

Township of Upper St. Clair, Pennsylvania

Comprehensive Annual Financial Report

Year Ended December 31, 2016



TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2016

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OFFICE OF THE MANAGER

Matthew R. Serakowski, Township Manager

Mark S. Mansfield, Assistant Township Manager

PREPARED BY THE FINANCE DEPARTMENT

Mark P. Romito, Director

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2016

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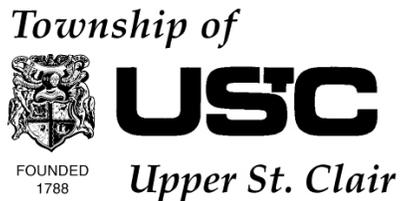
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Office of the Manager
Matthew R. Serakowski

June 22, 2017

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, 2016, 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.

Maher Duessel, CPAs, a firm of licensed certified public accountants, has audited the Township's financial statements. Their independent audit provides reasonable assurance that the Township's financial statements for the year ended December 31, 2016 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 unmodified opinion that the Township's financial statements for the year ended December 31, 2016 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 was incorporated in 1788 as one of the original seven townships of Allegheny County located in southwestern Pennsylvania. In January 1954, the Township was designated a First Class Township of the Commonwealth of Pennsylvania. On January 1, 1976, the Township 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 19,644 by the U. S. Census Bureau. 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 years. This Board of Commissioners 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. The Township also operates a 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 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 to the public prior to October 31. The Board of Commissioners is required to hold a public hearing on the proposed budget in November 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 34 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 102-117.

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 in which to live, and attracts many transferring corporate executives, medical, legal, technology, 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 4.1% in 2007 to a high of 6.8% in 2009 and 2010. As of December 2016, Allegheny County's unemployment rate was down to 4.6%. The fluctuating unemployment rate 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 major taxes – real estate tax and earned income tax.

The Township believes that the future economic outlook as it affects Township residents remains positive. The real estate and earned income tax bases have seen slight growth in recent years that is anticipated to continue in the short term. 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 (14.8 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., eight percent of total General Fund revenues). Furthermore, several consecutive years of positive revenue and expenditure performance in the General Fund has allowed for additional transfers of surplus funds into the Township's Capital Projects Fund. This has resulted in an assigned Capital Projects Fund balance of over \$7.5 million at the end of 2016, providing the Township with a reserve level that can be used as matching funds as we aggressively seek grant funding. This has allowed the Township to continue meeting the long-term goal of holding the line on taxes, while also avoiding the need to incur more governmental fund debt. The Township Community & Recreation Center and its operation are also major components of the Township's long-term planning process. The Township continually monitors the fee structure of the Community & Recreation Center to ensure its self-sustaining operation, thus allowing the fund balance level of the governmental funds to be maintained for future capital needs. Another major area of long-term focus for the Township continues to be the costs associated with the Interim Consent Order & Agreement that is currently in place with the Allegheny County Health Department, the Pennsylvania Department of Environmental Protection, and the United States Environmental Protection Agency related to the Township's sanitary sewer system. This issue is impacting the entire region, and is not unique to the Township. This situation continues to yield uncertainty with respect to future sanitary sewer projects and municipal responsibilities. Despite this, the Township must continue to plan for large long-term funding requirements until more information is known. The Township will continue to evaluate future needs and requirements to achieve the correct balance of any necessary funding through future bond issues and the Sanitary Sewer Fund.

RELEVANT FINANCIAL POLICIES

The Township's Finance Department regularly reviews established policies and procedures, and considers implementation of new policies and procedures or modification of existing policies and procedures when necessary. No new policies were implemented in 2016. The Township believes its internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

The Township continues to enhance its parks and recreation facilities. The Township's oldest tennis bubble was replaced in 2016. The replacement of the tennis bubble also included upgrades to the HVAC and inflation units, the court surface, the perimeter fencing, and the gas line that services the entire tennis complex.

The Township made various improvements at Baker Park including renovations to the basketball, tennis/pickleball, volleyball, and bocce courts, as well as the small baseball field. A retaining wall was constructed

between the volleyball and bocce courts, dugouts were improved at the small baseball field, pickleball lines were added to the basketball court, two drinking water fountains were replaced with new ADA accessible drinking fountains, and fencing was replaced throughout the park.

The Township completed improvements to the McMurray Road at Bethel Church Road intersection. Among the improvements was the installation of new traffic signal equipment and pedestrian improvements, establishing a new standard design for signals throughout the Township. The Township received a grant through the Commonwealth of Pennsylvania's Automated Red Light Enforcement program to support the majority of this work. Similar intersection improvements are planned for upcoming years, funding for which is being sought from grants and developers.

Significant renovation projects continued within the municipal building during 2016. The renovations include repurposed meeting space, improvements to the Board of Commissioners' meeting room, and updated technology to enhance public meetings.

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, 2015. This was the twenty-eight (28th) consecutive year that the Township has received this prestigious award. In order to be awarded a Certificate of Achievement, the Township published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements, and provided significant value for the report's readers.

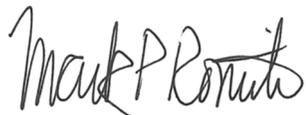
A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements. We are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance 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



Mark P. Romito
Director of Finance

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CERTIFICATE OF ACHIEVEMENT

YEAR ENDED DECEMBER 31, 2016



Government Finance Officers Association

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

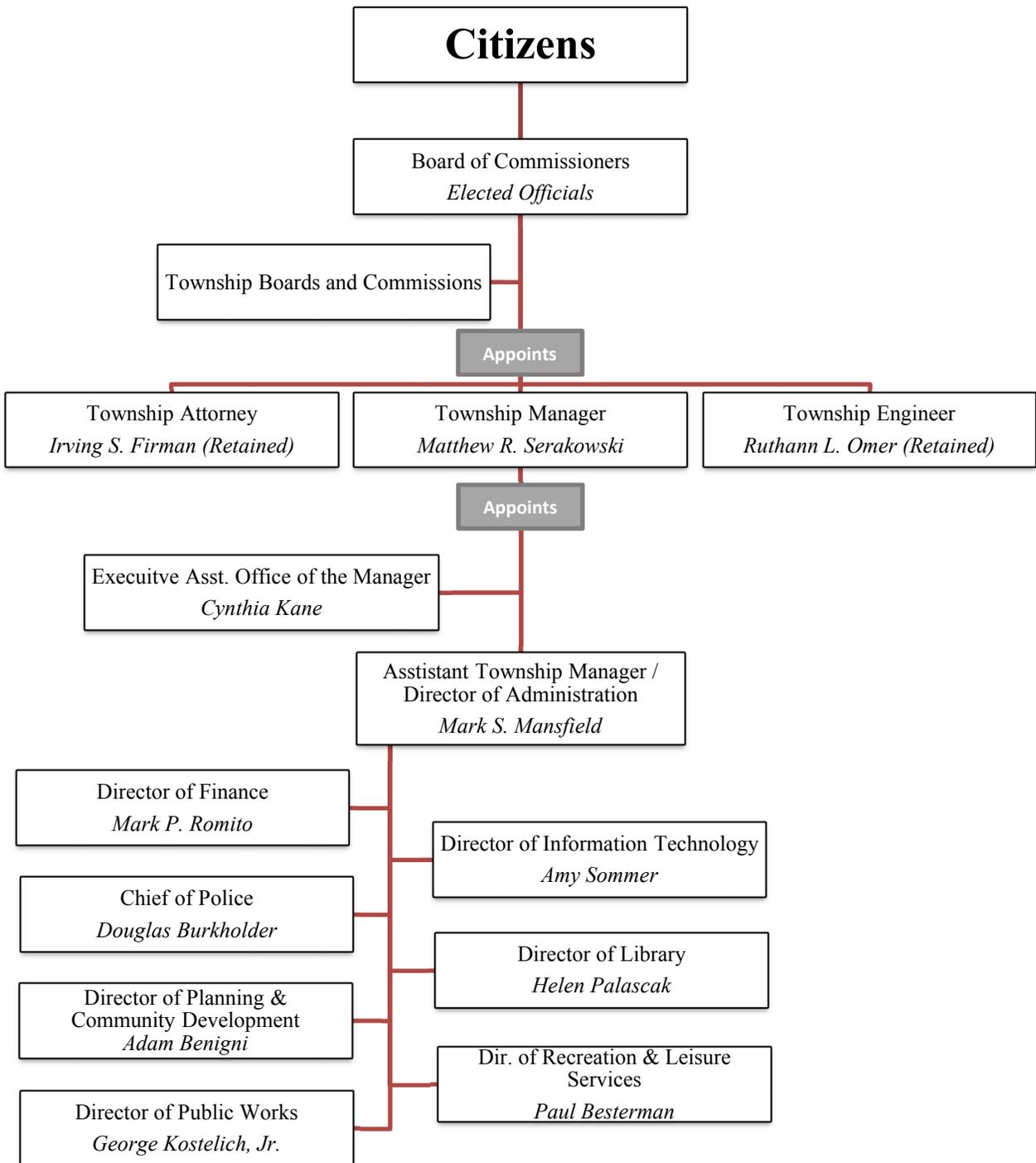
December 31, 2015

Executive Director/CEO

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

ORGANIZATIONAL CHART

YEAR ENDED DECEMBER 31, 2016



FINANCIAL SECTION

Independent Auditor's Report

Board of Commissioners
Township of 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, Pennsylvania (Township) as of and for the year ended December 31, 2016, 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 Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2016, and the

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information on pages 15 through 27, 88 through 92, and 93 through 95 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budget and actual schedules, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Maher Duessel

Pittsburgh, Pennsylvania
June 22, 2017

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

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, 2016. This information should be reviewed in conjunction with the Township's financial statements that begin on page 28.

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

FINANCIAL HIGHLIGHTS

- At December 31, 2016, the Township's net position was \$37,134,647, an increase of \$4,601,191 or 14.1% from 2015. The increase was due to the continued strong performance of revenues over expenses. In 2016, overall revenues grew by 3.3% over the prior year, while overall expenses saw a slight decrease of 0.1%.
- The unrestricted net position was \$20,267,382 at December 31, 2016, a net increase of \$1,787,340 or 9.7% from the prior fiscal year. The governmental activities portion decreased by \$654,930 primarily due to the planned use of fund balance in the Capital Projects Fund to support a variety of capital projects that were budgeted for the year. The business-type activities portion increased by \$2,442,270 due mostly to operating income of \$1,775,240 in the Sanitary Sewer Fund and \$216,252 in the Boyce Mayview Community & Recreation Center Fund.
- At December 31, 2016, the Township had \$53,130,000 of general obligation debt outstanding. This represents a net increase of approximately \$1,520,000 or 2.9% from the previous year. This reflects the issuance of \$2,500,000 in new debt to support sanitary sewer projects, as well net principal payments on outstanding bonds and notes in 2016 totaling \$980,000. The Debt outstanding represents a manageable burden of \$2,705 per capita.
- Standard & Poor's Global Ratings Service assigned a rating of AA+/stable to the Township's 2016 Series A&B bonds, maintaining the high level the Township has held for several years.
- The real estate tax rate remained at 3.83 mills for 2016.
- The total fund balance of the Township's General Fund at December 31, 2016 was \$3,540,365, an increase of \$181,015 from the preceding year. The unassigned fund balance in the General Fund at December 31, 2016 was \$3,283,902, which represents 23.3% of the General Fund's current expenditures for fiscal year 2016.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

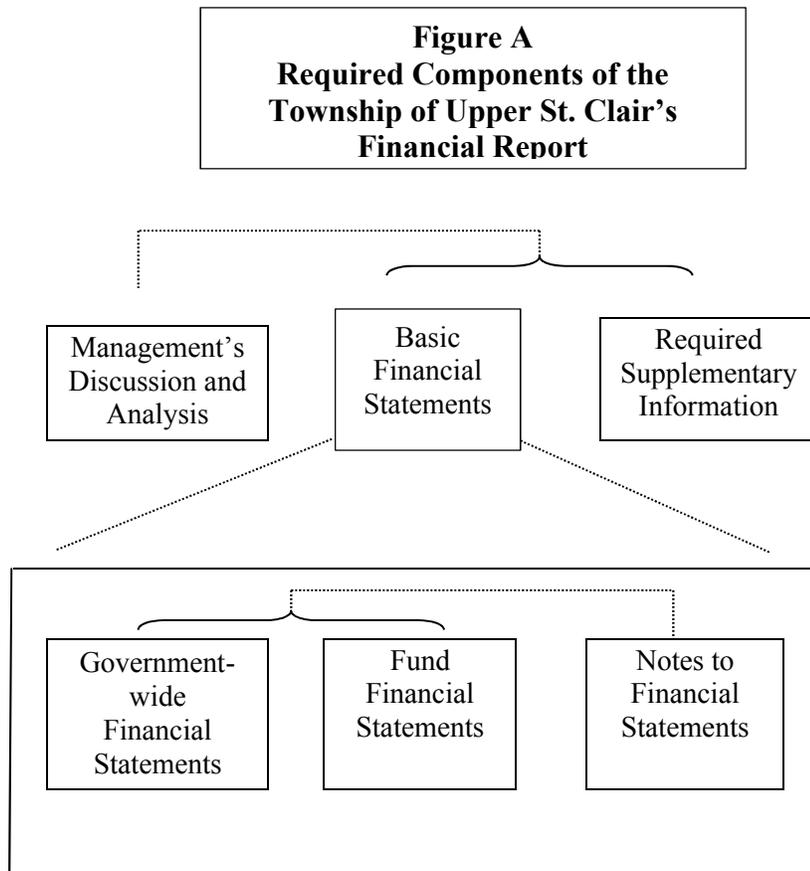
MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

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 MD&A (this section) and a series of financial statements and notes to those statements. The Statement of Net Position and Statement of Activities, on pages 28 and 29, respectively, provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund Financial Statements, which start on page 30, provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the Township's most significant funds with all other non-major funds presented in total in one column. For the 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

YEAR ENDED DECEMBER 31, 2016

Reporting the Township as a Whole

Government-wide Financial Statements

While the Fund Financial Statements beginning on page 30 contain the majority of funds used by the Township to provide programs and activities, the Statement of Net Position and the Statement of Activities answer the question, "How did we do financially during 2016?" These statements, beginning on page 28, include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net 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. The majority of the operating activities of the community & recreation center are financed through membership fees.

Reporting the Township's Most Significant Funds

Fund Financial Statements

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

Governmental funds: Most of the Township's operating 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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

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 Position and the Statement of Activities) and governmental funds is reflected in a reconciliation after each fund statement on pages 31 and 33.

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 35 through 37 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 38 through 39 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 40 through 86 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 87 through 95 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 100 through 101.

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 \$37,134,647 and \$32,533,456 at December 31, 2016 and 2015, respectively. The largest portion of the Township's net position (54.6%) reflects its unrestricted net position. The Township may use these funds 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

YEAR ENDED DECEMBER 31, 2016

Table 1
December 31
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	\$ 15,473,310	\$ 15,612,028	\$ 13,247,065	\$ 8,321,230	\$ 28,720,375	\$ 23,933,258
Capital assets	30,294,041	27,979,978	35,601,475	36,250,043	65,895,516	64,230,021
TOTAL ASSETS	45,767,351	43,592,006	48,848,540	44,571,273	94,615,891	88,163,279
DEFERRED OUTFLOWS OF RESOURCES						
	1,348,660	1,661,931	1,201,702	1,809,100	2,550,362	3,471,031
LIABILITIES						
Current and other liabilities	1,768,687	1,355,855	1,105,539	1,121,974	2,874,226	2,477,829
Long-term liabilities:						
Due within one year	837,637	639,005	1,102,363	820,995	1,940,000	1,460,000
Due in more than one year	18,921,298	19,774,825	35,580,701	34,473,049	54,501,999	54,247,874
TOTAL LIABILITIES	21,527,622	21,769,685	37,788,603	36,416,018	59,316,225	58,185,703
DEFERRED INFLOWS OF RESOURCES						
	715,381	915,151	-	-	715,381	915,151
NET POSITION						
Net investment in capital assets	13,309,613	10,553,342	2,620,113	2,765,099	15,929,726	13,318,441
Restricted	937,539	734,973	-	-	937,539	734,973
Unrestricted	10,625,856	11,280,786	9,641,526	7,199,256	20,267,382	18,480,042
TOTAL NET POSITION	\$ 24,873,008	\$ 22,569,101	\$ 12,261,639	\$ 9,964,355	\$ 37,134,647	\$ 32,533,456

Part of the Township's net position is invested in capital assets (infrastructure, land, buildings, and equipment). These capital assets cannot be used to liquidate the debt related to acquire them. *The remaining unrestricted net position (\$20,267,382) may be used to meet the Township's debt related to capital assets or other ongoing obligations to citizens and creditors.*

After excluding transfers from governmental funds to business-type funds of \$1,534,986 and \$1,618,536 for 2016 and 2015, respectively, governmental revenues for 2016 totaled \$23,488,293, while governmental revenues for 2015 amounted to \$23,350,837. This 0.6% increase in governmental revenue from 2015 amounted to \$137,456, and provided the funds that were sufficient to cover the total governmental expenses of \$19,649,400. For 2016, governmental revenues exceeded governmental expenses by \$3,838,893 or 19.5% due to increases in real estate and earned income tax revenues as well as cost savings from functions such as community development and recreation. The business-type funds reported that revenues exceeded expenses by \$762,298 for 2016 due to increased sanitary sewer usage collections. The results of this year's

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

operations as a whole are reported in the Statement of Activities on page 29. All expenses are reported in the first column. Specific charges, grants, and revenues that directly relate to specific expense categories are presented to determine the final amount of the Township's activities that are supported by other general revenues. The four largest general tax revenues are listed below in Table 2.

Table 2
Years Ended December 31,

	<u>2016</u>	<u>2015</u>
Earned income taxes, levied for general purposes	\$ 8,529,885	\$ 8,210,827
Property taxes, levied for general purposes	8,285,971	7,960,376
Real estate transfer tax	1,195,566	1,322,037
Local services taxes	280,677	267,060

The 2016 financial statements offer a view of the financial condition of the Township on a consolidated basis. For example, investment earnings (statement of activities, page 29) not only include interest earnings in the General Fund, but also interest earnings in the regular Capital Projects Fund and all other Governmental Funds. Table 3 summarizes total revenues for the current year, with comparative data from 2015.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

Table 3
Years Ended December 31
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 1,011,788	\$ 1,058,072	\$ 10,819,320	\$ 10,035,867	\$ 11,831,108	\$ 11,093,939
Operating grants and contributions	2,752,579	2,850,551	-	-	2,752,579	2,850,551
Capital grants and contributions	439,142	787,878	173,300	-	612,442	787,878
General revenues:						
Property taxes	8,285,971	7,960,376	-	-	8,285,971	7,960,376
Earned income taxes	8,529,885	8,210,827	-	-	8,529,885	8,210,827
Local services taxes	280,677	267,060	-	-	280,677	267,060
Real estate transfer tax	1,195,566	1,322,037	-	-	1,195,566	1,322,037
Franchise fees	497,472	465,655	-	-	497,472	465,655
Unrestricted investment earnings	18,087	13,476	5,454	1,515	23,541	14,991
Miscellaneous	477,126	414,905	-	-	477,126	414,905
Total revenues	23,488,293	23,350,837	10,998,074	10,037,382	34,486,367	33,388,219
Expenses:						
General government	2,033,202	2,065,730	-	-	2,033,202	2,065,730
Public safety	5,611,527	5,496,330	-	-	5,611,527	5,496,330
Public works	9,114,710	8,825,279	-	-	9,114,710	8,825,279
Community Development	432,808	600,344	-	-	432,808	600,344
Recreation and leisure services	676,689	1,282,956	-	-	676,689	1,282,956
Library services	1,105,351	1,084,582	-	-	1,105,351	1,084,582
Interest on long-term debt	675,113	610,013	-	-	675,113	610,013
Sanitary sewer	-	-	5,247,286	5,181,155	5,247,286	5,181,155
Community and recreation center	-	-	4,820,135	4,597,784	4,820,135	4,597,784
Magazine	-	-	168,355	162,668	168,355	162,668
Total expenses	19,649,400	19,965,234	10,235,776	9,941,607	29,885,176	29,906,841
Change in Net Position Before Transfers	3,838,893	3,385,603	762,298	95,775	4,601,191	3,481,378
Transfers	(1,534,986)	(1,618,536)	1,534,986	1,618,536	-	-
Change in Net Position	2,303,907	1,767,067	2,297,284	1,714,311	4,601,191	3,481,378
Net position - beginning	22,569,101	20,802,034	9,964,355	8,250,044	32,533,456	29,052,078
Net position - ending	\$ 24,873,008	\$ 22,569,101	\$ 12,261,639	\$ 9,964,355	\$ 37,134,647	\$ 32,533,456

Program revenues within governmental activities dropped by \$492,992 in 2016 mostly because several one-time grants were received in the prior year. As such, this drop was expected. When including business-

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

type activities, overall program revenues increased by \$463,761 due mostly to increased revenue from sanitary sewer user fees.

Within general revenues, the largest change from the prior year was a \$325,595 (4.1%) increase in property taxes. This reflects the rise in taxable assessed value resulting from a variety of reasons including new properties being developed and occupied. Earned income tax revenue increased by \$319,058 (3.9%), demonstrating growth in residents' wages. Real estate transfer tax decreased by \$126,471, but the decrease was due to the record performance of the prior year, and the resulting total revenue of \$1,195,566 was still a very strong result. The most notable change in expenses from the prior year was a \$606,267 (47.3%) decrease in recreation and leisure services. This was due to one-time capital project expenses incurred in 2015.

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 – and shows each program's net cost (total cost less revenues generated by the activities). The net cost reflects the remaining financial need supported by local taxes and miscellaneous revenues.

Table 4
Year Ended December 31, 2016
Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Functions/Programs:		
General government	\$ 2,033,202	\$ 701,423
Public safety	5,611,527	5,167,826
Public works	9,114,710	7,666,353
Community development	432,808	432,808
Recreation and leisure services	676,689	33,743
Library services	1,105,351	768,625
Interest on long-term debt	675,113	675,113
Total expenses	<u>\$ 19,649,400</u>	<u>\$ 15,445,891</u>
Total required from local taxes and other insurance		<u>\$ 15,445,891</u>

The dependence upon local tax revenues for governmental activities is apparent. The Township had expenses for governmental activities of \$19.65 million, of which only \$4.20 million was supported by program-specific charges, grants, and contributions. As a result, an additional \$15.45 million of support had to be covered by local taxes and miscellaneous revenues. In other words, approximately 79 percent of all government activities were supported through taxes and miscellaneous revenues in 2016. The community, as a whole, is the primary support for the Township's services for its citizens.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

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 \$6.48 million and \$.16 million, respectively, and expenses of \$5.25 million and \$.17 million, respectively, for 2016. The Community & Recreation Center had revenues of \$4.18 million and expenses of \$4.82 million. The Community & Recreation Center Fund realized operating income in 2016 of \$216,252. The membership fees pay for all of the operating costs of the Center, while general tax revenues 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 position.

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 Balance - Governmental Funds on page 32 are summarized in Table 5.

Table 5
Year Ended December 31
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	\$ 3,359,350	\$ 8,284,816	\$ 692,610	\$ 12,336,776
Net Change in Fund Balance	<u>181,015</u>	<u>(738,643)</u>	<u>674,077</u>	<u>116,449</u>
Ending Fund Balance	<u>\$ 3,540,365</u>	<u>\$ 7,546,173</u>	<u>\$ 1,366,687</u>	<u>\$ 12,453,225</u>

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 (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 2016 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.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

For the General Fund, revenues were above budget expectations by \$1,778,997. This amount is the net result of increases in real estate taxes, in earned income taxes, other taxes, licenses and permits, fees and fines, service agreements, and other revenue and grants, while there were decreases experienced in rents, interest, and recreation fees. Expenditures were under appropriations by \$865,167 due to decreases in costs of all Township departments except Public Safety, which was slightly in excess of budgeted expectations. With this combination of positive results, the Township Manager authorized an additional transfer from the General Fund to the Capital Projects Fund to finance future capital needs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (See Note 5)

At December 31, 2016, the Township's Governmental Activities had \$30,294,041 invested in a broad range of capital assets, including land, infrastructure, site improvements, buildings, equipment, and vehicles. This amount represents a net increase (including additions, deletions, and depreciation) of \$2,314,063 or 8.3% from last year. In 2016, capital investments in the categories of buildings, equipment, and general improvements all increased by over \$1,000,000, excluding depreciation.

The Township's Business-type Activities had infrastructure of \$35,601,475 in capital assets, covering construction in progress, infrastructure, buildings, and equipment as of December 31, 2016. The amount includes depreciation totaling \$22,681,460, of which \$4,861,632 is the Community & Recreation Center Building. Detail of capital asset activity for 2016 can be found in Note 5 on pages 70 through 72 and in the section entitled "*Capital Assets Used in the Operation of Governmental Funds*" found on pages 118 through 122.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

Table 6
Governmental and Business-Type Activities
Years Ended December 31
Capital Assets, Net of Depreciation (when applicable)

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Land	\$ 2,369,717	\$ 2,325,917	\$ -	\$ -
Construction in progress	80,235	-	-	642,647
Infrastructure	14,492,270	14,755,328	13,332,807	13,263,887
Buildings	7,225,937	6,326,696	21,067,072	21,715,290
Improvements other than buildings	2,795,386	1,851,592	-	-
Equipment	3,273,306	2,686,992	1,201,596	628,219
Library assets	57,190	33,453	-	-
	<u>\$ 30,294,041</u>	<u>\$ 27,979,978</u>	<u>\$ 35,601,475</u>	<u>\$ 36,250,043</u>

Debt Administration

The Township had total outstanding bond and note principal of \$53.13 million and \$51.61 million as of December 31, 2016 and 2015, respectively. The Township made principal payments on its outstanding bonds and notes in 2016, including refunding the Series of 2008 bonds, totaling \$4,707,569 for governmental activity debt and \$24,332,428 for business-type activity debt. New debt was incurred in 2016 to refund the Series of 2008 bonds and to finance a sanitary sewer project. Of this new debt, \$4,151,109 was governmental activity and \$26,408,891 was business-type activity. More detailed information about our long-term liabilities is included in Notes 6 and 7 to the financial statements on pages 73 through 78.

Table 7
Years Ended December 31
General Obligation Bonds and Notes

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Series of 2008 - Bonds	\$ -	\$ 4,169,569	\$ -	\$ 24,060,428
Series of 2011 - Bonds	5,155,000	5,210,000	4,680,000	4,705,000
Series of 2012 - Bonds	5,900,000	5,910,000	3,995,000	4,005,000
G.O. Note - 2015	1,917,000	2,390,000	923,000	1,160,000
Series of 2016 - Bonds	4,151,109	-	26,408,891	-
	<u>\$ 17,123,109</u>	<u>\$ 17,679,569</u>	<u>\$ 36,006,891</u>	<u>\$ 33,930,428</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The revenue budget for 2017 is nearly even with the final budget for 2016. Local revenues are expected to be 1.9% higher in 2017, reflecting a continuing trend of increasing tax collection revenues and sanitary sewer user fees. State revenues are expected to be 14.6% higher in 2017 due mainly to increased pension state aid and liquid fuels tax revenues. These local and state revenue increase result in a 12.3% decrease in fund reserve revenues. Like revenues, the overall change in budgeted expenditures from 2016 is minimal, despite fluctuations in public works and recreation, which are both a result of annual changes in the capital projects planning from year to year. General Fund Budget that has a 2.5% increase in operating expenditures from the prior year. Personal and contractual service expenditures in the 2017 General Fund are budgeted to increase 2.9%, while commodities and other items are budgeted to increase by 0.1%. The comparison of budgeted revenues and expenditure categories is listed in Table 8.

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

	<u>2017</u>	<u>2016</u>
Revenues:		
Local	\$ 32,662,013	\$ 32,064,354
State	1,316,939	1,149,066
Fund reserve	<u>5,611,928</u>	<u>6,396,301</u>
Total	<u>\$ 39,590,880</u>	<u>\$ 39,609,721</u>
Expenditures:		
General government	\$ 3,540,345	\$ 3,363,028
Public safety	6,113,750	6,050,770
Public works	17,382,126	16,204,148
Community development	697,262	643,217
Recreation and leisure services	7,643,419	9,315,510
Library services	1,265,704	1,198,043
Debt service/fund transfers/reserve	<u>2,948,274</u>	<u>2,835,005</u>
Total	<u>\$ 39,590,880</u>	<u>\$ 39,609,721</u>

The Township continues to commit 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

YEAR ENDED DECEMBER 31, 2016

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 Mark P. Romito, Director of Finance, 1820 McLaughlin Run Road, Upper St. Clair, PA 15241, 412-831-9000, ext. 218, or by email at romito@twpusc.org.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2016

Assets	Primary Government		Total
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 10,830,087	\$ 12,820,358	\$ 23,650,445
Tax receivables, net	3,027,152	-	3,027,152
Other receivables, net	329,289	647,207	976,496
Internal balances	220,500	(220,500)	-
Due from other governmental agencies	494,244	-	494,244
Prepaid assets	256,463	-	256,463
Net pension asset	315,575	-	315,575
Capital assets, not being depreciated	2,449,952	-	2,449,952
Capital assets, net of accumulated depreciation	13,351,819	22,268,668	35,620,487
Infrastructure assets, net of accumulated depreciation	14,492,270	13,332,807	27,825,077
Total Assets	45,767,351	48,848,540	94,615,891
Deferred Outflows of Resources			
Deferred charges on bond refundings	-	1,201,702	1,201,702
Pension related	1,348,660	-	1,348,660
Total Deferred Outflows of Resources	1,348,660	1,201,702	2,550,362
Liabilities			
Accounts payable	887,557	846,559	1,734,116
Accrued interest	38,916	34,137	73,053
Accrued wages payable	177,486	-	177,486
Unearned revenue	-	224,843	224,843
Refundable deposits	664,728	-	664,728
Noncurrent liabilities:			
Bonds/notes payable due in one year	837,637	1,102,363	1,940,000
Net other postemployment benefits due in more than one year	2,059,113	-	2,059,113
Net pension liability	738,068	-	738,068
Bonds/notes payable due in more than one year	16,124,117	35,580,701	51,704,818
Total noncurrent liabilities	19,758,935	36,683,064	56,441,999
Total Liabilities	21,527,622	37,788,603	59,316,225
Deferred Inflows of Resources			
Deferred gain on bond refundings	22,674	-	22,674
Pension related	692,707	-	692,707
Total Deferred Inflows of Resources	715,381	-	715,381
Net Position			
Net investment in capital assets	13,309,613	2,620,113	15,929,726
Restricted for:			
State Liquid Fuels expenses	72,918	-	72,918
Boyce Mayview Park grant expenses	476,065	-	476,065
Library expenses and service	72,981	-	72,981
Pension benefits	315,575	-	315,575
Unrestricted	10,625,856	9,641,526	20,267,382
Total Net Position	\$ 24,873,008	\$ 12,261,639	\$ 37,134,647

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,033,202	\$ 275,040	\$ 780,006	\$ 276,733	\$ (701,423)	\$ -	\$ (701,423)
Public safety	5,611,527	72,768	370,933	-	(5,167,826)	-	(5,167,826)
Public works	9,114,710	216,768	1,069,180	162,409	(7,666,353)	-	(7,666,353)
Community development	432,808	-	-	-	(432,808)	-	(432,808)
Recreation and leisure services	676,689	406,946	236,000	-	(33,743)	-	(33,743)
Library services	1,105,351	40,266	296,460	-	(768,625)	-	(768,625)
Interest on long-term debt	675,113	-	-	-	(675,113)	-	(675,113)
Total governmental activities	19,649,400	1,011,788	2,752,579	439,142	(15,445,891)	-	(15,445,891)
Business-type activities:							
Sanitary sewer	5,247,286	6,475,486	-	173,300	-	1,401,500	1,401,500
Community & recreation center	4,820,135	4,180,268	-	-	-	(639,867)	(639,867)
Magazine	168,355	163,566	-	-	-	(4,789)	(4,789)
Total business-type activities	10,235,776	10,819,320	-	173,300	-	756,844	756,844
Total primary government	\$ 29,885,176	\$ 11,831,108	\$ 2,752,579	\$ 612,442	(15,445,891)	756,844	(14,689,047)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					8,285,971	-	8,285,971
Earned income taxes, levied for general purposes					8,529,885	-	8,529,885
Local services tax					280,677	-	280,677
Real estate transfer taxes					1,195,566	-	1,195,566
Franchise fees (5% of gross cable receipts)					497,472	-	497,472
Unrestricted investment earnings					18,087	5,454	23,541
Miscellaneous					477,126	-	477,126
Transfers					(1,534,986)	1,534,986	-
Total general revenues and transfers					17,749,798	1,540,440	19,290,238
Change in Net Position					2,303,907	2,297,284	4,601,191
Net position - beginning					22,569,101	9,964,355	32,533,456
Net position - ending					\$ 24,873,008	\$ 12,261,639	\$ 37,134,647

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,934,751	\$ 4,884,165	\$ -	\$ 1,011,171	\$ 10,830,087
Real estate taxes receivable	638,209	-	-	-	638,209
Earned income taxes receivable	2,388,943	-	-	-	2,388,943
Due from other funds	381,988	3,068,424	-	450,323	3,900,735
Due from other governmental agencies	494,244	-	-	-	494,244
Other receivables	299,484	-	-	29,805	329,289
Prepaid assets	256,463	-	-	-	256,463
Total Assets	\$ 9,394,082	\$ 7,952,589	\$ -	\$ 1,491,299	\$ 18,837,970
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ 362,529	\$ 400,416	\$ -	\$ 124,612	\$ 887,557
Due to other funds	3,680,235	-	-	-	3,680,235
Accrued wages payable	177,486	-	-	-	177,486
Refundable deposits	658,728	6,000	-	-	664,728
Total Liabilities	4,878,978	406,416	-	124,612	5,410,006
Deferred Inflows of Resources:					
Unavailable revenue - taxes	974,739	-	-	-	974,739
Fund Balance:					
Nonspendable	256,463	-	-	-	256,463
Restricted:					
State Liquid Fuels expenses	-	-	-	72,918	72,918
Boyce Mayview Park grant expenses	-	-	-	476,065	476,065
Library expenses and services	-	-	-	72,981	72,981
Committed:					
Storm Sewer improvements	-	-	-	94,492	94,492
Field improvements	-	-	-	211,294	211,294
Infrastructure projects	-	-	-	438,937	438,937
Assigned:					
Capital projects	-	7,546,173	-	-	7,546,173
Unassigned	3,283,902	-	-	-	3,283,902
Total Fund Balance	3,540,365	7,546,173	-	1,366,687	12,453,225
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 9,394,082	\$ 7,952,589	\$ -	\$ 1,491,299	\$ 18,837,970

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

DECEMBER 31, 2016

Total Fund Balance - Governmental Funds	\$	12,453,225
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
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 position.		30,294,041
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 unavailable in the funds.		974,739
The net pension asset is not a current financial resource and, therefore, is not reported in the fund financial statements.		315,575
Deferred outflows/inflows of resources for pension are recorded and amortized in the statement of net position. Additionally, deferred outflows/inflows of resources for pension are not recorded on the fund financial statements.		655,953
Long-term liabilities, including bonds payable, are not due and payable in the current period 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	\$ (16,961,754)	
Net other postemployment benefit obligation	(2,059,113)	
Net pension liability	(738,068)	
Deferred gain on bond refundings	(22,674)	
Accrued interest payable	(38,916)	
	(19,820,525)	
Total Net Position - Governmental Activities	\$	24,873,008

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2016

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Real estate taxes	\$ 8,287,441	\$ -	\$ -	\$ -	\$ 8,287,441
Earned income taxes	8,844,793	-	-	-	8,844,793
Other taxes	1,476,243	-	-	-	1,476,243
Licenses and permits	176,485	-	-	3,750	180,235
Fees and fines	565,383	-	-	-	565,383
Rents	84,282	-	-	-	84,282
Interest	3,785	11,953	-	2,349	18,087
Service agreements	228,969	-	-	-	228,969
Other revenue and grants	2,202,986	448,697	-	1,070,459	3,722,142
Recreation fees	367,291	-	-	29,805	397,096
Total revenues	<u>22,237,658</u>	<u>460,650</u>	<u>-</u>	<u>1,106,363</u>	<u>23,804,671</u>
Expenditures:					
Current:					
General government	1,874,189	697,045	-	1,250	2,572,484
Community development	624,085	41,100	-	-	665,185
Public safety	5,006,566	276,207	-	-	5,282,773
Public works	5,310,070	2,032,564	-	770,785	8,113,419
Recreation and leisure services	435,645	285,311	-	894,970	1,615,926
Library services	859,807	42,441	-	224,763	1,127,011
Total current	<u>14,110,362</u>	<u>3,374,668</u>	<u>-</u>	<u>1,891,768</u>	<u>19,376,798</u>
Capital outlay:					
General government	-	673,900	-	-	673,900
Public safety	-	-	-	-	-
Public works	-	985,360	-	-	985,360
Recreation and leisure services	-	-	-	-	-
Total capital outlay	<u>-</u>	<u>1,659,260</u>	<u>-</u>	<u>-</u>	<u>1,659,260</u>
Debt service:					
Principal retirement	-	-	4,707,569	-	4,707,569
Interest	-	-	513,692	-	513,692
Bond issuance costs	-	-	47,026	-	47,026
Total debt service	<u>-</u>	<u>-</u>	<u>5,268,287</u>	<u>-</u>	<u>5,268,287</u>
Total expenditures	<u>14,110,362</u>	<u>5,033,928</u>	<u>5,268,287</u>	<u>1,891,768</u>	<u>26,304,345</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,127,296</u>	<u>(4,573,278)</u>	<u>(5,268,287)</u>	<u>(785,405)</u>	<u>(2,499,674)</u>
Other Financing Sources (Uses):					
Interfund transfers in	-	4,164,635	1,117,178	1,459,482	6,741,295
Interfund transfers out	(7,946,281)	(330,000)	-	-	(8,276,281)
Proceeds from issuance of refunding note	-	-	4,151,109	-	4,151,109
Total other financing sources (uses)	<u>(7,946,281)</u>	<u>3,834,635</u>	<u>5,268,287</u>	<u>1,459,482</u>	<u>2,616,123</u>
Net Change in Fund Balance	181,015	(738,643)	-	674,077	116,449
Fund balance - beginning	3,359,350	8,284,816	-	692,610	12,336,776
Fund balance - ending	<u>\$ 3,540,365</u>	<u>\$ 7,546,173</u>	<u>\$ -</u>	<u>\$ 1,366,687</u>	<u>\$ 12,453,225</u>

The notes to 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 BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

Net Change in Fund Balance - Governmental Funds \$ 116,449

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	\$ 3,732,547	
Less: depreciation expense	<u>(1,418,484)</u>	2,314,063

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. Unavailable revenues decreased by this amount during the year. (316,378)

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. (176,474)

Changes in the net pension asset (liability) and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements. (75,818)

Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position: (4,151,109)

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. 4,707,569

The governmental fund financial statements report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. (114,252)

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. (143)

Change in Net Position - Governmental Activities \$ 2,303,907

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED DECEMBER 31, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
Revenues:				
Real estate taxes	\$ 7,856,000	\$ 7,856,000	\$ 8,287,441	\$ 431,441
Earned income taxes	8,470,000	8,470,000	8,844,793	374,793
Other taxes	1,240,000	1,240,000	1,476,243	236,243
Licenses and permits	167,275	167,275	176,485	9,210
Fees and fines	525,700	525,700	565,383	39,683
Rents	91,900	91,900	84,282	(7,618)
Interest	4,000	4,000	3,785	(215)
Service agreements	221,100	221,100	228,969	7,869
Other revenue and grants	1,503,686	1,503,686	2,202,986	699,300
Recreation fees	379,000	379,000	367,291	(11,709)
Total revenues	20,458,661	20,458,661	22,237,658	1,778,997
Expenditures:				
General government	1,987,888	1,987,888	1,874,189	113,699
Community development	624,717	624,717	624,085	632
Public safety	5,001,270	5,001,270	5,006,566	(5,296)
Public works	5,902,466	5,902,466	5,310,070	592,396
Recreation and leisure services	544,124	544,124	435,645	108,479
Library services	915,064	915,064	859,807	55,257
Total expenditures	14,975,529	14,975,529	14,110,362	865,167
Excess (Deficiency) of Revenues over Expenditures	5,483,132	5,483,132	8,127,296	2,644,164
Other Financing Sources (Uses):				
Interfund transfers out	(5,155,232)	(5,155,232)	(7,946,281)	(2,791,049)
Net Change in Fund Balance	\$ 327,900	\$ 327,900	\$ 181,015	\$ (146,885)

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2016

Assets	Business-type Activities - Enterprise Funds			Total
	Sanitary Sewer Fund	Boyce/Mayview Community Recreation Center Fund	Other Business- type Activities: Township/School District Magazine Fund	
Current assets:				
Cash and cash equivalents	\$ 6,387,650	\$ 6,432,708	\$ -	\$ 12,820,358
Accounts receivable	384,576	249,680	12,951	647,207
Due from other funds	-	-	161,487	161,487
Total current assets	6,772,226	6,682,388	174,438	13,629,052
Capital assets:				
Sewer lines, net of accumulated depreciation	13,332,807	-	-	13,332,807
Buildings and improvements, net of accumulated depreciation	-	21,067,072	-	21,067,072
Machinery and equipment, net of accumulated depreciation	681,976	517,056	2,564	1,201,596
Total capital assets	14,014,783	21,584,128	2,564	35,601,475
Total Assets	20,787,009	28,266,516	177,002	49,230,527
Deferred Outflows of Resources				
Deferred charge on bond refundings	474,716	726,986	-	1,201,702
Liabilities				
Current liabilities:				
Accounts payable	811,457	35,102	-	846,559
Unearned revenues	-	221,383	3,460	224,843
Accrued interest	34,137	-	-	34,137
Due to other funds	1,871	380,116	-	381,987
Current portion - bonds payable	548,404	553,959	-	1,102,363
Total current liabilities	1,395,869	1,190,560	3,460	2,589,889
Noncurrent liabilities:				
Bonds payable	16,327,911	19,252,790	-	35,580,701
Total Liabilities	17,723,780	20,443,350	3,460	38,170,590
Net Position				
Net investment in capital assets	113,184	2,504,365	2,564	2,620,113
Unrestricted	3,424,761	6,045,787	170,978	9,641,526
Total Net Position	\$ 3,537,945	\$ 8,550,152	\$ 173,542	\$ 12,261,639

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds			Total Enterprise Funds
	Sanitary Sewer Fund	Boyce/Mayview Community Recreation Center Fund	Other Business- type Activities: Township/School District Magazine Fund	
Operating Revenues:				
Charges for services	\$ 6,475,486	\$ 4,180,268	\$ 163,566	\$ 10,819,320
Operating Expenses:				
Sewage treatment charges	3,243,651	-	-	3,243,651
Personnel services	262,529	1,985,110	53,257	2,300,896
Contractual services	519,208	996,893	108,211	1,624,312
Materials and supplies	21,555	227,255	5,973	254,783
Depreciation	653,303	754,758	914	1,408,975
Total operating expenses	4,700,246	3,964,016	168,355	8,832,617
Operating Income (Loss)	1,775,240	216,252	(4,789)	1,986,703
Nonoperating Revenues (Expenses):				
Interest income	2,533	2,921	-	5,454
Interest expense	(465,159)	(638,318)	-	(1,103,477)
Grant revenue	173,300	-	-	173,300
Bond issuance costs	(81,881)	(217,801)	-	(299,682)
Total nonoperating revenues (expenses)	(371,207)	(853,198)	-	(1,224,405)
Change in Net Position Before Interfund Transfers	1,404,033	(636,946)	(4,789)	762,298
Transfers:				
Interfund transfers in	-	1,534,986	-	1,534,986
Change in Net Position	1,404,033	898,040	(4,789)	2,297,284
Net position - beginning	2,133,912	7,652,112	178,331	9,964,355
Net position - ending	\$ 3,537,945	\$ 8,550,152	\$ 173,542	\$ 12,261,639

The notes to 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, 2016

	Business-type Activities - Enterprise Funds			
	Sanitary Sewer Fund	Boyce/Mayview Community Recreation Center Fund	Other Business- type Activities: Township/School District Magazine Fund	Total Enterprise Funds
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 6,512,804	\$ 4,164,184	\$ 169,898	\$ 10,846,886
Payment for treatment charges	(3,265,076)	-	-	(3,265,076)
Payments to employees	(262,529)	(1,985,110)	(53,257)	(2,300,896)
Payments for services	(519,208)	(980,793)	(108,367)	(1,608,368)
Payments to suppliers	(21,555)	(227,255)	(5,973)	(254,783)
Net cash provided by (used in) operating activities	2,444,436	971,026	2,301	3,417,763
Cash Flows From Noncapital Financing Activities:				
Interfund receipts (payments)	(15,828)	1,828,995	(2,301)	1,810,866
Cash Flows From Capital and Related Financing Activities:				
Purchases of capital assets	(688,199)	(72,208)	-	(760,407)
Proceeds from grant for capital assets	173,300	-	-	173,300
Principal paid on capital debt	(5,025,932)	(19,306,496)	-	(24,332,428)
Proceeds from issuance of debt	7,405,362	19,806,749	-	27,212,111
Payment on swap termination	(179,009)	(726,986)	-	(905,995)
Bond issuance costs	(81,881)	(217,801)	-	(299,682)
Interest paid on capital debt, including capitalized interest	(447,401)	(638,318)	-	(1,085,719)
Net cash provided by (used in) capital and related financing activities	1,156,240	(1,155,060)	-	1,180
Cash Flows From Investing Activities:				
Investment income	2,533	2,921	-	5,454
Net Increase (Decrease) in Cash and Cash Equivalents	3,587,381	1,647,882	-	5,235,263
Cash and Cash Equivalents:				
Beginning of year	2,800,269	4,784,826	-	7,585,095
End of Year	\$ 6,387,650	\$ 6,432,708	\$ -	\$ 12,820,358
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 1,775,240	\$ 216,252	\$ (4,789)	\$ 1,986,703
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	653,303	754,758	914	1,408,975
Changes in assets and liabilities				
Accounts receivable	37,318	(6,643)	2,872	33,547
Accounts payable	(21,425)	16,100	(156)	(5,481)
Unearned revenues	-	(9,441)	3,460	(5,981)
Total adjustments	669,196	754,774	7,090	1,431,060
Net cash provided by (used in) operating activities	\$ 2,444,436	\$ 971,026	\$ 2,301	\$ 3,417,763

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMBINED STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2016

Assets	
Cash and cash equivalents	\$ 2,143,159
Investments (at fair value):	
Exchange traded funds	7,959,945
Mutual funds	10,073,822
Investment trusts	3,097,634
Stocks	5,547,196
Accrued income receivable	20,360
Total Assets	28,842,116
Net Position	
Net position restricted for pension benefits	<u><u>\$ 28,842,116</u></u>

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2016

Additions:

Contributions:	
Member contributions/rollovers	\$ 147,542
Township contributions	110,134
State aid	594,351
Total contributions	<u>852,027</u>
Investment income (loss):	
Net depreciation in fair value of investments	1,623,939
Less: investment expenses	(148,458)
Net investment income (loss)	<u>1,475,481</u>
Total additions	<u>2,327,508</u>

Deductions:

Benefits	920,234
Withdrawal credits	113,798
Administrative expenses	8,233
Total deductions	<u>1,042,265</u>

Increase (Decrease) in Plan Net Position 1,285,243

Net Position:

Beginning of year	<u>27,556,873</u>
End of year	<u>\$ 28,842,116</u>

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Upper St. Clair, Pennsylvania (Township) was founded in 1788 and operates as a Home Rule Township under a Charter adopted January 5, 1976. The Township, which operates under a Manager and a seven-member governing Board of Commissioners (Board), is a suburb of Pittsburgh with approximately 19,000 residents and an area of ten square miles.

The financial statements of the Township have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these principles are as follows:

A. Reporting Entity

The accompanying financial statements present the Township (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended Component Unit

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 facilities to the Township and the Township pays lease rentals to MATUSC for repayment of the Authority's debt, if any. As of December 31, 2016, there is no active lease arrangement between MATUSC and 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 any MATUSC debt. MATUSC operations are included with non-major Special Revenue Fund types. MATUSC 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.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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, 2016. Complete financial statements for TCS can be obtained from the Administrative Offices of TCS at 5490 Progress Boulevard, Bethel Park, PA 15102.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

The statement of net position 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.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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, pension and other post-employment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The fund financial statements provide information about the Township's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

The *Capital Projects Fund* 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 *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 Township reports the following major enterprise 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 & Administrative Employees.

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.

D. Budgets and Budgetary Accounting

An operating budget is legally adopted each year for the General Fund, Capital Projects Fund, State Liquid Fuels Fund, Storm Sewer Improvement Fund, Field Improvement Fund, Regional Asset District Library Fund, Regional Asset District Boyce Mayview Fund, Debt Service Funds for the General Obligation Bonds/Notes of 2008, 2011, 2012, 2015, and 2016, the Sanitary Sewer Fund, the Boyce Mayview Community & Recreation

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Center Fund, and the Township/School District Magazine Fund on a basis consistent with GAAP. No budgets were legally adopted for the Pension Trust Funds, the Library Endowment Fund, or MATUSC.

Adoption of the budget by the Board 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. 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, the Library Endowment Fund, and MATUSC are limited to the level of available revenues.

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

E. Interfund Receivables, Payables and Transfers

During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds

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YEAR ENDED DECEMBER 31, 2016

included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Interfund receivables, payables, and transfers for the year ended December 31, 2016 are summarized below:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:				
General Fund	\$ 381,988	\$ 3,680,235	\$ -	\$ 7,946,281
Capital Projects Fund	3,068,424	-	4,164,635	330,000
Debt Service Fund	-	-	1,117,178	-
Sanitary Sewer Fund	-	1,871	-	-
Boyce Mayview C&RC Fund	-	380,116	1,534,986	-
Other Enterprise Funds	161,487	-	-	-
Other Governmental Funds	450,323	-	1,459,482	-
Total	<u>\$ 4,062,222</u>	<u>\$ 4,062,222</u>	<u>\$ 8,276,281</u>	<u>\$ 8,276,281</u>

Outstanding interfund balances at year-end include a \$3,068,424 interfund balance between the General Fund and the Capital Projects Fund, primarily representing funds assigned to the Capital Projects Fund via a 2016 transfer from the General Fund.

Transfers are made from the General Fund 1) to the Capital Projects Fund to fund various capital projects, 2) to the Debt Service Fund for current principal and interest payments, 3) to the Boyce Mayview C&RC Fund for debt service as well as common area operations, and 4) to the Other Governmental Funds for maintenance and operating expenses associated with Boyce Mayview Park.

F. Deposits and Investments

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

Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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The Township categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Governmental and Proprietary Funds

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes.

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) or the Pennsylvania School District Liquid Asset Fund (PSDLAF). 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.

Deposits

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

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, 2016, \$19,531,793 of the Township's bank balance of \$19,781,793 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 \$19,572,597 as of December 31, 2016.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2016

Investments

As of December 31, 2016, the Township's investments consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Investments:		
PLGIT	\$ 3,885,203	\$ 3,885,203
PSDLAF	11,169	11,169
Money market	181,476	181,476
	<u>4,077,848</u>	<u>4,077,848</u>
Total investments	<u>\$ 4,077,848</u>	<u>\$ 4,077,848</u>

At December 31, 2016, the total of PLGIT, PSDLAF, and money markets are considered to be a cash equivalent for presentation on the statement of net position and governmental funds balance sheet.

The Township's cash equivalent investments in external investment pools (PLGIT and PSDLAF) and money market funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. PLGIT and PSDLAF were established as common law trusts organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools, and municipalities. The purpose of these funds is to enable such governmental units to pool available funds for investment. The Township's position in the external investment pools and money market funds are the same as the value of the pool shares and are reported at amortized cost, which approximates fair value. All investments in external investment pools that are not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The Township can withdraw funds from the external investment pools. However, there are certain limitations placed on the following withdrawals: for PLGIT-Class accounts, there is a one day holding period; for PLGIT/PLUS-Class accounts, there is a 30-day holding period for each deposit and a penalty for early withdrawals.

The following is a description of the Township'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, PSDLAF, and money markets have maturities of less than one year.

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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, 2016, the Township's investments in PLGIT, PSDLAF, and money markets were rated AAA by Standard & Poor's.

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. In addition to the investments authorized for governmental funds, pension trust fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice. Assets in the pension trust funds are stated at fair value.

As of December 31, 2016, the Township had the following cash and investments in its pension trust funds:

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Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Exchange-traded funds:				
Fixed income	\$ 3,052,318	\$ 3,052,318	\$ -	\$ -
Equities	4,907,627	4,907,627	-	-
Total exchanged-traded funds	7,959,945	7,959,945	-	-
Mutual funds:				
Fixed income	4,992,714	4,992,714	-	-
Equities:				
Allocation	368,145	368,145	-	-
Mid-cap value	209,333	209,333	-	-
Large value	373,560	373,560	-	-
Equity precious metal	151,194	151,194	-	-
Large blend	350,298	350,298	-	-
Small blend	160,590	160,590	-	-
World stock	736,327	736,327	-	-
Foreign large growth	487,998	487,998	-	-
Large growth	1,152,115	1,152,115	-	-
Real estate	413,186	413,186	-	-
Foreign large value	487,868	487,868	-	-
Foreign small/mid growth	190,494	190,494	-	-
Total mutual funds	10,073,822	10,073,822	-	-
Stocks:				
Industrials	618,870	618,870	-	-
Consumer discretionary	655,224	655,224	-	-
Consumer staples	501,219	501,219	-	-
Energy	498,460	498,460	-	-
Financial	914,491	914,491	-	-
Materials	238,253	238,253	-	-
Information technology	989,697	989,697	-	-
Real estate	25,703	25,703	-	-
Utilities	141,233	141,233	-	-
Health care	789,987	789,987	-	-
Telecommunication services	108,538	108,538	-	-
Unclassified	65,521	65,521	-	-
Total stocks	5,547,196	5,547,196	-	-
Total investments by fair value level	23,580,963	23,580,963	-	-
Investments measured at NAV:				
Investment trusts:				
Bond	217,902			
Balanced/asset allocation	1,975,131			
U.S. Stock	686,442			
International/global equity	160,424			
Specialty	57,735			
Total investments measured at NAV	3,097,634			
Total investments measured at fair value	\$ 26,678,597			

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Investments classified in Level 1 are valued using prices quoted in active markets for those securities.

Investment trusts (trusts) are valued at the net asset value (NAV) per share as determined by investment managers under the so-called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. The investment strategies of the trusts include seeking capital appreciation and current income. The trusts have daily redemption frequencies and full discretion to defer withdrawals or transfers.

The preceding methods described may produce a fair value classification that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the Township pension trust fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In addition to the investments noted above, the Township’s pension trust funds have an investment of \$2,143,159 in money market funds, which is classified as cash and cash equivalents on the statement of fiduciary net position. The Township pension trust funds’ position in the money market funds is reported at cost which approximates fair value.

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 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 their exposure to fair value losses arising from increasing interest rates, other than a 45 percent limit on fixed income securities.

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 investment choices based on credit ratings by nationally recognized statistical rating organizations. At December 31, 2016, none of the Pension Trust Fund investments were rated by Nationally Recognized Statistical Rating Organizations.

Concentration of Credit Risk. The risk of loss attributed to the magnitude of an investment in a single issuer. The Pension Trust Funds place a 10% limit on the amount that may be invested in any one issuer. At December 31, 2016, the Pension Trust Funds did not have any investments that represented 5% or more of total investments (excluding

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investments in the U.S. Government and U.S. Government guaranteed obligations, mutual funds, or other pooled investments).

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 changes could materially affect the amount reported on the statement of fiduciary net position.

G. Allowance for Uncollectible Accounts

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

H. Prepaid Items

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. 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.

J. 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 acquisition value at the date of donation.

The Township reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets

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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>
Buildings and improvements	40
Public domain infrastructure	40-50
Vehicles	3-15
Equipment	5-10
Sewer Lines	40-50
Library assets	5

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has the following item that qualifies for reporting in this category:

Certain amounts determined in connection with pension accounting requirements are reported as deferred outflows of resources on the government-wide financial statements. These amounts are determined based on actuarial valuations

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performed for the plans. Note 3 presents additional information about the pension plans.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has the following items that qualify for reporting in this category:

Unavailable revenue is reported only on the balance sheet and represents property and earned income taxes which will not be collected within the available period. These amounts will be recognized as an inflow of resources in the period that the amounts become available.

Certain amounts determined in connection with pension accounting requirements are reported as deferred inflows of resources on the government-wide financial statements. These amounts are determined based on the actuarial valuations performed for the pension plans.

Additionally, in accordance with applicable guidance, the excess or shortage of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow or inflow of resources, respectively, on the statement of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or refunded bonds.

L. 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 are 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.

In the fund financial statements, the face amount of debt issued is reported as an other 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.

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M. 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.

N. 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.

O. 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 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 has by ordinance authorized the Finance Director to assign fund balance. The

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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, 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.

P. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in categories based on level of constraint placed on the funds. The levels are as follows:

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, 2016.

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's restricted fund balances as of December 31, 2016 are described in the governmental funds balance sheet.

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. The Township's committed fund balances as of December 31, 2016 are described in the governmental funds balance sheet.

Assigned – consists of amounts that are constrained by the Township's intent to be used for specific purposes. The Township's assigned fund balance as of December 31, 2016 is described in the governmental funds balance sheet.

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

Q. 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 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, reduced by liabilities related to those assets. The Township's restricted net position is outlined on the statement of net position.
- *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, 2016, the C&RC Fund had an unrestricted net position of \$6,045,787. 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, 2016:

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Year Ended December 31,	Operating Revenue and Transfers In	Operating Expenses	Add Back: Building Depreciation	Net Equipment Purchases	Net Position for Capital Budgeting
2007	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
2008	500,000	(65,623)	-	-	834,377
2009	134,752	(2,184,346)	324,109	(16,807)	(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
2013	4,008,014	(3,598,474)	648,218	105,636	2,846,603
2014	4,315,276	(3,769,566)	648,218	99,893	4,140,424
2015	5,727,413	(3,851,901)	648,218	(61,891)	6,602,263
2016	5,715,254	(3,964,016)	648,218	34,332	9,036,051

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

R. 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.

S. Adoption of Accounting Pronouncements

The requirements of the following GASB Statements were adopted for the Township's 2016 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact to the Township's financial statements.

GASB Statement No. 72, "*Fair Value Measurement and Application.*" This Statement addresses accounting and financial reporting issues related to fair value measurements. This pronouncement required additional disclosures related to investments, which have been incorporated into Note 1.

GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,*" except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (the Township's financial statements for the year ending December 31, 2017). This Statement establishes

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68).

GASB Statement No. 76, *“Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.”* This Statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55.

GASB Statement No. 77, *“Tax Abatement Disclosures.”* This Statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government’s finances. The Township has no tax abatement agreements to report.

GASB Statement No. 78, *“Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.”* This Statement address a practice issue regarding the scope and applicability of Statement No. 68, *“Accounting and Financial Reporting for Pensions.”* The issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local government employers whose employees are provided with such pensions.

GASB Statement No. 79, *“Certain External Investment Pools and Pool Participants.”* This Statement addresses accounting and reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for the election to measure all of its investments at amortized cost for financial reporting purposes. This pronouncement required additional disclosures related to investments, which have been incorporated into Note 1.

T. Pending Pronouncements

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

GASB Statement No. 74, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,”* effective for fiscal years beginning after June 15, 2016 (the Township’s financial statements for the year ending December 31, 2017). This

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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Statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This Statement replaces Statement No. 43.

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

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

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

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

GASB Statement No. 83, *“Certain Asset Retirement Obligations,”* effective for fiscal years beginning after June 15, 2018 (the Township’s financial statements for the year ending December 31, 2019). The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

GASB Statement No. 84, *“Fiduciary Activities,”* effective for fiscal years beginning after December 15, 2018 (the Township’s financial statements for the year ending December 31, 2019). The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 85, *“Omnibus 2017,”* effective for fiscal years beginning after June 15, 2017 (the Township’s financial statements for the year ending December 31, 2018). The objective of this Statement is to address practice issues that have been identified during implementation of certain GASB Statements.

GASB Statement No. 86, *“Certain Debt Extinguishment Issues,”* effective for fiscal years beginning after June 15, 2017 (the Township’s financial statements for the year ending December 31, 2018). The objective of this Statement is to improve consistency in accounting and financial reporting for certain debt extinguishments and to enhance the decision-usefulness of that information.

2. PROPERTY TAXES

The Township bills and collects its own property taxes based on assessed valuations provided by the County of Allegheny. Property tax revenues are recognized when levied to the extent that they result in current receivables. The schedule for property taxes levied for 2016 at 3.83 mills (\$.383 per \$100 assessed valuation) is as follows:

May 1	Tax date
May 1 - June 30	2% discount period
July 1 - August 31	Face amount period
September 1 – December 31	10% penalty period
January 1, 2017	Lien date

3. DEFINED BENEFIT PENSION PLANS

A. Summary of Significant Accounting Policies

Financial information of the pension plans (Plans) is presented on the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Employer contributions to the Plans are recognized when due as required by applicable law. Investments of the Plans are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. For additional

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

information related to basis of accounting and reported investment values, see Notes 1C and 1F.

B. Plan Descriptions

The Township's Police Pension Plan is a single-employer defined benefit pension plan. The plan was established effective December 2, 1957 under the provisions of Act 600 of 1956 of the Commonwealth of Pennsylvania. The pension plan was last amended and restated effective January 1, 2014. The plan covers all full-time police officers. The plan is governed by the Township's Board, which has delegated the authority to manage certain plan assets to PNC Institutional Asset Management. Plan provisions and contributions are established by Ordinance, and may be amended by the Township. The pension plan is required to file Form PC-201C biennially with the Municipal Pension Reporting Program. The most recent filing was as of January 1, 2015.

The Township's Public Works Employee Pension Plan is a single-employer defined benefit pension plan. The plan was established effective October 5, 1959 under the provisions of Act 600 of 1956 of the Commonwealth of Pennsylvania. The pension plan was last amended and restated effective January 1, 2014. The plan covers all full-time public works employees. The plan is governed by the Township's Board, which has delegated the authority to manage certain plan assets to Voya Financial Advisors, Inc. Plan provisions and contributions are established by Ordinance, and may be amended by the Township. The pension plan is required to file Form PC-203C biennially with the Municipal Pension Reporting Program. The most recent filing was as of January 1, 2015.

The activity of the Plans is reported as the Pension Trust Funds in the accompanying financial statements. The Plans do not issue stand-alone financial reports. Individual plan financial statements are included in Note 13 of this report.

At December 31, 2015, the date of the most recent census, participants in the Plans were as follows:

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

	<u>Police Pension Plan</u>	<u>Public Works Employees' Pension Plan</u>
Inactive plan members or beneficiaries currently receiving benefits	13	19
Inactive plan members entitled to but not yet receiving benefits	5	4
Active plan members	<u>22</u>	<u>27</u>
	<u>40</u>	<u>50</u>

C. Benefits Provided – Police Pension Plan

Retirement Benefit – Participants are eligible for a normal retirement benefit after completing 25 years of service and attaining age 54. The scheduled normal monthly retirement benefit is 50% of the participant's gross pay averaged over the last 36 months of employment, plus a service increment of \$100 per month for completion of 26 years of service. Participants may elect an early retirement benefit with only 20 years of service. The early retirement benefit is determined by actuarially reducing the normal retirement benefit amount to reflect the early commencement of retirement payments.

Disability Benefit – If a participant becomes totally and permanently disabled as a result of accident or sickness occurring in the line of duty, the participant is entitled to receive a monthly disability benefit. The scheduled monthly benefit is 50% of the participant's gross pay averaged over the last 36 months of employment at the time the disability was incurred, offset by Social Security disability benefits for the same injury. Payments will continue until the earliest of recovery, death, or normal retirement.

Death Benefit – If a participant's death occurs before retirement eligibility, the participant's beneficiary is entitled to receive a refund of contributions made by the participant, plus interest. If a participant shall die after commencement of benefit payments in the normal form, or after becoming eligible to receive benefit payments, a survivor benefit shall be paid to the surviving spouse or dependent children of the participant in an amount equal to 50% of the benefit the participant was receiving or was eligible to receive as of the date of death. The monthly survivor benefit is payable to the participant's spouse for life. If there is no spouse or the spouse later dies, the benefit will be paid to the participant's dependent children, if any, until age 18 (age 23 if attending college).

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Deferred Retirement Option Plan (DROP) – The DROP provides an alternative method of payment for retirement benefits for a specified and limited period of time for eligible participants. Under the DROP, employees stop earning service credit toward a future benefit at the time their DROP period begins. The participant's normal retirement benefit is calculated at that point, and the participant is considered retired for pension plan purposes. At the same time, the Township retains the participant as an employee for a period not to exceed 30 months. During the DROP period, the participant's monthly retirement benefit is deposited into a separate account and credited with interest earnings between 0% and 4.5% for the duration of the DROP period. At DROP termination, the participant receives the lump sum value of the DROP account. At December 31, 2016, there were four employees participating in the DROP.

Cost-of-Living Adjustments – Effective on each anniversary of retirement, a retiree will receive an increase in the monthly benefit equal to the percentage increase in the Consumer Price Index. The total of all increases may not exceed 20% of the original benefit, nor may the total benefit exceed 75% of the average monthly salary used to calculate the original benefit.

D. Benefits Provided – Public Works Employees Pension Plan

Retirement Benefit – Participants are eligible for a normal retirement benefit after completing 10 years of service and attaining age 60. The scheduled normal retirement benefit is equal to the sum of \$60.00 multiplied by years of service before January 1, 2009, plus \$65.00 multiplied by years of service from January 1, 2009 through December 31, 2010, plus \$67.50 multiplied by years of service from January 1, 2011 through December 31, 2011, plus \$70.00 multiplied by years of service from January 1, 2012 through December 31, 2014, plus \$72.50 multiplied by years of service from January 1, 2015 to December 31, 2015, plus \$74.00 multiplied by years of service from January 1, 2016 and later. The total years of service shall not exceed forty years, which shall be the participant's final forty years of service. Participants may elect an early retirement benefit at age 57 with 10 years of service. The early retirement benefit is determined by reducing the normal retirement benefit amount by 0.5% for each month that early retirement precedes the normal retirement date.

Disability Benefit – A participant who has completed at least ten years of service, is an employee and incurs a total and permanent disability in the course of and as a direct result of employment shall be entitled to a disability retirement benefit as of the date which is twenty-seven (27) weeks after the disability date. The scheduled monthly benefit is equal to the normal retirement benefit reduced by the amount of workers' compensation (or other statutorily prescribed benefit) received on account of the same injury or disease which resulted in the disability. Disability benefits shall continue until

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

the earliest of the death of the participant or cessation of total and permanent disability before attainment of age 60.

Death Benefit – If a participant’s death occurs before retirement eligibility, the participant’s beneficiary is entitled to receive a refund of contributions made by the participant. If a participant shall die after commencement of benefit payments in the normal form, or after becoming eligible to receive benefit payments, the beneficiary shall be entitled to a benefit payable as if the participant had retired on the day prior to the date of death and had commenced receipt of a fifty percent (50%) joint and survivor annuity benefit.

Cost-of-Living Adjustments – The plan does not provide for any post-retirement adjustments.

E. Contributions

The Plans are funded by the Township on an annual basis pursuant to the provisions of Act 205 of 1984 (Act). The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). Employees are not required to contribute under the Act; such contributions are subject to collective bargaining. For the year ended December 31, 2016, participating employees in the Police Plan and Public Works Plan were required to contribute 5.0% and 1.0%, respectively, of their compensation. During the year, employee contributions to the Police Plan and Public Works Plan totaled \$118,029 and \$29,513, respectively.

The Commonwealth of Pennsylvania provides annual State Pension Aid funding to the Township that must be contributed in the pension plans. For the year ended December 31, 2016, the State Pension Aid contributed to the Police Plan totaled \$186,830 and the State Pension Aid contributed to the Public Works Plan totaled \$254,211. If the amount of State Pension Aid received is not sufficient to meet the funding required by the MMO, the Township must make a contribution to fund the difference. For the year ended December 31, 2016, the Township contributed \$23,153 to the Police Plan and \$0 to the Public Works Plan.

F. Net Pension Liability (Asset)

The components of the net pension liability (asset) of the Plans at December 31, 2016 were as follows:

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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YEAR ENDED DECEMBER 31, 2016

	Police Pension Plan	Public Works Employees' Pension Plan
Total pension liability	\$ 20,048,833	\$ 5,557,399
Plan fiduciary net position	(20,364,408)	(4,819,331)
Net pension liability (asset)	\$ (315,575)	\$ 738,068
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.57%	86.72%

G. Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the Township for the Police Pension Plan for the year ended December 31, 2016 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2015	\$ 19,065,683	\$ 19,732,736	\$ (667,053)
Changes for the year:			
Service cost	225,889	-	225,889
Interest	1,422,377	-	1,422,377
Contributions - employer	-	209,983	(209,983)
Contributions - employee	-	118,029	(118,029)
Net investment income	-	972,627	(972,627)
Benefit payments, including refunds	(665,116)	(665,116)	-
Administrative expense	-	(3,851)	3,851
Net changes	983,150	631,672	351,478
Balances at December 31, 2016	\$ 20,048,833	\$ 20,364,408	\$ (315,575)
Plan fiduciary net position as a percentage of the total pension liability (asset)			101.57%

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

The changes in the net pension liability (asset) of the Township for the Public Works Employees' Pension Plan for the year ended December 31, 2016 were as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balances at December 31, 2015	\$ 5,356,894	\$ 4,488,114	\$ 868,780
Changes for the year:			
Service cost	58,872	-	58,872
Interest	396,751	-	396,751
Contributions - employer	-	254,211	(254,211)
Contributions - employee	-	29,513	(29,513)
Net investment income	-	305,686	(305,686)
Benefit payments, including refunds	(255,118)	(255,118)	-
Administrative expense	-	(3,075)	3,075
Net changes	<u>200,505</u>	<u>331,217</u>	<u>(130,712)</u>
Balances at December 31, 2016	<u>\$ 5,557,399</u>	<u>\$ 4,819,331</u>	<u>\$ 738,068</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)			<u>86.72%</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation performed on January 1, 2015, and rolled forward to December 31, 2016, using the following actuarial assumptions, applied to all periods in the measurement:

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

	Police Pension Plan	Public Works Employees' Pension Plan
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	4.5%, including inflation	n/a
Underlying inflation rate	3.0%	3.0%
Cost-of-living adjustments	100% change in CPI-W	n/a

Actuarial assumptions based on actuarial experience study for the period January 1, 2013 to December 31, 2014.

RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with rates set forward 5 years for disabled lives (Police only). Rates are projected to improve with 75% of scale AA.

Changes in Actuarial Assumptions – There were no changes in actuarial assumptions for the actuarial valuations performed as of January 1, 2015.

Investment Policy – The Plans’ policies in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Township that all investments for the Plans be made with the care, skill, and diligence that a prudent person would exercise. The Plans’ objectives are long-term in nature, and there are no foreseeable circumstances that would necessitate the immediate liquidation of over 20% of the portfolio.

Long-Term Expected Rate of Return – The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plans’ target asset allocation as of December 31, 2016:

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Asset Class	Target Allocation		Long-Term Expected Real Estate of Return	
	Police	Public Works Employees'	Police	Public Works Employees'
Equities	40-75%	40-75%	6.3%	6.3%
Fixed income	25-45%	25-45%	2.0%	2.0%
Cash equivalents	0-20%	0-20%	0.0%	0.0%

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2016, the annual money-weighted rate of return on the Police Plan and Public Works Employees' Plan investments, net of investment expense, was 4.93% and 6.71%, respectively.

Discount Rate – The discount rate used to measure the total pension liability for both the Police Plan and Public Works Plan was 7.50%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the contractual contribution rates and that the Township's contributions will continue to be made based on the yearly MMO calculation. Based on those assumptions, the fiduciary net position of each Plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on each pension Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of each Plan calculated using the discount rates described above, as well as what each Plan's net pension liabilities (assets) would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Police	\$ 1,567,839	\$ (315,575)	\$ (1,915,963)
Public Works Employees'	\$ 1,240,566	\$ 738,068	\$ 307,639

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

H. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the Township recognized pension expense of approximately \$540,013. At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Police</u>	<u>Public Works Employees'</u>
<u>Deferred Outflows of Resources:</u>		
Net difference between projected and actual earnings on pension plan investments	\$ 283,714	\$ 1,064,946
<u>Deferred Inflows of Resources:</u>		
Differences between expected and actual experience	\$ 199,619	\$ 488,058
Net difference between projected and actual earnings on pension plan investments	5,030	-
Total deferred inflows of resources	<u>\$ 204,649</u>	<u>\$ 488,058</u>

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

<u>Year ending December 31,</u>	<u>Police</u>	<u>Public Works Employees'</u>
2017	\$ 42,130	\$ 177,725
2018	42,130	177,725
2019	42,128	177,724
2020	(47,323)	43,714
	<u>\$ 79,065</u>	<u>\$ 576,888</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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 (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. 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, 2016 was \$240,291 or 7.4% of the approximately \$3.2 million in wages paid to participants. The Township Manager and the Township Board 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 13 of this report. For additional information related to the basis of accounting used and the categorization of reported investment values, see Notes 1C and 1F, respectively.

5. CAPITAL ASSETS

A summary of changes in capital assets during 2016 is as follows:

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

	January 1, 2016	Increases	Decreases	December 31, 2016
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,325,917	\$ 43,800	\$ -	\$ 2,369,717
Construction in progress	-	80,235	-	80,235
Capital assets being depreciated:				
Infrastructure	34,321,950	233,849	-	34,555,799
Buildings	13,733,750	1,122,256	-	14,856,006
Improvements	2,976,010	1,023,750	-	3,999,760
Equipment	7,646,547	1,195,273	(91,881)	8,749,939
Library assets	731,013	33,384	-	764,397
	61,735,187	3,732,547	(91,881)	65,375,853
Less: accumulated depreciation for:				
Infrastructure	(19,566,622)	(496,907)	-	(20,063,529)
Buildings	(7,407,054)	(223,015)	-	(7,630,069)
Improvements	(1,124,418)	(79,956)	-	(1,204,374)
Equipment	(4,959,555)	(608,959)	91,881	(5,476,633)
Library assets	(697,560)	(9,647)	-	(707,207)
	(33,755,209)	(1,418,484)	91,881	(35,081,812)
Governmental activities capital assets, net	\$ 27,979,978	\$ 2,314,063	\$ -	\$ 30,294,041
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Construction in progress	\$ 642,647	\$ -	\$ (642,647)	\$ -
Capital assets being depreciated:				
C&RC building	25,928,704	-	-	25,928,704
Sewer lines and improvements	29,100,791	695,807	-	29,796,598
Equipment	1,851,485	707,247	(1,099)	2,557,633
	57,523,627	1,403,054	(643,746)	58,282,935
Less: accumulated depreciation for:				
C&RC building	(4,213,414)	(648,218)	-	(4,861,632)
Sewer lines and improvements	(15,836,904)	(626,887)	-	(16,463,791)
Equipment	(1,223,266)	(133,870)	1,099	(1,356,037)
	(21,273,584)	(1,408,975)	1,099	(22,681,460)
Business-type activities capital assets, net	\$ 36,250,043	\$ (5,921)	\$ (642,647)	\$ 35,601,475

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

Governmental activities:	
General government	\$ 127,420
Public safety	250,000
Public works	916,426
Community development	1,469
Recreation and leisure	111,445
Library	11,724
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 1,418,484</u>
Business-type activities:	
Sanitary Sewer	\$ 653,303
Community & Recreation Center	754,758
Magazine	914
	<hr/>
Total depreciation expense - business-type activities	<u>\$ 1,408,975</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

6. CHANGES IN LONG-TERM DEBT

	Amounts Payable as of January 1, 2016	New Debt	Amortization/ Repayment	Amounts Payable as of December 31, 2016	Due Within One Year
Governmental Activities:					
Bonds/notes payable	\$ 17,679,569	\$ 4,151,109	\$ (4,707,569)	\$ 17,123,109	\$ 837,637
Less deferred amounts:					
Bond premium	-	-	-	-	-
Issuance discounts	(276,704)	-	115,349	(161,355)	-
	<u>17,402,865</u>	<u>4,151,109</u>	<u>(4,592,220)</u>	<u>16,961,754</u>	<u>837,637</u>
Governmental activities long-term liabilities	<u>\$ 17,402,865</u>	<u>\$ 4,151,109</u>	<u>\$ (4,592,220)</u>	<u>\$ 16,961,754</u>	<u>\$ 837,637</u>
Business-type Activities:					
Bonds/notes payable	\$ 33,930,428	\$ 26,408,891	\$ (24,332,428)	\$ 36,006,891	\$ 1,102,363
Less deferred amounts:					
Bond premium	-	803,220	-	803,220	-
Issuance discounts	(134,089)	-	7,042	(127,047)	-
	<u>33,796,339</u>	<u>27,212,111</u>	<u>(24,325,386)</u>	<u>36,683,064</u>	<u>1,102,363</u>
Business-type activities long-term liabilities	<u>\$ 33,796,339</u>	<u>\$ 27,212,111</u>	<u>\$ (24,325,386)</u>	<u>\$ 36,683,064</u>	<u>\$ 1,102,363</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

7. DESCRIPTION OF LONG-TERM DEBT

Issue: General Obligation Bonds of 2008

Date: March 3, 2008

Original Proceeds: \$32,300,000

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.

The General Obligation Bonds of 2008 were currently refunded during 2016. In connection with the refunding, the interest rate swap agreement associated with the General Obligation Bonds of 2008 was terminated with a termination payment of \$1,063,000. Prior to the termination, the Township paid \$762,737 fixed and received \$86,409 variable with respect to the swap.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Issue: General Obligation Bonds of 2011

Date: November 15, 2011

Original Proceeds: \$10,205,000

Principal Amount at December 31, 2016: \$9,835,000

Interest Rate: 1.25% - 1.75%

Debt Service Source: General Fund transfers to Debt Service Fund, and Sanitary Sewer 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 of December 31, 2016, there is no defeased debt outstanding related to the 2006 General Obligation Bonds.

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 55,000	\$ 151,312	\$ 25,000	\$ 152,370
2018	55,000	150,405	25,000	151,958
2019	60,000	149,310	25,000	151,482
2020	65,000	147,979	25,000	150,951
2021	565,000	140,326	300,000	146,995
2022-2026	3,025,000	458,245	1,685,000	601,705
2027-2031	1,330,000	45,233	1,830,000	308,880
2032-2033	-	-	765,000	29,355
Total	<u>\$ 5,155,000</u>	<u>\$ 1,242,810</u>	<u>\$ 4,680,000</u>	<u>\$ 1,693,696</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Issue: General Obligation Bonds of 2012

Date: February 6, 2012

Original Proceeds: \$9,925,000

Principal Amount at December 31, 2016: \$9,895,000

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, and Sanitary Sewer 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 of December 31, 2016, there is no defeased debt outstanding related to the 2007 General Obligation Bonds.

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
2017	\$ 185,000	\$ 156,417	\$ 85,000	\$ 119,666
2018	185,000	152,531	90,000	117,851
2019	185,000	150,080	95,000	116,623
2020	180,000	147,276	100,000	115,121
2021	215,000	143,825	110,000	113,291
2022-2026	1,130,000	648,569	600,000	530,173
2027-2031	3,625,000	384,932	715,000	440,947
2032-2036	195,000	3,364	2,200,000	246,514
Total	<u>\$ 5,900,000</u>	<u>\$ 1,786,994</u>	<u>\$ 3,995,000</u>	<u>\$ 1,800,186</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Issue: General Obligation Note of 2015

Date: May 15, 2015

Original Proceeds: \$3,550,000

Principal Amount at December 31, 2016: \$2,840,000

Interest Rate: 1.40%

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

Purpose: The proceeds were used to current refund \$3,550,000 of the Township's General Obligation Bonds of 2009. In connection with this refunding, the net proceeds of \$3,550,000 were used to redeem the 2009 General Obligation Bonds. As a result, the liability for those bonds has been removed from the statement of net position.

The annual debt service requirements to maturity for the General Obligation Note of 2015 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 478,000	\$ 26,875	\$ 232,000	\$ 13,437
2018	478,000	20,156	232,000	10,078
2019	478,000	13,437	232,000	6,719
2020	483,000	6,737	227,000	3,369
Total	<u>\$ 1,917,000</u>	<u>\$ 67,205</u>	<u>\$ 923,000</u>	<u>\$ 33,603</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Issue: General Obligation Bonds of 2016

Date: November 18, 2016

Original Proceeds: \$30,560,000

Principal Amount at December 31, 2016: \$30,560,000

Interest Rate: 1.15% – 4.00%

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

Purpose: The proceeds were used to current refund the General Obligation Bonds of 2008, to fund a termination payment associated with the cancellation of the interest rate swap agreement associated with the General Obligation Bonds of 2008, to fund various capital projects, and to pay the related issuance costs. As a result, the liability for the General Obligation Bonds of 2008 has been removed from the statement of net position. The General Obligation Bonds of 2016 were issued at a premium of \$803,220.

The aggregate difference in the debt service payments between the General Obligation Bonds of 2008 and the refunding debt, General Obligation Bonds of 2016, is a decrease of \$220,425. The refunding of the General Obligation Bonds of 2008 by the General Obligation Bonds of 2016 resulted in an economic gain of \$287,856.

The annual debt service requirements to maturity for the General Obligation Bonds of 2016 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 119,637	\$ 139,270	\$ 760,363	\$ 886,680
2018	112,991	146,523	717,010	932,643
2019	115,206	143,507	729,794	913,568
2020	118,899	138,825	756,102	883,850
2021	121,853	135,229	773,148	860,996
2022-2026	659,481	617,561	4,200,520	3,932,114
2027-2031	770,994	484,762	4,919,006	3,085,970
2032-2036	1,527,218	265,502	9,377,782	1,726,579
2037-2041	604,830	24,415	4,175,166	211,985
Total	<u>\$ 4,151,109</u>	<u>\$ 2,095,594</u>	<u>\$ 26,408,891</u>	<u>\$ 13,434,385</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

8. 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, 2016. Vacation days may be carried forward only upon approval of the Township Manager. At December 31, 2016, there was no General Fund liability for unused vacation days. Sick days are earned continuously at the rate of seven to ten 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.

9. 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. 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 officers who retire with normal retirement (age 54 and 25 years of service), early retirement, or total and permanent service-related disability retirement benefits if no alternative no-cost health insurance coverage is available. If hired prior to January 1, 2014, the Township will pay 100% of the amount of medical insurance premium in effect at the time of retirement, until the retiree's Medicare eligibility. The retiree is responsible for any increase over the premium in effect at the time of retirement. Upon the retiree's attainment of Medicare eligibility, the Township will provide a fully employer-paid Medicare Supplement Plan. If the spouse is not yet eligible for Medicare at that time, the Township will provide benefits or reimbursement up to the same cost as the employee's supplement plan. If hired on or after January 1, 2014, this coverage is not provided.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Employees retiring on or after January 1, 2014 with at least 15 years of service are also provided a term life insurance policy for life with a death benefit of \$15,000.

As of January 1, 2014, the date of the most recent actuarial valuation report, there were 26 active plan participants and nine retired participants receiving benefits.

Non-Uniformed

For administrative employees, upon retirement at age 59 1/2, a \$15,000 life insurance policy is provided by the Township. For Teamsters employees, upon retirement at age 60 with 10 years of service, a \$10,000 life insurance policy is provided by the Township.

As of January 1, 2014, the date of the most recent actuarial valuation report, there were 82 active plan participants and 20 retired participants receiving benefits.

B. Funding Policy

Life insurance benefits are expensed when incurred and are financed on a pay-as-you-go basis. If hired before January 1, 2014, 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 2016, the Township incurred \$124,858 for post-employment health benefits (\$101,109 related to net premiums paid for current retirees and \$23,749 in contributions to VEBA accounts) and \$677 for post-employment life insurance benefits. No amounts were required to be reimbursed by retirees receiving benefits. At December 31, 2016, the total of the VEBA account balances was \$711,777.

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:

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

	Police	Non-Uniformed	Total
Annual required contribution	\$ 292,469	\$ 25,352	\$ 317,821
Interest on net OPEB obligation	81,037	6,289	87,326
Adjustment to annual required contribution	(94,887)	(8,251)	(103,138)
Annual OPEB cost	278,619	23,390	302,009
Contributions made	(125,164)	(371)	(125,535)
Increase in net OPEB obligation	153,455	23,019	176,474
Net OPEB obligation - beginning of year	1,747,061	135,578	1,882,639
Net OPEB obligation - end of year	\$ 1,900,516	\$ 158,597	\$ 2,059,113

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

Police

Fiscal Year Ending	Annual OPEB Cost	% of AOC Contributed	Net OPEB Obligation (Asset)
December 31, 2014	\$ 349,814	29%	\$ 1,524,111
December 31, 2015	361,054	38%	1,747,061
December 31, 2016	278,619	45%	1,900,516

Non-Uniformed

Fiscal Year Ending	Annual OPEB Cost	% of AOC Contributed	Net OPEB Obligation (Asset)
December 31, 2014	\$ 28,841	2%	\$ 105,723
December 31, 2015	30,110	1%	135,578
December 31, 2016	23,390	2%	158,597

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

The ARC for the current year for the Police and Non-Uniformed Plans was computed as of January 1, 2014 using the following actuarial assumptions:

Valuation date	January 1, 2014
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	RP-2000 combined health mortality table with blue collar adjustment, with rates set forward 5 years for disabled lives
Projected salary increases	Not applicable to plan
Post-retirement benefit increases	Not applicable to plan
Health care cost trend rates	5.0%

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)-PUC (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
<u>Police Employees:</u>						
January 1, 2008	\$ 329,593	\$ 3,007,568	\$ 2,677,975	11.0%	\$ 2,565,652	104.4%
January 1, 2011	374,001	4,198,942	3,824,941	8.9%	2,480,361	154.2%
January 1, 2014	591,280	4,230,085	3,638,805	14.0%	2,510,689	144.9%
<u>Non-Uniformed Employees:</u>						
January 1, 2008	\$ -	\$ 106,226	\$ 106,226	0.0%	\$ 3,484,257	3.0%
January 1, 2011	-	134,730	134,730	0.0%	3,991,979	3.4%
January 1, 2014	-	271,304	271,304	0.0%	4,452,889	6.1%

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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.

10. COMMITMENTS AND CONTINGENCIES

The Township previously entered into an Administrative Consent Order (ACO) with the Allegheny County Health Department, the Pennsylvania Department of Environmental Protection, and the United States Environmental Protection Agency related to storm water inflow in the Township's sanitary sewer system. The ACO expired in March 2015, and the parties have since entered into an Interim Consent Order and Agreement (COA) that extends until December 2017. Under the COA, the Township is required to complete a source reduction study and a demonstration project. After completion of the COA requirements, a second COA is expected to be negotiated that could come with significant capital costs for compliance. In previous years, the Township estimated such costs to be in excess of \$30 million.

The Township has entered into contract commitments related to various capital purchases and projects. As of December 31, 2016, the Township had approximately \$2.4 million in commitments related to capital purchases and projects.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

11. RISK MANAGEMENT

The Township 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.

12. SUBSEQUENT EVENT

In March 2017, the Township issued General Obligation Bonds, Series A of 2017 with a principal amount of \$9,905,000 to currently refund the General Obligation Bonds, Series B of 2011.

13. 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

YEAR ENDED DECEMBER 31, 2016

Pension Trust Fund Financial Information as of December 31, 2016

Plan Net Position

	<u>Police</u>	<u>Public Works Employees'</u>	<u>Administrative & Management</u>	<u>Total</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 1,301,083	\$ 281,333	\$ 560,743	\$ 2,143,159
Investments (at fair value):				
Exchange traded funds	7,082,498	877,447	-	7,959,945
Mutual funds	6,421,083	3,652,739	-	10,073,822
Investment trusts	-	-	3,097,634	3,097,634
Stocks	5,547,196	-	-	5,547,196
Accrued income receivable	12,548	7,812	-	20,360
Total Assets	20,364,408	4,819,331	3,658,377	28,842,116
Net Position Restricted for Pensions	\$ 20,364,408	\$ 4,819,331	\$ 3,658,377	\$ 28,842,116

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Changes in Plan Net Position

	<u>Police</u>	<u>Public Works Employees'</u>	<u>Administrative & Management</u>	<u>Total</u>
<u>Additions:</u>				
Contributions:				
Member contributions	\$ 118,029	\$ 29,513	\$ -	\$ 147,542
Township contributions	-	110,134	-	110,134
State aid	209,983	144,077	240,291	594,351
Total contributions	<u>328,012</u>	<u>283,724</u>	<u>240,291</u>	<u>852,027</u>
Investment income (loss):				
Net appreciation (depreciation) in fair value of investments	1,088,440	338,331	197,168	1,623,939
Less investment expense	<u>(115,813)</u>	<u>(32,645)</u>	<u>-</u>	<u>(148,458)</u>
Net investment income (loss)	<u>972,627</u>	<u>305,686</u>	<u>197,168</u>	<u>1,475,481</u>
Total additions	<u>1,300,639</u>	<u>589,410</u>	<u>437,459</u>	<u>2,327,508</u>
<u>Deductions:</u>				
Benefits	665,116	255,118	-	920,234
Withdrawal credits	-	-	113,798	113,798
Administrative expenses	<u>3,851</u>	<u>3,075</u>	<u>1,307</u>	<u>8,233</u>
Total deductions	<u>668,967</u>	<u>258,193</u>	<u>115,105</u>	<u>1,042,265</u>
Increase (Decrease) in Plan Net Position	631,672	331,217	322,354	1,285,243
<u>Net Position Restricted for Pensions:</u>				
Beginning of year	<u>19,732,736</u>	<u>4,488,114</u>	<u>3,336,023</u>	<u>27,556,873</u>
End of year	<u>\$ 20,364,408</u>	<u>\$ 4,819,331</u>	<u>\$ 3,658,377</u>	<u>\$ 28,842,116</u>

Required Supplementary Information

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET
PENSION LIABILITY (ASSET) AND RELATED RATIOS

POLICE PENSION PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2016	2015	2014
Total Pension Liability:			
Service cost	\$ 225,889	\$ 229,488	\$ 207,137
Interest	1,422,377	1,350,359	1,321,807
Changes of benefit terms	-	131,540	-
Differences between expected and actual experience	-	(793,094)	-
Benefit payments, including refunds of member contributions	(665,116)	(566,815)	(455,173)
Net Changes in Total Pension Liability	983,150	351,478	1,073,771
Total Pension Liability - Beginning	19,065,683	18,714,205	17,640,434
Total Pension Liability - Ending (a)	<u>\$ 20,048,833</u>	<u>\$ 19,065,683</u>	<u>\$ 18,714,205</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 209,983	\$ 240,290	\$ 232,406
Contributions - member	118,029	116,999	126,505
Net investment income	972,627	61,762	1,105,772
Benefit payments, including refunds of member contributions	(665,116)	(566,815)	(455,173)
Administrative expense	(3,851)	(6,081)	(31,233)
Net Change in Plan Fiduciary Net Position	631,672	(153,845)	978,277
Plan Fiduciary Net Position - Beginning	19,732,736	19,886,581	18,908,304
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,364,408</u>	<u>\$ 19,732,736</u>	<u>\$ 19,886,581</u>
Net Pension Liability (Asset) - Ending (a-b)	<u>\$ (315,575)</u>	<u>\$ (667,053)</u>	<u>\$ (1,172,376)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>101.57%</u>	<u>103.50%</u>	<u>106.26%</u>
Covered Employee Payroll	<u>\$ 2,198,331</u>	<u>\$ 2,188,396</u>	<u>\$ 2,251,012</u>
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	-14.36%	-30.48%	-52.08%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE TOWNSHIPS'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

PUBLIC WORKS EMPLOYEES' PENSION PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2016	2015	2014
Total Pension Liability:			
Service cost	\$ 58,872	\$ 58,022	\$ 55,462
Interest	396,751	382,057	386,581
Changes of benefit terms	-	25,602	-
Differences between expected and actual experience	-	(301,989)	-
Benefit payments, including refunds of member contributions	(255,118)	(233,436)	(224,651)
Net Changes in Total Pension Liability	200,505	(69,744)	217,392
Total Pension Liability - Beginning	5,356,894	5,426,638	5,209,246
Total Pension Liability - Ending (a)	\$ 5,557,399	\$ 5,356,894	\$ 5,426,638
Plan Fiduciary Net Position:			
Contributions - employer	\$ 254,211	\$ 362,005	\$ 357,195
Contributions - member	29,513	14,865	-
Net investment income	305,686	(153,644)	179,396
Benefit payments, including refunds of member contributions	(255,118)	(233,436)	(224,651)
Administrative expense	(3,075)	(11,695)	(8,095)
Net Change in Plan Fiduciary Net Position	331,217	(21,905)	303,845
Plan Fiduciary Net Position - Beginning	4,488,114	4,510,019	4,206,174
Plan Fiduciary Net Position - Ending (b)	\$ 4,819,331	\$ 4,488,114	\$ 4,510,019
Net Pension Liability (Asset) - Ending (a-b)	\$ 738,068	\$ 868,780	\$ 916,619
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.72%	83.78%	83.11%
Covered Employee Payroll	\$ 1,531,677	\$ 1,657,089	\$ 1,615,471
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	48.19%	52.43%	56.74%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULES OF TOWNSHIP'S CONTRIBUTIONS
AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2016	2015	2014
POLICE PENSION PLAN:			
<u>Schedule of Township's Contributions</u>			
Actuarially determined contribution	\$ 186,830	\$ 240,290	\$ 232,406
Contributions in relation to the actuarially determined contribution	209,983	240,290	232,406
Contribution deficiency (excess)	<u>\$ (23,153)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 2,198,331</u>	<u>\$ 2,188,396</u>	<u>\$ 2,251,012</u>
Contributions as a percentage of covered employee payroll	9.55%	10.98%	10.32%
<u>Investment Returns</u>			
Annual money-weighted rate of return, net of investment expense	4.93%	1.15%	6.26%
PUBLIC WORKS EMPLOYEES' PENSION PLAN:			
<u>Schedule of Township's Contributions</u>			
Actuarially determined contribution	\$ 254,211	\$ 362,005	\$ 357,195
Contributions in relation to the actuarially determined contribution	254,211	362,005	357,195
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 1,531,677</u>	<u>\$ 1,657,089</u>	<u>\$ 1,615,471</u>
Contributions as a percentage of covered employee payroll	16.60%	21.85%	22.11%
<u>Investment Returns</u>			
Annual money-weighted rate of return, net of investment expense	6.71%	-3.00%	4.73%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

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

**TOWNSHIP OF UPPER ST. CLAIR,
PENNSYLVANIA**

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
PENSION TRUST FUNDS**

YEAR ENDED DECEMBER 31, 2016

Actuarial Methods and Assumptions

The following actuarial methods and assumptions were used in the calculation of actuarially determined contributions reported in the supplementary schedules:

	Police	Public Works Employees'
Actuarial valuation date	1/1/2015	1/1/2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Open	Level Dollar Closed
Asset valuation method	4-Year Smoothing	4-Year Smoothing
Remaining amortization period	17 years (aggregate)	5 years (aggregate)
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	4.5%, including inflation	N/A
Inflation rate	3.0%	3.0%
Cost-of-living adjustments	CPW-W*	N/A
Mortality table	RP-2000 Combined Healthy with Blue Collar Adjustment.	RP-2000 Combined Healthy with Blue Collar Adjustment.

N/A - Not Applicable

* 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.

**TOWNSHIP OF UPPER ST. CLAIR,
PENNSYLVANIA**

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
PENSION TRUST FUNDS**

YEAR ENDED DECEMBER 31, 2016

Benefit Changes

Police Pension Plan

Effective January 1, 2015, a Deferred Retirement Option Plan (DROP) provision was added with eligibility of age 55 and 25 years of service, and a 30-month maximum DROP period. Assumed rates of retirement were adjusted as a result.

Public Works Employees' Pension Plan

Effective January 1, 2015, there was an increase in the benefit multiplier for 2015 and future years.

Changes in Actuarial Assumptions

Police Plan

There were no changes in actuarial assumptions for the January 1, 2015 valuation.

Public Works Employees' Pension Plan

There were no changes in actuarial assumptions for the January 1, 2015 valuation.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

Police Employees:

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)
01/01/08	\$ 329,593	\$ 3,007,568	\$ 2,677,975	11.0%	\$ 2,565,652	104.4%
01/01/11	374,001	4,198,942	3,824,941	8.9%	2,480,361	154.2%
01/01/14	591,280	3,958,781	3,367,501	14.9%	2,510,689	134.1%

Non-Uniformed Employees:

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)
01/01/08	\$ -	\$ 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%
01/01/14	-	271,304	271,304	0.0%	4,452,889	6.1%

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

See accompanying notes to required supplementary information.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

Year Ended December 31,	<u>Police OPEB Plan</u>		<u>Non-Uniformed OPEB Plan</u>	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2011	\$ 296,637	24%	\$ 13,035	4%
2012	296,637	25%	13,035	4%
2013	296,637	36%	13,035	4%
2014	292,469	34%	25,352	3%
2015	292,469	47%	25,352	1%
2016	292,469	43%	25,352	1%

See accompanying notes to required supplementary information.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FACTORS AND TRENDS USED IN ACTUARIAL VALUATION

YEAR ENDED DECEMBER 31, 2016

Other Postemployment Benefits

Actuarial Data:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar

Demographic Assumptions:

Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment, with rates set forward 5 years for disabled lives
Mortality Improvement	75% of scale AA
Withdraw	Table T-1, <i>Actuary's Pension Handbook</i>
Disablement	Police: 60 % of the rates of disablement from <i>Advance Pension Tables</i> Non-Uniformed: None Assumed
Valuation Retirement Age	Police: Age 55 with 25 years of service Non-Uniformed: Admin., Age 60; Teamsters, Age 60 with 10 years of service
DROP Participation (Police Only)	75% of eligible participants are assumed to participate, with 100% remaining in the DROP for 2 years
Percent Electing Husband/ Wife Health Coverage	80% of future retirees
Spouse Age	Female spouses assumed to be 3 years younger than male spouse
Participant Percentage	Police: 90% of future retirees for health insurance Police and Non-uniformed: 100% of future retirees for life insurance

Economic Assumptions:

Interest Rate	4.50%
Annual Trend Rates for OPEB Costs:	5.00%

Supplementary Information

**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 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.

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 MATUSC as of December 31, 2016.

Debt Service Fund is used to channel funds from the General Fund, the Sanitary Sewer Fund, and the C&RC 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, the Sanitary Sewer Fund, and the C&RC Fund. Listed below are the long-term obligations of the Township that are serviced by the Debt Service Fund.

- General Obligation Bonds of 2008 – Maturity Year: 2038
- General Obligation Bonds of 2011 – Maturity Year: 2023
- General Obligation Bonds of 2012 – Maturity Year: 2036
- General Obligation Notes of 2015 – Maturity Year: 2020
- General Obligation Bonds of 2016 – Maturity Year: 2041

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 the 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 MATUSC's governing board and general expenditures needed for its operation.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	Special Revenue Funds								Total Other Governmental Funds
	State Liquid Fuels Fund	Storm Sewer Improvement Fund	Field Improvement Fund	Library Endowment Fund	Regional Asset District Library Fund	Regional Asset District Boyce/Mayview Fund	MATUSC Special Revenue Fund	Total Special Revenue Funds	
Assets									
Cash and cash equivalents	\$ 72,918	\$ 120,935	\$ 181,489	\$ 68,423	\$ -	\$ 125,069	\$ 442,337	\$ 1,011,171	\$ 1,011,171
Due from other funds	-	1,600	-	5,247	5,438	438,038	-	450,323	450,323
Other receivables	-	-	29,805	-	-	-	-	29,805	29,805
Total Assets	\$ 72,918	\$ 122,535	\$ 211,294	\$ 73,670	\$ 5,438	\$ 563,107	\$ 442,337	\$ 1,491,299	\$ 1,491,299
Liabilities and Fund Balance									
Liabilities:									
Accounts payable	\$ -	\$ 28,043	\$ -	\$ 689	\$ 5,438	\$ 87,042	\$ 3,400	\$ 124,612	\$ 124,612
Fund Balance:									
Restricted:									
State Liquid Fuels expenses	72,918	-	-	-	-	-	-	72,918	72,918
Boyce Mayview Park grant expenses	-	-	-	-	-	476,065	-	476,065	476,065
Library expenses and services	-	-	-	72,981	-	-	-	72,981	72,981
Committed:									
Storm Sewer improvements	-	94,492	-	-	-	-	-	94,492	94,492
Field improvements	-	-	211,294	-	-	-	-	211,294	211,294
Infrastructure projects	-	-	-	-	-	-	438,937	438,937	438,937
Total Fund Balance	72,918	94,492	211,294	72,981	-	476,065	438,937	1,366,687	1,366,687
Total Liabilities and Fund Balance	\$ 72,918	\$ 122,535	\$ 211,294	\$ 73,670	\$ 5,438	\$ 563,107	\$ 442,337	\$ 1,491,299	\$ 1,491,299

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2016

	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
Revenues:									
Licenses and permits	\$ -	\$ 3,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,750	\$ 3,750
Interest	1,229	-	61	122	-	60	877	2,349	2,349
State grants	597,932	-	-	-	221,495	236,000	-	1,055,427	1,055,427
Other revenue	-	-	-	15,032	-	-	-	15,032	15,032
Recreation fees	-	-	29,805	-	-	-	-	29,805	29,805
Total revenues	599,161	3,750	29,866	15,154	221,495	236,060	877	1,106,363	1,106,363
Expenditures:									
Current:									
General government	-	-	-	-	-	-	1,250	1,250	1,250
Public works	527,575	241,896	1,314	-	-	-	-	770,785	770,785
Recreation and leisure services	-	-	-	-	-	894,970	-	894,970	894,970
Library services	-	-	-	3,268	221,495	-	-	224,763	224,763
Total current	527,575	241,896	1,314	3,268	221,495	894,970	1,250	1,891,768	1,891,768
Total expenditures	527,575	241,896	1,314	3,268	221,495	894,970	1,250	1,891,768	1,891,768
Excess (Deficiency) of Revenues Over Expenditures	71,586	(238,146)	28,552	11,886	-	(658,910)	(373)	(785,405)	(785,405)
Other Financing Sources (Uses):									
Interfund transfers in	-	300,000	30,000	-	-	1,129,482	-	1,459,482	1,459,482
Net Change in Fund Balance	71,586	61,854	58,552	11,886	-	470,572	(373)	674,077	674,077
Fund Balance:									
Beginning of year	1,332	32,638	152,742	61,095	-	5,493	439,310	692,610	692,610
End of year	\$ 72,918	\$ 94,492	\$ 211,294	\$ 72,981	\$ -	\$ 476,065	\$ 438,937	\$ 1,366,687	\$ 1,366,687

**Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual**

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Interest	\$ 15,000	\$ 11,953	\$ (3,047)
Other revenue and grants	583,500	448,697	(134,803)
Total revenues	598,500	460,650	(137,850)
Expenditures:			
Current:			
General government	597,500	697,045	(99,545)
Community development	18,500	41,100	(22,600)
Public safety	249,500	276,207	(26,707)
Public works	2,277,000	2,032,564	244,436
Recreation and leisure services	60,000	285,311	(225,311)
Library services	65,000	42,441	22,559
Total current	3,267,500	3,374,668	(107,168)
Capital outlay:			
General government	600,000	673,900	(73,900)
Public safety	800,000	-	800,000
Public works	1,500,000	985,360	514,640
Recreation and leisure services	-	-	-
Total capital outlay	2,900,000	1,659,260	1,240,740
Total expenditures	6,167,500	5,033,928	1,133,572
Excess (Deficiency) of Revenues over Expenditures	(5,569,000)	(4,573,278)	995,722
Other Financing Sources (Uses):			
Interfund transfers in	1,239,635	4,164,635	2,925,000
Interfund transfers out	(330,000)	(330,000)	-
Total other financing sources (uses)	909,635	3,834,635	2,925,000
Net Change in Fund Balance	\$ (4,659,365)	\$ (738,643)	\$ 3,920,722

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - DEBT SERVICE FUND - GENERAL OBLIGATION BONDS OF 2008

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
Expenditures:			
Debt service:			
Principal retirement	\$ 96,005	\$ 96,003	\$ 2
Interest	135,187	138,179	(2,992)
Total debt service	231,192	234,182	(2,990)
Excess (Deficiency) of Revenues Over Expenditures	(231,192)	(234,182)	(2,990)
Other Financing Sources (Uses):			
Interfund transfers in	231,192	234,182	2,990
Net Change in Fund Balance	\$ -	\$ -	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - DEBT SERVICE FUND - GENERAL OBLIGATION BONDS OF 2011

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
Expenditures:			
Debt service:			
Principal retirement	\$ 55,000	\$ 55,000	\$ -
Interest	152,069	152,069	-
Total debt service	207,069	207,069	-
Excess (Deficiency) of Revenues Over Expenditures	(207,069)	(207,069)	-
Other Financing Sources (Uses):			
Interfund transfers in	207,069	207,069	-
Net Change in Fund Balance	\$ -	\$ -	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - DEBT SERVICE FUND - GENERAL OBLIGATION BONDS OF 2012

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
Expenditures:			
Debt service:			
Principal retirement	\$ 10,000	\$ 10,000	\$ -
Interest	159,241	159,241	-
Total debt service	169,241	169,241	-
Total expenditures	169,241	169,241	-
Excess (Deficiency) of Revenues Over Expenditures	(169,241)	(169,241)	-
Other Financing Sources (Uses):			
Interfund transfers in	169,241	169,241	-
Net Change in Fund Balance	\$ -	\$ -	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - DEBT SERVICE FUND - GENERAL OBLIGATION NOTES OF 2015

YEAR ENDED DECEMBER 31, 2016

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<u>Expenditures:</u>			
Debt service:			
Principal retirement	\$ 450,000	\$ 473,000	\$ -
Interest	66,117	33,686	32,431
Total debt service	<u>516,117</u>	<u>506,686</u>	<u>32,431</u>
Total expenditures	<u>516,117</u>	<u>506,686</u>	<u>32,431</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(516,117)</u>	<u>(506,686)</u>	<u>(32,431)</u>
<u>Other Financing Sources (Uses):</u>			
Interfund transfers in	\$ 516,117	\$ 506,686	\$ (9,431)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,000)</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - DEBT SERVICE FUND - GENERAL OBLIGATION BONDS OF 2016

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
Expenditures:			
Debt service:			
Principal retirement	\$ -	\$ 4,073,566	\$ (4,073,566)
Interest	-	30,517	(30,517)
Bond issuance costs	-	47,026	(47,026)
	-	4,151,109	(4,151,109)
Total debt service	-	4,151,109	(4,151,109)
	-	4,151,109	(4,151,109)
Total expenditures	-	4,151,109	(4,151,109)
	-	(4,151,109)	4,151,109
Excess (Deficiency) of Revenues Over Expenditures	-	(4,151,109)	4,151,109
Other Financing Sources (Uses):			
Proceeds from issuance of refunding note	\$ -	\$ 4,151,109	\$ 4,151,109
Net Change in Fund Balance	\$ -	\$ -	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - STATE LIQUID FUELS FUND

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Interest	\$ 100	\$ 1,229	\$ 1,129
State grants	508,880	597,932	89,052
Total revenues	508,980	599,161	90,181
Expenditures:			
Current:			
Public works	500,000	527,575	(27,575)
Excess (Deficiency) of Revenues Over Expenditures	8,980	71,586	62,606
Net Change in Fund Balance	<u>\$ 8,980</u>	<u>\$ 71,586</u>	<u>\$ 62,606</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - STORM SEWER IMPROVEMENT FUND

YEAR ENDED DECEMBER 31, 2016

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
<u>Licenses and permits</u>	<u>\$ 2,400</u>	<u>\$ 3,750</u>	<u>\$ 1,350</u>
Expenditures:			
Current:			
<u>Public works</u>	<u>300,000</u>	<u>241,896</u>	<u>58,104</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(297,600)</u>	<u>(238,146)</u>	<u>59,454</u>
Other Financing Sources (Uses):			
<u>Interfund transfers in</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 2,400</u>	<u>\$ 61,854</u>	<u>\$ 59,454</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - FIELD IMPROVEMENT FUND

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Interest	\$ 100	\$ 61	\$ (39)
Recreation fees	20,000	29,805	9,805
Total revenues	20,100	29,866	9,766
Expenditures:			
Current:			
Public works	85,000	1,314	83,686
Excess (Deficiency) of Revenues Over Expenditures	(64,900)	28,552	93,452
Other Financing Sources (Uses):			
Interfund transfers in	30,000	30,000	-
Net Change in Fund Balance	<u>\$ (34,900)</u>	<u>\$ 58,552</u>	<u>\$ 93,452</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - REGIONAL ASSET DISTRICT LIBRARY FUND

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
State grants	\$ 217,979	\$ 221,495	\$ 3,516
Expenditures:			
Current:			
Library services	217,979	221,495	(3,516)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - REGIONAL ASSET DISTRICT BOYCE MAYVIEW FUND

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Interest	\$ -	\$ 60	\$ 60
State grants	635,000	236,000	(399,000)
Total revenues	635,000	236,060	(398,940)
Expenditures:			
Current:			
Recreation and leisure services	1,889,482	894,970	994,512
Excess (Deficiency) of Revenues Over Expenditures	(1,254,482)	(658,910)	595,572
Other Financing Sources (Uses):			
Interfund transfers in	1,129,482	1,129,482	-
Net Change in Fund Balance	\$ (125,000)	\$ 470,572	\$ 595,572

**Schedule of Revenues, Expenses, and Changes in Net
Position – Budget and Actual**

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BUDGET AND ACTUAL - SANITARY SEWER FUND

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
Operating Revenues:			
Charges for services	\$ 6,438,000	\$ 6,475,486	\$ 37,486
Operating Expenses:			
Sewage treatment charges	3,663,000	3,243,651	419,349
Personnel services	259,745	262,529	(2,784)
Contractual services	1,957,087	519,208	1,437,879
Materials and supplies	39,850	21,555	18,295
Deprecation and amortization	20,000	653,303	(633,303)
Total operating expenses	5,939,682	4,700,246	1,239,436
Operating Income (Loss)	498,318	1,775,240	(1,201,950)
Non-operating Revenues (Expenses):			
Interest income	1,000	2,533	1,533
Interest expense	(470,110)	(465,159)	4,951
Grant revenue	-	173,300	173,300
Bond issuance costs	-	(81,881)	(81,881)
Total non-operating revenues (expenses)	(469,110)	(371,207)	97,903
Change in Net Position	\$ 29,208	\$ 1,404,033	\$ (1,104,047)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BUDGET AND ACTUAL - BOYCE MAYVIEW COMMUNITY & RECREATION CENTER FUND

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
<u>Operating Revenues:</u>			
Charges for services	\$ 3,897,850	\$ 4,180,268	\$ 282,418
<u>Operating Expenses:</u>			
Personnel services	2,092,001	1,985,110	106,891
Contractual services	1,110,803	996,893	113,910
Materials and supplies	284,900	227,255	57,645
Depreciation and amortization	255,600	754,758	(499,158)
Total operating expenses	3,743,304	3,964,016	(220,712)
Operating Income (Loss)	154,546	216,252	503,130
<u>Non-operating Revenues (Expenses):</u>			
Interest income	1,200	2,921	1,721
Interest expense	(729,231)	(638,318)	90,913
Bond issuance costs	-	(217,801)	(217,801)
Total non-operating revenues (expenses)	(728,031)	(853,198)	(125,167)
<u>Transfers:</u>			
Interfund transfers in	1,663,984	1,534,986	(128,998)
Change in Net Position	\$ 1,090,499	\$ 898,040	\$ 248,965

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BUDGET AND ACTUAL - TOWNSHIP/SCHOOL DISTRICT MAGAZINE FUND

YEAR ENDED DECEMBER 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance
Operating Revenues:			
Charges for services	\$ 178,150	\$ 163,566	\$ (14,584)
Operating Expenses:			
Personnel services	51,540	53,257	(1,717)
Contractual services	119,850	108,211	11,639
Materials and supplies	5,800	5,973	(173)
Deprecation and amortization	450	914	(464)
Total operating expenses	177,640	168,355	9,285
Change in Net Position	\$ 510	\$ (4,789)	\$ (5,299)

**Capital Assets Used in the Operation
of Governmental Funds**

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF CAPITAL ASSETS - BY SOURCE

DECEMBER 31, 2016

Governmental Funds Capital Assets:

Land	\$	2,369,717
Construction in progress		80,235
Infrastructure		34,555,799
Buildings		14,856,006
Improvements other than buildings		3,999,760
Equipment		8,749,939
Library assets		764,397
		<hr/>
Total capital assets	\$	<u>65,375,853</u>

Investment in Capital Assets From:

Acquisitions prior to January 1, 1982 (1)	\$	21,502,258
General Fund		4,775,548
Storm Sewer Fund		295,230
Field Improvement Fund		51,714
Regional Asset District Library Fund		44,999
Library Endowment Fund		512,357
Regional Asset District Boyce Mayview Fund		3,701,157
Capital Projects Funds		34,492,590
		<hr/>
Total investment in capital assets	\$	<u>65,375,853</u>

(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, 2016

	<u>Total</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Infrastructure</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Equipment</u>	<u>Library Assets</u>
Capital Assets, January 1, 2016	\$ 61,735,187	\$ 2,325,917	\$ -	\$ 34,321,950	\$ 13,733,750	\$ 2,976,010	\$ 7,646,547	\$ 731,013
Expenditures from:								
Storm Sewer Fund	233,849	-	-	233,849	-	-	-	-
RAD Funds	238,980	-	80,235	-	-	150,336	4,091	4,318
Capital Projects Funds	3,259,718	43,800	-	-	1,122,256	873,414	1,191,182	29,066
Capital assets disposals and transfers	(91,881)	-	-	-	-	-	(91,881)	-
Capital Assets, December 31, 2016	<u>\$ 65,375,853</u>	<u>\$ 2,369,717</u>	<u>\$ 80,235</u>	<u>\$ 34,555,799</u>	<u>\$ 14,856,006</u>	<u>\$ 3,999,760</u>	<u>\$ 8,749,939</u>	<u>\$ 764,397</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

DECEMBER 31, 2016

Function and Activity	Total	Land	Construction in Progress	Infrastructure	Buildings	Improvements Other than Buildings	Equipment	Library Assets
General Government:								
Administration	\$ 7,220,130	\$ 477,430	\$ -	\$ -	\$ 6,346,268	\$ 6,389	\$ 390,043	\$ -
Finance and tax	52,429	-	-	-	-	-	52,429	-
Information technology	777,923	-	-	-	-	-	777,923	-
Cable television	227,578	-	-	-	-	-	227,578	-
Total general government	8,278,060	477,430	-	-	6,346,268	6,389	1,447,973	-
Community Development	518,274	-	-	-	-	-	518,274	-
Public Safety:								
Police	1,402,805	-	-	-	118,925	-	1,283,880	-
VFD	4,602,510	579,106	-	-	4,005,294	-	18,110	-
Total public safety	6,005,315	579,106	-	-	4,124,219	-	1,301,990	-
Public Works:								
Office	555,950	-	-	-	159,524	219,262	177,164	-
Highway and streets	34,555,799	-	-	34,555,799	-	-	-	-
Garage	8,149,569	19,920	-	-	2,986,981	97,088	5,045,580	-
Total public works	43,261,318	19,920	-	34,555,799	3,146,505	316,350	5,222,744	-
Recreation and Leisure Services	6,548,489	1,293,261	80,235	-	1,239,014	3,677,021	258,958	-
Library	764,397	-	-	-	-	-	-	764,397
Total Capital Assets	\$ 65,375,853	\$ 2,369,717	\$ 80,235	\$ 34,555,799	\$ 14,856,006	\$ 3,999,760	\$ 8,749,939	\$ 764,397

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

DECEMBER 31, 2016

Function and Activity	Capital Assets January 1, 2016	Increases	Decreases	Capital Assets December 31, 2016
General Government:				
Administration	\$ 6,132,552	\$ 1,087,578	\$ -	\$ 7,220,130
Finance and tax	52,429	-	-	52,429
Information technology	481,102	296,821	-	777,923
Cable television	227,578	-	-	227,578
Total general government	6,893,661	1,384,399	-	8,278,060
Community Development	518,274	-	-	518,274
Public Safety:				
Police	1,202,631	232,814	(32,640)	1,402,805
VFD	4,602,510	-	-	4,602,510
Total public safety	5,805,141	232,814	(32,640)	6,005,315
Public Works:				
Office	328,571	227,379	-	555,950
Highway and streets	34,321,950	233,849	-	34,555,799
Garage	7,594,970	613,840	(59,241)	8,149,569
Total public works	42,245,491	1,075,068	(59,241)	43,261,318
Recreation and Leisure Services	5,541,607	1,006,882	-	6,548,489
Library	731,013	33,384	-	764,397
Total Capital Assets	\$ 61,735,187	\$ 3,732,547	\$ (91,881)	\$ 65,375,853

Statistical Section

STATISTICAL SECTION

This part of the Township of Upper St. Clair's (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.

FINANCIAL TRENDS **125**

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 **131**

These schedules contain information to help the reader assess the factors affecting the Township's ability to generate its property and earned income taxes.

DEBT CAPACITY **136**

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 **139**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place and to help make comparisons over time and with other governments.

OPERATING INFORMATION **141**

These schedules contain information about the Township's operations and resources to help the reader understand how the Township's financial information relates to the services the Township provides and the activities it performs.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
NET POSITION BY COMPONENT
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities:										
Net investment in capital assets	\$ 13,309,613	\$ 10,553,342	\$ 8,011,677	\$ 8,034,786	\$ 8,411,732	\$ 9,191,787	\$ 9,565,271	\$ 12,206,904	\$ 11,742,657	\$ 18,182,053
Restricted	937,539	734,973	61,563	55,668	53,595	63,569	75,132	103,072	172,370	-
Unrestricted	<u>10,625,856</u>	<u>11,280,786</u>	<u>12,728,794</u>	<u>11,655,684</u>	<u>9,772,177</u>	<u>8,312,020</u>	<u>7,188,704</u>	<u>3,233,407</u>	<u>7,251,247</u>	<u>8,392,398</u>
<i>Total governmental activities net position</i>	<u>\$ 24,873,008</u>	<u>\$ 22,569,101</u>	<u>\$ 20,802,034</u>	<u>\$ 19,746,138</u>	<u>\$ 18,237,504</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>
Business-type activities:										
Net investment in capital assets	\$ 2,620,113	\$ 2,765,099	\$ 4,665,935	\$ 3,381,614	\$ 4,268,647	\$ 5,073,371	\$ 5,421,613	\$ 3,074,988	\$ 4,160,016	\$ (2,724,318)
Restricted	-	-	-	-	-	-	239,946	1,730,385	-	-
Unrestricted	<u>9,641,526</u>	<u>7,199,256</u>	<u>3,584,109</u>	<u>3,166,730</u>	<u>1,619,532</u>	<u>1,347,301</u>	<u>1,921,179</u>	<u>2,212,468</u>	<u>690,568</u>	<u>1,630,289</u>
<i>Total business-type activities net position</i>	<u>\$ 12,261,639</u>	<u>\$ 9,964,355</u>	<u>\$ 8,250,044</u>	<u>\$ 6,548,344</u>	<u>\$ 5,888,179</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>
Primary government:										
Net investment in capital assets	\$ 15,929,726	\$ 13,318,441	\$ 12,677,612	\$ 11,416,400	\$ 12,680,379	\$ 14,265,158	\$ 14,986,884	\$ 15,281,892	\$ 15,902,673	\$ 15,457,735
Restricted	937,539	734,973	61,563	55,668	53,595	63,569	315,078	1,833,457	172,370	-
Unrestricted	<u>20,267,382</u>	<u>18,480,042</u>	<u>16,312,903</u>	<u>14,822,414</u>	<u>11,391,709</u>	<u>9,659,321</u>	<u>9,109,883</u>	<u>5,445,875</u>	<u>7,941,815</u>	<u>10,022,687</u>
<i>Total primary government net position</i>	<u>\$ 37,134,647</u>	<u>\$ 32,533,456</u>	<u>\$ 29,052,078</u>	<u>\$ 26,294,482</u>	<u>\$ 24,125,683</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>

Note: The 12/31/2014 governmental activities unrestricted net position has been restated to reflect an increase of \$255,757 due to implementation of GASB Statement No. 68 in 2015. Years prior to 2014 were not restated.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
 CHANGES IN NET POSITION
 LAST TEN YEARS
 ACCRUAL BASIS OF ACCOUNTING

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 275,040	\$ 320,275	\$ 215,840	\$ 171,596	\$ 245,033	\$ 203,960	\$ 126,048	\$ 161,381	\$ 194,347	\$ 290,640
Public safety	72,768	55,795	89,092	56,695	79,483	79,831	79,793	76,505	109,602	111,682
Public works	216,768	244,567	258,638	213,629	192,795	212,738	314,249	205,498	165,740	156,261
Recreation and leisure services	406,946	397,507	397,398	397,596	380,192	360,514	367,361	341,999	458,502	392,835
Library services	40,266	39,928	40,501	48,022	39,757	40,552	39,844	30,696	28,479	28,857
Operating grants and contributions	2,752,579	2,850,551	1,716,362	1,513,922	1,694,562	2,066,302	2,079,564	1,998,880	2,215,927	1,702,052
Capital grants and contributions	439,142	787,878	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>4,203,509</u>	<u>4,696,501</u>	<u>2,717,831</u>	<u>2,401,460</u>	<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>
Business-Type Activities:										
Charges for services:										
Sanitary sewer	6,475,486	5,758,183	5,694,915	4,704,317	4,444,772	4,557,526	4,600,781	4,190,374	3,255,368	3,263,687
Community & Recreation Center	4,180,268	4,108,877	3,895,680	3,618,973	3,407,437	2,939,551	2,343,866	773,514	-	-
Magazine	163,566	168,807	178,140	169,618	194,956	196,990	181,257	189,328	192,629	181,890
Capital grants and contributions	173,300	-	-	-	-	-	-	-	-	-
Total Business-type Activities Program Revenues	<u>10,992,620</u>	<u>10,035,867</u>	<u>9,768,735</u>	<u>8,492,908</u>	<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>
Total Primary Government Program Revenues	<u>\$ 15,196,129</u>	<u>\$ 14,732,368</u>	<u>\$ 12,486,566</u>	<u>\$ 10,894,368</u>	<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>
Expenses:										
Governmental Activities:										
General government	\$ 2,033,202	\$ 2,065,730	\$ 2,208,573	\$ 1,881,228	\$ 1,969,696	\$ 1,710,210	\$ 1,598,431	\$ 1,792,619	\$ 1,896,089	\$ 1,886,328
Public safety	5,611,527	5,496,330	5,224,826	5,306,190	5,295,002	5,512,388	5,222,198	5,015,395	5,104,920	4,740,958
Public works	9,114,710	8,825,279	7,522,628	7,437,013	6,933,331	7,031,591	6,348,680	6,642,722	6,697,107	6,447,776
Community development	432,808	600,344	662,534	647,435	595,879	621,524	613,555	588,260	580,012	598,348
Recreation and leisure services	676,689	1,282,956	1,956,555	1,357,804	1,424,070	1,163,232	1,537,256	1,383,560	1,372,072	922,993
Library services	1,105,351	1,084,582	1,028,723	1,029,614	990,268	970,768	993,302	976,118	990,068	982,761
Interest on long-term debt	675,113	610,013	599,991	619,556	1,307,383	1,157,682	833,091	881,616	909,256	586,863
Total Governmental Activities Expenses	<u>19,649,400</u>	<u>19,965,234</u>	<u>19,203,830</u>	<u>18,278,840</u>	<u>18,515,629</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>
Business-Type Activities:										
Sanitary sewer	5,247,286	5,181,155	4,965,703	4,863,183	5,593,228	5,938,028	4,066,040	4,061,501	4,282,366	5,420,245
Community & Recreation Center	4,820,135	4,597,784	4,527,770	4,402,999	4,411,897	4,232,528	4,005,602	3,141,178	424,485	-
Magazine	168,355	162,668	171,276	168,464	182,235	171,573	175,097	166,995	165,179	184,549
Total Business-Type Activities Expenses	<u>10,235,776</u>	<u>9,941,607</u>	<u>9,664,749</u>	<u>9,434,646</u>	<u>10,187,360</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>
Total Primary Government Expenses	<u>\$ 29,885,176</u>	<u>\$ 29,906,841</u>	<u>\$ 28,868,579</u>	<u>\$ 27,713,486</u>	<u>\$ 28,702,989</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>
Net (Expense)/Revenue:										
Governmental Activities	\$ (15,445,891)	\$ (15,268,733)	\$ (16,485,999)	\$ (15,877,380)	\$ (15,883,807)	\$ (15,203,498)	\$ (14,139,654)	\$ (14,465,331)	\$ (14,376,927)	\$ (13,483,700)
Business-Type Activities	756,844	94,260	103,986	(941,738)	(2,140,195)	(2,648,062)	(1,120,835)	(2,216,458)	(1,424,033)	(2,159,217)
Total Primary Government Net (Expense)/Revenue	<u>\$ (14,689,047)</u>	<u>\$ (15,174,473)</u>	<u>\$ (16,382,013)</u>	<u>\$ (16,819,118)</u>	<u>\$ (18,024,002)</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>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
CHANGES IN NET POSITION
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 8,285,971	\$ 7,960,376	\$ 7,921,103	\$ 7,869,860	\$ 7,678,794	\$ 7,581,309	\$ 7,601,395	\$ 5,623,627	\$ 4,265,916	\$ 4,447,434
Earned income taxes, levied for general purposes	8,529,885	8,210,827	8,286,351	8,213,525	7,891,581	7,767,269	7,110,203	7,605,811	7,276,599	7,383,217
Local services tax	280,677	267,060	274,454	274,724	253,863	246,702	239,909	224,964	220,686	335,590
Real estate transfer taxes	1,195,566	1,322,037	1,580,875	1,620,549	1,589,649	1,131,251	1,164,095	1,131,795	1,206,701	1,275,530
Franchise fees	497,472	465,655	442,645	431,849	405,416	383,056	399,122	303,737	297,199	260,552
Unrestricted investment earnings	18,087	13,476	13,013	13,543	11,942	12,860	19,887	87,856	781,040	533,716
Miscellaneous income	477,126	414,905	371,156	562,450	328,688	303,136	573,908	244,083	235,323	266,765
Transfers	<u>(1,534,986)</u>	<u>(1,618,536)</u>	<u>(1,603,459)</u>	<u>(1,600,486)</u>	<u>(1,605,998)</u>	<u>(1,483,816)</u>	<u>(1,683,141)</u>	<u>(4,379,433)</u>	<u>(7,314,714)</u>	<u>(400,000)</u>
Total Governmental Activities General Revenues	<u>17,749,798</u>	<u>17,035,800</u>	<u>17,286,138</u>	<u>17,386,014</u>	<u>16,553,935</u>	<u>15,941,767</u>	<u>15,425,378</u>	<u>10,842,440</u>	<u>6,968,750</u>	<u>14,102,804</u>
Business-Type Activities:										
Unrestricted investment earnings	5,454	1,515	2,730	1,417	1,704	2,178	2,591	4,282	27,264	54,797
Transfers	<u>1,534,986</u>	<u>1,618,536</u>	<u>1,594,978</u>	<u>1,600,486</u>	<u>1,605,998</u>	<u>1,483,816</u>	<u>1,683,141</u>	<u>4,379,433</u>	<u>7,314,714</u>	<u>400,000</u>
Total Business-Type Activities General Revenues	<u>1,540,440</u>	<u>1,620,051</u>	<u>1,597,708</u>	<u>1,601,903</u>	<u>1,607,702</u>	<u>1,485,994</u>	<u>1,685,732</u>	<u>4,383,715</u>	<u>7,341,978</u>	<u>454,797</u>
<i>Total Primary Government General Revenues</i>	<u>\$ 19,290,238</u>	<u>\$ 18,655,851</u>	<u>\$ 18,883,846</u>	<u>\$ 18,987,917</u>	<u>\$ 18,161,637</u>	<u>\$ 17,427,761</u>	<u>\$ 17,111,110</u>	<u>\$ 15,226,155</u>	<u>\$ 14,310,728</u>	<u>\$ 14,557,601</u>
Change in Net Position:										
Governmental Activities	\$ 2,303,907	\$ 1,767,067	\$ 800,139	\$ 1,508,634	\$ 670,128	\$ 738,269	\$ 1,285,724	\$ (3,622,891)	\$ (7,408,177)	\$ 619,104
Business-Type Activities	<u>2,297,284</u>	<u>1,714,311</u>	<u>1,701,694</u>	<u>660,165</u>	<u>(532,493)</u>	<u>(1,162,068)</u>	<u>564,897</u>	<u>2,167,257</u>	<u>5,917,945</u>	<u>(1,704,420)</u>
<i>Total Primary Government Change in Net Position</i>	<u>\$ 4,601,191</u>	<u>\$ 3,481,378</u>	<u>\$ 2,501,833</u>	<u>\$ 2,168,799</u>	<u>\$ 137,635</u>	<u>\$ (423,799)</u>	<u>\$ 1,850,621</u>	<u>\$ (1,455,634)</u>	<u>\$ (1,490,232)</u>	<u>\$ (1,085,316)</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN YEARS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:										
Nonspendable	\$ 256,463	\$ 227,513	\$ 222,152	\$ 224,084	\$ 219,282	\$ 221,447	\$ 244,366	\$ 213,834	\$ 188,689	\$ 165,816
Unassigned	3,283,902	3,131,837	3,123,147	3,116,240	3,094,204	3,086,678	3,057,259	3,037,296	3,038,388	3,053,951
<i>Total General Fund</i>	<u>3,540,365</u>	<u>3,359,350</u>	<u>3,345,299</u>	<u>3,340,324</u>	<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>
All Other Governmental Funds:										
Nonspendable	-	-	-	-	-	-	-	-	179	-
Restricted	621,964	67,920	61,563	55,668	53,595	63,569	75,132	103,072	172,191	104,176
Committed	744,723	624,690	917,874	836,526	811,891	790,018	751,085	753,807	4,895,849	4,222,759
Assigned	7,546,173	8,284,816	7,343,619	6,606,542	5,176,357	3,446,084	2,663,086	986,459	1,761,805	2,628,308
<i>Total all other governmental funds</i>	<u>8,912,860</u>	<u>8,977,426</u>	<u>8,323,056</u>	<u>7,498,736</u>	<u>6,041,843</u>	<u>4,299,671</u>	<u>3,489,303</u>	<u>1,843,338</u>	<u>6,830,024</u>	<u>6,955,243</u>
<i>Total governmental funds</i>	<u>\$ 12,453,225</u>	<u>\$ 12,336,776</u>	<u>\$ 11,668,355</u>	<u>\$ 10,839,060</u>	<u>\$ 9,355,329</u>	<u>\$ 7,607,796</u>	<u>\$ 6,790,928</u>	<u>\$ 5,094,468</u>	<u>\$ 10,057,101</u>	<u>\$ 10,175,010</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:										
Real estate taxes	\$ 8,287,441	\$ 7,993,594	\$ 7,924,247	\$ 7,933,009	\$ 7,594,848	\$ 7,562,427	\$ 7,594,974	\$ 5,591,417	\$ 4,320,622	\$ 4,224,466
Earned income taxes	8,844,793	8,382,576	8,285,627	8,116,839	7,994,030	7,673,079	7,088,403	7,592,892	7,436,388	7,209,380
Other taxes	1,476,243	1,589,097	1,855,329	1,895,274	1,843,512	1,377,954	1,404,005	1,356,759	1,427,387	1,611,120
Licenses and permits	180,235	239,881	237,113	142,928	229,485	190,735	115,129	154,182	132,857	127,409
Fees and fines	565,383	536,177	533,771	519,321	497,917	479,640	486,795	379,878	387,968	362,784
Rents	84,282	63,024	85,816	77,808	78,081	79,135	80,175	75,096	69,622	67,161
Interest	18,087	13,476	13,015	13,544	11,942	12,860	19,888	87,856	781,040	533,716
Service agreements	228,969	256,624	240,384	229,332	209,039	218,928	310,875	208,924	168,750	256,998
Other revenue and grants	3,722,142	4,094,573	2,037,152	2,028,775	1,969,924	2,321,137	2,619,552	2,189,044	2,487,420	2,002,506
Recreation fees	397,096	386,782	397,398	397,596	380,193	360,514	367,361	341,999	458,502	392,786
<i>Total revenues</i>	<u>23,804,671</u>	<u>23,555,804</u>	<u>21,609,852</u>	<u>21,354,426</u>	<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>
Expenditures:										
Current:										
General government	2,572,484	1,964,321	2,009,963	1,688,199	1,779,587	1,460,414	1,416,202	1,419,103	1,595,607	1,572,381
Community development	665,185	595,612	652,398	633,636	581,379	606,157	601,632	590,803	538,405	552,230
Public safety	5,282,773	4,916,972	4,876,933	4,924,588	4,907,575	5,184,892	4,852,329	4,613,928	4,542,883	4,484,316
Public works	8,113,419	8,071,391	6,260,401	6,398,842	6,031,128	6,156,570	5,763,983	5,627,138	5,953,407	5,483,089
Recreation and leisure services	1,615,926	2,381,799	1,876,316	1,209,286	1,243,426	1,092,286	1,036,398	1,152,387	1,502,056	1,138,985
Library services	1,127,011	1,076,164	1,021,138	1,026,043	981,289	958,240	973,510	942,506	978,409	955,070
Debt service:										
Principal retirement	4,707,569	578,790	575,097	562,882	649,189	966,974	439,020	434,189	335,000	345,000
Bond issuance costs	47,026	-	-	-	29,688	25,023	-	101,764	296,126	90,045
Interest	513,692	505,488	566,998	587,775	607,762	758,152	752,808	866,680	830,969	570,194
Capital outlay	1,659,260	1,178,310	1,337,830	1,238,957	735,603	799,253	1,246,674	2,890,842	5,340,963	3,593,380
<i>Total expenditures</i>	<u>26,304,345</u>	<u>21,268,847</u>	<u>19,177,074</u>	<u>18,270,208</u>	<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>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(2,499,674)</u>	<u>2,286,957</u>	<u>2,432,778</u>	<u>3,084,218</u>	<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>
Other Financing Sources (Uses):										
Transfers in	6,741,295	5,597,354	5,262,122	5,007,569	10,831,256	9,519,937	4,467,895	7,978,980	2,080,274	2,491,060
Transfers out	(8,276,281)	(7,215,890)	(6,865,580)	(6,608,054)	(12,437,254)	(11,003,753)	(6,151,036)	(12,358,413)	(2,580,274)	(2,891,060)
Debt proceeds	4,151,109	2,390,000	-	-	5,910,000	5,435,000	375,000	4,770,577	4,770,710	9,995,000
Bond issuance discount	-	-	-	-	-	-	-	(102,484)	(145,350)	(151,873)
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	-	(2,390,000)	-	-	(5,895,000)	(5,275,000)	-	(4,590,000)	-	-
<i>Total other financing sources (uses)</i>	<u>2,616,123</u>	<u>(1,618,536)</u>	<u>(1,603,458)</u>	<u>(1,600,485)</u>	<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>
Net Change in Fund Balance	<u>\$ 116,449</u>	<u>\$ 668,421</u>	<u>\$ 829,320</u>	<u>\$ 1,483,733</u>	<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>
Debt service as a percentage of non-capital expenditures	23.13%	5.73%	6.40%	6.76%	7.48%	10.02%	7.53%	8.26%	7.05%	6.08%
Debt service as a percentage of total expenditures	19.85%	5.10%	6.00%	6.30%	7.20%	9.60%	7.00%	7.00%	5.30%	4.90%

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

<u>Function/Program:</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities:										
General government	\$ 1,331,779	\$ 1,305,052	\$ 537,850	\$ 392,179	\$ 455,296	\$ 414,260	\$ 309,682	\$ 307,068	\$ 333,335	\$ 423,901
Public safety	443,701	451,951	292,969	269,288	288,219	458,667	269,540	258,949	352,813	321,966
Public works	1,448,357	1,459,674	861,629	787,666	872,303	1,057,360	846,497	745,842	795,333	680,683
Recreation and leisure services	642,946	1,150,507	693,398	619,215	703,584	726,745	1,246,443	1,130,521	1,313,824	895,328
Library services	336,726	329,317	331,985	333,112	312,420	306,865	334,697	372,579	377,292	360,449
Total governmental activities	<u>4,203,509</u>	<u>4,696,501</u>	<u>2,717,831</u>	<u>2,401,460</u>	<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>
Business-type activities:										
Sanitary sewer	6,648,786	5,758,183	5,694,915	4,704,317	4,444,772	4,557,526	4,600,781	4,190,374	3,255,368	3,263,687
Community & Recreation Center	4,180,268	4,108,877	3,895,680	3,618,973	3,407,437	2,939,551	2,343,866	773,514	-	-
Magazine	163,566	168,807	178,140	169,618	194,956	196,990	181,257	189,328	192,629	181,890
Total business-type activities	<u>10,992,620</u>	<u>10,035,867</u>	<u>9,768,735</u>	<u>8,492,908</u>	<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>
<i>Total primary government</i>	<u>\$ 15,196,129</u>	<u>\$ 14,732,368</u>	<u>\$ 12,486,566</u>	<u>\$ 10,894,368</u>	<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>

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>Township of Upper St. Clair</u>	<u>Upper St. Clair School District</u>	<u>Total Direct Tax Rate</u>	<u>Allegheny County</u>	
2016	3.8300	24.3388	28.1688	4.7300	32.8988
2015	3.8300	23.0355	26.8655	4.7300	31.5955
2014	3.8300	22.1957	26.0257	4.7300	30.7557
2013	3.8300	21.4130	25.2430	4.7300	29.9730
2012	4.6000	25.7180	30.3180	5.6900	36.0080
2011	4.6000	24.1000	28.7000	4.6900	33.3900
2010	4.6000	23.7700	28.3700	4.6900	33.0600
2009	3.4000	23.3700	26.7700	4.6900	31.4600
2008	2.6000	22.4500	25.0500	4.6900	29.7400
2007	2.6000	22.4500	25.0500	4.6900	29.7400

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

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

Year	<u>Real Property (1)</u>		Total Assessed Values of Real Property (2)	Ratio of Total Assessed to Estimated Actual Value	Township Municipal Millage Rate
	Taxable Residential Property	Taxable Commercial Property			
2016	\$ 1,865,053,725	\$ 277,900,782	\$ 2,142,954,507	100%	3.83
2015	1,837,866,159	256,965,782	2,094,831,941	100%	3.83
2014	1,814,416,259	258,064,782	2,072,481,041	100%	3.83
2013	1,817,314,850	212,734,932	2,030,049,782	100%	3.83
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

Source: Allegheny County Office of Property Assessments

(1) Assessed property values are determined by the Allegheny County Office of Property Assessments. Figures shown represent the County's certified values as of January of each year.

(2) The ratio shown here is the Pre-Determined Ratio established by the Allegheny County Office of Property Assessments. The Pennsylvania State Tax Equalization Board (STEB) separately calculates its own market values of property across the state. For 2015 (which is the most recent data available at the time of this report), the STEB's market value for Upper St. Clair Township was \$1,866,166,934, and the corresponding percent of assessed value to STEB market value was 113.03%.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
 PRINCIPAL REAL ESTATE TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>December 31, 2016</u>			<u>December 31, 2007</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>
South Hills Village Associates	\$ 89,715,450	1	4.19%	\$ 74,304,200	1	4.49%
Friendship Village of South Hills	38,225,900	2	1.78%	29,705,500	2	1.79%
Boyce Plaza Apartments	20,456,300	3	0.95%	-	-	0.00%
Target	11,462,200	4	0.53%	-	-	0.00%
1800 Washington Road Associates LP	10,699,300	5	0.50%	13,700,000	4	0.83%
Forty-Two Company LLC	9,100,000	6	0.42%	-	-	0.00%
Upper St. Clair Senior Living	8,391,200	7	0.39%	6,000,000	7	0.36%
McMurray Road Family Limited PTR	6,500,000	8	0.30%	6,065,900	6	0.37%
St. Clair Country Club	6,066,000	9	0.28%	5,850,600	8	0.35%
Painters Plaza Associates	5,018,200	10	0.23%	2,841,000	10	0.17%
Summerfield Village Associates	-	-	0.00%	6,886,700	5	0.42%
BDS South Hills Village Portfolio	-	-	0.00%	14,800,000	3	0.89%
Southwood Psychiatric Hospital	-	-	0.00%	2,900,000	9	0.18%
	\$ 205,634,550		9.57%	\$ 163,053,900		9.85%
Total Taxable Assessed Valuation	\$ 2,142,954,507			\$ 1,656,171,750		

Sources: Allegheny County Office of Property Assessments
 Jordan Tax Service

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 Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2016	\$ 8,264,875	\$ 8,008,623	96.90%	\$ -	\$ 8,008,623	96.90%
2015	8,074,337	7,942,520	98.37%	35,334	7,977,854	98.81%
2014	7,964,027	7,840,190	98.45%	24,810	7,865,000	98.76%
2013	7,902,624	7,752,196	98.10%	35,024	7,787,220	98.54%
2012	7,744,682	7,592,022	98.03%	138,632	7,730,654	99.82%
2011	7,605,691	7,406,208	97.38%	122,301	7,528,509	98.99%
2010	7,544,334	7,388,693	97.94%	123,826	7,512,519	99.58%
2009	5,550,845	5,431,400	97.85%	95,091	5,526,491	99.56%
2008	4,312,320	4,222,146	97.91%	89,157	4,311,303	99.98%
2007	4,303,582	4,199,948	97.59%	91,724	4,291,672	99.72%

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>
2016	0.80%	\$ 9,015,648	\$ (170,855)	\$ 8,844,793
2015	0.80%	8,613,182	(230,606)	8,382,576
2014	0.80%	8,458,337	(171,986)	8,286,351
2013	0.80%	8,327,496	(212,513)	8,114,983
2012	0.80%	8,311,311	(462,964)	7,848,347
2011	0.80%	7,898,936	(194,616)	7,704,320
2010	0.80%	7,330,549	(220,447)	7,110,102
2009	0.80%	7,822,046	(214,596)	7,607,450
2008	0.80%	7,729,883	(283,765)	7,446,118
2007	0.80%	7,390,217	(172,525)	7,217,692

Note: Earned income tax rate and collection amounts represent only the municipal share.
Upper St. Clair School District levies an earned income tax at a rate of 0.50%.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Year	General Obligations Bonds		General Obligation Notes		Total Primary Government	% of Taxable Assessed Valuation	% of Earned Income (1)	Debt per Capita (1)
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities				
2016	\$ 15,206,109	\$ 35,083,891	\$ 1,917,000	\$ 923,000	\$ 53,130,000	2.48%	4.81%	\$ 2,705
2015	15,289,569	32,770,428	2,390,000	1,160,000	51,609,997	2.46%	4.93%	2,627
2014	17,888,625	34,233,587	-	-	52,122,212	2.51%	5.03%	2,696
2013	18,430,663	34,952,793	-	-	53,383,456	2.63%	5.26%	2,758
2012	18,960,486	35,649,215	240,560	-	54,850,261	3.25%	5.59%	2,841
2011	19,492,640	36,420,820	265,326	-	56,178,786	3.33%	5.86%	2,915
2010	19,846,503	36,969,687	664,071	-	57,480,261	3.43%	6.49%	2,989
2009	20,247,500	37,585,479	311,838	-	58,144,817	3.48%	6.13%	3,112
2008	20,616,102	38,199,034	333,675	-	59,148,811	3.56%	6.36%	3,165
2007	16,304,140	10,827,222	354,584	-	27,485,946	1.66%	3.05%	1,466

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

(1) See the Schedule of Demographic and Economic Statistics on page 139 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>
2016	\$ 33,255,850	\$ 83,139,625	\$ 37,310,000	\$ 45,829,625	55.12%
2015	31,605,864	79,014,660	36,709,363	42,305,297	53.54%
2014	30,027,352	75,068,380	37,629,399	37,438,981	49.87%
2013	28,891,315	72,228,288	38,588,616	33,639,672	46.57%
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%

(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 Community & Economic Development.

(2) 250% of borrowing base

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2016

	<u>Gross Outstanding</u>
Nonelectoral Debt	
General Obligation Bonds, Series A of 2016	\$ 29,485,000
Federally Taxable General Obligation Bonds, Series B of 2016	1,075,000
General Obligation Note, Series of 2015	2,840,000
General Obligation Bonds, Series of 2012	9,895,000
General Obligation Bonds, Series of 2011	9,835,000
Total Nonelectoral Debt	53,130,000
Lease Rental Debt	-
Less Debt Deemed to be Subsidized / Self-Liquidating (1)	(15,820,000)
Total Direct Debt	\$ 37,310,000
Overlapping Debt	
Allegheny County (2) (3)	\$ 19,077,728
Upper St. Clair School District (2)	113,350,000
Total Overlapping Debt	132,427,728
Total Direct and Overlapping Debt	\$ 169,737,728

(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. This calculation includes \$7,145,000 of the 2016 Bonds, \$3,995,000 of the 2012 Bonds, and \$4,680,000 of the 2011 Bonds deemed to be self-liquidating under the Debt Act.

(2) Overlapping debt information is derived from information reported or otherwise available to the Pennsylvania Department of Community and Economic Development, and may not be complete.

(3) Represents Upper St. Clair Township's (Township) share (2.6%) of \$733,758,750 of outstanding non-electoral debt of Allegheny County. The proportional share is based on the ratio of the Township's assessed valuation to Allegheny County's assessed valuation for 2016.

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Earned Income (2)</u>	<u>Per Capita Earned Income (3)</u>	<u>Unemployment Rate (4)</u>
2016	19,644 (b)	\$ 1,105,599,125	\$ 56,282 (b)	4.6%
2015	19,644 (b)	1,047,822,000	53,341 (b)	3.8%
2014	19,335 (b)	1,035,793,875	53,571 (b)	4.2%
2013	19,354 (b)	1,014,372,875	52,412 (b)	5.5%
2012	19,304 (b)	981,043,375	50,821 (b)	6.8%
2011	19,270 (b)	959,134,875	49,773 (b)	6.5%
2010	19,229 (a)	886,050,375	46,079 (a)	6.8%
2009	18,686 (b)	949,111,500	50,793 (b)	6.8%
2008	18,690 (b)	929,548,500	49,735 (b)	5.4%
2007	18,752 (b)	901,172,500	48,057 (b)	4.1%

(1) Source: U. S. Census Bureau

(a) 2010 U.S. Census; (b) U.S. Census Bureau population estimates 2007-2016

(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 (data for all years were subject to revision on April 21, 2017).

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer:	2016			2007		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Upper St. Clair School District	587	1	10.80%	635	1	9.85%
Friendship Village	229	2	4.21%	273	4	4.24%
Target Corporation	204	3	3.75%	-	-	-
Township of Upper St. Clair	168	4	3.09%	165	7	2.56%
St. Clair County Club	156	5	2.87%	153	8	2.37%
OS Restaurant Services, Inc.	132	6	2.43%	207	6	3.21%
Dick's Sporting Goods	120	8	2.21%	-	-	-
Port Authority of Allegheny County	120	9	2.21%	142	9t	2.20%
Southwood Psychiatric Hospital	120	7	2.21%	135	11	2.09%
Sears Roebuck & Co.	90	10	1.66%	142	9t	2.20%
Consol Energy, Inc.	-	-	-	383	2	5.94%
YMCA of Pittsburgh	-	-	-	260	5	4.03%
Boscov's	-	-	-	300	3	4.65%
Total	1,926		35.44%	2,795		43.34%
Total Employees	5,437			6,445		

Source: Upper St. Clair Local Services Tax records

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government:										
Administration	8.00	7.00	7.00	7.00	7.00	7.50	7.50	7.00	7.00	6.00
Finance	3.50	3.50	3.50	3.50	3.50	3.00	3.00	3.00	3.00	4.00
Information technology	6.00	6.00	6.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
Community development:										
Administration	4.00	3.50	3.50	4.00	3.00	4.00	4.00	3.00	4.00	4.00
Inspection	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Public safety:										
Uniformed Police Officers	28.00	28.00	28.00	27.00	28.00	28.00	28.00	28.00	28.00	28.00
Other department personnel	7.00	7.00	7.00	7.00	7.00	6.00	6.00	7.00	7.00	7.00
Public works:										
Administration	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Inspection	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Laborers	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
Recreation and leisure services:										
Administration	3.50	3.50	3.50	3.50	3.50	3.00	3.00	3.00	3.00	3.00
Recreation Center personnel	14.00	14.00	13.00	13.00	13.00	13.00	12.00	11.00	2.00	0.00
Library:										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2
Librarians	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00
Total	118.50	117.00	116.00	114.50	114.50	113.00	111.00	109.50	101.50	99.50

Source: Township payroll and personnel records.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN YEARS

Function/program:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Community Development:</u>										
Building permits issued	276	301	288	278	261	260	272	267	281	209
Occupancy permits issued	72	71	51	28	22	34	31	65	54	45
Electrical permits issued	171	277	232	214	206	205	241	216	238	265
Sewer permits issued	26	16	44	19	25	6	6	12	14	10
<u>Public Works:</u>										
Roads resurfaced (linear miles)	4.02	4.70	4.00	4.00	3.00	3.00	3.00	3.00	3.00	4.00
Sanitary sewers rehabilitated (linear miles)	0.95	0.87	0.16	0.39	0.39	2.00	2.00	6.00	5.00	4.00
Snow storm call-outs	39	34	41	41	36	31	38	32	31	32
Storm sewer inlets and manholes rebuilt	65	65	85	73	87	64	62	52	113	97
Miles of roadway swept	2,108	3,289	1,502	1,486	1,337	1,800	1,786	500	N/A	N/A
Sidewalks built (square feet)	0	0	3,800	0	7,240	7,500	3,273	2,800	N/A	N/A
Requests for service	3,862	4,609	4,649	5,514	3,033	5,070	4,991	5,104	5,572	4,596
<u>Recreation:</u>										
Seasonal programs offered	12	13	13	13	13	14	14	14	14	14
Seasonal program attendees	3,339	3,482	3,252	3,167	3,335	3,193	3,101	3,028	3,928	4,260
Community and recreation center memberships	3,546	3,278	3,300	3,267	3,108	2,908	2,768	1,951	N/A	N/A
Community and recreation center individual members	9,788	10,272	10,975	10,810	10,306	9,624	8,887	6,371	N/A	N/A
<u>Police:</u>										
Calls for service	9,978	10,896	10,398	11,162	10,868	11,341	11,117	11,617	11,469	12,216
Total arrests	197	83	61	102	78	65	150	157	146	74
Part I offenses reported (major offenses)	135	96	122	109	102	137	106	119	134	96
Part I offenses cleared percentage	59%	36%	41%	41%	24%	22%	42%	29%	25%	32%
Part II offenses reported (other crimes)	140	138	156	249	179	172	191	165	182	223
Part I offenses cleared percentage	64%	65%	63%	54%	56%	74%	73%	66%	73%	73%
DUI arrests	19	11	16	22	14	17	20	16	23	24
Average response time (minutes)	3.7	2.4	2.2	2.8	2.9	2.9	2.8	2.8	2.9	2.9
<u>Library:</u>										
Circulation	355,780	375,615	375,233	372,868	387,204	394,641	373,669	342,891	332,695	191,057
Circulation per capita	18.50	19.53	19.51	19.39	20.14	20.52	18.63	17.10	16.59	9.53
Visits	161,286	153,593	162,853	154,144	155,808	171,752	171,752	N/A	N/A	N/A
Visits per capita	8.39	7.99	8.47	8.02	8.10	8.93	8.56	N/A	N/A	N/A

Sources: Upper St. Clair Township

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/program:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>General Government:</u>										
Square footage occupied (1)	11,000	11,000	11,000	11,000	11,000	11,000	11,000	5,000	5,000	5,000
Staff vehicles	3	3	3	3	3	3	3	2	2	2
<u>Community Development:</u>										
Square footage occupied (1)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Inspection vehicles	2	2	2	2	2	2	2	3	3	3
<u>Public Works:</u>										
Municipal street (street miles)	84	84	84	84	84	84	84	84	84	84
Number of traffic lighted intersections	11	11	11	11	11	11	11	11	11	11
Sanitary sewers (miles)	157	157	157	157	157	157	157	157	157	157
Storm sewers (miles)	50	50	50	50	50	50	50	50	50	50
Staff vehicles	4	4	4	4	4	3	3	4	4	4
Inspection vehicles	3	3	3	3	3	3	3	3	3	3
Utility trucks	16	17	18	18	18	18	20	18	25	25
Dump trucks	9	9	8	8	8	9	9	9	n/a	n/a
Public works building square footage	36,500	36,500	36,500	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	1	1	1
Number of parks	15	15	15	15	15	15	15	15	15	14
Acreage of park land and open space	747	747	747	747	747	747	747	747	747	747
Recreation centers	2	2	2	2	2	2	2	2	1	1
Recreation center square footage	96,500	96,500	96,500	96,500	96,500	96,500	96,500	96,500	6,500	6,500
Basketball courts	12	12	12	12	12	12	12	12	10	10
Tennis courts	10	10	10	10	10	10	10	10	10	10
Ball fields	12	12	12	12	12	12	12	12	12	8
<u>Public Safety:</u>										
Square footage occupied (1)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Police vehicles	17	17	17	17	17	17	17	17	17	17
<u>Library:</u>										
Square footage occupied (1)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

(1) Square footage occupied within the Township Municipal Building.

Source: Township of Upper St. Clair