



2018
ANNUAL REPORT
MT. LEBANON, PA

SAFE & SOUND





Municipal Manager Keith McGill recaps municipal finances and administrative activities every year as required by Mt. Lebanon's Home Rule Charter.

MANAGER'S *message*

It is my pleasure to present Mt. Lebanon Municipality's Popular Annual Financial Report (PAFR) for the 2018 fiscal year. The PAFR conveys the financial results of the municipality's operations. Charts, graphics and other visuals enhance the report, providing a clear, transparent and concise overview of the municipality's finances. Understanding the PAFR should not require a strong background in public finance; it is derived from the more detailed, audited 2018 Comprehensive Annual Financial Report (CAFR). Both documents are available at www.mtlebanon.org.

As evidenced by the information in this report, Mt. Lebanon ended 2018 in a very sound financial position. In 2018, the municipality continued the tradition of investing in infrastructure and public safety. We upgraded 33 traffic signals throughout the community with 80 percent of the cost funded by a PennDOT grant. We also began construction on our public works complex, with a new salt storage building, expanded storage for heavy equipment and a police firing range rising on the site. The project is scheduled for completion in fall 2019. When finished, it will allow for more efficient public works operations, and thus, better service to residents. The firing range will provide a training facility for police officers, where they can satisfy qualification requirements without needing to travel long distances beyond Mt. Lebanon.

The Popular Annual Financial Report details how local government used tax dollars to maintain and enhance the programs, facilities and services that offer the best possible quality of life for residents.

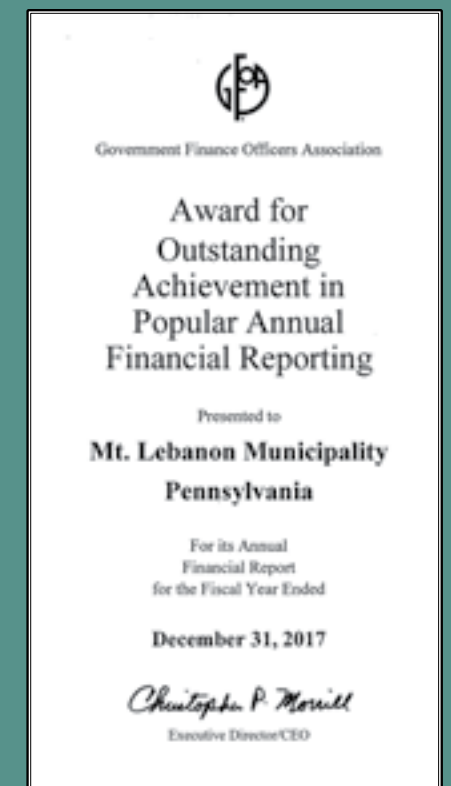
Public input and support is vital to Mt. Lebanon's elected officials and staff, as we consider important decisions and work to keep the municipality running smoothly and cost effectively. We are lucky to have an active and engaged citizenry. Please be assured that you have a voice in your community.

You are welcome to contact me at 412-343-3684 or kmcgill@mtlebanon.org with your questions, comments or concerns.

Keith A. McGill
Municipal Manager

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PAFR AWARD 2017



Safe and Sound ... It's a term we've all heard, one many of us associate with home. How often has a friend or loved one said, "Hurry home, safe and sound?" Or, "I'm glad you're home, safe and sound?" *Safe and Sound*—meaning free from risk or harm, solid, whole and healthy—dates from Middle English to the present. Chaucer and Shakespeare both used it in their works, while recently Capital Cities and Taylor Swift and The Civil Wars performed hit songs by that name.

Being *safe and sound* is a universal goal, one Mt. Lebanon residents expect and deserve. Mt. Lebanon Municipality's mission is to offer residents a high quality of life, including safety and wellness. Our record is excellent—so good that people often joke that we live in "The Bubble." Faced with constantly evolving social, economic, political, environmental and legal concerns, ensuring the well-being of people, property and community assets is more challenging for local government than ever.

Implementing *safe and sound* best practices was a high priority for the municipal staff in 2018, ranging from equipment purchase and maintenance, to roadway repair and reconstruction, to facility construction and building security, to public engagement campaigns, to creative fiscal solutions, to programs that support good physical and mental health.

Mt. Lebanon's newly adopted neighborhood sign policy provides opportunities for residents to proudly display the name of their neighborhood. The residents of Lebanon Hills were the first to do so under the new policy, to the delight of kids and adults alike.

Mt. Lebanon's home rule charter requires the manager to report each year to the Commission and the public on the state of the municipality. This popular annual financial report (PAFR) on the year 2018 is based on audited information that appears in more detail in the 2018 Comprehensive Annual Financial Report (CAFR). It reviews Mt. Lebanon's financial performance, highlights the year's accomplishments and challenges and previews initiatives underway or soon to come.

SMART MONEY MANAGEMENT

As the charts in this report illustrate, Mt. Lebanon is in fine fiscal shape, an indicator that our 107-year-old suburb remains a major player in the region. Last year, the finance department implemented new measures to save money, generate

revenue and promote long-term stability. The department introduced new parking enforcement ticketing and mobile pay software and began using a third party vendor payment processor that generated \$4,000 in actual savings but saved about \$7,000 in staff time that was redirected. The department also secured a new cyber insurance policy to protect the municipality. Our tax office collected 98 percent of municipal real estate taxes.

READY FOR ANYTHING

Police officers worked with the schools to update security at all facilities, but the biggest improvement was placement of a full-time school resource officer (SRO) at Mt. Lebanon High School, enhancing the ALiCE (Alert, Lockdown, Inform, Counter, Evacuate) training and crime prevention programs already in place. The SRO deals with police-related matters at school but also builds relationships with students and staff, which helps police proactively identify security threats and assists with ongoing investigations. Communitywide policing upgrades included expanded pedestrian/vehicular safety measures in the central business district, thanks to a PennDOT grant. Surveillance cameras were installed Uptown and at other key locations, allowing officers to resolve incidents after the fact by viewing video footage. All officers began wearing body cameras, which have proved valuable in documenting evidence.

Emergency transport was safe and fast, thanks to ambulance service provided by the Medical Rescue Team South Authority (MRTSA), which enjoys a strong partnership with St. Clair Hospital. MRTSA replaced two older ambulances with state-of-the-art vehicles and offered many preventative and support programs. Mt. Lebanon welcomed St. Clair Hospital's plan for a new ambulatory care center to be built across North Wren Drive and connected to the hospital. The hospital's plans led to a reconfiguration of the busy intersection at Firwood and North Wren drives and Bower Hill Road. The safer "plus" intersection was paid for in part by a state grant, with a major contribution from the hospital.

The Fire Department, which celebrated its 100th anniversary, dealt with safety issues



Mt. Lebanon Police Lt. Rick Patrus is wearing the department's new body-worn cameras. The small square in the center of his chest holds the camera, which only operates when the officer turns it on. A strict set of rules governs when it can be used, mostly during investigations and enforcement.

far beyond the 17 structural fires it extinguished. Our internationally accredited department responded to 1,835 incidents ranging from rescue and emergency medical calls, to hazardous conditions calls, to flood assessments. Always proactive, volunteer and career firefighters conducted safety inspections, issued permits and installed smoke detectors. This year, they expanded the fire and life safety instruction in the schools to include classes for children with special needs enrolled in the district's Life Skills Support program. A new pumper truck replaced a 2002 model. Six new recruits obtained Firefighter I certification, and members participated in live fire training and a full-scale emergency drill at Mt. Lebanon High School.

CONSIDERING THE ENVIRONMENT

Striking a balance between environmental concerns and community needs was a challenge. The municipality signed a five-year contract with Waste Management that promotes more careful recycling but also prohibits recycling of glass and most plastics. Mt. Lebanon continues to pursue recycling options for glass. The deer management program, designed to reduce deer-vehicular collisions, curtail over-browsing of native vegetation and address concerns about Lyme disease, proceeded smoothly. Parks received special attention; eight acres in Twin Hills Park were cleared of invasive plants, allowing other species to grow and freeing the area for walking. A trail plan for McNeilly Park was developed; it did not receive DCNR funding, as hoped, but the municipality will continue to pursue ways of making that underutilized space a place for active use.

Volunteers take good care of our parks, including helping to spread fresh wood chips on trails.



BUILDINGS, GROUNDS AND ALL AROUND

Well-maintained public facilities and amenities promote effective service delivery and mitigate health and safety risks. A new public works complex funded by a 2017 bond issue will be completed this fall, enhancing the staff’s ability to keep everything in good shape. In addition to regular upkeep of roads, public buildings and parks, along with leaf pickup and snow removal, the department signed contracts for three traffic signals to be replaced and others upgraded, and oversaw final repairs to the municipal building façade and the south garage. And Mt. Lebanon Park is safer and easier to navigate with new lighting on the exterior of the recreation center, in the parking lot and on the basketball courts.

THE GOOD LIFE

A variety of housing options, plentiful shopping and entertainment, and convenient public transit makes Mt. Lebanon a good choice for people of all ages. A vigilant inspection office ensures codes are enforced and properties are maintained. In 2018, a new policy allowed proud neighbors to raise money to identify their subdivisions with entry signs. Housing further diversified with the addition of five new luxury townhomes adjacent to the Washington Road central business district and construction of the 60-unit Senior Apartments of Mt. Lebanon. Revitalizing Uptown remained a focus. A Main Street survey identified what people want, and staff and volunteers developed a Placemaking Plan to attract more businesses and customers. A \$200,000 state grant kick-started a new streetscape; plans for new sidewalks, lighting and public art at the Uptown T station and in other prominent locations will move forward as more funds are available.

EXERCISING MIND AND BODY

Mt. Lebanon’s recreation department and library challenged both body and mind. A visit from Olympic speed skater John-Henry Krueger, who learned to skate here, boosted interest in the ice rink. Tennis players were pleased

to see the six bubble courts improved in partnership with Indoor Tennis. Golfers welcomed 34 new golf carts, leased at a savings of \$1,300 and, as always, the July 4 Community Day capped by fireworks was the G.O.A.T. At the library, special events provided opportunities to socialize—and raised money. Children’s and Teens’ Services thrived in the new Matt’s Maker Space; the Frankentoy program, which engages children in creating “monsters” out of old stuffed animals, won a Pennsylvania Library Association Award for best practices and the Children’s Library welcomed Mr. Baldwin’s Trolley. The trolley, which runs along one wall, memorializes former Municipal Manager Wilmer Baldwin, who died in 2017.



New golf carts at the award-winning Mt. Lebanon Public Golf Course, 1000 Pine Avenue, make play easier and quicker, and a new lease program saved money.

COMMUNITY CONNECTIONS

Well-informed residents who discuss public issues with friends and neighbors and share their opinions with elected officials and other decision makers typically feel strong and empowered, as do residents who know how to access community services and where to find help. Mt. Lebanon works hard to engage with residents, in person, through our print and online tools such as *Mt. Lebanon Magazine*, www.mtlebanon.org, www.lebomag.com and our various Facebook pages and through our many volunteer boards and authorities. A real person greets visitors to our customer service center in the municipal building. A real person, not an automated voice, answers the phone when you call.



Olympic silver medalist speed skater John-Henry Krueger visited the Mt. Lebanon Ice Center, where he learned to skate as a child, to talk to young skaters and build excitement for the sport he loves.

If you have a question, a concern, a gripe or a need, let us know. Our goal is to keep all 33,000-plus residents free from risk or harm, solid, whole and healthy—in other words,

SAFE & SOUND

TAX COST PER CAPITA

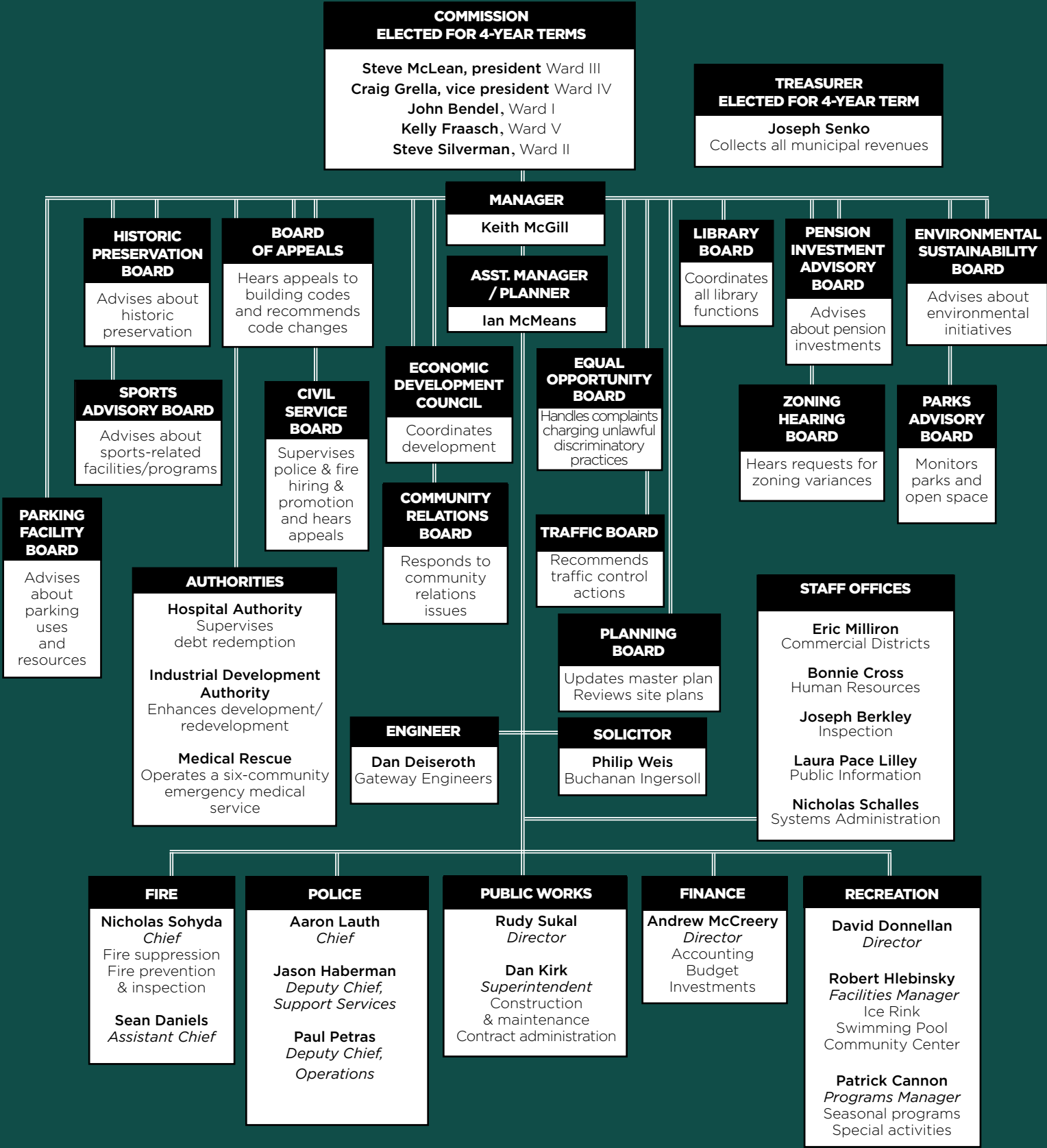
PUBLIC SAFETY	Police Protection	266.67
	Fire Protection	90.60
	School Crossing Guards	8.19
	Animal Control	3.14
	MRTSA	8.40
	Emergency Management	0.65
	Total	377.65
COMMUNITY DEVELOPMENT	Economic Development	5.09
	Planning & Engineering	4.29
	Inspections	(3.52)
	Civic Activities	2.49
	Total	8.35
PUBLIC WORKS	ADMINISTRATION	14.21
	TRANSPORTATION	
	Street Maintenance	16.24
	Sidewalk Maintenance	5.76
	Ice & Snow Control	7.83
	Streetlighting	0.43
	Traffic Signs and Signals	8.64
	Subtotal	38.90
	SANITATION	
	Street Sweeping	12.17
	Refuse Collection	61.05
	Storm Sewers	8.42
	Subtotal	81.64
	BUILDING, GROUNDS & EQUIPMENT	
	Building Maintenance	26.94
	Vehicle Maintenance	16.15
	Parks Maintenance	13.04
	Forestry	17.66
	Planting Areas	1.06
	Subtotal	74.85
	Total	209.60

RECREATION	Recreation Center	(3.01)
	Golf Course	0.66
	Tennis Center	(0.72)
	Programs	(2.10)
	Administration	7.81
	Total	2.64
INTERGOV-ERNMENTAL	Library	40.50
	Outreach Teen & Family Services	3.14
	Community Organizations	0.67
	Total	44.31
GENERAL GOVERNMENT	Administration	16.98
	Tax Collection	9.97
	Legal	10.33
	Public Information	11.18
	Finance & Personnel	9.11
	Information Systems	17.78
	Employment Benefits	0.57
	Office Services	2.75
	Total	78.67
OTHER	Debt	87.18
	Total	87.18
CAPITAL	Street Reconstruction	43.92
	Buildings, Facilities & Equipment	19.57
	Parks, Recreation & Field Improvements	7.31
	Total	70.80

TOTAL	879.20
Add (Subtract):	
General Revenues	(23.32)
Increase in Fund Balance	7.87
Interest Earnings	(3.08)
TAX COST OF SERVICE	\$860.67

ORGANIZATIONAL CHART | MT. LEBANON, PA

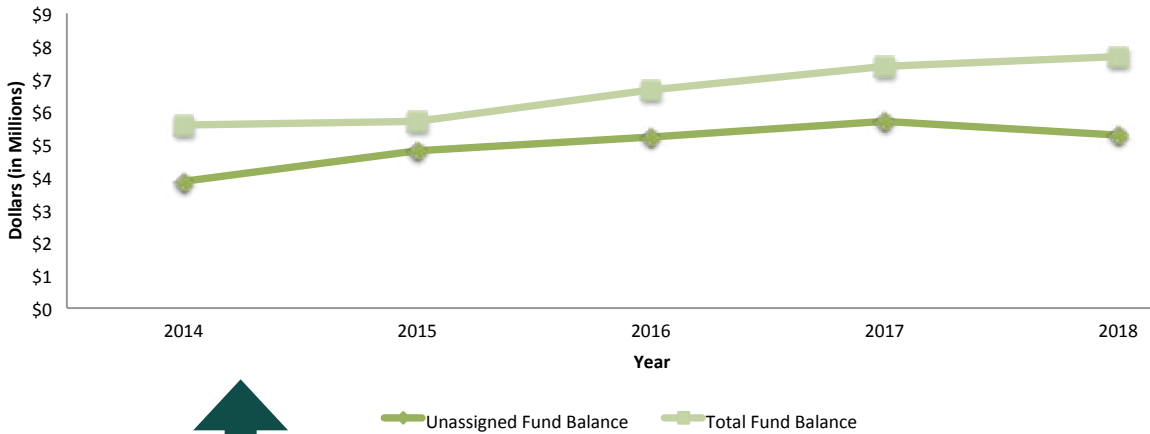
AS OF SPRING 2019



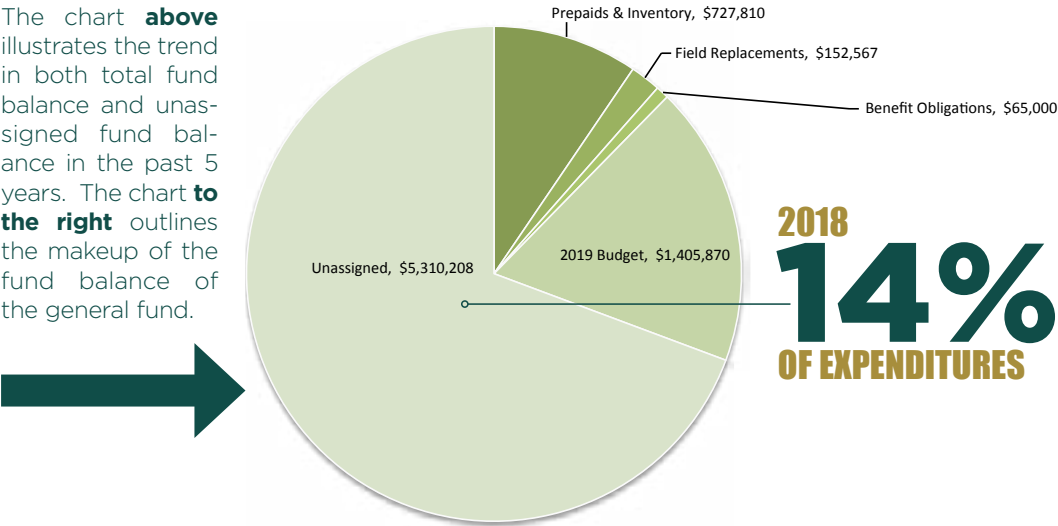
GENERAL FUND

The General Fund is the municipality’s main operating fund. The total fund balance is the difference between assets and liabilities in a specific fund. The unassigned portion of the fund balance represents expendable available resources that can be spent for future needs in accordance with the municipality’s administrative code.

Mt. Lebanon’s fund balance continues to remain at a consistent level. Fund balance can be broken up into two areas for analysis: 1) reserve funds dedicated for a specific purpose and 2) unassigned reserve funds. In 2018, the general fund surplus from operations was \$259k. Funds dedicated for a specific purpose increased by \$323k due primarily to the Commission’s assignment of fund balance for stormwater projects as a result of the severe storms western Pennsylvania has experienced over the last several years. The minimum unassigned fund balance established by the Commission is 12%, progressively increasing to 15%. At year-end 2018, the percentage was 14.4%.



The chart above illustrates the trend in both total fund balance and unassigned fund balance in the past 5 years. The chart to the right outlines the makeup of the fund balance of the general fund.



TAX REVENUES

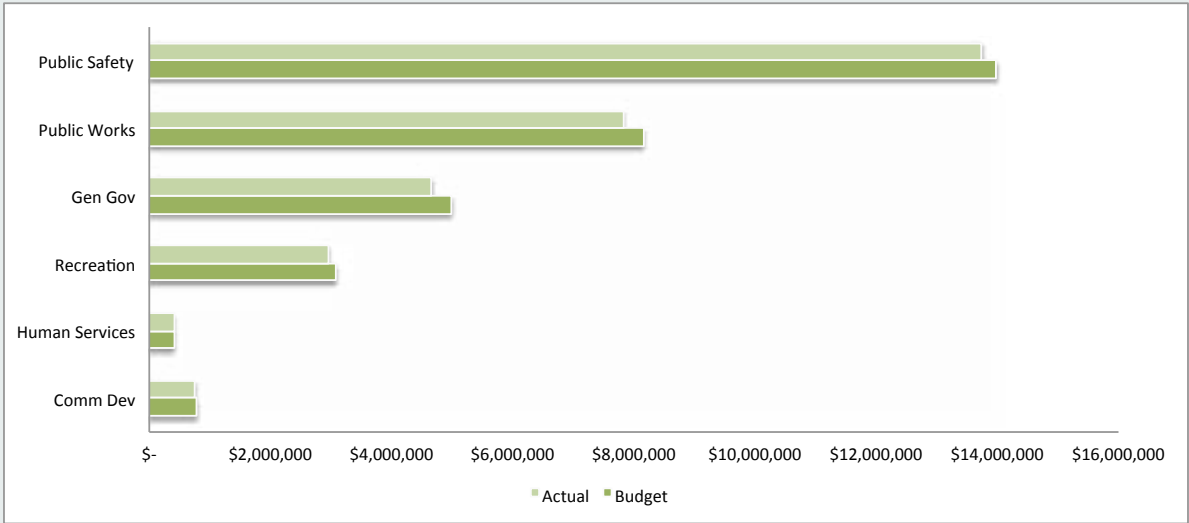
Over the past decade, the major revenue streams to provide resources for the operating budget are real estate taxes (RET) and earned income taxes (EIT). Together they account for two-thirds of total general fund revenues.



RET has remained flat since 2013 due to the lack of municipal-wide reassessment from Allegheny County. Net EIT collections in 2018 had 2.4% growth over year-end 2017 collections. The assumed growth rate for all EIT collections in 2019 is 1.5%. Finally, the municipality saw a large increase in Real Estate Transfer Tax (Deed Transfers). The municipality received more than \$1.8 million in payments, or \$194k above budgeted amounts. The municipality had 585 residential properties transfer in 2018 at an average price of \$302k.

EXPENDITURES BY FUNCTION

The operations of the municipality are divided into functional areas. The municipality’s largest function is Public Safety, which includes police and fire. Public Safety expenditures were below budget amounts by \$237k. Contributing to this large variance was the retirement of six police officers and four firefighters and the associated lower personnel costs with their replacements. Public Works, which encompasses expenditures related to transportation, sanitation, buildings, grounds and equipment, was under budget for 2018 due to contractual savings and projects that were carried over to 2019.

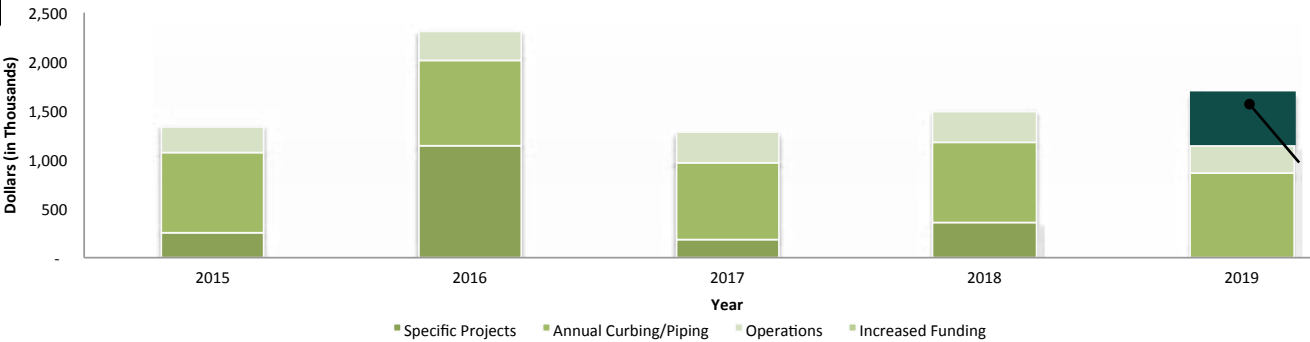


General Government, which encompasses all general administrative functions, was under budget due to savings in deferred personnel costs and lower than expected contractual services in the legal services and public information functions. Recreation expenditures were below budget by \$118k due to a reduction in participant activity at the various recreational facilities.

Overall, the operating functions of the municipality were **\$1 million** under budget appropriations.

STORMWATER CAPITAL PROJECTS AND OPERATIONS

Since the inception of the stormwater management fee in September 2011, the municipality has had an increased emphasis on tackling infrastructure improvements and properly maintaining storm sewers and inlets to mitigate the impacts of stormwater on properties in Mt. Lebanon. The municipality will average \$1.6M in annual stormwater related funding by the end of 2019. With the help of the municipal engineer, the municipality will continue to identify trouble areas and use the appropriate funding mechanisms to minimize stormwater impacts.



In October 2018, the Commission dedicated

\$521.5K

of additional general fund appropriations to stormwater projects over and above current year stormwater fees.

2017 BOND PROCEED USAGE

ICE RINK RENOVATION

\$1.5m of \$2m project cost
Completed September 2017

PUBLIC WORKS FACILITY & FIRING RANGE

\$3.8m through 2018
Estimated completion 2019

FIRE TRUCK

\$555k of \$605k equipment cost
Received spring 2018

In 2017, the municipality took out \$8.8M in bonds for 3 capital projects. Above is an update on the use of those funds per project.

STATEMENT OF NET POSITION >> GOVERNMENTAL ACTIVITIES
December 31, 2018 and 2017

	Governmental Activities	
	2018	2017
ASSETS		
Cash and other money market instruments	\$25,388,455	\$25,779,578
Receivables, net	6,222,359	6,191,068
Net position assets	-	1,759,818
Other assets*	727,810	371,430
Capital assets	104,686,640	99,347,593
Total Assets	137,025,264	133,449,487
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources for pension/OPEB	14,509,001	6,827,080
LIABILITIES		
Accounts payable and accrued payroll	4,951,116	2,731,751
Advanced deposits	868,863	668,758
Accrued interest payable	279,202	298,940
Net pension liability	14,179,529	4,877,162
Net other postemployment benefits (OPEB) Liability*	1,586,223	1,387,225
Other liabilities due within one year	3,064,398	3,050,236
Liabilities due in more than one year	25,429,267	27,829,909
Total Liabilities	50,358,598	40,843,981
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources for pension/OPEB	6,945,117	8,678,147
NET POSITION		
Net investment in capital assets	80,723,787	77,334,705
Restricted	10,026,812	8,967,508
Unrestricted*	3,479,951	4,452,226
Total Net Position	\$94,230,550	\$90,754,439

*2017 balances restated to reflect recognition of OPEB liability as of January 1, 2018

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
For the year ended December 31, 2018

FUNCTIONS/PROGRAMS	2018			2017	VARIANCE
	EXPENSES	PROGRAM REVENUES	NET EXPENSE	NET EXPENSE	
Governmental activities					
General government	\$5,083,689	\$2,809,402	\$(2,274,287)	\$(2,030,513)	\$243,774
Community development	807,040	482,238	(324,802)	(398,086)	(73,284)
Public works	17,914,631	12,001,459	(5,913,172)	(4,958,329)	954,843
Human services	2,677,144	840,630	(1,836,514)	(1,642,688)	193,826
Culture and recreation	3,270,388	2,869,864	(400,524)	(914,910)	(514,386)
Public safety:					
Police	10,385,642	609,748	(9,775,894)	(8,980,413)	795,481
Fire	3,901,203	218,138	(3,683,065)	(3,248,707)	434,358
Other	1,104,483	591,515	(512,968)	(420,847)	92,121
Interest on long-term debt	717,438	-	(717,438)	(773,131)	(55,693)
Total governmental activities	\$45,861,658	\$20,422,994	(25,438,664)	(23,367,624)	2,071,040
General revenues:					
Taxes			28,379,822	28,257,597	122,225
Transfer from parking fund			166,300	162,151	4,149
Interest income			368,653	176,679	191,974
Total general revenues			28,914,775	28,596,427	318,348
Change in net position			\$3,476,111	\$5,228,803	\$(1,752,692)



STATEMENT OF NET POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
Current and other assets	\$1,080,163	\$1,261,271
Capital assets	8,466,764	8,907,218
Total Assets	9,546,927	10,168,489
LIABILITIES		
Current and other liabilities	851,566	1,038,136
Non-current liabilities	484,656	1,151,507
Total Liabilities	1,336,222	2,189,643
NET POSITION		
Net investment in capital assets	7,344,896	7,061,560
Unrestricted	865,809	917,286
Total Net Position	\$8,210,705	\$7,978,846

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ending December 31, 2018 and 2017

REVENUES		
Charges for service	\$2,074,380	\$2,041,315
Other, including interest	15,420	7,510
Total Revenues	2,089,800	2,048,825
EXPENSES		
Operating	1,657,209	1,421,526
Non-operating	34,432	45,928
Total Expenses	1,691,641	1,467,454
Increase in Net Position before transfers	398,159	581,371
Transfers	(166,300)	(162,151)
Change in Net Position	\$231,859	\$419,220

PERSONNEL CHANGES

Like many other governments and companies, retirements and personnel turnover can have a big impact on operations both in terms of cost and services provided. Mt. Lebanon experienced 11 retirements of full-time employees in 2018, which were all in public safety. Our police and fire departments were able to manage the workloads effectively without disruption to the services provided to the community. By the end of February 2019, all positions were filled.

As part of the budgetary process every year, the Commission looks to add value where it can through personnel. In 2018 and continuing into 2019, the Commission has added five new positions to provide better service to Mt. Lebanon.

2018
beginning of year

147 full-time employees

2018
changes throughout

NEW POSITIONS

- 1 animal control officer
- 1 recreation center maintenance person
- 1 school resource officer

Total 3

RETIREMENTS

- 4 firefighters
- 6 police officers
- 1 animal control officer

Total 11

POSITIONS TO BE FILLED BY YEAR END

4 police officers

2019
employee budget

150 full-time employees

NEW POSITIONS:

- 1 teen librarian (July 1st)
- 1 senior library assistant (July 1st)

Total 152 full-time employees

Accounting standards for governments require financial statements to be presented on a government-wide basis. The financial statements shown on page 12 are condensed government-wide statements which reflect the municipality's financial position and operating results for its governmental activities for 2018, including future obligations. The corresponding statements for the municipality's enterprise fund—the Parking Fund—are presented on page 13. Fiduciary (pension and other post-employment benefits) statements are not included. All component units of the municipality are included in these statements.

The financial information presented here is derived from the municipality's Comprehensive Annual Financial Report (CAFR) for 2018. The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and includes additional financial statements, note disclosures and required supplemental information. The completed CAFR is traditionally available in May and any citizen interested in reviewing the full CAFR may contact the municipal finance office. Copies will be on file at the public library, the municipal building and on the municipal website at www.mtlebanon.org.

The government-wide statements report information about the municipality as a whole using accounting methods similar to those used by private-sector companies. Two different government-wide statements are presented: the statement of net position, which includes assets and liabilities, and the statement of activities (governmental activities)/statement of revenues, expenses and changes in net position (parking fund), which focuses on how the net position changed during the year. The Statement of Net Position measures the financial health of the municipality. Over time, increases or decreases in net position (the difference between assets and liabilities) may be an indicator of whether its financial health is improving or deteriorating.

The governmental activities statements include the eight funds of the municipality (including the Mt. Lebanon Public Library), and a blended component unit (the Mt. Lebanon Industrial Development Authority). The Parking Fund statements, which in the CAFR will be presented on the same statements as the governmental activities, are separately presented in this report in order to give additional detail on its operations.

GOVERNMENTAL ACTIVITIES <HIGHLIGHTS>

For the governmental activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the end of 2018 by \$94.2 million (net position). Net position consists of three components: net investment in capital assets such as land, buildings, equipment or infrastructure, reduced by any debt used to purchase them; net assets that have constraints placed on their use (restricted); and net assets that are not included in the first two categories listed above (unrestricted).

Net position increased by \$3.5 million from 2017 to 2018. The increase in total net position for 2018 had three major components: (1) increase in capital assets acquired or built

using funds other than debt; (2) increase in net pension liability offset by deferred outflows/inflows of resources (decrease in net position); (3) recognition of net other postemployment benefits liability per Governmental Accounting Standards Board (GASB) Statement No. 75 (decrease in net position).

Other post-employment benefits (OPEB) are negotiated or arbitrated benefits with respect to retired employees. Some of the benefits have been reduced or eliminated for new hires. In prior years, the liability associated with these benefits was not recognized in the financial statements. In 2018, the liability has been recognized. As a result of this implementation, the government-wide net position as of January 1, 2018 was restated with a decrease of \$1,467,170 to record the municipality's OPEB liability.

As it has been since its implementation in 2015, the effect of GASB Statement No. 68 (GASB 68) had a large impact on Mt. Lebanon's financial statements. This standard recognizes the unfunded liability for pensions on the Statement of Net Position and recalculates pension expense for the Statement of Activities.

Net pension liability is the total pension liability less funds available for pension obligations. One of the major contributing factors to pension liabilities is the return on investment of the money contributed by the municipality to pay for current and future benefits. The assumption for our pension plans is that the plans will return 7.25% on the money invested. In 2018, due to the market fluctuations in the fourth quarter of 2018, our pension plans lost approximately 4.7% for the year, which causes major increases to the pension liability. In 2018, the change in net pension liabilities was \$11.1 million.

Another GASB 68 factor is the way pension expense is calculated for the Statement of Activities. This calculation is for financial statement purposes only and does not affect the municipality's pension payments on a budgetary basis. The municipality's pension plans are governed by the Commonwealth's Act 205 (Act). The difference between the financial statements and the Act 205 calculated pension expense was \$1.7 million.

In 2017, the additional pension expense was \$472k. The reason for the increase in 2018 was the recognition of pension investments not meeting the target rate of return (\$1.4 million). Overall, the municipality's pension funds are well funded with respect to the Act, ranging from 88% to 101% funded as of the 2018 actuarial valuation.

In 2019, the municipality will complete an actuarial valuation on our pension plans that will determine the funding percentages needed for our 2020 and 2021 budgets. Based on the asset valuation data presented above, the municipality expects to have an increase in municipal contributions needed to maintain funded ratios between 85-100%. This information will be available upon preparation of the 2020 budget.

Unlike the private sector goal of maximizing revenues, a government's goal is to provide high quality services at the lowest possible costs. The cost of providing the various municipal services may be offset by outside sources such as fees, grants and contributions. The statement of activities presents operational activities using a net cost format (expenses including depreciation less revenues generated by the activity) to demonstrate the portion of each activity that requires financing by general government sources (generally taxes). For example, public safety

had expenses of \$15.4 million and generated revenue of \$1.4 million, resulting in a net cost of \$14.0 million. This net cost is paid from the general tax revenues of the municipality. As illustrated by the 2018 net expense column, the municipality has dedicated over 49 percent of its general tax revenues to public safety. This continues to be an emphasis in order to maintain Mt. Lebanon as a desirable place to live.

RESULTS IN BRIEF <VARIANCES FROM PRIOR YEAR OVER \$100K>

General Government: Revenue increases from workers compensation dividends (\$28.6k) netted against revenue decreases in cable franchise fees (\$43.4k). Expense increases included GASB 68 pension expenses (\$61.6k) and operating expenses of 4.6%.

Public Works: Increases to capital related expenditures including depreciation (\$232.0k), sewer processing charges (\$271.3k), GASB 68 pension expense (\$163.0k) and operational expenses of 6.7%.

Human Services: Increases in the appropriations to the Library and Medical Rescue Team South Authority (MRTSA) and GASB 68 pension expense increases (\$46.4k).

Police: GASB 68 pension expense increase (\$436.8k) and an increase in operational expenses of 3.7%.

Fire: : Increases from GASB 68 pension expense (\$398.8k) netted with a decrease of 1.6% in operational expenses.

Taxes: Increases in real estate tax collections (\$12.0k) and real estate transfer tax (\$83.2k).

Other notable financial highlights of 2018 include: The continuation of the public works renovation and new firing range project along Cedar Boulevard. Funds expended for this project to date total \$3.8 million with expected completion in 2019. The street reconstruction program had expenditures of \$2.1 million and sanitary and storm sewer projects totaled \$1.8 million. Other notable capital improvements completed in 2018 were the acquisition of a new fire truck (\$605.3k) and the completion of a lighting project outside the recreation center. These capital items accounted for 87.5% of governmental activities capital asset activity.

PARKING FUND <HIGHLIGHTS>

The municipality operates 2 parking garages (567 spaces), 6 lots (205 spaces) and 246 metered spaces. The parking operations are spread throughout different departments within the municipality based on functional duties. There are six parking specific full-time employees, including parking enforcement and facilities personnel.

Overall, the parking fund shows an increase in net position of \$231.9k. Operating income was \$423.5k for 2018. When compared to 2017, this is a decrease of \$196.2k due to increases in personnel costs and an increase in depreciation. Since the municipality took over the parking functions from the Mt. Lebanon Parking Authority in 2012, the parking fund has had sufficient revenues to cover all operating expenses and maintain a reserve for future capital projects.

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TOP 10 REAL ESTATE TAXPAYERS

Taxpayer	Assessed Values
The Galleria of Mt. Lebanon	\$29,300,000
Brookdale Senior Housing	19,000,000
Bower Hill at Mt. Lebanon Cooperative	17,500,000
Concordia of the South Hills	13,162,800
Mt. Lebanon Hospitality	10,350,000
Bower Hill III Apartments	9,500,000
Virginia Manor Shops	7,931,300
Pendale Towers	7,150,000
St. Clair Hospital	6,026,680
The Pines of Mt. Lebanon	5,700,000

TOP 10 EMPLOYERS

Employer	Employees earning more than \$12,000
St Clair Hospital	2,043
Mt. Lebanon School District	801
Asbury Heights	465
Baptist Homes Nursing	222
Mt. Lebanon Municipality	221
Keystone Oaks School District	167
Concordia of the South Hills	132
Shop 'n Save	114
Brookdale Senior Living	103
Giant Eagle	98

MT. LEBANON'S DEMOGRAPHIC & ECONOMIC STATISTICS

POPULATION

Total Mt. Lebanon population	33,137
Under age 19	25.5%
Over age 65	19.7%
First language other than English	10.0%
Health insurance coverage	97.4%
Born in another country	8.3%
Median age	44.6 years

HOUSING

Total housing units	14,696
Residential properties sold	585
Owner-occupied	73.4%

ECONOMICS

Adults with bachelor's degree or higher	70.9%
Unemployment rate (Mt. Lebanon)	3.2%
Unemployment rate (Allegheny County)	5.9%
Mean travel time to work	28 minutes
Income per capita	\$52,707
Median family income	\$125,790
Average sale price of residential property	\$301,925

SOURCES: 2010 Census, 2013-2017 American Community Survey, RealSTATS



Explore financial information and other detailed municipal data by clicking on OpenLebo at www.mtlebanon.org.



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