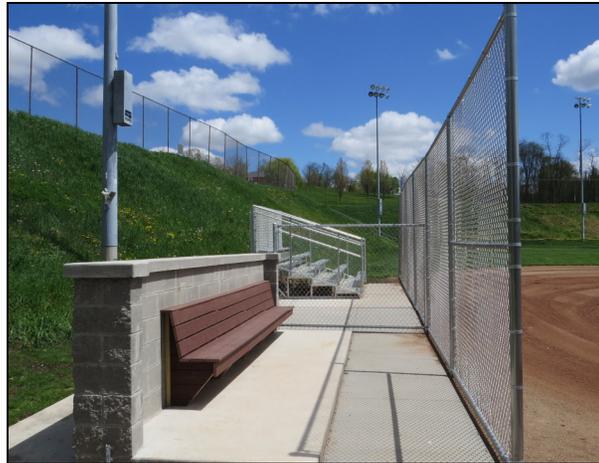


Township of Upper St. Clair

Pennsylvania

Comprehensive Annual Financial Report Year Ended December 31, 2012



TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2012

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Matthew R. Serakowski, Township Manager

Mark S. Mansfield, Assistant Township Manager

PREPARED BY THE FINANCE DEPARTMENT

August G. Stache, Jr., CPA, Director

Jack Smarslak, CPA, Accounting Manager

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2012

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Office of the Manager
Matthew R. Serakowski

June 28, 2013

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, 2012, 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.

Goff Backa Alfera & Company, LLC, 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, 2012 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, 2012 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 90-104.

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 2012, it stood at 6.8%. 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 (15.7 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

At the end of 2012, Allegheny County completed its court-ordered reassessment of all properties within its borders. For the Township, the reassessment of its properties will mean that the real estate tax rate will be adjusted from 4.6 mills, which it was for 2012, to 3.83 mills for 2013 to comply with the “Anti-Windfall” provisions of the most recent legislation regarding reassessments in Pennsylvania.

MAJOR INITIATIVES

The Township’s Reverse 911 system called “USC Notify” was fully implemented in 2012. This system allowed Staff to notify residents in case of an emergency or adverse situation in a quick and timely fashion.

The construction of the Miracle League Field in Boyce Mayview Park was completed and dedicated on May 26, 2012. The Miracle League is an organization believing that “Every Child Deserves a Chance to Play Baseball.” The Miracle League accomplishes this goal by organizing baseball games for disabled and able bodied children on specially designed fields. This was a collaborative effort with the Township, Casey’s Clubhouse, Inc. and The Miracle League of Southwestern PA. The Township, through funding from the Allegheny Regional Asset District (ARAD), contributed about \$125,000 towards the project. The remainder of the approximately \$875,000 needed to complete the project was raised through private fundraising efforts.

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, 2011. This was the twenty-fourth (24th) 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.

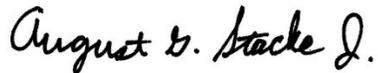
A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements; we are submitting it to GFOA to determine its eligibility for another certificate.

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, 2012

**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, 2011

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



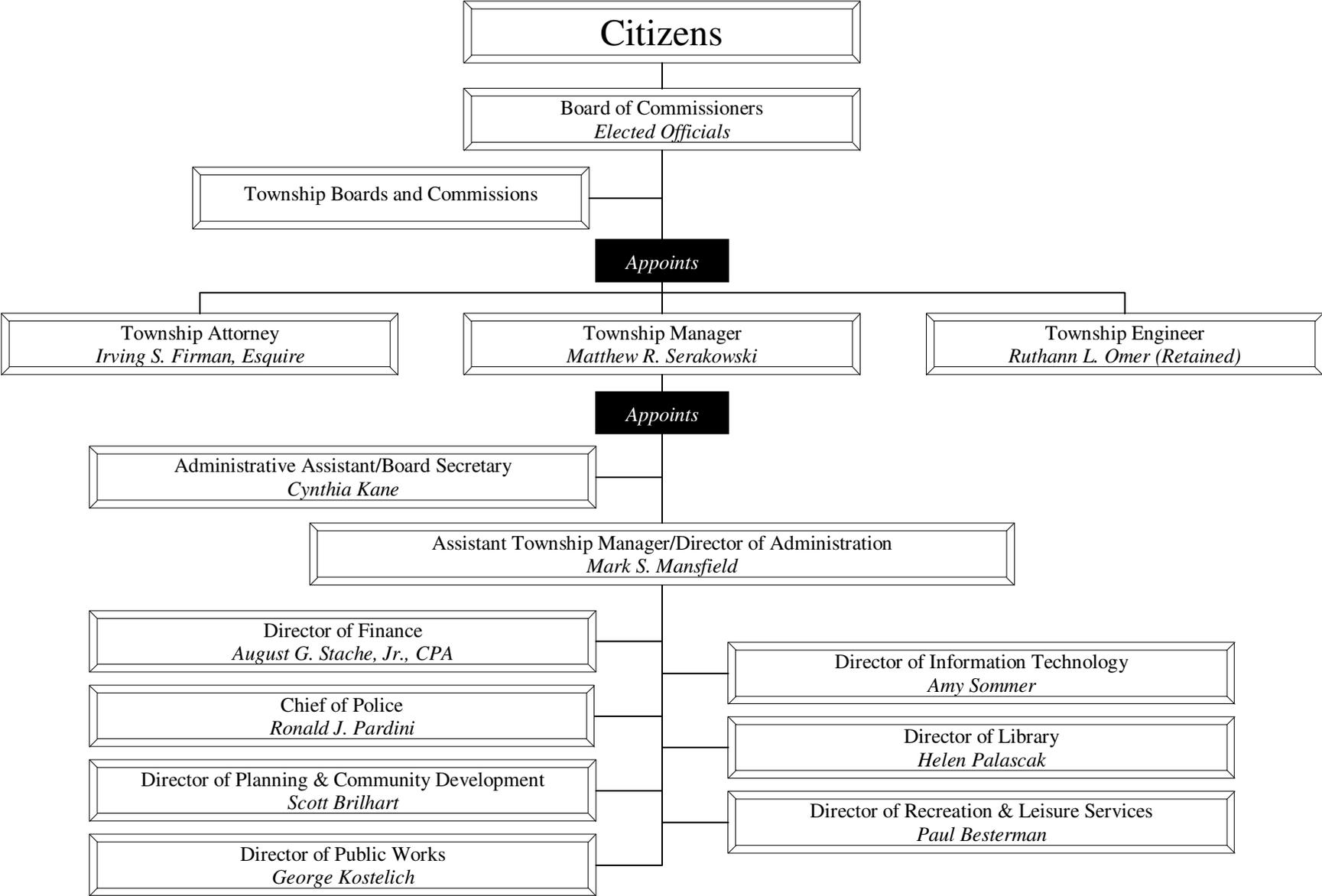
Christopher P. Morinell

President

Jeffrey R. Emery

Executive Director

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2012



FINANCIAL SECTION



3325 Saw Mill Run Blvd.
Pittsburgh, PA 15227-2736
412/885-5045
Fax 412/885-4870
www.gbaco.com

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Upper St. Clair, Pennsylvania, as of December 31, 2012,

and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required supplementary pension and OPEB information, and budgetary comparison information on pages 16-28, 79-84 and 91-105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Upper St. Clair, Pennsylvania's basic financial statements as a whole. The introductory section, combining and individual non major 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.



GOFF BACKA ALFERA & COMPANY, LLC

Pittsburgh, Pennsylvania

June 28, 2013

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2012

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, 2012. This information should be reviewed in conjunction with the Township's financial statements that begin on page 29.

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

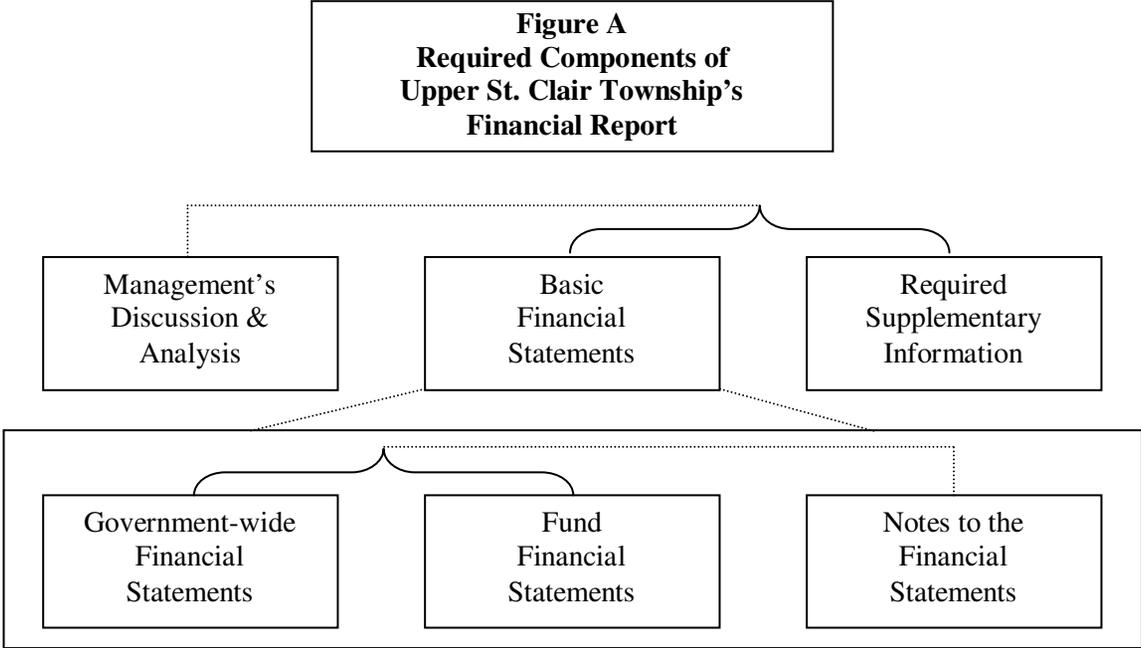
- At December 31, 2012, the Township's net position was \$24,539,609, an increase of \$551,561 or 2.3% from 2011. The increase was due mainly to an increase in the collection of earned income and real estate transfer taxes.
- The unrestricted net position was \$11,805,635 at December 31, 2012, a net increase of \$2,146,314 or 22.2% from the prior fiscal year. The governmental activities portion of this increase was \$1,812,289 and the business-type activities portion was \$334,025. The increase in the governmental activities portion occurred partly due to a combination of excess revenues over 2011 revenues of \$.6 million and the decrease in debt service costs of .5 million.
- At December 31, 2012, the Township had \$54,850,261 of general obligation debt outstanding. This represents a net decrease of \$1,328,525 or 2.4% from the previous year. The Township made principal payments on its outstanding bonds and notes in 2012 totaling \$1,328,525. The Debt outstanding represents a manageable burden of \$2,852 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 2012.
- The total fund balance of the Township's General Fund at December 31, 2012 was \$3,313,486, an increase of \$5,361 or .2% from the preceding year. The unassigned fund balance in the General Fund was \$3,094,204 at December 31, 2012 which represents 23.6% of General Fund expenditures for fiscal year 2012.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2012

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 Position and Statement of Activities, on pages 29 and 30 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 31, 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, 2012

Reporting the Township as a Whole

Government-wide Financial Statements

While the Fund Financial Statements beginning on page 31 contain the majority of funds used by the Township to provide programs and activities, the Statement of Net Position and the Statement of Activities answer the question, "How did we do financially during 2012?" These statements, beginning on page 29, 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 position and the change in that position. This change in net position 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 Position 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, 2012

Reporting the Township's Most Significant Funds

Fund Financial Statements

Fund financial statements, which begin on page 31, 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 32 and 35.

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 37-40 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 41-42 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 43-77 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, 2012

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Position may serve over time as a useful indicator of the Township's financial position. The total net position was \$24,539,609 and \$23,988,048 at December 31, 2012 and December 31, 2011, respectively. The largest portion of the Township's net position (52%) reflects its net investment in capital assets. 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 Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and Other Assets	\$ 13,358,542	\$ 11,880,872	\$ 2,881,839	\$ 5,361,414	\$ 16,240,381	\$ 17,242,286
Capital Assets	27,448,905	28,242,742	39,856,069	41,305,048	67,304,974	69,547,790
TOTAL ASSETS	\$ 40,807,447	\$ 40,123,614	\$ 42,737,908	\$ 46,666,462	\$ 83,545,355	\$ 86,790,076
LIABILITIES						
Current and Other Liabilities	\$ 2,586,657	\$ 2,822,877	\$ 1,860,837	\$ 4,787,648	\$ 4,447,494	\$ 7,610,525
Long-term Liabilities:						
Due within one year	1,018,821	649,350	-	-	1,018,821	649,350
Due in more than one year	18,612,333	19,084,011	34,927,098	35,458,142	53,539,431	54,542,153
TOTAL LIABILITIES	22,217,811	22,556,238	36,787,935	40,245,790	59,005,746	62,802,028
NET POSITION						
Net Investment in Capital Assets	8,411,732	9,191,787	4,268,647	5,073,371	12,680,379	14,265,158
Restricted	53,595	63,569	-	-	53,595	63,569
Unrestricted	10,124,309	8,312,020	1,681,326	1,347,301	11,805,635	9,659,321
TOTAL NET POSITION	18,589,636	17,567,376	5,949,973	6,420,672	24,539,609	23,988,048
TOTAL LIABILITIES AND NET POSITION	\$ 40,807,447	\$ 40,123,614	\$ 42,737,908	\$ 46,666,462	\$ 83,545,355	\$ 86,790,076

Part of the Township's net position 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 position (\$11,805,635) 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, 2012

After excluding transfers from governmental funds to business-type funds of \$1,605,998 and \$1,483,816 for 2012 and 2011, respectively, governmental revenues for 2012 totaled \$20,790,466; while, governmental revenues for 2011 amounted to \$20,389,480. This 2.0% increase in governmental revenue from 2011 amounted to \$400,986, and provided the funds to cover the total governmental expenses of \$18,162,208. For 2012, governmental revenues exceeded governmental expenses by \$2,628,258 or 14.5% and were due mainly to an increase of all tax revenue and to the unanticipated cost savings from the categories of public safety, public works, community development, and interest on long-term debt. The business-type funds reported that expenses exceeded revenues by \$2,076,697 for 2012. These results occurred because of expenditures for the EPA Consent order of \$1.1 million were planned to be financed from Sanitary Sewer Fund Net Asset Balance and the Community and Recreation Center interest on long term debt being of .8 million being financed by the Township's General Fund revenues and not membership fees. The results of this year's operations as a whole are reported in the Statement of Activities on Page 30. 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

	2012	2011
Property Taxes, Levied for General Purposes	\$ 7,678,794	\$ 7,581,309
Earned Income Taxes, Levied for General Purposes	7,891,581	7,767,269
Local Services Taxes	253,863	246,702
Other Taxes	1,589,649	1,131,251

The 2012 financial statements offer a view of the financial condition of the Township on a consolidated basis. For example, investment earnings (Statement of Activities, page 30) 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 2011.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2012

Table 3
Year Ended December 31
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services	\$ 937,260	\$ 897,595	\$ 8,047,165	\$ 7,694,067	\$ 8,984,425	\$ 8,591,662
Operating Grants and Contributions	1,694,562	2,066,302	-	-	1,694,562	2,066,302
General Revenues:						
Property Taxes	7,678,794	7,581,309	-	-	7,678,794	7,581,309
Earned Income Taxes	7,891,581	7,767,269	-	-	7,891,581	7,767,269
Local Services Taxes	253,863	246,702	-	-	253,863	246,702
Other Taxes	1,589,649	1,131,251	-	-	1,589,649	1,131,251
Franchise Fees	405,416	383,056	-	-	405,416	383,056
Investment Earnings	11,942	12,860	1,704	2,178	13,646	15,038
Miscellaneous	327,399	303,136	-	-	327,399	303,136
Total Revenues	20,790,466	20,389,480	8,048,869	7,696,245	28,839,335	28,085,725
Expenses						
General Government	1,969,696	1,710,210	-	-	1,969,696	1,710,210
Public Safety	5,295,002	5,512,388	-	-	5,295,002	5,512,388
Public Works	6,933,331	7,031,591	-	-	6,933,331	7,031,591
Community Development	595,879	621,524	-	-	595,879	621,524
Recreation and Leisure Services	1,424,070	1,163,232	-	-	1,424,070	1,163,232
Library Services	990,268	970,768	-	-	990,268	970,768
Interest on Long-Term Debt	953,962	1,157,682	-	-	953,962	1,157,682
Sanitary Sewer	-	-	5,531,434	5,938,028	5,531,434	5,938,028
Community & Recreation Center	-	-	4,411,897	4,232,528	4,411,897	4,232,528
Magazine	-	-	182,235	171,573	182,235	171,573
Total Expenses	18,162,208	18,167,395	10,125,566	10,342,129	28,287,774	28,509,524
Changes in Net Assets Before Transfers	2,628,258	2,222,085	(2,076,697)	(2,645,884)	551,561	(423,799)
Transfers	(1,605,998)	(1,483,816)	1,605,998	1,483,816	-	-
CHANGE IN NET POSITION	1,022,260	738,269	(470,699)	(1,162,068)	551,561	(423,799)
NET POSITION - BEGINNING	17,567,376	16,829,107	6,420,672	7,582,740	23,988,048	24,411,847
NET POSITION - ENDING	\$ 18,589,636	\$ 17,567,376	\$ 5,949,973	\$ 6,420,672	\$ 24,539,609	\$ 23,988,048

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2012

Real estate tax revenues remain fairly stable from 2011 to 2012 with a slight increase in collections of \$97,485 or 1.3%. Earned income taxes increased by \$124,312 or (1.6%) over 2011 as a result of implementation of Act 32 collection procedures. Other taxes increased by \$458,398 from 2011 and were due mainly to increased collections of real estate transfer tax.

Governmental activities charge for services increased by \$39,665 due to greater activity in permits. The governmental activities grants category decreased by \$371,740 due to a drop in state reimbursement for pension costs of full time Township employees.

For the most part, there were decreases or nominal increases in expenses from 2011 to 2012 due to planned departmental spending 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, 2012
Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Functions/Programs:		
General Government	\$ 1,969,696	\$ 1,514,400
Public Safety	5,295,002	5,006,783
Public Works	6,933,331	6,061,028
Community Development	595,879	595,879
Recreation and Leisure Services	1,424,070	720,486
Library Services	990,268	677,848
Interest on Long-Term Debt	953,962	953,962
Total Expenses	<u>\$ 18,162,208</u>	<u>\$ 15,530,386</u>
Total required from local taxes and other revenues		<u>\$ 15,530,386</u>

The dependence upon local tax revenues for governmental activities is apparent. The Township had expenses for governmental activities of \$18.2 million while only \$2.6 million has been provided by the State and program specific charges. The Township must finance \$15.5 million of expenses, which must be covered by tax assessments and other revenues. Approximately 86 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, 2012

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 \$4.44 and \$.19 million, respectively, and expenses of \$5.53 and \$.18 million, respectively, for 2012. The Community & Recreation Center had revenues of \$3.41 million and expenses of \$4.41 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 33-34 are summarized in Table 5.

Table 5
Year Ended December 31, 2012
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	\$ 3,308,125	\$ 3,446,084	\$ 852,296	\$ 7,606,505
Net Change in Fund Balance	5,361	1,730,273	11,899	1,747,533
Ending Fund Balance	<u>\$ 3,313,486</u>	<u>\$ 5,176,357</u>	<u>\$ 864,195</u>	<u>\$ 9,354,038</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2012

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 2012 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 \$1,354,818. This amount is the net result of real estate taxes, earned income taxes, other taxes, licenses and permits, fees and fines, other revenue and grants, and recreation fees being above expectations: while there were decreases experienced in rents, interest, and service agreements. Expenditures were under appropriations by approximately \$931,239 due to across-the-board decreases in personnel and material costs of all Township departments except for the Library; 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, 2012, the Township's Governmental Activities had \$27,448,905 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 \$793,837 or (2.8%) 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 \$15,387,826, buildings of \$23,659,942, and \$808,301 invested in vehicles and equipment on December 31, 2012. The amounts for infrastructure and buildings include depreciation of \$756,152 and \$648,218, respectively, which remained the same as the prior year. The equipment amount includes depreciation during the year that totaled \$220,224 for a decrease of 1% from the prior year. Detail of capital asset activity for 2012 can be found in Note No. 5 on pages 60-61 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, 2012

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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 2,386,736	\$ 2,386,736	\$ -	\$ -
Infrastructure	16,168,423	16,760,982	15,387,826	16,143,978
Buildings	5,992,828	6,304,259	23,659,942	24,308,160
Improvements other than buildings	675,737	647,629	-	-
Equipment	2,203,596	2,136,872	808,301	852,910
Library assets	21,585	6,264	-	-
	<u>\$ 27,448,905</u>	<u>\$ 28,242,742</u>	<u>\$ 39,856,069</u>	<u>\$ 41,305,048</u>

Debt Administration

The Township had total outstanding bond and note principal of \$54.85 million and \$56.18 million as of December 31, 2012 and December 31, 2011, respectively. The Township made principal payments on its outstanding bonds and notes in 2012 totaling \$556,920 for governmental activity debt and \$771,605 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 62-68.

Table 7
Year Ended December 31
General Obligation Bonds and Notes

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Series of 2005-Notes	\$ 240,560	\$ 265,326	\$ -	\$ -
Series of 2007-Bonds	-	5,863,438	-	3,690,000
Series of 2008-Bonds	4,320,213	4,399,557	25,628,661	26,114,472
Series of 2009-Bonds	3,523,449	3,912,513	1,759,232	1,951,266
Series of 2011-Bonds	5,262,490	5,317,132	4,523,535	4,665,082
Series of 2012-Bonds	5,854,334	-	3,737,787	-
	<u>\$ 19,201,046</u>	<u>\$ 19,757,966</u>	<u>\$ 35,649,215</u>	<u>\$ 36,420,820</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The revenue budget for 2013 is \$1.27 million higher than the final budget for 2012. This represents a 4.27% increase in budgeted revenues. This increase in revenues is mainly due to increased collections of earned income and real estate transfer taxes. The budgeted expenditures increase was mainly attributable to increases in the capital costs associated with the infrastructure of the Cook School Road project and the addition of sidewalks to be constructed along Mayview Road. The Township Commissioners adopted a General Fund Budget that actually increased by 2.82% 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>2013</u>	<u>2012</u>
Revenues		
Local	\$ 27,919,101	\$ 27,142,868
State	1,080,052	1,045,383
Fund Reserve	1,860,675	1,406,410
Total	<u>\$ 30,859,828</u>	<u>\$ 29,594,661</u>
Expenditures		
General Government	\$ 2,698,774	\$ 2,608,614
Public Safety	5,218,289	5,126,486
Public Works	11,563,325	11,394,046
Community Development	638,628	631,982
Recreation and Leisure Services	5,735,517	5,396,993
Library Services	1,073,777	994,362
Debt Service/Fund Transfers/Reserve	3,931,518	3,442,178
Total	<u>\$ 30,859,828</u>	<u>\$ 29,594,661</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, 2012

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 POSITION

DECEMBER 31, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,917,601	\$ 1,914,560	\$ 10,832,161
Taxes Receivable (net)	3,474,745	-	3,474,745
Other Receivables (net)	356,266	820,618	1,176,884
Internal Balances	(283,446)	84,867	(198,579)
Due from Other Governmental Agencies	80,113	-	80,113
Prepays	219,282	-	219,282
Investment in Tri-Community South EMS	240,560	-	240,560
Capital Assets, not being depreciated	2,386,736	-	2,386,736
Capital Assets, net of accumulated depreciation	8,893,746	24,468,243	33,361,989
Infrastructure Assets, Net of Accumulated Depreciation	16,168,423	15,387,826	31,556,249
TOTAL ASSETS	\$ 40,454,026	\$ 42,676,114	\$ 83,130,140
DEFERRED OUTFLOW (INFLOW) OF RESOURCES			
Deferred Bond Issue Costs	353,421	61,794	415,215
Deferred Outflow of Resources-Related to Derivative Instrument	577,421	3,331,997	3,909,418
Inflow of Derivative Instrument	(577,421)	(3,331,997)	(3,909,418)
TOTAL DEFERRED OUTFLOW (INFLOW) OF RESOURCES	353,421	61,794	415,215
LIABILITIES			
Accounts Payable	\$ 935,077	\$ 754,428	\$ 1,689,505
Accrued Interest Payable	52,393	40,719	93,112
Accrued Wages Payable	471,234	-	471,234
Unearned Revenues	-	343,571	343,571
Refundable Deposits	539,240	-	539,240
Bonds Payable due in one year	588,713	722,119	1,310,832
Noncurrent Liabilities:			
Net Other Post Employment Benefits due in more than one year	1,018,821	-	1,018,821
Bonds Payable due in more than one year	18,612,333	34,927,098	53,539,431
TOTAL LIABILITIES	22,217,811	36,787,935	59,005,746
NET POSITION			
Net investment in capital assets	8,411,732	4,268,647	12,680,379
Restricted			
By Grantors	53,595	-	53,595
Unrestricted	10,124,309	1,681,326	11,805,635
TOTAL NET POSITION	\$ 18,589,636	\$ 5,949,973	\$ 24,539,609

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, 2012

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	\$ 1,969,696	\$ 245,033	\$ 210,263	\$ -	\$ (1,514,400)	\$ -	\$ (1,514,400)
Public Safety	5,295,002	79,483	208,736	-	(5,006,783)	-	(5,006,783)
Public Works	6,933,331	192,795	679,508	-	(6,061,028)	-	(6,061,028)
Community Development	595,879	-	-	-	(595,879)	-	(595,879)
Recreation and Leisure Services	1,424,070	380,192	323,392	-	(720,486)	-	(720,486)
Library Services	990,268	39,757	272,663	-	(677,848)	-	(677,848)
Interest on Long-Term Debt	953,962	-	-	-	(953,962)	-	(953,962)
Total Governmental Activities	<u>18,162,208</u>	<u>937,260</u>	<u>1,694,562</u>	<u>-</u>	<u>(15,530,386)</u>	<u>-</u>	<u>(15,530,386)</u>
Business-type Activities							
Sanitary Sewer	5,531,434	4,444,772	-	-	-	(1,086,662)	(1,086,662)
Community & Recreation Center	4,411,897	3,407,437	-	-	-	(1,004,460)	(1,004,460)
Magazine	182,235	194,956	-	-	-	12,721	12,721
Total Business-type Activities	<u>10,125,566</u>	<u>8,047,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,078,401)</u>	<u>(2,078,401)</u>
Total Primary Government	<u>\$ 28,287,774</u>	<u>\$ 8,984,425</u>	<u>\$ 1,694,562</u>	<u>\$ -</u>	<u>(15,530,386)</u>	<u>(2,078,401)</u>	<u>(17,608,787)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					7,678,794	-	7,678,794
Earned Income Taxes, Levied for General Purposes					7,891,581	-	7,891,581
Local Services Tax					253,863	-	253,863
Other Taxes					1,589,649	-	1,589,649
Franchise Fees					405,416	-	405,416
Unrestricted Investment Earnings					11,942	1,704	13,646
Miscellaneous					327,399	-	327,399
Transfers					(1,605,998)	1,605,998	-
Total General Revenues and Transfers					<u>16,552,646</u>	<u>1,607,702</u>	<u>18,160,348</u>
CHANGE IN NET POSITION					1,022,260	(470,699)	551,561
NET POSITION - BEGINNING					<u>17,567,376</u>	<u>6,420,672</u>	<u>23,988,048</u>
NET POSITION - ENDING					<u>\$ 18,589,636</u>	<u>\$ 5,949,973</u>	<u>\$ 24,539,609</u>

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, 2012

	General Fund	Capital Projects Fund Regular	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 6,940,859	\$ 1,124,124	\$ 852,618	\$ 8,917,601
Real Estate Taxes Receivable	557,290	-	-	557,290
Earned Income Taxes Receivable	2,917,455	-	-	2,917,455
Due from Other Funds	303,512	4,290,831	12,081	4,606,424
Due from Tri-Community South EMS	80,113	-	-	80,113
Other Receivables	291,567	-	64,699	356,266
Prepaid Items	219,282	-	-	219,282
TOTAL ASSETS	\$ 11,310,078	\$ 5,414,955	\$ 929,398	\$ 17,654,431
LIABILITIES				
Accounts Payable	\$ 630,140	\$ 232,598	\$ 65,203	\$ 927,941
Due to Other Funds	4,889,870	-	-	4,889,870
Due to Fiduciary Funds	7,136	-	-	7,136
Accrued Wages Payable	471,234	-	-	471,234
Refundable Deposits	533,240	6,000	-	539,240
Total Liabilities	6,531,620	238,598	65,203	6,835,421
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues-Taxes	1,464,972	-	-	1,464,972
Total Deferred Infows of Resources	1,464,972	-	-	1,464,972
FUND BALANCES				
NonSpendable	219,282	-	-	219,282
Restricted:				
Restricted for State Liquid Fuels Expenses	-	-	1,160	1,160
Restricted for Boyce Mayview Park Grant Expenses	-	-	5,493	5,493
Restricted for Library Expenses and Services	-	-	46,942	46,942
Committed	-	-	810,600	810,600
Assigned	-	5,176,357	-	5,176,357
Unassigned	3,094,204	-	-	3,094,204
Total Fund Balances	3,313,486	5,176,357	864,195	9,354,038
TOTAL LIABILITIES, INFLOW OF DEFERRED RESOURCES AND FUND BALANCES	\$ 11,310,078	\$ 5,414,955	\$ 929,398	\$ 17,654,431

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012

Total Fund Balances, Governmental Funds	\$	9,354,038
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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.		27,448,905
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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.		1,464,972
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The Township's investment in Tri-Community South EMS is recorded as an asset on the statement of net assets.		240,560
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Government funds report the effect of deferred bond issuance costs whereas these amounts are deferred and amortized on the statement of activities.		353,421
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The net other postemployment benefit obligation is not reflected on the fund statements.		(1,018,821)
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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	(19,201,046)	
Accrued Interest Payable	(52,393)	
	(19,253,439)	(19,253,439)

Total Net Position - Governmental Activities	\$	18,589,636
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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, 2012

	General Fund	Capital Projects Fund Regular	Other Governmental Funds	Total Governmental Funds
REVENUES				
Real Estate Taxes	\$ 7,594,848	\$ -	\$ -	\$ 7,594,848
Earned Income Taxes	7,994,030	-	-	7,994,030
Other Taxes	1,843,512	-	-	1,843,512
Licenses and Permits	228,685	-	800	229,485
Fees and Fines	497,917	-	-	497,917
Rents	78,081	-	-	78,081
Interest	4,029	7,544	369	11,942
Service Agreements	209,039	-	-	209,039
Other Revenue and Grants	865,638	133,586	970,700	1,969,924
Recreation Fees	360,263	-	19,930	380,193
TOTAL REVENUES	19,676,042	141,130	991,799	20,808,971
EXPENDITURES				
Current:				
General Government	1,566,280	212,015	1,292	1,779,587
Community Development	570,394	10,985	-	581,379
Public Safety	4,862,426	45,149	-	4,907,575
Public Works	4,880,431	677,284	473,413	6,031,128
Recreation and Leisure Services	443,793	51,541	748,092	1,243,426
Library Services	786,867	535	193,887	981,289
Total Current Expenditures	13,110,191	997,509	1,416,684	15,524,384
Capital Outlay:				
General Government	-	150,965	-	150,965
Community Development	-	-	-	-
Public Safety	-	93,313	-	93,313
Public Works	-	316,975	-	316,975
Recreation and Leisure Services	-	-	152,264	152,264
Library Services	-	16,621	5,465	22,086
Total Capital Outlay Expenditures	-	577,874	157,729	735,603

(Continued)

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, 2012

	<u>General Fund</u>	<u>Capital Projects Fund Regular</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Debt Service:				
Principal Retirement	-	-	649,189	649,189
Bond Issuance Costs	-	-	29,688	29,688
Interest	-	-	607,762	607,762
Total Debt Service Expenditures	-	-	1,286,639	1,286,639
TOTAL EXPENDITURES	13,110,191	1,575,383	2,861,052	17,546,626
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,565,851	(1,434,253)	(1,869,253)	3,262,345
OTHER FINANCING SOURCES (USES)				
Issuance of Refunding Bonds	-	-	5,910,000	5,910,000
Refunding of General Obligation Bonds	-	-	(5,895,000)	(5,895,000)
Premium on Issuance of Bonds	-	-	76,186	76,186
Interfund Transfer In	-	3,194,526	7,636,730	10,831,256
Interfund Transfer Out	(6,560,490)	(30,000)	(5,846,764)	(12,437,254)
TOTAL OTHER FINANCING SOURCES (USES)	(6,560,490)	3,164,526	1,881,152	(1,514,812)
NET CHANGE IN FUND BALANCES	5,361	1,730,273	11,899	1,747,533
FUND BALANCES - BEGINNING	3,308,125	3,446,084	852,296	7,606,505
FUND BALANCES - ENDING	<u>\$ 3,313,486</u>	<u>\$ 5,176,357</u>	<u>\$ 864,195</u>	<u>\$ 9,354,038</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, 2012**

Net Change in Fund Balances - Total Governmental Funds: \$ 1,747,533

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	735,602	
Capital Asset Disposal	40,272	
Less: Depreciation Expense	<u>(1,489,167)</u>	(713,293)

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. (18,505)

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. (234,966)

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. 649,189

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 2012 Bond Issue which refunded the outstanding bonds of 2007. (91,186)

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. (328,196)

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. 11,684

Change in Net Position of Governmental Activities \$ 1,022,260

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, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Real Estate Taxes	\$ 7,555,157	\$ 7,555,157	\$ 7,594,848	\$ 39,691
Earned Income Taxes	7,315,000	7,315,000	7,994,030	679,030
Other Taxes	1,422,000	1,422,000	1,843,512	421,512
Licenses and Permits	134,825	134,825	228,685	93,860
Fees and Fines	477,200	477,200	497,917	20,717
Rents	82,400	82,400	78,081	(4,319)
Interest	5,000	5,000	4,029	(971)
Service Agreements	209,887	209,887	209,039	(848)
Other Revenue and Grants	760,055	760,055	865,638	105,583
Recreation Fees	359,700	359,700	360,263	563
TOTAL REVENUES	18,321,224	18,321,224	19,676,042	1,354,818
EXPENDITURES				
Current:				
General Government	1,662,571	1,662,571	1,566,280	96,291
Community Development	618,982	618,982	570,394	48,588
Public Safety	4,976,386	4,976,386	4,862,426	113,960
Public Works	5,525,485	5,525,485	4,880,431	645,054
Recreation and Leisure Services	477,200	477,200	443,793	33,407
Library Services	780,806	780,806	786,867	(6,061)
Total Current Expenditures	14,041,430	14,041,430	13,110,191	931,239
TOTAL EXPENDITURES	14,041,430	14,041,430	13,110,191	931,239
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,279,794	4,279,794	6,565,851	2,286,057
OTHER FINANCING SOURCES (USES)				
Interfund Transfer Out	(4,279,794)	(4,279,794)	(6,560,490)	(2,280,696)
TOTAL OTHER FINANCING SOURCES (USES)	(4,279,794)	(4,279,794)	(6,560,490)	(2,280,696)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ 5,361	\$ 5,361

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2012

	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	\$ 738,642	\$ 1,175,918	\$ -	\$ 1,914,560
Accounts Receivable	592,123	212,225	16,270	820,618
Due from Other Funds	-	234,843	151,909	386,752
Prepaid Expenses	-	-	-	-
Total Current Assets	1,330,765	1,622,986	168,179	3,121,930
Capital Assets:				
Sewer Lines, Net of Accumulated Depreciation	15,387,826	-	-	15,387,826
Buildings and Improvements, Net of Accumulated Depreciation	-	23,659,942	-	23,659,942
Machinery and Equipment, Net of Accumulated Depreciation	112,910	695,147	244	808,301
Total Capital Assets	15,500,736	24,355,089	244	39,856,069
TOTAL ASSETS	\$ 16,831,501	\$ 25,978,075	\$ 168,423	\$ 42,977,999
DEFERRED OUTFLOW (INFLOW) OF RESOURCES				
Deferred Bond Issue Costs	61,794	-	-	61,794
Deferred Outflow of Resources-Related to Derivative Instrument	658,346	2,673,651	-	3,331,997
Inflow of Derivative Instrument	(658,346)	(2,673,651)	-	(3,331,997)
TOTAL DEFERRED OUTFLOW (INFLOW) OF RESOURCES	61,794	-	-	61,794
Current Liabilities:				
Accounts Payable	\$ 686,519	\$ 66,525	\$ 1,384	\$ 754,428
Unearned Revenues	-	340,699	2,872	343,571
Accrued Interest	40,719	-	-	40,719
Due to Other Funds	35,556	266,329	-	301,885
Current Portion - Long-Term Debt	315,198	406,921	-	722,119
Total Current Liabilities	1,077,992	1,080,474	4,256	2,162,722
Non-Current Liabilities:				
Long-Term Debt	14,769,145	20,157,953	-	34,927,098
Total Non-Current Liabilities	14,769,145	20,157,953	-	34,927,098
TOTAL LIABILITIES	15,847,137	21,238,427	4,256	37,089,820
NET POSITION				
Net Investment in Capital Assets	478,187	3,790,216	244	4,268,647
Unrestricted	567,971	949,432	163,923	1,681,326
TOTAL NET POSITION	1,046,158	4,739,648	164,167	5,949,973

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 POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	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	\$ 4,444,772	\$ 3,407,437	\$ 194,956	\$ 8,047,165
Total Operating Revenues	<u>4,444,772</u>	<u>3,407,437</u>	<u>194,956</u>	<u>8,047,165</u>
OPERATING EXPENSES				
Sewage Treatment Charges	2,447,682	-	-	2,447,682
Personnel Services	275,039	1,710,191	49,553	2,034,783
Contractual Services	1,398,623	867,288	124,971	2,390,882
Materials and Supplies	40,126	157,561	7,419	205,106
Depreciation and Amortization	778,930	845,372	292	1,624,594
Total Operating Expenses	<u>4,940,400</u>	<u>3,580,412</u>	<u>182,235</u>	<u>8,703,047</u>
Operating Income (Loss)	<u>(495,628)</u>	<u>(172,975)</u>	<u>12,721</u>	<u>(655,882)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	905	799	-	1,704
Interest Expense	(591,034)	(831,485)	-	(1,422,519)
Total Non-Operating Revenues (Expenses)	<u>(590,129)</u>	<u>(830,686)</u>	<u>-</u>	<u>(1,420,815)</u>
Change in Assets Before Interfund Transfers	<u>(1,085,757)</u>	<u>(1,003,661)</u>	<u>12,721</u>	<u>(2,076,697)</u>
TRANSFERS				
Interfund Transfers In	-	1,605,998	-	1,605,998
Total Transfers	<u>-</u>	<u>1,605,998</u>	<u>-</u>	<u>1,605,998</u>
CHANGE IN NET POSITION	<u>(1,085,757)</u>	<u>602,337</u>	<u>12,721</u>	<u>(470,699)</u>
NET POSITION - BEGINNING	<u>2,131,915</u>	<u>4,137,311</u>	<u>151,446</u>	<u>6,420,672</u>
NET POSITION - ENDING	<u>\$ 1,046,158</u>	<u>\$ 4,739,648</u>	<u>\$ 164,167</u>	<u>\$ 5,949,973</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, 2012

	Business-type Activities - Enterprise Funds			Total
	Sanitary Sewer Fund	Boyce Mayview Community & Recreation Center Fund	Township/ School District Magazine Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 4,384,973	\$ 3,373,301	\$ 189,585	\$ 7,947,859
Payments for Treatment Charges	(2,447,682)	-	-	(2,447,682)
Payments to Employees	(275,039)	(1,710,191)	(83,587)	(2,068,817)
Payments for Services	(1,241,166)	(883,215)	(73,549)	(2,197,930)
Payments to Suppliers	(40,126)	(156,527)	(22,783)	(219,436)
Net Cash Provided by (Used In) Operating Activities	<u>380,960</u>	<u>623,368</u>	<u>9,666</u>	<u>1,013,994</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer From (To) Other Funds	<u>30,118</u>	<u>1,602,503</u>	<u>(9,666)</u>	<u>1,622,955</u>
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>30,118</u>	<u>1,602,503</u>	<u>(9,666)</u>	<u>1,622,955</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Purchases of Capital Assets	20,418	(82,372)	-	(61,954)
Principal Paid on Capital Debt	(350,988)	(389,823)	-	(740,811)
Interest Paid on Capital Debt	(612,667)	(831,485)	-	(1,444,152)
Net Cash Provided by (Used In) Capital Financing Activities	<u>(943,237)</u>	<u>(1,303,680)</u>	<u>-</u>	<u>(2,246,917)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	<u>905</u>	<u>799</u>	<u>-</u>	<u>1,704</u>
Net Cash Provided by (Used In) Investing Activities	<u>905</u>	<u>799</u>	<u>-</u>	<u>1,704</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(531,254)	922,990	-	391,736
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,269,896</u>	<u>252,928</u>	<u>-</u>	<u>1,522,824</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 738,642</u>	<u>\$ 1,175,918</u>	<u>\$ -</u>	<u>\$ 1,914,560</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, 2012

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

Operating Income (Loss)	\$ (495,628)	\$ (172,975)	\$ 12,721	\$ (655,882)
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided by (Used In) Operating Activities:				
Depreciation and Amortization	778,930	845,372	292	1,624,594
Change in Operating Assets and Liabilities:				
Accounts Receivable	(59,799)	(25,173)	(6,808)	(91,780)
Prepaid Items	-	1,034	-	1,034
Accounts Payable	157,457	(15,927)	1,089	142,619
Deferred Revenues	-	(8,963)	2,372	(6,591)
	<u>\$ 380,960</u>	<u>\$ 623,368</u>	<u>\$ 9,666</u>	<u>\$ 1,013,994</u>
Net Cash Provided by (Used In) Operating Activities				<u>\$ 1,013,994</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 POSITION
PENSION TRUST FUNDS**

DECEMBER 31, 2012

	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,023,984
Investments (at fair value):	
Managed by VALIC Financial Advisors, Inc.	3,045,514
Managed by PNC Bank, N.A.	14,065,129
Employee Directed through ICMA-RC	2,622,230
Due from Other Funds	<u>7,137</u>
TOTAL ASSETS	<u>20,763,994</u>
LIABILITIES	
Accounts Payable	<u>-</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 20,763,994</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 POSITION
PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2012

	Total
ADDITIONS	
Contributions:	
Member Contributions	\$ 130,817
Township Contributions	343,234
State Aid - Contributed by Township	500,677
Total Contributions	974,728
Investment Income:	
Net Appreciation in Fair Value of Investments	2,323,087
Less: Investment Expenses	(97,905)
Net Investment Income	2,225,182
Total Additions	3,199,910
DEDUCTIONS	
Benefits Paid	441,009
Withdrawal Credits	39,653
Administrative Expenses	5,727
Total Deductions	486,389
Change in Plan Net Position	2,713,521
Net Position-Beginning	18,050,473
Net Position-End	\$ 20,763,994

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, 2012

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, 2012, 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, 2012; 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, 2012

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, 2012

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, 2012

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 2007, 2008, 2009, 2011 and 2012, 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, or MATUSC.

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, 2012

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, 2012, are summarized below:

Fund	Interfund Receivable	Interfund Payable	Transfer In	Transfer Out
Major Funds:				
General Fund	\$ 303,512	\$ 4,897,007	\$ -	\$ 6,560,490
Capital Projects Fund - Regular	4,290,831	-	3,194,526	30,000
Sanitary Sewer Fund	-	35,556	-	-
Boyce Mayview C&RC Fund	234,843	267,956	1,605,998	-
Other Enterprise Funds	151,909	-	-	-
Other Governmental Funds	212,288	-	7,636,730	5,846,764
Fiduciary Funds	7,136	-	-	-
Total	<u>\$ 5,200,519</u>	<u>\$ 5,200,519</u>	<u>\$ 12,437,254</u>	<u>\$ 12,437,254</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 \$267,956 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 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, 2012

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, 2012, \$7,629,208 of the Township's bank balance of \$8,114,445 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 \$8,011,892 as of December 31, 2012.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2012

As of December 31, 2012, the Township's cash and investments consisted of the following:

Investments (at fair value)	
PLGIT	\$ 2,718,035
Money Market	102,234
Total Investments (at fair value)	<u>2,820,269</u>
Carrying Amount - Deposits	<u>8,011,892</u>
Total Cash and Investments per Financial Statements	<u><u>\$ 10,832,161</u></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, 2012, 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, 2012, 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, 2012

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, 2012, the Township had the following cash and investments in its pension trust funds:

Investment Type	Fair Value	Maturity (in years)		
		Less Than 1	1-5	6-10
PNC Bank Fixed Income Funds	\$ 4,569,019	\$ -	\$ 1,373,065	\$ 3,195,954
VALIC Fixed Income Funds	1,337,793	392,137	306,211	639,445
ICMA Fixed Income Funds	658,610	168,293	490,317	-
Total Fixed Income Funds	6,565,422	\$ 560,430	\$ 2,169,593	\$ 3,835,399
PNC Bank Equity Funds	9,496,110			
VALIC Equity Funds	1,707,721			
ICMA Equity Funds	1,963,620			
Total Investments with Securities	19,732,873			
Cash	-			
Money Market	1,023,984			
Total Pension Trust Fund Assets per Financial Statements	\$ 20,756,857			

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, 2012, 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, 2012, 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, 2012

At December 31, 2012, 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>	
Dreyfus Appreciation Fund (DGAGX)	\$ 1,375,805
<u>Fixed Income</u>	
Dodge & Cox Income Fund (DODIX)	\$ 1,579,577
Pimco FDS Total Return Bond Fund (PTTRX)	1,616,494

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, 2012

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category. One is the deferred charge on bond issue costs reported in the government-wide statement of net position. This amount is deferred and amortized over the life of the related debt. The other item is the deferred outflows and inflows created by the derivative financial instrument of the interest swap agreement between the Township and PNC Bank used to synthetically fix an interest rate of 3.28% on the variable bonds issued in 2008. This agreement is further explained in Note 11 entitled "Derivative Financial Instruments-Interest Rate Swap" on pages 72-74.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and earned income taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

K. 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, are reported as debt service expenditures.

L. Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

M. Fund Balance Flow Assumptions

Sometimes the Township will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

N. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Township itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the Township that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Board of Commissioners (Board) has by ordinance authorized the finance director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments,

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2012

assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The Board has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set within a range of between 8%-20% of general fund annual revenues. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

O. Net Position

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

- *Net investments in capital assets* - This component of net position 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 position.
- *Restricted* - This component of net position consists of constraints placed on net position use through external restrictions. The Township's restricted net position at December 31, 2012 consist of funds restricted for State Liquid Fuels Tax projects \$1,160, library services \$46,942, and Boyce Mayview Regional Park \$5,493.
- *Unrestricted* - This is the component of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Boyce Mayview Community & Recreation Center Fund (C&RC Fund) Net Position. As of December 31, 2012, the C&RC Fund had an unrestricted net position of \$949,432. The difference between this figure and the amount in the table below is 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 position for capital budgeting and planning purposes. Illustrated below is the budgeted net position for the C&RC Fund for the year ended December 31, 2012.

Year Ended December 31,	Oper. Revenue & Transfers In	Operating Expenses	Add Back: Bldg. Depreciation	Net Equip. Purchases	Net Position For 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	708,493
2012	3,792,127	(3,580,411)	648,218	114,782	1,683,209

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

P. 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, 2012

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 2012 at 4.60 mills (\$.460 per \$100 assessed valuation) is as follows:

April 30	Tax Date
April 30 – 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, 2012

The following is a summary of funding policies, contribution methods, and benefit provisions from the latest actuarial valuation, January 1, 2013:

	<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, 2010	January 1, 2010
Governing Authority and Administrator	Township Commissioners and Ordinances	Township Commissioners and Ordinances
Determination of Contribution:		
Requirements	Actuarially Determined	Actuarially Determined
Employer	\$403,049	\$235,924
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 of other severance.	Monthly benefit equal to \$60 multiplied by Years of Service prior to January 1, 2009 plus \$65 multiplied by Years of Service between January 1, 2009 through December 31, 2010 plus \$67.50 for Year of Service between January 1, 2011 through December 31, 2011 plus \$70 for Years of Service after January 1, 2012 and 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, 2012

Memberships of the Plans are as follows as of December 31, 2012:

	Police Pension Plan	Public Works Employees' Pension Plan
Nonvested Active Members	5	12
Fully Vested Active Members	21	15
Retirees and Beneficiaries		
Currently Receiving Benefits	11	19
Deferred Vested	-	5
Total	37	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 PNC Bank and account for 100% of the total investment at December 31, 2012.

C. Trend Information

Year Ended December 31,	Police Pension Plan			Public Works Employees' Pension Plan		
	Annual Pension Costs	Percentage Contributed	Net Pension Obligation (NPO)	Annual Pension Costs	Percentage Contributed	Net Pension Obligation (NPO)
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%	\$ -
2012	\$ 403,049	100%	\$ -	\$ 235,924	100%	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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, 2013	January 1, 2013
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	7.5%	7.5%
Projected Salary Increases	4.5%	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, 2013, 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>						
01/01/13	\$ 14,716,499	\$ 16,584,353	\$ 1,867,854	88.7%	\$ 2,570,259	72.7%
<u>Public Works Employees' Pension Plan</u>						
01/01/13	\$ 3,335,687	\$ 4,998,464	\$ 1,662,777	66.7%	\$ 1,510,444	110.1%

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, 2013. The next actuarial valuation will be performed as of January 1, 2015.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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, 2012 was \$192,289 or 7.2% of the \$2,679,231 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, 2012.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

5. Capital Assets

A Summary of changes in capital assets during 2012 are as follows:

	January 1, 2012	Increases	Decreases	December 31, 2012
<u>Governmental Activities:</u>				
Capital Assets not being depreciated:				
Land	\$ 2,386,736	\$ -	\$ -	\$ 2,386,736
Capital Assets being depreciated:				
Infrastructure	33,919,592	43,188	-	33,962,780
Buildings	12,551,974	-	-	12,551,974
Improvements	1,598,038	68,874	-	1,666,912
Equipment	6,842,259	601,454	(387,035)	7,056,678
Library assets	982,925	22,085	-	1,005,010
	58,281,524	735,601	(387,035)	58,630,090
Less: Accumulated Depreciation for:				
Infrastructure	(17,158,610)	(635,747)	-	(17,794,357)
Buildings	(6,247,715)	(311,431)	-	(6,559,146)
Improvements	(950,409)	(40,766)	-	(991,175)
Equipment	(4,705,387)	(494,458)	346,763	(4,853,082)
Library assets	(976,661)	(6,764)	-	(983,425)
	(30,038,782)	(1,489,166)	346,763	(31,181,185)
Governmental Activities Capital Assets, Net	\$ 28,242,742	\$ (753,565)	\$ (40,272)	\$ 27,448,905
<u>Business-Type Activities:</u>				
Capital Assets being depreciated:				
C&RC Building	25,928,704	-	-	25,928,704
Sewer lines and improvements	29,100,791	-	-	29,100,791
Equipment	1,526,311	175,615	(113,661)	1,588,265
	56,555,806	175,615	(113,661)	56,617,760
Less: Accumulated Depreciation for:				
C&RC Building	(1,620,544)	(648,218)	-	(2,268,762)
Sewer lines and improvements	(12,956,813)	(756,152)	-	(13,712,965)
Equipment	(673,401)	(220,224)	113,661	(779,964)
	(15,250,758)	(1,624,594)	113,661	(16,761,691)
Business-Type Activities Capital Assets, Net	\$ 41,305,048	\$ (1,448,979)	\$ -	\$ 39,856,069

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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

Governmental Activities		
General Government	\$	166,760
Public Safety		189,345
Public Works		1,025,181
Community Development		14,500
Recreation and Leisure		84,402
Library		8,978
		<hr/>
Total Depreciation Expense - Governmental Activities	\$	<u>1,489,166</u>
Business-Type Activities		
Sanitary Sewer	\$	778,930
Community & Recreation Center		845,372
Magazine		292
		<hr/>
Total Depreciation Expense - Business-type Activities	\$	<u>1,624,594</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, 2012

7. Changes in Long-Term Debt

	Amounts Payable as of January 1, 2012	New Debt	Amortization, Repayment	Amounts Payable as of December 31, 2012	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 20,030,527	\$ 5,910,000	\$ (6,544,189)	\$ 19,396,338	\$ 562,882
Notes Payable	265,326	-	(24,766)	240,560	25,831
Less Deferred Amounts:					
Bond Premium	16,494	-	(2,062)	14,432	-
Issuance Discounts	(370,400)	(85,013)	139,599	(315,814)	-
On Refunding	(183,981)	27,427	22,084	(134,470)	-
Governmental Activities Long-Term Liabilities	\$ 19,757,966	\$ 5,852,414	\$ (6,409,334)	\$ 19,201,046	\$ 588,713
Business-type Activities					
Bonds Payable	\$ 36,549,472	\$ 4,015,000	\$ (4,380,811)	\$ 36,183,661	\$ 722,119
Less Deferred Amounts:					
Bond Premium	7,924	-	(991)	6,933	-
Deferred Loss	(136,576)	(429,579)	24,776	(541,379)	-
On Refunding	-	-	-	-	-
Business-type Activities Long-Term Liabilities	\$ 36,420,820	\$ 3,585,421	\$ (4,357,026)	\$ 35,649,215	\$ 722,119

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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, 2012: \$240,560

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
2013	25,831	10,341
2014	26,941	9,231
2015	28,099	8,073
2016	29,307	6,865
2017	30,567	5,605
2018-2020	99,815	8,702
Totals	\$ 240,560	\$ 48,817

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

Issue: General Obligation Bonds of 2007

Date: March 13, 2007

Original Proceeds: \$9,995,000

Principal amount at December 31, 2012: \$-0-

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 2007 general obligation bond was refunded in 2012, with the general obligation bond series 2012. The aggregate difference in the debt service payments between the 2007 general obligation bonds and the refunding debt, 2012 general obligation bond, is a decrease of \$1,372,092. The refunding of the 2007 general obligation bonds by the 2012 general obligation bonds resulted in an economic gain of \$808,834.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

Issue: General Obligation Bonds of 2008

Date: March 3, 2008

Original Proceeds: \$32,300,000

Principal amount at December 31, 2012: \$30,070,000

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, 2012, none of the 2008 bonds outstanding were held by the Bank. During 2012, the Township incurred \$68,872 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
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	96,005	135,187	553,995	780,097
2017	99,698	131,978	575,303	761,576
2018-2022	556,091	607,375	3,208,910	3,504,843
2023-2027	661,696	507,686	3,818,304	2,929,590
2028-2032	909,094	387,407	5,245,907	2,235,527
2033-2037	1,537,557	169,148	8,872,443	976,064
2038	309,428	5,073	1,785,566	29,282
Totals	\$ 4,441,338	\$ 2,367,704	\$ 25,628,661	\$ 13,662,800

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

Issue: General Obligation Bonds of 2009

Date: November 23, 2009

Original Proceeds: \$7,010,000

Principal amount at December 31, 2012: \$5,450,000

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
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	450,000	66,117	220,000	32,068
2017	460,000	53,713	225,000	26,001
2018-2020	1,480,000	73,254	715,000	35,667
Totals	\$ 3,670,000	\$ 462,274	\$ 1,780,000	\$ 224,581

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

Issue: General Obligation Bonds of 2011

Date: November 15, 2011

Original Proceeds: \$10,205,000

Principal Amount at December 31, 2012: \$10,135,000

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, the net proceeds of \$9,982,214 (including the original issue discount of \$136,043 and after payment of \$86,743 in underwriting fees were deposited into an irrevocable trust with an escrow agent to redeem the 2006 General Obligation Bonds and pay \$47,214 of other issuance costs. As a result, the 2006 general obligation bonds are considered defeased and the liability for those bonds have been removed from the statement of net position.

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.

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
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	55,000	152,069	25,000	152,714
2017	55,000	151,312	25,000	152,370
2018-2022	1,325,000	713,885	690,000	740,611
2023-2027	3,100,000	366,138	1,750,000	549,960
2028-2032	675,000	11,475	1,825,000	243,345
2033			390,000	7,410
Totals	\$ 5,375,000	\$ 1,855,297	\$ 4,760,000	\$ 2,306,151

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

Issue: General Obligation Bonds of 2012

Date: February 6, 2012

Original Proceeds: \$9,925,000

Principal Amount at December 31, 2012: \$9,925,000

Interest Rate: 1.00 - 3.60% semi-annual interest due May 15 and November 15

Debt Service Source: General Fund transfers to Debt Service Fund

Purpose: The proceeds were used to refund \$9,732,386 of the Township's General Obligation Bonds of 2007. In connection with this refunding, the net proceeds of \$9,782,240 (including the original issue discount of \$58,397 and after payment of \$84,363 in underwriting fees) were deposited into an irrevocable trust with an escrow agent to redeem the 2007 General Obligation Bonds and pay \$49,854 of other issuance costs. As a result, the 2007 general obligation bonds are considered defeased and the liability for those bonds have been removed from the statement of net position.

The aggregate difference in the debt service payments between the 2007 general obligation bonds and the refunding debt, 2012 general obligation bond, is a decrease of \$1,372,092. The refunding of the 2007 general obligation bonds by the 2012 general obligation bonds resulted in an economic gain of \$808,834.

The annual debt service requirements to maturity for the General Obligation Bonds of 2012 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	-	159,292	-	121,141
2014	-	159,291	5,000	121,116
2015	-	159,292	5,000	121,066
2016	10,000	159,241	10,000	120,991
2017	185,000	156,417	85,000	119,666
2018-2022	980,000	733,398	500,000	574,110
2023-2027	1,150,000	621,475	630,000	515,471
2028-2032	3,585,000	275,704	740,000	418,865
2033-2036	-	-	2,040,000	172,074
Totals	\$ 5,910,000	\$ 2,424,110	\$ 4,015,000	\$ 2,284,500

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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, 2012. Vacation days may be carried forward only upon approval of the Township Manager. At December 31, 2012, 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, 2012, there were 26 active plan participants and 7 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, 2012, there were 83 active plan participants and 19 retired participants receiving benefits.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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 2012, the Township incurred \$74,089 for post-employment health benefits (\$46,840 related to net premiums paid for current retirees and \$27,249 in contributions to VEBA accounts) and \$617 for post-employment life insurance benefits. No amounts were required to be reimbursed by retirees receiving benefits. At December 31, 2012, the total of the VEBA account balances was \$465,121.

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	-	-	-
Adjustment to Annual Required Contribution	-	-	-
Annual OPEB Cost (AOC)	296,637	13,035	309,672
Contributions Made	(74,235)	(471)	(74,706)
Increase (Decrease) in Net OPEB Obligation	222,402	12,564	234,966
Net OPEB Obligation - Beginning of Year	739,348	44,507	783,855
Net OPEB Obligation - End of Year	\$ 961,750	\$ 57,071	\$ 1,018,821

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

<u>Police</u>	<u>Annual OPEB Costs</u>	<u>% of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
<u>Fiscal Year Ending</u>			
December 31, 2012	\$296,637	25%	\$961,750
December 31, 2011	\$288,077	27%	\$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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

Non-Uniformed

Fiscal Year Ending	Annual OPEB Costs	% of AOC Contributed	Net OPEB Obligation (Asset)
December 31, 2012	\$13,035	4%	\$57,071
December 31, 2011	\$12,659	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

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	
Inflation Rate	3.0%	
Investment Rate	4.5% compounded annually	
Mortality	1994 Uninsured Pensioners Mortality Table	
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:

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%

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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.

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, 2012 was \$30,070,000.

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, 2012, the Township paid \$994,086 fixed and received \$49,334 variable with respect to the swap.

Fair Values

As of December 31, 2012, the interest rate swap had negative fair market value of \$3,909,418. 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
12/31/12	Swap	32,300,000	30,070,000	03/06/2008	06/01/2018	(3,909,418)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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 2012 was 3.36%. The swap was designed to achieve a synthetic interest rate of 3.28%. Since the average interest rate for 2012 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 \$577,421 and business-type activities for \$3,331,997.

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 2012	418,747	(20,184)	398,563	30,213	428,776	30,640,000	3.36%
Jun-Dec 2012	575,339	(29,150)	546,189	44,629	590,818	30,070,000	3.37%
Total	994,086	(49,334)	944,752	74,842	1,019,594		3.36%

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, 2012, 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, 2012

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. Fund Balance Classifications

The Township adopted the Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definition*, in 2011. 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 below.

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, 2012.

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, 2012.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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 committed fund balances in its Storm Sewer Fund (\$5,766), the Field Improvement Fund (\$362,660) and the MATUSC Special Revenue Fund (\$442,174) as of December 31, 2012.

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 assigned the Capital Projects Fund Balance of \$5,176,357 as of December 31, 2012.

Unassigned – represents fund balance of \$3,094,204 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 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 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 POSITION
 PENSION TRUST FUNDS

DECEMBER 31, 2012

	Public Works Employees	Police	Mgt & Admin Employees	Total
ASSETS				
Cash and Cash Equivalents	\$ 233,474	\$ 790,510	\$ -	\$ 1,023,984
Investments (at fair value):				
Managed by VALIC Financial Advisors, Inc.	3,045,514	-	-	3,045,514
Managed by PNC Bank, N.A.	-	14,065,129	-	14,065,129
Employee Directed through ICMA-RC	-	-	2,622,230	2,622,230
Due from Other Funds	835	6,302	-	7,137
TOTAL ASSETS	3,279,823	14,861,941	2,622,230	20,763,994
LIABILITIES				
Accounts Payable	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
NET POSITION HELD IN TRUST FOR PENSION BENEFITS				
	\$ 3,279,823	\$ 14,861,941	\$ 2,622,230	\$ 20,763,994

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2012

	<u>Public Works Employees</u>	<u>Police</u>	<u>Mgt & Admin Employees</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Member Contributions	\$ -	\$ 130,817	\$ -	\$ 130,817
Township Contributions	130,709	199,876	12,649	343,234
State Aid - Contributed by Township	105,215	203,173	192,289	500,677
Total Contributions	<u>235,924</u>	<u>533,866</u>	<u>204,938</u>	<u>974,728</u>
Investment Income:				
Net Appreciation in Fair Value of Investments	292,343	1,806,795	223,949	2,323,087
Less: Investment Expenses	(21,798)	(76,107)	-	(97,905)
Net Investment Income	<u>270,545</u>	<u>1,730,688</u>	<u>223,949</u>	<u>2,225,182</u>
Total Additions	<u>506,469</u>	<u>2,264,554</u>	<u>428,887</u>	<u>3,199,910</u>
DEDUCTIONS				
Benefits Paid	174,876	266,133	-	441,009
Withdrawal Credits	-	-	39,653	39,653
Administrative Expenses	1,750	2,475	1,502	5,727
Total Deductions	<u>176,626</u>	<u>268,608</u>	<u>41,155</u>	<u>486,389</u>
Change in Plan Net Position	329,843	1,995,946	387,732	2,713,521
Net Position-Beginning	<u>2,949,980</u>	<u>12,865,995</u>	<u>2,234,498</u>	<u>18,050,473</u>
Net Position-End	<u>\$ 3,279,823</u>	<u>\$ 14,861,941</u>	<u>\$ 2,622,230</u>	<u>\$ 20,763,994</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, 2012

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%
01/01/13	\$ 14,716,499	\$ 16,584,353	\$ 1,867,854	88.7%	\$ 2,570,259	72.7%

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%
01/01/13	\$ 3,335,687	\$ 4,998,464	\$ 1,662,777	66.7%	\$ 1,510,444	110.1%

* 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, 2012

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%
2012	\$ 403,049	100%	\$ 235,924	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, 2012

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, 2013	January 1, 2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, Closed	Level Dollar, Closed
Remaining Amortization Period	5 Years (aggregate)	9 Years (aggregate)
Asset Valuation Method	4-Year Smoothing	4-Year Smoothing
Actuarial Assumptions		
Investment Rate of Return	7.5%	7.5%
Projected Salary Increase	4.5%	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, 2012

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, 2012

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%
2012	\$ 74,235	100%	2012	\$ 471	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, 2012

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, 2012.

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 2007 – Refunded in 2012
- 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 Bonds of 2012 – Maturity Year: 2036

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2012

	Special Revenue 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	Total Other Governmental Funds
ASSETS									
Cash and Cash Equivalents	\$ 1,160	\$ 5,766	\$ 355,284	\$ 46,942	\$ -	\$ -	\$ 443,466	\$ 852,618	\$ 852,618
Due from Other Funds	-	-	-	-	-	12,081	-	12,081	12,081
Other Receivables	-	-	19,930	-	-	44,769	-	64,699	64,699
TOTAL ASSETS	\$ 1,160	\$ 5,766	\$ 375,214	\$ 46,942	\$ -	\$ 56,850	\$ 443,466	\$ 929,398	\$ 929,398
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$ -	\$ -	\$ 12,554	\$ -	\$ -	\$ 51,357	\$ 1,292	\$ 65,203	\$ 65,203
Due to Other Funds	-	-	-	-	-	-	-	-	-
Deferred Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	12,554	-	-	51,357	1,292	65,203	65,203
Fund Balances:									
Restricted:									
Restricted for State Liquid Fuels Expenses	1,160	-	-	-	-	-	-	1,160	1,160
Restricted for Boyce Mayview Park Grant Expenses	-	-	-	-	-	5,493	-	5,493	5,493
Restricted for Library Expenses and Services	-	-	-	46,942	-	-	-	46,942	46,942
Committed	-	5,766	362,660	-	-	-	442,174	810,600	810,600
Total Fund Balances	1,160	5,766	362,660	46,942	-	5,493	442,174	864,195	864,195
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,160	\$ 5,766	\$ 375,214	\$ 46,942	\$ -	\$ 56,850	\$ 443,466	\$ 929,398	\$ 929,398

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

FOR THE YEAR ENDED DECEMBER 31, 2012

Special Revenue Funds										
	State Liquid Fuels Fund	Storm Sewer Improvement Fund	Field Improvement Fund	Library Endowment Fund	Regional Asset District Library Fund	Regional Asset District Boyce Mavview Fund	MATUSC Special Revenue Fund	Total Special Revenue Funds	Debt Service Fund	Total Other Governmental Funds
REVENUES										
Licenses and Permits	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ 800
Interest	69	-	174	11	-	-	115	369	-	369
State Grants	445,593	-	-	-	198,458	323,393	-	967,444	-	967,444
Other Revenue	-	-	-	3,256	-	-	-	3,256	-	3,256
Recreation Fees	-	-	19,930	-	-	-	-	19,930	-	19,930
TOTAL REVENUES	445,662	800	20,104	3,267	198,458	323,393	115	991,799	-	991,799
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	1,292	1,292	-	1,292
Public Works	445,559	-	27,854	-	-	-	-	473,413	-	473,413
Recreation and Leisure Services	-	-	-	-	-	748,092	-	748,092	-	748,092
Library Services	-	-	-	894	192,993	-	-	193,887	-	193,887
Total Current Expenditures	445,559	-	27,854	894	192,993	748,092	1,292	1,416,684	-	1,416,684
Capital Outlay:										
Public Works	-	-	-	-	-	-	-	-	-	-
Recreation and Leisure Services	-	-	-	-	-	152,264	-	152,264	-	152,264
Library Services	-	-	-	-	5,465	-	-	5,465	-	5,465
Total Capital Outlay Expenditures	-	-	-	-	5,465	152,264	-	157,729	-	157,729
Debt Service:										
Principal Retirement	-	-	-	-	-	-	-	-	649,189	649,189
Bond Issuance Costs	-	-	-	-	-	-	-	-	29,688	29,688
Interest	-	-	-	-	-	-	-	-	607,762	607,762
Total Debt Service Expenditures	-	-	-	-	-	-	-	-	1,286,639	1,286,639
TOTAL EXPENDITURES	445,559	-	27,854	894	198,458	900,356	1,292	1,574,413	1,286,639	2,861,052
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	103	800	(7,750)	2,373	-	(576,963)	(1,177)	(582,614)	(1,286,639)	(1,869,253)
OTHER FINANCING SOURCES (USES)										
Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	5,910,000	5,910,000
Refunding of General Obligation Bonds	-	-	-	-	-	-	-	-	(5,895,000)	(5,895,000)
Gain on Refunding of Bonds	-	-	-	-	-	-	-	-	76,186	76,186
Interfund Transfer In	-	-	30,000	-	-	564,513	-	594,513	7,042,217	7,636,730
Interfund Transfer Out	-	-	-	-	-	-	-	-	(5,846,764)	(5,846,764)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	30,000	-	-	564,513	-	594,513	1,286,639	1,881,152
NET CHANGE IN FUND BALANCES	103	800	22,250	2,373	-	(12,450)	(1,177)	11,899	-	11,899
FUND BALANCES - BEGINNING	1,057	4,966	340,410	44,569	-	17,943	443,351	852,296	-	852,296
FUND BALANCES - ENDING	\$ 1,160	\$ 5,766	\$ 362,660	\$ 46,942	\$ -	\$ 5,493	\$ 442,174	\$ 864,195	\$ -	\$ 864,195

**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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest	\$ 11,000	\$ 7,544	\$ (3,456)
Other Revenue and Grants	<u>64,500</u>	<u>133,586</u>	<u>69,086</u>
TOTAL REVENUES	<u>75,500</u>	<u>141,130</u>	<u>65,630</u>
EXPENDITURES			
Current:			
General Government	492,500	212,015	280,485
Community Development	13,000	10,985	2,015
Public Safety	53,100	45,149	7,951
Public Works	814,976	677,284	137,692
Recreation and Leisure Services	200,000	51,541	148,459
Library Services	-	535	(535)
Total Current Expenditures	<u>1,573,576</u>	<u>997,509</u>	<u>576,067</u>
Capital Outlay:			
General Government	266,500	150,965	115,535
Community Development	-	-	-
Public Safety	97,000	93,313	3,687
Public Works	217,000	316,975	(99,975)
Recreation and Leisure Services	20,000	-	20,000
Library Services	<u>15,000</u>	<u>16,621</u>	<u>(1,621)</u>
Total Capital Outlay Expenditures	<u>615,500</u>	<u>577,874</u>	<u>37,626</u>
TOTAL EXPENDITURES	<u>2,189,076</u>	<u>1,575,383</u>	<u>613,693</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,113,576)</u>	<u>(1,434,253)</u>	<u>679,323</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	812,778	3,194,526	2,381,748
Interfund Transfer Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>782,778</u>	<u>3,164,526</u>	<u>2,381,748</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,330,798)</u>	<u>\$ 1,730,273</u>	<u>\$ 3,061,071</u>

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, 2012

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	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest	\$ 100	\$ 69	\$ (31)
State Grants	446,880	445,593	(1,287)
TOTAL REVENUES	<u>446,980</u>	<u>445,662</u>	<u>(1,318)</u>
EXPENDITURES			
Current:			
Public Works	447,024	445,559	1,465
Total Current Expenditures	447,024	445,559	1,465
TOTAL EXPENDITURES	<u>447,024</u>	<u>445,559</u>	<u>1,465</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(44)</u>	<u>103</u>	<u>147</u>
NET CHANGE IN FUND BALANCES	<u>\$ (44)</u>	<u>\$ 103</u>	<u>\$ 147</u>

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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Licenses and Permits	\$ 1,200	\$ 800	\$ (400)
Interest	-	-	-
TOTAL REVENUES	<u>1,200</u>	<u>800</u>	<u>(400)</u>
EXPENDITURES			
Current:			
Public Works	<u>2,000</u>	-	<u>2,000</u>
Total Current Expenditures	<u>2,000</u>	-	<u>2,000</u>
TOTAL EXPENDITURES	<u>2,000</u>	-	<u>2,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(800)</u>	<u>800</u>	<u>1,600</u>
NET CHANGE IN FUND BALANCES	<u>\$ (800)</u>	<u>\$ 800</u>	<u>\$ 1,600</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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest	\$ 150	\$ 174	\$ 24
Recreation Fees	19,000	19,930	930
TOTAL REVENUES	19,150	20,104	954
EXPENDITURES			
Capital Outlay:			
Public Works	40,000	27,854	12,146
Total Capital Outlay Expenditures	40,000	27,854	12,146
TOTAL EXPENDITURES	40,000	27,854	12,146
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,850)	(7,750)	13,100
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	30,000	30,000	-
TOTAL OTHER FINANCING SOURCES (USES)	30,000	30,000	-
NET CHANGE IN FUND BALANCES	\$ 9,150	\$ 22,250	\$ 13,100

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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
State Grants	\$ 198,547	\$ 198,458	\$ (89)
TOTAL REVENUES	<u>198,547</u>	<u>198,458</u>	<u>(89)</u>
EXPENDITURES			
Current:			
Library Services	<u>198,556</u>	<u>192,993</u>	<u>5,563</u>
Total Current Expenditures	<u>198,556</u>	<u>192,993</u>	<u>5,563</u>
Capital Outlay:			
Library Services	<u>-</u>	<u>5,465</u>	<u>(5,465)</u>
Total Capital Outlay Expenditures	<u>-</u>	<u>5,465</u>	<u>(5,465)</u>
TOTAL EXPENDITURES	<u>198,556</u>	<u>198,458</u>	<u>98</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9)</u>	<u>-</u>	<u>9</u>
NET CHANGE IN FUND BALANCES	<u>\$ (9)</u>	<u>\$ -</u>	<u>\$ 9</u>

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, 2012

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	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
State Grants	\$ 800,000	\$ 323,393	\$ (476,607)
Recreation Fees	1,000	-	(1,000)
Donations	25,000	-	(25,000)
TOTAL REVENUES	826,000	323,393	(502,607)
EXPENDITURES			
Current:			
Recreation and Leisure Services	698,327	748,092	(49,765)
Total Current Expenditures	698,327	748,092	(49,765)
Capital Outlay:			
Recreation and Leisure Services	665,000	152,264	512,736
Total Capital Outlay Expenditures	665,000	152,264	512,736
TOTAL EXPENDITURES	1,363,327	900,356	462,971
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(537,327)	(576,963)	(39,636)
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	537,327	564,513	27,186
TOTAL OTHER FINANCING SOURCES (USES)	537,327	564,513	27,186
NET CHANGE IN FUND BALANCES	\$ -	\$ (12,450)	\$ (12,450)

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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 95,000	\$ 95,000	\$ -
Interest	99,956	54,138	45,818
Total Debt Service Expenditures	194,956	149,138	45,818
TOTAL EXPENDITURES	194,956	149,138	45,818
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(194,956)	(149,138)	45,818
 OTHER FINANCING SOURCES (USES)			
Refunding of General Obligation Bonds	(5,895,000)	(5,895,000)	-
Interfund Transfer In	6,089,956	6,044,138	(45,818)
TOTAL OTHER FINANCING SOURCES (USES)	194,956	149,138	(45,818)
 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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 84,189	\$ 84,189	\$ -
Interest	155,718	179,573	(23,855)
Total Debt Service Expenditures	239,907	263,762	(23,855)
TOTAL EXPENDITURES	239,907	263,762	(23,855)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(239,907)	(263,762)	(23,855)
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	239,907	263,762	23,855
TOTAL OTHER FINANCING SOURCES (USES)	239,907	263,762	23,855
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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 410,000	\$ 410,000	\$ -
Interest	109,193	109,192	1
Total Debt Service Expenditures	519,193	519,192	1
TOTAL EXPENDITURES	519,193	519,192	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	(519,193)	(519,192)	1
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	519,193	519,192	(1)
TOTAL OTHER FINANCING SOURCES (USES)	519,193	519,192	(1)
NET CHANGE IN FUND BALANCES			
	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

DEBT SERVICE FUND

GENERAL OBLIGATION BONDS OF 2011

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

YEAR ENDED DECEMBER 31, 2012

	Original and Final Budgeted		
	<u>Amounts</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 60,000	\$ 60,000	\$ -
Interest	155,126	155,125	1
Total Debt Service Expenditures	<u>215,126</u>	<u>215,125</u>	<u>1</u>
TOTAL EXPENDITURES	<u>215,126</u>	<u>215,125</u>	<u>1</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(215,126)</u>	 <u>(215,125)</u>	 <u>1</u>
 OTHER FINANCING SOURCES (USES)			
Issuance of Note			-
Issuance of Bonds	-	-	-
Loss on Refunding Bonds	-	-	-
Interfund Transfer In	215,126	215,125	(1)
TOTAL OTHER FINANCING SOURCES (USES)	<u>215,126</u>	<u>215,125</u>	<u>(1)</u>
 NET CHANGE IN FUND BALANCES	 <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 2012

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

YEAR ENDED DECEMBER 31, 2012

	Original and Final Budgeted Amounts	Actual	Variance
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ -	\$ -	\$ -
Bond Issuance Costs	30,000	29,688	312
Interest	115,000	109,734	5,266
Total Debt Service Expenditures	145,000	139,422	5,578
TOTAL EXPENDITURES	145,000	139,422	5,578
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	(145,000)	(139,422)	5,578
 OTHER FINANCING SOURCES (USES)			
Issuance of Bonds	5,910,000	5,910,000	-
Loss on Refunding Bonds	75,000	76,186	1,186
Interfund Transfer Out	(5,840,000)	(5,846,764)	(6,764)
TOTAL OTHER FINANCING SOURCES (USES)	145,000	139,422	(5,578)
 NET CHANGE IN FUND BALANCES			
	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SANITARY SEWER FUND

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

YEAR ENDED DECEMBER 31, 2012

	Original and Final Budgeted Amounts	Actual	Variance
OPERATING REVENUES			
Charges for Services	\$ 4,823,250	\$ 4,444,772	\$ (378,478)
Total Operating Revenues	<u>4,823,250</u>	<u>4,444,772</u>	<u>(378,478)</u>
OPERATING EXPENSES			
Sewage Treatment Charges	2,447,589	2,447,682	(93)
Personnel Services	271,183	275,039	(3,856)
Contractual Services	1,556,008	1,398,623	157,385
Materials and Supplies	40,500	40,126	374
Depreciation and Amortization	32,281	778,930	(746,649)
Total Operating Expenses	<u>4,347,561</u>	<u>4,940,400</u>	<u>(592,839)</u>
Operating Income (Loss)	<u>475,689</u>	<u>(495,628)</u>	<u>(971,317)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	3,000	905	(2,095)
Interest Expense	<u>(553,448)</u>	<u>(591,034)</u>	<u>(37,586)</u>
Total Non-Operating Revenues (Expenses)	<u>(550,448)</u>	<u>(590,129)</u>	<u>(39,681)</u>
CHANGE IN NET POSITION	<u>\$ (74,759)</u>	<u>\$ (1,085,757)</u>	<u>\$ (1,010,998)</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
BOYCE MAYVIEW COMMUNITY & RECREATION CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2012

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	Original and Final Budgeted Amounts	Actual	Variance
OPERATING REVENUES			
Charges for Services	\$ 3,072,700	\$ 3,407,437	\$ 334,737
Total Operating Revenues	<u>3,072,700</u>	<u>3,407,437</u>	<u>334,737</u>
OPERATING EXPENSES			
Personnel Services	1,707,285	1,710,191	(2,906)
Contractual Services	1,104,381	867,288	237,093
Materials and Supplies	210,750	157,561	53,189
Depreciation and Amortization	205,000	845,372	(640,372)
Total Operating Expenses	<u>3,227,416</u>	<u>3,580,412</u>	<u>(352,996)</u>
Operating Income (Loss)	<u>(154,716)</u>	<u>(172,975)</u>	<u>(18,259)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	500	799	299
Interest Expense	(789,413)	(831,485)	(42,072)
Total Non-Operating Revenues (Expenses)	<u>(788,913)</u>	<u>(830,686)</u>	<u>(41,773)</u>
TRANSFERS			
Interfund Transfers In	1,600,738	1,605,998	5,260
Total Transfers	<u>1,600,738</u>	<u>1,605,998</u>	<u>5,260</u>
CHANGE IN NET POSITION	<u>\$ 657,109</u>	<u>\$ 602,337</u>	<u>\$ (54,772)</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

TOWNSHIP/SCHOOL DISTRICT MAGAZINE FUND

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

YEAR ENDED DECEMBER 31, 2012

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	Original and Final Budgeted Amounts	Actual	Variance
OPERATING REVENUES			
Charges for Services	\$ 195,200	\$ 194,956	\$ (244)
Total Operating Revenues	<u>195,200</u>	<u>194,956</u>	<u>(244)</u>
OPERATING EXPENSES			
Personnel Services	49,000	49,553	(553)
Contractual Services	129,250	124,971	4,279
Materials and Supplies	8,500	7,419	1,081
Depreciation and Amortization	293	292	1
Total Operating Expenses	<u>187,043</u>	<u>182,235</u>	<u>4,808</u>
Operating Income (Loss)	<u>8,157</u>	<u>12,721</u>	<u>4,564</u>
CHANGE IN NET POSITION	<u>\$ 8,157</u>	<u>\$ 12,721</u>	<u>\$ 4,564</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, 2012

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$	2,386,736
Infrastructure		33,962,780
Buildings		12,551,974
Improvements other than Buildings		1,666,912
Equipment		7,056,678
Library Assets		1,005,010

TOTAL CAPITAL ASSETS

\$ 58,630,090

INVESTMENT IN CAPITAL ASSETS FROM:

Acquisitions prior to January 1, 1982 (1)	\$	21,590,708
General Fund		4,934,052
Environmental Education Center Fund		1,722
Storm Sewer Fund		61,381
Field Improvement Fund		51,714
Regional Asset District Library Fund		49,538
Library Endowment Fund		565,089
Regional Asset District Boyce Mayview Fund		2,546,095
Capital Projects Funds		28,829,791

TOTAL INVESTMENT IN CAPITAL ASSETS

\$ 58,630,090

(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, 2012

	<u>Total</u>	<u>Land</u>	<u>Infrastructure</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Equipment</u>	<u>Library Assets</u>
CAPITAL ASSETS AT January 1, 2012	<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>\$ 6,842,259</u>	<u>\$ 982,925</u>
EXPENDITURES FROM:							
General Fund	14,202	-	-	-	-	14,202	-
Storm Sewer Fund	-	-	-	-	-	-	-
Field Improvement Fund	-	-	-	-	-	-	-
RAD Funds	157,728	-	43,188	-	-	109,076	5,464
Library Endowment Fund	-	-	-	-	-	-	-
Capital Projects Funds	563,671	-	-	-	68,874	478,176	16,621
Capital Asset Disposals and Transfers	<u>(387,035)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(387,035)</u>	<u>-</u>
CAPITAL ASSETS AT December 31, 2012	<u><u>\$58,630,090</u></u>	<u><u>\$ 2,386,736</u></u>	<u><u>\$33,962,780</u></u>	<u><u>\$12,551,974</u></u>	<u><u>\$ 1,666,912</u></u>	<u><u>\$ 7,056,678</u></u>	<u><u>\$ 1,005,010</u></u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
SCHEDULE OF CAPITAL ASSETS – BY FUNCTION AND ACTIVITY
DECEMBER 31, 2012

Function & Activity	Total	Land	Infrastructure	Buildings	Improvements Other than Buildings	Equipment Including Library Assets
General Government:						
Administration	\$ 5,226,806	\$ 433,630	\$ -	\$ 4,480,889	\$ -	\$ 312,287
Finance/Tax	54,200	-	-	-	-	54,200
Information Technology	384,282	-	-	-	-	384,282
Cable Television	260,296	-	-	-	-	260,296
Total General Government	5,925,584	433,630	-	4,480,889	-	1,011,065
Community Development	564,527	-	-	-	-	564,527
Public Safety:						
Police	1,174,029	-	-	118,925	-	1,055,104
VFD	4,589,221	579,106	-	4,005,294	-	4,821
Total Public Safety	5,763,250	579,106	-	4,124,219	-	1,059,925
Public Works:						
Office	384,752	-	-	68,849	68,983	246,920
Highways and Streets	33,962,780	-	33,962,780	-	-	-
Garage	6,636,674	19,920	-	2,667,428	97,088	3,852,238
Total Public Works	40,984,206	19,920	33,962,780	2,736,277	166,071	4,099,158
Recreation and Leisure Services	4,367,934	1,354,080	-	1,210,589	1,500,841	302,424
Library	1,024,589	-	-	-	-	1,024,589
TOTAL CAPITAL ASSETS	\$ 58,630,090	\$ 2,386,736	\$ 33,962,780	\$ 12,551,974	\$ 1,666,912	\$ 8,061,688

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
SCHEDULE OF CHANGES IN CAPITAL ASSETS – BY FUNCTION AND ACTIVITY
DECEMBER 31, 2012

Function & Activity	Capital Assets January 1, 2012	Increases	Decreases	Capital Assets December 31, 2012
General Government:				
Administration	\$ 5,176,421	\$ 50,385	\$ -	\$ 5,226,806
Finance/Tax	54,200	-	-	54,200
Information Technology	302,499	81,783	-	384,282
Cable Television	252,284	8,012	-	260,296
Total General Government	<u>5,785,404</u>	<u>140,180</u>	<u>-</u>	<u>5,925,584</u>
Community Development	<u>564,527</u>	<u>-</u>	<u>-</u>	<u>564,527</u>
Public Safety:				
Police	1,160,635	104,098	(90,704)	1,174,029
VFD	4,589,221	-	-	4,589,221
Total Public Safety	<u>5,749,856</u>	<u>104,098</u>	<u>(90,704)</u>	<u>5,763,250</u>
Public Works:				
Office	371,673	13,079	-	384,752
Highways and Streets	33,919,592	43,188	-	33,962,780
Garage	6,610,536	288,075	(261,937)	6,636,674
Total Public Works	<u>40,901,801</u>	<u>344,342</u>	<u>(261,937)</u>	<u>40,984,206</u>
Recreation and Leisure Services	<u>4,277,432</u>	<u>124,897</u>	<u>(34,395)</u>	<u>4,367,934</u>
Library	<u>1,002,504</u>	<u>22,085</u>	<u>-</u>	<u>1,024,589</u>
TOTAL CAPITAL ASSETS	<u>\$ 58,281,524</u>	<u>\$ 735,602</u>	<u>\$ (387,036)</u>	<u>\$ 58,630,090</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."*

<u>Contents</u>	<u>Page</u>
Financial Trends	113
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 POSITION BY COMPONENT LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING

	<u>2012</u>	<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>
<i>Governmental activities:</i>										
Net Investment in Capital Assets	\$ 8,411,732	\$ 9,191,787	\$ 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	53,595	63,569	75,132	103,072	172,370	-	-	-	-	-
Unrestricted	10,124,309	8,312,020	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 position</i>	<u>\$ 18,589,636</u>	<u>\$ 17,567,376</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>
<i>Business-type activities:</i>										
Net Investment in Capital Assets	\$ 4,268,647	\$ 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	1,681,326	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 position</i>	<u>\$ 5,949,973</u>	<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>
<i>Primary government:</i>										
Net Investment in Capital Assets	\$ 12,680,379	\$ 14,265,158	\$ 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	53,595	63,569	315,078	1,833,457	172,370	-	-	-	-	-
Unrestricted	11,805,635	9,659,321	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 position</i>	<u>\$ 24,539,609</u>	<u>\$ 23,988,048</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 POSITION LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 245,033	\$ 203,960	\$ 126,048	\$ 161,381	\$ 194,347	\$ 290,640	\$ 296,970	\$ 271,128	\$ 347,340	\$ 325,709
Public safety	79,483	79,831	79,793	76,505	109,602	111,682	114,112	121,436	57,497	64,893
Public works	192,795	212,738	314,249	205,498	165,740	156,261	202,279	149,747	86,482	115,384
Recreation and leisure services	380,192	360,514	367,361	341,999	458,502	392,835	379,872	410,671	408,371	381,839
Library services	39,757	40,552	39,844	30,696	28,479	28,857	30,870	28,266	29,574	23,375
Operating grants and contributions	1,694,562	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>2,631,822</u>	<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	4,444,772	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	3,407,437	2,939,551	2,343,866	773,514	-	-	-	-	-	-
Magazine	194,956	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>8,047,165</u>	<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>
<i>Total primary government program revenues</i>	<u>\$ 10,678,987</u>	<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 POSITION LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING (CONTINUED)

	<u>2012</u>	<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	\$ 1,969,696	\$ 1,710,210	\$ 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	5,295,002	5,512,388	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	6,933,331	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	595,879	621,524	613,555	588,260	580,012	598,348	613,142	545,702	514,158	533,015
Recreation and leisure services	1,424,070	1,163,232	1,537,256	1,383,560	1,372,072	922,993	786,192	733,599	665,735	669,598
Library services	990,268	970,768	993,302	976,118	990,068	982,761	897,351	948,335	883,831	853,384
Interest on long-term debt	953,962	1,157,682	833,091	881,616	909,256	586,863	382,532	517,891	672,132	314,290
Total governmental activities expenses	<u>18,162,208</u>	<u>18,167,395</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	5,531,434	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	4,411,897	4,232,528	4,005,602	3,141,178	424,485	-	-	-	-	-
Magazine	182,235	171,573	175,097	166,995	165,179	184,549	185,752	186,645	178,264	196,481
Total business-type activities expenses	<u>10,125,566</u>	<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>\$ 28,287,774</u>	<u>\$ 28,509,524</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	\$ (15,530,386)	\$ (15,203,498)	\$ (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	(2,078,401)	(2,648,062)	(1,120,835)	(2,216,458)	(1,424,033)	(2,159,217)	11,450	804,553	920,317	(44,473)
Total primary government net (expense) revenue	<u>\$ (17,608,787)</u>	<u>\$ (17,851,560)</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 POSITION LAST TEN YEARS ACCRUAL BASIS OF ACCOUNTING (CONTINUED)

	<u>2012</u>	<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>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 7,678,794	\$ 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	7,891,581	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	253,863	246,702	239,909	224,964	220,686	335,590	330,513	328,868	-	-
Other taxes	1,589,649	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	405,416	383,056	399,122	303,737	297,199	260,552	253,936	238,873	281,014	151,623
Unrestricted investment earnings	11,942	12,860	19,887	87,856	781,040	533,716	338,685	382,375	219,692	146,941
Miscellaneous	327,399	303,136	573,908	244,083	235,323	266,765	77,504	89,842	102,330	73,897
Transfers	(1,605,998)	(1,483,816)	(1,683,141)	(4,379,433)	(7,314,714)	(400,000)	-	1,701,357	-	-
Total governmental activities general revenues	16,552,646	15,941,767	15,425,378	10,842,440	6,968,750	14,102,804	13,569,953	14,338,960	12,036,453	11,729,719
Business-type activities:										
Unrestricted investment earnings	1,704	2,178	2,591	4,282	27,264	54,797	68,380	29,271	9,008	9,033
Transfers	1,605,998	1,483,816	1,683,141	4,379,433	7,314,714	400,000	-	(1,701,357)	-	-
Total business-type activities general revenues	1,607,702	1,485,994	1,685,732	4,383,715	7,341,978	454,797	68,380	(1,672,086)	9,008	9,033
Total primary government general revenues	\$ 18,160,348	\$ 17,427,761	\$ 17,111,110	\$ 15,226,155	\$ 14,310,728	\$ 14,557,601	\$ 13,638,333	\$ 12,666,874	\$ 12,045,461	\$ 11,738,752
Change in Net Position:										
Governmental activities	\$ 1,022,260	\$ 738,269	\$ 1,285,724	\$ (3,622,891)	\$ (7,408,177)	\$ 619,104	\$ 997,024	\$ 2,467,147	\$ 134,149	\$ (2,367,096)
Business-type activities	(470,699)	(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 position	\$ 551,561	\$ (423,799)	\$ 1,850,621	\$ (1,455,634)	\$ (1,490,232)	\$ (1,085,316)	\$ 1,076,854	\$ 1,599,614	\$ 1,063,474	\$ (2,402,536)

(Concluded)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

**FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN YEARS**

MODIFIED ACCRUAL BASIS OF ACCOUNTING

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund:										
NonSpendable	\$ 219,282	\$ 221,447	\$ 244,366	\$ 213,834	\$ 188,689	\$ 165,816	\$ 147,241	\$ 175,433	\$ 173,001	\$ 175,827
Unassigned	3,094,204	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
<i>Total general fund</i>	<u>3,313,486</u>	<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>
All Other Governmental Funds:										
NonSpendable	-	-	-	-	179	-	-	70,917	25,722	-
Restricted	53,595	63,569	75,132	103,072	172,191	104,176	70,774	63,325	51,046	69,528
Committed	810,600	788,727	749,794	752,516	4,895,849	4,221,470	765,771	2,169,752	4,775,499	15,528,178
Assigned	5,176,357	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
<i>Total all other governmental funds</i>	<u>6,040,552</u>	<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>
<i>Total governmental funds</i>	<u>\$ 9,354,038</u>	<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>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

LAST TEN YEARS

MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Real estate taxes	\$ 7,594,848	\$ 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
Earned income taxes	7,994,030	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
Other taxes	1,843,512	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
Licenses and permits	229,485	190,735	115,129	154,182	132,857	127,409	162,145	146,256	129,943	110,377
Fees and fines	497,917	479,640	486,795	379,878	387,968	362,784	377,155	341,706	376,333	254,596
Rents	78,081	79,135	80,175	75,096	69,622	67,161	65,675	63,669	62,712	61,264
Interest	11,942	12,860	19,888	87,856	781,040	533,716	338,685	382,375	219,692	146,941
Service agreements	209,039	218,928	310,875	208,924	168,750	256,998	272,172	240,779	207,704	232,096
Other revenue and grants	1,969,924	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
Recreation fees	380,193	360,514	367,361	341,999	458,502	392,786	379,872	410,671	408,371	381,839
<i>Total revenues</i>	<u>20,808,971</u>	<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>
Expenditures:										
Current:										
General government	1,779,587	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
Community development	581,379	606,157	601,632	590,803	538,405	552,230	534,397	519,909	489,295	508,759
Public safety	4,907,575	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
Public works	6,031,128	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
Recreation and leisure services	1,243,426	1,092,286	1,036,398	1,152,387	1,502,056	1,138,985	906,255	624,700	559,886	531,843
Library services	981,289	958,240	973,510	942,506	978,409	955,070	930,939	920,100	853,078	838,788
Debt service:										
Principal retirement	649,189	966,974	439,020	434,189	335,000	345,000	1,153,000	1,106,000	770,000	739,000
Bond issuance costs	29,688	25,023	-	101,764	296,126	90,045	156,343	-	-	-
Interest	607,762	758,152	752,808	866,680	830,969	570,194	389,051	515,591	757,602	125,210
Capital outlay	735,603	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
<i>Total expenditures</i>	<u>17,546,626</u>	<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>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>3,262,345</u>	<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>
Other Financing Sources (Uses):										
Transfers in	10,831,256	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
Transfers out	(12,437,254)	(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)
Debt proceeds	5,910,000	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)
Gain (loss) on Refunding of Bonds	76,186	(127,764)	-	-	-	-	-	-	-	-
Reclassification of bonds as enterprise fund liability	-	-	-	-	-	(3,800,000)	-	-	-	-
Payment to refunded bond escrow agent	(5,895,000)	(5,275,000)	-	(4,590,000)	-	-	(5,111,968)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,514,812)</u>	<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>
Net Change in Fund Balance	<u>\$ 1,747,533</u>	<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>
Debt service as a percentage of non-capital expenditures	7.5%	10.0%	7.5%	8.3%	7.0%	6.0%	10.3%	11.1%	11.2%	6.8%
Debt service as a percentage of total expenditures	7.2%	9.6%	7.0%	7.0%	5.3%	4.9%	8.7%	8.5%	8.8%	5.1%

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

Function/Program:	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
General government	\$ 455,296	\$ 414,260	\$ 309,682	\$ 307,068	\$ 333,335	\$ 423,901	\$ 431,550	\$ 392,652	\$ 479,935	\$ 457,389
Public safety	288,219	458,667	269,540	258,949	352,813	321,966	308,961	473,680	275,738	240,416
Public works	872,303	1,057,360	846,497	745,842	795,333	680,683	816,863	990,732	1,251,777	639,416
Recreation and leisure services	703,584	726,745	1,246,443	1,130,521	1,313,824	895,328	660,362	410,671	408,371	381,839
Library services	312,420	306,865	334,697	372,579	377,292	360,449	387,088	320,291	300,619	355,384
Total governmental activities	<u>2,631,822</u>	<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:										
Sanitary sewer	4,444,772	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	3,407,437	2,939,551	2,343,866	773,514	-	-	-	-	-	-
Magazine	194,956	196,990	181,257	189,328	192,629	181,890	202,054	214,725	187,445	168,044
Total business-type activities	<u>8,047,165</u>	<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>
<i>Total primary government</i>	<u>\$ 10,678,987</u>	<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>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

<u>Tax Year</u>	<u>Direct Tax Rate</u>			<u>Overlapping Tax Rate*</u>	<u>Direct & Overlapping Rate Total</u>
	<u>Upper St. Clair Township</u>	<u>Upper St. Clair School District</u>	<u>Total Direct Tax Rate</u>	<u>Allegheny County</u>	
2012	4.60	25.718	30.318	5.69	36.008
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

* 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)	Ratio of Total Assessed Value To Estimated Actual	Township Municipal Millage Rate
	Taxable Residential Property	Taxable Commercial Property			
2012	\$1,450,090,524	\$236,649,646	\$1,686,740,170	100%	4.60
2011	1,449,211,137	236,506,133	1,685,717,270	100%	4.60
2010	1,441,218,707	235,201,797	1,676,420,504	100%	4.60
2009	1,433,660,670	235,541,550	1,669,202,220	100%	3.40
2008	1,425,536,270	234,582,050	1,660,118,320	100%	2.60
2007	1,427,393,688	232,945,602	1,660,339,290	100%	2.60
2006	1,424,494,005	232,472,385	1,656,966,390	100%	2.60
2005	1,401,841,490	228,713,100	1,630,554,590	100%	2.60
2004	1,404,621,440	210,149,300	1,614,770,740	100%	2.60
2003	1,400,190,480	203,736,821	1,603,927,301	100%	2.60

(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

12/31/2012 AND 12/31/2003

Taxpayer	December 31, 2012			December 31, 2003		
	Estimated Actual Values of Real Property	Rank	Percentage of Total Assessed Valuation	Estimated Actual Values of Real Property	Rank	Percentage of Total Assessed Valuation
South Hills Village Associates	\$ 74,304,200	1	4.41%	\$ 76,746,400	1	4.78%
Friendship Village of South Hills	29,705,500	2	1.76%	30,857,100	2	1.92%
Target	14,800,000	3	0.88%	-	-	0.00%
1800 Washington Road Associates LP	13,823,700	4	0.82%	-	-	0.00%
Summerfield Commons Associates	6,886,700	5	0.41%	7,296,200	5	0.45%
St. Clair Country Club	6,387,500	6	0.38%	5,850,600	7	0.36%
McMurray Road Family Limited PTR	6,065,900	7	0.36%	6,065,900	6	0.38%
Upper St. Clair Senior Living	6,000,000	8	0.36%	-	-	0.00%
Peter C. Rossin	3,125,000	9	0.19%	2,937,500	8	0.18%
Southwood Psychiatric Hospital	2,900,000	10	0.17%	2,900,000	9	0.18%
Painters Plaza Associates	-	-	0.00%	2,841,000	10	0.18%
May Center Associates Corp.	-	-	0.00%	15,700,000	3	0.98%
Consolidated Coal Company	-	-	0.00%	13,700,000	4	0.85%
	\$ 163,998,500		9.74%	\$ 164,894,700		10.26%
Total Taxable Assessed Valuation	\$ 1,686,740,170			\$ 1,603,927,301		

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 in Subsequent Years</u>	<u>Collections to Date</u>	
		<u>Amount</u>	<u>Percent of Total Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2012	\$ 7,744,682	\$ 7,592,022	98.03%	\$ -	\$ 7,592,022	98.03%
2011	7,605,691	7,406,208	97.38%	67,781	7,473,989	98.27%
2010	7,544,334	7,388,693	97.94%	93,479	7,482,172	99.18%
2009	5,550,845	5,431,400	97.85%	85,933	5,517,333	99.40%
2008	4,312,320	4,222,146	97.91%	90,095	4,312,241	100.00%
2007	4,303,582	4,199,948	97.59%	89,238	4,289,186	99.67%
2006	4,310,565	4,195,950	97.34%	87,202	4,283,152	99.36%
2005	4,267,221	4,091,073	95.87%	85,720	4,176,793	97.88%
2004	4,226,861	4,108,258	97.19%	84,259	4,192,517	99.19%
2003	4,191,449	3,968,324	94.68%	143,272	4,111,596	98.09%

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>
2012	0.80%	\$8,634,968	(\$640,938)	\$7,994,030
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

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						
2012	\$ 18,960,486	\$ 35,649,215	\$ 240,560	\$ 54,850,261	\$ -	\$ 54,850,261	3.25%	5.49%	\$ 2,852
2011	19,492,640	36,420,820	265,326	56,178,786	-	56,178,786	3.33%	5.86%	2,922
2010	19,846,503	36,969,687	664,071	57,480,261	-	57,480,261	3.43%	6.49%	3,055
2009	20,247,500	37,585,479	311,838	58,144,817	-	58,144,817	3.48%	6.13%	3,085
2008	20,616,102	38,199,034	333,675	59,148,811	-	59,148,811	3.56%	6.36%	3,138
2007	16,304,140	10,827,222	354,584	27,485,946	-	27,485,946	1.66%	3.05%	1,451
2006	10,589,257	7,175,000	374,661	18,138,918	-	18,138,918	1.09%	2.02%	951
2005	11,539,225	7,325,000	393,900	19,258,125	1,060	19,257,065	1.18%	2.36%	1,000
2004	12,636,196	7,475,000	-	20,111,196	1,680	20,109,516	1.25%	2.56%	1,033
2003	20,872,167	-	-	20,872,167	2,280	20,869,887	1.30%	2.98%	1,063

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 127 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>
2012	\$28,013,224	\$70,033,060	\$39,765,919	\$30,267,141	43.22%
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%

(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, 2012

<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)	\$ 19,201,046	100.00%	\$ 19,201,046
<i>Total Direct Debt</i>	<u>19,201,046</u>		<u>19,201,046</u>
Overlapping			
Upper St. Clair School District	107,190,116	100.00%	107,190,116
County of Allegheny (2)	<u>861,312,217</u>	2.88%	<u>24,805,792</u>
<i>Total Overlapping Debt</i>	<u>968,502,333</u>		<u>131,995,908</u>
Total Debt	<u><u>\$ 987,703,379</u></u>		<u><u>\$ 151,196,954</u></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 \$35,649,215 of debt related to business type activities of the Township.

(2) Proportion share of Allegheny County's existing debt as of December 31, 2012 based on the ratio of Upper St. Clair Township's assessed valuation to Allegheny County's 2012 assessed valuation. (Source: 12/31/12 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)
2012	19,229 (a)	\$ 999,253,750	\$ 51,966 (a)	6.8%
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%

(1) Source: U. S. Census Bureau

(a) 2010 U.S. Census (b) Population estimates 2003-2010

(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>	2012			2003		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
USC School District	587	1	11.59 %	704	1	9.93 %
Bank of America NA	299	2	5.90	-	-	-
Friendship Village	223	3	4.40	287	6	4.05
USC Township	166	4	3.28	189	8	2.66
Southwood Psychiatric Hospital	145	5	2.86	295	5	4.16
Sears Roebuck & Co.	129	6	2.55	337	4	4.75
Port Authority of Allegheny County	120	7	2.37	-	-	-
Mosebach Manufacturing Co.	87	8	1.72	-	-	-
St. Clair Country Club	86	9	1.70	215	7	3.03
I Mortgage Services	83	10	1.64	-	-	-
King's Family Restaurant	-	-	-	125	10	1.76
Kaufmann's	-	-	-	453	2	6.39
Consolidated Coal Company	-	-	-	401	3	5.65
Chi Chi's Mexican Restaurant	-	-	-	150	9	2.12
Total	1,925		38.01 %	3,156		44.50 %
Total Fulltime Employees	5,064			7,092		

Source: Upper St. Clair Local Services Tax records

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM
2012-2006

Function/Program:	2012	2011	2010	2009	2008	2007	2006
General government:							
Administration	7	7.5	7.5	7	7	6	6
Finance/Tax	3.5	3	3	3	3	4	4
Information technology	5	4	4	4	4	4	4
Community development:							
Administration	3.5	3	3	4.5	4.5	4.5	4.5
Inspection	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Public safety:							
Uniformed Police Officers	28	28	28	28	28	28	28
Other Department Personnel	7	6	6	7	7	7	7
Public works:							
Administration	4	4	4	5	5	5	5
Inspection	5	5	4	4	4	4	4
Labor Force	24	24	24	24	24	24	24
Recreation and leisure service:							
Administration	4	4	4	4	4	4	4
Recreation Center Staff	16.5	15	15	14	1	0	0
Library services:							
Administration	4	4	4	4	4	4	4
Librarians & Assistants	17	17	17	17	18	18	18
Total	131	127	126	128	116	115	115

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
2012-2006

Function/program:	2012	2011	2010	2009	2008	2007	2006
<u>Community Development:</u>							
Building permits issued	272	260	272	267	281	209	284
Occupancy permits issued	45	34	31	65	54	45	76
Number of Electrical Permits issued	218	205	241	216	238	265	257
Number of Sewer Permits issued	25	6	6	12	14	10	4
<u>Public Works:</u>							
Roads resurfaced (Linear miles)	3.27	3.39	2.76	3.32	3.47	3.66	4.39
Sanitary Sewers Rehabilitated (Linear miles)	0.39	2.16	1.84	5.91	5.41	4.17	2.46
Snow storm call-outs	33	31	38	32	31	32	37
Storm Sewer Inlets and Manholes rebuilt	87	64	62	52	113	97	60
Miles of Roadway swept annually	1,337	1,800	1,786	500	N/A	N/A	N/A
Square feet (sf)/Linear Feet (lf) of sidewalks built	7,240	7,500 (lf)	3,273 (lf)	2,800 (sf)	N/A	N/A	N/A
Requests for Service	3,033	5,070	4,991	5,104	5,572	4,596	4,004
<u>Recreation:</u>							
Number of seasonal programs	13	14	14	14	14	14	14
Total number of seasonal program attendees	3,260	3,101	3,028	3,928	4,260	4,275	4,275
Community & Recreation Center memberships	3,034	2,709	2,527	1,760	N/A	N/A	N/A
Community & Recreation Center individuals served	9,953	9,014	8,170	5,956	N/A	N/A	N/A
<u>Police:</u>							
Calls for service	11,162	11,341	11,117	11,617	11,469	12,216	13,785
Total arrests	80	65	150	157	146	74	65
Part I offenses reported (major offenses)	119	137	106	119	134	96	120
Part I offenses cleared percentage	46%	22%	42%	29%	25%	32%	28%
Part II offenses reported (other crimes)	239	172	191	165	182	223	208
Part II offenses cleared percentage	51%	74%	73%	66%	73%	73%	65%
DUI arrests	22	17	20	16	23	24	23
Average response time	2.9	2.9	2.8	2.8	2.9	2.9	2.8
<u>Fire:</u>							
Total number of responses	263	N/A	258	266	257	275	271
Estimated Fire Losses	\$168,000	N/A	\$101,700	\$373,000	\$147,000	\$92,300	\$122,100
Average response time	5.5	N/A	4.1	5.4	6.1	2.8	2.8
<u>Library:</u>							
Circulation	387,108	387,204	394,641	373,669	342,891	332,695	191,057
Circulation per capita	20.13	19.31	19.68	18.63	17.10	16.59	9.53
Visits per capita	8.47	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

2012-2006

<u>Function/program:</u>	<u>2012</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	11,000	5,000	5,000	5,000	5,000
Staff Vehicles	3	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	2,500
Inspection Vehicles	2	2	2	3	3	3	3
<u>Public Works:</u>							
Municipal Street (lane miles)	110	110	110	110	110	110	110
Number of Traffic Lighted Intersections	9	9	9	9	9	9	9
Sanitary Sewers (miles)	157	66	66	66	66	66	66
Storm Sewers (miles)	50	50	50	50	50	50	50
Staff Vehicles	4	3	3	4	4	4	4
Inspection Vehicles	2	3	3	3	3	3	3
Vehicles	26	26	26	25	25	25	25
Public Works Buildings Square Footage	36,500	36,500	36,500	36,500	36,500	36,500	36,500
<u>Recreation:</u>							
Staff Vehicles	1	1	1	1	1	1	1
Number of Parks	11	11	11	11	11	11	11
Acreage of Park Land & Open Space	733	733	733	733	733	733	613
Recreation Centers	2	2	2	2	1	1	1
Recreation Center Square Footage	96,500	96,500	96,500	96,500	6,500	6,500	6,500
Basketball Courts	12	12	12	12	10	10	10
Tennis Courts	10	10	10	10	10	10	10
Ball Fields	12	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	4,500
Police Vehicles	20	20	20	20	20	20	20
<u>Library:</u>							
Square Footage Occupied*	10,000	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

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