

Township of Upper St. Clair

Pennsylvania

Comprehensive Annual Financial Report
Year Ended December 31, 2011



TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2011

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Mark S. Mansfield, Assistant Township Manager

PREPARED BY THE FINANCE DEPARTMENT

August G. Stache, Jr., CPA, Director

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2011

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Office of the Manager
Matthew R. Serakowski

August 29, 2012

Board of Commissioners
Township of Upper St. Clair, Pennsylvania

The Comprehensive Annual Financial Report of the Township of Upper St. Clair, Pennsylvania (Township) for the year ended December 31, 2011, is submitted herewith. Management's representations concerning the finances of the Township are contained in this report. We believe that the data, as presented, is accurate in all material aspects and that the complete set of financial statements are presented in conformity with generally accepted accounting principles (GAAP) and have been audited in accordance with U. S. generally accepted auditing standards by a firm of licensed certified public accountants.

Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the Township's management has established a comprehensive internal control framework that is designed both to protect the Township's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Township's financial statements in conformity with GAAP. Since the costs of internal controls should not outweigh their benefits, the Township's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. The Township management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Case Sabatini, a firm of licensed certified public accountants, has audited the Township's financial statements. The independent audit provides reasonable assurance that the Township's financial statements for the year ended December 31, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements: assessing the accounting principles used and significant estimates made by management; and evaluating overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Township's financial statements for the year ended December 31, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The Township of Upper St. Clair was incorporated in 1788 as one of the original seven townships of Allegheny County located in southwestern Pennsylvania. In January 1954, Upper St. Clair was designated a First Class Township of the Commonwealth of Pennsylvania. On January 1, 1976, Upper St. Clair officially became a Home Rule Community when its Home Rule Charter went into effect. The Township currently occupies a land area of 10 square miles and serves a population estimated at 19,229 by the U. S. Census Department. The Township is empowered to levy a property tax on real estate and an earned income tax on salaries, wages, and net profits.

The Home Rule Charter provides for a Board of seven Township Commissioners, two of whom are elected at large by all the voters of the Township, and one who is elected from each of the five wards in the Township. Each Commissioner serves a term of four (4) years. It is this Board of Commissioners, which is the final policy authority of the Township. The Township Manager is appointed by the Board of Commissioners and is the Chief Administrative Officer of the Township, directly responsible and accountable to the Board of Commissioners. The Manager also serves as Secretary of the Township.

The Township provides a full range of services and programs for residents and businesses within its boundaries. Included in this report are public safety, public works, which includes the construction and maintenance of highways, streets, and other infrastructure, community development and planning, recreation programs for all age groups, library services, and general administration services. In 2009, the Township opened a newly constructed Community & Recreation Center that features an outdoor and an indoor aquatic center, a gymnasium with two full-sized basketball courts, a fully equipped fitness area, an indoor running track, and meeting spaces for community events. Fire protection services are provided by the Upper St. Clair Volunteer Fire Department, a self-governing organization independent of the Township, and are not included in this report. Emergency and non-emergency medical transport services are provided by the Tri-Community South Emergency Medical Services (TCS), which is a joint venture the Township has with two other local government units. This report does not include the Upper St. Clair School District, which is also an independent organization.

The Annual Budget serves as a foundation for the Township's financial planning and control. All departments of the Township are required to submit requests for appropriation to the Township Manager by the end of August of each year. The Township Manager uses these requests as a starting point for developing a proposed budget. The Manager's proposed budget is presented to the Board of Commissioners and the public prior to October 31. The Board of Commissioners is required to hold a public hearing on the proposed budget at its November meeting and to adopt a final budget by no later than December 31, the close of the Township's fiscal year. Budget-to-actual comparisons are provided in this report for each governmental and proprietary fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 35 as part of the basic financial statements for governmental funds. For governmental funds, other than the general fund, and proprietary funds with appropriated annual budgets, budget-to-actual comparisons can be found on pages 90-105.

LOCAL ECONOMY

To understand the local economy in which the Township operates, it is important to note that the Township is primarily a residential community situated 12 miles south of the City of Pittsburgh in Allegheny County. During the past 40 years, the local economy has gradually shifted from a concentration in heavy industry, manufacturing, and farming to service oriented businesses. While the Township has retail and professional office developments, most of the residents are professional employees who commute to work outside of the Township.

In 2009, the Township was recognized by *U.S. News and World Report* as one of the “Top Ten Best Places to Live in the United States.” The Township is generally regarded as a desirable community to live in and attracts many transferring corporate executives, medical, legal, and other professionals. These individuals' incomes have grown during the past 40 years, and have been relatively unaffected by major plant closings. During the past ten years, the unemployment rate of Allegheny County has fluctuated from a low of 3.7% in 2006 to a high of 8.1% in 2010. In 2011, it stood at 6.7%. The unemployment rate increase in Allegheny County has not had a significant impact on the Township’s ability to collect the tax it levies on its residents. The data presented in the Statistical Section illustrates steady to rising collections from both Real Estate and Earned Income Taxes.

The Township believes that the future economic outlook as it affects Township residents remains fairly positive. The Real Estate and Earned Income Tax bases are stable and the Township expects to continue to provide quality municipal services, as expected by its residents.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the general fund (17.4 percent of total general fund revenues) is well above the minimum acceptable amount established by policy guidelines set by the Board of Commissioners for budgetary and planning purposes (i.e. 8 percent of total general fund revenues). The Community & Recreation Center and its operation have now become a major component of the Township’s long-term planning process and maintenance of the facility and equipment replacement have become major priorities of the Township’s Capital Improvement Plan. The Board of Commissioners continually monitor the fee structure of the Community & Recreation Center to ensure its self sustaining operation; thus, allowing the fund balance level of the general fund to be maintained for future capital needs. The other major area of long-term focus for the Township remains the costs of complying with the EPA consent order for the sanitary sewer system.

RELEVANT FINANCIAL POLICIES

In November of 2009, the Pennsylvania State Supreme Court ruled in favor of a tax assessment plan for all properties in Allegheny County. The plan was developed by Allegheny County Common Pleas Court Judge Stanton R. Wettick through a court ruling of a taxpayer initiated case against Allegheny County’s tax assessment procedures. Under his plan, the county would be divided into four assessment districts. Over a four-year period, the county would undertake a reassessment of one district per year. For the Township, the reassessment of the properties within its borders will mean that its real estate tax rate will be adjusted in 2013.

MAJOR INITIATIVES

In 2008, the state legislature passed Act 32, which consolidated 560 local earned income tax collectors across Pennsylvania into 65 countywide and 4 Allegheny County regional tax collection districts. Upper St. Clair Township has been placed into the Allegheny Southwest Tax Collection District. This district contains 43 municipalities and 20 school districts that geographically are located southwest of the City of Pittsburgh and reside in Allegheny County.

The new collection system will require all employers in the state to withhold the earned income tax for each one of their employees irrespective of where they reside and turn over the collections to the tax collection district they are headquartered in. The intent of the legislation is to provide a streamlined tax collection system with uniform forms and procedures that will simplify the tax collection for companies that conduct business in Pennsylvania. Also, it is

intended to provide a cost savings to each taxing district through a consolidation of tax collection services and increased collection of revenue for each taxing entity. The earned income tax collection process for the Allegheny Southwest Tax Collection District will begin in 2012.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Township for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. This was the twenty-third (23rd) consecutive year that the Township has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

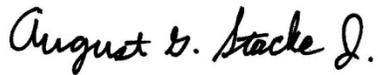
A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements; we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. We would like to thank the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Township's finances.

Respectfully submitted,



Matthew R. Serakowski
Township Manager



August G. Stache, Jr., CPA
Director of Finance

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CERTIFICATE OF ACHIEVEMENT

YEAR ENDED DECEMBER 31, 2011

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Township of Upper St. Clair
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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.



Linda C. Danison

President

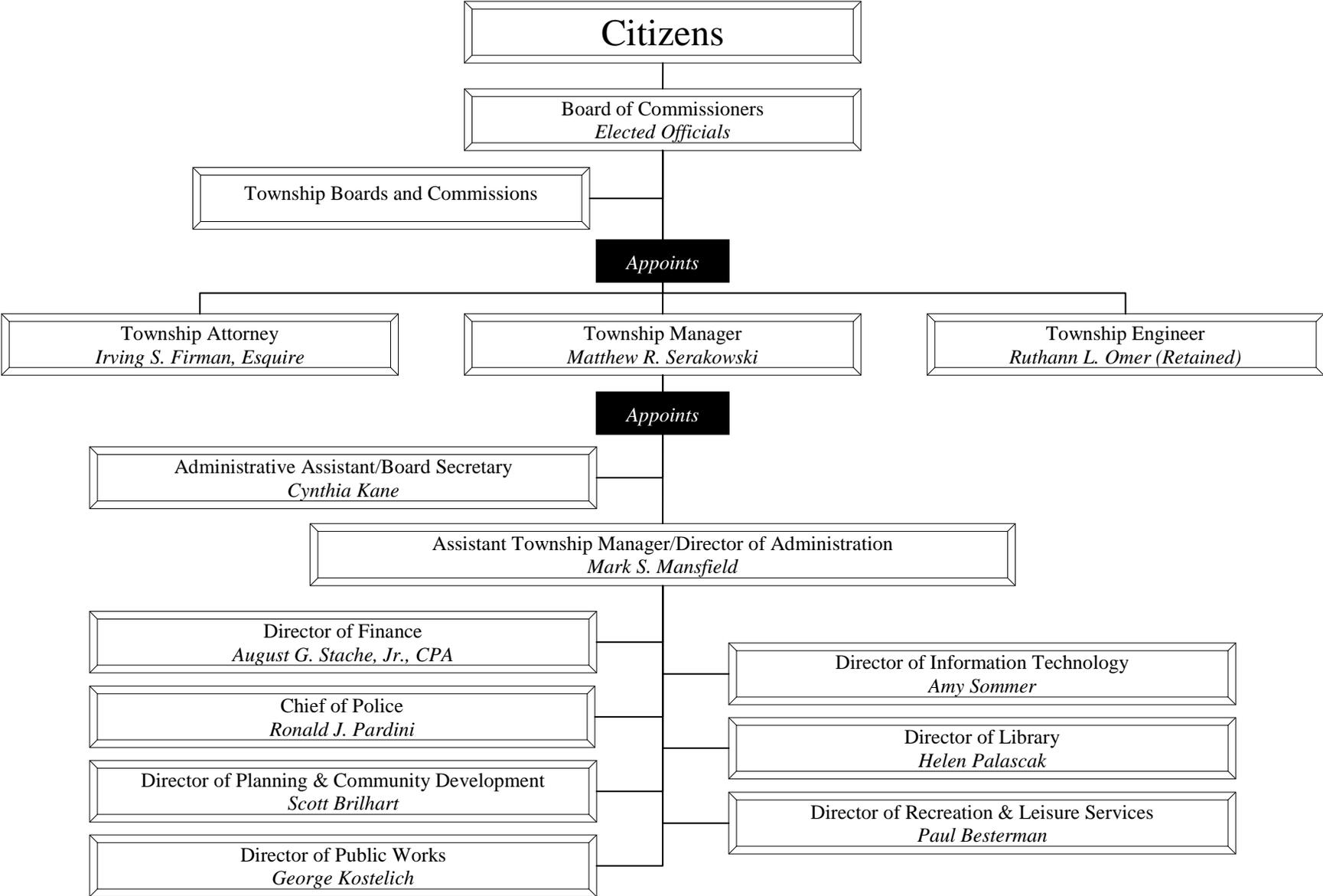
Jeffrey R. Enos

Executive Director

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

ORGANIZATIONAL CHART

YEAR ENDED DECEMBER 31, 2011



FINANCIAL SECTION

CASE | SABATINI

P.O. Box 10885
470 STREETS RUN ROAD
PITTSBURGH, PA 15236-2023

August 29, 2012

Board of Commissioners
Township of Upper St. Clair
Upper St. Clair, Pennsylvania

Independent Auditor's Report

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 Township of Upper St. Clair, Pennsylvania as of and for the year ended December 31, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Township of Upper St. Clair, Pennsylvania as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required supplementary pension and OPEB information, and budgetary comparison information on pages 15 through 27, 77 through 82, and 89 through 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Upper St. Clair, Pennsylvania's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor 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 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.



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Members of the American
and Pennsylvania Institute of
Certified Public Accountants

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

Our Management's Discussion and Analysis (MD&A) of the Township of Upper St. Clair's (Township) financial performance provides an overview of the Township's financial activities for the year ended December 31, 2011. This information should be reviewed in conjunction with the Township's financial statements that begin on page 28.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*," issued June 1999. The intent of this discussion and analysis is to look at the Township's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- At December 31, 2011, the Township's net assets were \$23,988,048, a decrease of \$423,797 or 1.7% from 2010. The decrease was due mainly to the planned increase in spending for work done for the EPA Consent Order on the Township's sanitary sewer system of \$1.3 million.
- Unrestricted net assets were \$9,659,321 at December 31, 2011, a net increase of \$549,438 or 6.0% from the prior fiscal year. The governmental activities portion of this increase was \$1,123,316 but that increase was offset by a decrease of \$573,878 which was reported for 2011 in the business-type activities. The increase occurred mainly from excess revenues over expenses for governmental activities of \$.6 million.
- At December 31, 2011, the Township had \$56,178,786 of general obligation debt outstanding. This represents a net decrease of \$1,301,475 or 2.3% from the previous year. The Township made principal payments on its outstanding bonds and notes in 2011 totaling \$1,690,001. The Debt outstanding represents a manageable burden of \$2,922 per capita.
- The Township maintained a strong bond rating of AA+ from Standard & Poor's Rating Services.
- The real estate tax rate remained 4.60 mills for 2011.
- The total fund balance of the Township's General Fund at December 31, 2011 was \$3,308,125, an increase of \$6,500 or .2% from the preceding year. The unassigned fund balance in the General Fund was \$3,086,678 at December 31, 2011 which represents 23.1% of General Fund expenditures for fiscal year 2011.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

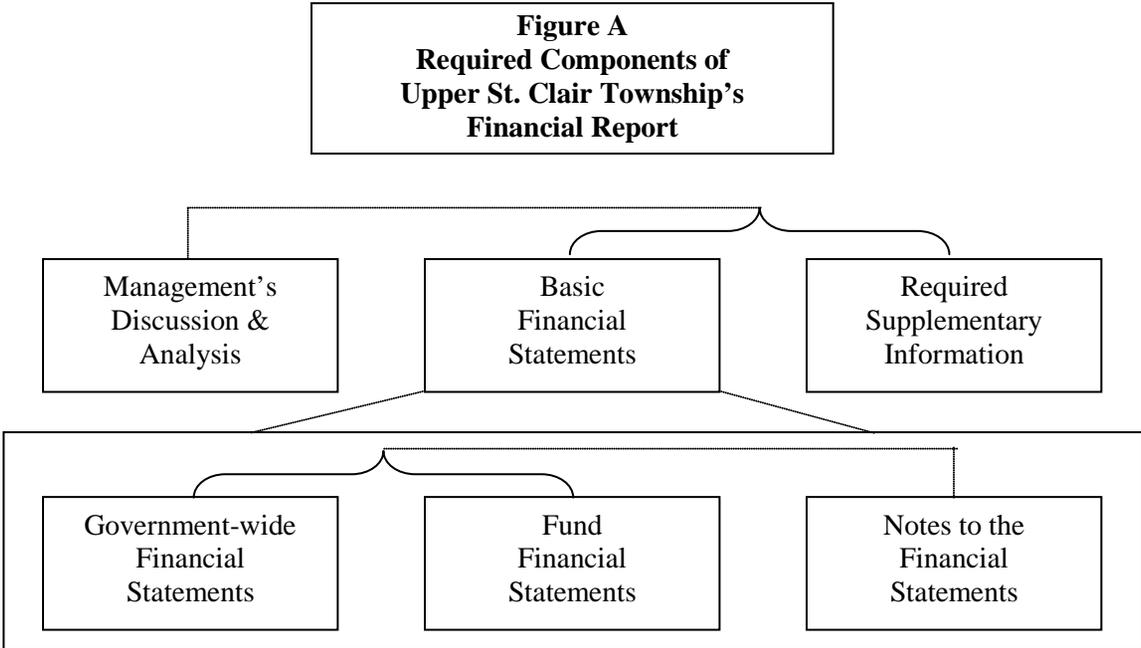
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

USING THE BASIC FINANCIAL STATEMENT REPORT

This Basic Financial Statement Report consists of a transmittal letter and a Financial Section. Within the Financial Section are the Management’s Discussion and Analysis (this section) and a series of financial statements and notes to those statements. The Statement of Net Assets and Statement of Activities, on pages 28 and 29 respectively, provide information about the activities of the Township as a whole and present a longer-term view of the Township’s finances. Fund Financial Statements, which start on page 30, provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the Township’s most significant funds with all other non-major funds presented in total in one column. For Upper St. Clair Township, the General Fund is the most significant fund. Lastly, the financial statements include notes that explain some of the information in the financial statements and provide more detailed data.

Figure A shows how the required parts of the Financial Section are arranged and relate to one another:



TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

Reporting the Township as a Whole

Government-wide Financial Statements

While the Fund Financial Statements beginning on page 30 contain the majority of funds used by the Township to provide programs and activities, the Statement of Net Assets and the Statement of Activities answer the question, "How did we do financially during 2011?" These statements, beginning on page 28, include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net assets and changes in those assets. This change in net assets is important because it informs the reader, for the Township as a whole, whether the financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Township's property tax base, current property tax laws in Pennsylvania restricting revenue growth, facility conditions, required governmental services and other factors.

In the Statement of Net Assets and the Statement of Activities, the Township is divided into two distinct kinds of activities:

- Governmental activities – Most of the Township's basic services are included here, such as general government, public safety, public works, community development, recreation, and library services. Earned income taxes and property taxes finance most of these activities.
- Business-type activities –The Township operates a sanitary sewer system, a magazine publication, and a community & recreation center. The sanitary sewer system is funded through fees to users of the system, the magazine publication is financed through advertisements, and the majority of the operating activities of the community & recreation center are financed through membership fees.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

Reporting the Township's Most Significant Funds

Fund Financial Statements

Fund financial statements, which begin on page 30, provide detailed information about the most significant funds – not the Township as a whole. Some funds are required by state law and by bond requirements.

Governmental funds: Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's services. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reflected in a reconciliation after each fund statement on pages 31 and 34.

Proprietary funds: These funds are used to account for the Township's activities that are similar to business operations in the private sector. A significant portion of funding is from user charges. When the Township charges for services it provides – whether to outside customers or to other units in the Township – these services are generally reported in proprietary funds. The Sanitary Sewer Fund, the Township/School District Magazine Fund, and the Community & Recreation Center Fund are the Township's proprietary funds and use the same basis of accounting as business-type activities. Therefore, these statements are the same as the business-type activities discussed above. The basic proprietary fund financial statements can be found on pages 36-39 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 40-41 of this report.

Notes to financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-77 of this report.

Other supplementary information: In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 79-84 of this report.

The combining statements referred to in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 88-89.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets may serve over time as a useful indicator of the Township's financial position. Total net assets were \$23,988,048 and \$24,411,845 at December 31, 2011 and December 31, 2010, respectively. By far the largest portion of the Township's net assets (60%) reflects its investment in capital assets net of related debt. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Table 1
Year Ended December 31
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current and Other Assets	\$ 11,880,872	\$ 10,719,916	\$ 5,361,414	\$ 4,568,221	\$ 17,242,286	\$ 15,288,137
Capital Assets	28,242,742	28,969,649	41,305,048	42,603,945	69,547,790	71,573,594
TOTAL ASSETS	<u>\$ 40,123,614</u>	<u>\$ 39,689,565</u>	<u>\$ 46,666,462</u>	<u>\$ 47,172,166</u>	<u>\$ 86,790,076</u>	<u>\$ 86,861,731</u>
LIABILITIES						
Current and Other Liabilities	\$ 2,822,877	\$ 2,349,884	\$ 4,787,648	\$ 2,619,741	\$ 7,610,525	\$ 4,969,625
Long-term Liabilities:						
Due within one year	649,350	686,649	-	723,027	649,350	1,409,676
Due in more than one year	19,084,011	19,823,925	35,458,142	36,246,660	54,542,153	56,070,585
TOTAL LIABILITIES	<u>22,556,238</u>	<u>22,860,458</u>	<u>40,245,790</u>	<u>39,589,428</u>	<u>62,802,028</u>	<u>62,449,886</u>
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	9,191,787	9,565,271	5,073,371	5,421,613	14,265,158	14,986,884
Restricted	63,569	75,132	-	239,946	63,569	315,078
Unrestricted	8,312,020	7,188,704	1,347,301	1,921,179	9,659,321	9,109,883
TOTAL NET ASSETS	<u>17,567,376</u>	<u>16,829,107</u>	<u>6,420,672</u>	<u>7,582,738</u>	<u>23,988,048</u>	<u>24,411,845</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 40,123,614</u>	<u>\$ 39,689,565</u>	<u>\$ 46,666,462</u>	<u>\$ 47,172,166</u>	<u>\$ 86,790,076</u>	<u>\$ 86,861,731</u>

Part of the Township's net assets is invested in capital assets (infrastructure, land, buildings, and equipment) and these capital assets cannot be used to liquidate the debt related to acquire them. *The remaining unrestricted net assets (\$9,659,321) may be used to meet the Township's debt related to capital assets or other ongoing obligations to citizens and creditors.*

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

After excluding transfers from governmental funds to business-type funds of \$1,483,816 and \$1,683,141 for 2011 and 2010, respectively, governmental revenues for 2011 totaled \$20,389,480; while, governmental revenues for 2010 amounted to \$20,115,378. This 1.4% increase in governmental revenue from 2010 amounted to \$274,102, and provided the funds to cover the total governmental expenses of \$18,167,395. For 2011, governmental revenues exceeded governmental expenses by \$2,222,085 or 12.2% and were due mainly to an increase of earned income taxes and to the unanticipated cost savings from the general government, community development, and public works categories. The business-type funds reported that expenses exceeded revenues by \$2,645,884 for 2011. These results occurred because of expenditures for the EPA Consent order of \$1.3 million were planned to be financed from Sanitary Sewer Fund Net Asset Balance. The results of this year's operations as a whole are reported in the Statement of Activities on Page 29. All expenses are reported in the first column. Specific charges, grants, and revenues that directly relate to specific expense categories are presented to determine the final amount of the Township's activities that are supported by other general revenues. The four largest general revenues are listed in Table 2.

Table 2
Year Ended December 31

	<u>2011</u>	<u>2010</u>
Property Taxes, Levied for General Purposes	\$ 7,581,309	\$ 7,601,395
Earned Income Taxes, Levied for General Purposes	7,767,269	7,110,203
Local Services Taxes	246,702	239,909
Other Taxes	1,131,251	1,164,095

The 2011 financial statements offer a view of the financial condition of the Township on a consolidated basis. For example, investment earnings (Statement of Activities, page 29) not only include interest earnings in the General Fund, but also interest earnings in the regular Capital Projects Fund and all other Governmental Funds. Table 3 summarizes total revenues for the current year, with comparative data from 2010.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

Table 3
Year Ended December 31
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for Services	\$ 897,595	\$ 927,295	\$ 7,694,067	\$ 7,125,904	\$ 8,591,662	\$ 8,053,199
Operating Grants and Contributions	2,066,302	2,079,564	-	-	2,066,302	2,079,564
General Revenues:						
Property Taxes	7,581,309	7,601,395	-	-	7,581,309	7,601,395
Earned Income Taxes	7,767,269	7,110,203	-	-	7,767,269	7,110,203
Local Services Taxes	246,702	239,909	-	-	246,702	239,909
Other Taxes	1,131,251	1,164,095	-	-	1,131,251	1,164,095
Franchise Fees	383,056	399,122	-	-	383,056	399,122
Investment Earnings	12,860	19,887	2,178	2,591	15,038	22,478
Miscellaneous	303,136	573,908	-	-	303,136	573,908
Total Revenues	20,389,480	20,115,378	7,696,245	7,128,495	28,085,725	27,243,873
Expenses						
General Government	1,710,210	1,598,431	-	-	1,710,210	1,598,431
Public Safety	5,512,388	5,222,198	-	-	5,512,388	5,222,198
Public Works	7,031,591	6,348,680	-	-	7,031,591	6,348,680
Community Development	621,524	613,555	-	-	621,524	613,555
Recreation and Leisure Services	1,163,232	1,537,256	-	-	1,163,232	1,537,256
Library Services	970,768	993,302	-	-	970,768	993,302
Interest on Long-Term Debt	1,157,682	833,091	-	-	1,157,682	833,091
Sanitary Sewer	-	-	5,938,028	4,066,040	5,938,028	4,066,040
Community & Recreation Center	-	-	4,232,528	4,005,602	4,232,528	4,005,602
Magazine	-	-	171,573	175,097	171,573	175,097
Total Expenses	18,167,395	17,146,513	10,342,129	8,246,739	28,509,524	25,393,252
Changes in Net Assets Before Transfers	2,222,085	2,968,865	(2,645,884)	(1,118,244)	(423,799)	1,850,621
Transfers	(1,483,816)	(1,683,141)	1,483,816	1,683,141	-	-
CHANGE IN NET ASSETS	738,269	1,285,724	(1,162,068)	564,897	(423,799)	1,850,621
NET ASSETS - BEGINNING	16,829,107	15,543,383	7,582,740	7,017,841	24,411,847	22,561,224
NET ASSETS - ENDING	\$ 17,567,376	\$ 16,829,107	\$ 6,420,672	\$ 7,582,738	\$ 23,988,048	\$ 24,411,845

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

Real estate tax revenues remain fairly stable from 2010 to 2011 with only a slight decrease in collections of \$20,086 or .26% . Earned income taxes increased by \$657,066 or (9.3%) over 2010 as a result of a few highly compensated taxpayers receiving stock option bonuses for 2010. Other taxes decreased by \$32,844 from 2010 and was due to a drop in the collection of real estate transfer tax.

Governmental activities charges for services decreased by \$29,700 due to less activity in permits. Governmental activities grants decreased slightly by \$13,262 due to less grant assistance received from the State for the Township library.

For the most part, there were decreases or nominal increases in expenses from 2010 to 2011 due to planned departmental spending cuts and staff reorganization and retirements within the Township.

Table 4 categorizes the Township's expenses into seven functions – general government, public safety, public works, community development, recreation and leisure services, library services, and interest on long-term debt, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table 4
Year Ended December 31, 2011
Governmental Activities

	Total Cost of Services	Net Cost of Services
Functions/Programs:		
General Government	\$ 1,710,210	\$ 1,295,950
Public Safety	5,512,388	5,053,721
Public Works	7,031,591	5,974,231
Community Development	621,524	621,524
Recreation and Leisure Services	1,163,232	436,487
Library Services	970,768	663,903
Interest on Long-Term Debt	1,157,682	1,157,682
Total Expenses	\$ 18,167,395	\$ 15,203,498
Total required from local taxes and other revenues		\$ 15,203,498

The dependence upon local tax revenues for governmental activities is apparent. The Township had expenses for governmental activities of \$18.3 million while only \$3.0 million has been provided by the State and program specific charges. The Township must finance \$15.3 million of expenses, which must be covered by tax assessments and other revenues. Approximately 84 percent of all government activities are supported through taxes and other general revenues. The community, as a whole, is the primary support for Upper St. Clair Township’s services for its citizens.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

Business-Type Activities

The business-type activities of the Township are the Sanitary Sewer, the Township/School District Magazine, and the Community & Recreation Center operations. The Sanitary Sewer and the Township/School District Magazine operations had revenues of \$4.60 and \$.20 million, respectively, and expenses of \$5.94 and \$.17 million, respectively, for 2011. The Community & Recreation Center had revenues of \$2.94 million and expenses of \$4.23 million. It is expected that membership fees will eventually pay for all of the operating costs of the Center, but general tax revenues will always fund the debt service costs associated with the debt incurred to build the facility. The deficit of revenues over expenses in the Community & Recreation Center Fund has been subtracted from the balance of unrestricted net assets.

THE TOWNSHIP'S FUNDS

The General Fund, which accounts for the Township's operations, represents the Township's most significant major fund. The Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds on pages 32-33 are summarized in Table 5.

Table 5
Year Ended December 31, 2011
Summary of Governmental Changes in Fund Balance

	<u>General Fund</u>	<u>Capital Projects Fund Regular</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Beginning Fund Balance	\$ 3,301,625	\$ 2,663,086	\$ 824,926	\$ 6,789,637
Net Change in Fund Balance	6,500	782,998	27,370	816,868
Ending Fund Balance	<u>\$ 3,308,125</u>	<u>\$ 3,446,084</u>	<u>\$ 852,296</u>	<u>\$ 7,606,505</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

General Fund Budgetary Highlights

The Township's budget is prepared according to the Home Rule Charter and Pennsylvania law and is based on accounting for certain transactions on a modified accrual basis of accounting.

During the year, the Board of Commissioners (the Board) can authorize revisions to the original budget to accommodate differences between the original budget and the actual expenditures of the Township. No budget revisions were made to the 2011 original budget. The budgeting system is designed with internal controls that assign responsibility for each Township Department's budget to the managing Department Head with overall responsibility assigned to the Township Manager. The Department Heads are each responsible for their individual areas.

For the General Fund, revenues were above budget expectations by approximately \$717,252. This amount is the net result of real estate taxes, earned income taxes, licenses and permits, fees and fines, service agreements and other revenue and grants being above expectations: while there were decreases experienced in other taxes, rents, interest, and recreation fees. Expenditures were under appropriations by approximately \$132,106 due to decreases in personnel and material costs of all Township departments; thus, with this combination, the Township Manager authorized an additional operating transfer from the General Fund to the Regular Capital Projects Fund to finance future capital needs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (See Note 5)

At December 31, 2011, the Township's Governmental Activities had \$28,242,742 invested in a broad range of capital assets, including land, infrastructure, site improvements, buildings, equipment, and vehicles. This amount represents a net decrease (including additions, deletions and depreciation) of \$726,907 or (2.5%) from last year. The primary decrease in capital assets is a result of depreciation of infrastructure assets such as street, building and park improvements, buildings and other improvements and the depreciation and deletions of equipment.

The Township's Business-type Activities had infrastructure of \$16,143,978, buildings of \$24,308,160, and \$852,910 invested in vehicles and equipment on December 31, 2011. The amount for buildings includes depreciation of \$648,218 which remained the same as the prior year. The amount of the infrastructure includes depreciation during the year that totaled \$752,153 for an increase of 4% from the prior year; while the equipment amount includes depreciation during the year that totaled \$222,556 for an increase of 10% from the prior year. Detail of capital asset activity for 2011 can be in Note No. 5 found on pages 58-59 and in the section entitled "*Capital Assets Used in the Operation of Governmental Funds*" found on pages 107-110.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

Table 6
Governmental and Business-type Activities
Year Ended December 31
Capital Assets - Net of Depreciation (when applicable)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 2,386,736	\$ 2,386,736	\$ -	\$ -
Infrastructure	16,760,982	17,237,009	16,143,978	16,656,181
Buildings	6,304,259	6,615,690	24,308,160	24,956,378
Improvements other than buildings	647,629	687,580	-	-
Equipment	2,136,872	2,030,349	852,910	991,386
Library assets	6,264	12,285	-	-
	<u>\$ 28,242,742</u>	<u>\$ 28,969,649</u>	<u>\$ 41,305,048</u>	<u>\$ 42,603,945</u>

Debt Administration

The Township had total outstanding bond and note principal of \$56.18 million and \$57.48 million as of December 31, 2011 and December 31, 2010, respectively. The Township made principal payments on its outstanding bonds and notes in 2011 totaling \$752,608 for governmental activity debt and \$548,867 for business-type activity debt. More detailed information about our long-term liabilities is included in Notes 7 and 8 to the financial statements on pages 60-67.

Table 7
Year Ended December 31
General Obligation Bonds and Notes

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Series of 2005-Notes	\$ 265,326	\$ 289,071	\$ -	\$ -
Series of 2006-Bonds	-	5,124,864	-	4,503,888
Series of 2007-Bonds	5,863,438	5,953,376	3,690,000	3,740,000
Series of 2008-Bonds	4,399,557	4,476,686	26,114,472	26,587,499
Series of 2009-Bonds	3,912,513	4,291,577	1,951,266	2,138,300
Series of 2010-Notes	-	375,000	-	-
Series of 2011-Bonds	5,317,132	-	4,665,082	-
	<u>\$ 19,757,966</u>	<u>\$ 20,510,574</u>	<u>\$ 36,420,820</u>	<u>\$ 36,969,687</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The revenue budget for 2012 is \$.45 million higher than the final budget for 2011. This represents a 1.56% increase in budgeted revenues. This increase in revenues is mainly due to the anticipated use of fund reserve in the regular Capital Projects Fund for capital needs. The budgeted expenditures increase was mainly attributable to increases in the capital costs associated with general government for the implementation of a township-wide software installation. The Township Commissioners adopted a General Fund Budget that actually decreased by .11% in expenditures. The comparison of revenue and expenditure categories is listed in Table 8.

Table 8
Year Ended December 31
Budgeted Revenues and Expenditures (Original & Final Budget)

	<u>2012</u>	<u>2011</u>
<u>Revenues</u>		
Local	\$ 27,142,868	\$ 25,930,664
State	1,045,383	1,013,864
Fund Reserve	1,406,410	2,196,176
Total	<u>\$ 29,594,661</u>	<u>\$ 29,140,704</u>
<u>Expenditures</u>		
General Government	\$ 2,608,614	\$ 2,104,883
Public Safety	5,126,486	5,368,186
Public Works	11,394,046	11,833,641
Community Development	631,982	627,232
Recreation and Leisure Services	5,396,993	4,576,872
Library Services	994,362	974,560
Debt Service/Fund Transfers/Reserve	3,442,178	3,655,330
Total	<u>\$ 29,594,661</u>	<u>\$ 29,140,704</u>

Upper St. Clair Township has committed itself to excellence in the delivery of essential governmental services and quality financial reporting for its taxpayers and residents.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2011

CONTACTING THE TOWNSHIP FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to show the Board of Commissioners and Township Staff's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact August G. Stache, Jr., Director of Finance, 1820 McLaughlin Run Road, Upper St. Clair, PA 15241, 412-831-9000, ext. 213, or by email at stache@twpusc.org.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,854,040	\$ 1,522,824	\$ 8,376,864
Taxes Receivable (net)	3,345,298	-	3,345,298
Other Receivables (net)	350,946	728,838	1,079,784
Internal Balances	(101,824)	101,824	-
Due from Other Governmental Agencies	1,806	-	1,806
Prepaid Expenses	221,447	1,034	222,481
Deferred Bond Issue Costs	417,080	(32,724)	384,356
Deferred Outflow of Resources	526,753	3,039,618	3,566,371
Investment in Tri-Community South EMS	265,326	-	265,326
Capital Assets, Non-depreciable	2,386,736	-	2,386,736
Capital Assets, Net of Accumulated Depreciation	9,095,024	25,161,070	34,256,094
Infrastructure Assets, Net of Accumulated Depreciation	16,760,982	16,143,978	32,904,960
TOTAL ASSETS	\$ 40,123,614	\$ 46,666,462	\$ 86,790,076
LIABILITIES			
Accounts Payable	\$ 760,734	\$ 611,809	\$ 1,372,543
Accrued Interest Payable	64,077	45,248	109,325
Accrued Wages Payable	324,895	-	324,895
Unearned Revenues	-	350,162	350,162
Refundable Deposits	472,463	-	472,463
Bonds Payable due in one year	673,955	740,811	1,414,766
Derivative Instrument	526,753	3,039,618	3,566,371
Noncurrent Liabilities:			
Net Other Post Employment Benefits due in more than one year	649,350	-	649,350
Bonds Payable due in more than one year	19,084,011	35,458,142	54,542,153
TOTAL LIABILITIES	22,556,238	40,245,790	62,802,028
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	9,191,787	5,073,371	14,265,158
Restricted			
By Grantors	63,569	-	63,569
Unrestricted	8,312,020	1,347,301	9,659,321
TOTAL NET ASSETS	\$ 17,567,376	\$ 6,420,672	\$ 23,988,048

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities							
General Government	\$ 1,710,210	\$ 203,960	\$ 210,300	\$ -	\$ (1,295,950)	\$ -	\$ (1,295,950)
Public Safety	5,512,388	79,831	378,836	-	(5,053,721)	-	(5,053,721)
Public Works	7,031,591	212,738	844,622	-	(5,974,231)	-	(5,974,231)
Community Development	621,524	-	-	-	(621,524)	-	(621,524)
Recreation and Leisure Services	1,163,232	360,514	366,231	-	(436,487)	-	(436,487)
Library Services	970,768	40,552	266,313	-	(663,903)	-	(663,903)
Interest on Long-Term Debt	1,157,682	-	-	-	(1,157,682)	-	(1,157,682)
Total Governmental Activities	18,167,395	897,595	2,066,302	-	(15,203,498)	-	(15,203,498)
Business-type Activities							
Sanitary Sewer	5,938,028	4,557,526	-	-	-	(1,380,502)	(1,380,502)
Community & Recreation Center	4,232,528	2,939,551	-	-	-	(1,292,977)	(1,292,977)
Magazine	171,573	196,990	-	-	-	25,417	25,417
Total Business-type Activities	10,342,129	7,694,067	-	-	-	(2,648,062)	(2,648,062)
Total Primary Government	\$ 28,509,524	\$ 8,591,662	\$ 2,066,302	\$ -	(15,203,498)	(2,648,062)	(17,851,560)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					7,581,309	-	7,581,309
Earned Income Taxes, Levied for General Purposes					7,767,269	-	7,767,269
Local Services Tax					246,702	-	246,702
Other Taxes					1,131,251	-	1,131,251
Franchise Fees					383,056	-	383,056
Unrestricted Investment Earnings					12,860	2,178	15,038
Miscellaneous					303,136	-	303,136
Transfers					(1,483,816)	1,483,816	-
Total General Revenues and Transfers					15,941,767	1,485,994	17,427,761
CHANGE IN NET ASSETS					738,269	(1,162,068)	(423,799)
NET ASSETS - BEGINNING					16,829,107	7,582,740	24,411,847
NET ASSETS - ENDING					\$ 17,567,376	\$ 6,420,672	\$ 23,988,048

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2011

	General Fund	Capital Projects Fund Regular	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,919,634	\$ 1,118,141	\$ 816,265	\$ 6,854,040
Real Estate Taxes Receivable	488,314	-	-	488,314
Earned Income Taxes Receivable	2,856,984	-	-	2,856,984
Due from Other Funds	223,264	2,533,866	40,893	2,798,023
Due from Tri-Community South EMS	1,806	-	-	1,806
Other Receivables	281,657	-	69,289	350,946
Prepaid Items	221,447	-	-	221,447
TOTAL ASSETS	\$ 8,993,106	\$ 3,652,007	\$ 926,447	\$ 13,571,560
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 510,302	\$ 199,923	\$ 50,509	\$ 760,734
Due to Other Funds	2,899,847	-	-	2,899,847
Due to Fiduciary Funds	-	-	-	-
Accrued Wages Payable	324,895	-	-	324,895
Refundable Deposits	466,463	6,000	-	472,463
Deferred Revenues	1,483,474	-	23,642	1,507,116
Total Liabilities	5,684,981	205,923	74,151	5,965,055
Fund Balances:				
NonSpendable	221,447	-	-	221,447
Restricted:				
Restricted for State Liquid Fuels Expenses	-	-	1,057	1,057
Restricted for Boyce Mayview Park Grant Expenses	-	-	17,943	17,943
Restricted for Library Expenses and Services	-	-	44,569	44,569
Committed	-	-	788,727	788,727
Assigned	-	3,446,084	-	3,446,084
Unassigned	3,086,678	-	-	3,086,678
Total Fund Balances	3,308,125	3,446,084	852,296	7,606,505
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,993,106	\$ 3,652,007	\$ 926,447	\$ 13,571,560

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Total Fund Balances, Governmental Funds \$ 7,606,505

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net assets. 28,242,742

Property and earned income taxes receivable will be collected next year, but are not available to pay for the current period's expenditures and therefore, are deferred in the funds. 1,483,474

Boyce Mayview RAD funds receivable will be collected next year, but are not available to pay for the current period's expenditures and therefore, are deferred in the funds. 23,642

The Township's investment in Tri-Community South EMS is recorded as an asset on the statement of net assets. 265,326

Government funds report the effect of deferred bond issuance costs whereas these amounts are deferred and amortized on the statement of activities. 417,080

The net other postemployment benefit obligation is not reflected on the fund statements. (649,350)

Long-term liabilities, including bonds payable, are not due and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds and Notes Payable, net of discounts and premiums	(19,757,966)	
Accrued Interest Payable	(64,077)	(19,822,043)

\$ 17,567,376

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2011

	<u>General Fund</u>	<u>Capital Projects Fund Regular</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real Estate Taxes	\$ 7,562,427	\$ -	\$ -	\$ 7,562,427
Earned Income Taxes	7,673,079	-	-	7,673,079
Other Taxes	1,377,954	-	-	1,377,954
Licenses and Permits	185,535	-	5,200	190,735
Fees and Fines	479,640	-	-	479,640
Rents	79,135	-	-	79,135
Interest	4,780	7,641	439	12,860
Service Agreements	218,928	-	-	218,928
Other Revenue and Grants	1,136,863	176,473	1,007,801	2,321,137
Recreation Fees	341,134	-	19,380	360,514
TOTAL REVENUES	19,059,475	184,114	1,032,820	20,276,409
EXPENDITURES				
Current:				
General Government	1,446,265	12,857	1,292	1,460,414
Community Development	562,209	43,948	-	606,157
Public Safety	5,080,445	104,447	-	5,184,892
Public Works	5,074,360	616,268	465,942	6,156,570
Recreation and Leisure Services	429,851	-	662,435	1,092,286
Library Services	768,305	-	189,935	958,240
Total Current Expenditures	13,361,435	777,520	1,319,604	15,458,559
Capital Outlay:				
General Government	-	92,066	-	92,066
Community Development	-	20,305	-	20,305
Public Safety	-	78,571	-	78,571
Public Works	-	381,046	-	381,046
Recreation and Leisure Services	-	-	210,241	210,241
Library Services	-	15,024	2,000	17,024
Total Capital Outlay Expenditures	-	587,012	212,241	799,253

(Continued)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	<u>General Fund</u>	<u>Capital Projects Fund Regular</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Debt Service:				
Principal Retirement	-	-	966,974	966,974
Bond Issuance Costs	-	-	25,023	25,023
Interest	-	-	758,152	758,152
Total Debt Service Expenditures	-	-	1,750,149	1,750,149
TOTAL EXPENDITURES	<u>13,361,435</u>	<u>1,364,532</u>	<u>3,281,994</u>	<u>18,007,961</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,698,040</u>	<u>(1,180,418)</u>	<u>(2,249,174)</u>	<u>2,268,448</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Refunding Bonds	-	-	5,435,000	5,435,000
Refunding of General Obligation Bonds	-	-	(5,275,000)	(5,275,000)
Loss on Refunding of Bonds	-	-	(127,764)	(127,764)
Interfund Transfer In	-	1,993,416	7,526,521	9,519,937
Interfund Transfer Out	(5,691,540)	(30,000)	(5,282,213)	(11,003,753)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,691,540)</u>	<u>1,963,416</u>	<u>2,276,544</u>	<u>(1,451,580)</u>
NET CHANGE IN FUND BALANCES	6,500	782,998	27,370	816,868
FUND BALANCES - BEGINNING	<u>3,301,625</u>	<u>2,663,086</u>	<u>824,926</u>	<u>6,789,637</u>
FUND BALANCES - ENDING	<u>\$ 3,308,125</u>	<u>\$ 3,446,084</u>	<u>\$ 852,296</u>	<u>\$ 7,606,505</u>

(Concluded)

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

Net Change in Fund Balances - Total Governmental Funds: \$ 816,868

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

Governmental funds report capital outlays for capital assets 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 for capital assets exceeded depreciation expense in the current period.

Capital Outlay for Capital Assets	799,253	
Capital Asset Disposal	39,618	
Less: Depreciation Expense	<u>(1,486,541)</u>	(647,670)

Because some taxes will not be collected for several months after the Township's year-end, they are not considered as "available" revenues in the governmental funds. Deferred revenues increased by this amount during the year. 113,072

The increase in the net other post employment benefit obligation does not require the use of current financial resources and therefore is not reflected on the fund statements. (104,231)

Current year long-term debt principal payments reported as expenditures in the governmental fund financial statements are shown as a reduction in the debt in the government-wide financial statements. 966,974

When debt is issued, governmental funds report the proceeds as current financial resources. In contrast, the statement of activities treats such activity as an increase in long-term liabilities. This amount represents the net proceeds related to governmental activities from the 2011 Bond Issue which refunded the outstanding bonds of 2006. (32,237)

The governmental fund financial statements report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (388,814)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due. Accrued interest increased by this amount during the year. 14,307

Change in Net Assets of Governmental Activities \$ 738,269

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL YEAR ENDED DECEMBER 31, 2011

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Real Estate Taxes	\$ 7,516,404	\$ 7,516,404	\$ 7,562,427	\$ 46,023
Earned Income Taxes	7,502,000	7,502,000	7,673,079	171,079
Other Taxes	1,413,500	1,413,500	1,377,954	(35,546)
Licenses and Permits	113,375	113,375	185,535	72,160
Fees and Fines	451,525	451,525	479,640	28,115
Rents	82,400	82,400	79,135	(3,265)
Interest	10,000	10,000	4,780	(5,220)
Service Agreements	200,920	200,920	218,928	18,008
Other Revenue and Grants	705,099	705,099	1,136,863	431,764
Recreation Fees	347,000	347,000	341,134	(5,866)
TOTAL REVENUES	<u>18,342,223</u>	<u>18,342,223</u>	<u>19,059,475</u>	<u>717,252</u>
EXPENDITURES				
Current:				
General Government	1,525,300	1,525,300	1,446,265	79,035
Community Development	633,307	633,307	562,209	71,098
Public Safety	4,825,606	4,825,606	5,080,445	(254,839)
Public Works	5,269,337	5,269,337	5,074,360	194,977
Recreation and Leisure Services	478,885	478,885	429,851	49,034
Library Services	761,106	761,106	768,305	(7,199)
Total Current Expenditures	<u>13,493,541</u>	<u>13,493,541</u>	<u>13,361,435</u>	<u>132,106</u>
TOTAL EXPENDITURES	<u>13,493,541</u>	<u>13,493,541</u>	<u>13,361,435</u>	<u>132,106</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,848,682</u>	<u>4,848,682</u>	<u>5,698,040</u>	<u>849,358</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfer Out	<u>(4,618,748)</u>	<u>(4,618,748)</u>	<u>(5,691,540)</u>	<u>(1,072,792)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,618,748)</u>	<u>(4,618,748)</u>	<u>(5,691,540)</u>	<u>(1,072,792)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 229,934</u>	<u>\$ 229,934</u>	<u>\$ 6,500</u>	<u>\$ (223,434)</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Sanitary Sewer Fund	Boyce Mayview Community & Recreation Center Fund	Township/ School District Magazine Fund	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,269,896	\$ 252,928	\$ -	\$ 1,522,824
Accounts Receivable	532,324	187,052	9,462	728,838
Due from Other Funds	-	182,845	142,243	325,088
Deferred Bond Issue Costs	(32,724)	-	-	(32,724)
Deferred Outflow of Resources	600,577	2,439,041	-	3,039,618
Prepaid Expenses	-	1,034	-	1,034
Total Current Assets	2,370,073	3,062,900	151,705	5,584,678
Capital Assets:				
Sewer Lines, Net of Accumulated Depreciation	16,143,978	-	-	16,143,978
Buildings and Improvements, Net of Accumulated Depreciation	-	24,308,160	-	24,308,160
Machinery and Equipment, Net of Accumulated Depreciation	42,446	809,928	536	852,910
Total Capital Assets	16,186,424	25,118,088	536	41,305,048
TOTAL ASSETS	\$ 18,556,497	\$ 28,180,988	\$ 152,241	\$ 46,889,726
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 529,062	\$ 82,452	\$ 295	\$ 611,809
Unearned Revenues	-	349,662	500	350,162
Accrued Interest	45,248	-	-	45,248
Due to Other Funds	5,438	217,826	-	223,264
Derivative Instrument	600,577	2,439,041	-	3,039,618
Current Portion - Long-Term Debt	350,988	389,823	-	740,811
Total Current Liabilities	1,531,313	3,478,804	795	5,010,912
Non-Current Liabilities:				
Long-Term Debt	14,893,269	20,564,873	-	35,458,142
Total Non-Current Liabilities	14,893,269	20,564,873	-	35,458,142
TOTAL LIABILITIES	16,424,582	24,043,677	795	40,469,054
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	909,443	4,163,392	536	5,073,371
Unrestricted	1,222,472	(26,081)	150,910	1,347,301
TOTAL NET ASSETS	2,131,915	4,137,311	151,446	6,420,672
TOTAL LIABILITIES AND NET ASSETS	\$ 18,556,497	\$ 28,180,988	\$ 152,241	\$ 46,889,726

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Sanitary Sewer Fund	Boyce Mayview Community & Recreation Center Fund	Township/ School District Magazine Fund	Total
OPERATING REVENUES				
Charges for Services	\$ 4,557,526	\$ 2,939,551	\$ 196,990	\$ 7,694,067
Total Operating Revenues	<u>4,557,526</u>	<u>2,939,551</u>	<u>196,990</u>	<u>7,694,067</u>
OPERATING EXPENSES				
Sewage Treatment Charges	2,311,033	-	-	2,311,033
Personnel Services	246,887	1,662,187	45,365	1,954,439
Contractual Services	1,971,708	842,452	119,591	2,933,751
Materials and Supplies	32,836	151,924	6,325	191,085
Depreciation and Amortization	777,072	845,563	292	1,622,927
Total Operating Expenses	<u>5,339,536</u>	<u>3,502,126</u>	<u>171,573</u>	<u>9,013,235</u>
Operating Income (Loss)	<u>(782,010)</u>	<u>(562,575)</u>	<u>25,417</u>	<u>(1,319,168)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	1,930	248	-	2,178
Interest Expense	(598,492)	(730,402)	-	(1,328,894)
Total Non-Operating Revenues (Expenses)	<u>(596,562)</u>	<u>(730,154)</u>	<u>-</u>	<u>(1,326,716)</u>
Change in Assets Before Interfund Transfers	<u>(1,378,572)</u>	<u>(1,292,729)</u>	<u>25,417</u>	<u>(2,645,884)</u>
TRANSFERS				
Interfund Transfers In	-	1,483,816	-	1,483,816
Total Transfers	<u>-</u>	<u>1,483,816</u>	<u>-</u>	<u>1,483,816</u>
CHANGE IN NET ASSETS	(1,378,572)	191,087	25,417	(1,162,068)
NET ASSETS - BEGINNING	<u>3,510,487</u>	<u>3,946,224</u>	<u>126,029</u>	<u>7,582,740</u>
NET ASSETS - ENDING	<u>\$ 2,131,915</u>	<u>\$ 4,137,311</u>	<u>\$ 151,446</u>	<u>\$ 6,420,672</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Boyce Mayview			Total
	Sanitary Sewer Fund	Community & Recreation Center Fund	Township/ School District Magazine Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 4,555,137	\$ 2,924,959	\$ 197,090	\$ 7,677,186
Payments for Treatment Charges	(2,311,033)	-	-	(2,311,033)
Payments to Employees	(246,887)	(1,662,187)	(81,369)	(1,990,443)
Payments for Services	(2,019,935)	(836,457)	(72,098)	(2,928,490)
Payments to Suppliers	(32,836)	(148,811)	(19,047)	(200,694)
Net Cash Provided by (Used In) Operating Activities	<u>(55,554)</u>	<u>277,504</u>	<u>24,576</u>	<u>246,526</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer From (To) Other Funds	<u>271,730</u>	<u>1,142,036</u>	<u>(24,576)</u>	<u>1,389,190</u>
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>271,730</u>	<u>1,142,036</u>	<u>(24,576)</u>	<u>1,389,190</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Purchases of Capital Assets	(239,950)	(84,081)	-	(324,031)
Principal Paid on Capital Debt	(343,462)	(379,564)	-	(723,026)
Interest Paid on Capital Debt	(592,935)	(730,402)	-	(1,323,337)
Net Cash Provided by (Used In) Capital Financing Activities	<u>(1,176,347)</u>	<u>(1,194,047)</u>	<u>-</u>	<u>(2,370,394)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	<u>1,930</u>	<u>248</u>	<u>-</u>	<u>2,178</u>
Net Cash Provided by (Used In) Investing Activities	<u>1,930</u>	<u>248</u>	<u>-</u>	<u>2,178</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(958,241)	225,741	-	(732,500)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,228,137</u>	<u>27,187</u>	<u>-</u>	<u>2,255,324</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,269,896</u>	<u>\$ 252,928</u>	<u>\$ -</u>	<u>\$ 1,522,824</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

YEAR ENDED DECEMBER 31, 2011

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (782,010)	\$ (562,575)	\$ 25,417	\$ (1,319,168)
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided by (Used In) Operating Activities:				
Depreciation and Amortization	777,072	845,563	292	1,622,927
Change in Operating Assets and Liabilities:				
Accounts Receivable	(2,389)	(27,457)	(400)	(30,246)
Prepaid Items	-	3,113	-	3,113
Accounts Payable	(48,227)	5,995	(1,233)	(43,465)
Deferred Revenues	-	12,865	500	13,365
	<u>-</u>	<u>12,865</u>	<u>500</u>	<u>13,365</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (55,554)</u>	<u>\$ 277,504</u>	<u>\$ 24,576</u>	<u>\$ 246,526</u>
				(Concluded)

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

**COMBINED STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS**

DECEMBER 31, 2011

	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$ 754,049
Investments (at fair value):	
Managed by VALIC Financial Advisors, Inc.	2,877,052
Managed by PNC Bank, N.A.	12,185,674
Employee Directed through ICMA-RC	<u>2,234,498</u>
TOTAL ASSETS	<u>18,051,273</u>
LIABILITIES	
Accounts Payable	<u>800</u>
TOTAL LIABILITIES	<u>800</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 18,050,473</u></u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2011

	Total
ADDITIONS	
Contributions:	
Member Contributions	\$ 133,847
Township Contributions	260,781
State Aid - Contributed by Township	767,780
Total Contributions	1,162,408
Investment Income:	
Net Appreciation in Fair Value of Investments	(231,424)
Less: Investment Expenses	(17,545)
Net Investment Income	(248,969)
Total Additions	913,439
DEDUCTIONS	
Benefits Paid	340,856
Withdrawal Credits	70,217
Administrative Expenses	15,624
Total Deductions	426,697
Change in Plan Net Assets	486,742
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of Year	17,563,731
End of Year	\$ 18,050,473

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

1. Summary of Significant Accounting Policies

The accounting policies of the Township of Upper St. Clair, Pennsylvania (Township) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies:

A. Reporting Entity

In evaluating how to define a government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America (GAAP), and more specifically, the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity." The following summarizes the guidance provided by GASB in determining the governmental activities, organizations, functions, and component units that should be included in the governing entity's financial statements. The criterion for inclusion of a component unit is if the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Township's reporting entity.

Municipal Authority of the Township of Upper St. Clair (MATUSC)

The Municipal Authority of the Township of Upper St. Clair (MATUSC) was incorporated in 1950 under the Municipal Authorities Act of 1945 to construct and lease certain capital assets for and to the Township. The MATUSC Board is appointed by the Township's Board. MATUSC leases the facilities to the Township and the Township pays lease rentals to MATUSC for repayment of the Authority's debt. As of December 31, 2011, there is no active lease arrangement between the MATUSC and the Township.

Although it is legally separate from the Township, MATUSC is blended with the primary government for financial reporting because its purpose is to finance certain capital assets of the Township and the Township has the financial burden of the MATUSC debt. Its operations are included with non-major Special Revenue Fund types. It operates on an August 31 fiscal year. Complete financial statements for MATUSC can be obtained from the Administration Offices of MATUSC at 1820 McLaughlin Run Road, Upper St. Clair, PA 15241.

Joint Ventures

The Township is a member of a joint venture with two other local government units. The joint venture, Tri-Community South Emergency Medical Services (TCS), provides emergency and non-emergency transport and first-aid services to the residents of three Communities. TCS is administered by a three-member board, composed of the members of all three participating governments. Neither the Township nor the other two local governments exercise specific control over the fiscal policies or operations of TCS. TCS's operating budget is funded by annual subscriptions, nonsubscriber medical charges, third-party billings, and non-emergency transport fees. The Township had no equity interest in TCS as of December 31, 2011; however, as a condition of borrowing, during 2005, the Township guaranteed a portion of TCS' debt as explained in Note 8. The portion of outstanding debt the Township is liable for is presented on the government-wide financial statement as an investment and note payable. Complete financial statements for TCS can be obtained from the Administrative offices of TCS at 5490 Progress Boulevard, Bethel Park, PA 15102.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Township. 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 net assets presents the financial condition of the governmental and business-type activities of the Township at year-end.

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*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider 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 Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under the accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

The Township reports the following major governmental funds:

The *General Fund* is the operating fund of the Township. It accounts for all financial resources except those required to be accounted for in another fund.

The *Capital Projects Fund - Regular* accounts for costs of capital assets acquired for use in the Township for general government, public safety, public works, or parks and recreation purposes.

The Township reports the following major proprietary funds:

The *Sanitary Sewer Fund* is used to account for costs associated with providing sewage treatment and disposal service to all parts of the Township. This fund was established in 1985 by ordinance so that user fees could primarily fund the costs associated with regular system maintenance and Corrective Action Plan projects.

The *Boyce Mayview Community & Recreation Center Fund (C&RC Fund)* is used to account for the operations of the Community & Recreation Center.

Additionally, the Township reports the following fiduciary fund types:

The *Pension Trust Funds* account for the accumulation of resources to be used for future payment of benefits to qualified employees. The Township provides pension coverage through three separate plans: Public Works Employees, Police, and Management and Administrative Employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers of applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, *general revenues* include all taxes.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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 revenues of the Township's enterprise funds are sewer usage charges, membership fees and advertisement 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 Township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

An operating budget is legally adopted each year for the General Fund, State Liquid Fuels Fund, Storm Sewer Improvement Fund, Field Improvement Fund, Regional Asset District Library Fund, and Regional Asset District Boyce Mayview Fund (Special Revenue Funds), Debt Service Funds for the General Obligation Bonds of 2006, 2007, 2008 and 2009 and the General Obligation Note of 2010, the Capital Projects Fund - Regular (Capital Projects Funds), the Sanitary Sewer Fund, the Boyce Mayview Community & Recreation Center Fund, and the Township/School District Magazine Fund (Enterprise Funds) on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). No budgets were legally adopted for the Pension Trust Funds (Fiduciary Funds), the Library Endowment Fund, MATUSC (Special Revenue Funds), (Debt Service Funds).

Adoption of the budget by the Board of Commissioners constitutes approximations of the expenditures for the fiscal year and the budget is employed as a management control device during the year. Within the General Fund accounts, the Township Manager is authorized to transfer budgeted amounts between operating departments provided that such transfers do not alter total expenditures approved by the Board of Commissioners. Therefore, in the General Fund, as in all other funds that have legally adopted budgets, the measurement level of control over expenditures is the surplus or deficit of the funds 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 the approval of the Township Manager. Any excess appropriations at the end of the fiscal year are not carried forward; but instead, lapse.

Expenditures for the Pension Trust Funds and MATUSC are limited to the level of available revenues.

Under the Home Rule Charter, the Board of Commissioners may amend the expenditure budget after public hearing.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

E. Interfund Receivables, Payables and Transfers

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

Interfund receivables, payables, and transfers for the year ending December 31, 2011, are summarized below:

Fund	Interfund Receivable	Interfund Payable	Transfer In	Transfer Out
Major Funds:				
General Fund	\$ 223,264	\$ 2,899,847	\$ -	\$ 5,691,540
Capital Projects Fund - Regular	2,533,866	-	1,993,416	30,000
Sanitary Sewer Fund	-	5,438	-	-
Boyce Mayview C&RC Fund	182,845	217,826	1,483,816	-
Other Enterprise Funds	142,243	-	-	-
Other Governmental Funds	40,893	-	7,526,521	5,282,213
Fiduciary Funds	-	-	-	-
Total	<u>\$ 3,123,111</u>	<u>\$ 3,123,111</u>	<u>\$ 11,003,753</u>	<u>\$ 11,003,753</u>

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

Outstanding interfund balances at year-end include a \$217,826 interfund balance between the Boyce Mayview C&RC fund and the General Fund. The amount represents a portion of operating costs covered by the general fund and reimbursable by the Boyce Mayview C&RC fund.

Transfers are made from the General Fund 1) to the Capital Projects Fund - Regular are to fund various capital projects, 2) to the Debt Service Funds for current principal and interest payments, 3) to the Boyce Mayview C&RC fund for short-term financing and 4) to the Regional Asset District Boyce Mayview Fund for operating and maintenance expenses associated with Boyce Mayview Park.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

F. Cash and Investments

Pennsylvania statutes provide for investment of Governmental Funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania Government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes.

In addition to the investments authorized for Governmental Funds, Fiduciary Fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

The deposit and investment policy of the Township adheres to state statutes and prudent business practice. Deposits of the Governmental Funds are either maintained in demand deposits, highly liquid money market funds or pooled for investment purposes in the Pennsylvania Local Government Investment Trust (PLGIT). The deposits and investments of the Fiduciary Funds are administered by trustees and are held separately from those of other municipal funds. There were no deposit or investment transactions during the year that were in violation of either their state statutes or the policy of the Township.

Investments for the Township are reported at fair value based on quoted market prices.

GASB Statement No. 40, "Deposit and Investment Risk Disclosures," requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk) and interest rate risk. The following is a description of the Township's deposit and investment risks:

Governmental and Proprietary Funds

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a formal deposit policy for custodial credit risk.

As of December 31, 2011, \$5,100,707 of the Township's bank balance of \$5,655,898 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 had carrying amounts of \$5,578,095 as of December 31, 2011.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

As of December 31, 2011, the Township's cash and investments consisted of the following:

Investments (at fair value)	
PLGIT	\$ 2,719,169
Money Market	79,600
Total Investments (at fair value)	<u>2,798,769</u>
Carrying Amount - Deposits	<u>5,578,095</u>
Total Cash and Investments per Financial Statements	<u>\$ 8,376,864</u>

The fair value of the investments is the same as their carrying amount. The Township's cash equivalent investments in Pennsylvania Local Government Investment Trust (PLGIT) and money market funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The fair value of the Township's position in the PLGIT external investment pool is the same as the fair value of the pool shares. Pennsylvania Local Government Investment Trust is subject to oversight by the Commonwealth of Pennsylvania.

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's investments in PLGIT, and money markets have maturities of less than one year.

Credit Risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Township has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. At December 31, 2011, the Township's investments in PLGIT and money markets were rated AAA by Standard and Poor's.

Concentration of Credit Risk. The Township places no limit on the amount that may be invested in anyone issuer. At December 31, 2011, the Township's had no investment that represented 5% or more of total investments.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Pension Trust Funds

The Pension Trust Funds are used to account for assets held by the Township in a trustee capacity for future payment of retirement benefits to employees or former employees.

As of December 31, 2011, the Township had the following cash and investments in its pension trust funds:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (in years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
PNC Bank Fixed Income Funds	\$ 4,055,361	\$ -	\$ 1,010,843	\$ 3,044,518
VALIC Fixed Income Funds	1,538,776	500,297	221,625	816,854
ICMA Fixed Income Funds	544,379	156,847	387,532	-
Total Fixed Income Funds	<u>6,138,516</u>	<u>\$ 657,144</u>	<u>\$ 1,620,000</u>	<u>\$ 3,861,372</u>
PNC Bank Equity Funds	8,130,313			
VALIC Equity Funds	1,338,276			
ICMA Equity Funds	1,690,119			
Total Investments with Securities	<u>17,297,224</u>			
Cash	2,885			
Money Market	<u>751,164</u>			
Total Pension Trust Fund Assets per Financial Statements	<u>\$ 18,051,273</u>			

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Pension Trust Funds do not have a formal deposit policy for custodial credit risk. As of December 31, 2011, none of the Pension Trust Funds' deposits were exposed to custodial credit risk.

The following is a description of the investment risks of the Pension Trust Funds:

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the Township's investments. The Pension Trust Funds do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Pension Trust Funds do not have a formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. At December 31, 2011, none of the Pension Trust Fund investments were rated by Nationally Recognized Statistical Rating Organizations.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

At December 31, 2011, the pension trust fund investment in the following funds represented 5% or more of total investments.

<u>Investment</u>	<u>Amount</u>
<u>Equity</u>	
Blackrock Capital Appreciation Fund, Inc. (BFG BX)	\$ 1,269,092
<u>Fixed Income</u>	
Dodge & Cox Income Fund (DODIX)	\$ 1,589,616
Pimco FDS Total Return Bond Fund (PTTRX)	1,454,902

The pension trust funds are invested in various types of financial instruments. This diversification of the investment portfolio serves to assist in mitigating the various types of risks associated with different types of financial instruments. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments could occur in the near-term and that such a change could materially affect the amount reported on the statement of plan net assets.

G. Inventory and Prepaid Items

Inventory is recorded as expenditure when purchased. Year-end inventories are not material for financial statement purposes.

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

H. Statement of Cash Flows

For the purpose of the statement of cash flows, the Township considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year, and all computers regardless of price. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

The Township reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the Township chose to include all such items regardless of their acquisition date or amount. For the initial reporting of these assets, the Township was able to use actual historical cost or estimate historical through back trending. As the Township constructs or acquires additional capital assets each period, including infrastructure assets; they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Property, plant, and equipment of the Township are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	40
Public Domain Infrastructure	40-50
Vehicles	3-15
Equipment	5-15
Sewer Lines	40-50
Library Assets	5

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line amortization method. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums, discounts, and issue costs related to outstanding debt issued prior to January 1, 2003 were expensed at the time of issuance.

In the fund financial statements, the face amount of debt issued is reported as another financing source. Premiums received on debt issuances are also reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and are reported as debt service expenditures.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Reserved is used to denote that portion of the fund balance that is not available for expenditure appropriation or is legally segregated for a specific purpose. Unreserved is used to denote that portion of the fund balance that is available for appropriation.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

L. Net Assets

The government-wide and proprietary fund financial statements are required to report three components of net assets:

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets net of accumulated depreciation and is 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. The unspent portion of the capital related debts are presented with unrestricted net assets.
- *Restricted* - This component of net assets consists of constraints placed on net asset use through external restrictions. The Township's restricted net assets at December 31, 2011 consist of funds restricted for State Liquid Fuels Tax projects \$1,057, library services \$44,569, Boyce Mayview Regional Park \$17,943.
- *Unrestricted* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Boyce Mayview Community & Recreation Center Fund (C&RC Fund) Net Assets. As of December 31, 2011, the C&RC Fund had a negative unrestricted net asset balance of \$26,081. This was caused by the depreciation on the building since the opening of the facility in 2009. Since the actual building is intended to be financed through taxpayer dollars, the Township removes the building depreciation from the net asset balance for capital budgeting and planning purposes. Illustrated below is the budgeted net asset balance for the C&RC Fund for the year ended December 31, 2011.

Year Ended December 31,	Oper. Revenue & Transfers In	Operating Expenses	Add Back: Bldg. Depreciation	Net Equip. Purchases	Net Asset Balance Capital Budgeting
2007	400,000	-	-	-	400,000
2008	500,000	(65,623)	-	-	834,377
2009	1,034,752	(2,184,346)	324,109	(16,087)	(7,195)
2010	2,905,761	(3,250,077)	648,218	(151,473)	145,234
2011	3,313,648	(3,502,126)	648,218	103,519	556,064

Net Equip. Purchases: Equipment depreciation less current year equipment purchases

M. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

2. Property Taxes

The Township bills and collects its own property taxes based on assessed valuations provided by Allegheny County. Property tax revenues are recognized when levied to the extent that they result in current receivables. The schedule for property taxes levied for 2011 at 4.60 mills (\$.460 per \$100 assessed valuation) is as follows:

April 29	Tax Date
April 29 – June 30	2% Discount
July 1 – August 31	Face Amount Period
September 1 – November 30	10% Penalty Period
December 1	Lien Date

3. Defined Benefit Pension Plans

A. Plan Descriptions, Contribution Information, and Funding Policies

The Township contributes to two Defined Benefit Pension Plans. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans.

The Township Police Pension Plan (PPP) - The Police Pension Plan is a single-employer defined benefit pension trust fund. Any person employed on a full-time basis by the Township as a member of the police force is eligible to participate in the plan.

The Township Public Works Employees' Pension Plan (PWEP) - The Public Works Employees' Pension Plan is a single-employer defined benefit pension trust fund. All full-time Public Works employees are eligible to participate in the plan.

The benefits and refunds for the Police Pension Plan and Public Works Employees' Pension Plan are recognized when due and payable in accordance with the terms of the plan. The administrative costs associated with the PPP and PWEP are funded through the assets of the plan.

Actuarial valuations are performed bi-annually. For additional information related to basis of accounting and reported investment values, see Notes 1.C and 1.F. The plans do not issue stand-alone financial reports. Individual plan financial statements are included in Note 14 of this report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

The following is a summary of funding policies, contribution methods, and benefit provisions from the latest actuarial valuation, January 1, 2011:

	<u>Police Pension Plan</u>	<u>Public Works Employees' Pension Plan</u>
Date Established	December 2, 1957	October 5, 1959
Effective Date of Plan Restatement	January 1, 2004	January 1, 2007
Governing Authority and Administrator	Township Commissioners and Ordinances	Township Commissioners and Ordinances
Determination of Contribution:		
Requirements	Actuarially Determined	Actuarially Determined
Employer	\$616,944	\$219,107
Plan Members	5% of Salary	None
Funding of Benefits and Refunds	Plan Assets	Plan Assets
Funding of Administrative Costs	Plan Assets	Plan Assets
Eligibility Requirements		
Normal Retirement	Age 54 and 25 years of aggregate service	Age 60 and 10 years of service
Early Retirement	20 years aggregate service accrued benefit at date	Attainment of age 57 and 10 years of service
Vesting	100% after 12 years of aggregate service	100% after 10 years of service
Retirement Benefit	Monthly benefit equal to 50% of final thirty-six month average salary prior to retirement or other severance	Monthly benefit equal to \$60 multiplied by Years of Service prior to January 1, 2009 plus \$65 multiplied by Years of Service after January 1, 2009 total service not to exceed 40 years.
Service Increment	Additional monthly benefit equal to \$100 for 26 years of aggregate service	N/A
Post Retirement Benefit Increases	On each anniversary of retirement, retiree receive an increase in monthly benefit equal to the percentage change in the CPI-W times the pension benefit before service increment. Total of increase cannot exceed 20% of original benefit nor can total benefit exceed 75% of final monthly average salary.	None
Provision for Disability Benefits	Yes	Yes
Provision for Death Benefits	Yes	Yes

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Memberships of the Plans are as follows as of December 31, 2011:

	Police Pension Plan	Public Works Employees' Pension Plan
Nonvested Active Members	4	12
Fully Vested Active Members	24	16
Retirees and Beneficiaries		
Currently Receiving Benefits	8	17
Deferred Vested	-	6
Total	36	51

B. Annual Pension Costs, Net Pension Obligation, and Reserves

Current year annual pension costs for the Police and Public Works Employees' Plans are shown in the trend formation provided in Section C. Annual required contributions were made by both plans. There were no net pension obligations for either plan.

There are no assets legally reserved for purposes other than the payment of Plan member benefits for either plan. The Police Pension Plan and Public Works Employees' Pension Plan are in mutual funds administered by Principal Life Insurance Company and account for 100% of the total investment at December 31, 2011.

C. Trend Information

	Police Pension Plan			Public Works Employees' Pension Plan		
	Year Ended December 31,	Annual Pension Costs	Percentage Contributed	Net Pension Obligation (NPO)	Annual Pension Costs	Percentage Contributed
2006	\$ 310,465	100%	\$ -	\$ 71,005	100%	\$ -
2007	\$ 446,805	100%	\$ -	\$ 66,402	100%	\$ -
2008	\$ 222,410	100%	\$ -	\$ 124,742	100%	\$ -
2009	\$ 224,544	100%	\$ -	\$ 128,406	100%	\$ -
2010	\$ 225,913	100%	\$ -	\$ 134,067	100%	\$ -
2011	\$ 616,944	100%	\$ -	\$ 219,107	100%	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Actuarial assumptions and other information used to determine the annual required contributions (ARC) are as follows:

	<u>Police Pension Plan</u>	<u>Public Works Employees' Pension Plan</u>
Valuation Date	January 1, 2011	January 1, 2011
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, Closed	Level Dollar, Closed
Remaining Amortization Period	8 Years (aggregate)	12 Years (aggregate)
Asset Valuation Method	4-Year Smoothing	4-Year Smoothing
Investment Rate of Return	8.0%	8.0%
Projected Salary Increases	5.5%	N/A
Cost of Living Adjustment	Effective each anniversary of retirement, a retiree will receive an increase in the monthly benefit equal to the percentage change in the CPI-W, but cannot exceed 20% of the total original benefit or 75% of the final monthly average salary used to calculate the original benefit.	N/A
Underlying Inflation Rate	3.0%	3.0%

D. Funded Status

The Township's funded status and related information for each plan as of the latest actuarial valuation date, January 1, 2011, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Covered Payroll ((b-a)/c)
<u>Police Pension Plan</u>						
01/01/11	\$ 12,664,006	\$ 14,721,506	\$ 2,057,500	86.0%	\$ 2,480,361	83.0%
<u>Public Works Employees' Pension Plan</u>						
01/01/11	\$ 2,953,097	\$ 4,422,501	\$ 1,469,404	66.8%	\$ 1,499,209	98.0%

The required schedule of funding progress included as required supplementary information immediately following the notes to financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits. As noted above, certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2011. The next actuarial valuation will be performed as of January 1, 2013.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

4. Defined Contribution Plan

A. Plan Description

The Township provides pension benefits for its management and other employees that are not eligible for the aforementioned defined benefit pension plans, through a single-employer defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment. Participants become 100% vested upon their admittance to the plan. Contributions to the plan are made by the Township for participating employees based upon a percentage of the participant's base salary. The percentage contributed is in accordance with the pension plan document as approved by the Board of Commissioners. Employees are not obligated to contribute to the plan.

This is a money purchase plan maintained in accordance with Internal Revenue Code Section 401(a). Although the Township has fiduciary responsibility for plan assets, the Township contracts the International City Management Association Retirement Corporation (ICMA-RC) for management and investment of plan assets.

The amount contributed by the Township to the plan for the year ended December 31, 2011 was \$192,510 or 7.4% of the \$2,594,919 in wages paid to participants. The Township Manager and the Township Board of Commissioners are responsible for establishing and/or amending the plan provisions and contribution requirements. Separate audited financial statements are not issued for the plan.

B. Summary of Significant Accounting Policies

The financial statements of the plan are included in Note 14 of this report. For additional information related to the basis of accounting used and the categorization of reported investment values, see Notes 1.C and 1.F, respectively.

C. Concentrations

The Management Employees' Pension Plan investments in mutual funds held by ICMA-RC account for 100% of the total investments at December 31, 2011.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

5. Capital Assets

A Summary of changes in capital assets during 2011 are as follows:

	January 1, 2011	Increases	Decreases	December 31, 2011
<u>Governmental Activities:</u>				
Capital Assets not being depreciated:				
Land	\$ 2,386,736	\$ -	\$ -	\$ 2,386,736
Capital Assets being depreciated:				
Infrastructure	33,762,659	156,933	-	33,919,592
Buildings	12,551,974	-	-	12,551,974
Improvements	1,598,038	-	-	1,598,038
Equipment	6,755,639	642,319	(555,699)	6,842,259
Library assets	982,925	-	-	982,925
	<u>58,037,971</u>	<u>799,252</u>	<u>(555,699)</u>	<u>58,281,524</u>
Less: Accumulated Depreciation for:				
Infrastructure	(16,525,650)	(632,960)	-	(17,158,610)
Buildings	(5,936,284)	(311,431)	-	(6,247,715)
Improvements	(910,458)	(39,951)	-	(950,409)
Equipment	(4,725,290)	(496,178)	516,081	(4,705,387)
Library assets	(970,640)	(6,021)	-	(976,661)
	<u>(29,068,322)</u>	<u>(1,486,541)</u>	<u>516,081</u>	<u>(30,038,782)</u>
Governmental Activities Capital Assets, Net	<u>\$ 28,969,649</u>	<u>\$ (687,289)</u>	<u>\$ (39,618)</u>	<u>\$ 28,242,742</u>
<u>Business-Type Activities:</u>				
Capital Assets being depreciated:				
C&RC Building	25,928,704	-	-	25,928,704
Sewer lines and improvements	28,860,841	239,950	-	29,100,791
Equipment	1,453,601	92,202	(19,492)	1,526,311
	<u>56,243,146</u>	<u>332,152</u>	<u>(19,492)</u>	<u>56,555,806</u>
Less: Accumulated Depreciation for:				
C&RC Building	(972,326)	(648,218)	-	(1,620,544)
Sewer lines and improvements	(12,204,660)	(752,153)	-	(12,956,813)
Equipment	(462,215)	(222,556)	11,370	(673,401)
	<u>(13,639,201)</u>	<u>(1,622,927)</u>	<u>11,370</u>	<u>(15,250,758)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 42,603,945</u>	<u>\$ (1,290,775)</u>	<u>\$ (8,122)</u>	<u>\$ 41,305,048</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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

Governmental Activities		
General Government	\$	166,746
Public Safety		188,252
Public Works		1,025,727
Community Development		13,848
Recreation and Leisure		85,152
Library		6,816
		<hr/>
Total Depreciation Expense - Governmental Activities	\$	<u>1,486,541</u>
Business-Type Activities		
Sanitary Sewer	\$	777,072
Community & Recreation Center		845,563
Magazine		292
		<hr/>
Total Depreciation Expense - Business-type Activities	\$	<u>1,622,927</u>

6. Allowance for Uncollectible Accounts

Accounts receivable have been reported net of an allowance for uncollectible accounts.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

7. Changes in Long-Term Debt

	Amounts Payable as of January 1, 2011	New Debt	Amortization, Repayment	Amounts Payable as of December 31, 2011	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 20,462,501	\$ 5,435,000	\$ (5,866,974)	\$ 20,030,527	\$ 649,189
Notes Payable	664,071	-	(398,745)	265,326	24,766
Less Deferred Amounts:					
Bond Premium	18,556	-	(2,062)	16,494	-
Issuance Discounts	(262,439)	(117,868)	9,907	(370,400)	-
On Refunding	(372,115)	-	188,134	(183,981)	-
Governmental Activities Long-Term Liabilities	<u>\$ 20,510,574</u>	<u>\$ 5,317,132</u>	<u>\$ (6,069,740)</u>	<u>\$ 19,757,966</u>	<u>\$ 673,955</u>
Business-type Activities					
Bonds Payable	\$ 37,162,499	\$ 4,770,000	\$ (5,383,027)	\$ 36,549,472	\$ 740,811
Less Deferred Amounts:					
Bond Premium	8,915	-	(991)	7,924	-
Deferred Loss	(35,615)	(104,918)	3,957	(136,576)	-
On Refunding	(166,112)	-	166,112	-	-
Business-type Activities Long-Term Liabilities	<u>\$ 36,969,687</u>	<u>\$ 4,665,082</u>	<u>\$ (5,213,949)</u>	<u>\$ 36,420,820</u>	<u>\$ 740,811</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

8. Description of Long-Term Debt

Issue: General Obligation Note of 2005

Date: April 1, 2005

Original Proceeds: \$1,500,000 total note issued by TCS, \$393,900 guaranteed by the Township. The remaining balance is guaranteed by the other two governmental unit members.

Balance of Township's Guarantee at December 31, 2011: \$265,326

Interest Rate: 4.24%

Debt Service Source: General Fund

Purpose: Acquisition of a new administrative and operational facility for TCS.

The annual debt service requirements to maturity for the General Obligation Note of 2005 are as follows:

	Governmental Activities	
	Principal	Interest
2012	24,766	11,406
2013	25,831	10,341
2014	26,941	9,231
2015	28,099	8,073
2016-2020	159,689	21,172
Totals	<u>\$ 265,326</u>	<u>\$ 60,223</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Issue: General Obligation Bonds of 2006

Date: September 1, 2006

Original Proceeds: \$9,995,000

Principal Amount at December 31, 2011: \$-0-

Interest Rate: 3.40 - 4.45% semi-annual interest due May 15 and November 15

Debt Service Source: General Fund transfers to Debt Service Fund and Sanitary Sewer Fund

Purpose: The proceeds were used to advance refund \$9,525,000 of the Township's General Obligation Bonds of 2003. In connection with this advance refunding, \$9,791,967 of the proceeds were deposited into an irrevocable trust with an escrow agent to provide for certain debt service payments on the refunded debt.

The 2006 general obligation bond was refunded in 2011, with the general obligation bond series 2011. The aggregate difference in the debt service payments between the 2006 general obligation bonds and the refunding debt, 2011 general obligation bond, is a decrease of \$1,409,356. The refunding of the 2006 general obligation bonds by the 2011 general obligation bonds resulted in an economic gain of \$1,010,104.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Issue: General Obligation Bonds of 2007

Date: March 13, 2007

Original Proceeds: \$9,995,000

Principal amount at December 31, 2011: \$9,680,000

Interest Rate: 3.50 - 4.25% semi-annual interest due May 15 and November 15

Debt Service Source: General Fund transfers to Debt Service Fund and Sanitary Sewer Fund

Purpose: The proceeds of the bonds were used to provide funds for various capital improvements within the Township, including, but not limited to, repair and refurbishing portions of the Township's sanitary sewer system, completing the renovation of the Boyce Mayview Park and its ball fields, replacement of the tennis facility bubbles and certain sidewalk, and road repairs and improvements.

The annual debt service requirements to maturity for the General Obligation Bonds of 2007 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	95,000	244,956	50,000	152,445
2013	95,000	241,512	55,000	150,542
2014	105,000	237,690	60,000	148,345
2015	110,000	233,390	60,000	145,945
2016-2020	615,000	1,096,450	315,000	693,225
2021-2025	930,000	943,550	420,000	620,125
2026-2030	2,720,000	669,715	500,000	526,975
2031-2035	1,320,000	37,400	1,580,000	370,175
2036	-	-	650,000	13,812
Totals	\$ 5,990,000	\$ 3,704,663	\$ 3,690,000	\$ 2,821,589

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Issue: General Obligation Bonds of 2008

Date: March 3, 2008

Original Proceeds: \$32,300,000

Principal amount at December 31, 2011: \$30,639,999

Interest Rate: Variable rate, payable monthly. An interest rate swap was also entered into in connection with the bonds (Note 11). Interest payments below were calculated using the synthetic fixed rate as described in Note 11.

Debt Service Source: General Fund transfers to Debt Service Fund, Sanitary Sewer Fund, and C&RC Fund.

Purpose: The proceeds of the bonds were used to provide funds for various capital improvements within the Township, including, but not limited to, repair and refurbishing portions of the Township's sanitary sewer system and to finance a new Community & Recreation Center.

Liquidity Facility: In connection with the 2008 bonds, the Township has entered into a Standby Bond Purchase Agreement with PNC Bank, National Association (Bank). The agreement, dated March 13, 2008, is scheduled to expire on March 13, 2013. According to the terms of the agreement, any bonds remaining bank bonds for a period of 120 consecutive days begin amortizing in 14 equal semi-annual installments of principal at the prime rate plus 1%. At December 31, 2011, none of the 2008 bonds outstanding were held by the Bank. During 2011, the Township incurred \$33,267 in facility fees.

The annual debt service requirements to maturity for the General Obligation Bonds of 2008 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	84,189	147,057	485,811	848,587
2013	87,882	144,235	507,119	832,303
2014	90,097	141,315	519,903	815,460
2015	93,790	138,300	541,211	798,058
2016-2020	517,689	642,570	2,987,312	3,707,940
2021-2025	618,125	549,652	3,566,876	3,171,754
2026-2030	731,854	439,196	4,223,147	2,534,370
2031-2035	1,502,109	269,236	8,667,891	1,553,624
2036-2038	799,792	43,200	4,615,202	249,291
Totals	\$ 4,525,527	\$ 2,514,761	\$ 26,114,472	\$ 14,511,387

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Issue: General Obligation Bonds of 2009

Date: November 23, 2009

Original Proceeds: \$7,010,000

Principal amount at December 31, 2011: \$6,055,000

Interest Rate: 2.00 - 3.35% semi-annual interest due May 15 and November 15

Debt Service Source: General Fund transfers to Debt Service Fund, and Sanitary Sewer Fund

Purpose: The proceeds were used to advance refund \$6,692,141 of the Township's General Obligation Bonds of 2003. In connection with this advance refunding, \$6,987,949 of the proceeds were deposited into an irrevocable trust with an escrow agent to provide for certain debt service payments on the refunded debt.

The annual debt service requirements to maturity for the General Obligation Bonds of 2009 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	410,000	109,193	195,000	52,952
2013	420,000	100,368	200,000	48,752
2014	425,000	90,330	205,000	43,940
2015	435,000	78,492	215,000	38,153
2016-2020	2,390,000	193,084	1,160,000	93,736
Totals	\$ 4,080,000	\$ 571,467	\$ 1,975,000	\$ 277,533

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Issue: General Obligation Bonds of 2011

Date: November 15, 2011

Original Proceeds: \$10,205,000

Principal Amount at December 31, 2011: \$10,205,000

Interest Rate: 2.79%

Debt Service Source: General Fund transfers to Debt Service Fund

Purpose: The proceeds were used to refund \$9,935,000 of the Township's General Obligation Bonds of 2006. In connection with this refunding, \$9,935,000 of the proceeds were deposited into an irrevocable trust with an escrow agent to redeem the 2006 General Obligation Bonds.

The annual debt service requirements to maturity for the General Obligation Bonds of 2011 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	60,000	155,125	10,000	153,670
2013	55,000	154,337	15,000	153,495
2014	60,000	153,419	15,000	153,251
2015	50,000	152,662	25,000	152,995
2016-2020	290,000	751,075	125,000	759,475
2021-2025	2,955,000	543,846	1,620,000	649,110
2026-2030	1,965,000	99,958	1,830,000	372,465
2031-2033			1,130,000	65,360
Totals	\$ 5,435,000	\$ 2,010,422	\$ 4,770,000	\$ 2,459,821

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Issue: General Obligation Note of 2010

Date: August 18, 2010

Original Proceeds: \$375,000

Principal Amount at December 31, 2011: \$-0-

Interest Rate: 2.79%

Debt Service Source: General Fund transfers to Debt Service Fund

Purpose: The proceeds of the note were used to provide funds for the purchase of public safety equipment for the Volunteer Fire Department and a Land Acquisition at 2023 Washington Road, Upper St. Clair, PA 15241.

The General Obligation Note of 2010 was repaid in full in June, 2011.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

9. Unpaid Vacation and Sick Days

The Township's vacation policy for union and non-union employees provides that such employees are to take vacation within the year it is earned, with no carry forward provisions. Thus, there is no current liability for unused vacation at December 31, 2011. Vacation days may be carried forward only upon approval of the Township Manager. At December 31, 2011, there was no unrecorded General Fund liability for unused vacation days. Sick days are earned continuously at the rate of 7 to 10 days per year to a maximum of 125 days depending upon applicable contracts. Employees may use this time during their term of employment. No accrual is necessary as employees are not entitled to receive compensation for unused days.

10. Post Employment Benefits Other Than Pension Benefits (OPEBs)

A. Plan Description

In addition to the pension benefits previously described, the Township provides post-retirement health and life insurance benefits to certain administrative and police retirees through a single employer defined benefit plan. The benefit limits, funding policy, and employee and employer contributions are established and amended through union contracts or the Township's Board of Commissioners. The plan is not accounted for as a trust fund, an irrevocable trust has not been established, the plan does not issue a separate report, and activity of the plan is reported in the Township's General Fund.

Details of the benefits provided are as follows:

Police

The Township provides post-retirement medical coverage to all eligible police retirees in accordance with the requirements set forth by the union contract. Generally, police retirees who retire after age 54 and 25 years of service are offered hospitalization and major medical coverage for the retiree, spouse, and dependents until the death of the retiree. Prior to age 65, retirees are required to pay for any increases in premiums after retirement. After age 65, a Medicare Supplement Plan is provided at no cost to the retiree. Also upon retirement, a \$10,000 life insurance policy is provided by the Township for all officers with at least 15 years of service.

As of December 31, 2011, there were 28 active plan participants and four retired participants receiving benefits.

Non-Uniformed

For administrative employees, upon retirement at age 59 1/2, a \$5,000 life insurance policy is provided by the Township. For Teamsters, upon retirement at age 60 with 10 years of service, an \$8,000 life insurance policy is provided by the Township.

As of December 31, 2011, there were 82 active plan participants and 16 retired participants receiving benefits.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

B. Funding Policy

Life insurance benefits are expensed when incurred and are financed on a pay-as-you-go basis. The Township contributes \$1,000 per year per police officer to a Voluntary Employee's Beneficiary Association (VEBA) account to be applied toward the cost of post-retirement health benefits. Upon retirement, each retiree shall have the option to accept the full amount deposited in his/her account with accrued interest in lieu of receipt of post-retirement health benefits from the Township. For fiscal year 2011, the Township incurred \$71,076 for post-employment health benefits (\$43,077 related to net premiums paid for current retirees and \$27,999 in contributions to VEBA accounts) and \$610 for post-employment life insurance benefits. No amounts were required to be reimbursed by retirees receiving benefits. At December 31, 2011, the total of the VEBA account balances was \$397,675.

The Township's annual OPEB cost 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 ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 30 years. The following table shows the component of the Township's annual OPEB cost for the year, the amount actually contributed, and changes in the Township's net OPEB obligation:

	Police	Non-Uniformed	Total
Annual Required Contribution (ARC)	\$ 296,637	\$ 13,035	\$ 309,672
Interest on Net OPEB Obligation	23,497	1,033	24,530
Adjustment to Annual Required Contribution	(32,057)	(1,409)	(33,466)
Annual OPEB Cost (AOC)	288,077	12,659	300,736
Contributions Made	(188,232)	(8,273)	(196,505)
Increase (Decrease) in Net OPEB Obligation	99,845	4,386	104,231
Net OPEB Obligation - Beginning of Year	513,177	31,942	545,119
Net OPEB Obligation - End of Year	\$ 613,022	\$ 36,328	\$ 649,350

The Township's annual OPEB cost (AOC), the percentage of annual OPEB cost contributed and the net OPEB obligation were as follows:

Police

Fiscal Year Ending	Annual OPEB Costs	% of AOC Contributed	Net OPEB Obligation (Asset)
December 31, 2011	\$296,637	26%	\$739,348
December 31, 2010	\$225,156	30%	\$513,177
December 31, 2009	\$225,156	22%	\$354,590
December 31, 2008	\$225,156	21%	\$178,978
December 31, 2007	N/A	N/A	N/A

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Non-Uniformed

Fiscal Year Ending	Annual OPEB Costs	% of AOC Contributed	Net OPEB Obligation (Asset)
December 31, 2011	\$13,035	4%	\$44,507
December 31, 2010	\$10,950	3%	\$31,942
December 31, 2009	\$10,950	3%	\$21,303
December 31, 2008	\$10,950	3%	\$10,671
December 31, 2007	N/A	N/A	N/A

The ARC for the current year for the Police and Non-Uniformed Plans was computed as of January 1, 2011 using the following actuarial assumptions:

Valuation Date	January 1, 2011	
Actuarial Cost Method	Entry Age Normal Cost	
Amortization Method	Level Dollar	
Amortization Period	30 year open period	
Investment Rate	4.5% compounded annually	
Mortality	1994 Uninsured Pensioners Mortality T	
Projected Salary Increases	Not applicable to Plan	
Post-retirement benefit increases	Not applicable to Plan	
Health Care Cost Trend Rates	2011-7.00%	2014-5.50%
	2012-6.50%	2015-5.00%
	2013-6.00%	

The schedule of funding progress for the Township's OPEBs is as follows:

Schedules of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Covered Payroll ((b-a)/c)
<u>Police Employees:</u>						
01/01/08	\$ 329,593	\$ 3,007,568	\$ 2,677,975	11.0%	\$ 2,565,652	104.4%
01/01/11	\$ 374,001	\$ 3,962,338	\$ 3,588,337	9.4%	\$ 2,480,361	144.7%
<u>Non-Uniformed Employees:</u>						
01/01/08	\$ -	\$ 106,226	\$ 106,226	0.0%	\$ 3,484,257	3.0%
01/01/11	\$ -	\$ 134,730	\$ 134,730	0.0%	\$ 3,991,979	3.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Healthcare cost trend assumptions are based on recent experience and anticipated future cost increases under the Township's medical plans. Amounts determined regarding the funded status 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 about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs 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.

11. Derivative Financial Instruments – Interest Rate Swap

Objective of the Interest Rate Swap

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance of its variable rate 2008 General Obligation Bonds (Bonds), the Township entered into a pay-fixed, receive-variable interest rate swap agreement with PNC Bank, National Association (Counterparty). The intention of the swap was to effectively change the Township's variable interest rate on the Bonds to a synthetic fixed rate of 3.28%. The net interest resulting from the difference between the fixed payment and variable receipt is the only amount related to the swap agreement recorded in the financial statements.

Terms

The swap agreement was entered into at the same time the Bonds were issued (March 2008). The swap agreement expires on June 1, 2018. The swap's original notional amount was \$32,300,000. Starting in 2009, the notional value of the swap reduces so that the notional amount approximates the principal amount on the bonds outstanding. The notional value as of December 31, 2011 was \$30,640,000.

Initially, the Bonds will accrue interest at a weekly rate determined by the remarketing agent on the effective rate date. The interest rate on the Bonds while in the weekly rate may not exceed 12%. Per the interest rate swap agreement, the Township will pay the Counterparty interest at a fixed rate of 3.28% and will receive from the Counterparty interest equal to the tax-exempt floating rate index (SIFMA Municipal Swap Index). The interest payments on the interest rate swap is calculated based on the notional amounts, which reduce over time.

Pursuant to the swap contract, both the Township and the Counterparty make payments monthly on the first of each month. For the year ended December 31, 2011, the Township paid \$1,012,577 fixed and received \$56,136 variable with respect to the swap.

Fair Values

As of December 31, 2011, the interest rate swap had negative fair market value of \$3,566,371. The fair market value was provided by the Counterparty at mid-market, based on financial principles and assumptions of the Counterparty.

Valuation Date	Trade Type	Initial Notional Amount	Current Notional Amount	Start Date	Maturity Date	Net Present Value
12/31/11	Swap	32,300,000	30,640,000	03/06/2008	06/01/2018	(3,566,371)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Effectiveness of the Interest Rate Swap

The interest rate swap was entered into as part of the 2008 bond issue, which is financed by both governmental activities and business-type activities. As shown below, the annualized average interest rate for 2011 was 3.35%. The swap was designed to achieve a synthetic interest rate of 3.28%. Since the average interest rate for 2011 was between 90 and 111 percent of the desired synthetic interest rate, the Township deemed the swap to be effective. Therefore, the Township recognized a derivative instrument liability and deferred outflow of resources asset within the governmental activities for \$526,753 and business-type activities for \$3,039,618.

Interest Period	PNC Bank Receives	PNC Bank Pays	PNC Bank Net Interest	Wells Fargo Interest Payments	Total Interest Payment	Notional Amount	Annualized Average Interest Rate
Jan-May 2011	426,332	(31,768)	394,564	36,400	430,964	31,195,000	3.31%
Jun-Dec 2011	586,245	(24,369)	561,877	41,888	603,764	30,640,000	3.38%
Total	1,012,577	(56,137)	956,441	78,288	1,034,728		3.35%

Risk Exposure

Through the use of derivative instruments such as interest rate swaps, the Township is exposed to a variety of risks, including credit risk, remarketing/interest rate/basis risk and termination risk.

Credit risk is the risk that the Counterparty will not fulfill its obligations. On December 31, 2011, the Counterparty was rated A+ by Standard & Poor's and A2 by Moody's Investors Services, Inc., nationally recognized rating agencies. If the Counterparty fails to perform according to the terms of the interest rate swap agreement, there is some risk of loss to the Township; if the Township would need to replace the swap; it would likely cost the Township the then fair market value. Because the swap now has a negative fair market value, there is no current credit risk to the Township. This risk includes the potential for the Counterparty to fail to make periodic variable rate payments to the Township and the Counterparty to fail to make termination payments to the Township, if the swap is terminated and a termination payment is due from the Counterparty. Under the terms of the agreement, if the Counterparty's credit rating falls below A- by Standard & Poor's or A3 by Moody's Investors Services, Inc., the Township may 1) require the Counterparty to fully collateralize the fair value of the swap in the Township's favor (subject to a \$500,000 minimum transfer amount) with eligible collateral, including cash or government securities, or 2) terminate the swap. Collateral would be posted with a third-party custodian, a commercial bank or trust company selected by the Township, meeting certain requirements of the Counterparty.

Remarketing/interest rate/basis risk is the risk that arises when variable interest rates on a derivative and associated bond are based on different indexes. The Township is subject to remarketing/interest rate/basis risk as the interest index on the variable rate arm of the swaps is based on the SIFMA Municipal Swap Index, as previously discussed, and the variable interest rate on the Bonds is based on current market conditions as determined by the remarketing agent. Although expected to correlate over the long-term, the short-term relationships between the SIFMA Municipal Swap Index and the weekly tax exempt rate may vary. The variance could adversely affect the Township's calculated payments, and synthetic interest rates may not be realized. This risk has been minimized, however, because the swap indexes are directly related to the markets for the Bonds and the variance over the long-term should be minimal.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Termination risk is the risk that the swap will end before the final maturity of the Bonds. Currently, the swap transaction is scheduled to expire on June 1, 2018 which is prior to the final maturity on the bonds of June 1, 2038. There are also other instances when the swap could be terminated earlier than its expiration date. The swap uses the International Swaps and Derivatives Association Master Agreement, which includes standard termination events, such as rating downgrades, covenant violations, bankruptcy, or swap payment default by either the Township or the Counterparty. The Township or the Counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic fixed interest rate. The credit rating threshold for the Township under which the Counterparty may terminate the swap is BBB by Standard & Poor's.

12. Commitments and Contingencies

The Township has entered into an administrative consent order with the Allegheny County Health Department, the Pennsylvania Department of Environmental Protection and the United States Environmental Protection Agency related to storm water inflow into the Township's sanitary sewer system. Phase I of the consent order was completed during 2010. Management estimates that the Township's capital cost to comply with Phase II of the consent order will be \$32.4 million.

13. Risk Management

The Township of Upper St. Clair is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

The Township also purchases commercial insurance for its employee health and accident insurance coverage. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

14. Adoption of Accounting Standard

During the current year, the Township adopted the Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement also clarifies existing governmental fund type definitions. The effect of implementing this statement led to the Township's governmental fund balance being classified according to the new classification as described in Section 14 of this note

Fund Balance

Nonspendable – consists of amounts that cannot be spent because they are either (1) not in spendable form, or (2) legally or contractually required to be maintained intact. The Township reports nonspendable fund balance for prepaid expenses as of December 31, 2011.

Restricted – consists of amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, or contributors, or (2) law through constitutional provisions or enabling legislation. The Township reported fund balance restricted for grant activity as of December 31, 2011.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Committed – consists of amounts that can only be used pursuant to specific purposes pursuant to constraints imposed by a resolution enacted by the Township’s governing board. Once committed, a resolution by the Board is required to lift the commitment. The Township has not committed any fund balance as of December 31, 2011.

Assigned – consists of amounts that are constrained by the Township’s intent to be used for specific purposes. The Township’s governing board has authorization to assign fund balance. The Township has not assigned any fund balance as of December 31, 2011.

Unassigned – represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

When committed, assigned, and unassigned resources are available for use, it is the Township’s policy to use committed resources first, assigned resources second, and then unassigned resources as they are needed.

15. Pending Governmental Accounting Standards Board Pronouncements

In December 2009, the Governmental Accounting Standards Board adopted Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. This statement permits an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method. In addition, this statement clarifies when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and amends the requirement that an agent multiple-employer OPEB plan obtains an actuarial valuation. This statement is required for financial statements of periods beginning after June 15, 2011. The Township has not determined the impact, if any, that GASB 57 will have on the financial statements.

In November 2010, the Governmental Accounting Standards Board adopted Statement 61, *The Financial Reporting Entity*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The statement also amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. This statement is required for financial statements of periods beginning after June 15, 2012. The Township has not determined the impact, if any, that GASB 61 will have on the financial statements.

In December 2010, the Governmental Accounting Standards Board adopted Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into the GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. In addition, this statement eliminates the election for enterprise funds and business-type activities to apply post-November 30, 1989 FASB statements and Interpretations that do not conflict with or contradict GASB pronouncements. This statement is required for financial statements of periods beginning after December 15, 2011. The Township has not determined the impact, if any, that GASB 62 will have on the financial statements.

In June 2011, the Governmental Accounting Standards Board adopted Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources which are defined as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This statement is required for financial statements of periods beginning after December 15, 2011. The Township has not determined the impact, if any, that GASB 63 will have on the financial statements.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

In March 2012, the Governmental Accounting Standards Board adopted Statement 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement is required for financial statements of periods beginning after December 15, 2012. The Township has not determined the impact, if any, that GASB 65 will have on the financial statements.

16. Pension Plan Financial Statements

Financial statements for the Township's individual pension plans are shown below. State Aid represents amounts recognized during the year related to the Commonwealth of Pennsylvania's allocation to assist in pension funding. The contributions and investment income shown below for each individual pension plan were recognized as revenue in the Township's financial statements when earned and the benefits paid and expenses incurred were recognized when the liability was incurred.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS

DECEMBER 31, 2011

	Public Works Employees	Police	Mgt & Admin Employees	Total
ASSETS				
Cash and Cash Equivalents	\$ 73,478	\$ 680,571	\$ -	\$ 754,049
Investments (at fair value):				
Managed by VALIC Financial Advisors, Inc.	2,877,052	-	-	2,877,052
Managed by PNC Bank, N.A.	-	12,185,674	-	12,185,674
Employee Directed through ICMA-RC	-	-	2,234,498	2,234,498
TOTAL ASSETS	<u>2,950,530</u>	<u>12,866,245</u>	<u>2,234,498</u>	<u>18,051,273</u>
LIABILITIES				
Accounts Payable	<u>550</u>	<u>250</u>	<u>-</u>	<u>800</u>
TOTAL LIABILITIES	<u>550</u>	<u>250</u>	<u>-</u>	<u>800</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 2,949,980</u>	<u>\$ 12,865,995</u>	<u>\$ 2,234,498</u>	<u>\$ 18,050,473</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2011

	<u>Public Works Employees</u>	<u>Police</u>	<u>Mgt & Admin Employees</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Member Contributions	\$ -	\$ 133,847	\$ -	\$ 133,847
Township Contributions	22,673	238,108	-	260,781
State Aid - Contributed by Township	196,434	378,836	192,510	767,780
Total Contributions	<u>219,107</u>	<u>750,791</u>	<u>192,510</u>	<u>1,162,408</u>
Investment Income:				
Net Appreciation in Fair Value of Investments	(41,140)	(171,476)	(18,808)	(231,424)
Less: Investment Expenses	<u>(6,056)</u>	<u>(11,489)</u>	<u>-</u>	<u>(17,545)</u>
Net Investment Income	<u>(47,196)</u>	<u>(182,965)</u>	<u>(18,808)</u>	<u>(248,969)</u>
Total Additions	<u>171,911</u>	<u>567,826</u>	<u>173,702</u>	<u>913,439</u>
DEDUCTIONS				
Benefits Paid	128,307	212,549	-	340,856
Withdrawal Credits	-	-	70,217	70,217
Administrative Expenses	<u>5,773</u>	<u>8,580</u>	<u>1,271</u>	<u>15,624</u>
Total Deductions	<u>134,080</u>	<u>221,129</u>	<u>71,488</u>	<u>426,697</u>
Change in Plan Net Assets	37,831	346,697	102,214	486,742
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year	<u>2,912,149</u>	<u>12,519,298</u>	<u>2,132,284</u>	<u>17,563,731</u>
End of Year	<u>\$ 2,949,980</u>	<u>\$ 12,865,995</u>	<u>\$ 2,234,498</u>	<u>\$ 18,050,473</u>

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

REQUIRED SUPPLEMENTARY PENSION INFORMATION
DEFINED BENEFIT PENSION TRUST FUNDS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

DECEMBER 31, 2011

Schedules of Funding Progress:

Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
01/01/03	\$ 7,497,620	\$ 8,572,135	\$ 1,074,515	87.5%	\$ 2,067,294	52.0%
01/01/05	\$ 8,498,417	\$ 11,159,623	\$ 2,661,206	76.2%	\$ 2,319,565	114.7%
01/01/07	\$ 10,823,406	\$ 12,321,777	\$ 1,498,371	87.8%	\$ 2,415,724	62.0%
01/01/09	\$ 10,567,438	\$ 14,032,612	\$ 3,465,174	75.3%	\$ 2,496,409	138.8%
01/01/11	\$ 12,664,006	\$ 14,721,506	\$ 2,057,500	86.0%	\$ 2,480,361	83.0%

Public Works Employees' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
01/01/03	\$ 2,194,393	\$ 2,428,429	\$ 234,036	90.4%	\$ 876,201	26.7%
01/01/05	\$ 2,279,723	\$ 2,736,655	\$ 456,932	83.3%	\$ 1,091,644	41.9%
01/01/07	\$ 2,666,782	\$ 3,488,271	\$ 821,489	76.4%	\$ 1,095,298	75.0%
01/01/09	\$ 2,476,257	\$ 3,933,308	\$ 1,457,051	63.0%	\$ 1,331,978	109.4%
01/01/11	\$ 2,953,097	\$ 4,422,501	\$ 1,469,404	66.8%	\$ 1,499,209	98.0%

* Actuarial value of assets is different from the market value of assets due to the adoption by the Police Pension Plan and the Public Works Employees' Pension Plan of the 4-Year Smoothing Asset Valuation Method.

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

See accompanying note to required supplementary pension information.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

**REQUIRED SUPPLEMENTARY PENSION INFORMATION
DEFINED BENEFIT PENSION TRUST FUNDS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

DECEMBER 31, 2011

Schedules of Employer's Contributions:

Year Ended December 31,	<u>Police Pension Plan</u>		<u>Public Works Employees' Pension Plan</u>	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2003	\$ 251,118	100%	\$ 68,409	100%
2004	\$ 191,135	100%	\$ 42,123	100%
2005	\$ 196,977	100%	\$ 42,930	100%
2006	\$ 310,465	100%	\$ 71,005	100%
2007	\$ 446,805	100%	\$ 66,402	100%
2008	\$ 222,410	100%	\$ 124,742	100%
2009	\$ 224,544	100%	\$ 128,406	100%
2010	\$ 225,913	100%	\$ 134,067	100%
2011	\$ 616,944	100%	\$ 219,107	100%

See accompanying note to required supplementary pension information.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
DEFINED BENEFIT PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2011

Note to Required Supplementary Pension Information

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 report follows:

	<u>Police Pension Plan</u>	<u>Public Works Employees' Pension Plan</u>
Valuation Date	January 1, 2011	January 1, 2011
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, Closed	Level Dollar, Closed
Remaining Amortization Period	8 Years (aggregate)	12 Years (aggregate)
Asset Valuation Method	4-Year Smoothing	4-Year Smoothing
Actuarial Assumptions		
Investment Rate of Return	8.0%	8.0%
Projected Salary Increase	5.5%	N/A
Underlying Inflation Rate	3.0%	3.0%

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

REQUIRED SUPPLEMENTARY OPEB INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

DECEMBER 31, 2011

Schedules of Funding Progress:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Covered Payroll ((b-a)/c)</u>
<u>Police Employees:</u>						
01/01/08	\$ 329,593	\$ 3,007,568	\$ 2,677,975	11.0%	\$ 2,565,652	104.4%
01/01/11	\$ 374,001	\$ 3,962,338	\$ 3,588,337	9.4%	\$ 2,480,361	144.7%
<u>Non-Uniformed Employees:</u>						
01/01/08	\$ -	\$ 106,226	\$ 106,226	0.0%	\$ 3,484,257	3.0%
01/01/11	\$ -	\$ 134,730	\$ 134,730	0.0%	\$ 3,991,979	3.4%

2008 was the first year of implementation for GASB No. 45.

See accompanying note to required supplementary OPEB information.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

**REQUIRED SUPPLEMENTARY OPEB INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

DECEMBER 31, 2011

Schedules of Employer's Contributions:

Year Ended December 31,	Police OPEB Plan		Non-Uniformed OPEB Plan		
	Annual Required Contribution	Percentage Contributed	Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2006	\$ 30,303	100%	2006	\$ 297	100%
2007	\$ 30,975	100%	2007	\$ 271	100%
2008	\$ 46,178	100%	2008	\$ 279	100%
2009	\$ 49,544	100%	2009	\$ 318	100%
2010	\$ 66,569	100%	2010	\$ 311	100%
2011	\$ 71,216	100%	2011	\$ 470	100%

See accompanying note to required supplementary OPEB information.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
FACTORS AND TRENDS USED IN ACTUARIAL VALUATION
YEAR ENDED DECEMBER 31, 2011

Note to Required Supplementary OPEB Information

Actuarial Data:

Valuation Date	January 1, 2011
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar

Demographic Assumptions:

Mortality	1994 Uninsured Pensioner Mortality Table
Disabled Life Mortality	1994 Uninsured Pensioner Mortality Table, with rates set forward 5 years
Withdraw	Tables T-1, <i>Actuary's Pension Handbook</i>
Disablement	<u>Police:</u> 60% of the rates of disablement from <i>Advanced Pension Tables</i> <u>Non-Uniformed:</u> None Assumed
Valuation Retirement Age	<u>Police:</u> Age 54 with 25 years of service <u>Non-Uniformed:</u> Administrative – Age 60; Teamsters – Age 60 with 10 years of service
Percent Electing Husband/Wife Health Coverage	<u>Police:</u> 80% of future retirees
Participant Percentage	<u>Police:</u> 90% of future retirees for health insurance <u>Police and Non-Uniformed:</u> 100% of future retirees for life insurance

Economic Assumptions:

Interest Rate	4.50%			
Annual Trend Rates for OPEB Costs	<u>Year</u>	<u>Medical</u>	<u>Year</u>	<u>Medical</u>
	2011	7.00%	2015 and later	5.00%
	2012	6.50%		
	2013	6.00%		
	2014	5.50%		

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Major Governmental Funds

General Fund is the operating fund of the Township. It accounts for all financial resources except those required to be in another fund.

Capital Projects Fund - Regular accounts for the costs of capital assets acquired for use in the Township for general government, public safety, public works, or parks and recreation purposes.

Non-Major Governmental Funds

Non-major governmental funds did not meet the established criteria for major fund status. All non-major governmental funds have been presented; however, only certain funds have legally adopted budgets.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from grants or other earmarked sources of revenue. They are required by statute, charter provision or local ordinance to finance particular functions or activities of government. The seven non-major Special Revenue Funds are:

State Liquid Fuels Fund is used to account for state liquid fuels tax monies rebated to the Township. This fund is required by state law.

Storm Sewer Improvement Fund is used to account for storm sewer improvement fees paid by developers and monies expended for storm water management projects. This fund is required by local ordinance.

Field Improvement Fund is used to account for funds donated by the Upper St. Clair Athletic Association for improvements to ball fields. This fund is required by local ordinance.

Library Endowment Fund is used to account for fund drive donations and capital expenditures. This fund is required by local ordinance.

Regional Asset District Library Fund is used to account for monies allocated to the Upper St. Clair Library by the Allegheny County Library Association which is an organization that has received funding from the Allegheny County Regional Asset District. These funds are required to be spent for upgrading the existing capabilities of the Library and to create new and innovative ways of administering programs of the Library. This fund is required by local ordinance.

Regional Asset District Boyce Mayview Fund is used to account for monies allocated to the Township by the Allegheny County Regional Asset District. These funds are to be used for continual maintenance and expansion of facilities and services of Boyce Mayview Park.

Municipal Authority of the Township of Upper St. Clair (MATUSC) Special Revenue Fund is used to account for revenues derived from investments made by the Authority's governing board and general expenditures needed for its operation.

Non-Major Governmental Funds

(Continued)

DEBT SERVICE FUNDS

Debt Service Funds are used to accumulate monies for payment of principal and interest on general obligation bonds and notes issued by the Township and Revenue bonds issued by the Municipal Authority of the Township of Upper St. Clair (MATUSC). There were no outstanding bonds issued by the MATUSC as of December 31, 2011 .

Debt Service Fund is used to channel funds from the General Fund to satisfy principal and interest requirements on general obligation bonds and notes issued by the Township. The debt service on these bonds and notes is derived from general operating revenues from the General Fund. Listed below are the long-term obligations of the Township that are serviced by the Debt Service Fund.

- General Obligation Bonds of 2006 – Refunded in 2011
- General Obligation Bonds of 2007 – Maturity Year: 2032
- General Obligation Bonds of 2008 – Maturity Year: 2038
- General Obligation Bonds of 2009 – Maturity Year: 2020
- General Obligation Bonds of 2011 – Maturity Year: 2033
- General Obligation Note of 2010 – Repaid in 2011

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

DECEMBER 31, 2011

	Special Revenue Funds								Total Other Governmental Funds
	State Liquid Fuels Fund	Storm Sewer Improvement Fund	Field Improvement Fund	Library Endowment Fund	Regional Asset District Library Fund	Regional Asset District Boyce Mayview Fund	MATUSC Special Revenue Fund	Total Special Revenue Funds	
ASSETS									
Cash and Cash Equivalents	\$ 1,057	\$ 4,966	\$ 321,030	\$ 44,569	\$ -	\$ -	\$ 444,643	\$ 816,265	\$ 816,265
Due from Other Funds	-	-	-	-	-	40,893	-	40,893	40,893
Other Receivables	-	-	19,380	-	-	49,909	-	69,289	69,289
TOTAL ASSETS	<u>\$ 1,057</u>	<u>\$ 4,966</u>	<u>\$ 340,410</u>	<u>\$ 44,569</u>	<u>\$ -</u>	<u>\$ 90,802</u>	<u>\$ 444,643</u>	<u>\$ 926,447</u>	<u>\$ 926,447</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,217	\$ 1,292	\$ 50,509	\$ 50,509
Due to Other Funds	-	-	-	-	-	-	-	-	-
Deferred Revenues	-	-	-	-	-	23,642	-	23,642	23,642
Total Liabilities	-	-	-	-	-	72,859	1,292	74,151	74,151
Fund Balances:									
Restricted:									
Restricted for State Liquid Fuels Expenses	1,057	-	-	-	-	-	-	1,057	1,057
Restricted for Boyce Mayview Park Grant Expenses	-	-	-	-	-	17,943	-	17,943	17,943
Restricted for Library Expenses and Services	-	-	-	44,569	-	-	-	44,569	44,569
Committed	-	4,966	340,410	-	-	-	443,351	788,727	788,727
Total Fund Balances	<u>1,057</u>	<u>4,966</u>	<u>340,410</u>	<u>44,569</u>	<u>-</u>	<u>17,943</u>	<u>443,351</u>	<u>852,296</u>	<u>852,296</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,057</u>	<u>\$ 4,966</u>	<u>\$ 340,410</u>	<u>\$ 44,569</u>	<u>\$ -</u>	<u>\$ 90,802</u>	<u>\$ 444,643</u>	<u>\$ 926,447</u>	<u>\$ 926,447</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

DECEMBER 31, 2011

	Special Revenue Funds									Total Other Governmental Funds	
	State Fuels Fund	Liquid Improvement Fund	Storm Sewer Improvement Fund	Field Improvement Fund	Library Endowment Fund	Regional Asset District Library Fund	Regional Asset District Boycie Mayview Fund	MATUSC Special Revenue Fund	Total Special Revenue Funds		Debt Service Fund
REVENUES											
Licenses and Permits	\$ -	\$ -	\$ 5,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,200	\$ -	\$ 5,200
Interest	-	98	-	153	14	-	-	174	439	-	439
State Grants	451,149	-	-	-	-	186,489	366,231	-	1,003,869	-	1,003,869
Other Revenue	-	-	-	-	3,932	-	-	-	3,932	-	3,932
Recreation Fees	-	-	-	19,380	-	-	-	-	19,380	-	19,380
TOTAL REVENUES	451,247	5,200	19,533	3,946	186,489	366,231	174	1,032,820	-	-	1,032,820
EXPENDITURES											
Current:											
General Government	-	-	-	-	-	-	-	1,292	1,292	-	1,292
Public Works	451,259	12,588	2,095	-	-	-	-	465,942	-	-	465,942
Recreation and Leisure Services	-	-	-	-	-	-	662,435	-	662,435	-	662,435
Library Services	-	-	-	-	961	188,974	-	-	189,935	-	189,935
Total Current Expenditures	451,259	12,588	2,095	961	188,974	662,435	1,292	1,319,604	-	-	1,319,604
Capital Outlay:											
Public Works	-	-	-	-	-	-	-	-	-	-	-
Recreation and Leisure Services	-	-	-	-	-	-	210,241	-	210,241	-	210,241
Library Services	-	-	-	-	2,000	-	-	-	2,000	-	2,000
Total Capital Outlay Expenditures	-	-	-	-	2,000	-	210,241	-	212,241	-	212,241
Debt Service:											
Principal Retirement	-	-	-	-	-	-	-	-	-	966,974	966,974
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	25,023	25,023
Interest	-	-	-	-	-	-	-	-	-	758,152	758,152
Total Debt Service Expenditures	-	-	-	-	-	-	-	-	-	1,750,149	1,750,149
TOTAL EXPENDITURES	451,259	12,588	2,095	2,961	188,974	872,676	1,292	1,531,845	1,750,149	-	3,281,994
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12)	(7,388)	17,438	985	(2,485)	(506,445)	(1,118)	(499,025)	(1,750,149)	-	(2,249,174)
OTHER FINANCING SOURCES (USES)											
Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	5,435,000	5,435,000
Refunding of General Obligation Bonds	-	-	-	-	-	-	-	-	-	(5,275,000)	(5,275,000)
Loss on Refunding of Bonds	-	-	-	-	-	-	-	-	-	(127,764)	(127,764)
Interfund Transfer In	-	-	30,000	-	-	-	496,395	-	526,395	7,000,126	7,526,521
Interfund Transfer Out	-	-	-	-	-	-	-	-	-	(5,282,213)	(5,282,213)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	30,000	-	-	496,395	-	526,395	1,750,149	-	2,276,544
NET CHANGE IN FUND BALANCES	(12)	(7,388)	47,438	985	(2,485)	(10,050)	(1,118)	27,370	-	-	27,370
FUND BALANCES - BEGINNING	1,069	12,354	292,972	43,584	2,485	27,993	444,469	824,926	-	-	824,926
FUND BALANCES - ENDING	\$ 1,057	\$ 4,966	\$ 340,410	\$ 44,569	\$ -	\$ 17,943	\$ 443,351	\$ 852,296	\$ -	\$ -	\$ 852,296

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CAPITAL PROJECTS FUND - REGULAR

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest	\$ 16,000	\$ 7,641	\$ (8,359)
Other Revenue and Grants	4,500	176,473	171,973
TOTAL REVENUES	20,500	184,114	163,614
EXPENDITURES			
Current:			
General Government	252,500	12,857	239,643
Community Development	13,500	43,948	(30,448)
Public Safety	45,600	104,447	(58,847)
Public Works	872,920	616,268	256,652
Recreation and Leisure Services	25,000	-	25,000
Total Current Expenditures	1,209,520	777,520	432,000
Capital Outlay:			
General Government	91,000	92,066	(1,066)
Community Development	2,000	20,305	(18,305)
Public Safety	101,500	78,571	22,929
Public Works	396,000	381,046	14,954
Library Services	15,000	15,024	(24)
Total Capital Outlay Expenditures	605,500	587,012	18,488
TOTAL EXPENDITURES	1,815,020	1,364,532	450,488
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,794,520)	(1,180,418)	614,102
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	486,202	1,993,416	1,507,214
Interfund Transfer Out	(30,000)	(30,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	456,202	1,963,416	1,507,214
NET CHANGE IN FUND BALANCES	\$ (1,338,318)	\$ 782,998	\$ 2,121,316

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATE LIQUID FUELS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest	\$ 200	\$ 98	\$ (102)
State Grants	438,880	451,149	12,269
TOTAL REVENUES	439,080	451,247	12,167
EXPENDITURES			
Current:			
Public Works	439,080	451,259	(12,179)
Total Current Expenditures	439,080	451,259	(12,179)
TOTAL EXPENDITURES	439,080	451,259	(12,179)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(12)	(12)
NET CHANGE IN FUND BALANCES	\$ -	\$ (12)	\$ (12)

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STORM SEWER IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Licenses and Permits	\$ 1,600	\$ 5,200	\$ 3,600
Interest	-	-	-
TOTAL REVENUES	<u>1,600</u>	<u>5,200</u>	<u>3,600</u>
EXPENDITURES			
Current:			
Public Works	<u>5,500</u>	<u>12,588</u>	<u>(7,088)</u>
Total Current Expenditures	<u>5,500</u>	<u>12,588</u>	<u>(7,088)</u>
TOTAL EXPENDITURES	<u>5,500</u>	<u>12,588</u>	<u>(7,088)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,900)</u>	<u>(7,388)</u>	<u>(3,488)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (3,900)</u>	<u>\$ (7,388)</u>	<u>\$ (3,488)</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

FIELD IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest	\$ 300	\$ 153	\$ (147)
Recreation Fees	19,000	19,380	380
TOTAL REVENUES	<u>19,300</u>	<u>19,533</u>	<u>233</u>
EXPENDITURES			
Capital Outlay:			
Public Works	40,000	2,095	37,905
Total Capital Outlay Expenditures	<u>40,000</u>	<u>2,095</u>	<u>37,905</u>
TOTAL EXPENDITURES	<u>40,000</u>	<u>2,095</u>	<u>37,905</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,700)</u>	<u>17,438</u>	<u>38,138</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	30,000	30,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,000</u>	<u>30,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 9,300</u>	<u>\$ 47,438</u>	<u>\$ 38,138</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

REGIONAL ASSET DISTRICT LIBRARY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
State Grants	\$ 181,180	\$ 186,489	\$ 5,309
TOTAL REVENUES	181,180	186,489	5,309
EXPENDITURES			
Current:			
Library Services	185,417	188,974	(3,557)
Total Current Expenditures	185,417	188,974	(3,557)
Capital Outlay:			
Library Services	-	-	-
Total Capital Outlay Expenditures	-	-	-
TOTAL EXPENDITURES	185,417	188,974	(3,557)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,237)	(2,485)	1,752
NET CHANGE IN FUND BALANCES	\$ (4,237)	\$ (2,485)	\$ 1,752

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
 REGIONAL ASSET DISTRICT BOYCE MAYVIEW FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
State Grants	\$ 385,000	\$ 366,231	\$ (18,769)
Recreation Fees	3,000	-	(3,000)
TOTAL REVENUES	388,000	366,231	(21,769)
EXPENDITURES			
Current:			
Recreation and Leisure Services	732,959	662,435	70,524
Total Current Expenditures	732,959	662,435	70,524
Capital Outlay:			
Recreation and Leisure Services	235,000	210,241	24,759
Total Capital Outlay Expenditures	235,000	210,241	24,759
TOTAL EXPENDITURES	967,959	872,676	95,283
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(579,959)	(506,445)	73,514
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	581,959	496,395	(85,564)
TOTAL OTHER FINANCING SOURCES (USES)	581,959	496,395	(85,564)
NET CHANGE IN FUND BALANCES	\$ 2,000	\$ (10,050)	\$ (12,050)

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

DEBT SERVICE FUND

GENERAL OBLIGATION BONDS OF 2006

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted		
	<u>Amounts</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 15,000	\$ 15,000	\$ -
Interest	224,433	224,429	4
Total Debt Service Expenditures	<u>239,433</u>	<u>239,429</u>	<u>4</u>
TOTAL EXPENDITURES	<u>239,433</u>	<u>239,429</u>	<u>4</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(239,433)</u>	 <u>(239,429)</u>	 <u>4</u>
 OTHER FINANCING SOURCES (USES)			
Refunding of General Obligation Bonds	-	(5,275,000)	(5,275,000)
Interfund Transfer In	239,433	5,514,429	5,274,996
TOTAL OTHER FINANCING SOURCES (USES)	<u>239,433</u>	<u>239,429</u>	<u>(4)</u>
 NET CHANGE IN FUND BALANCES	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

DEBT SERVICE FUND

GENERAL OBLIGATION BONDS OF 2007

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 95,000	\$ 95,000	\$ -
Interest	248,399	248,395	4
Total Debt Service Expenditures	343,399	343,395	4
TOTAL EXPENDITURES	343,399	343,395	4
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(343,399)	(343,395)	4
 OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	343,399	343,395	(4)
TOTAL OTHER FINANCING SOURCES (USES)	343,399	343,395	(4)
 NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

DEBT SERVICE FUND

GENERAL OBLIGATION BONDS OF 2008

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 81,974	\$ 81,974	\$ -
Interest	158,606	157,743	863
Total Debt Service Expenditures	240,580	239,717	863
TOTAL EXPENDITURES	240,580	239,717	863
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(240,580)	(239,717)	863
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	240,580	239,717	(863)
TOTAL OTHER FINANCING SOURCES (USES)	240,580	239,717	(863)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

DEBT SERVICE FUND

GENERAL OBLIGATION BONDS OF 2009

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted		
	<u>Amounts</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 400,000	\$ 400,000	\$ -
Interest	117,292	117,288	4
Total Debt Service Expenditures	<u>517,292</u>	<u>517,288</u>	<u>4</u>
TOTAL EXPENDITURES	<u>517,292</u>	<u>517,288</u>	<u>4</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(517,292)</u>	 <u>(517,288)</u>	 <u>4</u>
 OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	<u>517,292</u>	<u>517,288</u>	<u>(4)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>517,292</u>	<u>517,288</u>	<u>(4)</u>
 NET CHANGE IN FUND BALANCES	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

DEBT SERVICE FUND

GENERAL OBLIGATION NOTE OF 2010

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted		
	Amounts	Actual	Variance
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 375,000	\$ 375,000	\$ -
Interest	15,000	10,297	4,703
Total Debt Service Expenditures	<u>390,000</u>	<u>385,297</u>	<u>4,703</u>
TOTAL EXPENDITURES	<u>390,000</u>	<u>385,297</u>	<u>4,703</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(390,000)</u>	 <u>(385,297)</u>	 <u>4,703</u>
 OTHER FINANCING SOURCES (USES)			
Issuance of Note	-	-	-
Interfund Transfer In	390,000	385,297	(4,703)
TOTAL OTHER FINANCING SOURCES (USES)	<u>390,000</u>	<u>385,297</u>	<u>(4,703)</u>
 NET CHANGE IN FUND BALANCES	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

See the accompanying Independent Auditors' Report.

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
BUDGET AND ACTUAL**

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SANITARY SEWER FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance
OPERATING REVENUES			
Charges for Services	\$ 4,527,908	\$ 4,557,526	\$ 29,618
Total Operating Revenues	4,527,908	4,557,526	29,618
OPERATING EXPENSES			
Sewage Treatment Charges	2,434,324	2,311,033	123,291
Personnel Services	263,480	246,887	16,593
Contractual Services	2,005,864	1,971,708	34,156
Materials and Supplies	39,500	32,836	6,664
Depreciation and Amortization	25,700	777,072	(751,372)
Total Operating Expenses	4,768,868	5,339,536	(570,668)
Operating Income (Loss)	(240,960)	(782,010)	(541,050)
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	2,000	1,930	(70)
Interest Expense	(610,761)	(598,492)	12,269
Total Non-Operating Revenues (Expenses)	(608,761)	(596,562)	12,199
CHANGE IN NET ASSETS	\$ (849,721)	\$ (1,378,572)	\$ (528,851)

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
BOYCE MAYVIEW COMMUNITY & RECREATION CENTER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance
OPERATING REVENUES			
Charges for Services	\$ 2,831,537	\$ 2,939,551	\$ 108,014
Total Operating Revenues	<u>2,831,537</u>	<u>2,939,551</u>	<u>108,014</u>
OPERATING EXPENSES			
Personnel Services	1,700,360	1,662,187	38,173
Contractual Services	914,430	842,452	71,978
Materials and Supplies	202,500	151,924	50,576
Depreciation and Amortization	207,198	845,563	(638,365)
Total Operating Expenses	<u>3,024,488</u>	<u>3,502,126</u>	<u>(477,638)</u>
Operating Income (Loss)	<u>(192,951)</u>	<u>(562,575)</u>	<u>(369,624)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	1,000	248	(752)
Interest Expense	(802,791)	(730,402)	72,389
Total Non-Operating Revenues (Expenses)	<u>(801,791)</u>	<u>(730,154)</u>	<u>71,637</u>
TRANSFERS			
Interfund Transfers In	<u>1,570,188</u>	<u>1,483,816</u>	<u>(86,372)</u>
Total Transfers	<u>1,570,188</u>	<u>1,483,816</u>	<u>(86,372)</u>
CHANGE IN NET ASSETS	<u>\$ 575,446</u>	<u>\$ 191,087</u>	<u>\$ (384,359)</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

TOWNSHIP/SCHOOL DISTRICT MAGAZINE FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance
OPERATING REVENUES			
Charges for Services	\$ 190,200	\$ 196,990	\$ 6,790
Total Operating Revenues	<u>190,200</u>	<u>196,990</u>	<u>6,790</u>
OPERATING EXPENSES			
Personnel Services	48,000	45,365	2,635
Contractual Services	134,000	119,591	14,409
Materials and Supplies	6,000	6,325	(325)
Depreciation and Amortization	293	292	1
Total Operating Expenses	<u>188,293</u>	<u>171,573</u>	<u>16,720</u>
Operating Income (Loss)	<u>1,907</u>	<u>25,417</u>	<u>23,510</u>
CHANGE IN NET ASSETS	<u>\$ 1,907</u>	<u>\$ 25,417</u>	<u>\$ 23,510</u>

See the accompanying Independent Auditors' Report.

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF CAPITAL ASSETS – BY SOURCE

DECEMBER 31, 2011

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$	2,386,736
Infrastructure		33,919,592
Buildings		12,551,974
Improvements other than Buildings		1,598,038
Equipment		6,842,259
Library Assets		982,925

TOTAL CAPITAL ASSETS

\$ 58,281,524

INVESTMENT IN CAPITAL ASSETS FROM:

Acquisitions prior to January 1, 1982 (1)	\$	21,590,708
General Fund		4,919,850
Environmental Education Center Fund		1,722
Storm Sewer Fund		61,381
Field Improvement Fund		51,714
Regional Asset District Library Fund		44,074
Library Endowment Fund		565,089
Regional Asset District Boyce Mayview Fund		2,393,831
Capital Projects Funds		28,653,155

TOTAL INVESTMENT IN CAPITAL ASSETS

\$ 58,281,524

(1) Detail of Assets by source prior to January 1, 1982 is not available

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
SCHEDULE OF CHANGES IN CAPITAL ASSETS – BY SOURCE
DECEMBER 31, 2011

	Total	Land	Infrastructure	Buildings	Improvements Other than Buildings	Equipment	Library Assets
CAPITAL ASSETS AT							
January 1, 2011	\$58,037,971	\$ 2,386,736	\$33,762,659	\$12,551,974	\$ 1,598,038	\$ 6,755,639	\$ 982,925
EXPENDITURES FROM:							
General Fund	2,945	-	-	-	-	2,945	-
Storm Sewer Fund	53,307	-	-	-	-	53,307	-
Field Improvement Fund	-	-	-	-	-	-	-
RAD Funds	156,933	-	156,933	-	-	-	-
Library Endowment Fund	2,000	-	-	-	-	2,000	-
Capital Projects Funds	584,067	-	-	-	-	584,067	-
Capital Asset Disposals and Transfers	(555,699)	-	-	-	-	(555,699)	-
CAPITAL ASSETS AT							
December 31, 2011	\$58,281,524	\$ 2,386,736	\$33,919,592	\$12,551,974	\$ 1,598,038	\$ 6,842,259	\$ 982,925

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
SCHEDULE OF CAPITAL ASSETS – BY FUNCTION AND ACTIVITY
DECEMBER 31, 2011

Function & Activity	Total	Land	Infrastructure	Buildings	Improvements Other than Buildings	Equipment Including Library Assets
General Government:						
Administration	\$ 5,176,421	\$ 433,630	\$ -	\$ 4,480,889	\$ -	\$ 261,902
Finance/Tax	54,200	-	-	-	-	54,200
Information Technology	302,499	-	-	-	-	302,499
Cable Television	252,284	-	-	-	-	252,284
Total General Government	<u>5,785,404</u>	<u>433,630</u>	<u>-</u>	<u>4,480,889</u>	<u>-</u>	<u>870,885</u>
Community Development	<u>564,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,527</u>
Public Safety:						
Police	1,160,635	-	-	118,925	-	1,041,710
VFD	4,589,221	579,106	-	4,005,294	-	4,821
Total Public Safety	<u>5,749,856</u>	<u>579,106</u>	<u>-</u>	<u>4,124,219</u>	<u>-</u>	<u>1,046,531</u>
Public Works:						
Office	371,673	-	-	68,849	68,983	233,841
Highways and Streets	33,919,592	-	33,919,592	-	-	-
Garage	6,610,536	19,920	-	2,667,428	97,088	3,826,100
Total Public Works	<u>40,901,801</u>	<u>19,920</u>	<u>33,919,592</u>	<u>2,736,277</u>	<u>166,071</u>	<u>4,059,941</u>
Recreation and Leisure Services	<u>4,277,432</u>	<u>1,354,080</u>	<u>-</u>	<u>1,210,589</u>	<u>1,431,967</u>	<u>280,796</u>
Library	<u>1,002,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,002,504</u>
TOTAL CAPITAL ASSETS	<u>\$ 58,281,524</u>	<u>\$ 2,386,736</u>	<u>\$ 33,919,592</u>	<u>\$ 12,551,974</u>	<u>\$ 1,598,038</u>	<u>\$ 7,825,184</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
SCHEDULE OF CHANGES IN CAPITAL ASSETS – BY FUNCTION AND ACTIVITY
DECEMBER 31, 2011

Function & Activity	Capital Assets January 1, 2011	Increases	Decreases	Capital Assets December 31, 2011
General Government:				
Administration	\$ 5,245,086	\$ 21,310	\$ (89,975)	\$ 5,176,421
Finance/Tax	79,086	1,087	(25,973)	54,200
Information Technology	382,464	59,952	(139,917)	302,499
Cable Television	250,966	1,318	-	252,284
Total General Government	<u>5,957,602</u>	<u>83,667</u>	<u>(255,865)</u>	<u>5,785,404</u>
Community Development	<u>582,173</u>	<u>22,478</u>	<u>(40,124)</u>	<u>564,527</u>
Public Safety:				
Police	1,088,681	105,019	(33,065)	1,160,635
VFD	4,589,221	-	-	4,589,221
Total Public Safety	<u>5,677,902</u>	<u>105,019</u>	<u>(33,065)</u>	<u>5,749,856</u>
Public Works:				
Office	373,221	4,032	(5,580)	371,673
Highways and Streets	33,762,659	156,933	-	33,919,592
Garage	6,471,579	382,600	(243,643)	6,610,536
Total Public Works	<u>40,607,459</u>	<u>543,565</u>	<u>(249,223)</u>	<u>40,901,801</u>
Recreation and Leisure Services	<u>4,223,277</u>	<u>83,202</u>	<u>(29,047)</u>	<u>4,277,432</u>
Library	<u>989,558</u>	<u>17,024</u>	<u>(4,078)</u>	<u>1,002,504</u>
TOTAL CAPITAL ASSETS	<u>\$ 58,037,971</u>	<u>\$ 854,955</u>	<u>\$ (611,402)</u>	<u>\$ 58,281,524</u>

STATISTICAL SECTION

Statistical Section

This section of the Township of Upper St. Clair (Township) 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 Township's overall financial health. In 2006, the Township adopted the disclosure requirements of GASB Statement No. 44, *"Economic Condition Reporting: The Statistical Section."*

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These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.	
Revenue Capacity	120
These schedules contain information to help the reader assess the Township's most significant local revenue sources, the property tax, and the earned income tax.	
Debt Capacity	125
These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.	
Demographic and Economic Information	128
These schedules offer economic and demographic indicators to help the reader understand the environment within which the Township's financial activities take place.	
Operating Information	130
These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the Township provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year. The Township implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NET ASSETS BY COMPONENT LAST NINE YEARS ACCRUAL BASIS OF ACCOUNTING

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:									
Invested in Capital Assets, Net of Related Debt	\$ 9,167,182	\$ 9,565,271	\$ 12,206,904	\$ 11,742,657	\$ 18,182,053	\$ 2,642,610	\$ 2,904,677	\$ 2,471,199	\$ 6,428,741
Restricted	63,569	75,132	103,072	172,370	-	-	-	-	-
Unrestricted	8,202,870	7,188,704	3,233,407	7,251,247	8,392,398	7,633,754	6,374,663	4,340,994	249,303
<i>Total governmental activities net assets</i>	<u>\$ 17,433,621</u>	<u>\$ 16,829,107</u>	<u>\$ 15,543,383</u>	<u>\$ 19,166,274</u>	<u>\$ 26,574,451</u>	<u>\$ 10,276,364</u>	<u>\$ 9,279,340</u>	<u>\$ 6,812,193</u>	<u>\$ 6,678,044</u>
Business-type activities:									
Invested in Capital Assets, Net of Related Debt	\$ 5,073,371	\$ 5,421,613	\$ 3,074,988	\$ 4,160,016	\$ (2,724,318)	\$ (666,272)	\$ (611,219)	\$ 1,177,047	\$ 259,024
Restricted	-	239,946	1,730,385	-	-	-	-	-	-
Unrestricted	1,347,301	1,921,179	2,212,468	690,568	1,630,289	1,276,663	1,141,780	221,047	209,745
<i>Total business-type activities net assets</i>	<u>\$ 6,420,672</u>	<u>\$ 7,582,738</u>	<u>\$ 7,017,841</u>	<u>\$ 4,850,584</u>	<u>\$ (1,094,029)</u>	<u>\$ 610,391</u>	<u>\$ 530,561</u>	<u>\$ 1,398,094</u>	<u>\$ 468,769</u>
Primary government:									
Invested in Capital Assets, Net of Related Debt	\$ 14,240,553	\$ 14,986,884	\$ 15,281,892	\$ 15,902,673	\$ 15,457,735	\$ 1,976,338	\$ 2,293,458	\$ 3,648,246	\$ 6,687,765
Restricted	63,569	315,078	1,833,457	172,370	-	-	-	-	-
Unrestricted	9,550,171	9,109,883	5,445,875	7,941,815	10,022,687	8,910,417	7,516,443	4,562,041	459,048
<i>Total primary government net assets</i>	<u>\$ 23,854,293</u>	<u>\$ 24,411,845</u>	<u>\$ 22,561,224</u>	<u>\$ 24,016,858</u>	<u>\$ 25,480,422</u>	<u>\$ 10,886,755</u>	<u>\$ 9,809,901</u>	<u>\$ 8,210,287</u>	<u>\$ 7,146,813</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CHANGES IN NET ASSETS LAST NINE YEARS ACCRUAL BASIS OF ACCOUNTING

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues:									
Governmental activities:									
Charges for services:									
General government	\$ 203,960	\$ 126,048	\$ 161,381	\$ 194,347	\$ 290,640	\$ 296,970	\$ 271,128	\$ 347,340	\$ 325,709
Public safety	79,831	79,793	76,505	109,602	111,682	114,112	121,436	57,497	64,893
Public works	212,738	314,249	205,498	165,740	156,261	202,279	149,747	86,482	115,384
Recreation and leisure services	360,514	367,361	341,999	458,502	392,835	379,872	410,671	408,371	381,839
Library services	40,552	39,844	30,696	28,479	28,857	30,870	28,266	29,574	23,375
Operating grants and contributions	2,066,302	2,079,564	1,998,880	2,215,927	1,702,052	1,448,014	1,044,725	1,188,858	1,078,750
Capital grants and contributions	-	-	-	-	-	132,707	562,053	598,318	84,494
Total governmental activities program revenues	<u>2,963,897</u>	<u>3,006,859</u>	<u>2,814,959</u>	<u>3,172,597</u>	<u>2,682,327</u>	<u>2,604,824</u>	<u>2,588,026</u>	<u>2,716,440</u>	<u>2,074,444</u>
Business-type activities:									
Charges for services:									
Sanitary sewer	4,557,526	4,600,781	4,190,374	3,255,368	3,263,687	3,194,703	4,089,105	3,192,858	2,557,765
Community & Recreation Center	2,939,551	2,343,866	773,514	-	-	-	-	-	-
Magazine	196,990	181,257	189,328	192,629	181,890	202,054	214,725	187,445	168,044
Total business-type activities program revenues	<u>7,694,067</u>	<u>7,125,904</u>	<u>5,153,216</u>	<u>3,447,997</u>	<u>3,445,577</u>	<u>3,396,757</u>	<u>4,303,830</u>	<u>3,380,303</u>	<u>2,725,809</u>
Total primary government program revenues	<u>\$ 10,657,964</u>	<u>\$ 10,132,763</u>	<u>\$ 7,968,175</u>	<u>\$ 6,620,594</u>	<u>\$ 6,127,904</u>	<u>\$ 6,001,581</u>	<u>\$ 6,891,856</u>	<u>\$ 6,096,743</u>	<u>\$ 4,800,253</u>

(Continued)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CHANGES IN NET ASSETS LAST NINE YEARS ACCRUAL BASIS OF ACCOUNTING (CONTINUED)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses:									
Governmental activities:									
General government	\$ 1,718,389	\$ 1,598,431	\$ 1,792,619	\$ 1,896,089	\$ 1,886,328	\$ 1,833,720	\$ 1,640,270	\$ 1,549,094	\$ 1,514,980
Public safety	5,637,964	5,222,198	5,015,395	5,104,920	4,740,958	4,999,484	3,922,335	3,907,203	3,760,312
Public works	7,031,591	6,348,680	6,642,722	6,697,107	6,447,776	5,665,332	6,151,707	6,426,591	8,525,680
Community development	621,524	613,555	588,260	580,012	598,348	613,142	545,702	514,158	533,015
Recreation and leisure services	1,163,232	1,537,256	1,383,560	1,372,072	922,993	786,192	733,599	665,735	669,598
Library services	970,768	993,302	976,118	990,068	982,761	897,351	948,335	883,831	853,384
Interest on long-term debt	1,157,682	833,091	881,616	909,256	586,863	382,532	517,891	672,132	314,290
Total governmental activities expenses	<u>18,301,150</u>	<u>17,146,513</u>	<u>17,280,290</u>	<u>17,549,524</u>	<u>16,166,027</u>	<u>15,177,753</u>	<u>14,459,839</u>	<u>14,618,744</u>	<u>16,171,259</u>
Business-type activities:									
Sanitary sewer	5,938,028	4,066,040	4,061,501	4,282,366	5,420,245	3,199,555	3,312,632	2,281,722	2,573,801
Community & Recreation Center	4,232,528	4,005,602	3,141,178	424,485	-	-	-	-	-
Magazine	171,573	175,097	166,995	165,179	184,549	185,752	186,645	178,264	196,481
Total business-type activities expenses	<u>10,342,129</u>	<u>8,246,739</u>	<u>7,369,674</u>	<u>4,872,030</u>	<u>5,604,794</u>	<u>3,385,307</u>	<u>3,499,277</u>	<u>2,459,986</u>	<u>2,770,282</u>
Total primary government expenses	<u>\$ 28,643,279</u>	<u>\$ 25,393,252</u>	<u>\$ 24,649,964</u>	<u>\$ 22,421,554</u>	<u>\$ 21,770,821</u>	<u>\$ 18,563,060</u>	<u>\$ 17,959,116</u>	<u>\$ 17,078,730</u>	<u>\$ 18,941,541</u>
Net (Expense)/Revenue:									
Governmental activities	\$ (15,337,253)	\$ (14,139,654)	\$ (14,465,331)	\$ (14,376,927)	\$ (13,483,700)	\$ (12,572,929)	\$ (11,871,813)	\$ (11,902,304)	\$ (14,096,815)
Business-type activities	<u>(2,648,062)</u>	<u>(1,120,835)</u>	<u>(2,216,458)</u>	<u>(1,424,033)</u>	<u>(2,159,217)</u>	<u>11,450</u>	<u>804,553</u>	<u>920,317</u>	<u>(44,473)</u>
Total primary government net (expense) revenue	<u>\$ (17,985,315)</u>	<u>\$ (15,260,489)</u>	<u>\$ (16,681,789)</u>	<u>\$ (15,800,960)</u>	<u>\$ (15,642,917)</u>	<u>\$ (12,561,479)</u>	<u>\$ (11,067,260)</u>	<u>\$ (10,981,987)</u>	<u>\$ (14,141,288)</u>

(Continued)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

**CHANGES IN NET ASSETS
LAST NINE YEARS
ACCRUAL BASIS OF ACCOUNTING
(CONTINUED)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>General Revenues and Other Changes in Net Assets:</u>									
Governmental activities:									
Taxes:									
Property taxes, levied for general purposes	\$ 7,581,309	\$ 7,601,395	\$ 5,623,627	\$ 4,265,916	\$ 4,447,434	\$ 4,184,809	\$ 4,158,122	\$ 4,237,635	\$ 4,121,330
Earned income taxes, levied for general purposes	7,767,269	7,110,203	7,605,811	7,276,599	7,383,217	6,983,270	6,115,625	5,966,769	5,953,585
Local Services Tax	246,702	239,909	224,964	220,686	335,590	330,513	328,868	-	-
Other taxes	1,131,251	1,164,095	1,131,795	1,206,701	1,275,530	1,401,236	1,323,898	1,229,013	1,282,343
Franchise fees	383,056	399,122	303,737	297,199	260,552	253,936	238,873	281,014	151,623
Unrestricted investment earnings	12,860	19,887	87,856	781,040	533,716	338,685	382,375	219,692	146,941
Miscellaneous	303,136	573,908	244,083	235,323	266,765	77,504	89,842	102,330	73,897
Transfers	(1,483,816)	(1,683,141)	(4,379,433)	(7,314,714)	(400,000)	-	1,701,357	-	-
Total governmental activities general revenues	<u>15,941,767</u>	<u>15,425,378</u>	<u>10,842,440</u>	<u>6,968,750</u>	<u>14,102,804</u>	<u>13,569,953</u>	<u>14,338,960</u>	<u>12,036,453</u>	<u>11,729,719</u>
Business-type activities:									
Unrestricted investment earnings	2,178	2,591	4,282	27,264	54,797	68,380	29,271	9,008	9,033
Transfers	1,483,816	1,683,141	4,379,433	7,314,714	400,000	-	(1,701,357)	-	-
Total business-type activities general revenues	<u>1,485,994</u>	<u>1,685,732</u>	<u>4,383,715</u>	<u>7,341,978</u>	<u>454,797</u>	<u>68,380</u>	<u>(1,672,086)</u>	<u>9,008</u>	<u>9,033</u>
Total primary government general revenues	<u>\$ 17,427,761</u>	<u>\$ 17,111,110</u>	<u>\$ 15,226,155</u>	<u>\$ 14,310,728</u>	<u>\$ 14,557,601</u>	<u>\$ 13,638,333</u>	<u>\$ 12,666,874</u>	<u>\$ 12,045,461</u>	<u>\$ 11,738,752</u>
<u>Change in Net Assets:</u>									
Governmental activities	\$ 604,514	\$ 1,285,724	\$ (3,622,891)	\$ (7,408,177)	\$ 619,104	\$ 997,024	\$ 2,467,147	\$ 134,149	\$ (2,367,096)
Business-type activities	(1,162,068)	564,897	2,167,257	5,917,945	(1,704,420)	79,830	(867,533)	929,325	(35,440)
Total primary government change in net assets	<u>\$ (557,554)</u>	<u>\$ 1,850,621</u>	<u>\$ (1,455,634)</u>	<u>\$ (1,490,232)</u>	<u>\$ (1,085,316)</u>	<u>\$ 1,076,854</u>	<u>\$ 1,599,614</u>	<u>\$ 1,063,474</u>	<u>\$ (2,402,536)</u>

(Concluded)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund:										
NonSpendable	\$ 221,447	\$ 244,366	\$ 213,834	\$ 188,689	\$ 165,816	\$ 147,241	\$ 175,433	\$ 173,001	\$ 175,827	\$ 147,340
Unassigned	3,086,678	3,057,259	3,037,296	3,038,388	3,053,951	2,915,652	2,885,847	2,867,809	2,911,812	2,856,884
<i>Total general fund</i>	<u>3,308,125</u>	<u>3,301,625</u>	<u>3,251,130</u>	<u>3,227,077</u>	<u>3,219,767</u>	<u>3,062,893</u>	<u>3,061,280</u>	<u>3,040,810</u>	<u>3,087,639</u>	<u>3,004,224</u>
All Other Governmental Funds:										
NonSpendable	-	-	-	179	-	-	70,917	25,722	-	18,563
Restricted	63,569	75,132	103,072	172,191	104,176	70,774	63,325	51,046	69,528	121,456
Committed	788,727	749,794	752,516	4,895,849	4,221,470	765,771	2,169,752	4,775,499	15,528,178	487,458
Assigned	3,446,084	2,663,086	986,459	1,760,516	2,628,308	2,627,520	2,826,776	2,146,481	1,524,803	1,826,858
<i>Total all other governmental funds</i>	<u>4,298,380</u>	<u>3,488,012</u>	<u>1,842,047</u>	<u>6,828,735</u>	<u>6,953,954</u>	<u>3,464,065</u>	<u>5,130,770</u>	<u>6,998,748</u>	<u>17,122,509</u>	<u>2,454,335</u>
<i>Total governmental funds</i>	<u>\$ 7,606,505</u>	<u>\$ 6,789,637</u>	<u>\$ 5,093,177</u>	<u>\$10,055,812</u>	<u>\$10,173,721</u>	<u>\$ 6,526,958</u>	<u>\$ 8,192,050</u>	<u>\$10,039,558</u>	<u>\$20,210,148</u>	<u>\$ 5,458,559</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

LAST TEN YEARS

MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Real estate taxes	\$ 7,562,427	\$ 7,594,974	\$ 5,591,417	\$ 4,320,622	\$ 4,224,466	\$ 4,166,460	\$ 4,175,518	\$ 4,313,925	\$ 4,203,433	\$ 3,890,142
Earned income taxes	7,673,079	7,088,403	7,592,892	7,436,388	7,209,380	6,742,917	6,112,019	5,885,288	5,253,585	5,114,898
Other taxes	1,377,954	1,404,005	1,356,759	1,427,387	1,611,120	1,731,749	1,652,766	1,229,013	1,282,343	1,129,434
Licenses and permits	190,735	115,129	154,182	132,857	127,409	162,145	146,256	129,943	110,377	120,332
Fees and fines	479,640	486,795	379,878	387,968	362,784	377,155	341,706	376,333	254,596	311,211
Rents	79,135	80,175	75,096	69,622	67,161	65,675	63,669	62,712	61,264	60,447
Interest	12,860	19,888	87,856	781,040	533,716	338,685	382,375	219,692	146,941	75,156
Service agreements	218,928	310,875	208,924	168,750	256,998	272,172	240,779	207,704	232,096	209,250
Other revenue and grants	2,321,137	2,619,552	2,189,044	2,487,420	2,002,506	1,679,245	1,713,660	1,914,721	1,259,792	2,888,172
Recreation fees	360,514	367,361	341,999	458,502	392,786	379,872	410,671	408,371	381,839	386,607
<i>Total revenues</i>	<u>20,276,409</u>	<u>20,087,157</u>	<u>17,978,047</u>	<u>17,670,556</u>	<u>16,788,326</u>	<u>15,916,075</u>	<u>15,239,419</u>	<u>14,747,702</u>	<u>13,186,266</u>	<u>14,185,649</u>
Expenditures:										
Current:										
General government	1,460,414	1,416,202	1,419,103	1,595,607	1,572,381	1,460,074	1,328,707	1,286,119	1,290,149	1,362,321
Community development	606,157	601,632	590,803	538,405	552,230	534,397	519,909	489,295	508,759	458,742
Public safety	5,184,892	4,852,329	4,613,928	4,542,883	4,484,316	4,216,300	4,344,531	3,738,816	3,626,602	3,512,079
Public works	6,156,570	5,763,983	5,627,138	5,953,407	5,483,089	5,167,095	5,229,011	5,125,512	5,057,175	4,744,806
Recreation and leisure services	1,092,286	1,036,398	1,152,387	1,502,056	1,138,985	906,255	624,700	559,886	531,843	514,372
Library services	958,240	973,510	942,506	978,409	955,070	930,939	920,100	853,078	838,788	775,828
Debt service:										
Principal retirement	966,974	439,020	434,189	335,000	345,000	1,153,000	1,106,000	770,000	739,000	717,000
Bond issuance costs	25,023	-	101,764	296,126	90,045	156,343	-	-	-	-
Interest	758,152	752,808	866,680	830,969	570,194	389,051	515,591	757,602	125,210	152,855
Capital outlay	799,253	1,246,674	2,890,842	5,340,963	3,593,380	2,870,745	4,593,635	3,862,984	4,226,109	1,102,289
<i>Total expenditures</i>	<u>18,007,961</u>	<u>17,082,556</u>	<u>18,639,340</u>	<u>21,913,825</u>	<u>18,784,690</u>	<u>17,784,199</u>	<u>19,182,184</u>	<u>17,443,292</u>	<u>16,943,635</u>	<u>13,340,292</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>2,268,448</u>	<u>3,004,601</u>	<u>(661,293)</u>	<u>(4,243,269)</u>	<u>(1,996,364)</u>	<u>(1,868,124)</u>	<u>(3,942,765)</u>	<u>(2,695,590)</u>	<u>(3,757,369)</u>	<u>845,357</u>
Other Financing Sources (Uses):										
Transfers in	9,519,937	4,467,895	7,978,980	2,080,274	2,491,060	3,056,250	4,652,328	2,907,002	2,281,905	1,867,830
Transfers out	(11,003,753)	(6,151,036)	(12,358,413)	(2,580,274)	(2,891,060)	(3,056,250)	(2,950,971)	(10,382,002)	(2,281,905)	(1,849,830)
Debt proceeds	5,435,000	375,000	4,770,577	4,770,710	9,995,000	5,315,000	393,900	-	18,705,000	-
Bond issuance discount	-	-	(102,484)	(145,350)	(151,873)	-	-	-	(196,042)	-
Loss on Refunding of Bonds	(127,764)	-	-	-	-	-	-	-	-	-
Reclassification of bonds as enterprise fund liability	-	-	-	-	(3,800,000)	-	-	-	-	-
Payment to refunded bond escrow agent	(5,275,000)	-	(4,590,000)	-	-	(5,111,968)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,451,580)</u>	<u>(1,308,141)</u>	<u>(4,301,340)</u>	<u>4,125,360</u>	<u>5,643,127</u>	<u>203,032</u>	<u>2,095,257</u>	<u>(7,475,000)</u>	<u>18,508,958</u>	<u>18,000</u>
Net Change in Fund Balance	<u>\$ 816,868</u>	<u>\$ 1,696,460</u>	<u>\$ (4,962,633)</u>	<u>\$ (117,909)</u>	<u>\$ 3,646,763</u>	<u>\$ (1,665,092)</u>	<u>\$ (1,847,508)</u>	<u>\$ (10,170,590)</u>	<u>\$ 14,751,589</u>	<u>\$ 863,357</u>
Debt service as a percentage of non-capital expenditures	10.0%	7.5%	8.3%	7.0%	6.0%	10.3%	11.1%	11.2%	6.8%	7.1%
Debt service as a percentage of total expenditures	9.6%	7.0%	7.0%	5.3%	4.9%	8.7%	8.5%	8.8%	5.1%	6.5%

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Function/Program:									
Governmental activities:									
General government	\$ 414,260	\$ 309,682	\$ 307,068	\$ 333,335	\$ 423,901	\$ 431,550	\$ 392,652	\$ 479,935	\$ 457,389
Public safety	458,667	269,540	258,949	352,813	321,966	308,961	473,680	275,738	240,416
Public works	1,057,360	846,497	745,842	795,333	680,683	816,863	990,732	1,251,777	639,416
Recreation and leisure services	726,745	1,246,443	1,130,521	1,313,824	895,328	660,362	410,671	408,371	381,839
Library services	306,865	334,697	372,579	377,292	360,449	387,088	320,291	300,619	355,384
Total governmental activities	2,963,897	3,006,859	2,814,959	3,172,597	2,682,327	2,604,824	2,588,026	2,716,440	2,074,444
Business-type activities:									
Sanitary sewer	4,557,526	4,600,781	4,190,374	3,255,368	3,263,687	3,194,703	4,089,105	3,192,858	2,557,765
Community & Recreation Center	2,939,551	2,343,866	773,514	-	-	-	-	-	-
Magazine	196,990	181,257	189,328	192,629	181,890	202,054	214,725	187,445	168,044
Total business-type activities	7,694,067	7,125,904	5,153,216	3,447,997	3,445,577	3,396,757	4,303,830	3,380,303	2,725,809
Total primary government	\$ 10,657,964	\$ 10,132,763	\$ 7,968,175	\$ 6,620,594	\$ 6,127,904	\$ 6,001,581	\$ 6,891,856	\$ 6,096,743	\$ 4,800,253

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN YEARS

Tax Year	Direct Tax Rate			Overlapping Tax Rate*	Direct & Overlapping Rate Total
	Upper St. Clair Township	Upper St. Clair School District	Total Direct Tax Rate	Allegheny County	
2011	4.60	24.1	28.70	4.69	33.39
2010	4.60	23.77	28.37	4.69	33.06
2009	3.40	23.37	26.77	4.69	31.46
2008	2.60	22.45	25.05	4.69	29.74
2007	2.60	22.45	25.05	4.69	29.74
2006	2.60	22.45	25.05	4.69	29.74
2005	2.60	22.45	25.05	4.69	29.74
2004	2.60	21.78	24.38	4.69	29.07
2003	2.60	20.26	22.86	4.69	27.55
2002	2.44	18.69	21.13	4.69	25.82

* The overlapping tax rate is that of county government that apply to property owners within Upper St. Clair Township.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
ASSESSED VALUATION AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY
LAST TEN YEARS

Year	Real Property (1)		Total Assessed Values of Real Property (2)	Total Assessed Values of Real Property (2)	Ratio of Total Assessed Value To Estimated Actual	Township Municipal Millage Rate
	Taxable Residential Property	Taxable Commercial Property				
2011	\$1,449,211,137	\$236,506,133	1,685,717,270	1,685,717,270	100%	4.60
2010	\$1,441,218,707	\$235,201,797	1,676,420,504	1,676,420,504	100%	4.60
2009	1,433,660,670	235,541,550	1,669,202,220	1,669,202,220	100%	3.40
2008	1,425,536,270	234,582,050	1,660,118,320	1,660,118,320	100%	2.60
2007	1,427,393,688	232,945,602	1,660,339,290	1,660,339,290	100%	2.60
2006	1,424,494,005	232,472,385	1,656,966,390	1,656,966,390	100%	2.60
2005	1,401,841,490	228,713,100	1,630,554,590	1,630,554,590	100%	2.60
2004	1,404,621,440	210,149,300	1,614,770,740	1,614,770,740	100%	2.60
2003	1,400,190,480	203,736,821	1,603,927,301	1,603,927,301	100%	2.60
2002	1,412,287,690	221,915,700	1,634,203,390	1,634,203,390	100%	2.44

(1) Assessed property value is determined by the Allegheny County Assessment Office.

(2) Estimated actual value is computed based on assessed value and the assessment ratio as determined by the Allegheny County Assessment Office.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

PRINCIPAL TAXPAYERS
12/31/2011 AND 12/31/2002

Taxpayer	December 31, 2011			December 31, 2002		
	Estimated Actual Values of Real Property	Rank	Percentage of Total Assessed Valuation	Estimated Actual Values of Real Property	Rank	Percentage of Total Assessed Valuation
South Hills Village Associates	\$ 81,597,200	1	4.84%	\$ 70,840,700	1	4.33%
Friendship Village of South Hills	29,705,500	2	1.76%	30,857,100	2	1.89%
1800 Washington Road Associates LP	13,700,000	3	0.81%	-	-	0.00%
Summerfield Commons Associates	6,886,700	4	0.41%	7,296,200	6	0.45%
McMurray Road Family Limited PTR	6,065,900	5	0.36%	10,291,300	5	0.63%
Upper St. Clair Senior Living	6,000,000	6	0.36%	-	-	0.00%
St. Clair Country Club	5,422,000	7	0.32%	6,316,200	7	0.39%
Southwood Psychiatric Hospital	2,900,000	8	0.17%	4,582,000	9	0.28%
Painters Plaza Associates	2,841,000	9	0.17%	4,284,100	10	0.26%
Peter C. Rossin	2,600,000	10	0.15%	-	-	0.00%
May Center Associates Corp.	-	-	0.00%	16,768,100	3	1.03%
Consolidated Coal Company	-	-	0.00%	16,722,700	4	1.02%
Sears Roebuck & Co.	-	-	0.00%	5,905,700	8	0.36%
	\$ 157,718,300		9.35%	\$ 173,864,100		10.64%
Total Taxable Assessed Valuation	\$ 1,685,717,270			\$ 1,634,203,390		

Source: Allegheny County Assessment Duplicate Books

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

<u>Year</u>	<u>Adjusted Total Tax Levy</u>	<u>Collected within Fiscal Year of Levy</u>			<u>Collections to Date</u>	
		<u>Amount</u>	<u>Percent of Total Levy</u>	<u>Collections in Subsequent Years</u>	<u>Amount</u>	<u>Percent of Levy</u>
2011	\$ 7,605,691	\$ 7,406,208	97.38%	\$ -	\$ 7,406,208	97.38%
2010	7,544,334	7,388,693	97.94%	65,200	7,453,893	98.80%
2009	5,550,845	5,431,400	97.85%	77,336	5,508,736	99.24%
2008	4,312,320	4,222,146	97.91%	87,707	4,309,853	99.94%
2007	4,303,582	4,199,948	97.59%	86,693	4,286,641	99.61%
2006	4,310,565	4,195,950	97.34%	86,775	4,282,725	99.35%
2005	4,267,221	4,091,073	95.87%	85,277	4,176,350	97.87%
2004	4,226,861	4,108,258	97.19%	84,255	4,192,513	99.19%
2003	4,191,449	3,968,324	94.68%	143,272	4,111,596	98.09%
2002	3,911,973	3,670,866	93.84%	134,581	3,805,447	97.28%

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
MUNICIPAL EARNED INCOME TAX, REVENUE BASE AND COLLECTIONS
LAST TEN YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING

<u>Fiscal Year</u>	<u>Tax Rate</u>	<u>Total Earned Income Tax Collected</u>	<u>Refunds</u>	<u>Net Earned Income Tax Collected</u>
2011	0.80%	\$7,864,301	(\$191,222)	\$7,673,079
2010	0.80%	7,308,401	(219,998)	7,088,403
2009	0.80%	7,807,082	(214,190)	7,592,892
2008	0.80%	7,720,153	(283,765)	7,436,388
2007	0.80%	7,381,905	(172,525)	7,209,380
2006	0.75%	6,868,039	(125,122)	6,742,917
2005	0.75%	6,246,561	(134,542)	6,112,019
2004	0.75%	5,995,393	(110,105)	5,885,288
2003	0.75%	5,350,100	(96,515)	5,253,585
2002	0.70%	5,187,834	(72,936)	5,114,898

Note: Earned income tax rate and collections amounts represent only municipal share.
(Upper St. Clair School District levies an earned income tax of .5%)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN YEARS

Year	General Obligation Bonds		General Obligation Notes	Total Primary Government	Less: Debt Service Funds	Net Bonded Debt	% of Assessed Valuation	% of Earned Income (1)	Debt per Capita (1)
	Governmental Activities	Business-type Activities	Governmental Activities						
2011	\$ 19,492,640	\$ 36,420,820	\$ 265,326	\$ 56,178,786	\$ -	\$ 56,178,786	3.88%	5.86%	\$ 2,922
2010	19,846,503	36,969,687	664,071	57,480,261	-	57,480,261	3.99%	6.49%	3,055
2009	20,247,500	37,585,479	311,838	58,144,817	-	58,144,817	4.06%	6.13%	3,085
2008	20,616,102	38,199,034	333,675	59,148,811	-	59,148,811	4.15%	6.36%	3,138
2007	16,304,140	10,827,222	354,584	27,485,946	-	27,485,946	1.93%	3.05%	1,451
2006	10,589,257	7,175,000	374,661	18,138,918	-	18,138,918	1.27%	2.02%	951
2005	11,539,225	7,325,000	393,900	19,258,125	1,060	19,257,065	1.37%	2.36%	1,000
2004	12,636,196	7,475,000	-	20,111,196	1,680	20,109,516	1.43%	2.56%	1,033
2003	20,872,167	-	-	20,872,167	2,280	20,869,887	1.49%	2.98%	1,063
2002	3,168,000	-	-	3,168,000	29,585	3,138,415	0.22%	0.43%	159

Note: Details regarding the Township's outstanding debt can be found in the notes to the financial statements

(1) See the Schedule of Demographic and Economic Statistics on page 125 for earned income and population data

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

<u>Year</u>	<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 %</u>
2011	\$26,104,933	\$65,262,333	\$40,712,662	\$24,549,671	37.62%
2010	23,820,959	59,552,398	41,844,835	17,707,563	29.73%
2009	21,494,573	53,736,432	42,317,112	11,419,320	21.25%
2008	20,221,763	50,554,408	43,119,067	7,435,341	14.71%
2007	19,696,661	49,241,653	16,658,724	32,582,929	66.17%
2006	18,994,695	47,486,738	11,279,661	36,207,077	76.25%
2005	17,861,110	44,652,774	12,176,900	32,475,874	72.73%
2004	16,445,440	41,113,601	12,889,000	28,224,601	68.65%
2003	15,399,243	38,498,108	13,659,000	24,839,108	64.52%
2002	15,033,790	37,584,476	3,168,000	34,416,476	91.57%

(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.

(2) 250% of borrowing base

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2011

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Township of Upper St. Clair</u>	<u>Amount Applicable to Township of Upper St. Clair</u>
Direct			
Township of Upper St. Clair (1)	\$ 19,757,966	100.00%	\$ 19,757,966
<i>Total Direct Debt</i>	<u>19,757,966</u>		<u>19,757,966</u>
Overlapping			
Upper St. Clair School District	123,252,673	100.00%	123,252,673
County of Allegheny (2)	<u>771,097,998</u>	2.90%	<u>22,361,842</u>
<i>Total Overlapping Debt</i>	<u>894,350,671</u>		<u>145,614,515</u>
Total Debt	<u>\$ 914,108,637</u>		<u>\$ 165,372,481</u>

(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. The calculation of direct net outstanding debt has excluded \$36,420,820 of debt related to business type activities of the Township.

(2) Proportion share of Allegheny County's existing debt as of December 31, 2011 based on the ratio of Upper St. Clair Township's assessed valuation to Allegheny County's 2011 assessed valuation. (Source: 12/31/11 Allegheny County CAFR - Table XI)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population (1)	Total Earned Income (2)	Per Capita Earned Income (3)	Unemployment Rate (4)
2011	19,229 (a)	\$ 959,134,875	\$ 49,880 (a)	6.7%
2010	18,815 (b)	886,050,375	47,093 (b)	8.1%
2009	18,849 (b)	949,111,500	50,353 (b)	7.2%
2008	18,849 (b)	929,548,500	49,316 (b)	5.3%
2007	18,941 (b)	901,172,500	47,578 (b)	4.1%
2006	19,075 (b)	899,055,600	47,133 (b)	3.7%
2005	19,248 (b)	814,935,867	42,339 (b)	4.3%
2004	19,467 (b)	784,705,067	40,310 (b)	4.6%
2003	19,633 (b)	700,478,000	35,679 (b)	4.8%
2002	19,800 (b)	730,699,714	36,904 (b)	5.1%

(1) Source: U. S. Census Bureau

(a) 2010 U.S. Census (b) Population estimates 2002-2010

(2) Source: Upper St. Clair Township Tax Office

(3) Computation of total earned income divided by population

(4) Source: U.S. Bureau of Labor Statistics for Allegheny County

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer:</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
USC School District	612	1	13.36 %	720	1	10.47 %
Home Loan Services, Inc.	232	2	5.07	-	-	-
Friendship Village	191	3	4.17	262	6	3.81
USC Township	161	4	3.52	187	8	2.72
Sears Roebuck & Co.	146	5	3.19	311	4	4.52
Southwood Psychiatric Hospital	135	6	2.95	284	5	4.13
Port Authority of Allegheny County	122	7	2.66	104	10	1.51
I Mortgage Services	99	8	2.16	-	-	-
OS Restaurant Service Inc.	85	9	1.86	-	-	-
St. Clair Country Club	87	10	1.90	216	7	3.14
Kaufmann's	-	-	-	502	2	7.30
Consol Energy	-	-	-	387	3	5.63
OS Restaurant Service Inc.	-	-	-	158	9	2.30
Total	<u>1,870</u>		<u>40.84 %</u>	<u>3,131</u>		<u>45.53 %</u>
Total Fulltime Employees	<u>4,580</u>			<u>6,875</u>		

Source: Upper St. Clair Local Services Tax records

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM
2011-2006

Function/Program:	2011	2010	2009	2008	2007	2006
General government:						
Administration	7.5	7.5	7	7	6	6
Finance/Tax	3	3	3	3	4	4
Information technology	4	4	4	4	4	4
Community development:						
Administration	3	3	4.5	4.5	4.5	4.5
Inspection	2.5	2.5	2.5	2.5	2.5	2.5
Public safety:						
Uniformed Police Officers	28	28	28	28	28	28
Other Department Personnel	6	6	7	7	7	7
Public works:						
Administration	4	4	5	5	5	5
Inspection	5	4	4	4	4	4
Labor Force	24	24	24	24	24	24
Recreation and leisure service:						
Administration	4	4	4	4	4	4
Recreation Center Staff	15	15	14	1	0	0
Library services:						
Administration	4	4	4	4	4	4
Librarians & Assistants	17	17	17	18	18	18
Total	<u>127</u>	<u>126</u>	<u>128</u>	<u>116</u>	<u>115</u>	<u>115</u>

Note: Because the Township had not previously reported this schedule, it elected to report this information prospectively beginning in 2006 (GASB Statement No. 44 implementation year).

Source: Township payroll and personnel records

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

OPERATING INDICATORS BY FUNCTION/PROGRAM

2011-2006

<u>Function/program:</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Community Development:</u>						
Building permits issued	260	272	267	281	209	284
Occupancy permits issued	34	31	65	54	45	76
Number of Electrical Permits issued	205	241	216	238	265	257
Number of Sewer Permits issued	6	6	12	14	10	4
<u>Public Works:</u>						
Roads resurfaced (Linear miles)	3.39	2.76	3.32	3.47	3.66	4.39
Sanitary Sewers Rehabilitated (Linear miles)	2.16	1.84	5.91	5.41	4.17	2.46
Snow storm call-outs	31	38	32	31	32	37
Storm Sewer Inlets and Manholes rebuilt	64	62	52	113	97	60
Miles of Roadway swept annually	1,800	1,786	500	N/A	N/A	N/A
Square feet (sf)/Linear Feet (lf) of sidewalks built	7,500 (lf)	3,273 (lf)	2,800 (sf)	N/A	N/A	N/A
Requests for Service	5,070	4,991	5,104	5,572	4,596	4,004
<u>Recreation:</u>						
Number of seasonal programs	14	14	14	14	14	14
Total number of seasonal program attendees	3,101	3,028	3,928	4,260	4,275	4,275
Community & Recreation Center memberships	2,709	2,527	1,760	N/A	N/A	N/A
Community & Recreation Center individuals served	9,014	8,170	5,956	N/A	N/A	N/A
<u>Police:</u>						
Calls for service	11,341	11,117	11,617	11,469	12,216	13,785
Total arrests	65	150	157	146	74	65
Part I offenses reported (major offenses)	137	106	119	134	96	120
Part I offenses cleared percentage	22%	42%	29%	25%	32%	28%
Part II offenses reported (other crimes)	172	191	165	182	223	208
Part II offenses cleared percentage	74%	73%	66%	73%	73%	65%
DUI arrests	17	20	16	23	24	23
Average response time	2.9	2.8	2.8	2.9	2.9	2.8
<u>Fire:</u>						
Total number of responses	N/A	258	266	257	275	271
Estimated Fire Losses	N/A	\$101,700	\$373,000	\$147,000	\$92,300	\$122,100
Average response time	N/A	4.1	5.4	6.1	2.8	2.8
<u>Library:</u>						
Circulation	387,204	394,641	373,669	342,891	332,695	191,057
Circulation per capita	19.31	19.68	18.63	17.10	16.59	9.53
Visits per capita	7.69	7.77	8.56	N/A	N/A	N/A

Sources: Upper St. Clair Township

Note: Because the Township had not previously reported this schedule, it elected to report this information prospectively beginning in 2006 (GASB Statement No. 44 implementation year).

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM 2011-2006

<u>Function/program:</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>General Government:</u>						
Square Footage Occupied*	11,000	11,000	5,000	5,000	5,000	5,000
Staff Vehicles	3	3	2	2	2	2
<u>Community development:</u>						
Square Footage Occupied*	2,500	2,500	2,500	2,500	2,500	2,500
Inspection Vehicles	2	2	3	3	3	3
<u>Public Works:</u>						
Municipal Street (lane miles)	110	110	110	110	110	110
Number of Traffic Lighted Intersections	9	9	9	9	9	9
Sanitary Sewers (miles)	66	66	66	66	66	66
Storm Sewers (miles)	50	50	50	50	50	50
Staff Vehicles	3	3	4	4	4	4
Inspection Vehicles	3	3	3	3	3	3
Vehicles	26	26	25	25	25	25
Public Works Buildings Square Footage	36,500	36,500	36,500	36,500	36,500	36,500
<u>Recreation:</u>						
Staff Vehicles	1	1	1	1	1	1
Number of Parks	11	11	11	11	11	11
Acreage of Park Land & Open Space	733	733	733	733	733	613
Recreation Centers	2	2	2	1	1	1
Recreation Center Square Footage	96,500	96,500	96,500	6,500	6,500	6,500
Basketball Courts	12	12	12	10	10	10
Tennis Courts	10	10	10	10	10	10
Ball Fields	12	12	12	12	8	8
<u>Public Safety:</u>						
Square Footage Occupied*	4,500	4,500	4,500	4,500	4,500	4,500
Police Vehicles	20	20	20	20	20	20
<u>Library:</u>						
Square Footage Occupied*	10,000	10,000	10,000	10,000	10,000	10,000

*Square Footage Occupied within the Township Municipal Building

Sources: Upper St. Clair Township

Note: Because the Township had not previously reported this schedule, it elected to report this information prospectively beginning in 2006 (GASB Statement No. 44 implementation year).