and the Recreation Center; and lighting, pathway, and building renovations at the Tennis Center. This amendment also purchased a golf course mower and allocated funds for future traffic calming projects.

The third amendment authorized the Guaranteed Energy Savings contract projects, with funding provided by a \$2,500,000 bond issue. The savings in future energy costs will pay the debt service on the bonds. Projects included in this contract are municipal-wide high efficiency lighting, including street lighting in municipal fixtures on Washington Road, and HVAC, balancing and retro-commissioning work at the Public Safety Center and the Recreation Center.

The 2012 General Fund budget was adopted in December 2011 and included an increase in the millage rate from 4.76 to 5.43 mills. The 2013 budget was adopted in December 2012, but as of this time a millage rate has not been set. As discussed, the new re-assessments will be effective in 2013. The Municipality knows the limit on the amount of revenue it can derive from real estate taxes (using the 5% cap) and has budgeted for this revenue. Because of unsettled appeals, the final re-assessment number has not yet been determined. The Municipality sends out its tax bills as of June 1. Since it is not expected that all appeals will be finalized prior to that date, the real estate tax rate will be established as close to that date as possible so that the millage rate can be as accurate as possible.

Several 2013 budget highlights include:

- The 2013 General Fund budget was adopted at \$34.2 million or a decrease of 4.9% from 2012. This budget utilizes \$994,100 of fund balance to balance the 2013 budget. This use of fund balance has two components - \$720,000 for pension obligations and \$274,100 re-budgeted for items not completed in 2012.
- 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. For 2013, the budget also implemented a Commission policy requiring a reduction of fund balance used for pension obligations.
- The 2013 General Fund budget includes funds to maintain current levels of service as well as for street reconstruction, capital equipment purchases, and facility renovations. The capital items funded by the General Fund for 2013 include: roof replacement at the public works facility; replacements of computer servers, the phone system, duty weapons for police, the watch commander (police) vehicle and traffic control lift truck, and replacement of the fueling station and canopy. In addition public works radios and ice rink flooring projects were carried over into 2013.
- The Capital Projects Fund budget includes funding for the continuation of sewer work under the consent order, storm sewer work, and a street reconstruction program (funded by the General Fund and the Storm Water Fund). In late 2012, a bond issue for \$4.45 million was approved (closed in 2013) for renovations to the swimming pool (\$3.3 million) improvements to parks/fields (\$730,000) and golf course improvements (\$500,000). This fund also had a number of carryover projects from 2012 which were re-budgeted in 2013 including recreation and park improvements, traffic signal and traffic calming projects, completion of the energy savings contract projects, parking improvements at recreation facilities, and improvements at the library under a grant received in 2012.

### **PROPRIETARY FUND**

The Municipality's enterprise fund – the Parking Fund – was established January 1, 2012 due to the consolidation of the Parking Authority. The Authority was a legally separate entity reported by the Municipality as a discretely presented component unit. The financial statements for the fund, which are presented on pages 47-49, provide the same type of information as on the government-wide statements, but in more detail.

As of December 31, 2012, the unrestricted net position of the fund is \$2,125,128, increase of \$446,992 from the end of 2011. Though comparative operating statements for the fund are not presented, the Municipality has access to the records of the former Authority and is able to analyze the reasons for the increase. The revenues for the year were \$2,068,078, which is a significant increase (approximately 21%) over the final full year of operation (which ended June 30, 2011) of the Authority. The primary reason for this increase is meter revenue. The Authority installed new meters, which are able to accept credit cards, throughout the system in 2011. These meters have a \$2.00 minimum for credit card transactions, compared to the 25 cents for 15 minute minimum for coinage.

The operating expenses of the fund totaled \$1,351,574. This is a decrease of 6.0% from the last full year of operation of the Authority. The Municipality did not establish a parking department, but instead, spreads the parking function into the related municipal departments – maintenance is in Public Works, enforcement is with Police and accounting and collection merged into Finance and Tax. This has allowed economies in the retention of former Authority personnel as well as in contracts, insurance, and other purchases.

During 2012, the Municipality established a Parking Facilities Advisory committee to analyze future short and long term capital needs of the facilities operated by the fund. Two studies – one on each garage – are underway and the results will become part of the next capital improvement plan. This committee became an advisory board in early 2013.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. The following is a summary of capital assets at December 31, 2012 and 2011:

	Summary of Capital Assets			
	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
Land	\$ 7,027,371	\$ 7,027,371	\$ 2,726,595	\$ 2,726,595
Land improvements	3,754,365	3,444,547	1,032,531	1,032,531
Buildings and building improvements	30,092,139	30,092,139	10,315,350	10,315,350
Infrastructure	69,675,944	65,986,271	-	-
Equipment and other capital assets	16,518,643	14,289,005	984,749	1,164,765
Construction in progress	1,854,984	-	-	-
Total capital assets	<u>128,923,446</u>	<u>120,839,333</u>	<u>15,059,225</u>	<u>15,239,241</u>
Less accumulated depreciation for:				
Land improvements	1,765,446	1,715,286	498,965	456,336
Buildings and building improvements	18,258,559	17,424,585	6,063,174	5,801,292
Infrastructure	27,028,418	25,539,138	-	-
Equipment and other capital assets	8,301,501	8,221,540	538,777	725,706
Total accumulated depreciation	<u>55,353,924</u>	<u>52,900,549</u>	<u>7,100,916</u>	<u>6,983,334</u>
<b>Total Capital Assets, Net</b>	<u>\$ 73,569,522</u>	<u>\$ 67,938,784</u>	<u>\$ 7,958,309</u>	<u>\$ 8,255,907</u>

The significant changes in the governmental activities include: infrastructure additions for streets, sanitary and storm sewers; and in equipment, the purchase of two fire trucks, a forestry bucket truck, two large dump trucks and two leaf loaders. In the Parking Fund (business-type activity) the primary change was the review of equipment with a write-off of equipment not carried forward in the consolidation. The unused items were disposed of and were mostly fully depreciated. There was a loss on disposal of \$37,928 recorded in 2012.

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

### **Long-Term Debt**

The Municipality completed two bond issues in 2012 and approved an additional issue which closed in January 2013. The first issue was issued to advance refund the remaining 2009 bonds. This issue, in the amount of \$2,380,000, has the same maturity as the 2009 issue (2028), and generated future debt service savings with a present value of \$116,540 or 5.54%. The coupon rates on this debt are .85% to 3.1%.

A second issue had two purposes – to issue \$2,500,000 in bonds for the Guaranteed Energy Savings contract project and to refund a portion of the outstanding 2008 issue. The refunding portion of this issue totaled \$975,000 and generated a savings in future debt service with a present value of \$41,471 or 4.44%. The new money portion of this issue has a 15 year debt service schedule (through 2027) and the refunding portion matched the maturities of the refunded debt (2017). The coupon rates for this issue were .35% to 2.625%.

In late fall 2012, a debt issue for recreation projects was approved. This issue, which was finalized in December and closed in January 2013, issued \$4,450,000 to fund pool, golf course and park/field improvements. The issue has a final maturity in 2025 and coupons which range from .65% to 3.0%.

At December 31, 2012, the Municipality had \$26,290,000 of debt outstanding. This represents an increase of \$620,000 or 2.4% from the previous year. The following details activity related to general obligation bonds during 2012:

<b>Summary of General Obligation Bond Activity</b>	
Beginning balance at January 1, 2012	\$ 25,670,000
New debt issues	5,855,000
Principal retirement (including refundings)	<u>(5,235,000)</u>
Ending balance at December 31, 2012	<u>\$26,290,000</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 its Aa1 bond rating from Moody's Investor Service at the time of the issues in 2012.

## **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 2012, plan net assets increased \$7.62 million or 12.8%. Appreciation in the values of the investments, which are carried at market value, caused the positive change in plan net position.

Employee contributions can be reduced or eliminated each year by Ordinance or Resolution subject to the plans meeting certain financial considerations. During 2012, employee contributions were needed in all three plans and were assessed at the maximum allowable in each plan – general 5%, uniformed fire and uniformed police 4%. In the police plan, this rate is based on the total compensation of the officer. Recent changes in the general (negotiated) and fire (arbitrated) plans have changed the basis for the calculation of the pension benefit for hires after a certain date from a total compensation basis to base wage plus longevity only. Because of this change, the employee contribution rates must be applied differently. For those employed prior to the benefit change dates, the applicable rate is applied on total compensation. For hires after the effective date of the changes, the rate is applied only on base wage plus longevity.

As mandated by state law, actuarial valuations for the plans are performed every two years – on a 1/1/odd year date. As of the 1/1/2011 valuation, the actuarial accrued liability (AAL) of the three plans was \$68,182,021. At that time, for the three plans on a summarized basis, the AAL exceeded the actuarial value of assets by \$8.49 million. The Municipality chooses to have actuarial valuations performed every year to provide needed information for budgetary planning. The combined AAL in the January 1, 2012 valuation had increased to \$72,849,382 and the AAL exceeded the actuarial value of assets by \$12.9 million.

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

The required supplementary information located at the conclusion of the notes to the financial statements provides the details on the plans' funding progress. 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, 2011, the date of the most recent actuarial report, the actuarial accrued liability for the plan was \$2.397 million.

At that point in time the plan had \$631,000 in funding, leaving an unfunded liability of \$1,766,000, and a funded ratio of 26%. The value of the assets has increased to \$840,182 as of December 31, 2012, due to improved market conditions and contributions. The next actuarial valuation will be performed as of January 1, 2013.

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 works, 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 Finance Department  
710 Washington Road  
Pittsburgh, PA 15228

# MT. LEBANON, PENNSYLVANIA

## STATEMENT OF NET POSITION

DECEMBER 31, 2012

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and other money market instruments	\$ 14,450,211	\$ 2,202,237	\$ 16,652,448
Receivables:			
Taxes	3,681,109	-	3,681,109
Assessments	1,378,332	-	1,378,332
Accounts	615,857	20,390	636,247
Due from other governments	418,141	-	418,141
Internal balances	(13,759)	13,759	-
Other assets	342,675	8,013	350,688
Net pension and other post employment benefits asset	578,920	-	578,920
Capital assets, not being depreciated	8,882,355	2,726,595	11,608,950
Capital assets, net of accumulated depreciation	22,039,641	5,231,714	27,271,355
Infrastructure assets, net of accumulated depreciation	42,647,526	-	42,647,526
<b>Total Assets</b>	<b>95,021,008</b>	<b>10,202,708</b>	<b>105,223,716</b>
<b>Liabilities</b>			
Accounts payable	3,437,257	37,965	3,475,222
Advance deposits	389,369	-	389,369
Accrued payroll and deductions payable	1,036,934	33,271	1,070,205
Accrued interest payable	186,329	38,859	225,188
Compensated absences, long-term	1,143,361	9,176	1,152,537
Bonds payable, current portion	1,733,289	611,711	2,345,000
Bonds payable, long-term portion	21,013,226	2,931,774	23,945,000
<b>Total Liabilities</b>	<b>28,939,765</b>	<b>3,662,756</b>	<b>32,602,521</b>
<b>Net Position</b>			
Net investment in capital assets	51,419,042	4,414,824	55,833,866
Restricted for:			
Capital projects	4,799,545	-	4,799,545
Library	331,861	-	331,861
Debt service	5,836	-	5,836
Unrestricted	9,524,959	2,125,128	11,650,087
<b>Total Net Position</b>	<b>\$ 66,081,243</b>	<b>\$ 6,539,952</b>	<b>\$ 72,621,195</b>

See accompanying notes to financial statements.

# MT. LEBANON, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Grants	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 4,162,671	\$ 1,803,067	\$ 659,597	\$ -	\$ (1,700,007)	\$ -	\$ (1,700,007)
Community development	1,271,773	907,386	-	-	(364,387)	-	(364,387)
Public works	12,563,776	9,237,588	668,011	72,671	(2,585,506)	-	(2,585,506)
Human services	2,042,601	87,739	590,614	-	(1,364,248)	-	(1,364,248)
Culture and recreation	3,166,703	2,702,628	10,741	-	(453,334)	-	(453,334)
Public safety:							
Police	7,549,005	199,261	96,978	-	(7,252,766)	-	(7,252,766)
Fire	3,454,123	80,351	149,719	451,434	(2,772,619)	-	(2,772,619)
Other	805,083	483,252	10,240	-	(311,591)	-	(311,591)
Interest on long-term debt	883,776	-	-	-	(883,776)	-	(883,776)
<b>Total governmental activities</b>	<b>35,899,511</b>	<b>15,501,272</b>	<b>2,185,900</b>	<b>524,105</b>	<b>(17,688,234)</b>	<b>-</b>	<b>(17,688,234)</b>
Business-Type activities:							
Parking	1,488,626	2,068,078	-	-	-	579,452	579,452
<b>Total primary government</b>	<b>\$ 37,388,137</b>	<b>\$ 17,569,350</b>	<b>\$ 2,185,900</b>	<b>\$ 524,105</b>	<b>-</b>	<b>579,452</b>	<b>579,452</b>
General revenues:							
Taxes:							
Real estate					11,487,806	-	11,487,806
Earned income					10,368,678	-	10,368,678
Other					2,675,778	-	2,675,778
Interest income					18,493	-	18,493
Transfers - internal activities					132,460	(132,460)	-
<b>Total general revenues and transfers</b>					<b>24,683,215</b>	<b>(132,460)</b>	<b>24,550,755</b>
<b>Change in Net Position</b>					<b>6,994,981</b>	<b>446,992</b>	<b>7,441,973</b>
Net position - beginning of year					59,086,262	6,092,960	65,179,222
Net position - end of year					<b>\$ 66,081,243</b>	<b>\$ 6,539,952</b>	<b>\$ 72,621,195</b>

See accompanying notes to financial statements.

# MT. LEBANON, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2012

Assets	General	Sewage	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and other money market instruments	\$ 5,668,123	\$ 4,743,992	\$ 2,276,533	\$ 1,761,563	\$ 14,450,211
Receivables:					
Taxes	3,681,109	-	-	-	3,681,109
Assessments	38,502	1,149,945	-	189,885	1,378,332
Accounts	597,335	-	13,450	5,072	615,857
Due from other funds	522,716	-	1,141,823	-	1,664,539
Due from other governments	418,141	-	-	-	418,141
Other assets	342,675	-	-	-	342,675
<b>Total Assets</b>	<b>\$ 11,268,601</b>	<b>\$ 5,893,937</b>	<b>\$ 3,431,806</b>	<b>\$ 1,956,520</b>	<b>\$ 22,550,864</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 598,075	\$ 967,061	\$ 1,800,361	\$ 71,760	\$ 3,437,257
Advance deposits	233,304	-	-	156,065	389,369
Due to other funds	593,824	359,714	-	724,760	1,678,298
Accrued payroll and deductions payable	1,036,934	-	-	-	1,036,934
Unearned revenue	3,157,550	505,667	-	189,127	3,852,344
<b>Total Liabilities</b>	<b>5,619,687</b>	<b>1,832,442</b>	<b>1,800,361</b>	<b>1,141,712</b>	<b>10,394,202</b>
<b>Fund Balance:</b>					
Restricted for:					
Capital projects	-	4,061,495	635,635	340,107	5,037,237
Library donor specifications	-	-	-	331,861	331,861
Debt service	-	-	-	5,836	5,836
Assigned for:					
Capital projects	-	-	995,810	-	995,810
Library services	-	-	-	125,896	125,896
Industrial development	-	-	-	11,108	11,108
Subsequent years budget	994,100	-	-	-	994,100
Future pension obligations	360,000	-	-	-	360,000
Unassigned	4,294,814	-	-	-	4,294,814
<b>Total Fund Balance</b>	<b>5,648,914</b>	<b>4,061,495</b>	<b>1,631,445</b>	<b>814,808</b>	<b>12,156,662</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 11,268,601</b>	<b>\$ 5,893,937</b>	<b>\$ 3,431,806</b>	<b>\$ 1,956,520</b>	<b>\$ 22,550,864</b>

See accompanying notes to financial statements.

# MT. LEBANON, PENNSYLVANIA

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

DECEMBER 31, 2012

<b>Total Fund Balance - Governmental Funds</b>			<b>\$ 12,156,662</b>
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			73,569,522
Property and earned income tax receivable and assessments receivable are not available to pay for current period expenditures and, therefore, are reported as unearned in the funds.			3,852,344
Interest expense on long-term debt is not recognized on the fund statements until due.			(186,329)
The net pension and other postemployment benefit assets are not reflected on the fund statements.			578,920
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Compensated absences	\$ (1,143,361)	
	Bonds payable	<u>(22,746,515)</u>	<u>(23,889,876)</u>
<b>Net Position - Governmental Activities</b>			<b><u>\$ 66,081,243</u></b>

See accompanying notes to financial statements.

# MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2012

	General	Sewage	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
<b>Taxes:</b>					
Real estate	\$ 11,469,800	\$ -	\$ -	\$ -	\$ 11,469,800
Earned income	10,010,482	-	-	-	10,010,482
Other	2,675,778	-	-	-	2,675,778
<b>Total taxes</b>	<b>24,156,060</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,156,060</b>
Licenses, permits, and fees	1,825,880	7,268,263	-	1,281,374	10,375,517
Fines, forfeitures, and penalties	154,236	-	-	71,727	225,963
Investment and rental	12,531	1,397	503	4,062	18,493
Intergovernmental	1,496,820	-	53,050	1,050,821	2,600,691
Recreation	2,702,660	-	-	-	2,702,660
Other	1,759,097	25,758	19,621	219,918	2,024,394
<b>Total revenues</b>	<b>32,107,284</b>	<b>7,295,418</b>	<b>73,174</b>	<b>2,627,902</b>	<b>42,103,778</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	4,068,992	131,898	-	42,442	4,243,332
Community development	1,301,666	-	-	2,500	1,304,166
Public works	6,298,624	4,044,209	-	621,440	10,964,273
Human services	322,668	-	-	1,834,743	2,157,411
Culture and recreation	2,703,630	-	-	-	2,703,630
Public safety:					
Police	7,394,093	-	-	-	7,394,093
Fire	3,187,886	-	-	-	3,187,886
Other	799,852	-	-	-	799,852
Debt service	-	-	48,981	2,333,555	2,382,536
Capital outlay	1,591,391	-	6,460,272	44,880	8,096,543
<b>Total expenditures</b>	<b>27,668,802</b>	<b>4,176,107</b>	<b>6,509,253</b>	<b>4,879,560</b>	<b>43,233,722</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>4,438,482</b>	<b>3,119,311</b>	<b>(6,436,079)</b>	<b>(2,251,658)</b>	<b>(1,129,944)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	521,331	-	4,954,796	3,407,331	8,883,458
Transfers out	(6,362,324)	(1,467,512)	-	(921,162)	(8,750,998)
Debt transfer to parking fund	(3,804,446)	-	-	-	(3,804,446)
Proceeds from issuance of refunding bonds	-	-	-	3,355,000	3,355,000
Proceeds from issuance of bonds	-	-	2,500,000	-	2,500,000
Bond issue discount	-	-	-	(16,812)	(16,812)
Payments to refunded bonds escrow agent	-	-	-	(3,277,355)	(3,277,355)
<b>Total other financing sources (uses)</b>	<b>(9,645,439)</b>	<b>(1,467,512)</b>	<b>7,454,796</b>	<b>2,547,002</b>	<b>(1,111,153)</b>
<b>Net Change in Fund Balance</b>	<b>(5,206,957)</b>	<b>1,651,799</b>	<b>1,018,717</b>	<b>295,344</b>	<b>(2,241,097)</b>
<b>Fund Balance:</b>					
Beginning of year	10,855,871	2,409,696	612,728	519,464	14,397,759
End of year	<b>\$ 5,648,914</b>	<b>\$ 4,061,495</b>	<b>\$ 1,631,445</b>	<b>\$ 814,808</b>	<b>\$ 12,156,662</b>

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, 2012

**Net Change in Fund Balance - Governmental Funds** **\$ (2,241,097)**

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	\$ 8,809,423	
Depreciation expense	<u>(3,127,882)</u>	5,681,541

The net effect of various transactions involving capital assets (i.e. sales, dispositions, trade-ins) is to decrease net position. (50,803)

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. (1,099,066)

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. 658,254

Increase in compensated absence liability is reflected as an adjustment to expense on the statement of activities, but not included in the fund statements. (79,046)

Increase in net pension and other postemployment benefits asset does not provide current financial resources and therefore is not reflected on the fund statements. 55,796

Long-term debt which was previously reported in governmental activities and offset by a corresponding loan receivable from business-type activities (formerly a component unit) was transferred to business-type activities. The transaction resulted in a decrease in fund balance in governmental funds related to the removal of the loan receivable. This amount represents the principal balance of the long-term debt transferred. 4,022,551

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 46,851

**Change in Net Position of Governmental Activities** **\$ 6,994,981**

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, 2012**

	General Fund				Sewage Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>								
Taxes	\$ 23,688,210	\$ 23,688,210	\$ 24,156,060	\$ 467,850	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	1,651,590	1,651,590	1,825,880	174,290	8,671,820	8,671,820	7,268,263	(1,403,557)
Fines, forfeitures, and penalties	167,960	167,960	154,236	(13,724)	1,500	1,500	-	(1,500)
Investment and rental	20,300	20,300	12,531	(7,769)	4,500	4,500	1,397	(3,103)
Intergovernmental	1,632,150	1,632,150	1,496,820	(135,330)	-	-	-	-
Recreation	2,642,140	2,642,140	2,702,660	60,520	-	-	-	-
Other	1,773,000	1,773,000	1,759,097	(13,903)	25,000	25,000	25,758	758
<b>Total revenues</b>	<b>31,575,350</b>	<b>31,575,350</b>	<b>32,107,284</b>	<b>531,934</b>	<b>8,702,820</b>	<b>8,702,820</b>	<b>7,295,418</b>	<b>(1,407,402)</b>

(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, 2012  
(Continued)

	General Fund				Sewage Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Expenditures:</b>								
Current:								
General government	4,190,060	4,190,060	4,068,992	121,068	161,830	161,830	131,898	29,932
Community development	1,351,750	1,351,750	1,301,666	50,084	-	-	-	-
Public works	7,011,260	7,011,260	6,298,624	712,636	4,921,820	4,921,820	4,044,209	877,611
Human services	323,260	323,260	322,668	592	-	-	-	-
Culture and recreation	2,663,640	2,687,740	2,703,630	(15,890)	-	-	-	-
Public safety								
Police	7,568,330	7,568,330	7,394,093	174,237	-	-	-	-
Fire	3,197,540	3,197,540	3,187,886	9,654	-	-	-	-
Other	836,770	836,770	799,852	36,918	-	-	-	-
Capital outlay	1,777,070	1,816,770	1,591,391	225,379	-	-	-	-
Total expenditures	28,919,680	28,983,480	27,668,802	1,314,678	5,083,650	5,083,650	4,176,107	907,543
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,655,670	2,591,870	4,438,482	1,846,612	3,619,170	3,619,170	3,119,311	(499,859)
<b>Other Financing Sources (Uses):</b>								
Transfers in	840,470	840,470	521,331	(319,139)	-	-	-	-
Transfers out	(5,048,080)	(6,379,230)	(6,362,324)	16,906	(3,936,900)	(3,936,900)	(1,467,512)	2,469,388
Debt transfer to parking fund	-	-	(3,804,446)	(3,804,446)	-	-	-	-
Total other financing sources (uses)	(4,207,610)	(5,538,760)	(9,645,439)	(4,106,679)	(3,936,900)	(3,936,900)	(1,467,512)	2,469,388
<b>Net Change in Fund Balance</b>	\$ (1,551,940)	\$ (2,946,890)	(5,206,957)	\$ (2,260,067)	\$ (317,730)	\$ (317,730)	1,651,799	\$ 1,969,529
<b>Fund Balance:</b>								
Beginning of year			10,855,871				2,409,696	
End of year			\$ 5,648,914				\$ 4,061,495	

(Concluded)

See accompanying notes to financial statements.

# MT. LEBANON, PENNSYLVANIA

## STATEMENT OF NET POSITION PROPRIETARY FUND - PARKING FUND

DECEMBER 31, 2012

<u>Assets</u>	
Current assets:	
Cash and other money market instruments	\$ 2,202,237
Accounts receivable	20,390
Due from other funds	13,759
Prepays and other assets	8,013
Total current assets	<u>2,244,399</u>
Non-current assets:	
Capital assets not being depreciated	2,726,595
Capital assets, net of accumulated depreciation	5,231,714
Total non-current assets	<u>7,958,309</u>
<b>Total Assets</b>	<b><u>\$ 10,202,708</u></b>
<u>Liabilities and Net Position</u>	
Liabilities:	
Current liabilities:	
Current portion of bonds payable	\$ 611,711
Accrued interest payable	38,859
Accounts payable	37,965
Accrued payroll	33,271
Total current liabilities	<u>721,806</u>
Noncurrent liabilities:	
Long-term debt	2,931,774
Compensated absences	9,176
Total noncurrent liabilities	<u>2,940,950</u>
Total Liabilities	<u>3,662,756</u>
Net Position:	
Net investment in capital assets	4,414,824
Unrestricted	2,125,128
Total Net Position	<u>6,539,952</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 10,202,708</u></b>

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, 2012

### **Operating Revenues:**

Vehicle space rental	\$ 1,254,264
Meter collections	500,589
Fine collections	313,225
Total operating revenues	<u>2,068,078</u>

### **Operating Expenses:**

Personnel	602,077
Contracted services	236,067
Utilities	57,652
Supplies	78,995
Depreciation	376,783
Total operating expenses	<u>1,351,574</u>

### **Operating Income**

716,504

### **Nonoperating Revenues (Expenses):**

Interest expense	(126,366)
Other	(10,686)
Total nonoperating revenues (expenses)	<u>(137,052)</u>

Income (loss) before transfers 579,452

Transfers out (132,460)

### **Change in Net Position**

446,992

### **Net Position:**

Beginning of year	<u>6,092,960</u>
End of year	<u>\$ 6,539,952</u>

See accompanying notes to financial statements.

# MT. LEBANON, PENNSYLVANIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUND - PARKING FUND

YEAR ENDED DECEMBER 31, 2012

### Cash Flows From Operating Activities:

Receipts from customers	\$ 2,049,997
Payments for goods and services	(337,742)
Payments to employees	(562,737)
Net cash provided by (used in) operating activities	<u>1,149,518</u>

### Cash Flows From Non-Capital Financing Activities:

Transfers to other funds	68,659
Other	29,094
Net cash provided by (used in) non-capital activities	<u>97,753</u>

### Cash Flows From Capital and Related Financing Activities:

Transfer of parking related debt service cash from general fund	467,049
Payment of long-term debt	(479,066)
Payment of interest on long-term debt	(95,351)
Acquisition of property and equipment	(118,965)
Net cash provided by (used in) capital and related financing activities	<u>(226,333)</u>

**Net Increase (Decrease) in Cash and Cash Equivalents** 1,020,938

### Cash and Cash Equivalents:

Beginning of year	<u>1,181,299</u>
End of year	<u>\$ 2,202,237</u>

### Reconciliation of Operating Income to Net

#### Cash Provided by (Used in) Operating Activities:

Operating income	\$ 716,504
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation	376,783
Change in operating assets and liabilities:	
Accounts receivable	(18,081)
Prepays and other assets	3,113
Accounts payable	31,859
Accrued payroll	39,340
Total adjustments	<u>433,014</u>
Net cash provided by (used in) operating activities	<u>\$ 1,149,518</u>

### Supplementary Information:

Long-term debt previously payable to the general fund was removed and the related bonds payable were transferred to the parking fund. This transaction resulted in an increase in long-term debt of \$680,353 which is equal to the debt service account balances that were held in the general fund related to parking fund debt. The total amount of bonds payable transferred was \$4,022,551.

See accompanying notes to financial statements.

# MT. LEBANON, PENNSYLVANIA

## STATEMENT OF PLAN NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

DECEMBER 31, 2012

	<u>Pension</u>	<u>Other Postemployment Benefits</u>
<b>Assets</b>		
<hr/>		
Accrued income receivable	\$ 107,407	\$ -
Accrued contributions	17,850	-
Investments (at fair value):		
Equities	44,767,118	475,419
Fixed income	19,381,794	126,206
Short-term funds	2,942,491	272,129
	<hr/>	<hr/>
<b>Total Assets</b>	67,216,660	873,754
<hr/>		
<b>Liabilities</b>		
<hr/>		
Accounts payable	36,303	33,572
	<hr/>	<hr/>
<b>Net Position</b>		
<hr/>		
Held in trust for benefits	\$ 67,180,357	\$ 840,182
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

# MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2012

	Pension	Other Postemployment Benefits
<b>Additions:</b>		
<u>Contributions:</u>		
Employer, including state aid	\$ 2,344,833	\$ 214,380
Employee	427,306	-
Total contributions	2,772,139	214,380
<u>Investment income:</u>		
Net appreciation in fair value of investments	6,257,810	74,678
Interest and dividends	2,287,458	-
Total investment income	8,545,268	74,678
Less investment expense	144,710	-
Net investment income	8,400,558	74,678
Total additions	11,172,697	289,058
<u>Deductions:</u>		
Benefits	3,539,863	139,226
Administrative expense	15,214	3,750
Total deductions	3,555,077	142,976
<b>Increase in Plan Net Position</b>	7,617,620	146,082
<u>Net Position Held in Trust for Benefits:</u>		
Beginning of year	59,562,737	694,100
End of year	\$ 67,180,357	\$ 840,182

See accompanying notes to financial statements.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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### 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 GASB Statement No. 14, "*Financial Reporting Entity*," as amended, management has addressed all potential component units. Consistent with applicable guidance, the criteria used by the Municipality to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the Municipality reviews the applicability of the following criteria:

The Municipality is financially accountable for:

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

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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- 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. 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.

Upon review of the criteria above, the Municipality determined that the Mt. Lebanon Industrial Development Authority (IDA) should be included as blended component units. The elected Commissioners serve as the board for the IDA. Separate financial statements are not issued.

The Municipality previously included the Mt. Lebanon Parking Authority (Authority) as a discretely presented component unit. The Commission voted to dissolve the Authority effective January 1, 2012. All operations of the Authority are now part of the Municipality and are accounted for as an enterprise fund of the Municipality. All assets and liabilities of the Authority were carried over to the Municipality's Parking Fund on January 1, 2012. Additionally, a loan between the Municipality and the Authority was eliminated and the related bonds payable previously reported in the Municipality's governmental activities were assumed by the Parking Fund. Total bonds payable transferred was \$4,022,551. The receivable previously reported on the General Fund related to the loan to the Authority was eliminated and is reported as debt transfer to Parking Fund in the statement of revenues, expenditures, and changes in fund balance. Differences in the loan balance and the bonds payable transferred related to differences in the loan amortization per its original terms and the amortization of the bonds. Any related cash received by the General Fund on the Authority loan but not yet presented for payment on the bonds were also transferred to the Parking Fund.

### Related Organization

The Mt. Lebanon Hospital Authority (MLHA) was incorporated under the Municipality 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.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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### Jointly Governed Organization

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

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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

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

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, and claims and judgments are recorded only when payment is due.

Capital assessment revenues are accrued to match development expenditures if collection is assured. Unearned 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.

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.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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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* – 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.

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

Additionally, the Municipality reports the following fiduciary fund types:

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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

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

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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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.

The overall negative budget variance in the General Fund results from the debt transfer to Parking Fund described above and from the planned use of fund balance to finance capital improvements. The debt transfer was not part of the adopted budget but results from the dissolution of the Authority which was approved by the Commission in 2011.

### **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 2012.

### 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.

### 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 GASB Statement No. 34, "*Basic Financial Statements – and*

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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*Management's Discussion and Analysis – for State and Local Governments,*” 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.

Liabilities for vacation pay and annual excess sick day buy back are reflected as accrued payroll and deductions payable. Balances at December 31, 2012 were \$401,234 and

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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\$14,432, respectively, in the General Fund and Parking Fund. These amounts are estimated to be payable within one year of December 31, 2012.

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.

At December 31, 2012, liabilities for this sick pay accrual and the associated payroll taxes were \$1,143,361 and \$9,176 in the General Fund and Parking Fund, respectively.

### J. 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 loans receivable and inventory. As of December 31, 2012, the Municipality had no nonspendable fund balance.
- 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, 2012, the Municipality had restrictions through grant agreements, enabling legislation, and debt covenants as described in the governmental fund 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 is made via a Commission ordinance and must be made prior to the end of the fiscal year. Removal of this commitment also requires a Commission resolution. As of December 31, 2012, 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, 2012 are described in the governmental fund balance sheet.

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## NOTES TO FINANCIAL STATEMENTS

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- Unassigned – This category includes the residual classification for the Municipality’s General Fund and includes all spendable amounts not contained in other classifications for that fund.

The 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 8%, with a goal of 10%, 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.

### K. 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.”

### L. 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.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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### M. Adoption of Accounting Pronouncements

The requirements of the following GASB Statements were adopted for the Municipality's 2012 financial statements:

GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*" The Statement codifies into the GASB standards guidance located in FASB and AICPA pronouncements.

GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" This Statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The primary impact of this Statement on the Municipality's 2012 financial statements related to reporting the residual of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources as net "position," rather than net "assets." As of December 31, 2012, the Municipality had no items that qualified for reporting in the deferred inflow of resources or deferred outflow of resources categories.

### N. 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. 61, "*The Financial Reporting Entity.*" The objective of this Statement is for financial reporting entity financial statements to be more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement will become effective for the December 31, 2013 year-end.

GASB has issued Statement No. 65, "*Items Previously Reported as Assets and Liabilities,*" effective for periods beginning after December 15, 2012 (the Municipality's December 31, 2013 financial statements). This Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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GASB has issued Statement No. 67, "*Financial Reporting for Pension Plans*," effective for financial statements for periods beginning after June 15, 2013 (the Municipality's December 31, 2014 financial statements), and has also issued Statement No. 68, "*Accounting and Financial Reporting for Pensions*," effective for fiscal years beginning after June 15, 2014 (the Municipality's December 31, 2015 financial statements). These Statements revise existing guidance for the financial reports of most pension plans, and establish new financial reporting requirements for most governments that provide their employees with pension benefits.

### 2. PROPERTY TAXES

Based upon assessed valuations established by Allegheny County as of January 1 (approximately \$2.2 billion in 2012), the Municipality bills and collects its own property taxes. The schedule for property taxes levied for 2012 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	- lien date

The municipal tax rate for all purposes in 2012 was 5.43 mills (\$5.43 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 Citizens and Fidelity

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# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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banks, certificates of deposit or invested with the Pennsylvania Local Government Investment Trust (PLGIT) and Federated Investors.

### **Deposits**

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

*Custodial Credit Risk – Deposits.* As of December 31, 2012, \$750,000 of the Municipality's \$9,643,103 bank balance was insured by the Federal Depository Insurance Corporation. The remaining bank balance of \$8,893,103 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 \$8,895,115 as of December 31, 2012.

### **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, 2012, the total of PLGIT and money markets had bank balances of \$7,763,836 (book balance of \$7,757,333) which are considered to be a cash equivalent for presentation on the statement of net position and governmental fund 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's 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, 2012, investments in PLGIT and money markets have received AAA ratings from Standards & 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.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

### 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 Fire Pension Plans.

As of December 31, 2012, the Municipality had the following cash and investments in its pension trust funds:

Cash or Investment Type	Fair Value	Investment Maturities from December 31, 2012			
		Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Corporate bonds	\$ 3,632,890	\$ -	\$ -	\$ 3,347,257	\$ 285,633
Government and agency	3,819,119	-	246,946	2,143,082	1,429,061
Other	380,883	-	380,883	-	-
Fixed income mutual funds	11,548,902	2,107,002	6,868,231	2,017,174	556,495
Total fixed income investments	19,381,794	\$ 2,107,002	\$ 7,496,060	\$ 7,507,513	\$ 2,271,189
Equities	44,767,118				
Short-term funds	2,942,491				
Total cash and other investments	47,709,609				
Total cash and investments reported on the statement of plan net position	\$ 67,091,403				

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 fireman's. The adopted policy indicates ratings of fixed income assets shall be at least "A" according to either Moody's or Standard & Poor's rating system. In addition, the policy states in cases where the yield spread adequately compensates for additional risk, BAA, BBB, BB, or B ratings can be purchased up to a maximum of 15% of total fair value of fixed securities. As of December 31, 2012, Standard and Poor's ratings of investments in U.S. government & agencies were 70% AAA and 30% AA. The investments in other fixed income investments were rated A and fixed income mutual funds were not rated. Corporate bonds have received the following ratings from Standard and Poor's:

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Pension Trust Fund Corporate Bonds

<u>Investment Type</u>	<u>Rating (1)</u>	<u>Percentage of Total Pension Trust Fund Corporate Bonds</u>
Corporate Bonds	AA	10.0%
Corporate Bonds	A	79.0%
Corporate Bonds	BBB	11.0%
		<u>100.0%</u>

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	34%-44%	39%
Equity - International	16%-26%	21%
Equity - Other	0%-10%	5%
Fixed Income	26%-36%	31%
Cash Equivalent	0% - 10%	4%

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 funds stated objectives.

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. 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.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

### 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, 2012, the Municipality had the following cash and investments in its OPEB trust fund:

Cash or Investment Type	Fair Value	Investment Maturities from December 31, 2012			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Fixed income funds	\$ 126,206	\$ -	\$ 126,206	\$ -	\$ -
Equity funds	475,419				
Short-term funds	272,129				
Total cash and other investments	747,548				
Total cash and investments reported on the statement of plan net position	\$ 873,754				

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, 2012, the OPEB trust funds' investments in fixed income funds were unrated.

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

77.0% Equity funds  
21.0% Fixed income funds  
2.0% Short-term fund

*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

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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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, 2012, the balance was \$109,896.

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.

In order to improve diversification, the Friends of the Library requested and received a \$140,000 distribution from the Fund during 2012. These funds will remain under the control of the Friends of the Library until granted to the Library or used for Library purposes.

#### 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, 2012, the amounts are due from the following governmental units:

	<u>General Fund</u>
Due from:	
School District	\$ 226,495
County	190,157
Other	<u>1,489</u>
	<u>\$ 418,141</u>

#### 5. LONG-TERM DEBT

During 2012, general long-term debt changed as follows:

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

	Balance at January 1, 2012	Transfers	Additions	Reductions	Balance at December 31, 2012	Due within one year
<b>Primary Government:</b>						
<b>Governmental activities:</b>						
Bonds payable	\$ 25,670,000	\$(4,022,551)	\$ 5,855,000	\$ (4,755,934)	\$ 22,746,515	\$ 1,733,289
Compensated absences	1,064,315	-	79,046	-	1,143,361	5,869
Governmental activities Long-term liabilities	<u>\$ 26,734,315</u>	<u>\$(4,022,551)</u>	<u>\$ 5,934,046</u>	<u>\$ (4,755,934)</u>	<u>\$ 23,889,876</u>	<u>\$ 1,739,158</u>
<b>Business-type activities:</b>						
Bonds payable	\$ -	\$ 4,022,551	\$ -	\$ (479,066)	\$ 3,543,485	\$ 611,711
Compensated absences	-	-	9,176	-	9,176	-
Loan payable	3,342,198	-	-	(3,342,198)	-	-
Business-type activities Long-term liabilities	<u>\$ 3,342,198</u>	<u>\$ 4,022,551</u>	<u>\$ 9,176</u>	<u>\$ (3,821,264)</u>	<u>\$ 3,552,661</u>	<u>\$ 611,711</u>

Long-term debt as of December 31, 2012 is composed of the following General Obligation Bond issues:

Description	Interest Rate %	Original Principal	Balance December 31, 2012
2008 Series, maturing in 2017	2.00 - 3.65	\$ 9,365,000	\$ 1,415,000
2010 Series A, maturing in 2024	1.00 - 3.75	10,505,000	10,370,000
2010 Series B, maturing in 2025	3.00 - 3.75	1,885,000	1,885,000
2010 Series C, maturing in 2017	0.85 - 3.00	3,230,000	2,760,000
2011 Series, maturing in 2027	1.50 - 3.25	4,005,000	4,005,000
2012 Series A, maturing in 2027	0.350 - 2.625	2,500,000	2,500,000
2012 Series B, maturing in 2017	0.50 - 2.00	975,000	975,000
2012 Series, maturing in 2028	0.85 - 3.00	2,380,000	2,380,000
			<u>\$ 26,290,000</u>

Total payments made on the long-term debt in 2012 were \$2,195,000 and \$719,063 for principal and interest, respectively. There was also \$3,040,000 in long-term debt principal refunded during the year.

The future annual payments required to amortize all debt outstanding as of December 31, 2012 are as follows:

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 1,733,289	\$ 595,221	\$ 611,711	\$ 89,976
2014	981,272	545,289	633,728	77,484
2015	1,463,592	523,936	676,408	58,172
2016	1,502,458	490,753	702,542	37,505
2017	1,520,946	464,477	334,054	22,635
2018-2022	7,954,406	1,832,748	405,594	66,365
2023-2027	6,695,552	655,106	179,448	9,080
2028	895,000	26,850	-	-
Total	<u>\$ 22,746,515</u>	<u>\$ 5,134,380</u>	<u>\$ 3,543,485</u>	<u>\$ 361,217</u>

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

The 2008 Refunding Series General Obligation Bonds were used for the current refunding of the Municipality's General Obligation Bonds, Series 2001 and Series 2002 B.

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. None of the Series 2006 refunded bonds remain outstanding as of December 31, 2012.

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. None of the Series 2007 bonds remain outstanding as of December 31, 2012.

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.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

In connection with the 2012 advance refunding issuances noted above, a portion of the proceeds were deposited into irrevocable trusts with an escrow agent to provide for certain debt service payments on the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column on the statement of net position. The 2012 refunding issuances resulted in a future decrease in cash flows of approximately \$154,000 and an economic gain of approximately \$152,000. Defeased debt outstanding as of December 31, 2012 totaled \$3,035,000.

### 6. CAPITAL ASSETS

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

	January 1, 2012	Additions	Disposals	December 31, 2012
<b>Governmental activities:</b>				
Land (not depreciated)	\$ 7,027,371	\$ -	\$ -	\$ 7,027,371
Construction in progress (not depreciated)	-	1,854,984	-	1,854,984
Buildings and improvements other than buildings	33,536,686	509,538	-	34,046,224
Infrastructure	65,986,271	3,689,673	-	69,675,944
Library book collection	2,847,652	383,761	(525,590)	2,705,823
Equipment	11,441,353	2,371,467	(199,720)	13,613,100
	<u>120,839,333</u>	<u>8,809,423</u>	<u>(725,310)</u>	<u>128,923,446</u>
Less accumulated depreciation for:				
Buildings and improvements other than buildings	(19,139,871)	(884,134)	-	(20,024,005)
Infrastructure	(25,539,138)	(1,489,280)	-	(27,028,418)
Library book collection	(1,171,306)	(181,982)	525,590	(827,698)
Equipment	(7,050,234)	(572,486)	148,917	(7,473,803)
	<u>(52,900,549)</u>	<u>(3,127,882)</u>	<u>674,507</u>	<u>(55,353,924)</u>
Governmental activities capital assets, net	<u>\$ 67,938,784</u>	<u>\$ 5,681,541</u>	<u>\$ (50,803)</u>	<u>\$ 73,569,522</u>
<b>Business-type activities:</b>				
Land (not depreciated)	\$ 2,726,595	\$ -	\$ -	\$ 2,726,595
Buildings and improvements other than buildings	11,347,881	-	-	11,347,881
Equipment	1,164,765	118,966	(298,981)	984,750
	<u>15,239,241</u>	<u>118,966</u>	<u>(298,981)</u>	<u>15,059,226</u>
Less accumulated depreciation for:				
Buildings and improvements other than buildings	(6,257,628)	(304,512)	-	(6,562,140)
Equipment	(725,706)	(72,271)	259,200	(538,777)
	<u>(6,983,334)</u>	<u>(376,783)</u>	<u>259,200</u>	<u>(7,100,917)</u>
Business-type activities capital assets, net	<u>\$ 8,255,907</u>	<u>\$ (257,817)</u>	<u>\$ (39,781)</u>	<u>\$ 7,958,309</u>

# MT. LEBANON, PENNSYLVANIA

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

Governmental activities:		
General government	\$	186,216
Public works		1,716,869
Human services		289,885
Culture and recreation		456,680
Public safety		
Police		211,173
Fire		267,059
		<u>267,059</u>
Total depreciation expense - governmental activities	\$	<u>3,127,882</u>
Business-type activities:		
Parking	\$	<u>376,783</u>

### 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers are used to move revenues from one fund to pay for various programs or functions that the Municipality accounts for in other funds.

The individual interfund receivables and payables are shown below:

Fund	Interfund Receivable	Interfund Payable
General	\$ 522,716	\$ 593,824
Sewage	-	359,714
Capital Projects	1,141,823	-
Other governmental	-	724,760
	<u>1,664,539</u>	<u>1,678,298</u>
Parking	13,759	-
	<u>\$ 1,678,298</u>	<u>\$ 1,678,298</u>

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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	Transfer In			Total
	General Fund	Capital Projects	Other Governmental	
Transfer out:				
General	\$ -	\$ 2,994,257	\$ 3,368,067	\$ 6,362,324
Sewage	231,117	1,197,131	39,264	1,467,512
Other Governmental	157,754	763,408	-	921,162
Parking	132,460	-	-	132,460
	<u>\$ 521,331</u>	<u>\$ 4,954,796</u>	<u>\$ 3,407,331</u>	<u>\$ 8,883,458</u>

### 8. PENSION PLANS

#### 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 the municipal ordinance with the authority for municipal contributions required by Act 205 of 1984 of the Commonwealth of Pennsylvania (Act). The activity of the plans is reported as the Pension Trust Fund in the accompanying financial statements. Separate plan financial statements are not available.

Employee contributions can be reduced or eliminated each year by Ordinance or Resolution subject to the plans meeting certain financial conditions. General employees are required to contribute 5% of their salary; Police officers and Fireman are required to contribute 4% of their salary.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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At January 1, 2012, the date of the most recent actuarial valuation, participants in the plans were as follows:

	<u>General Employees</u>	<u>Police</u>	<u>Firemen</u>
Participants:			
Retirees and beneficiaries	57	51	11
Deferred vested	25	3	0
Active employees:			
Vested	45	27	13
Nonvested	26	16	4

### Summary of Significant Accounting Policies

Financial information of the Municipality's plans is presented on the accrual basis of accounting. Employer contributions to each plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the individual plan.

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

At December 31, 2012, there were no individual investments that constituted more than 5% of plan net assets available for benefits that were required to be reported. The plans did not have any investment transactions with related parties during the year.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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### Pension Trust Fund Financial Information

#### Plan Net Position

	<u>General Employees</u>	<u>Police</u>	<u>Firemen</u>	<u>Total</u>
<b>Assets</b>				
Accrued income receivable	\$ 32,161	\$ 55,821	\$ 19,425	\$ 107,407
Accrued contributions	7,015	6,873	3,962	17,850
Investments (at fair value):				
Equities	13,410,767	23,827,825	7,528,526	44,767,118
Fixed income	5,819,780	10,110,521	3,451,493	19,381,794
Short-term funds	466,117	2,029,356	447,018	2,942,491
<b>Total Assets</b>	<u>19,735,840</u>	<u>36,030,396</u>	<u>11,450,424</u>	<u>67,216,660</u>
<b>Liabilities</b>				
Accounts payable	<u>11,236</u>	<u>18,552</u>	<u>6,515</u>	<u>36,303</u>
<b>Net Position Held in Trust for Pension Benefits</b>	<u>\$ 19,724,604</u>	<u>\$ 36,011,844</u>	<u>\$ 11,443,909</u>	<u>\$ 67,180,357</u>

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

### Changes in Plan Net Position

	<u>General Employees</u>	<u>Police</u>	<u>Firemen</u>	<u>Total</u>
<b>Additions:</b>				
Contributions:				
Employer, including state aid	\$ 277,119	\$ 1,673,280	\$ 394,434	\$ 2,344,833
Employee	187,609	168,564	71,133	427,306
Total contributions	<u>464,728</u>	<u>1,841,844</u>	<u>465,567</u>	<u>2,772,139</u>
Investment income:				
Net appreciation in fair value of investments	1,863,168	3,346,539	1,048,103	6,257,810
Interest and dividends	700,891	1,195,077	391,490	2,287,458
Total investment income	2,564,059	4,541,616	1,439,593	8,545,268
Less investment expense	45,012	73,903	25,795	144,710
Net investment income	<u>2,519,047</u>	<u>4,467,713</u>	<u>1,413,798</u>	<u>8,400,558</u>
Total additions	<u>2,983,775</u>	<u>6,309,557</u>	<u>1,879,365</u>	<u>11,172,697</u>
<b>Deductions:</b>				
Benefits	979,385	2,131,556	428,922	3,539,863
Administrative expense	5,632	5,183	4,399	15,214
Total deductions	<u>985,017</u>	<u>2,136,739</u>	<u>433,321</u>	<u>3,555,077</u>
<b>Increase in Plan Net Position</b>	1,998,758	4,172,818	1,446,044	7,617,620
<b>Net Position Held in Trust for Pension Benefits:</b>				
Beginning of year	<u>17,725,846</u>	<u>31,839,026</u>	<u>9,997,865</u>	<u>59,562,737</u>
End of year	<u>\$ 19,724,604</u>	<u>\$ 36,011,844</u>	<u>\$ 11,443,909</u>	<u>\$ 67,180,357</u>

### Contributions and Funding Policy

The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation used for the 2012 contribution is based upon the biennial actuarial valuation of January 1, 2011. Employees are not required to contribute under the Act; such contributions are subject to collective bargaining. In 2012,

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

all participating employees were required to make contributions to the plans. 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 2012. The following table reflects information for 2012:

	<u>General Employees</u>	<u>Police</u>	<u>Firemen</u>
MMO	\$ 277,119	\$ 1,673,280	\$ 394,434
Contributions:			
Municipal	\$ 41,096	\$ 1,365,735	\$ 279,998
Allocation of state aid	236,023	307,545	114,436
Total	277,119	1,673,280	394,434
Employee	187,609	168,564	71,133
	<u>\$ 464,728</u>	<u>\$ 1,841,844</u>	<u>\$ 465,567</u>
Covered payroll	<u>\$ 3,799,008</u>	<u>\$ 4,218,442</u>	<u>\$ 1,779,522</u>
Employee contributions as a % of covered payroll	<u>4.94%</u>	<u>4.00%</u>	<u>4.00%</u>

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

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

The Municipality's annual pension cost for the year ending December 31, 2012 and related information for each plan is as follows:

	General Employees	Police	Firemen
Annual pension cost	\$ 446,599	\$ 1,814,732	\$ 454,283
Contributions made	\$ 464,728	\$ 1,841,844	\$ 465,567
Actuarial valuation date	1/1/2012	1/1/2012	1/1/2012
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
Amortization period	15-18 years	8-16 years	12 years
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases	5.5%	6.0%	5.5%
Inflation rate	3.0%	3.0%	3.0%
Cost-of-living adjustments	n/a	n/a	n/a

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

The Municipality has a net pension asset (a negative net pension obligation (NPO)) as of December 31, 2012 calculated as follows:

	General Employees	Police	Firemen
Annual required contribution	\$ 440,193	\$ 1,807,481	\$ 450,817
Interest on NPO	(12,562)	(14,220)	(6,796)
Adjustment to the ARC	18,968	21,471	10,262
Annual pension cost	446,599	1,814,732	454,283
Contribution made	464,728	1,841,844	465,567
Change in NPO	(18,129)	(27,112)	(11,284)
NPO (Asset), December 31, 2011	(167,488)	(189,584)	(90,614)
NPO (Asset), December 31, 2012	\$ (185,617)	\$ (216,696)	\$ (101,898)

The net pension asset has been recorded in net pension and other postemployment benefits asset on the statement of net position with the current year change being reflected in general government and public safety expenses.

### Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
General Employees:	12/31/2010	\$ 353,357	101%	\$ (161,610)
	12/31/2011	370,312	102%	(167,488)
	12/31/2012	446,599	104%	(185,617)
Police:	12/31/2010	1,776,899	100%	(184,501)
	12/31/2011	1,832,355	100%	(189,584)
	12/31/2012	1,814,732	101%	(216,696)
Firemen:	12/31/2010	454,905	101%	(87,930)
	12/31/2011	476,577	101%	(90,614)
	12/31/2012	454,283	102%	(101,898)

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

### Funded Status

The Municipality's funded status and related information for each Plan as of the latest actuarial valuation date, January 1, 2012, is as follows:

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
General Employees:	\$ 17,807,000	\$ 19,396,625	\$ (1,589,625)	91.80%	\$ 3,614,306	(43.98)%
Police:	\$ 32,030,331	\$ 41,596,064	\$ (9,565,733)	77.00%	\$ 3,975,154	(240.64)%
Firemen:	\$ 10,087,166	\$ 11,856,693	\$ (1,769,527)	85.08%	\$ 1,730,470	(102.26)%

The required schedule of funding progress included as required supplementary information immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### Net Appreciation in Fair Value of Investments

The composition of net 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)	\$ 56,759	\$ 112,155	\$ (24,054)	\$ 144,860
Unrealized gain/(loss)	1,806,409	3,234,384	1,072,157	6,112,950
	<u>\$ 1,863,168</u>	<u>\$ 3,346,539</u>	<u>\$ 1,048,103</u>	<u>\$ 6,257,810</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.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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As noted above, certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2012; however, this valuation is not used for funding purposes. The January 1, 2011 valuation will be used in the calculation of the Municipality's 2012 and 2013 MMO.

### 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.

As of January 1, 2011, 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	10	21	3
Life insurance	36	39	7
Active:			
Health insurance	77	42	17
Life insurance	110	42	17

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

	<u>2012 Current Monthly Rate</u>
Fire	\$ 400
General	\$ 400 After 15 years of service

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# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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### 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%
15-19 years	0.50%

An assumed 4% increase in basic wages was used in the actuarial assumptions.

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 Fire \$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, 2012, there were no individual investments that constituted more than 5% of Trust net assets 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 the parameters of GASB Statement No. 45. The

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# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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, 2012 were as follows:

Annual required contribution	\$	214,378
Interest on net OPEB obligation		(5,659)
Adjustment to the ARC		6,390
Annual OPEB cost		215,109
Contribution made		214,380
Change in net OPEB obligation		729
Net OPEB obligation (asset), December 31, 2011		(75,438)
Net OPEB obligation (asset), December 31, 2012	\$	(74,709)

Year Ending	Annual OPEB Cost	Actual Employer Contributions	% Contributed	Net Ending OPEB Obligation (Asset)
12/31/2010	\$ 221,159	\$ 220,990	100%	\$ (69,499)
12/31/2011	215,051	220,990	103%	(75,438)
12/31/2012	215,109	214,380	100%	(74,709)

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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### Funding Status and Funding Progress

The funding status of the plan as of January 1, 2011, was as follows:

Actuarial value of plan assets	\$ 631,024
Actuarial accrued liability (AAL)	<u>2,397,383</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ (1,766,359)</u>
Funded ratio (actuarial value of plan assets/AAL)	26.32%
Covered payroll (active plan members)	<u>\$ 9,301,648</u>
UAAL as a percentage of covered payroll	-18.99%

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, 2011 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.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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### 10. 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. Rental income under this arrangement was approximately \$154,000 during the year ended December 31, 2012. As of December 31, 2012, minimum annual rentals remaining under these lease arrangements are as follows:

<u>Year Ended</u>		
2013	\$	158,738
2014		163,465
2015		168,192
2016		<u>70,901</u>
Total	\$	<u>561,296</u>

### 11. 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., 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.

# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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For its workers 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.

## 12. CONTINGENT LIABILITIES AND COMMITMENTS

### Grant Programs

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

### Pennsylvania Department of Environmental Protection Consent Order

In 1997, the Allegheny County Health Department ordered 51 communities tributary to the Allegheny County Sanitary Authority whose sanitary sewers had been identified as being subject to possible wet weather overflows to implement a comprehensive assessment, flow monitoring and planning program. During 2004, the Municipality signed a consent agreement to comply with the requirement of the Pennsylvania Department of Environmental Protection and the Allegheny County Health Department. The Municipality estimates the impact that this consent agreement will have on future financial statements is approximately \$19,300,000 over the next five years. During the year ended December 31, 2012, the Municipality incurred approximately \$970,000 in expenditures.

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# MT. LEBANON, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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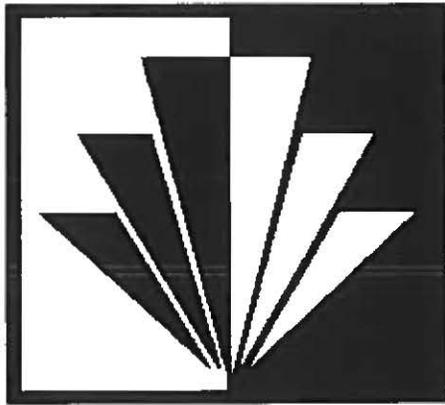
### Commitments

In October 2008, the Municipality entered into a contract in the amount of \$9,402,000 for the removal and disposal of "household rubbish and other refuse" and "recyclable materials" for a five year term from January 1, 2009 through December 31, 2013. Amounts remaining on this commitment as of December 31, 2012 were approximately \$2,031,000.

As of December 31, 2012, the Municipality had approximately \$841,000 in commitments related to various capital purchases and projects.

### **13. SUBSEQUENT EVENT**

In January 2013, the Municipality issued \$4,450,000 in general obligation bonds to fund pool, golf course, and park/field improvements.





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REQUIRED

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SUPPLEMENTARY INFORMATION

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# MT. LEBANON, PENNSYLVANIA

## SCHEDULES OF FUNDING PROGRESS

### PENSION TRUST FUNDS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess as a Percentage of Covered Payroll
<b>General Employee:</b>						
1/1/2007	\$ 17,918,872	\$ 14,403,465	\$ 3,515,407	124.41%	\$ 3,306,477	106.23%
1/1/2008	19,047,500	14,901,361	4,146,139	127.82%	3,537,345	117.21%
1/1/2009	16,744,467	15,774,411	970,056	106.15%	3,593,795	26.99%
1/1/2010	17,944,473	16,783,569	1,160,904	106.92%	3,685,540	31.50%
1/1/2011	18,011,012	17,910,244	100,768	100.56%	3,672,674	2.74%
1/1/2012	17,807,000	19,396,625	(1,589,625) *	91.80%	3,614,306	-43.98%
<b>Police:</b>						
1/1/2007	\$ 31,028,661	\$ 29,981,657	\$ 1,047,004	103.49%	\$ 3,223,661	32.48%
1/1/2008	33,359,159	32,104,997	1,254,162	103.91%	3,860,497	32.49%
1/1/2009	28,742,491	34,832,216	(6,089,725)	82.52%	3,921,550	-155.29%
1/1/2010	30,897,508	38,231,549	(7,334,041)	80.82%	3,931,544	-186.54%
1/1/2011	31,775,025	39,289,309	(7,514,284)	80.87%	3,922,895	-191.55%
1/1/2012	32,030,331	41,596,064	(9,565,733) *	77.00%	3,975,154	-240.64%
<b>Firemen:</b>						
1/1/2007	\$ 9,367,831	\$ 9,257,122	\$ 110,709	101.20%	\$ 1,209,439	9.15%
1/1/2008	9,922,264	9,806,026	116,238	101.19%	1,557,213	7.46%
1/1/2009	8,887,994	9,978,106	(1,090,112)	89.07%	1,643,531	-66.33%
1/1/2010	9,610,503	10,643,569	(1,033,066)	90.29%	1,706,079	-60.55%
1/1/2011	9,901,029	10,982,468	(1,081,439)	90.15%	1,706,079	-63.39%
1/1/2012	10,087,166	11,856,693	(1,769,527) *	85.08%	1,730,470	-102.26%

Note: State law requires biennial valuations on the odd numbered years.

\* Increases from the previous valuation relates primarily to updates to the mortality assumptions and an actuarial loss for 2012 resulting from actual investment returns being less than the assumed rate of return.

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

# MT. LEBANON, PENNSYLVANIA

## SCHEDULES OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

### PENSION TRUST FUNDS

Calendar Year	General Employees		Police		Firemen	
	Annual Required Contributions	Percentage Contributed	Annual Required Contributions	Percentage Contributed	Annual Required Contributions	Percentage Contributed
2007	\$ 287,664	102%	\$ 1,134,859	103%	\$ 257,069	105%
2008	112,216	100%	1,037,839	102%	270,073	103%
2009	138,900	100%	1,127,875	101%	305,732	103%
2010	347,336	103%	1,769,922	101%	451,780	102%
2011	364,130	103%	1,825,298	101%	473,213	101%
2012	440,193	106%	1,807,481	102%	450,817	103%

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

# MT. LEBANON, PENNSYLVANIA

## NOTE TO REQUIRED SUPPLEMENTARY SCHEDULES – PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2012

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

	<u>General Employees</u>	<u>Police</u>	<u>Firemen</u>
Actuarial valuation date	1/1/2012	1/1/2012	1/1/2012
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
Amortization period	15-18 years	8-16 years	12 years
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases	5.5%	6.0%	5.5%
Inflation rate	3.0%	3.0%	3.0%
Cost-of-living adjustments	N/A	N/A	N/A

N/A - Not Applicable

# 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
1/1/2007	\$ -	\$ 2,074,423	\$ (2,074,423)	0.00%	\$ 8,734,117	(23.75%)
1/1/2009	334,939	2,269,524	(1,934,585)	14.76%	9,581,618	(20.19%)
1/1/2011	631,024	2,397,383	(1,766,359)	26.32%	9,301,648	(18.99%)

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>
2007	\$ 233,710	\$ 270,517	115.75%
2008	233,710	250,256	107.08%
2009	220,485	238,710	108.27%
2010	220,485	220,990	100.23%
2011	214,378	220,990	103.08%
2012	214,378	214,380	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, 2012

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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	1/1/11
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	4.0%
Inflation rate	3.0%
Cost-of-living adjustments	n/a

n/a = not applicable

## **MAJOR 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, 2012, 2011, AND 2010

Assets	2012	2011	2010
Cash and other money market instruments	\$ 5,668,123	\$ 6,479,268	\$ 5,980,963
Receivables:			
Taxes	3,681,109	4,031,741	3,718,487
Assessments	38,502	52,555	41,581
Accounts	597,335	498,059	470,747
Due from other funds	522,716	492,996	370,726
Due from other governments	418,141	397,240	399,997
Loans receivable from component unit and Indoor Tennis of Mt. Lebanon	-	3,376,398	3,927,654
Other assets	342,675	440,618	363,435
<b>Total Assets</b>	<b>\$ 11,268,601</b>	<b>\$ 15,768,875</b>	<b>\$ 15,273,590</b>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	\$ 598,075	\$ 448,851	\$ 650,429
Advance deposits	233,304	615,185	561,390
Due to other funds	593,824	-	-
Accrued payroll and deductions payable	1,036,934	998,829	970,813
Unearned revenue	3,157,550	2,850,139	2,398,864
<b>Total Liabilities</b>	<b>5,619,687</b>	<b>4,913,004</b>	<b>4,581,496</b>
Fund Balance:			
Nonspendable:			
Loans receivable	-	3,376,398	3,927,654
Restricted for debt service	-	462,248	-
Assigned for:			
Subsequent years budget	994,100	1,551,940	2,491,620
Future pension obligations	360,000	720,000	1,075,000
Grant matching funds	-	245,758	-
Anticipated personnel costs	-	47,500	-
Unassigned	4,294,814	4,452,027	3,197,820
<b>Total Fund Balance</b>	<b>5,648,914</b>	<b>10,855,871</b>	<b>10,692,094</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 11,268,601</b>	<b>\$ 15,768,875</b>	<b>\$ 15,273,590</b>

# MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2012  
(Comparative Actual for Years Ended December 31, 2011 and 2010)

	2012	2011	2010
<b>Revenues:</b>			
<u>Taxes:</u>			
Real estate	\$ 11,469,800	\$ 10,283,677	\$ 10,416,061
Earned income	10,010,482	9,971,469	9,573,712
Other	2,675,778	2,337,136	2,208,037
Total taxes	24,156,060	22,592,282	22,197,810
Licenses, permits, and fees	1,825,880	1,206,649	1,054,603
Fines, forfeitures, and penalties	154,236	275,688	175,002
Investment and rental	12,531	15,470	18,942
Intergovernmental	1,496,820	1,634,688	1,100,745
Recreation	2,702,660	2,593,396	2,503,655
Other	1,759,097	2,027,159	1,858,231
Total revenues	32,107,284	30,345,332	28,908,988
<b>Expenditures:</b>			
<u>Current:</u>			
General government	4,068,992	4,062,202	4,211,385
Community development	1,301,666	1,171,802	1,416,190
Public works	6,298,624	6,328,481	6,256,714
Human services	322,668	304,190	293,925
Culture and recreation	2,703,630	2,681,818	2,652,466
Public safety:			
Police	7,394,093	6,938,646	6,886,361
Fire	3,187,886	3,237,997	3,089,120
Other	799,852	811,966	838,079
Capital outlay	1,591,391	444,000	311,114
Total expenditures	27,668,802	25,981,102	25,955,354
<b>Excess of Revenues over Expenditures</b>	<b>4,438,482</b>	<b>4,364,230</b>	<b>2,953,634</b>
<b>Other Financing Sources (Uses):</b>			
<u>Transfers in:</u>			
Storm Water Fund	157,754	121,534	-
Parking Fund	132,460	-	-
Sewage Fund	231,117	268,556	262,373
Total transfers in	521,331	390,090	262,373
<u>Transfers out:</u>			
Library Operating Fund	(1,131,060)	(1,088,410)	(1,000,000)
Debt Service Fund	(2,237,007)	(2,201,616)	(2,520,931)
Capital Projects Fund	(2,994,257)	(1,300,517)	-
Total transfers out	(6,362,324)	(4,590,543)	(3,520,931)
Net transfers	(5,840,993)	(4,200,453)	(3,258,558)
Debt transfer to parking fund	(3,804,446)	-	-
Proceeds from issuance of bonds	-	-	3,230,000
Total financing sources (uses)	(9,645,439)	(4,200,453)	(28,558)
<b>Net Change in Fund Balance</b>	<b>(5,206,957)</b>	<b>163,777</b>	<b>2,925,076</b>
<b>Fund Balance:</b>			
Beginning of year	10,855,871	10,692,094	7,767,018
End of year	\$ 5,648,914	\$ 10,855,871	\$ 10,692,094

# MT. LEBANON, PENNSYLVANIA

## DETAILED SCHEDULE OF GENERAL FUND REVENUES BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2012

	Final Budget	Actual	Variance
<b>Real Estate Taxes:</b>			
Current year taxes	\$ 11,170,220	\$ 11,214,041	\$ 43,821
Prior years' taxes and penalties	334,790	255,759	(79,031)
Total real estate taxes	11,505,010	11,469,800	(35,210)
<b>Earned Income Taxes</b>	9,823,500	10,010,482	186,982
<b>Other Taxes:</b>			
Local Services tax	413,000	450,156	37,156
Real estate transfer taxes	1,175,000	1,399,174	224,174
Utility taxes	31,700	30,865	(835)
County sales tax	740,000	795,583	55,583
Total other taxes	2,359,700	2,675,778	316,078
Total taxes	23,688,210	24,156,060	467,850
<b>Licenses, Permits, and Fees:</b>			
Public works permits	60,000	73,677	13,677
Building permits	743,410	741,188	(2,222)
Other permits, licenses, and fees	180,180	282,358	102,178
Cable TV franchise fees	660,000	721,007	61,007
Liquor license fees	8,000	7,650	(350)
Total licenses, permits, and fees	1,651,590	1,825,880	174,290
<b>Fines, Forfeitures, and Penalties:</b>			
Motor vehicle code violations	165,000	127,077	(37,923)
Ordinance violation fines	2,500	25,659	23,159
Animal fines and kennel charges	360	1,350	990
Alarm system fines	100	150	50
Total fines, forfeitures, and penalties	167,960	154,236	(13,724)
<b>Investment and Rental:</b>			
Interest on investments	9,500	1,946	(7,554)
Rental revenue	10,800	10,585	(215)
Total investment and rental	20,300	12,531	(7,769)
<b>Intergovernmental</b>	1,632,150	1,496,820	(135,330)
<b>Recreation:</b>			
Recreation center	1,420,150	1,477,653	57,503
Golf course	457,630	467,457	9,827
Tennis center	222,080	231,922	9,842
Seasonal programs	542,280	525,628	(16,652)
Total recreation	2,642,140	2,702,660	60,520
<b>Other:</b>			
Joint programs	604,190	625,038	20,848
Mt. Lebanon magazine	641,500	599,146	(42,354)
Other	471,880	462,434	(9,446)
Assessments	55,430	72,479	17,049
Total other	1,773,000	1,759,097	(13,903)
Total revenues	\$ 31,575,350	\$ 32,107,284	\$ 531,934

# MT. LEBANON, PENNSYLVANIA

## DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY PROGRAM BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2012

	Final Budget	Actual	Variance
<b>General Government:</b>			
General management	\$ 556,330	\$ 515,529	\$ 40,801
Public information	846,960	831,645	15,315
Legal services	280,000	317,779	(37,779)
Financial management	290,580	298,288	(7,708)
Treasury management	47,630	49,204	(1,574)
Real estate tax collection	129,280	102,027	27,253
Earned income tax collection	304,350	271,953	32,397
Other tax collection	18,910	22,305	(3,395)
Insurance	342,360	325,573	16,787
Information services	398,030	366,516	31,514
Office services	153,100	145,643	7,457
Fringe benefits unallocated	822,530	822,530	-
Total general government	<u>4,190,060</u>	<u>4,068,992</u>	<u>121,068</u>
<b>Community Development:</b>			
Administration	342,900	353,958	(11,058)
Economic development	199,260	183,556	15,704
Planning	227,220	210,593	16,627
Engineering	42,000	32,447	9,553
Inspection	329,820	318,942	10,878
GIS	73,540	69,215	4,325
Civic activity	137,010	132,955	4,055
Total community development	<u>1,351,750</u>	<u>1,301,666</u>	<u>50,084</u>
<b>Public Works:</b>			
Transportation:			
Street maintenance	574,830	368,468	206,362
Curb maintenance	50,960	57,160	(6,200)
Pedestrian routes	194,400	249,988	(55,588)
Ice and snow control	505,440	247,867	257,573
Traffic planning and signals	189,820	182,027	7,793
Traffic signs and painting	107,840	166,982	(59,142)
Streetlighting	34,980	37,820	(2,840)
Total transportation	<u>1,658,270</u>	<u>1,310,312</u>	<u>347,958</u>
Sanitation:			
Sanitary sewer maintenance	473,010	231,115	241,895
Storm sewer maintenance	151,500	64,039	87,461
Refuse collection	2,134,860	1,993,806	141,054
Street sweeping	299,700	318,695	(18,995)
Total sanitation	<u>3,059,070</u>	<u>2,607,655</u>	<u>451,415</u>
Buildings, grounds, and equipment:			
Public safety building	298,930	261,538	37,392
Municipal building maintenance	287,790	250,388	37,402
Public works building maintenance	63,260	56,980	6,280
Library building maintenance	225,080	219,855	5,225
Parks maintenance	322,900	494,613	(171,713)
School ball fields	77,750	81,022	(3,272)
Planting areas	24,910	28,145	(3,235)
Forestry	302,920	373,354	(70,434)
Equipment maintenance	690,380	614,762	75,618
Total buildings, grounds, and equipment	<u>2,293,920</u>	<u>2,380,657</u>	<u>(86,737)</u>
Total public works	<u>7,011,260</u>	<u>6,298,624</u>	<u>712,636</u>

(Continued)

# MT. LEBANON, PENNSYLVANIA

## DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY PROGRAM BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2012  
(Continued)

	Final Budget	Actual	Variance
<b>Human Services:</b>			
Outreach program	98,480	98,480	-
Medical Rescue Team South	182,470	182,473	(3)
Community organizations	42,310	41,715	595
Total human services	323,260	322,668	592
<b>Culture and Recreation:</b>			
Recreation management	299,540	299,385	155
Recreation center	1,359,580	1,396,546	(36,966)
Golf course	386,530	390,710	(4,180)
Tennis center	190,950	181,863	9,087
Seasonal programs	451,140	435,126	16,014
Total culture and recreation	2,687,740	2,703,630	(15,890)
<b>Public Safety:</b>			
Police:			
Administration	597,900	579,927	17,973
Field service	5,078,040	5,261,456	(183,416)
Support service	239,750	248,631	(8,881)
Investigations	724,830	573,671	151,159
Traffic safety	632,570	507,466	125,104
Crime prevention	295,240	222,942	72,298
Total police	7,568,330	7,394,093	174,237
Fire	3,197,540	3,187,886	9,654
Other:			
Emergency management	24,840	18,686	6,154
Crossing guards	490,930	467,831	23,099
Animal control	321,000	313,335	7,665
Total other	836,770	799,852	36,918
Total public safety	11,602,640	11,381,831	220,809
<b>Capital Outlay:</b>			
Equipment	1,673,020	1,475,766	197,254
Buildings	143,750	115,625	28,125
Total capital outlay	1,816,770	1,591,391	225,379
Total expenditures by program	\$ 28,983,480	\$ 27,668,802	\$ 1,314,678

(Concluded)

# MT. LEBANON, PENNSYLVANIA

## DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES BY OBJECT BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2012

	Final Budget	Actual	Variance
<b>Personnel Costs:</b>			
Regular salaries and wages	\$ 9,188,380	\$ 9,202,542	\$ (14,162)
Overtime wages	957,040	845,379	111,661
Part-time and temporary wages	1,356,630	1,378,324	(21,694)
Retainers and special salaries	27,300	26,407	893
Fringe benefits	6,321,130	5,992,953	328,177
<b>Total personnel costs</b>	<b>17,850,480</b>	<b>17,445,605</b>	<b>404,875</b>
<b>Contractual Services:</b>			
Special appropriations	670,750	647,383	23,367
Professional and consulting services	837,900	757,828	80,072
Training and conferences	102,160	88,689	13,471
Memberships	26,260	23,749	2,511
Insurance	342,360	325,573	16,787
Utilities and telephone	1,340,800	1,031,795	309,005
Repairs and maintenance	151,380	149,279	2,101
Printing and photography	187,860	189,464	(1,604)
Postage	103,850	98,699	5,151
Rentals	179,900	174,831	5,069
Contractual service	3,511,410	3,174,153	337,257
Other contractual services	658,790	668,004	(9,214)
<b>Total contractual services</b>	<b>8,113,420</b>	<b>7,329,447</b>	<b>783,973</b>
<b>Commodities:</b>			
Office supplies	45,700	41,786	3,914
Books and periodicals	11,070	8,671	2,399
Equipment	509,150	424,613	84,537
Maintenance supplies	483,030	413,831	69,199
Construction supplies	36,000	35,868	132
Supplies for resale and recreation supplies	78,700	75,078	3,622
Botanical supplies	27,200	25,409	1,791
Fuels and lubricants	288,260	277,103	11,157
<b>Total commodities</b>	<b>1,479,110</b>	<b>1,302,359</b>	<b>176,751</b>
<b>Capital Budget</b>	<b>1,540,470</b>	<b>1,591,391</b>	<b>(50,921)</b>
<b>Total expenditures by object</b>	<b>\$ 28,983,480</b>	<b>\$ 27,668,802</b>	<b>\$ 1,314,678</b>

# MT. LEBANON, PENNSYLVANIA

## SEWAGE FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2012, 2011, AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Assets</b>			
Cash and other money market instruments	\$ 4,743,992	\$ 3,959,505	\$ 3,791,996
Assessments receivable	<u>1,149,945</u>	<u>716,089</u>	<u>730,901</u>
<b>Total Assets</b>	<b><u>\$ 5,893,937</u></b>	<b><u>\$ 4,675,594</u></b>	<b><u>\$ 4,522,897</u></b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 967,061	\$ 898,665	\$ 956,422
Due to other funds	359,714	1,073,823	1,650,584
Unearned revenue	<u>505,667</u>	<u>293,410</u>	<u>280,651</u>
<b>Total Liabilities</b>	1,832,442	2,265,898	2,887,657
<b>Fund Balance:</b>			
Restricted for capital projects	<u>4,061,495</u>	<u>2,409,696</u>	<u>1,635,240</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 5,893,937</u></b>	<b><u>\$ 4,675,594</u></b>	<b><u>\$ 4,522,897</u></b>

# MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2012  
(Comparative Actual for Years Ended December 31, 2011 and 2010)

	2012		2011	2010
	Final Budget	Actual		
<b>Revenues:</b>				
Licenses, permits, and fees	\$ 8,671,820	\$ 7,268,263	\$ 7,293,900	\$ 7,402,607
Fines, forfeitures, and penalties	1,500	-	1,359	4,060
Investment and rental	4,500	1,397	1,900	4,483
Other	25,000	25,758	25,778	25,265
<b>Total revenues</b>	<b>8,702,820</b>	<b>7,295,418</b>	<b>7,322,937</b>	<b>7,436,415</b>
<b>Expenditures:</b>				
General government	161,830	131,898	106,479	107,627
Public works	4,921,820	4,044,209	3,823,875	3,917,127
<b>Total expenditures</b>	<b>5,083,650</b>	<b>4,176,107</b>	<b>3,930,354</b>	<b>4,024,754</b>
<b>Excess of Revenues over Expenditures</b>	<b>3,619,170</b>	<b>3,119,311</b>	<b>3,392,583</b>	<b>3,411,661</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
Debt Service Fund	(39,260)	(39,264)	(66,657)	(66,763)
General Fund	(1,312,520)	(231,117)	(268,556)	(262,373)
Capital Projects Fund	(2,585,120)	(1,197,131)	(2,282,914)	(3,699,198)
<b>Total other financing sources (uses)</b>	<b>(3,936,900)</b>	<b>(1,467,512)</b>	<b>(2,618,127)</b>	<b>(4,028,334)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (317,730)</b>	<b>1,651,799</b>	<b>774,456</b>	<b>(616,673)</b>
<b>Fund Balance:</b>				
Beginning of year		2,409,696	1,635,240	2,251,913
End of year		<b>\$ 4,061,495</b>	<b>\$ 2,409,696</b>	<b>\$ 1,635,240</b>

# MT. LEBANON, PENNSYLVANIA

## CAPITAL PROJECTS FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2012, 2011, AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Assets</b>			
Cash and other money market investments	\$ 2,276,533	\$ 233,298	\$ 167,675
Receivables - accounts	13,450	7,500	-
Due from other funds	<u>1,141,823</u>	<u>1,120,745</u>	<u>1,387,512</u>
<b>Total Assets</b>	<b><u>\$ 3,431,806</u></b>	<b><u>\$ 1,361,543</u></b>	<b><u>\$ 1,555,187</u></b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,800,361	\$ 741,315	\$ 1,380,487
Due to other funds	-	-	46,090
Unearned revenue	<u>-</u>	<u>7,500</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>1,800,361</u></b>	<b><u>748,815</u></b>	<b><u>1,426,577</u></b>
<b>Fund Balance:</b>			
Restricted	635,635	402,602	128,610
Assigned	<u>995,810</u>	<u>210,126</u>	<u>-</u>
<b>Total Fund Balance</b>	<b><u>1,631,445</u></b>	<b><u>612,728</u></b>	<b><u>128,610</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 3,431,806</u></b>	<b><u>\$ 1,361,543</u></b>	<b><u>\$ 1,555,187</u></b>

# MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2012  
(Comparative Actual for Years Ended December 31, 2011 and 2010)

	2012		2011	2010
	Final Budget	Actual		
<b>Revenues:</b>				
Investment and rental	\$ -	\$ 503	\$ 55	\$ 390
Intergovernmental	189,600	53,050	-	-
Other	428,600	19,621	466,102	10,623
<b>Total revenues</b>	<b>618,200</b>	<b>73,174</b>	<b>466,157</b>	<b>11,013</b>
<b>Expenditures:</b>				
Debt service	26,670	48,981	-	-
Capital outlay	11,213,090	6,460,272	3,735,515	3,844,822
<b>Total expenditures</b>	<b>11,239,760</b>	<b>6,509,253</b>	<b>3,735,515</b>	<b>3,844,822</b>
<b>Deficiency of Revenues over Expenditures</b>	<b>(10,621,560)</b>	<b>(6,436,079)</b>	<b>(3,269,358)</b>	<b>(3,833,809)</b>
<b>Other Financing Sources:</b>				
Transfers in:				
General Fund	2,931,150	2,994,257	1,300,517	-
Storm Water Fund	1,274,140	763,408	170,045	-
Sewage Fund	2,585,120	1,197,131	2,282,914	3,699,198
<b>Net transfers</b>	<b>6,790,410</b>	<b>4,954,796</b>	<b>3,753,476</b>	<b>3,699,198</b>
Issuance of debt	2,500,000	2,500,000	-	-
<b>Total other financing sources</b>	<b>9,290,410</b>	<b>7,454,796</b>	<b>3,753,476</b>	<b>3,699,198</b>
<b>Net Change in Fund Balance</b>	<b>\$(1,331,150)</b>	<b>1,018,717</b>	<b>484,118</b>	<b>(134,611)</b>
<b>Fund Balance:</b>				
Beginning of year		612,728	128,610	263,221
End of year		<u>\$ 1,631,445</u>	<u>\$ 612,728</u>	<u>\$ 128,610</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 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, 2012

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	\$ -	\$ 895,344	\$ 652,833	\$ 11,108	\$ 196,442	\$ 5,836	\$ 1,761,563
Receivables - assessments	-	189,885	-	-	-	-	189,885
Receivables - accounts	-	-	5,072	-	-	-	5,072
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 1,085,229</b>	<b>\$ 657,905</b>	<b>\$ 11,108</b>	<b>\$ 196,442</b>	<b>\$ 5,836</b>	<b>\$ 1,956,520</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ 1,703	\$ 70,057	\$ -	\$ -	\$ -	\$ 71,760
Advance deposits	-	3,260	-	-	152,805	-	156,065
Due to other funds	-	551,444	130,091	-	43,225	-	724,760
Unearned revenue	-	189,127	-	-	-	-	189,127
<b>Total Liabilities</b>	<b>-</b>	<b>745,534</b>	<b>200,148</b>	<b>-</b>	<b>196,030</b>	<b>-</b>	<b>1,141,712</b>
<b>Fund Balance:</b>							
Restricted	-	339,695	331,861	-	412	5,836	677,804
Assigned	-	-	125,896	11,108	-	-	137,004
<b>Total Fund Balance</b>	<b>-</b>	<b>339,695</b>	<b>457,757</b>	<b>11,108</b>	<b>412</b>	<b>5,836</b>	<b>814,808</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ -</b>	<b>\$ 1,085,229</b>	<b>\$ 657,905</b>	<b>\$ 11,108</b>	<b>\$ 196,442</b>	<b>\$ 5,836</b>	<b>\$ 1,956,520</b>

# MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2012

	Special Revenue Funds						Total
	State Highway Aid	Storm Water	Library Operating	Industrial Development Authority	Capital Assessment	Debt Service	
<b>Revenues:</b>							
Licenses, permits, and fees	\$ -	\$ 1,277,624	\$ -	\$ 3,750	\$ -	\$ -	\$ 1,281,374
Fines, forfeitures, and penalties	-	-	71,727	-	-	-	71,727
Investment and rental	2,207	241	1,614	-	-	-	4,062
Intergovernmental	619,233	-	431,588	-	-	-	1,050,821
Other	-	-	175,038	-	44,880	-	219,918
Total revenues	621,440	1,277,865	679,967	3,750	44,880	-	2,627,902
<b>Expenditures:</b>							
Current:							
General government	-	42,442	-	-	-	-	42,442
Community development	-	-	-	2,500	-	-	2,500
Public works	621,440	-	-	-	-	-	621,440
Human services	-	-	1,834,743	-	-	-	1,834,743
Debt service:							
Principal	-	-	-	-	-	1,715,934	1,715,934
Interest	-	-	-	-	-	562,453	562,453
Bond issuance costs	-	-	-	-	-	55,168	55,168
Capital outlay	-	-	-	-	44,880	-	44,880
Total expenditures	621,440	42,442	1,834,743	2,500	44,880	2,333,555	4,879,560
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	1,235,423	(1,154,776)	1,250	-	(2,333,555)	(2,251,658)
<b>Other Financing Sources (Uses):</b>							
Transfer in from General Fund	-	-	1,131,060	-	-	2,237,007	3,368,067
Transfer in from Sewage Fund	-	-	-	-	-	39,264	39,264
Transfer out to Capital Projects Fund	-	(763,408)	-	-	-	-	(763,408)
Transfer out to General Fund	-	(157,754)	-	-	-	-	(157,754)
Proceeds from issuance of refunding bonds	-	-	-	-	-	3,355,000	3,355,000
Bond issue discount	-	-	-	-	-	(16,812)	(16,812)
Payments to refunded bond escrow agent	-	-	-	-	-	(3,277,355)	(3,277,355)
Total other financing sources (uses)	-	(921,162)	1,131,060	-	-	2,337,104	2,547,002
<b>Net Change in Fund Balance</b>	-	314,261	(23,716)	1,250	-	3,549	295,344
<b>Fund Balance:</b>							
Beginning of year	-	25,434	481,473	9,858	412	2,287	519,464
End of year	\$ -	\$ 339,695	\$ 457,757	\$ 11,108	\$ 412	\$ 5,836	\$ 814,808

# MT. LEBANON, PENNSYLVANIA

## STATE HIGHWAY AID FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2012, 2011, AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<hr/> <b>Assets</b> <hr/>			
Cash and other money market instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<hr/> <b>Liabilities and Fund Balance</b> <hr/>			
<b>Liabilities:</b> <hr/>			
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Restricted	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><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, 2012  
(Comparative Actual for Years Ended December 31, 2011 and 2010)

	2012		2011	2010
	Final Budget	Actual		
<b>Revenues:</b>				
Investment and rental	\$ 2,000	\$ 2,207	\$ 1,732	\$ 3,269
Intergovernmental - state allocation	621,000	619,233	611,961	597,560
Total revenues	623,000	621,440	613,693	600,829
<b>Expenditures:</b>				
Current - public works	623,000	621,440	613,693	600,829
<b>Excess of Revenues Over Expenditures</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance:</b>				
Beginning of year		-	-	-
End of year		\$ -	\$ -	\$ -

# MT. LEBANON, PENNSYLVANIA

## STORM WATER FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2012, 2011, AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Assets</b>			
Cash and other money market instruments	\$ 895,344	\$ 434,390	\$ -
Receivables - assessments	189,885	41,525	-
<b>Total Assets</b>	<b><u>\$ 1,085,229</u></b>	<b><u>\$ 475,915</u></b>	<b><u>\$ -</u></b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,703	\$ 1,680	\$ -
Advance deposits	3,260	-	-
Due to other funds	551,444	405,760	-
Deferred revenue	189,127	43,041	-
<b>Total Liabilities</b>	<b><u>745,534</u></b>	<b><u>450,481</u></b>	<b><u>-</u></b>
<b>Fund Balance - Restricted</b>	<b><u>339,695</u></b>	<b><u>25,434</u></b>	<b><u>-</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 1,085,229</u></b>	<b><u>\$ 475,915</u></b>	<b><u>\$ -</u></b>

# MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2012  
(Comparative Actual for Years Ended December 31, 2011 and 2010)

	2012		2011	2010
	Final Budget	Actual		
<b>Revenues:</b>				
Licenses, permits, and fees	\$ 1,301,000	\$ 1,277,624	\$ 442,350	\$ -
Investment and rental	2,000	241	50	-
<b>Total revenues</b>	<b>1,303,000</b>	<b>1,277,865</b>	<b>442,400</b>	<b>-</b>
<b>Expenditures:</b>				
Current - general government	28,860	42,442	11,312	-
Current - public works	-	-	114,075	-
<b>Total expenditures</b>	<b>28,860</b>	<b>42,442</b>	<b>125,387</b>	<b>-</b>
<b>Excess of Revenues Over Expenditures</b>	<b>1,274,140</b>	<b>1,235,423</b>	<b>317,013</b>	<b>-</b>
<b>Other Financing Uses:</b>				
Transfer out to Capital Projects Fund	(1,274,140)	(763,408)	(170,045)	-
Transfer out to General Fund	-	(157,754)	(121,534)	-
<b>Total other financing uses</b>	<b>(1,274,140)</b>	<b>(921,162)</b>	<b>(291,579)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>314,261</b>	<b>25,434</b>	<b>-</b>
<b>Fund Balance:</b>				
Beginning of year		25,434	-	-
End of year		<b>\$ 339,695</b>	<b>\$ 25,434</b>	<b>\$ -</b>

# MT. LEBANON, PENNSYLVANIA

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

DECEMBER 31, 2012, 2011, AND 2010

	2012	2011	2010
<b>Assets</b>			
Cash and money market instruments	\$ 652,833	\$ 739,716	\$ 565,440
Receivables - accounts	5,072	-	-
Due from other funds	-	-	83,333
Other assets	-	10,365	15,408
	<b>Total Assets</b>	<b>\$ 750,081</b>	<b>\$ 664,181</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 70,057	\$ 134,450	\$ 18,231
Due to other funds	130,091	134,158	144,897
	<b>Total Liabilities</b>	<b>268,608</b>	<b>163,128</b>
<b>Fund Balance:</b>			
Restricted	331,861	348,218	250,974
Assigned	125,896	133,255	250,079
	<b>Total Fund Balance</b>	<b>481,473</b>	<b>501,053</b>
	<b>Total Liabilities and Fund Balance</b>	<b>\$ 750,081</b>	<b>\$ 664,181</b>

# MT. LEBANON, PENNSYLVANIA

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

YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Revenues:</b>			
Fines, forfeitures, and penalties	\$ 71,727	\$ 73,142	\$ 73,028
Investment and rental	1,614	2,820	3,244
Intergovernmental	431,588	440,176	492,578
Other	175,038	123,855	176,804
Total revenues	<u>679,967</u>	<u>639,993</u>	<u>745,654</u>
<b>Expenditures:</b>			
Human Services:			
Salaries, payroll taxes, and benefits	1,155,924	1,126,897	1,245,466
Collection	513,897	446,077	284,651
General administration	164,922	175,009	98,291
Total expenditures	<u>1,834,743</u>	<u>1,747,983</u>	<u>1,628,408</u>
Deficiency of Revenues Over Expenditures	<u>(1,154,776)</u>	<u>(1,107,990)</u>	<u>(882,754)</u>
<b>Other Financing Sources:</b>			
Transfer in from General Fund	<u>1,131,060</u>	<u>1,088,410</u>	<u>1,000,000</u>
Net Change in Fund Balance	(23,716)	(19,580)	117,246
<b>Fund Balance:</b>			
Beginning of year	<u>481,473</u>	<u>501,053</u>	<u>383,807</u>
End of year	<u>\$ 457,757</u>	<u>\$ 481,473</u>	<u>\$ 501,053</u>

# MT. LEBANON, PENNSYLVANIA

## INDUSTRIAL DEVELOPMENT AUTHORITY COMPARATIVE BALANCE SHEET

DECEMBER 31, 2012, 2011, AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<hr/> <b>Assets</b> <hr/>			
Cash and other money market instruments	<u>\$ 11,108</u>	<u>\$ 13,518</u>	<u>\$ 9,762</u>
<hr/> <b>Liabilities and Fund Balance</b> <hr/>			
<b>Liabilities:</b>			
Due to other funds	<u>\$ -</u>	<u>\$ 3,660</u>	<u>\$ -</u>
Fund Balance - Assigned	<u>11,108</u>	<u>9,858</u>	<u>9,762</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 11,108</u></u>	<u><u>\$ 13,518</u></u>	<u><u>\$ 9,762</u></u>

# MT. LEBANON, PENNSYLVANIA

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

YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Revenues:</b>			
Licenses, permits, and fees	\$ 3,750	\$ 3,750	\$ 3,750
Investment and rental	-	5	12
Total revenues	<u>3,750</u>	<u>3,755</u>	<u>3,762</u>
<b>Expenditures:</b>			
Current - community development	<u>2,500</u>	<u>3,659</u>	<u>3,080</u>
Total expenditures	<u>2,500</u>	<u>3,659</u>	<u>3,080</u>
<b>Net Change in Fund Balance</b>	1,250	96	682
<b>Fund Balance:</b>			
Beginning of year	<u>9,858</u>	<u>9,762</u>	<u>9,080</u>
End of year	<u>\$ 11,108</u>	<u>\$ 9,858</u>	<u>\$ 9,762</u>

# MT. LEBANON, PENNSYLVANIA

## CAPITAL ASSESSMENT FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2012, 2011, AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<hr/> <b>Assets</b> <hr/>			
Cash and other money market instruments	<u>\$ 196,442</u>	<u>\$ 169,970</u>	<u>\$ 148,355</u>
<hr/> <b>Liabilities and Fund Balance</b> <hr/>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 389
Advance deposits	152,805	169,558	147,646
Due to other funds	<u>43,225</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>196,030</u>	<u>169,558</u>	<u>148,035</u>
Fund Balance - Restricted	<u>412</u>	<u>412</u>	<u>320</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 196,442</u></u>	<u><u>\$ 169,970</u></u>	<u><u>\$ 148,355</u></u>

# MT. LEBANON, PENNSYLVANIA

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

YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Revenues:</b>			
Investment and rental	\$ -	\$ 92	\$ 158
Other	44,880	4,530	2,514
Total revenues	<u>44,880</u>	<u>4,622</u>	<u>2,672</u>
<b>Expenditures:</b>			
Capital outlay	44,880	4,530	2,514
Total expenditures	<u>44,880</u>	<u>4,530</u>	<u>2,514</u>
<b>Net Change in Fund Balance</b>	-	92	158
<b>Fund Balance:</b>			
Beginning of year	412	320	162
End of year	<u>\$ 412</u>	<u>\$ 412</u>	<u>\$ 320</u>

# MT. LEBANON, PENNSYLVANIA

## DEBT SERVICE FUND COMPARATIVE BALANCE SHEET

DECEMBER 31, 2012, 2011, AND 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<hr/> <b>Assets</b> <hr/>			
Cash and other money market instruments	\$ 5,836	\$ 2,287	\$ 6,704
	<hr/>	<hr/>	<hr/>
<hr/> <b>Liabilities and Fund Balance</b> <hr/>			
Liabilities	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>
Fund Balance - Restricted	5,836	2,287	6,704
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 5,836</u>	<u>\$ 2,287</u>	<u>\$ 6,704</u>

# MT. LEBANON, PENNSYLVANIA

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

YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010

	2012	2011	2010
<b>Revenues</b>	\$ -	\$ -	\$ -
<b>Expenditures:</b>			
Debt service:			
Principal	1,715,934	1,600,000	1,675,000
Interest	562,453	674,977	912,694
Bond issuance cost	55,168	47,872	106,637
Total expenditures	2,333,555	2,322,849	2,694,331
<b>Deficiency of Revenues Over Expenditures</b>	(2,333,555)	(2,322,849)	(2,694,331)
<b>Other Financing Sources (Uses):</b>			
Transfers in from General Fund	2,237,007	2,201,616	2,520,931
Transfers in from Sewage Fund	39,264	66,657	66,763
Proceeds from issuance of refunding bonds	3,355,000	4,005,000	12,390,000
Bond issue premium (discount)	(16,812)	2,134	(90,662)
Refunding requirement - redeemed bonds	-	-	(10,334,703)
Payments to refunded bond escrow agent	(3,277,355)	(3,956,975)	(1,851,294)
Total other financing sources (uses)	2,337,104	2,318,432	2,701,035
<b>Net Change in Fund Balance</b>	3,549	(4,417)	6,704
<b>Fund Balance:</b>			
Beginning of year	2,287	6,704	-
End of year	\$ 5,836	\$ 2,287	\$ 6,704

## **PARKING FUND**

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

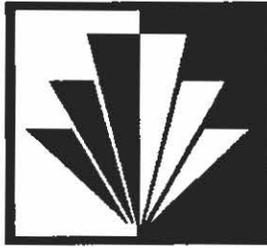
# MT. LEBANON, PENNSYLVANIA

## PARKING FUND

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

YEAR ENDED DECEMBER 31, 2012

	North Garage	South Garage	Meter	Lot	Properties	General	Total
<b>Operating Revenues:</b>							
Vehicle space rental	\$ 558,339	\$ 449,880	\$ -	\$ 234,045	\$ 12,000	\$ -	\$ 1,254,264
Meter collections	-	-	360,873	139,716	-	-	500,589
Fine collections	-	-	313,225	-	-	-	313,225
<b>Total operating revenues</b>	<b>558,339</b>	<b>449,880</b>	<b>674,098</b>	<b>373,761</b>	<b>12,000</b>	<b>-</b>	<b>2,068,078</b>
<b>Operating Expenses:</b>							
Personnel	147,818	142,283	139,415	80,285	29,728	62,548	602,077
Contracted services	63,560	33,298	48,903	14,810	6,991	68,505	236,067
Utilities	21,621	20,635	977	10,525	3,894	-	57,652
Supplies	16,391	15,082	27,096	13,007	3,363	4,056	78,995
Depreciation	195,855	99,612	28,124	47,602	5,590	-	376,783
<b>Total operating expenses</b>	<b>445,245</b>	<b>310,910</b>	<b>244,515</b>	<b>166,229</b>	<b>49,566</b>	<b>135,109</b>	<b>1,351,574</b>
<b>Operating Income</b>	<b>113,094</b>	<b>138,970</b>	<b>429,583</b>	<b>207,532</b>	<b>(37,566)</b>	<b>(135,109)</b>	<b>716,504</b>
<b>Nonoperating Revenues (Expenses):</b>							
Interest expense	-	-	-	-	-	(126,366)	(126,366)
Other	(17,624)	(4,082)	9,575	(2,896)	(265)	4,606	(10,686)
<b>Total nonoperating revenues (expenses)</b>	<b>(17,624)</b>	<b>(4,082)</b>	<b>9,575</b>	<b>(2,896)</b>	<b>(265)</b>	<b>(121,760)</b>	<b>(137,052)</b>
<b>Income (loss) before transfers</b>	<b>95,470</b>	<b>134,888</b>	<b>439,158</b>	<b>204,636</b>	<b>(37,831)</b>	<b>(256,869)</b>	<b>579,452</b>
Transfers out	-	-	-	-	-	(132,460)	(132,460)
<b>Change in Net Position</b>	<b>\$ 95,470</b>	<b>\$ 134,888</b>	<b>\$ 439,158</b>	<b>\$ 204,636</b>	<b>\$ (37,831)</b>	<b>\$ (389,329)</b>	<b>\$ 446,992</b>



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CAPITAL

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ASSETS

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# MT. LEBANON, PENNSYLVANIA

## COMPARATIVE STATEMENT OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE

DECEMBER 31, 2012, 2011, AND 2010

	2012	2011	2010
<b>Capital Assets:</b>			
Land	\$ 7,027,371	\$ 7,027,371	\$ 7,027,371
Construction in progress	1,854,984	-	-
Buildings and improvements other than buildings	34,046,224	33,536,686	33,536,686
Infrastructure	69,675,944	65,986,271	62,403,975
Library book collection	2,705,823	2,847,652	2,810,872
Equipment	13,613,100	11,441,353	11,739,933
	\$ 128,923,446	\$ 120,839,333	\$ 117,518,837
<b>Investments in Capital Assets By Source:</b>			
Governmental funds	\$ 83,101,448	\$ 77,579,796	\$ 74,259,300
General Obligation Bonds	40,647,572	38,792,638	38,792,638
Gifts, grants, and other resources	5,174,426	4,466,899	4,466,899
	\$ 128,923,446	\$ 120,839,333	\$ 117,518,837

# MT. LEBANON, PENNSYLVANIA

## SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE

YEAR ENDED DECEMBER 31, 2012

	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings and Improvements Other Than Buildings</u>	<u>Infrastructure</u>	<u>Library Book Collection</u>	<u>Equipment</u>	<u>Total</u>
<b>Capital Assets, Beginning of Year</b>	\$ 7,027,371	\$ -	\$ 33,536,686	\$ 65,986,271	\$ 2,847,652	\$ 11,441,353	\$ 120,839,333
Expenditures from:							
General Fund	-	-	253,445	1,980,492	-	1,920,033	4,153,970
General Obligation Bonds	-	1,854,984	-	-	-	-	1,854,984
Special Revenue and Capital Projects Funds	-	-	-	1,709,181	383,761	-	2,092,942
Grants	-	-	-	-	-	451,434	451,434
Miscellaneous	-	-	256,093	-	-	-	256,093
Less capital asset disposals	-	-	-	-	(525,590)	(199,720)	(725,310)
<b>Capital Assets, End of Year</b>	<u>\$ 7,027,371</u>	<u>\$ 1,854,984</u>	<u>\$ 34,046,224</u>	<u>\$ 69,675,944</u>	<u>\$ 2,705,823</u>	<u>\$ 13,613,100</u>	<u>\$ 128,923,446</u>

# MT. LEBANON, PENNSYLVANIA

## SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

DECEMBER 31, 2012

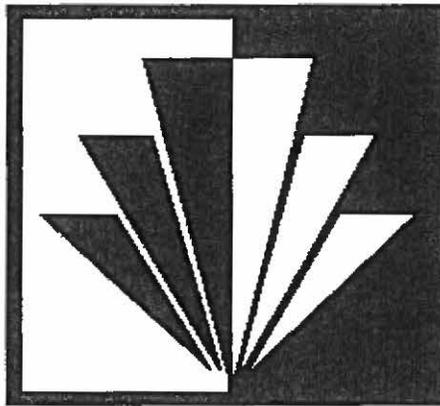
	Land	Construction in Progress	Buildings and Improvements other than Buildings	Infrastructure	Library Book Collection	Equipment	Total
<b>Administration:</b>							
General	\$ 94,563	\$ -	\$ 7,754,326	\$ -	\$ -	\$ 505,676	\$ 8,354,565
<b>Parks and Recreation:</b>							
General	-	-	-	-	-	91,207	91,207
Facilities	6,449,063	-	10,589,407	-	-	180,178	17,218,648
Vehicles and special purpose equipment	-	-	-	-	-	283,047	283,047
Total parks and recreation	6,449,063	-	10,589,407	-	-	554,432	17,592,902
<b>Public Works:</b>							
General	48,750	1,854,984	1,576,587	-	-	660,989	4,141,310
Infrastructure	-	-	-	69,675,944	-	-	69,675,944
Traffic installations	-	-	-	-	-	2,409,783	2,409,783
Vehicles and special purpose equipment	-	-	-	-	-	2,958,516	2,958,516
Total public works	48,750	1,854,984	1,576,587	69,675,944	-	6,029,288	79,185,553
<b>Fire Department:</b>							
General	-	-	-	-	-	873,896	873,896
Communications	-	-	-	-	-	404,622	404,622
Vehicles and apparatus	-	-	-	-	-	3,436,509	3,436,509
Total fire department	-	-	-	-	-	4,715,027	4,715,027
<b>Police Department:</b>							
General	-	-	-	-	-	604,392	604,392
Communications	-	-	-	-	-	226,179	226,179
Vehicles	-	-	-	-	-	900,019	900,019
Total police department	-	-	-	-	-	1,730,590	1,730,590
<b>Public Safety:</b>							
General	370,479	-	-	-	-	-	370,479
Facilities	-	-	9,420,766	-	-	-	9,420,766
Total public safety	370,479	-	9,420,766	-	-	-	9,791,245
<b>Public Library:</b>							
General	64,516	-	4,705,138	-	2,705,823	78,087	7,553,564
Total capital assets	<u>\$ 7,027,371</u>	<u>\$ 1,854,984</u>	<u>\$ 34,046,224</u>	<u>\$ 69,675,944</u>	<u>\$ 2,705,823</u>	<u>\$ 13,613,100</u>	<u>\$ 128,923,446</u>

# MT. LEBANON, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2012

	January 1, 2012	Additions	Dispositions	December 31, 2012
<b>Administration:</b>				
General	\$ 8,323,002	\$ 31,563	\$ -	\$ 8,354,565
<b>Parks and Recreation:</b>				
General	73,756	39,620	(22,169)	91,207
Facilities	17,148,269	70,379	-	17,218,648
Vehicles and special purpose equipment	283,047	-	-	283,047
Total parks and recreation	17,505,072	109,999	(22,169)	17,592,902
<b>Public Works:</b>				
General	1,800,206	2,341,104	-	4,141,310
Infrastructure	65,986,271	3,689,673	-	69,675,944
Traffic installations	2,234,995	174,788	-	2,409,783
Vehicles and special purpose equipment	2,538,066	476,138	(55,688)	2,958,516
Total public works	72,559,538	6,681,703	(55,688)	79,185,553
<b>Fire Department:</b>				
General	863,946	9,950	-	873,896
Communications	404,622	-	-	404,622
Vehicles and apparatus	2,027,645	1,408,864	-	3,436,509
Total fire department	3,296,213	1,418,814	-	4,715,027
<b>Police Department:</b>				
General	564,013	40,379	-	604,392
Communications	226,179	-	-	226,179
Vehicles	915,628	106,254	(121,863)	900,019
Total police department	1,705,820	146,633	(121,863)	1,730,590
<b>Public Safety:</b>				
General	370,479	-	-	370,479
Facilities	9,420,766	-	-	9,420,766
Total public safety	9,791,245	-	-	9,791,245
<b>Public Library:</b>				
General	7,658,443	420,711	(525,590)	7,553,564
Total capital assets	\$ 120,839,333	\$ 8,809,423	\$ (725,310)	\$ 128,923,446



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STATISTICAL  
SECTION

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# Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the municipality's financial performance and well-being have changed over time.	128
<b>Revenue Capacity</b> 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.	136
<b>Debt Capacity</b> 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.	143
<b>Demographic and Economic information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the municipality's financial activities take place.	146
<b>Operating Information</b> 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.	150

# MT. LEBANON, PENNSYLVANIA

## NET POSITION BY COMPONENT LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING

	2012	2011	2010
<b>Governmental Activities:</b>			
Net investment in capital assets	\$51,419,042	\$45,610,982	\$43,486,228
Restricted	5,137,242	3,706,697	1,886,214
Unrestricted	9,524,959	9,768,583	9,260,315
<i>Total Governmental Activities Net Position</i>	\$66,081,243	\$59,086,262	\$54,632,757
<b>Business-type Activities(1):</b>			
Net investment in capital assets	\$4,414,824		
Restricted			
Unrestricted	2,125,128		
<i>Total Business-type Activities Net Position</i>	\$6,539,952		
<b>Primary Government:</b>			
Net investment in capital assets	\$55,833,866	\$45,610,982	\$43,486,228
Restricted	5,137,242	3,706,697	1,886,214
Unrestricted	11,650,087	9,768,583	9,260,315
<i>Total Primary Government Net Position</i>	\$72,621,195	\$59,086,262	\$54,632,757

(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.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$40,420,398	\$38,409,234	\$40,206,758	\$36,311,527	\$32,631,017	\$30,084,719	\$17,594,714
2,416,783	2,039,548	1,473,434	65,944	160,812	63,316	62,284
<u>10,192,922</u>	<u>8,642,802</u>	<u>4,654,851</u>	<u>4,982,062</u>	<u>4,559,845</u>	<u>2,765,170</u>	<u>4,177,059</u>
<u>\$53,030,103</u>	<u>\$49,091,584</u>	<u>\$46,335,043</u>	<u>\$41,359,533</u>	<u>\$37,351,674</u>	<u>\$32,913,205</u>	<u>\$21,834,057</u>

\$40,420,398	\$38,409,234	\$40,206,758	\$36,311,527	\$32,631,017	\$30,084,719	\$17,594,714
2,416,783	2,039,548	1,473,434	65,944	160,812	63,316	62,284
<u>10,192,922</u>	<u>8,642,802</u>	<u>4,654,851</u>	<u>4,982,062</u>	<u>4,559,845</u>	<u>2,765,170</u>	<u>4,177,059</u>
<u>\$53,030,103</u>	<u>\$49,091,584</u>	<u>\$46,335,043</u>	<u>\$41,359,533</u>	<u>\$37,351,674</u>	<u>\$32,913,205</u>	<u>\$21,834,057</u>

# MT. LEBANON, PENNSYLVANIA

## CHANGES IN NET ASSETS LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING

	2012	2011	2010	2009
<b>Program Revenues:</b>				
<b>Governmental Activities:</b>				
Charges for Services:				
General government	\$1,803,067	\$1,975,477	\$1,786,643	\$1,588,181
Community development (1)	907,386	322,617	207,081	190,474
Public works	9,237,588	8,121,466	7,710,088	7,507,547
Human services (1)	87,739	87,622	87,967	87,888
Cultural and recreation	2,702,628	2,593,396	2,504,662	2,364,306
Public safety	762,864	911,304	758,209	791,624
Operating grants and contributions	2,185,900	2,895,636	2,346,591	2,451,100
Capital grants and contributions	524,105	466,102	10,623	189,898
<i>Total governmental activities program revenues</i>	<u>18,211,277</u>	<u>17,373,620</u>	<u>15,411,864</u>	<u>15,171,018</u>
Business-type Activities - Parking (2)	2,068,078	N/A	N/A	N/A
<i>Total primary government program revenues</i>	<u>\$20,279,355</u>	<u>\$17,373,620</u>	<u>\$15,411,864</u>	<u>\$15,171,018</u>
<b>Expenses:</b>				
<b>Governmental Activities:</b>				
General government	\$4,162,671	\$4,366,065	\$4,363,644	\$4,346,163
Community development (1)	1,271,773	1,173,350	1,420,654	1,385,896
Public works	12,563,776	12,712,559	12,535,375	12,176,862
Human services (1)	2,042,601	2,100,622	2,068,627	1,549,236
Cultural and recreation	3,166,703	3,138,336	3,107,956	3,126,652
Public safety	11,808,211	11,426,122	11,198,737	10,211,525
Interest on long-term debt	883,776	979,150	1,155,273	884,310
<i>Total governmental activities expenses</i>	<u>35,899,511</u>	<u>35,896,204</u>	<u>35,850,266</u>	<u>33,680,644</u>
Business-type Activities - Parking	1,488,626	N/A	N/A	N/A
<i>Total primary government expenses</i>	<u>\$37,388,137</u>	<u>\$35,896,204</u>	<u>\$35,850,266</u>	<u>\$33,680,644</u>
<b>General Revenues and Other Changes in Net Position:</b>				
<b>Governmental Activities:</b>				
Taxes:				
Real estate	\$11,487,806	\$10,237,545	\$10,321,729	\$10,588,689
Earned income	10,368,678	10,379,339	9,480,804	9,289,151
Other	2,675,778	2,337,136	2,208,037	2,503,625
Other - interest and transfer	150,953	22,069	30,486	66,680
<i>Total governmental activities</i>	<u>24,683,215</u>	<u>22,976,089</u>	<u>22,041,056</u>	<u>22,448,145</u>
Business-type Activities - Parking	(132,460)	N/A	N/A	N/A
<i>Total primary government</i>	<u>\$24,550,755</u>	<u>\$22,976,089</u>	<u>\$22,041,056</u>	<u>\$22,448,145</u>
<b>Change in Net Position</b>				
<i>Governmental Activities</i>	<u>\$6,994,981</u>	<u>\$4,453,505</u>	<u>\$1,602,654</u>	<u>\$3,938,519</u>
<i>Business-type Activities</i>	<u>446,992</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<i>Total primary government</i>	<u>\$7,441,973</u>	<u>\$4,453,505</u>	<u>\$1,602,654</u>	<u>\$3,938,519</u>

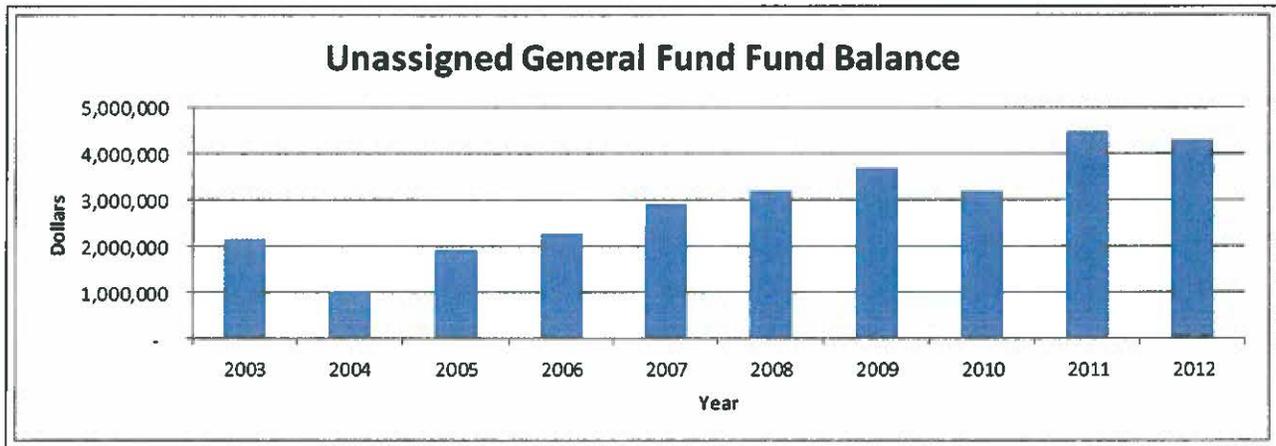
(1) Beginning in 2005, the Statement of Activities was expanded to separate Community Development from the public works department. In addition, the Mt. Lebanon Public Library is now presented as Human Services as opposed to Cultural and Recreation in prior years.

(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. N/A=Not Applicable.

2008	2007	2006	2005 <sup>(1)</sup>	2004	2003
\$1,587,119	\$1,773,692	\$1,338,748	\$1,672,867	\$1,648,138	\$1,283,046
199,404	249,740	299,507	207,964	-	-
7,293,563	6,622,455	5,577,061	5,240,091	3,995,086	3,832,325
98,512	79,085	187,900	177,450	-	-
2,469,587	2,300,003	2,191,857	2,152,469	2,448,245	2,175,165
812,740	754,612	696,991	690,407	603,339	818,283
2,851,462	2,551,968	2,207,553	3,086,680	3,559,980	2,519,668
2,000	55,896	215,163	698,655	230,000	188,550
15,314,387	14,387,451	12,714,780	13,926,583	12,484,788	10,817,037
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$15,314,387</u>	<u>\$14,387,451</u>	<u>\$12,714,780</u>	<u>\$13,926,583</u>	<u>\$12,484,788</u>	<u>\$10,817,037</u>
\$4,514,541	\$4,206,010	\$4,324,716	\$4,001,448	\$3,873,709	\$3,148,340
1,094,891	1,139,480	1,070,661	1,066,987	-	-
12,978,019	10,175,090	9,414,900	9,348,044	10,462,866	8,921,419
1,868,807	2,513,067	1,840,308	1,862,710	144,341	100,048
3,224,297	2,789,403	2,915,020	2,925,842	4,845,247	4,624,722
10,100,502	10,251,807	10,800,509	10,248,651	10,474,537	9,554,672
1,153,614	1,092,488	1,023,774	980,043	1,029,339	857,224
34,934,671	32,167,345	31,389,888	30,433,724	30,830,039	27,206,425
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$34,934,671</u>	<u>\$32,167,345</u>	<u>\$31,389,888</u>	<u>\$30,433,724</u>	<u>\$30,830,039</u>	<u>\$27,206,425</u>
\$10,689,657	\$10,521,694	\$10,602,887	\$9,596,108	\$8,873,324	\$8,260,288
9,285,601	9,255,893	9,031,811	8,527,382	7,800,541	7,541,406
2,246,050	2,595,734	2,775,047	2,687,368	2,089,887	2,262,995
155,517	382,084	273,222	134,752	116,712	947,356
22,376,825	22,755,405	22,682,967	20,945,610	18,880,464	19,012,045
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$22,376,825</u>	<u>\$22,755,405</u>	<u>\$22,682,967</u>	<u>\$20,945,610</u>	<u>\$18,880,464</u>	<u>\$19,012,045</u>
\$2,756,541	\$4,975,511	\$4,007,859	\$4,438,469	\$535,213	\$2,622,657
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$2,756,541</u>	<u>\$4,975,511</u>	<u>\$4,007,859</u>	<u>\$4,438,469</u>	<u>\$535,213</u>	<u>\$2,622,657</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>General Fund:</b>				
Non-spendable	\$ -	\$ 3,376,398	\$ 3,927,654	\$ 760,177
Restricted	-	462,248	-	-
Assigned	1,354,100	2,565,198	3,566,620	3,321,590
Unassigned	4,294,814	4,452,027	3,197,820	3,685,251
<b>Total General Fund</b>	<u>5,648,914</u>	<u>10,855,871</u>	<u>10,692,094</u>	<u>7,767,018</u>
<b>All Other Governmental Funds:</b>				
Restricted	5,374,934	3,188,649	2,014,824	2,680,004
Assigned	1,132,814	343,381	257,103	219,099
Unassigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u>6,507,748</u>	<u>3,532,030</u>	<u>2,271,927</u>	<u>2,899,103</u>
<b>Total Governmental Funds</b>	<u>\$ 12,156,662</u>	<u>\$ 14,387,901</u>	<u>\$ 12,964,021</u>	<u>\$ 10,666,121</u>

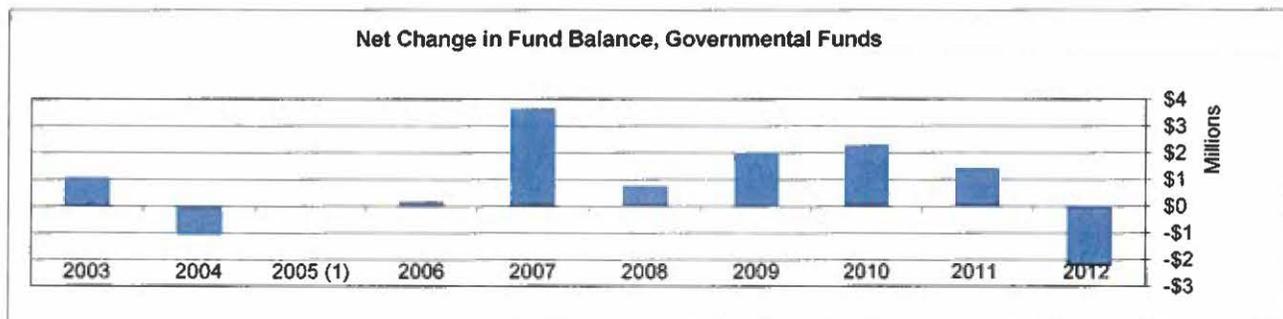


<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 833,683	\$ 1,278,541	\$ 982,668	\$ 1,098,374	\$ 800,000	\$ -
-	-	-	-	-	-
2,322,442	986,197	898,337	683,895	373,012	196,250
<u>3,192,021</u>	<u>2,908,480</u>	<u>2,265,168</u>	<u>1,901,998</u>	<u>1,024,575</u>	<u>2,146,633</u>
<u>6,348,146</u>	<u>5,173,218</u>	<u>4,146,173</u>	<u>3,684,267</u>	<u>2,197,587</u>	<u>2,342,883</u>
2,119,895	2,515,749	453,602	410,340	1,480,629	5,494,454
191,364	218,070	167,801	142,252	280,257	582,304
-	-	(536,209)	(269,513)	-	-
<u>2,311,259</u>	<u>2,733,819</u>	<u>85,194</u>	<u>283,079</u>	<u>1,760,886</u>	<u>6,076,758</u>
<u>\$ 8,659,405</u>	<u>\$ 7,907,037</u>	<u>\$ 4,231,367</u>	<u>\$ 3,967,346</u>	<u>\$ 3,958,473</u>	<u>\$ 8,419,641</u>

The fund balances presented on these pages have been restated to reflect the implementation of GASB Statement No. 54. 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**

	2012	2011	2010	2009	2008
<b>Revenues:</b>					
Real estate taxes	\$11,469,800	\$10,283,677	\$10,416,061	\$10,718,049	\$10,927,228
Earned income taxes	10,010,482	9,971,469	9,573,712	9,539,489	9,523,172
Other taxes	2,675,778	2,337,136	2,208,037	2,503,625	2,246,050
Licenses, permits, and fees	10,375,517	8,942,899	8,457,210	7,875,213	7,684,172
Fines, forfeitures, and penalties	225,963	350,189	252,090	208,202	219,284
Investment and rental	18,493	22,069	30,486	66,680	155,517
Intergovernmental	2,600,691	2,686,875	2,190,883	2,465,350	2,633,772
Recreation	2,702,660	2,593,396	2,503,655	2,364,866	2,472,389
Other	2,024,394	2,647,424	2,073,437	2,083,078	2,239,726
<b>Total Revenues</b>	<b>42,103,778</b>	<b>39,835,134</b>	<b>37,705,571</b>	<b>37,824,552</b>	<b>38,101,310</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	4,243,332	4,179,993	4,211,385	4,215,509	4,347,415
Community development (1)	1,304,166	1,171,802	1,416,190	1,387,573	1,090,855
Public works	10,964,273	10,880,124	10,882,297	10,581,107	9,907,286
Human services (1)	2,157,411	2,052,173	1,922,333	2,014,890	2,008,130
Cultural and recreation	2,703,630	2,681,818	2,652,466	2,594,450	2,682,775
Public Safety: (1)					
Police	7,394,093	6,938,646	6,886,361	6,155,522	6,168,890
Fire	3,187,886	3,237,997	3,089,120	2,884,982	2,651,522
Other	799,852	811,966	838,079	805,934	852,031
Debt service:					
Principal Retirement	1,715,934	1,600,000	1,675,000	1,640,000	1,655,000
Interest and Fiscal Charges	666,602	722,849	1,019,331	940,969	960,122
Capital Outlay	8,096,543	4,184,045	4,158,450	4,714,670	5,148,294
<b>Total Expenditures</b>	<b>43,233,722</b>	<b>38,461,413</b>	<b>38,751,012</b>	<b>37,935,606</b>	<b>37,472,320</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,129,944)</b>	<b>1,373,721</b>	<b>(1,045,441)</b>	<b>(111,054)</b>	<b>628,990</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from capital lease	-	-	-	-	-
Transfers in	8,883,458	7,500,249	7,549,265	6,355,749	7,277,723
Transfers out	(8,750,998)	(7,500,249)	(7,549,265)	(6,355,749)	(7,277,723)
Debt transfer to Parking Fund	(3,804,446)	-	-	-	-
Debt proceeds	2,500,000	-	3,230,000	2,115,000	-
Bond issuance premium (discount)	(16,812)	2,134	(90,662)	2,770	-
Proceeds of refunding bonds	3,355,000	4,005,000	12,390,000	-	9,365,000
Payment to refunded bond escrow agent	(3,277,355)	(3,956,975)	(12,185,997)	-	(9,241,622)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,111,153)</b>	<b>50,159</b>	<b>3,343,341</b>	<b>2,117,770</b>	<b>123,378</b>
<b>Net Change in Fund Balances</b>	<b>(\$2,241,097)</b>	<b>\$1,423,880</b>	<b>\$2,297,900</b>	<b>\$2,006,716</b>	<b>\$752,368</b>
Debt service as a percentage of non-capital expenditures	6.9%	6.8%	7.9%	7.9%	8.2%
Debt service as a percentage of total expenditures	5.5%	6.0%	7.0%	6.8%	7.0%



2007	2006	2005 <sup>(1)</sup>	2004	2003
\$10,310,973	\$10,125,319	\$9,598,929	\$8,948,237	\$8,224,455
9,045,173	8,554,243	8,530,202	7,875,453	7,505,573
2,595,734	2,775,047	2,687,368	2,089,887	2,262,995
7,305,461	6,169,996	5,602,051	4,514,824	4,472,136
211,187	210,699	215,769	214,709	236,322
382,084	273,221	148,765	116,712	117,604
2,183,312	2,348,348	3,779,978	3,789,980	2,874,896
2,276,608	2,185,704	2,152,470	2,196,264	2,112,254
2,224,501	1,891,678	2,121,342	1,769,011	1,962,181
<u>36,535,033</u>	<u>34,534,255</u>	<u>34,836,874</u>	<u>31,515,077</u>	<u>29,768,416</u>
4,060,121	4,212,875	3,842,537	3,882,931	3,103,177
1,137,553	1,063,119	1,064,942	-	-
9,191,502	8,886,762	8,435,665	9,372,829	9,125,033
1,908,405	1,759,675	1,684,237	144,341	100,048
2,675,650	2,752,391	2,769,814	4,283,257	4,099,225
			9,865,594	9,241,673
5,906,556	5,681,724	5,118,651	-	-
2,829,304	2,672,628	2,477,421	-	-
1,103,070	1,383,572	2,210,253	-	-
1,415,000	1,360,000	1,310,000	1,280,000	1,130,000
1,085,584	999,695	981,693	961,642	759,615
5,416,788	5,378,577	4,932,787	9,985,650	8,323,761
<u>36,729,533</u>	<u>36,151,018</u>	<u>34,828,000</u>	<u>39,776,244</u>	<u>35,882,532</u>
(194,500)	(1,616,763)	8,874	(8,261,167)	(6,114,116)
25,170	80,784	-	-	-
7,019,003	6,527,025	7,287,802	5,024,787	5,024,787
(7,019,003)	(6,527,025)	(7,287,802)	(5,024,787)	(5,024,787)
-	-	-	-	-
3,845,000	1,800,000	-	7,200,000	7,200,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3,845,000</u>	<u>1,800,000</u>	<u>-</u>	<u>7,200,000</u>	<u>7,200,000</u>
<u>\$3,650,500</u>	<u>\$183,237</u>	<u>\$8,874</u>	<u>(\$1,061,167)</u>	<u>\$1,085,884</u>
8.1%	8.0%	7.8%	7.6%	6.9%
6.8%	6.5%	6.6%	5.6%	5.3%

(1) Beginning in 2005, the Statement of Activities was expanded to separate Community Development from the public works department and public safety was categorized into operational areas - police, fire and other. The other category includes crossing guards and animal control services. In addition, the Mt. Lebanon Public Library is presented as Human Services as opposed to Cultural and Recreation in prior years.

**MT. LEBANON, PENNSYLVANIA**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**  
**ACCRUAL BASIS OF ACCOUNTING**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Function/Program:</b>				
<b>Governmental Activities:</b>				
General government	\$2,462,664	\$3,053,652	\$2,439,933	\$2,194,491
Community development (1)	907,386	322,617	215,581	207,974
Public works	9,978,270	9,322,913	8,318,271	8,413,053
Human services (1)	678,353	637,173	742,410	841,525
Cultural and recreation	2,713,369	2,608,629	2,517,961	2,371,459
Public safety: (1)				
Police	296,239	341,428	334,260	354,058
Fire	681,504	621,573	365,436	337,904
Other	493,492	465,735	478,012	450,554
<i>Total Governmental Activities</i>	<u>18,211,277</u>	<u>17,373,720</u>	<u>15,411,864</u>	<u>15,171,018</u>
Business-type Activity - Parking (2)	2,068,078	N/A	N/A	N/A
<i>Total Primary Government</i>	<u>\$20,279,355</u>	<u>\$17,373,720</u>	<u>\$15,411,864</u>	<u>\$15,171,018</u>

(1) Beginning in 2005, the Statement of Activities was expanded to separate Community Development from the public works department and public safety was categorized into operational areas - police, fire and other. The other category includes crossing guards and animal control services. In addition, the Mt. Lebanon Public Library is presented as Human Services as opposed to Cultural and Recreation in prior years.

(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. N/A=Not Applicable

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$2,213,405	\$2,436,293	\$1,953,568	\$2,326,441	\$2,358,756	\$1,283,046
541,213	249,740	316,071	225,589	-	-
7,992,065	7,394,481	6,226,166	5,826,858	4,624,933	4,493,531
927,370	922,159	767,042	747,887	-	-
2,483,817	2,315,003	2,286,225	2,502,469	2,926,168	2,741,000
476,137	310,316	374,873	938,258	2,574,931	2,299,460
240,664	343,838	284,754	422,098	-	-
439,716	415,621	506,081	936,983	-	-
<u>15,314,387</u>	<u>14,387,451</u>	<u>12,714,780</u>	<u>13,926,583</u>	<u>12,484,788</u>	<u>10,817,037</u>
N/A	N/A	N/A	N/A	N/A	N/A
<u><u>\$15,314,387</u></u>	<u><u>\$14,387,451</u></u>	<u><u>\$12,714,780</u></u>	<u><u>\$13,926,583</u></u>	<u><u>\$12,484,788</u></u>	<u><u>\$10,817,037</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>
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	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
2005 <sup>(1)</sup>	9,598,929	8,530,202	484,254	1,569,471	30,510	603,133	20,816,499
2004	8,948,237	7,875,453	97,988	1,374,130	23,504	594,265	18,913,577
2003	8,224,456	7,505,573	94,775	1,562,007	30,319	575,894	17,993,024

(1) Beginning in 2005, occupational privilege tax (OPT) was eliminated and replaced with the emergency and municipal services tax (EMST). 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**

<u>Tax Year</u>	<u>Mills Levied</u>			<u>Total</u>
	<u>Mt. Lebanon</u>	<u>Mt. Lebanon School District</u>	<u>Allegheny County</u>	
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
2005	4.57	23.18	4.69	32.44
2004	4.34	22.76	4.69	31.79
2003	3.99	20.16	4.69	28.84

Note: Mill - one one thousandth of a percent. Used to calculate a tax levied on real estate.  
 (One mill = .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**

<b>Year</b>	<b>Taxable Real Property</b>	<b>Exempt Real Property</b>	<b>Total</b>	<b>Estimated Actual Values of Real Property</b>	<b>Mt. Lebanon Municipal Millage Rate</b>
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
2004	2,113,921,663	209,979,260	2,323,900,923	2,323,900,923	4.34
2003	2,141,508,681	209,900,160	2,351,408,841	2,351,408,841	3.99

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, 2012 AND DECEMBER 31, 2003**

Taxpayer	December 31, 2012			December 31, 2003		
	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)	\$30,400,000	1	1.41%	\$16,150,000	2	0.75%
Brookdale Senior Housing (A.H. Pennsylvania)	13,300,000	2	0.62%	18,560,900	1	0.87%
Bower Hill Development	11,699,700	3	0.54%	11,699,700	3	0.55%
Concordia Luthern	7,912,700	4	0.37%			
IHP/Bower Hill LLC	6,831,700	5	0.32%	6,831,700	4	0.32%
650 Washington Road Associates (The Cyclops Building)	6,193,900	6	0.29%	6,193,900	7	0.29%
Asbury Health	5,563,085	7	0.26%	6,652,600	5	0.31%
Jon Pan Realty Inc.	5,555,000	8	0.26%			
Pendale Towers	5,253,200	9	0.24%	5,253,000	9	0.25%
St. Clair Memorial Hospital	5,245,600	10	0.24%	5,831,220	8	0.27%
Asbury Villas				6,504,850	6	0.30%
Beverly Enterprises				4,756,900	10	0.22%
	<u>\$97,954,885</u>		<u>4.54%</u>	<u>\$88,434,770</u>		<u>5.67%</u>
Total Taxable Assessed Valuation	<u>\$2,156,859,685</u>			<u>\$2,141,508,681</u>		

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

**MT. LEBANON, PENNSYLVANIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**

<u>Year</u>	<u>Tax Levy as of June 1st Billing</u>	<u>Adjustments to Tax Levy</u>	<u>Total Adjusted Tax Levy as of 12/31/12</u>	<u>Face Value of Current Collections</u>	<u>Percent of Current Tax Collection</u>	<u>Total Delinquent/Liened Collections</u>	<u>Total Collections net of refunds</u>	<u>Total Collection as Percentage of Adjusted Tax (After Refunds)</u>
2012	\$11,715,440	(\$3,692)	\$11,711,748	\$11,452,904	97.79%	-	\$11,452,495	97.79%
2011	10,289,825	(18,474)	10,271,351	10,097,309	98.31%	\$130,629	10,055,127	97.89%
2010	10,646,040	(82,613)	10,563,427	10,311,707	97.62%	194,181	10,493,040	99.33%
2009	10,644,634	(85,240)	10,559,394	10,244,195	97.01%	272,580	10,503,069	99.47%
2008	10,719,929	89,708	10,809,637	10,395,680	96.17%	263,880	10,648,402	98.51%
2007	10,671,034	104,295	10,775,329	10,287,350	95.47%	472,135	10,726,056	99.54%
2006	10,421,757	(93,253)	10,328,504	9,981,728	96.64%	336,811	10,169,835	98.46%
2005	9,804,098	49,820	9,853,918	9,432,072	95.72%	435,826	9,812,401	99.58%
2004	9,265,241	(21,206)	9,244,035	8,902,443	96.30%	332,909	9,198,325	99.51%
2003	8,467,233	(32,228)	8,435,005	8,193,502	97.14%	364,732	8,417,498	99.79%

Source: Mt. Lebanon Tax Office

**MT. LEBANON, PENNSYLVANIA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN YEARS**

	<b>Net non- electoral direct debt - governmental activities</b>	<b>Net non- electoral direct debt - business-type activities</b>	<b>Lease rental debt (1)</b>	<b>Total primary government</b>	<b>% of Assessed Valuation</b>	<b>Direct debt per capita</b>	<b>Total primary government debt per capita</b>	<b>Debt per total personal income</b>
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%
2005	23,175,000	-	6,400,000	29,575,000	1.36%	702	896	2.66%
2004	24,485,000	-	6,885,000	31,370,000	1.48%	742	950	2.82%
2003	21,965,000	-	7,765,000	29,730,000	1.39%	665	900	2.68%

(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>
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%
2005	37,719,313	94,298,283	29,575,000	64,723,283	68.64%
2004	32,999,558	82,498,895	31,370,000	51,128,895	61.98%
2003	26,893,040	67,232,600	29,730,000	37,502,600	55.78%

(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, 2012**

<u>Jurisdiction</u>	<u>Total Debt Outstanding</u>	<u>Percentage Applicable to Mt. Lebanon</u>	<u>Amount Applicable to Mt. Lebanon</u>
<b>Direct</b>			
Mt. Lebanon (1)	\$26,290,000	100.0%	\$26,290,000
<b>Overlapping</b>			
Mt. Lebanon School District (2)	131,090,000	100.0%	131,090,000
County of Allegheny (3)	861,312,217	3.3%	28,423,303
<i>Total Overlapping Debt</i>	<u>992,402,217</u>		<u>159,513,303</u>
<b>Total</b>	<u>\$1,018,692,217</u>		<u>\$185,803,303</u>

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.

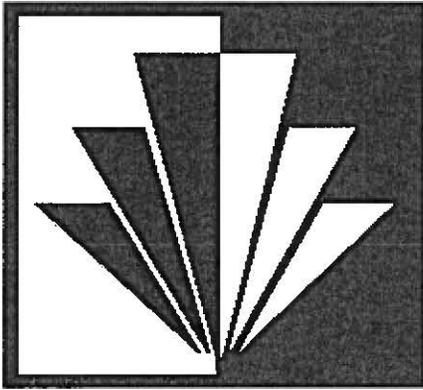
(2) Mt. Lebanon School District figures are for the year ending June 30, 2012.

(3) Proportion share of Allegheny County's existing debt as of December 31, 2012 based on the ratio of Mt. Lebanon's assessed valuation to Allegheny County's December 31, 2012 assessed valuation.

**MT. LEBANON, PENNSYLVANIA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO**

Employer	December 31, 2012			December 31, 2003		
	Employees	Rank	Percentage of Total Municipality Employment	Employees	Rank	Percentage of Total Municipality Employment
St Clair Hospital	2,121	1	24.27 %	1,956	1	19.28 %
Mt. Lebanon School District	713	2	8.16 %	917	2	9.04 %
Asbury Health Center	483	3	5.53 %	263	4	2.59 %
Network Staffing	262	4	3.00 %	-	-	-
Mt Lebanon Municipality	244	5	2.79 %	285	3	2.81 %
Baptist Homes Nursing	243	6	2.78 %	256	5	2.52 %
Keystone Oaks SD	163	7	1.87 %	225	6	2.22 %
Concordia of South Hills	163	8	1.87 %	-	-	-
Family Hospice	158	9	1.81 %	157	9	1.55 %
Giant Eagle	140	10	1.60 %	180	8	1.77 %
Super Value Holding	-	-	-	197	7	1.94 %
Mt Lebanon Manor	-	-	-	175	9	1.72 %
Bar & Restaurant Ventures	-	-	-	123	10	1.21 %
<b>Total</b>	<b>4,690</b>		<b>53.67 %</b>	<b>4,734</b>		<b>46.65 %</b>
<b>Total Employees</b>	<b>8,739</b>			<b>10,146</b>		

Source: Mt. Lebanon Tax Office

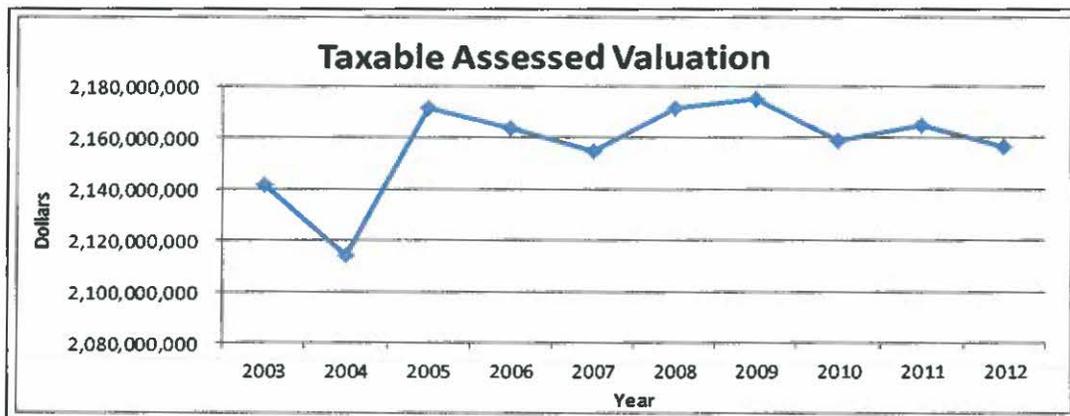


**MT. LEBANON, PENNSYLVANIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN YEARS**

<b>Year</b>	<b>Population (1)</b>	<b>Total Personal Income (2)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Household Income (1)</b>	<b>Median Age (1)</b>	<b>Educational Attainment: Bachelor's Degree or higher (1)</b>
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 %
2005	33,017	1,111,088,084	33,652	60,783	41.8	61.0 %
2004	33,017	1,111,088,084	33,652	60,783	41.8	61.0 %
2003	33,017	1,111,088,084	33,652	60,783	41.8	61.0 %

(1) Source: 2003-2010, 2000 U. S. Census; 2011-2012, 2010 U. S. Census

(2) 2003-2010 Computation of per capita personal income multiplied by population; 2011-2012, 2010 U. S. Census

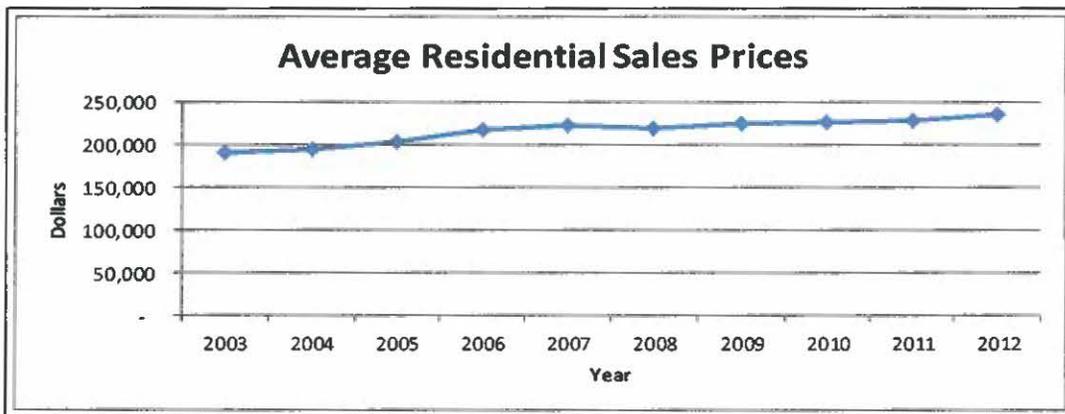


<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>	<u>Average Sales Price of Residential Property (5)</u>	<u>Total Taxable Assessed Property Value (5)</u>
5,268	4.7 %	\$235,838	\$2,156,859,685
5,297	4.8 %	228,008	2,164,809,298
5,302	5.3 %	225,237	2,159,216,301
5,294	5.0 %	224,979	2,175,275,286
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
5,505	3.6 %	202,249	2,171,329,944
5,576	4.1 %	194,654	2,113,921,663
5,616	4.1 %	190,040	2,141,508,681

(3) Source: Mt. Lebanon School District

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

(5) Source: Mt. Lebanon Tax Office



**MT. LEBANON, PENNSYLVANIA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**

Function/program	2012	2011	2010	2009
<b>General Government: (1)</b>				
Lien letter & tax certification requests	1,624	1,262	1,346	1,077
<b>Community Development:</b>				
Building permits issued (2)	635	682	733	689
Estimated value of construction <sup>a</sup> (2)	\$128,540,359	\$18,645,425	\$36,463,804	\$14,855,044
Occupancy permits issued (2)	45	47	50	127
Number of Planning Commission agenda items (3)	9	18	13	11
<b>Police: (4)</b>				
Calls for service <sup>b</sup>	26,162	26,930	28,824	28,179
Total arrests	643	693	736	818
Part I Offenses reported (major offenses)	274	269	302	295
Part I Offenses cleared percentage	49%	41%	41%	51%
Part II Offenses reported (other crimes)	655	673	737	728
Part II Offenses cleared percentage	78%	66%	70%	75%
DUI arrests	95	117	145	138
Animal control calls for service	1,641	1,739	1,555	1,699
<b>Fire: (5)</b>				
Total number of responses	3,112	3,370	2,081	4,471
Responses involving loss	24	24	36	26
Fire loss (per capita)	\$21.40	\$23.72	\$34.15	\$7.13
Structure fires	27	22	17	19
<b>Public Works: (6)</b>				
Roads resurfaced (linear feet)	1,702	7,609	6,906	7,053
Roads reconstructed (linear feet)	6,625	4,075	0	6,100
Sidewalks repaired (linear feet)	26,636	14,362	29,632	0
Curb replacement (linear feet)	1,341	1,442	1,500	2,535
Number of trees removed	126	250	132	140
Number of trees planted	121	330	248	185
Number of municipal trees	11,402	11,407	11,327	11,211
Residential curb side recycling tons picked up <sup>c</sup>	2,227	2,420	2,197	1,897
Truckloads of leaves picked-up <sup>d</sup>	1,309	1,300	1,148	1,273
Tons of snow melting salt used	1,170	6,356	7,461	7,241
Closed circuit televising (miles)	19.6	16.3	7.2	3.4
Point repairs	51	34	243	124
Root damage restoration (feet)	40,000	30,336	48,280	30,355
Structural liner corrections (linear feet)	1,770	4,523	21,983	18,185
<b>Recreation: <sup>e</sup> (7)</b>				
Ice Center Attendance	64,646	69,883	69,782	66,567
Pool Attendance	49,749	54,007	50,008	40,728
Number of golf rounds played	27,619	24,039	26,271	27,763
Number of Seasonal Programs	410	443	471	475
Seasonal Program Enrollment	10,003	10,204	10,627	10,437
Seasonal Program Attendance	65,353	67,959	70,357	68,249
Tennis Center Attendance	15,978	15,827	16,304	15,675
Number of Tennis Programs	111	126	99	78
Tennis Program Enrollment	1,061	1,273	1,067	737
Platform Tennis Center Attendance	5,790	5,183	4,818	3,719
<b>Library: (8)</b>				
Collection	154,510	158,437	172,315	170,898
Circulation	529,966	523,517	549,935	600,389
Reference questions	68,145	56,482	66,466	69,822
Number of programs	1,476	1,323	1,240	1,358
Program attendance	29,025	27,785	26,446	27,906
Registration	20,845	21,534	22,147	22,768
Registrations as a percentage of population	63%	65%	67%	69%
Website usage	340,183	421,455	421,319	958,826
<b>Parking: <sup>f</sup></b>				
Meter Tickets	9,557			
Police Tickets	7,721			

**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

2008	2007	2006	2005	2004	2003
910	954	1,027	1,153	1,251	2,101
604	705	657	667	873	570
\$15,542,003	\$22,865,653	\$23,672,730	\$28,465,410	\$35,789,688	\$36,694,757
67	93	78	107	130	126
13	15	12	17	11	11
29,211	30,393	36,393	35,051	33,040	34,068
947	867	912	805	912	829
375	363	371	329	293	320
39%	47%	49%	44%	50%	45%
810	754	734	746	766	704
77%	74%	75%	72%	74%	79%
151	137	101	86	113	92
1,559	1,920	2,156	2,003	1,822	2,086
3,378	4,259	3,395	2,688	3,340	3,058
22	46	27	33	54	43
\$18.04	\$26.23	\$4.22	\$11.79	n/a	n/a
17	32	19	27	41	35
14,017	7,920	7,921	9,243	11,655	7,405
2,849	3,960	5,444	2,920	4,850	4,999
11,113	8,105	11,341	6,589	9,078	7,954
2,125	1,421	1,675	1,774	1,751	1,716
213	118	102	148	181	194
178	194	300	162	153	185
(35)	274	198	(23)	(37)	(9)
1,078	996	694	704	707	661
1,405	1,885	1,331	1,674	1,322	1,220
6,629	5,044	1,851	6,413	8,393	9,087
21	27	23	12.1	25.1	11.4
268	269	174	219	220	46
32,208	9,007	27,842	11,675	11,343	21,000
15,431	13,059	1,413	7,775	1,162	7,174
69,312	61,481	57,652	47,479	60,426	58,557
47,541	60,197	58,056	69,392	55,077	54,503
25,696	22,247	21,969	24,049	22,010	20,487
466	447	432	371	364	352
10,133	n/a	n/a	n/a	n/a	n/a
73,970	n/a	n/a	n/a	n/a	n/a
13,135	15,988	17,921	16,795	16,717	12,082
90	52	52	n/a	n/a	n/a
985	n/a	n/a	n/a	n/a	n/a
3,422	2,759	3,480	3,338	3,423	2,929
174,105	175,302	170,869	171,401	167,784	169,876
566,824	565,883	569,246	563,852	551,350	550,333
67,760	71,275	69,060	67,225	63,282	41,254
1,309	1,552	1,309	1,425	1,317	1,339
27,647	29,549	28,799	35,609	26,893	27,420
23,158	24,879	25,172	23,358	23,296	22,410
70%	75%	76%	71%	71%	68%
840,161	713,513	714,553	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: Includes all residential recycling
- d: Truckload of leaves = 4 Tons
- e: Beginning in 2008, the Recreation Department enhanced tracking of operating indicators
- f: 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	2012	2011	2010	2009
<b>General Government</b>				
Square footage occupied	32,020	32,020	32,020	32,020
Inspection vehicles	2	2	2	2
Other departmental vehicles	5	5	5	5
<b>Public Works</b>				
Municipal street (lane miles)	179.00	179.00	179.00	179.00
Number of traffic lighted intersections	41	41	41	41
Sanitary sewers (miles) <sup>(1)</sup>	144.75	144.75	144.44	144.44
Storm sewers (miles)	58.92	58.92	58.69	58.69
Vehicles	27	27	27	27
<b>Library</b>				
Square footage occupied	30,060	30,060	30,060	30,060
Collection	154,510	158,437	172,315	170,898
<b>Recreation</b>				
Number of parks	12	12	12	12
Acreage of park land	301.71	301.71	301.71	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
<b>Public Safety</b>				
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	13
Police vehicles	29	29	29	30
<b>Parking<sup>(2)</sup></b>				
Parking Garages	2			
Square footage of North Garage	117,238			
Square footage of South Garage	112,200			
Parking spaces available in municipality	1,022			

**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.

2008	2007	2006	2005	2004	2003
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	178.48
41	41	41	41	40	40
144.44	144.44	146.08	146.08	146.08	145.57
58.69	58.69	58.69	58.69	58.69	58.32
26	28	28	27	27	26
30,060	30,060	30,060	30,060	30,060	30,060
174,105	175,302	170,869	171,401	167,784	169,876
12	12	12	12	12	10
301.71	301.71	301.71	301.71	301.71	278.38
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	2	2	2	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
13	14	14	13	12	11
30	31	33	31	32	32

**MT. LEBANON, PENNSYLVANIA**  
**FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**

<b>Function/program</b>	<b>2012 <sup>(3)</sup></b>	<b>2011 <sup>(3)</sup></b>	<b>2010 <sup>(3)</sup></b>	<b>2009 <sup>(3)</sup></b>	<b>2008 <sup>(3)</sup></b>	<b>2007 <sup>(3)</sup></b>	<b>2006 <sup>(3)</sup></b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>General Government:</b>										
Administration	4.2	4.1	4	4	5.3	5.8	5.8	5.5	5.5	5.5
Information Technology	3.1	3.7	3.4	3.1	3	2.7	2.9	2	2	2
Finance	3.8	3.8	3.8	4.6	4.7	4.7	4.9	4.5	4.5	4.5
Tax	3.6	4.7	5.3	5.3	5.3	5.3	5.2	5	5	5
Public Information	6.6	6.6	6.5	6.5	6.5	6.4	6.5	4.5	4.5	4.5
Parking Clerical	1	-	-	-	-	-	-	-	-	-
<b>Community Development</b>										
Economic Develop/Planning	3	3	3	3	3	2	2	2	2	2
GIS	1	1	1	1	1	1	1	1	1	1
Inspections	4	4.6	4.6	4	4	4	4	4	4	4
<b>Public Works</b>										
Administration	3.5	3.8	3.8	4.3	4.3	5.3	5.6	5.5	5.5	5
Maintenance/Labor	26.5	26.7	23.6	23.9	24.9	22.8	23.4	28.5	30	29.5
Maintenance/Labor - Parking	3	-	-	-	-	-	-	-	-	-
Human Services/Library	20.9	21.1	22.7	25.3	27.7	27.2	27	26.5	27.5	28
<b>Public Safety</b>										
Police Officers	44	44	44	44	44	43	42	44	44	44
Police Civilians <sup>(1)</sup>	8.9	8.9	8.9	11.1	15.7	9.4	9.4	28	29	31.5
Crossing Guards	58	58	57.4	56.5	56	56	50	-	-	-
Fire	17	17	17	17	17	17	17	17	17	17
Fire civilians	1.3	1.2	1.4	1.5	1.2	1	1	1	1	1
911 <sup>(2)</sup>	-	-	-	-	-	7.8	10.5	20	22	20.5
Parking Enforcement <sup>(4)</sup>	7.4	-	-	-	-	-	-	-	-	-
<b>Recreation</b>										
Management	5.8	5.6	5.2	5.2	5.4	5.5	4.6	5	5.5	5.5
Seasonal	3.1	2.1	2.9	3	3.6	3.4	4.1	34.5	33.5	34
Golf	3.2	5	5.3	5.3	5.8	5.7	6	9.5	9.5	9
Tennis	1.4	1.5	1.6	2.5	3.3	2.1	3.9	5.5	5.5	5.5
Ice Rink	16.3	15	14.5	14.2	15.5	13.6	16.7	16.5	16	16.5
Pool	5.8	6.1	6.1	5.8	6.5	6.2	6.1	14	14	14
<b>Totals:</b>	<b>256.4</b>	<b>247.5</b>	<b>246</b>	<b>251.1</b>	<b>263.7</b>	<b>257.9</b>	<b>259.6</b>	<b>284</b>	<b>288.5</b>	<b>289.5</b>

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

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

(3) Full-Time Equivalents (FTE) were calculated using total number of hours worked and divided by 2,080 to convert to FTE. Prior to 2006 the methodology was using 1.0 for each full-time employee, and 0.50 for each part-time and seasonal employee.

(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.

**Sources:** Mt. Lebanon financial and personnel records