

# Township of Upper St. Clair, Pennsylvania

## Comprehensive Annual Financial Report

Year Ended December 31, 2017



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2017

## **2018 BOARD OF COMMISSIONERS**

Mark D. Christie, President

Nicholas J. Seitanakis, Vice President

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Robert W. Orchowski

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Ronald J. Pardini

## **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, 2017

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# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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June 15, 2018

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, 2017, 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, 2017 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, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **PROFILE OF THE GOVERNMENT**

The Township of Upper St. Clair was incorporated in 1788 as one of the original seven townships of Allegheny County located in southwestern Pennsylvania. In January 1954, Upper St. Clair was designated a First Class Township of the Commonwealth of Pennsylvania. On January 1, 1976, Upper St. Clair officially became a Home Rule Community when its Home Rule Charter went into effect. The Township currently occupies a land area of 10 square miles and serves a population estimated at 19,521 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), planning and community development, 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 (USCVFD), a self-governing organization independent of the Township, and are not included in this report other than to report any financial support the Township provides to the USCVFD. Emergency and non-emergency medical transport services are provided by Tri-Community South Emergency Medical Services (TCS), which is a joint venture of the Township and 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 carrying out the Township's goals through financial planning and control. The Township Manager is required to present a proposed budget 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 35 as part of the basic financial statements for governmental funds. For governmental funds, other than the general fund, and proprietary funds with appropriated annual budgets, budget-to-actual comparisons can be found on pages 105-116.

## **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 steadily during the past 40 years, with relatively minimal impact from regional economic changes. During the past ten years, the unemployment rate of Allegheny County has fluctuated from a high of 6.8% in 2009 and 2010 to its current 10-year low point of 4.2% in 2017. 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 of this report illustrates steady to rising collections from both major taxes – real estate tax and earned income tax. The Township’s economic outlook remains positive, as the real estate and earned income tax bases are expected to continue to show growth in the short term. This will allow the Township to continue providing quality municipal services as expected by its residents.

## **LONG-TERM FINANCIAL PLANNING**

Unassigned fund balance in the General Fund (15.4 percent of total general fund revenues) continues to be well above the minimum acceptable amount established by policy guidelines set by the Board of Commissioners for budgetary and planning purposes (i.e. 8 percent of total general fund revenues). 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 approximately \$8.5 million at the end of 2017, 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.

Another area of uncertainty is the future cost of stormwater compliance. Municipalities throughout the United States are under a Federal mandate requiring a stormwater management program for reducing pollution impacts from stormwater runoff. This mandate is tied to Municipal Separate Storm Sewer System (MS4) regulations enforced by the Pennsylvania Department of Environmental Protection (PADEP) and the Environmental Protection Agency (EPA). The Township has been studying the issue and developing plans, but the full cost impact is not yet known. It is possible that new funding mechanisms may have to be considered to cover the costs of stormwater compliance in future years.

## **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 2017. 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. Two new segments of the Perimeter Trail in Boyce Mayview Park were constructed. The first segment begins along Boyce Road and runs to the Community Gardens. The second segment takes the trail from the gardens, along Morton Road, and terminates near Rostron Drive. Combined, the two segments add 1.5 miles of pavement to the now 4-mile trail located around the perimeter of Boyce Mayview Park. The Township received over \$450,000 of grant funding to help fund these trail segments, and will continue to seek grant funding to support future trail segments.

Despite the continued state of regional uncertainty that exists under the interim Administrative Consent Order, the Township continued to make improvements to its sanitary sewer system in 2017. Projects completed in 2017 include the final phase of the Brush Run Pump Station renovations (new electric motors and pumps), construction of a new Brush Run force main, inflow source reduction, and ongoing maintenance and repairs.

The Township completed the first of two phases in implementing an automated accounts payable system. The first phase has streamlined the payments process, cut costs, and provided operational efficiencies and enhanced controls. It features electronic payment options for vendors, and generates payment rebate revenue for the General Fund. The next phase will include paperless invoice receiving and review, simplifying the process leading up to vendor payment. Once fully implemented, the automated accounts payable solution will provide greater efficiency across all departments, and position the Township for the future of the rapidly evolving payments industry.

Long-term planning and design of traffic signal improvements throughout the Township continued in 2017. Staff completed cost studies and prioritization of each signalized intersection, and continued to aggressively seek grant funding and intergovernmental cooperation opportunities for assistance in completing the desired improvements.

## 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, 2016. It was the twenty-ninth (29th) consecutive year that the Township 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 this 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 Department of Finance. 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, CPFO  
Director of Finance

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CERTIFICATE OF ACHIEVEMENT

YEAR ENDED DECEMBER 31, 2017



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

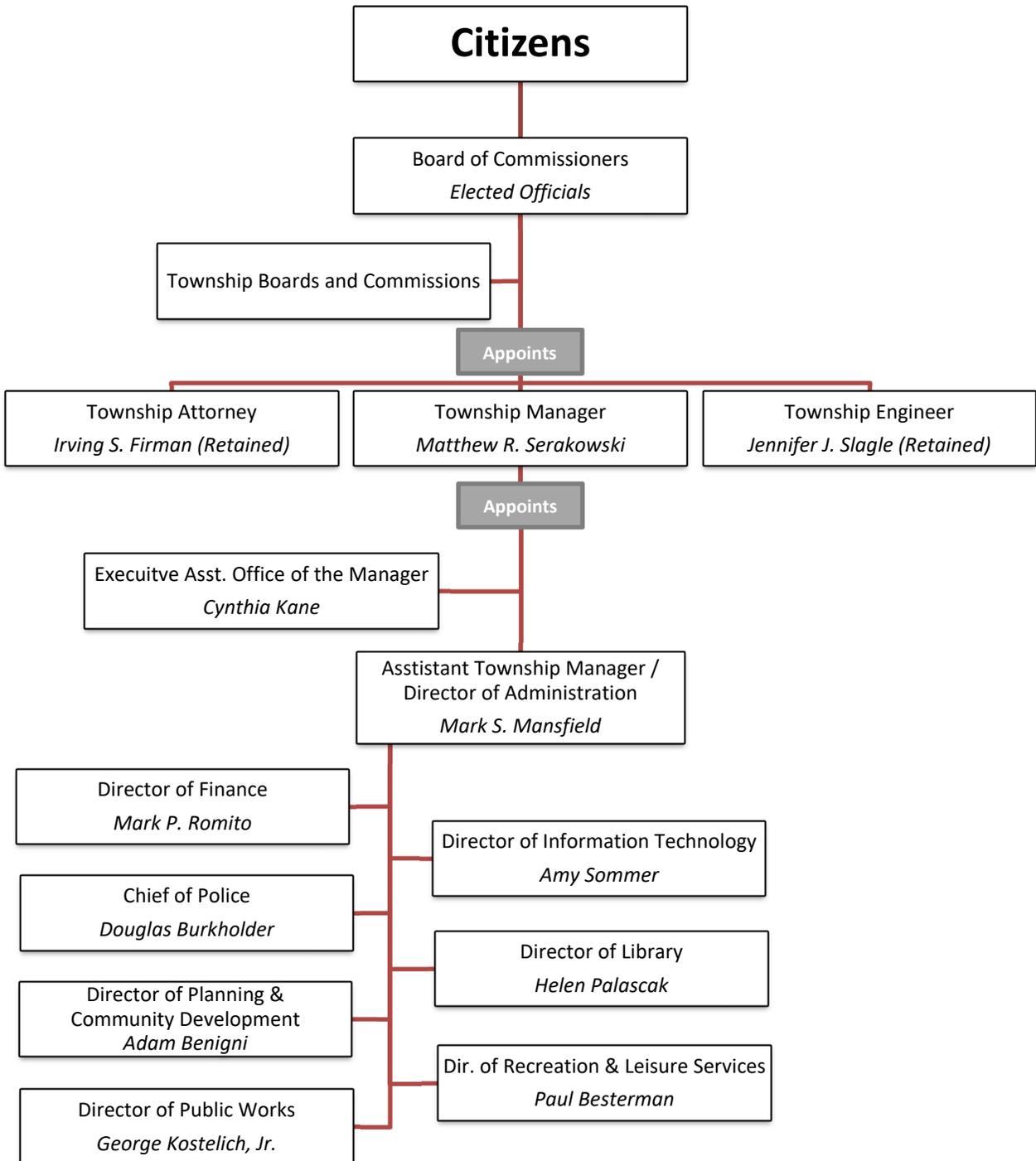
**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

ORGANIZATIONAL CHART  
YEAR ENDED DECEMBER 31, 2017



## **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, 2017, 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, 2017, 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 16 through 28, 89 through 94, and 95 through 97 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.

Board of Commissioners  
Township of Upper St. Clair, Pennsylvania  
Independent Auditor's Report

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.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
June 15, 2018

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2017

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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, 2017. This information should be reviewed in conjunction with the Township's financial statements that begin on page 29.

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

### **FINANCIAL HIGHLIGHTS**

- At December 31, 2017, the Township's net position was \$41,214,252, an increase of \$4,079,605 or 11.4% from 2016. The increase was due to the continued strong performance of revenues over expenses, despite overall expenses increasing more than overall revenues compared to the prior year (5.1% and 3.3%, respectively).
- The unrestricted net position was \$23,071,537 at December 31, 2017, a net increase of \$2,804,155 or 13.8% from the prior year. The governmental activities portion increased by \$252,640 primarily due to stronger revenue growth, particularly with earned income tax and real estate transfer tax. The business-type activities portion increased by \$1,791,352 due mostly to operating income of positive operating results in both the Sanitary Sewer Fund and the Boyce Mayview Community & Recreation Center Fund.
- At December 31, 2017, the Township had \$51,555,000 of general obligation debt outstanding. This represents a net decrease of approximately \$1,575,000 or 3.0% from the previous year. The Debt outstanding represents a manageable burden of \$2,641 per capita, the Township's lowest level since 2007.
- Standard & Poor's Global Ratings Service once again assigned a rating of AA+/stable to the Township's 2017 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 2017.
- The total fund balance of the Township's General Fund at December 31, 2017 was \$3,700,233, an increase of \$159,868 from the preceding year. The unassigned fund balance in the General Fund at December 31, 2017 was \$3,440,485, which represents 23.9% of the General Fund's current expenditures for fiscal year 2017, and 15.4% of the General Fund's revenues.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

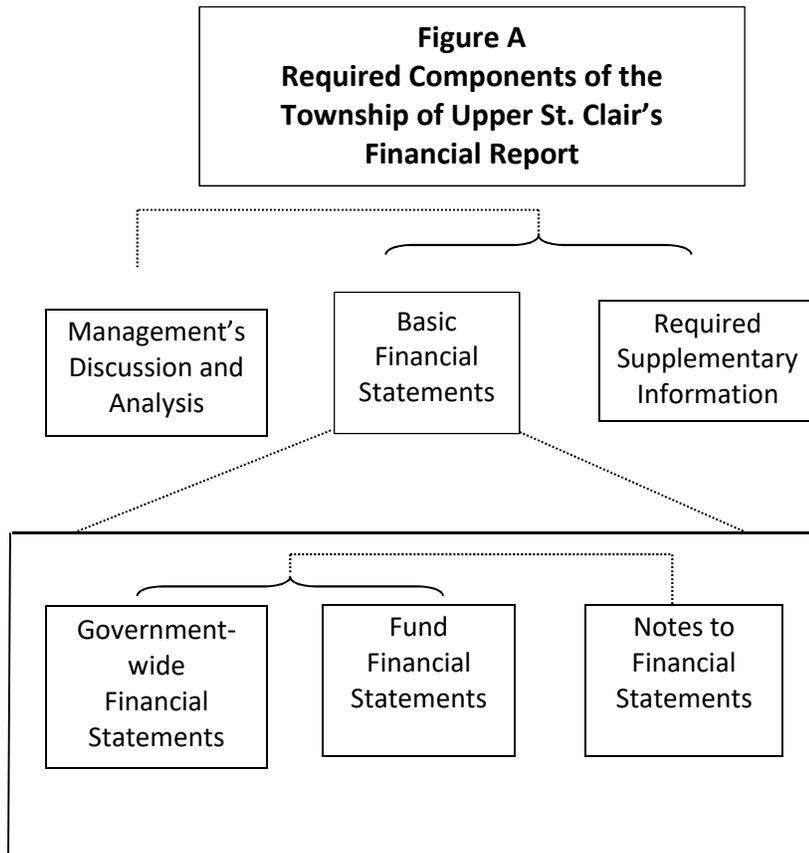
YEAR ENDED DECEMBER 31, 2017

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### USING THE BASIC FINANCIAL STATEMENT REPORT

This Basic Financial Statement Report consists of a transmittal letter and a Financial Section. Within the Financial Section are the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. The statement of net position and statement of activities, on pages 29 and 30 respectively, provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund Financial Statements, which start on page 31, provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the Township's most significant funds with all other non-major funds presented in total in one column. For 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, 2017

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### Reporting the Township as a Whole

#### Government-wide Financial Statements

While the Fund Financial Statements beginning on page 31 contain the majority of funds used by the Township to provide programs and activities, the Statement of Net Position and the Statement of Activities answer the question, "How did we do financially during 2017?" These statements, beginning on page 29, include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities – Most of the Township's basic services are included here, such as general government, public safety, public works, community development, recreation, and library services. Earned income taxes and property taxes finance most of these activities.
- Business-type activities – The Township operates a sanitary sewer system, a magazine publication, and a community & recreation center. The sanitary sewer system is funded through fees to users of the system. The magazine publication is financed through advertisements. 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 31, provide detailed information about the most significant funds – not the Township as a whole. Some funds are required by state law and by bond requirements.

**Governmental funds:** Most of the Township's 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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2017

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fund statements provide a detailed short-term view of the Township's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's services. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reflected in a reconciliation after each fund statement on pages 32 and 34.

**Proprietary funds:** These funds are used to account for the Township's activities that are similar to business operations in the private sector. A significant portion of funding is from user charges. When the Township charges for services it provides – whether to outside customers or to other units in the Township – these services are generally reported in proprietary funds. The Sanitary Sewer Fund, the Township/School District Magazine Fund, and the Community & Recreation Center Fund are the Township's proprietary funds and use the same basis of accounting as business-type activities. Therefore, these statements are the same as the business-type activities discussed above. The basic proprietary fund financial statements can be found on pages 36 through 38 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 39 through 40 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 41 through 87 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 89 through 97 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 103.

### **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 \$41,214,252 and \$37,134,647 at December 31, 2017 and 2016, respectively. The largest portion of the Township's net position (56%) 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, 2017

**Table 1**  
**December 31**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>ASSETS</b>						
Current and other assets	\$17,140,469	\$15,473,310	\$13,255,021	\$13,247,065	\$30,395,490	\$28,720,375
Capital assets	32,061,823	30,294,041	35,870,028	35,601,475	67,931,851	65,895,516
<b>TOTAL ASSETS</b>	<b>49,202,292</b>	<b>45,767,351</b>	<b>49,125,049</b>	<b>48,848,540</b>	<b>98,327,341</b>	<b>94,615,891</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	2,730,007	1,348,660	1,322,759	1,201,702	4,052,766	2,550,362
<b>LIABILITIES</b>						
Current and other liabilities	1,873,561	2,432,887	1,061,980	1,105,539	2,935,541	3,538,426
Long-term liabilities:						
Due within one year	860,991	837,637	1,089,010	1,102,363	1,950,001	1,940,000
Due in more than one year	18,664,868	18,257,098	34,655,270	35,580,701	53,320,138	53,837,799
<b>TOTAL LIABILITIES</b>	<b>21,399,420</b>	<b>21,527,622</b>	<b>36,806,260</b>	<b>37,788,603</b>	<b>58,205,680</b>	<b>59,316,225</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	2,960,175	715,381	-	-	2,960,175	715,381
<b>NET POSITION</b>						
Net investment in capital assets	15,481,351	13,309,613	2,208,670	2,620,113	17,690,021	15,929,726
Restricted	1,212,857	937,539	-	-	1,212,857	937,539
Unrestricted	10,878,496	10,625,856	11,432,878	9,641,526	22,311,374	20,267,382
<b>TOTAL NET POSITION</b>	<b>\$27,572,704</b>	<b>\$24,873,008</b>	<b>\$13,641,548</b>	<b>\$12,261,639</b>	<b>\$41,214,252</b>	<b>\$37,134,647</b>

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 unrestricted net position (\$23,071,537) 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 \$1,325,285 and \$1,534,986 for 2017 and 2016, respectively, governmental revenues for 2017 totaled \$24,570,342, while governmental revenues for 2016 amounted to \$23,488,293. This 4.6% increase in governmental revenue from 2016 amounted to \$1,082,049, and provided funds that were sufficient to cover the total governmental expenditures of \$20,545,361. For 2017, governmental revenues exceeded governmental expenses by \$4,024,981 or 19.6% due to increases in real estate and earned income tax revenues as well as reduced public works expenditures. The business-type funds reported that revenues exceeded expenses by \$54,624 for 2017 – a fairly even outcome. The results of this year's operations as a whole are reported in the statement of activities on page 30. All expenses are reported in the first column. Specific

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2017

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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**  
**Year Ended December 31, 2017**

	<u>2017</u>	<u>2016</u>
Earned income taxes, levied for general purposes	\$ 8,867,789	\$ 8,529,885
Property taxes, levied for general purposes	8,269,372	8,285,971
Real estate transfer taxes	1,324,561	1,195,566
Local services tax	293,106	280,677

The 2017 financial statements offer a view of the financial condition of the Township on a consolidated basis. For example, investment earnings (statement of activities, page 30) not only include interest earnings in the General Fund, but also interest earnings in the regular Capital Projects Fund and all other Governmental Funds.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2017

Table 3 summarizes total revenues for the current year, with comparative data from 2016.

**Table 3**  
**Years Ended December 31**  
**Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,124,034	\$ 1,011,788	\$ 11,011,181	\$ 10,819,320	\$ 12,135,215	\$ 11,831,108
Operating grants and contributions	2,646,047	2,752,579	-	-	2,646,047	2,752,579
Capital grants and contributions	1,012,654	439,142	-	173,300	1,012,654	612,442
General revenues:						
Property taxes	8,269,372	8,285,971	-	-	8,269,372	8,285,971
Earned income taxes	8,867,789	8,529,885	-	-	8,867,789	8,529,885
Local services taxes	293,106	280,677	-	-	293,106	280,677
Real estate transfer tax	1,324,561	1,195,566	-	-	1,324,561	1,195,566
Franchise fees	480,793	497,472	-	-	480,793	497,472
Unrestricted investment earnings	56,004	18,087	56,875	5,454	112,879	23,541
Miscellaneous	495,982	477,126	-	-	495,982	477,126
Total revenues	24,570,342	23,488,293	11,068,056	10,998,074	35,638,398	34,486,367
<b>Expenses:</b>						
General government	2,217,582	2,033,202	-	-	2,217,582	2,033,202
Public safety	5,927,084	5,611,527	-	-	5,927,084	5,611,527
Public works	8,210,920	9,114,710	-	-	8,210,920	9,114,710
Community Development	650,305	432,808	-	-	650,305	432,808
Recreation and leisure services	1,564,093	676,689	-	-	1,564,093	676,689
Library services	1,109,795	1,105,351	-	-	1,109,795	1,105,351
Interest on long-term debt	865,582	675,113	-	-	865,582	675,113
Sanitary sewer	-	-	6,121,986	5,247,286	6,121,986	5,247,286
Community and recreation center	-	-	4,728,637	4,820,135	4,728,637	4,820,135
Magazine	-	-	162,809	168,355	162,809	168,355
Total expenses	20,545,361	19,649,400	11,013,432	10,235,776	31,558,793	29,885,176
<b>Change in Net Position Before Transfers</b>	4,024,981	3,838,893	54,624	762,298	4,079,605	4,601,191
Transfers	(1,325,285)	(1,534,986)	1,325,285	1,534,986	-	-
<b>Change in Net Position</b>	2,699,696	2,303,907	1,379,909	2,297,284	4,079,605	4,601,191
Net position - beginning	24,873,008	22,569,101	12,261,639	9,964,355	37,134,647	32,533,456
Net position - ending	\$ 27,572,704	\$ 24,873,008	\$ 13,641,548	\$ 12,261,639	\$ 41,214,252	\$ 37,134,647

Program revenues within governmental activities increased by \$579,226 in 2017 mostly due to one-time grants received for capital projects. Business-type activities saw minimal change in program revenues as the \$191,861 increase in charges for services from sanitary sewer user fee revenues was mostly offset by the \$173,300 reduction in capital grants and contributions which was anticipated due to a one-time grant receipt in 2016.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2017

Within general revenues, the most significant change from the prior year was a \$337,904 (4.0%) increase in earned income tax revenue, demonstrating sustained growth in residents' wages. Another significant change was a \$128,995 (10.8%) increase in real estate transfer tax which resulted from a healthy real estate market. Franchise fees declined \$16,679 (3.4%), reflecting a declining trend in cable TV subscription revenue from which the Township's franchise fees are derived.

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**  
**Years Ended December 31**  
**Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<b>Functions/Programs:</b>		
General government	\$ 2,217,582	\$ 640,660
Public safety	5,927,084	5,490,524
Public works	8,210,920	6,816,234
Community development	650,305	650,305
Recreation and leisure services	1,564,093	525,061
Library services	1,109,795	774,260
Interest on long-term debt	865,582	865,582
	<u>\$ 20,545,361</u>	<u>\$ 15,762,626</u>
Total expenses		
		<u>\$ 15,762,626</u>
Total required from local taxes and other		

The dependence upon local tax revenues for governmental activities is apparent. The Township had expenses for governmental activities of \$20.55 million, of which only \$4.78 million was supported by program-specific charges, grants, and contributions. As a result, an additional \$15.76 million of support had to be covered by local taxes and miscellaneous revenues. In other words, approximately 77 percent of all government activities were supported through taxes and miscellaneous revenues in 2017. This is down slightly from 79 percent 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, 2017

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### 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 operation had program revenue of \$6.93 million and expenses of \$6.12 million. Sanitary sewer user fees are collected monthly, providing the revenues needed to cover expenses. Net position in this fund increased \$836,964 in 2017. The Township/School District Magazine operations had program revenues nearly equal to its expenses of \$.16 million. Print advertisements provide the majority of the revenue needed to cover this operation's expense. Net position saw a slight \$678 decrease in 2017. The Community & Recreation Center had program revenues of \$3.92 million and expenses of \$4.73 million. The membership fees are designed to cover the operating costs of the Center, while general tax revenues fund the debt service costs associated with the original construction of the facility, including non-operating results, net position for the Community & Recreation Center increased \$543,623 from 2017.

### 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 33 is summarized in Table 5.

**Table 5**  
**Years 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	\$ 3,540,365	\$ 7,546,173	\$ 1,366,687	\$ 12,453,225
Net Change in Fund Balance	<u>159,868</u>	<u>905,766</u>	<u>(121,644)</u>	<u>943,990</u>
Ending Fund Balance	<u>\$ 3,700,233</u>	<u>\$ 8,451,939</u>	<u>\$ 1,245,043</u>	<u>\$ 13,397,215</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 2017 original budget. The budgeting system is designed with internal controls that assign responsibility for each Township Department's budget to the managing Department

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2017

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Director with overall responsibility assigned to the Township Manager. The Department Directors are each responsible for their individual program areas.

For the General Fund, revenues were above budget expectations by \$1,390,286. This amount is the net result of increases in all revenue areas except recreation fees which were slightly off (\$9,318 below expectations). Expenditures were under appropriations by \$983,824 due to favorable expenses and controlled spending in all Township departments. 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, 2017, the Township's Governmental Activities had \$32,061,823 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 \$1,767,782 or 5.8% from last year. In 2017, capital investments in the categories of infrastructure and equipment both saw significant increases of over \$1,000,000, excluding depreciation.

The Township's Business-type Activities had infrastructure of \$35,870,028 in capital assets, covering construction in progress, infrastructure, buildings, and equipment as of December 31, 2017. The amount includes depreciation totaling \$24,133,794 of which \$5,509,850 is the Community & Recreation Center Building. Detail of capital asset activity for 2017 can be found in Note No. 5 on pages 72 through 73 and in the section entitled "*Capital Assets Used in the Operation of Governmental Funds*" found on pages 122 through 125.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2017

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

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Land	\$ 2,369,717	\$ 2,369,717	\$ -	\$ -
Construction in progress	71,677	80,235	-	-
Infrastructure	15,153,713	14,492,270	20,418,854	13,113,499
Buildings	7,449,359	7,225,937	13,941,793	21,067,072
Improvements other than buildings	2,746,703	2,795,386	-	-
Equipment	4,225,197	3,273,306	1,509,381	1,420,904
Library assets	45,457	57,190	-	-
	\$ 32,061,823	\$ 30,294,041	\$ 35,870,028	\$ 35,601,475

### Debt Administration

The Township had total outstanding bond and note principal of \$51.56 million and \$53.13 million as of December 31, 2017 and 2016, respectively. The Township made principal payments on its outstanding bonds and notes in 2017, including refunding the Series of 2011 and 2012 bonds, totaling \$11,697,637 for governmental activity debt and \$9,692,363 for business-type activity debt. New debt was incurred in 2017 to refund the Series of 2011 and 2012 bonds. Of this new debt, \$11,155,000 was governmental activity and \$8,660,000 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 74 through 79.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2017

**Table 7**  
**Years Ended December 31**  
**General Obligation Bonds and Notes**

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Series of 2011 - Bonds	\$ -	\$ 5,155,000	\$ -	\$ 4,680,000
Series of 2012 - Bonds	-	5,900,000	-	3,995,000
G.O. Note - 2015	1,444,000	1,917,000	686,000	923,000
Series of 2016 - Bonds	4,031,472	4,151,109	25,648,528	26,408,891
Series A of 2017 - Bonds	5,250,000	-	4,655,000	-
Series B of 2017 - Bonds	5,855,000	-	3,985,000	-
	<u>\$ 16,580,472</u>	<u>\$ 17,123,109</u>	<u>\$ 34,974,528</u>	<u>\$ 36,006,891</u>

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The revenue budget for 2018 is \$515,012, or 1.3% higher than the final 2017 budget. Local revenues are expected to increase 2.6% over in 2018, reflecting a continuing trend of increasing real estate tax, earned income tax, and transfer tax revenues as well as sanitary sewer user fees. State revenues are expected to be 10.0% higher in 2017 due mainly to increased pension state aid and liquid fuels tax revenues. The use of fund reserves is expected to decrease by 8.3% in 2018. The reserves designated for use are primarily in the Township's Capital Fund Budget, which aligns with the Township's long-term goals to pay for certain capital projects using existing reserves instead of issuing debt. The overall change in budgeted expenditures increased 1.3% from 2017. There are larger fluctuations in public safety and recreation, which are both a result of annual changes in the capital projects planning from year to year. The Township's largest fund, the General Fund, is budgeted to have a 3.2% increase in operating expenditures from 2017. The comparison of budgeted revenue and expenditure categories between the two years is listed in Table 8.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2017

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

	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>		
Local	\$ 33,512,160	\$ 32,662,013
State	1,448,880	1,316,939
Fund reserve	<u>5,144,852</u>	<u>5,611,928</u>
Total	<u>\$ 40,105,892</u>	<u>\$ 39,590,880</u>
<b>Expenses:</b>		
General government	\$ 3,482,327	\$ 3,540,345
Public safety	5,689,399	6,113,750
Public works	17,324,127	17,382,126
Community development	760,311	697,262
Recreation and leisure services	8,355,649	7,643,419
Library services	1,240,130	1,265,704
Debt service/fund transfers/reserve	<u>3,253,949</u>	<u>2,948,274</u>
Total	<u>\$ 40,105,892</u>	<u>\$ 39,590,880</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.

### **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](mailto:romito@twpusc.org).

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## STATEMENT OF NET POSITION

DECEMBER 31, 2017

Assets	Primary Government		Total
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 12,423,397	\$ 12,713,706	\$ 25,137,103
Tax receivables, net	2,795,748	-	2,795,748
Other receivables, net	672,777	659,170	1,331,947
Internal balances	117,855	(117,855)	-
Prepaid assets	259,748	-	259,748
Net pension asset	870,944	-	870,944
Capital assets, not being depreciated	2,441,394	-	2,441,394
Capital assets, net of accumulated depreciation	14,466,716	21,928,235	36,394,951
Infrastructure assets, net of accumulated depreciation	15,153,713	13,941,793	29,095,506
<b>Total Assets</b>	<b>49,202,292</b>	<b>49,125,049</b>	<b>98,327,341</b>
<b>Deferred Outflows of Resources</b>			
Deferred charges on bond refundings	-	1,322,759	1,322,759
Pension related	2,730,007	-	2,730,007
<b>Total Deferred Outflows of Resources</b>	<b>2,730,007</b>	<b>1,322,759</b>	<b>4,052,766</b>
<b>Liabilities</b>			
Accounts payable	964,275	965,898	1,930,173
Accrued wages payable	211,856	-	211,856
Unearned revenue	-	96,082	96,082
Refundable deposits	717,430	-	717,430
Noncurrent liabilities:			
Bonds/notes payable due in one year	860,991	1,089,010	1,950,001
Net other postemployment benefits due in more than one year	2,206,413	-	2,206,413
Net pension liability	718,974	-	718,974
Bonds/notes payable due in more than one year	15,719,481	34,655,270	50,374,751
<b>Total noncurrent liabilities</b>	<b>19,505,859</b>	<b>35,744,280</b>	<b>55,250,139</b>
<b>Total Liabilities</b>	<b>21,399,420</b>	<b>36,806,260</b>	<b>58,205,680</b>
<b>Deferred Inflows of Resources</b>			
Pension related	2,960,175	-	2,960,175
<b>Net Position</b>			
Net investment in capital assets	15,481,351	2,208,670	17,690,021
Restricted for:			
State Liquid Fuels expenses	49,095	-	49,095
Boyce Mayview Park grant expenses	213,769	-	213,769
Library expenses and service	79,049	-	79,049
Pension benefits	870,944	-	870,944
Unrestricted	10,878,496	11,432,878	22,311,374
<b>Total Net Position</b>	<b>\$ 27,572,704</b>	<b>\$ 13,641,548</b>	<b>\$ 41,214,252</b>

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, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	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	\$ 2,217,582	\$ 362,090	\$ 800,853	\$ 413,979	\$ (640,660)	\$ -	\$ (640,660)			
Public safety	5,927,084	70,388	366,172	-	(5,490,524)	-	(5,490,524)			
Public works	8,210,920	247,179	848,832	298,675	(6,816,234)	-	(6,816,234)			
Community development	650,305	-	-	-	(650,305)	-	(650,305)			
Recreation and leisure services	1,564,093	408,032	331,000	300,000	(525,061)	-	(525,061)			
Library services	1,109,795	36,345	299,190	-	(774,260)	-	(774,260)			
Interest on long-term debt	865,582	-	-	-	(865,582)	-	(865,582)			
Total governmental activities	20,545,361	1,124,034	2,646,047	1,012,654	(15,762,626)	-	(15,762,626)			
Business-type activities:										
Sanitary sewer	6,121,986	6,926,885	-	-	-	804,899	804,899			
Community & recreation center	4,728,637	3,922,165	-	-	-	(806,472)	(806,472)			
Magazine	162,809	162,131	-	-	-	(678)	(678)			
Total business-type activities	11,013,432	11,011,181	-	-	-	(2,251)	(2,251)			
<b>Total primary government</b>	\$ 31,558,793	\$ 12,135,215	\$ 2,646,047	\$ 1,012,654	(15,762,626)	(2,251)	(15,764,877)			
General revenues:										
Taxes:										
Property taxes, levied for general purposes					8,269,372	-	8,269,372			
Earned income taxes, levied for general purposes					8,867,789	-	8,867,789			
Local services tax					293,106	-	293,106			
Real estate transfer taxes					1,324,561	-	1,324,561			
Franchise fees (5% of gross cable receipts)					480,793	-	480,793			
Unrestricted investment earnings					56,004	56,875	112,879			
Miscellaneous					495,982	-	495,982			
Transfers					(1,325,285)	1,325,285	-			
Total general revenues and transfers					18,462,322	1,382,160	19,844,482			
<b>Change in Net Position</b>					2,699,696	1,379,909	4,079,605			
Net position - beginning					24,873,008	12,261,639	37,134,647			
Net position - ending					\$ 27,572,704	\$ 13,641,548	\$ 41,214,252			

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

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

DECEMBER 31, 2017

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 5,666,564	\$ 5,429,447	\$ -	\$ 1,327,386	\$ 12,423,397
Real estate taxes receivable	445,461	-	-	-	445,461
Earned income taxes receivable	2,350,287	-	-	-	2,350,287
Due from other funds	557,626	3,379,314	-	31,812	3,968,752
Other receivables	643,377	-	-	29,400	672,777
Prepaid assets	259,748	-	-	-	259,748
<b>Total Assets</b>	<b>\$ 9,923,063</b>	<b>\$ 8,808,761</b>	<b>\$ -</b>	<b>\$ 1,388,598</b>	<b>\$ 20,120,422</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 473,602	\$ 350,822	\$ -	\$ 139,851	\$ 964,275
Due to other funds	3,847,193	-	-	3,704	3,850,897
Accrued wages payable	211,856	-	-	-	211,856
Refundable deposits	711,430	6,000	-	-	717,430
<b>Total Liabilities</b>	<b>5,244,081</b>	<b>356,822</b>	<b>-</b>	<b>143,555</b>	<b>5,744,458</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - taxes	978,749	-	-	-	978,749
<b>Fund Balance:</b>					
Nonspendable	259,748	-	-	-	259,748
Restricted:					
State Liquid Fuels expenses	-	-	-	49,095	49,095
Boyce Mayview Park grant expenses	-	-	-	213,769	213,769
Library expenses and services	-	-	-	79,049	79,049
Committed:					
Storm Sewer improvements	-	-	-	191,590	191,590
Field improvements	-	-	-	271,710	271,710
Infrastructure projects	-	-	-	439,830	439,830
Assigned:					
Capital projects	-	8,451,939	-	-	8,451,939
Unassigned	3,440,485	-	-	-	3,440,485
<b>Total Fund Balance</b>	<b>3,700,233</b>	<b>8,451,939</b>	<b>-</b>	<b>1,245,043</b>	<b>13,397,215</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 9,923,063</b>	<b>\$ 8,808,761</b>	<b>\$ -</b>	<b>\$ 1,388,598</b>	<b>\$ 20,120,422</b>

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, 2017

<b>Total Fund Balance - Governmental Funds</b>	\$	13,397,215
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<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.</p>		32,061,823
<p>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.</p>		978,749
<p>The net pension asset is not a current financial resource and, therefore, is not reported in the fund financial statements.</p>		870,944
<p>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.</p>		(230,168)
<p>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:</p>		
Bonds and notes payable, net of discounts and premiums	\$ (16,580,472)	
Net other postemployment benefit obligation	(2,206,413)	
Net pension liability	(718,974)	
	(19,505,859)	(19,505,859)
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>27,572,704</u></b>

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, 2017

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Real estate taxes	\$ 8,263,249	\$ -	\$ -	\$ -	\$ 8,263,249
Earned income taxes	8,869,902	-	-	-	8,869,902
Other taxes	1,617,667	-	-	-	1,617,667
Licenses and permits	254,663	-	-	6,400	261,063
Fees and fines	570,142	-	-	-	570,142
Rents	90,167	-	-	-	90,167
Interest	20,560	30,329	-	5,115	56,004
Service agreements	249,909	-	-	-	249,909
Other revenue and grants	1,977,105	721,654	-	1,491,413	4,190,172
Recreation fees	368,657	-	-	29,400	398,057
<b>Total revenues</b>	<b>22,282,021</b>	<b>751,983</b>	<b>-</b>	<b>1,532,328</b>	<b>24,566,332</b>
<b>Expenditures:</b>					
Current:					
General government	1,980,967	247,667	-	1,250	2,229,884
Community development	632,237	18,068	-	-	650,305
Public safety	5,061,132	228,374	-	-	5,289,506
Public works	5,380,797	1,392,403	-	959,302	7,732,502
Recreation and leisure services	443,520	158,996	-	1,927,915	2,530,431
Library services	868,469	112,050	-	229,747	1,210,266
<b>Total current</b>	<b>14,367,122</b>	<b>2,157,558</b>	<b>-</b>	<b>3,118,214</b>	<b>19,642,894</b>
Capital outlay:					
General government	-	320,321	-	-	320,321
Public safety	-	715,063	-	-	715,063
Public works	-	310,325	-	-	310,325
Recreation and leisure services	-	-	-	-	-
<b>Total capital outlay</b>	<b>-</b>	<b>1,345,709</b>	<b>-</b>	<b>-</b>	<b>1,345,709</b>
Debt service:					
Principal retirement	-	-	11,697,637	-	11,697,637
Interest	-	-	487,805	-	487,805
Bond issuance costs	-	-	278,012	-	278,012
<b>Total debt service</b>	<b>-</b>	<b>-</b>	<b>12,463,454</b>	<b>-</b>	<b>12,463,454</b>
<b>Total expenditures</b>	<b>14,367,122</b>	<b>3,503,267</b>	<b>12,463,454</b>	<b>3,118,214</b>	<b>33,452,057</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>7,914,899</b>	<b>(2,751,284)</b>	<b>(12,463,454)</b>	<b>(1,585,886)</b>	<b>(8,885,725)</b>
<b>Other Financing Sources (Uses):</b>					
Interfund transfers in	-	4,087,050	1,308,454	1,464,242	6,859,746
Interfund transfers out	(7,755,031)	(430,000)	-	-	(8,185,031)
Issuance of refunding bonds	-	-	11,155,000	-	11,155,000
<b>Total other financing sources (uses)</b>	<b>(7,755,031)</b>	<b>3,657,050</b>	<b>12,463,454</b>	<b>1,464,242</b>	<b>9,829,715</b>
<b>Net Change in Fund Balance</b>	<b>159,868</b>	<b>905,766</b>	<b>-</b>	<b>(121,644)</b>	<b>943,990</b>
Fund balance - beginning	3,540,365	7,546,173	-	1,366,687	12,453,225
Fund balance - ending	<b>\$ 3,700,233</b>	<b>\$ 8,451,939</b>	<b>\$ -</b>	<b>\$ 1,245,043</b>	<b>\$ 13,397,215</b>

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, 2017

**Net Change in Fund Balance - Governmental Funds** \$ 943,990

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.

	\$	3,503,356	
Capital outlay for capital assets			
Less: depreciation expense		(1,735,574)	1,767,782

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. 4,010

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. (147,300)

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. (311,658)

Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. (11,155,000)

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. 11,697,637

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. (138,681)

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 decreased by this amount during the year. 38,916

**Change in Net Position - Governmental Activities** \$ 2,699,696

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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
<b>Revenues:</b>				
Real estate taxes	\$ 8,055,000	\$ 8,055,000	\$ 8,263,249	\$ 208,249
Earned income taxes	8,531,000	8,531,000	8,869,902	338,902
Other taxes	1,249,000	1,249,000	1,617,667	368,667
Licenses and permits	174,275	174,275	254,663	80,388
Fees and fines	561,200	561,200	570,142	8,942
Rents	84,676	84,676	90,167	5,491
Interest	3,500	3,500	20,560	17,060
Service agreements	222,000	222,000	249,909	27,909
Other revenue and grants	1,633,109	1,633,109	1,977,105	343,996
Recreation fees	377,975	377,975	368,657	(9,318)
Total revenues	20,891,735	20,891,735	22,282,021	1,390,286
<b>Expenditures:</b>				
General government	2,107,595	2,107,595	1,980,967	126,628
Community development	679,762	679,762	632,237	47,525
Public safety	5,185,750	5,185,750	5,061,132	124,618
Public works	5,951,264	5,951,264	5,380,797	570,467
Recreation and leisure services	511,615	511,615	443,520	68,095
Library services	914,960	914,960	868,469	46,491
Total expenditures	15,350,946	15,350,946	14,367,122	983,824
<b>Excess (Deficiency) of Revenues over Expenditures</b>	5,540,789	5,540,789	7,914,899	2,374,110
<b>Other Financing Sources (Uses):</b>				
Interfund transfers out	(5,540,789)	(5,540,789)	(7,755,031)	(2,214,242)
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ 159,868	\$ 159,868

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, 2017

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	
<b>Current assets:</b>				
Cash and cash equivalents	\$ 5,742,207	\$ 6,971,499	\$ -	\$ 12,713,706
Accounts receivable	485,191	168,017	5,962	659,170
Due from other funds	15,221	-	166,974	182,195
<b>Total current assets</b>	<b>6,242,619</b>	<b>7,139,516</b>	<b>172,936</b>	<b>13,555,071</b>
<b>Capital assets:</b>				
Sewer lines, net of accumulated depreciation	13,941,793	-	-	13,941,793
Buildings and improvements, net of accumulated depreciation	-	20,418,854	-	20,418,854
Machinery and equipment, net of accumulated depreciation	991,896	515,836	1,649	1,509,381
<b>Total capital assets</b>	<b>14,933,689</b>	<b>20,934,690</b>	<b>1,649</b>	<b>35,870,028</b>
<b>Total Assets</b>	<b>21,176,308</b>	<b>28,074,206</b>	<b>174,585</b>	<b>49,425,099</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on bond refundings	626,064	696,695	-	1,322,759
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	911,567	53,610	721	965,898
Unearned revenues	-	95,082	1,000	96,082
Due to other funds	-	300,050	-	300,050
Current portion - bonds payable	565,826	523,184	-	1,089,010
<b>Total current liabilities</b>	<b>1,477,393</b>	<b>971,926</b>	<b>1,721</b>	<b>2,451,040</b>
<b>Noncurrent liabilities:</b>				
Bonds payable	15,950,070	18,705,200	-	34,655,270
<b>Total Liabilities</b>	<b>17,427,463</b>	<b>19,677,126</b>	<b>1,721</b>	<b>37,106,310</b>
<b>Net Position</b>				
Net investment in capital assets	(195,980)	2,403,001	1,649	2,208,670
Unrestricted	4,570,889	6,690,774	171,215	11,432,878
<b>Total Net Position</b>	<b>\$ 4,374,909</b>	<b>\$ 9,093,775</b>	<b>\$ 172,864</b>	<b>\$ 13,641,548</b>

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, 2017

	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	
<b>Operating Revenues:</b>				
Charges for services	\$ 6,926,885	\$ 3,922,165	\$ 162,131	\$ 11,011,181
<b>Operating Expenses:</b>				
Sewage treatment charges	3,563,573	-	-	3,563,573
Personnel services	257,079	2,082,976	50,546	2,390,601
Contractual services	1,113,066	1,023,031	106,090	2,242,187
Materials and supplies	4,857	212,171	5,258	222,286
Depreciation	691,715	759,704	915	1,452,334
Total operating expenses	5,630,290	4,077,882	162,809	9,870,981
<b>Operating Income (Loss)</b>	1,296,595	(155,717)	(678)	1,140,200
<b>Nonoperating Revenues (Expenses):</b>				
Interest income	32,065	24,810	-	56,875
Interest expense	(413,296)	(650,755)	-	(1,064,051)
Bond issuance costs	(78,400)	-	-	(78,400)
Total nonoperating revenues (expenses)	(459,631)	(625,945)	-	(1,085,576)
<b>Change in Net Position Before Interfund Transfers</b>	836,964	(781,662)	(678)	54,624
<b>Transfers:</b>				
Interfund transfers in	-	1,325,285	-	1,325,285
<b>Change in Net Position</b>	836,964	543,623	(678)	1,379,909
Net position - beginning	3,537,945	8,550,152	173,542	12,261,639
Net position - ending	<u>\$ 4,374,909</u>	<u>\$ 9,093,775</u>	<u>\$ 172,864</u>	<u>\$ 13,641,548</u>

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, 2017

	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
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers and users	\$ 6,826,270	\$ 3,877,527	\$ 166,660	\$ 10,870,457
Payment for treatment charges	(3,463,463)	-	-	(3,463,463)
Payments to employees	(257,079)	(2,082,976)	(50,546)	(2,390,601)
Payments for services	(1,113,066)	(1,004,523)	(105,369)	(2,222,958)
Payments to suppliers	(4,857)	(212,171)	(5,258)	(222,286)
Net cash provided by (used in) operating activities	<u>1,987,805</u>	<u>577,857</u>	<u>5,487</u>	<u>2,571,149</u>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Interfund receipts (payments)	(17,092)	1,245,219	(5,487)	1,222,640
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Purchases of capital assets	(1,610,621)	(110,266)	-	(1,720,887)
Principal paid on capital debt	(9,138,404)	(553,959)	-	(9,692,363)
Proceeds from issuance of debt	8,660,000	-	-	8,660,000
Bond issuance costs	(78,400)	-	-	(78,400)
Interest paid on capital debt, including capitalized interest	(480,796)	(644,870)	-	(1,125,666)
Net cash provided by (used in) capital and related financing activities	<u>(2,648,221)</u>	<u>(1,309,095)</u>	<u>-</u>	<u>(3,957,316)</u>
<b>Cash Flows From Investing Activities:</b>				
Investment income	32,065	24,810	-	56,875
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(645,443)	538,791	-	(106,652)
<b>Cash and Cash Equivalents:</b>				
Beginning of year	6,387,650	6,432,708	-	12,820,358
End of year	<u>\$ 5,742,207</u>	<u>\$ 6,971,499</u>	<u>\$ -</u>	<u>\$ 12,713,706</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating income (loss)	\$ 1,296,595	\$ (155,717)	\$ (678)	\$ 1,140,200
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	691,715	759,704	915	1,452,334
Changes in assets and liabilities				
Accounts receivable	(100,615)	81,663	6,989	(11,963)
Accounts payable	100,110	18,508	721	119,339
Unearned revenues	-	(126,301)	(2,460)	(128,761)
Total adjustments	<u>691,210</u>	<u>733,574</u>	<u>6,165</u>	<u>1,430,949</u>
Net cash provided by (used in) operating activities	<u>\$ 1,987,805</u>	<u>\$ 577,857</u>	<u>\$ 5,487</u>	<u>\$ 2,571,149</u>

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, 2017

<b>Assets</b>	
Cash and cash equivalents	\$ 2,257,351
Investments (at fair value):	
Exchange traded funds	9,535,296
Mutual funds	10,614,235
Investment trusts	3,784,902
Stocks	6,201,360
Accrued income receivable	52,441
Accounts receivable	40,523
	<hr/>
<b>Total Assets</b>	<b>32,486,108</b>
	<hr/>
<b>Net Position</b>	
Net position restricted for pension benefits	<u><u>\$ 32,486,108</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, 2017

### **Additions:**

<hr/>	
Contributions:	
Member contributions/rollovers	\$ 159,362
Township contributions	22,984
State aid	634,216
	<hr/>
Total contributions	816,562
	<hr/>
Investment income (loss):	
Net appreciation (depreciation) in fair value of investments	4,413,604
Less: investment expenses	(141,675)
	<hr/>
Net investment income (loss)	4,271,929
	<hr/>
Total additions	5,088,491
	<hr/>

### **Deductions:**

<hr/>	
Benefits	1,362,401
Withdrawal credits	58,819
Administrative expenses	23,279
	<hr/>
Total deductions	1,444,499
	<hr/>

**Increase (Decrease) in Plan Net Position** 3,643,992

### **Net Position:**

<hr/>	
Beginning of year	28,842,116
	<hr/>
End of year	\$ 32,486,108
	<hr/> <hr/>

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, 2017

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### 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, 2017, 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, 2017

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### 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, 2017. 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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under the accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, 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.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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.

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.

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# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 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 2011, 2012, 2015, 2016, 2017-A and 2017-B, the Sanitary Sewer Fund, the Boyce Mayview Community & Recreation 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

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# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

amount is included as internal balances in the business-type activities column. Interfund services provided and used are not eliminated in the process of consolidation.

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 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, 2017 are summarized below:

Fund	Due From	Due To	Transfers In	Transfers Out
Major Funds:				
General Fund	\$ 557,626	\$ 3,847,193	\$ -	\$ 7,755,031
Capital Projects Fund	3,379,314	-	4,087,050	430,000
Debt Service Fund	-	-	1,308,454	-
Sanitary Sewer Fund	15,221	-	-	-
Boyce Mayview C&RC Fund	-	300,050	1,325,285	-
Other Enterprise Funds	166,974	-	-	-
Other Governmental Funds	31,812	3,704	1,464,242	-
	\$ 4,150,947	\$ 4,150,947	\$ 8,185,031	\$ 8,185,031
Total				

Outstanding interfund balances at year-end include a \$3,379,314 interfund balance between the General Fund and the Capital Projects Fund, primarily representing funds assigned to the Capital Projects Fund via a 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.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 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.

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.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 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, 2017, \$3,394,117 of the Township's bank balance of \$3,644,117 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 \$3,604,173 as of December 31, 2017.

### Investments

As of December 31, 2017, the Township's investments consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Investments:		
PLGIT	\$ 18,958,015	\$ 18,958,015
PSDLAF	2,574,915	2,574,915
	<u>21,532,930</u>	<u>21,532,930</u>
Total investments	<u>\$ 21,532,930</u>	<u>\$ 21,532,930</u>

At December 31, 2017, the total of PLGIT and PSDLAF 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) 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 is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. All

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# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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/PRIME accounts, there is a one-day holding period and withdrawals are limited to twice per calendar month.

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 and PSDLAF have maturities of less than one year.

*Credit Risk.* The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Township has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. At December 31, 2017, the Township's investments in PLGIT and PSDLAF 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, 2017, the Township had the following cash and investments in its pension trust funds:

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Exchange-traded funds:				
Fixed income	\$ 3,528,824	\$ 3,528,824	\$ -	\$ -
Equities	6,006,472	6,006,472	-	-
Total exchanged-traded funds	9,535,296	9,535,296	-	-
Mutual funds:				
Fixed income	5,103,493	5,103,493	-	-
Equities:				
Allocation	426,926	426,926	-	-
Mid-cap value	262,619	262,619	-	-
Large value	388,893	388,893	-	-
Large blend	386,722	386,722	-	-
Small blend	161,573	161,573	-	-
World stock	873,657	873,657	-	-
Small growth	231,292	231,292	-	-
Foreign large growth	598,202	598,202	-	-
Large growth	1,170,492	1,170,492	-	-
Real estate	207,384	207,384	-	-
Foreign large value	317,662	317,662	-	-
Foreign small/mid value	271,975	271,975	-	-
Foreign small/mid growth	213,345	213,345	-	-
Total mutual funds	10,614,235	10,614,235	-	-
Stocks:				
Industrials	687,040	687,040	-	-
Consumer discretionary	670,346	670,346	-	-
Consumer staples	480,495	480,495	-	-
Energy	490,992	490,992	-	-
Financial	996,550	996,550	-	-
Materials	305,724	305,724	-	-
Information technology	1,345,917	1,345,917	-	-
Real estate	94,856	94,856	-	-
Utilities	145,434	145,434	-	-
Health care	867,894	867,894	-	-
Telecommunication services	101,565	101,565	-	-
Unclassified	14,547	14,547	-	-
Total stocks	6,201,360	6,201,360	-	-
Total investments by fair value level	26,350,891	26,350,891	-	-
Investments measured at NAV:				
Investment trusts:				
Bond	278,932			
Balanced/asset allocation	2,313,808			
U.S. Stock	918,854			
International/global equity	231,425			
Specialty	41,883			
Total investments measured at NAV	3,784,902			
Total investments measured at fair value	\$ 30,135,793			

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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 \$2,257,351 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, 2017, none of the Pension Trust Fund investments were rated by Nationally Recognized Statistical Rating Organizations.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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*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, 2017, the Pension Trust Funds did not have any investments that represented 5% or more of total investments (excluding 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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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 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 estimated historical cost 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

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# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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 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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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.

### 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).

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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 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, 2017.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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*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, 2017 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, 2017 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, 2017 is described in the governmental funds balance sheet.

*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.”

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

*Boyce Mayview Community & Recreation Center Fund (C&RC Fund) Net Position.* As of December 31, 2017, the C&RC Fund had an unrestricted net position of \$6,690,774. 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, 2017:

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
2017	5,247,450	(4,077,882)	648,218	1,220	10,855,057

*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 2017 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact to the Township's financial statements.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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,”* establishes 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) and also clarifies certain provisions of Statements No. 67 and 68. Only certain provisions of this statement were effective in the current year, primarily those related to employers and governmental non-employer contributing entities for pension that are not within the scope of Statement No. 68. All applicable provisions were adopted with no significant impact to the financial statements.

GASB Statement No. 74, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,”* improves the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general-purpose external financial reports of OPEB plans.

GASB Statement No. 80, *“Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14,”* clarifies the financial statement presentation requirements for the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 81, *“Irrevocable Split-Interest Agreements,”* improves 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,”* addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements. The provisions of this statement have been adopted and incorporated into these financial statements.

### T. Pending Pronouncements

GASB has statements that will become effective in future years including Statement Nos. 75 (OPEB Employer), 82 (Pensions), 83 (Asset Retirement Obligations), 84 (Fiduciary Activities), 85 (Omnibus 2017), 86 (Certain Debt Extinguishment Issues), 87 (Leases), and

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# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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88 (Certain Disclosures Related to Debt). Management has not yet determined the impact of these statements on the financial statements.

### 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 2017 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, 2018	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 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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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, 2017.

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 hired prior to 1/1/2018; all public works employees hired on or after 1/1/2018 are offered a defined contribution plan. 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, 2017.

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 12 of this report.

At January 1, 2017, the date of the most recent census, participants in the Plans were as follows:

	<u>Police Pension Plan</u>	<u>Public Works Employees' Pension Plan</u>
Inactive plan members or beneficiaries currently receiving benefits	14	21
Inactive plan members entitled to but not yet receiving benefits	5	2
Active plan members	<u>23</u>	<u>27</u>
	<u>42</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

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# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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. During 2017, the plan was amended as a result of a new collective bargaining agreement to increase the service increment benefit by adding an additional \$100 for completion of 27 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).

*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 tracked as 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, 2017, there were four employees participating in the DROP.

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# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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*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 2017. 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 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.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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*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, 2017, participating employees in the Police Plan and Public Works Plan were required to contribute 5.0% and 2.5%, respectively, of their compensation. During the year, employee contributions to the Police Plan and Public Works Plan totaled \$120,908 and \$38,454, 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, 2017, the State Pension Aid contributed to the Police Plan totaled \$220,236 and the State Pension Aid contributed to the Public Works Plan totaled \$169,124. 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, 2017, the Township contributed \$0 to the Police Plan and \$22,984 to the Public Works Plan.

### F. Net Pension Liability (Asset)

The components of the net pension liability (asset) of the Plans at December 31, 2017 were as follows:

	Police Pension Plan	Public Works Employees' Pension Plan
Total pension liability	\$ 21,806,799	\$ 6,175,901
Plan fiduciary net position	(22,677,743)	(5,456,927)
Net pension liability (asset)	<u>\$ (870,944)</u>	<u>\$ 718,974</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>103.99%</u>	<u>88.36%</u>

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# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### 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, 2017 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2016	\$ 20,048,833	\$ 20,364,408	\$ (315,575)
Changes for the year:			
Service cost	298,860	-	298,860
Interest	1,500,060	-	1,500,060
Change of benefit terms	138,046	-	138,046
Differences between expected and actual experience	(790,329)	-	(790,329)
Change of assumptions	1,680,859	-	1,680,859
Contributions - employer	-	220,236	(220,236)
Contributions - employee	-	120,908	(120,908)
Net investment income	-	3,046,993	(3,046,993)
Benefit payments, including refunds	(1,069,530)	(1,069,530)	-
Administrative expense	-	(5,272)	5,272
Net changes	<u>1,757,966</u>	<u>2,313,335</u>	<u>(555,369)</u>
Balances at December 31, 2017	<u>\$ 21,806,799</u>	<u>\$ 22,677,743</u>	<u>\$ (870,944)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)			<u>103.99%</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

The changes in the net pension liability (asset) of the Township for the Public Works Employees' Pension Plan for the year ended December 31, 2017 were as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balances at December 31, 2016	\$ 5,557,399	\$ 4,819,331	\$ 738,068
Changes for the year:			
Service cost	69,779	-	69,779
Interest	413,706	-	413,706
Differences between expected and actual experience	(94,262)	-	(94,262)
Change of assumptions	522,150	-	522,150
Contributions - employer	-	192,108	(192,108)
Contributions - employee	-	38,454	(38,454)
Net investment income	-	716,473	(716,473)
Benefit payments, including refunds	(292,871)	(292,871)	-
Administrative expense	-	(16,568)	16,568
Net changes	<u>618,502</u>	<u>637,596</u>	<u>(19,094)</u>
Balances at December 31, 2017	<u>\$ 6,175,901</u>	<u>\$ 5,456,927</u>	<u>\$ 718,974</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)			<u>88.36%</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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*Actuarial Assumptions* – The total pension liability was determined by an actuarial valuation performed on January 1, 2017, and rolled forward to December 31, 2017, using the following actuarial assumptions, applied to all periods in the measurement:

	Police Pension Plan	Public Works Employees' Pension Plan
Actuarial assumptions:		
Investment rate of return	7.0%	7.0%
Projected salary increases	4.5%, including inflation	n/a
Underlying inflation rate	2.75%	2.75%
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-2014 Mortality Table, with 50% of the Blue Collar Adjustment (Public Works Employees only), with rates set forward 5 years for disabled members (Police only).

*Changes in Actuarial Assumptions* – The Police Pension Plan had the following changes in actuarial assumptions for the actuarial valuation performed as of January 1, 2017: inflation changed from 3.0% to 2.75%; investment rate of return changed from 7.5% to 7.0%; mortality changed from RP-2000 Mortality Table with Blue Collar adjustment and rates projected using 75% of scale AA to RP-2014 Mortality Table with improvement projected with rates derived from the Long-Range Demographic Assumptions for the 2015 SSA's Trustee's Report; and disability incidence changed from 60% of rates from Actuary's Pension Handbook to rates based on the SSA's 2010 projections disability incidence.

The Public Works Employees' Pension Plan had the following changes in actuarial assumptions for the actuarial valuation performed as of January 2017: inflation changed from 3.0% to 2.75%; investment rate of return changed from 7.5% to 7.0%; and mortality changed from RP-2000 Mortality Table with Blue Collar adjustment and rates projected using 75% of scale AA to RP-2014 Mortality Table with 50% of the Blue Collar adjustment and mortality improvement based on the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report.

*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,

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# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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, 2017:

Asset Class	Target Allocation		Long-Term Expected Rate 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, 2017, the annual money-weighted rate of return on the Police Plan and Public Works Employees' Plan investments, net of investment expense, was 14.84% and 14.19%, respectively.

*Discount Rate* – The discount rate used to measure the total pension liability for both the Police Plan and Public Works Plan was 7.0%. 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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Police	<u>\$ 1,470,768</u>	<u>\$ (870,944)</u>	<u>\$ (2,837,136)</u>
Public Works Employees'	<u>\$ 1,344,135</u>	<u>\$ 718,974</u>	<u>\$ 204,119</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

For the year ended December 31, 2017, the Township recognized pension expense of approximately \$683,479. At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police	Public Works Employees'	Total
<u>Deferred Outflow of Resources:</u>			
Changes in assumption	\$ 1,380,706	\$ 425,456	\$ 1,806,162
Net difference between projected and actual earnings on pension plan investments	734,703	189,142	923,845
Total deferred outflows of resources	\$ 2,115,409	\$ 614,598	\$ 2,730,007
	Police	Public Works Employees'	Total
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 984,739	\$ 225,240	\$ 1,209,979
Net difference between projected and actual earnings on pension plan investments	1,420,873	329,323	1,750,196
Total deferred inflows of resources	\$ 2,405,612	\$ 554,563	\$ 2,960,175

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

Year ending December 31,	Police	Public Works Employees'	Total
2018	\$ (18,470)	\$ 39,981	\$ 21,511
2019	(18,471)	39,979	21,508
2020	(152,481)	(49,472)	(201,953)
2021	(196,196)	(2,151)	(198,347)
2022	95,415	31,698	127,113
	\$ (290,203)	\$ 60,035	\$ (230,168)

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 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. At December 31, 2017, the Township has \$4,351,438 accumulated in a trust for purposes of providing pensions through this plan.

The amount contributed by the Township to the plan for the year ended December 31, 2017 was \$244,856 or 7.3% of the approximately \$3.4 million in wages paid to participants. The Township had no liability outstanding at December 31, 2017. 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 12 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.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### 5. Capital Assets

A summary of changes in capital assets during 2017 is as follows:

	January 1, 2017	Increases	Decreases	December 31, 2017
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,369,717	\$ -	\$ -	\$ 2,369,717
Construction in progress	80,235	71,677	(80,235)	71,677
Capital assets being depreciated:				
Infrastructure	34,555,799	1,185,258	-	35,741,057
Buildings	14,856,006	478,177	-	15,334,183
Improvements	3,999,760	81,983	-	4,081,743
Equipment	8,749,939	1,766,496	(225,285)	10,291,150
Library assets	764,397	-	-	764,397
	<u>65,375,853</u>	<u>3,583,591</u>	<u>(305,520)</u>	<u>68,653,924</u>
Less: accumulated depreciation for:				
Infrastructure	(20,063,529)	(523,815)	-	(20,587,344)
Buildings	(7,630,069)	(254,755)	-	(7,884,824)
Improvements	(1,204,374)	(130,666)	-	(1,335,040)
Equipment	(5,476,633)	(814,605)	225,285	(6,065,953)
Library assets	(707,207)	(11,733)	-	(718,940)
	<u>(35,081,812)</u>	<u>(1,735,574)</u>	<u>225,285</u>	<u>(36,592,101)</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 30,294,041</u>	<u>\$ 1,848,017</u>	<u>\$ (80,235)</u>	<u>\$ 32,061,823</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
C&RC building	\$ 25,928,704	\$ -	\$ -	\$ 25,928,704
Sewer lines and improvements	29,796,598	1,256,499	-	31,053,097
Equipment	2,557,633	464,388	-	3,022,021
	<u>58,282,935</u>	<u>1,720,887</u>	<u>-</u>	<u>60,003,822</u>
Less: accumulated depreciation for:				
C&RC building	(4,861,632)	(648,218)	-	(5,509,850)
Sewer lines and improvements	(16,463,791)	(647,513)	-	(17,111,304)
Equipment	(1,356,037)	(156,603)	-	(1,512,640)
	<u>(22,681,460)</u>	<u>(1,452,334)</u>	<u>-</u>	<u>(24,133,794)</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 35,601,475</u>	<u>\$ 268,553</u>	<u>\$ -</u>	<u>\$ 35,870,028</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

Governmental activities:	
General government	\$ 223,091
Public safety	367,641
Public works	948,123
Recreation and leisure	178,403
Library	18,316
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 1,735,574</u>
Business-type activities:	
Sanitary Sewer	\$ 691,715
Community & Recreation Center	759,704
Magazine	915
	<hr/>
Total depreciation expense - business-type activities	<u>\$ 1,452,334</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### 6. Changes in Long-Term Debt

	Amounts Payable as of January 1, 2017	New Debt	Amortization/ Repayment	Amounts Payable as of December 31, 2017	Due Within One Year
<b>Governmental Activities:</b>					
Bonds/notes payable	\$ 17,123,109	\$ 11,155,000	\$ (11,697,637)	\$ 16,580,472	\$ 860,991
Less deferred amounts:					
Bond premium	-	-	-	-	-
Issuance discounts	(161,355)	-	161,355	-	-
	<u>16,961,754</u>	<u>11,155,000</u>	<u>(11,536,282)</u>	<u>16,580,472</u>	<u>860,991</u>
Governmental activities long-term liabilities	<u>\$ 16,961,754</u>	<u>\$ 11,155,000</u>	<u>\$ (11,536,282)</u>	<u>\$ 16,580,472</u>	<u>\$ 860,991</u>
<b>Business-type Activities:</b>					
Bonds/notes payable	\$ 36,006,891	\$ 8,660,000	\$ (9,692,363)	\$ 34,974,528	\$ 1,089,010
Less deferred amounts:					
Bond premium	803,220	-	(33,468)	769,752	-
Issuance discounts	(127,047)	-	127,047	-	-
	<u>36,683,064</u>	<u>8,660,000</u>	<u>(9,598,784)</u>	<u>35,744,280</u>	<u>1,089,010</u>
Business-type activities long-term liabilities	<u>\$ 36,683,064</u>	<u>\$ 8,660,000</u>	<u>\$ (9,598,784)</u>	<u>\$ 35,744,280</u>	<u>\$ 1,089,010</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 7. Description of Long-Term Debt

*Issue:* General Obligation Bonds of 2011

*Date:* November 15, 2011

*Original Proceeds:* \$10,205,000

*Purpose:* The proceeds were used to refund \$9,935,000 of the Township's General Obligation Bonds of 2006. As of December 31, 2017, there is no defeased debt outstanding related to the 2006 General Obligation Bonds.

The General Obligation Bonds of 2011 were currently refunded during 2017.

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*Issue:* General Obligation Bonds of 2012

*Date:* February 6, 2012

*Original Proceeds:* \$9,925,000

*Purpose:* The proceeds were used to refund \$9,732,386 of the Township's General Obligation Bonds of 2007. As of December 31, 2017, there is no defeased debt outstanding related to the 2007 General Obligation Bonds.

The General Obligation Bonds of 2012 were currently refunded during 2017.

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# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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*Issue:* General Obligation Note of 2015

*Date:* May 15, 2015

*Original Proceeds:* \$3,550,000

*Principal Amount at December 31, 2017:* \$2,130,000

*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
2018	\$ 478,000	\$ 20,156	\$ 232,000	\$ 10,078
2019	478,000	13,437	232,000	6,719
2020	<u>488,000</u>	<u>6,737</u>	<u>222,000</u>	<u>3,369</u>
Total	<u>\$ 1,444,000</u>	<u>\$ 40,330</u>	<u>\$ 686,000</u>	<u>\$ 20,166</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

*Issue:* General Obligation Bonds of 2016

*Date:* November 18, 2016

*Original Proceeds:* \$30,560,000

*Principal Amount at December 31, 2017:* \$29,680,000

*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 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
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	124,068	132,769	790,932	845,356
2023-2027	680,159	593,405	4,329,842	3,778,320
2028-2032	918,694	454,485	5,791,306	2,893,953
2033-2037	1,531,649	205,421	9,423,351	1,357,279
2038-2041	307,953	6,159	2,337,043	81,741
Total	<u>\$ 4,031,472</u>	<u>\$ 1,956,323</u>	<u>\$ 25,648,528</u>	<u>\$ 12,547,706</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

*Issue:* General Obligation Bonds of 2017, Series A

*Date:* May 5, 2017

*Original Proceeds:* \$9,905,000

*Principal Amount at December 31, 2017:* \$9,905,000

*Interest Rate:* 2.00% – 3.125%

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

*Purpose:* The proceeds were used to current refund the General Obligation Bonds of 2011 and to pay the related issuance costs. As a result, the liability for the General Obligation Bonds of 2011 has been removed from the statement of net position.

The aggregate difference in the debt service payments between the General Obligation Bonds of 2011 and the refunding debt, General Obligation Bonds of 2017, Series A, is a decrease of \$393,915. The refunding of the General Obligation Bonds of 2011 by the General Obligation Bonds of 2017, Series A, resulted in an economic gain of \$323,498.

The annual debt service requirements to maturity for the General Obligation Bonds of 2017, Series A are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 75,000	\$ 170,772	\$ 35,000	\$ 77,623
2019	80,000	173,749	35,000	72,396
2020	85,000	176,074	35,000	67,721
2021	585,000	152,612	310,000	81,033
2022	600,000	136,621	325,000	74,199
2023-2027	3,150,000	460,932	1,780,000	258,517
2028-2032	675,000	42,942	1,765,000	157,801
2033	-	-	370,000	5,781
Total	<u>\$ 5,250,000</u>	<u>\$ 1,313,702</u>	<u>\$ 4,655,000</u>	<u>\$ 795,071</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

*Issue:* General Obligation Bonds of 2017, Series B

*Date:* August 29, 2017

*Original Proceeds:* \$9,910,000

*Principal Amount at December 31, 2017:* \$9,840,000

*Interest Rate:* 1.00% – 3.00%

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

*Purpose:* The proceeds were used to current refund the General Obligation Bonds of 2012 and to pay the related issuance costs. As a result, the liability for the General Obligation Bonds of 2012 has been removed from the statement of net position.

The aggregate difference in the debt service payments between the General Obligation Bonds of 2012 and the refunding debt, General Obligation Bonds of 2017, Series B, is a decrease of \$329,865. The refunding of the General Obligation Bonds of 2012 by the General Obligation Bonds of 2017, Series B, resulted in an economic gain of \$259,679.

The annual debt service requirements to maturity for the General Obligation Bonds of 2017, Series B are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 195,000	\$ 155,447	\$ 105,000	\$ 75,623
2019	195,000	149,665	110,000	76,855
2020	195,000	142,189	110,000	78,994
2021	225,000	143,071	125,000	73,199
2022	220,000	141,804	125,000	69,253
2023-2027	1,215,000	614,247	670,000	335,055
2028-2032	3,610,000	449,577	740,000	134,775
2033-2036	-	-	2,000,000	143,100
Total	<u>\$ 5,855,000</u>	<u>\$ 1,796,000</u>	<u>\$ 3,985,000</u>	<u>\$ 986,854</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### 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, 2017. Vacation days may be carried forward only upon approval of the Township Manager. At December 31, 2017, 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 October 1, 2014, the Township will pay 100% of the amount of medical insurance premium in effect at the time of retirement, less the employee's medical insurance premium contribution percentage that was 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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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will provide a fully employer-paid Medicare Supplement Plan (Security Blue HMO Value Rx Plan + \$30 per month) until the retiree dies. 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 October 1, 2014, this coverage is not provided.

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, 2017, the date of the most recent actuarial valuation report, there were 28 active plan participants and 12 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, 2017, the date of the most recent actuarial valuation report, there were 88 active plan participants and 19 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 October 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 2017, the Township incurred \$129,059 for post-employment health benefits (\$84,644 related to net premiums paid for current retirees and \$44,415 in contributions to VEBA accounts) and \$862 for post-employment life insurance benefits. No amounts were required to be reimbursed by retirees receiving benefits. At December 31, 2017, the total of the VEBA account balances was \$895,831.

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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:

	<u>Police</u>	<u>Non-Uniformed</u>	<u>Total</u>
Annual required contribution	\$ 241,752	\$ 29,327	\$ 271,079
Interest on net OPEB obligation	71,270	5,947	77,217
Adjustment to annual required contribution	<u>(102,787)</u>	<u>(12,704)</u>	<u>(115,491)</u>
Annual OPEB cost	210,235	22,570	232,805
Contributions made	<u>(85,073)</u>	<u>(432)</u>	<u>(85,505)</u>
Increase in net OPEB obligation	125,162	22,138	147,300
Net OPEB obligation - beginning of year	<u>1,900,516</u>	<u>158,597</u>	<u>2,059,113</u>
Net OPEB obligation - end of year	<u>\$ 2,025,678</u>	<u>\$ 180,735</u>	<u>\$ 2,206,413</u>

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

### Police

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>% of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
December 31, 2015	\$ 361,054	38%	\$ 1,747,061
December 31, 2016	278,619	45%	1,900,516
December 31, 2017	210,235	40%	2,025,678

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### Non-Uniformed

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>% of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
December 31, 2015	\$ 30,110	1%	\$ 135,578
December 31, 2016	23,390	2%	158,597
December 31, 2017	22,570	2%	180,735

The ARC for the current year for the Police and Non-Uniformed Plans was computed as of January 1, 2017 using the following actuarial assumptions:

Valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Salary
Amortization period	30 year open period
Inflation rate	2.75%
Investment rate	3.75% compounded annually
Mortality	RP-2014 combined healthy mortality table 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	2018 - 6.00%; 2019, 2020 - 5.75%; 2021, 2022 - 5.50%; 2023, 2024 - 5.25%; 2025 and later - 5.00%

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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, 2011	\$ -	\$ 4,198,942	\$ 4,198,942	0.0%	\$ 2,480,361	169.3%
January 1, 2014	-	4,230,085	4,230,085	0.0%	2,510,689	168.5%
January 1, 2017	-	2,583,422	2,583,422	0.0%	2,413,686	107.0%
<u>Non-Uniformed Employees:</u>						
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%
January 1, 2017	-	298,213	298,213	0.0%	4,727,005	6.3%

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.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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### **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, 2017, the Township had approximately \$760,000 in commitments related to capital purchases and projects.

### **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. 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, 2017

### Pension Trust Fund Financial Information as of December 31, 2017

#### Plan Net Position

<u>Assets</u>	<u>Police</u>	<u>Public Works Employees'</u>	<u>Administrative &amp; Management</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,518,106	\$ 172,709	\$ 566,536	\$ 2,257,351
Investments (at fair value):				
Exchange traded funds	8,286,454	1,248,842	-	9,535,296
Mutual funds	6,602,846	4,011,389	-	10,614,235
Investment trusts	-	-	3,784,902	3,784,902
Stocks	6,201,360	-	-	6,201,360
Accrued income receivable	28,454	23,987	-	52,441
Accounts receivable	40,523	-	-	40,523
<b>Total Assets</b>	<u>22,677,743</u>	<u>5,456,927</u>	<u>4,351,438</u>	<u>32,486,108</u>
<b>Net Position Restricted for Pensions</b>	<u>\$ 22,677,743</u>	<u>\$ 5,456,927</u>	<u>\$ 4,351,438</u>	<u>\$ 32,486,108</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

### Changes in Plan Net Position

	Police	Public Works Employees'	Administrative & Management	Total
<b><u>Additions:</u></b>				
Contributions:				
Member contributions/rollovers	\$ 120,908	\$ 38,454	\$ -	\$ 159,362
Township contributions	-	22,984	-	22,984
State aid	220,236	169,124	244,856	634,216
Total contributions	341,144	230,562	244,856	816,562
Investment income (loss):				
Net appreciation (depreciation) in fair value of investments	3,167,690	737,451	508,463	4,413,604
Less investment expense	(120,697)	(20,978)	-	(141,675)
Net investment income (loss)	3,046,993	716,473	508,463	4,271,929
Total additions	3,388,137	947,035	753,319	5,088,491
<b><u>Deductions:</u></b>				
Benefits	1,069,530	292,871	-	1,362,401
Withdrawal credits	-	-	58,819	58,819
Administrative expenses	5,272	16,568	1,439	23,279
Total deductions	1,074,802	309,439	60,258	1,444,499
<b>Increase (Decrease) in Plan Net Position</b>	2,313,335	637,596	693,061	3,643,992
<b><u>Net Position:</u></b>				
Beginning of year	20,364,408	4,819,331	3,658,377	28,842,116
End of year	\$ 22,677,743	\$ 5,456,927	\$ 4,351,438	\$ 32,486,108

## **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\*

	2017	2016	2015	2014
<b>Total Pension Liability:</b>				
Service cost	\$ 298,860	\$ 225,889	\$ 229,488	\$ 207,137
Interest	1,500,060	1,422,377	1,350,359	1,321,807
Changes of benefit terms	138,046	-	131,540	-
Differences between expected and actual experience	(790,329)	-	(793,094)	-
Changes of assumptions	1,680,859	-	-	-
Benefit payments, including refunds of member contributions	<u>(1,069,530)</u>	<u>(665,116)</u>	<u>(566,815)</u>	<u>(455,173)</u>
<b>Net Changes in Total Pension Liability</b>	1,757,966	983,150	351,478	1,073,771
<b>Total Pension Liability - Beginning</b>	<u>20,048,833</u>	<u>19,065,683</u>	<u>18,714,205</u>	<u>17,640,434</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 21,806,799</u>	<u>\$ 20,048,833</u>	<u>\$ 19,065,683</u>	<u>\$ 18,714,205</u>
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer	\$ 220,236	\$ 209,983	\$ 240,290	\$ 232,406
Contributions - member	120,908	118,029	116,999	126,505
Net investment income	3,046,993	972,627	61,762	1,105,772
Benefit payments, including refunds of member contributions	(1,069,530)	(665,116)	(566,815)	(455,173)
Administrative expense	<u>(5,272)</u>	<u>(3,851)</u>	<u>(6,081)</u>	<u>(31,233)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	2,313,335	631,672	(153,845)	978,277
<b>Plan Fiduciary Net Position - Beginning</b>	<u>20,364,408</u>	<u>19,732,736</u>	<u>19,886,581</u>	<u>18,908,304</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 22,677,743</u>	<u>\$ 20,364,408</u>	<u>\$ 19,732,736</u>	<u>\$ 19,886,581</u>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<u>\$ (870,944)</u>	<u>\$ (315,575)</u>	<u>\$ (667,053)</u>	<u>\$ (1,172,376)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>103.99%</u>	<u>101.57%</u>	<u>103.50%</u>	<u>106.26%</u>
<b>Covered Payroll</b>	<u>\$ 2,259,802</u>	<u>\$ 2,198,331</u>	<u>\$ 2,188,396</u>	<u>\$ 2,251,012</u>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	-38.54%	-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\*

	2017	2016	2015	2014
<b>Total Pension Liability:</b>				
Service cost	\$ 69,779	\$ 58,872	\$ 58,022	\$ 55,462
Interest	413,706	396,751	382,057	386,581
Changes of benefit terms	-	-	25,602	-
Differences between expected and actual experience	(94,262)	-	(301,989)	-
Changes of assumptions	522,150	-	-	-
Benefit payments, including refunds of member contributions	<u>(292,871)</u>	<u>(255,118)</u>	<u>(233,436)</u>	<u>(224,651)</u>
<b>Net Changes in Total Pension Liability</b>	618,502	200,505	(69,744)	217,392
<b>Total Pension Liability - Beginning</b>	<u>5,557,399</u>	<u>5,356,894</u>	<u>5,426,638</u>	<u>5,209,246</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 6,175,901</u>	<u>\$ 5,557,399</u>	<u>\$ 5,356,894</u>	<u>\$ 5,426,638</u>
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer	\$ 192,108	\$ 254,211	\$ 362,005	\$ 357,195
Contributions - member	38,454	29,513	14,865	-
Net investment income	716,473	305,686	(153,644)	179,396
Benefit payments, including refunds of member contributions	(292,871)	(255,118)	(233,436)	(224,651)
Administrative expense	<u>(16,568)</u>	<u>(3,075)</u>	<u>(11,695)</u>	<u>(8,095)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	637,596	331,217	(21,905)	303,845
<b>Plan Fiduciary Net Position - Beginning</b>	<u>4,819,331</u>	<u>4,488,114</u>	<u>4,510,019</u>	<u>4,206,174</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 5,456,927</u>	<u>\$ 4,819,331</u>	<u>\$ 4,488,114</u>	<u>\$ 4,510,019</u>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<u>\$ 718,974</u>	<u>\$ 738,068</u>	<u>\$ 868,780</u>	<u>\$ 916,619</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>88.36%</u>	<u>86.72%</u>	<u>83.78%</u>	<u>83.11%</u>
<b>Covered Payroll</b>	<u>\$ 1,508,261</u>	<u>\$ 1,531,677</u>	<u>\$ 1,657,089</u>	<u>\$ 1,615,471</u>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	47.67%	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\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>POLICE PENSION PLAN:</b>				
<u>Schedule of Township's Contributions</u>				
Actuarially determined contribution	\$ 179,713	\$ 186,830	\$ 240,290	\$ 232,406
Contributions in relation to the actuarially determined contribution	<u>220,236</u>	<u>209,983</u>	<u>240,290</u>	<u>232,406</u>
Contribution deficiency (excess)	<u>\$ (40,523)</u>	<u>\$ (23,153)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 2,259,802</u>	<u>\$ 2,198,331</u>	<u>\$ 2,188,396</u>	<u>\$ 2,251,012</u>
Contributions as a percentage of covered payroll	9.75%	9.55%	10.98%	10.32%
<u>Investment Returns</u>				
Annual money-weighted rate of return, net of investment expense	14.84%	4.93%	1.15%	6.26%
<b>PUBLIC WORKS EMPLOYEES' PENSION PLAN:</b>				
<u>Schedule of Township's Contributions</u>				
Actuarially determined contribution	\$ 192,108	\$ 254,211	\$ 362,005	\$ 357,195
Contributions in relation to the actuarially determined contribution	<u>192,108</u>	<u>254,211</u>	<u>362,005</u>	<u>357,195</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 1,508,261</u>	<u>\$ 1,531,677</u>	<u>\$ 1,657,089</u>	<u>\$ 1,615,471</u>
Contributions as a percentage of covered payroll	12.74%	16.60%	21.85%	22.11%
<u>Investment Returns</u>				
Annual money-weighted rate of return, net of investment expense	14.19%	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, 2017

### 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	1/1/2017	1/1/2017
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	7.00%	7.00%
Projected salary increases	4.5%, including inflation	N/A
Inflation rate	2.75%	2.75%
Cost-of-living adjustments	CPW-W*	N/A
Mortality table	RP-2014 Mortality Table with rates set forward 5 years for disabled members	RP-2014 Mortality Table with 50% of the 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, 2017

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### Benefit Changes

#### Police Pension Plan

There were no benefit changes effective for the January 1, 2013 actuarial valuation.

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.

Effective January 1, 2017, the plan was amended to increase the service benefit by adding an additional \$100 for the completion of 27 years of service.

#### Public Works Employees' Pension Plan

There were no benefit changes effective for the January 1, 2013 actuarial valuation.

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

There were no benefit changes effective for the January 1, 2017 actuarial valuation.

### Changes in Actuarial Assumptions

#### Police Plan

Effective January 1, 2013, the investment rate of return was reduced from 8.0% to 7.5% and the salary scale was reduced from 5.5% to 4.5%, mortality assumption was updated, and assumed rates of retirement were introduced.

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

For the January 1, 2017 valuation, the investment rate of return was lowered from 7.5% to 7.0%, the inflation rate was lowered from 3.0% to 2.75%, and the mortality table was updated.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2017

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### Public Works Employees' Pension Plan

Effective January 1, 2013, the investment rate of return was reduced from 8.0% to 7.5% and mortality assumptions were updated.

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

For the January 1, 2017 valuation, the investment rate of return was lowered from 7.5% to 7.0%, the inflation rate was lowered from 3.0% to 2.75%, and the mortality table was updated.

# 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)
01/01/11	\$ -	\$ 4,198,942	\$ 4,198,942	0.0%	\$ 2,480,361	169.3%
01/01/14	-	3,958,781	3,958,781	0.0%	2,510,689	157.7%
01/01/17	-	2,583,422	2,583,422	0.0%	2,413,686	107.0%

**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)
01/01/11	\$ -	\$ 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%
01/01/17	-	298,213	298,213	0.0%	4,727,005	6.3%

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,	Police OPEB Plan		Non-Uniformed OPEB Plan	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
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%
2017	241,752	35%	29,327	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, 2017

### Other Postemployment Benefits

#### Actuarial Data:

Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary

#### Demographic Assumptions:

Mortality	RP-2014 Combined Healthy Mortality Table with rate set forward 5 years for disabled lives
Mortality Improvement	Rates derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report
Withdraw	Table T-1, <i>Actuary's Pension Handbook</i>
Disablement	<b>Police:</b> Rates of disablement based on the 2010 Social Security Administration's projections of disability incidence (ultimate rates only) <b>Non-Uniformed:</b> None Assumed
Valuation Retirement Age	<b>Police:</b> Age 55 - 75%, Age 56 - 60%, Age 57 - 50%, Age 58 and over - 100% <b>Non-Uniformed:</b> 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	90% of future retirees
Spouse Age	Female spouses assumed to be 3 years younger than male spouse
Participant Percentage	<b>Police:</b> 90% of future retirees for health insurance <b>Police and Non-uniformed:</b> 100% of future retirees for life insurance

#### Economic Assumptions:

Interest Rate	3.75%
Annual Trend Rates for OPEB Costs:	2018 - 6.00%; 2019, 2020 - 5.75%; 2021, 2022 - 5.50%; 2023, 2024 - 5.25%; 2025 and later - 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, 2017.

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 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
- General Obligation Bonds of 2017, Series A – Maturity Year: 2033
- General Obligation Bonds of 2017, Series B – Maturity Year: 2036

## **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, 2017

	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
<b>Assets</b>									
Cash and cash equivalents	\$ 49,095	\$ 317,306	\$ 212,310	\$ 78,749	\$ -	\$ 225,446	\$ 444,480	\$ 1,327,386	\$ 1,327,386
Due from other funds	-	-	30,000	347	1,465	-	-	31,812	31,812
Other receivables	-	-	29,400	-	-	-	-	29,400	29,400
<b>Total Assets</b>	<b>\$ 49,095</b>	<b>\$ 317,306</b>	<b>\$ 271,710</b>	<b>\$ 79,096</b>	<b>\$ 1,465</b>	<b>\$ 225,446</b>	<b>\$ 444,480</b>	<b>\$ 1,388,598</b>	<b>\$ 1,388,598</b>
<b>Liabilities and Fund Balance</b>									
Liabilities:									
Accounts payable	\$ -	\$ 125,716	\$ -	\$ 47	\$ 1,465	\$ 7,973	\$ 4,650	\$ 139,851	\$ 139,851
Due to other funds	-	-	-	-	-	3,704	-	3,704	3,704
<b>Total Liabilities</b>	<b>-</b>	<b>125,716</b>	<b>-</b>	<b>47</b>	<b>1,465</b>	<b>11,677</b>	<b>4,650</b>	<b>143,555</b>	<b>143,555</b>
Fund Balance:									
Restricted:									
State Liquid Fuels expenses	49,095	-	-	-	-	-	-	49,095	49,095
Boyce Mayview Park grant expenses	-	-	-	-	-	213,769	-	213,769	213,769
Library expenses and services	-	-	-	79,049	-	-	-	79,049	79,049
Committed:									
Storm Sewer improvements	-	191,590	-	-	-	-	-	191,590	191,590
Field improvements	-	-	271,710	-	-	-	-	271,710	271,710
Infrastructure projects	-	-	-	-	-	-	439,830	439,830	439,830
<b>Total Fund Balance</b>	<b>49,095</b>	<b>191,590</b>	<b>271,710</b>	<b>79,049</b>	<b>-</b>	<b>213,769</b>	<b>439,830</b>	<b>1,245,043</b>	<b>1,245,043</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 49,095</b>	<b>\$ 317,306</b>	<b>\$ 271,710</b>	<b>\$ 79,096</b>	<b>\$ 1,465</b>	<b>\$ 225,446</b>	<b>\$ 444,480</b>	<b>\$ 1,388,598</b>	<b>\$ 1,388,598</b>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds							Total 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		
<b>Revenues:</b>	<hr/>								
Licenses and permits	\$ -	\$ 6,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,400	\$ 6,400
Interest	1,241	-	1,016	338	-	377	2,143	5,115	5,115
State grants	624,936	-	-	-	224,779	631,000	-	1,480,715	1,480,715
Other revenue	-	-	-	10,698	-	-	-	10,698	10,698
Recreation fees	-	-	29,400	-	-	-	-	29,400	29,400
Total revenues	626,177	6,400	30,416	11,036	224,779	631,377	2,143	1,532,328	1,532,328
<b>Expenditures:</b>	<hr/>								
Current:									
General government	-	-	-	-	-	-	1,250	1,250	1,250
Public works	650,000	309,302	-	-	-	-	-	959,302	959,302
Recreation and leisure services	-	-	-	-	-	1,927,915	-	1,927,915	1,927,915
Library services	-	-	-	4,968	224,779	-	-	229,747	229,747
Total current	650,000	309,302	-	4,968	224,779	1,927,915	1,250	3,118,214	3,118,214
Total expenditures	650,000	309,302	-	4,968	224,779	1,927,915	1,250	3,118,214	3,118,214
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(23,823)	(302,902)	30,416	6,068	-	(1,296,538)	893	(1,585,886)	(1,585,886)
<b>Other Financing Sources (Uses):</b>	<hr/>								
Interfund transfers in	-	400,000	30,000	-	-	1,034,242	-	1,464,242	1,464,242
<b>Net Change in Fund Balance</b>	(23,823)	97,098	60,416	6,068	-	(262,296)	893	(121,644)	(121,644)
<b>Fund Balance:</b>	<hr/>								
Beginning of year	72,918	94,492	211,294	72,981	-	476,065	438,937	1,366,687	1,366,687
End of year	\$ 49,095	\$ 191,590	\$ 271,710	\$ 79,049	\$ -	\$ 213,769	\$ 439,830	\$ 1,245,043	\$ 1,245,043

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Revenues:</b>			
Interest	\$ 13,000	\$ 30,329	\$ 17,329
Other revenue and grants	418,500	721,654	303,154
Total revenues	431,500	751,983	320,483
<b>Expenditures:</b>			
Current:			
General government	678,000	247,667	430,333
Community development	17,500	18,068	(568)
Public safety	238,000	228,374	9,626
Public works	3,010,000	1,392,403	1,617,597
Recreation and leisure services	470,000	158,996	311,004
Library services	130,000	112,050	17,950
Total current	4,543,500	2,157,558	2,385,942
Capital outlay:			
General government	575,000	320,321	254,679
Public safety	690,000	715,063	(25,063)
Public works	594,000	310,325	283,675
Total capital outlay	1,859,000	1,345,709	513,291
Total expenditures	6,402,500	3,503,267	2,899,233
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(5,971,000)</b>	<b>(2,751,284)</b>	<b>3,219,716</b>
<b>Other Financing Sources (Uses):</b>			
Interfund transfers in	1,487,050	4,087,050	2,600,000
Interfund transfers out	(430,000)	(430,000)	-
Total other financing sources (uses)	1,057,050	3,657,050	2,600,000
<b>Net Change in Fund Balance</b>	<b>\$ (4,913,950)</b>	<b>\$ 905,766</b>	<b>\$ 5,819,716</b>

# 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, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Expenditures:</b>			
Debt service:			
Principal retirement	\$ 68,000	\$ 39,840	\$ 28,160
Interest	124,474	75,766	48,708
Total debt service	192,474	115,606	76,868
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(192,474)	(115,606)	76,868
<b>Other Financing Sources (Uses):</b>			
Interfund transfers in	192,474	115,606	(76,868)
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ -

# 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, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Expenditures:</b>			
Debt service:			
Principal retirement	\$ 185,000	\$ 185,000	\$ -
Interest	156,417	79,356	77,061
Total debt service	341,417	264,356	77,061
Total expenditures	341,417	264,356	77,061
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(341,417)</b>	<b>(264,356)</b>	<b>77,061</b>
<b>Other Financing Sources (Uses):</b>			
Interfund transfers in	341,417	264,356	(77,061)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# 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, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Expenditures:</b>			
Debt service:			
Principal retirement	\$ 460,000	\$ 473,000	\$ (13,000)
Interest	53,713	26,875	26,838
Total debt service	513,713	499,875	13,838
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(513,713)	(499,875)	(13,838)
<b>Other Financing Sources (Uses):</b>			
Interfund transfers in	513,713	499,875	(13,838)
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ -

# 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, 2017

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Expenditures:</b>			
Debt service:			
Principal retirement	\$ 119,637	\$ 119,637	\$ -
Interest	139,270	139,270	-
Total debt service	<u>258,907</u>	<u>258,907</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(258,907)</u>	<u>(258,907)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Interfund transfers in	<u>258,907</u>	<u>258,907</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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 2017, SERIES A

YEAR ENDED DECEMBER 31, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Expenditures:</b>			
Debt service:			
Principal retirement	\$ -	\$ 5,115,160	\$ (5,115,160)
Interest	-	90,529	(90,529)
Bond issuance costs	-	134,840	(134,840)
Total debt service	-	5,340,529	(5,340,529)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	(5,340,529)	(5,340,529)
<b>Other Financing Sources (Uses):</b>			
Issuance of refunding bonds	-	5,250,000	5,250,000
Interfund transfers in	-	90,529	90,529
Total other financing sources (uses)	-	5,340,529	5,340,529
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# 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 2017, SERIES B

YEAR ENDED DECEMBER 31, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Expenditures:</b>			
Debt service:			
Principal retirement	\$ -	\$ 5,765,000	\$ (5,765,000)
Interest	-	76,009	(76,009)
Bond issuance costs	-	143,172	(143,172)
	-	5,984,181	(5,984,181)
<b>Total debt service</b>	-	5,984,181	(5,984,181)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	(5,984,181)	(5,984,181)
<b>Other Financing Sources (Uses):</b>			
Issuance of refunding bonds	-	5,905,000	5,905,000
Interfund transfers in	-	79,181	79,181
	-	5,984,181	5,984,181
<b>Total other financing sources (uses)</b>	-	5,984,181	5,984,181
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ -

# 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, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Revenues:</b>			
Interest	\$ 600	\$ 1,241	\$ 641
State grants	608,880	624,936	16,056
Total revenues	609,480	626,177	16,697
<b>Expenditures:</b>			
Current:			
Public works	600,000	650,000	(50,000)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	9,480	(23,823)	(33,303)
<b>Net Change in Fund Balance</b>	\$ 9,480	\$ (23,823)	\$ (33,303)

# 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, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Revenues:</b>			
Licenses and permits	\$ 2,000	\$ 6,400	\$ 4,400
<b>Expenditures:</b>			
Current:			
Public works	400,000	309,302	90,698
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(398,000)</b>	<b>(302,902)</b>	<b>95,098</b>
<b>Other Financing Sources (Uses):</b>			
Interfund transfers in	400,000	400,000	-
<b>Net Change in Fund Balance</b>	<b>\$ 2,000</b>	<b>\$ 97,098</b>	<b>\$ 95,098</b>

# 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, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Revenues:</b>			
Interest	\$ 100	\$ 1,016	\$ 916
Recreation fees	27,500	29,400	1,900
Total revenues	27,600	30,416	2,816
<b>Expenditures:</b>			
Current:			
Public works	30,000	-	30,000
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,400)</b>	<b>30,416</b>	<b>32,816</b>
<b>Other Financing Sources (Uses):</b>			
Interfund transfers in	30,000	30,000	-
<b>Net Change in Fund Balance</b>	<b>\$ 27,600</b>	<b>\$ 60,416</b>	<b>\$ 32,816</b>

# 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, 2017

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
State grants	<u>\$ 223,711</u>	<u>\$ 224,779</u>	<u>\$ 1,068</u>
<b>Expenditures:</b>			
Current:			
Library services	<u>220,744</u>	<u>224,779</u>	<u>(4,035)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>2,967</u>	<u>-</u>	<u>(2,967)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 2,967</u>	<u>\$ -</u>	<u>\$ (2,967)</u>

# 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, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Revenues:</b>			
Interest	\$ 30	\$ 377	\$ 347
State grants	631,000	631,000	-
Total revenues	631,030	631,377	347
<b>Expenditures:</b>			
Current:			
Recreation and leisure services	2,147,699	1,927,915	219,784
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,516,669)</b>	<b>(1,296,538)</b>	<b>220,131</b>
<b>Other Financing Sources (Uses):</b>			
Interfund transfers in	1,034,242	1,034,242	-
<b>Net Change in Fund Balance</b>	<b>\$ (482,427)</b>	<b>\$ (262,296)</b>	<b>\$ 220,131</b>

**SCHEDULES 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, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Operating Revenues:</b>			
Charges for services	\$ 6,751,246	\$ 6,926,885	\$ 175,639
<b>Operating Expenses:</b>			
Sewage treatment charges	3,925,000	3,563,573	361,427
Personnel services	214,731	257,079	(42,348)
Contractual services	1,638,281	1,113,066	525,215
Materials and supplies	39,850	4,857	34,993
Deprecation and amortization	615,000	691,715	(76,715)
Total operating expenses	6,432,862	5,630,290	802,572
<b>Operating Income (Loss)</b>	<b>318,384</b>	<b>1,296,595</b>	<b>978,211</b>
<b>Non-operating Revenues (Expenses):</b>			
Interest income	1,000	32,065	31,065
Interest expense	(527,285)	(413,296)	113,989
Bond issuance costs	-	(78,400)	(78,400)
Total non-operating revenues (expenses)	(526,285)	(459,631)	66,654
<b>Change in Net Position</b>	<b>\$ (207,901)</b>	<b>\$ 836,964</b>	<b>\$ 1,044,865</b>

# 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, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Operating Revenues:</b>			
Charges for services	\$ 4,085,050	\$ 3,922,165	\$ (162,885)
<b>Operating Expenses:</b>			
Personnel services	2,214,151	2,082,976	131,175
Contractual services	1,306,354	1,023,031	283,323
Materials and supplies	285,900	212,171	73,729
Depreciation and amortization	150,000	759,704	(609,704)
Total operating expenses	3,956,405	4,077,882	(121,477)
<b>Operating Income (Loss)</b>	128,645	(155,717)	(41,408)
<b>Non-operating Revenues (Expenses):</b>			
Interest income	2,500	24,810	22,310
Interest expense	(644,867)	(650,755)	(5,888)
Total non-operating revenues (expenses)	(642,367)	(625,945)	16,422
<b>Transfers:</b>			
Interfund transfers in	1,712,986	1,325,285	(387,701)
<b>Change in Net Position</b>	<u>\$ 1,199,264</u>	<u>\$ 543,623</u>	<u>\$ (412,687)</u>

# 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, 2017

	Original and Final Budgeted Amounts	Actual	Variance
<b>Operating Revenues:</b>			
Charges for services	\$ 172,100	\$ 162,131	\$ (9,969)
<b>Operating Expenses:</b>			
Personnel services	55,000	50,546	4,454
Contractual services	114,850	106,090	8,760
Materials and supplies	8,900	5,258	3,642
Deprecation and amortization	1,000	915	85
Total operating expenses	179,750	162,809	16,941
<b>Change in Net Position</b>	\$ (7,650)	\$ (678)	\$ 6,972

**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## SCHEDULE OF CAPITAL ASSETS - BY SOURCE

DECEMBER 31, 2017

### Governmental Funds Capital Assets:

Land	\$	2,369,717
Construction in progress		71,677
Infrastructure		35,741,057
Buildings		15,334,183
Improvements other than buildings		4,081,743
Equipment		10,291,150
Library assets		764,397
		<hr/>
Total capital assets	\$	<u>68,653,924</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		50,616
Library Endowment Fund		512,357
Regional Asset District Boyce Mayview Fund		4,845,897
Capital Projects Funds		36,620,304
		<hr/>
Total investment in capital assets	\$	<u>68,653,924</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, 2017

	Total	Land	Construction in Progress	Infrastructure	Buildings	Improvements Other than Buildings	Equipment	Library Assets
Capital Assets, January 1, 2017	\$ 65,375,853	\$ 2,369,717	\$ 80,235	\$ 34,555,799	\$ 14,856,006	\$ 3,999,760	\$ 8,749,939	\$ 764,397
Expenditures from:								
RAD Library Fund	5,617	-	-	-	-	-	5,617	-
RAD Boyce Mayview Fund	1,144,740	-	71,677	1,047,052	21,171	-	4,840	-
Capital Projects Funds	2,352,999	-	-	57,971	457,006	81,983	1,756,039	-
Capital assets disposals and transfers	(225,285)	-	(80,235)	80,235	-	-	(225,285)	-
Capital Assets, December 31, 2017	<u>\$ 68,653,924</u>	<u>\$ 2,369,717</u>	<u>\$ 71,677</u>	<u>\$ 35,741,057</u>	<u>\$ 15,334,183</u>	<u>\$ 4,081,743</u>	<u>\$ 10,291,150</u>	<u>\$ 764,397</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## SCHEDULE OF CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

DECEMBER 31, 2017

Function and Activity	Total	Land	Construction in Progress	Infrastructure	Buildings	Improvements Other than Buildings	Equipment	Library Assets
<b>General Government:</b>								
Administration	\$ 7,596,451	\$ 477,430	\$ -	\$ -	\$ 6,617,704	\$ 34,715	\$ 466,602	\$ -
Finance and tax	52,429	-	-	-	-	-	52,429	-
Information technology	957,316	-	-	-	-	-	957,316	-
Cable television	227,578	-	-	-	-	-	227,578	-
Total general government	8,833,774	477,430	-	-	6,617,704	34,715	1,703,925	-
Community Development	518,274	-	-	-	-	-	518,274	-
<b>Public Safety:</b>								
Police	1,559,782	-	-	-	118,925	-	1,440,857	-
VFD	5,317,573	579,106	-	-	4,005,294	-	733,173	-
Total public safety	6,877,355	579,106	-	-	4,124,219	-	2,174,030	-
<b>Public Works:</b>								
Office	623,187	-	-	-	159,524	219,262	244,401	-
Highway and streets	34,613,770	-	-	34,613,770	-	-	-	-
Garage	8,611,150	19,920	-	-	3,154,133	150,745	5,286,352	-
Total public works	43,848,107	19,920	-	34,613,770	3,313,657	370,007	5,530,753	-
Recreation and Leisure Services	7,693,230	1,293,261	71,677	1,127,287	1,260,186	3,677,021	263,798	-
Library	883,184	-	-	-	18,417	-	100,370	764,397
Total Capital Assets	\$ 68,653,924	\$ 2,369,717	\$ 71,677	\$ 35,741,057	\$ 15,334,183	\$ 4,081,743	\$ 10,291,150	\$ 764,397

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

DECEMBER 31, 2017

<u>Function and Activity</u>	<u>Capital Assets January 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Capital Assets December 31, 2017</u>
<b>General Government:</b>				
Administration	\$ 7,220,130	\$ 376,321	\$ -	\$ 7,596,451
Finance and tax	52,429	-	-	52,429
Information technology	777,923	179,393	-	957,316
Cable television	227,578	-	-	227,578
<b>Total general government</b>	<b>8,278,060</b>	<b>555,714</b>	<b>-</b>	<b>8,833,774</b>
<b>Community Development</b>	<b>518,274</b>	<b>-</b>	<b>-</b>	<b>518,274</b>
<b>Public Safety:</b>				
Police	1,402,805	166,947	(9,970)	1,559,782
VFD	4,602,510	715,063	-	5,317,573
<b>Total public safety</b>	<b>6,005,315</b>	<b>882,010</b>	<b>(9,970)</b>	<b>6,877,355</b>
<b>Public Works:</b>				
Office	555,950	67,237	-	623,187
Highway and streets	34,555,799	57,971	-	34,613,770
Garage	8,149,569	676,896	(215,315)	8,611,150
<b>Total public works</b>	<b>43,261,318</b>	<b>802,104</b>	<b>(215,315)</b>	<b>43,848,107</b>
<b>Recreation and Leisure Services</b>	<b>6,548,489</b>	<b>1,224,976</b>	<b>(80,235)</b>	<b>7,693,230</b>
<b>Library</b>	<b>764,397</b>	<b>118,787</b>	<b>-</b>	<b>883,184</b>
<b>Total Capital Assets</b>	<b>\$ 65,375,853</b>	<b>\$ 3,583,591</b>	<b>\$ (305,520)</b>	<b>\$ 68,653,924</b>

## **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** **128**

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** **134**

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** **139**

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** **142**

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** **144**

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>2017</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>
Governmental activities:										
Net investment in capital assets	\$ 15,481,351	\$ 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
Restricted	1,212,857	937,539	734,973	61,563	55,668	53,595	63,569	75,132	103,072	172,370
Unrestricted	<u>10,878,496</u>	<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>
<i>Total governmental activities net position</i>	<u>\$ 27,572,704</u>	<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>
Business-type activities:										
Net investment in capital assets	\$ 2,208,670	\$ 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
Restricted	-	-	-	-	-	-	-	239,946	1,730,385	-
Unrestricted	<u>11,432,878</u>	<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>
<i>Total business-type activities net position</i>	<u>\$ 13,641,548</u>	<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>
Primary government:										
Net investment in capital assets	\$ 17,690,021	\$ 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
Restricted	1,212,857	937,539	734,973	61,563	55,668	53,595	63,569	315,078	1,833,457	172,370
Unrestricted	<u>22,311,374</u>	<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>
<i>Total primary government net position</i>	<u>\$ 41,214,252</u>	<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>

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>2017</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>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for services:										
General government	\$ 362,090	\$ 275,040	\$ 320,275	\$ 215,840	\$ 171,596	\$ 245,033	\$ 203,960	\$ 126,048	\$ 161,381	\$ 194,347
Public safety	70,388	72,768	55,795	89,092	56,695	79,483	79,831	79,793	76,505	109,602
Public works	247,179	216,768	244,567	258,638	213,629	192,795	212,738	314,249	205,498	165,740
Recreation and leisure services	408,032	406,946	397,507	397,398	397,596	380,192	360,514	367,361	341,999	458,502
Library services	36,345	40,266	39,928	40,501	48,022	39,757	40,552	39,844	30,696	28,479
Operating grants and contributions	2,646,047	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
Capital grants and contributions	1,012,654	439,142	787,878	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>4,782,735</b>	<b>4,203,509</b>	<b>4,696,501</b>	<b>2,717,831</b>	<b>2,401,460</b>	<b>2,631,822</b>	<b>2,963,897</b>	<b>3,006,859</b>	<b>2,814,959</b>	<b>3,172,597</b>
<b>Business-Type Activities:</b>										
Charges for services:										
Sanitary sewer	6,926,885	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
Community & Recreation Center	3,922,165	4,180,268	4,108,877	3,895,680	3,618,973	3,407,437	2,939,551	2,343,866	773,514	-
Magazine	162,131	163,566	168,807	178,140	169,618	194,956	196,990	181,257	189,328	192,629
Capital grants and contributions	-	173,300	-	-	-	-	-	-	-	-
<b>Total Business-type Activities Program Revenues</b>	<b>11,011,181</b>	<b>10,992,620</b>	<b>10,035,867</b>	<b>9,768,735</b>	<b>8,492,908</b>	<b>8,047,165</b>	<b>7,694,067</b>	<b>7,125,904</b>	<b>5,153,216</b>	<b>3,447,997</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 15,793,916</b>	<b>\$ 15,196,129</b>	<b>\$ 14,732,368</b>	<b>\$ 12,486,566</b>	<b>\$ 10,894,368</b>	<b>\$ 10,678,987</b>	<b>\$ 10,657,964</b>	<b>\$ 10,132,763</b>	<b>\$ 7,968,175</b>	<b>\$ 6,620,594</b>
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
General government	\$ 2,217,582	\$ 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
Public safety	5,927,084	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
Public works	8,210,920	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
Community development	650,305	432,808	600,344	662,534	647,435	595,879	621,524	613,555	588,260	580,012
Recreation and leisure services	1,564,093	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
Library services	1,109,795	1,105,351	1,084,582	1,028,723	1,029,614	990,268	970,768	993,302	976,118	990,068
Interest on long-term debt	865,582	675,113	610,013	599,991	619,556	1,307,383	1,157,682	833,091	881,616	909,256
<b>Total Governmental Activities Expenses</b>	<b>20,545,361</b>	<b>19,649,400</b>	<b>19,965,234</b>	<b>19,203,830</b>	<b>18,278,840</b>	<b>18,515,629</b>	<b>18,167,395</b>	<b>17,146,513</b>	<b>17,280,290</b>	<b>17,549,524</b>
<b>Business-Type Activities:</b>										
Sanitary sewer	6,121,986	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
Community & Recreation Center	4,728,637	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	162,809	168,355	162,668	171,276	168,464	182,235	171,573	175,097	166,995	165,179
<b>Total Business-Type Activities Expenses</b>	<b>11,013,432</b>	<b>10,235,776</b>	<b>9,941,607</b>	<b>9,664,749</b>	<b>9,434,646</b>	<b>10,187,360</b>	<b>10,342,129</b>	<b>8,246,739</b>	<b>7,369,674</b>	<b>4,872,030</b>
<b>Total Primary Government Expenses</b>	<b>\$ 31,558,793</b>	<b>\$ 29,885,176</b>	<b>\$ 29,906,841</b>	<b>\$ 28,868,579</b>	<b>\$ 27,713,486</b>	<b>\$ 28,702,989</b>	<b>\$ 28,509,524</b>	<b>\$ 25,393,252</b>	<b>\$ 24,649,964</b>	<b>\$ 22,421,554</b>
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (15,762,626)	\$ (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)
Business-Type Activities	(2,251)	756,844	94,260	103,986	(941,738)	(2,140,195)	(2,648,062)	(1,120,835)	(2,216,458)	(1,424,033)
<b>Total Primary Government Net (Expense)/Revenue</b>	<b>\$ (15,764,877)</b>	<b>\$ (14,689,047)</b>	<b>\$ (15,174,473)</b>	<b>\$ (16,382,013)</b>	<b>\$ (16,819,118)</b>	<b>\$ (18,024,002)</b>	<b>\$ (17,851,560)</b>	<b>\$ (15,260,489)</b>	<b>\$ (16,681,789)</b>	<b>\$ (15,800,960)</b>

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

	<u>2017</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>
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 8,269,372	\$ 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
Earned income taxes, levied for general purposes	8,867,789	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
Local services tax	293,106	280,677	267,060	274,454	274,724	253,863	246,702	239,909	224,964	220,686
Real estate transfer taxes	1,324,561	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
Franchise fees	480,793	497,472	465,655	442,645	431,849	405,416	383,056	399,122	303,737	297,199
Unrestricted investment earnings	56,004	18,087	13,476	13,013	13,543	11,942	12,860	19,887	87,856	781,040
Miscellaneous income	495,982	477,126	414,905	371,156	562,450	328,688	303,136	573,908	244,083	235,323
Transfers	<u>(1,325,285)</u>	<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>
Total Governmental Activities General Revenues	<u>18,462,322</u>	<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>
Business-Type Activities:										
Unrestricted investment earnings	56,875	5,454	1,515	2,730	1,417	1,704	2,178	2,591	4,282	27,264
Transfers	<u>1,325,285</u>	<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>
Total Business-Type Activities General Revenues	<u>1,382,160</u>	<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>
Total Primary Government General Revenues	<u>\$ 19,844,482</u>	<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>
<b>Change in Net Position:</b>										
Governmental Activities	\$ 2,699,696	\$ 2,303,907	\$ 1,767,067	\$ 800,139	\$ 1,508,634	\$ 670,128	\$ 738,269	\$ 1,285,724	\$ (3,622,891)	\$ (7,408,177)
Business-Type Activities	<u>1,379,909</u>	<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>
Total Primary Government Change in Net Position	<u>\$ 4,079,605</u>	<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>

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

	<u>2017</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>
<b>General Fund:</b>										
Nonspendable	\$ 259,748	\$ 256,463	\$ 227,513	\$ 222,152	\$ 224,084	\$ 219,282	\$ 221,447	\$ 244,366	\$ 213,834	\$ 188,689
Unassigned	<u>3,440,485</u>	<u>3,283,902</u>	<u>3,131,837</u>	<u>3,123,147</u>	<u>3,116,240</u>	<u>3,094,204</u>	<u>3,086,678</u>	<u>3,057,259</u>	<u>3,037,296</u>	<u>3,038,388</u>
<i>Total General Fund</i>	<u>3,700,233</u>	<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>
<b>All Other Governmental Funds:</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	179
Restricted	341,913	621,964	67,920	61,563	55,668	53,595	63,569	75,132	103,072	172,191
Committed	903,130	744,723	624,690	917,874	836,526	811,891	790,018	751,085	753,807	4,895,849
Assigned	<u>8,451,939</u>	<u>7,546,173</u>	<u>8,284,816</u>	<u>7,343,619</u>	<u>6,606,542</u>	<u>5,176,357</u>	<u>3,446,084</u>	<u>2,663,086</u>	<u>986,459</u>	<u>1,761,805</u>
<i>Total all other governmental funds</i>	<u>9,696,982</u>	<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>
<i>Total governmental funds</i>	<u>\$ 13,397,215</u>	<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>

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Real estate taxes	\$ 8,263,249	\$ 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
Earned income taxes	8,869,902	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
Other taxes	1,617,667	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
Licenses and permits	261,063	180,235	239,881	237,113	142,928	229,485	190,735	115,129	154,182	132,857
Fees and fines	570,142	565,383	536,177	533,771	519,321	497,917	479,640	486,795	379,878	387,968
Rents	90,167	84,282	63,024	85,816	77,808	78,081	79,135	80,175	75,096	69,622
Interest	56,004	18,087	13,476	13,015	13,544	11,942	12,860	19,888	87,856	781,040
Service agreements	249,909	228,969	256,624	240,384	229,332	209,039	218,928	310,875	208,924	168,750
Other revenue and grants	4,190,172	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
Recreation fees	398,057	397,096	386,782	397,398	397,596	380,193	360,514	367,361	341,999	458,502
<i>Total revenues</i>	<u>24,566,332</u>	<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>
<b>Expenditures:</b>										
Current:										
General government	2,229,884	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
Community development	650,305	665,185	595,612	652,398	633,636	581,379	606,157	601,632	590,803	538,405
Public safety	5,289,506	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
Public works	7,732,502	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
Recreation and leisure services	2,530,431	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
Library services	1,210,266	1,127,011	1,076,164	1,021,138	1,026,043	981,289	958,240	973,510	942,506	978,409
Debt service:										
Principal retirement	11,697,637	4,707,569	578,790	575,097	562,882	649,189	966,974	439,020	434,189	335,000
Bond issuance costs	278,012	47,026	-	-	-	29,688	25,023	-	101,764	296,126
Interest	487,805	513,692	505,488	566,998	587,775	607,762	758,152	752,808	866,680	830,969
Capital outlay	1,345,709	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
<i>Total expenditures</i>	<u>33,452,057</u>	<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>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(8,885,725)</u>	<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>
<b>Other Financing Sources (Uses):</b>										
Transfers in	6,859,746	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
Transfers out	(8,185,031)	(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)
Debt proceeds	11,155,000	4,151,109	2,390,000	-	-	5,910,000	5,435,000	375,000	4,770,577	4,770,710
Bond issuance discount	-	-	-	-	-	-	-	-	(102,484)	(145,350)
Gain (loss) on refunding of bonds	-	-	-	-	-	76,186	(127,764)	-	-	-
Reclassification of bonds as enterprise fund liability	-	-	-	-	-	-	-	-	-	-
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>9,829,715</u>	<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>
<b>Net Change in Fund Balance</b>	<u>\$ 943,990</u>	<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>
Debt service as a percentage of non-capital expenditures	40.69%	23.13%	5.73%	6.40%	6.76%	7.48%	10.02%	7.53%	8.26%	7.05%
Debt service as a percentage of total expenditures	36.43%	19.85%	5.10%	6.00%	6.30%	7.20%	9.60%	7.00%	7.00%	5.30%

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

<b>Function/Program:</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Governmental activities:</b>										
General government	\$ 1,576,922	\$ 1,331,779	\$ 1,305,052	\$ 537,850	\$ 392,179	\$ 455,296	\$ 414,260	\$ 309,682	\$ 307,068	\$ 333,335
Public safety	436,560	443,701	451,951	292,969	269,288	288,219	458,667	269,540	258,949	352,813
Public works	1,394,686	1,448,357	1,459,674	861,629	787,666	872,303	1,057,360	846,497	745,842	795,333
Recreation and leisure services	1,039,032	642,946	1,150,507	693,398	619,215	703,584	726,745	1,246,443	1,130,521	1,313,824
Library services	335,535	336,726	329,317	331,985	333,112	312,420	306,865	334,697	372,579	377,292
<b>Total governmental activities</b>	<b>4,782,735</b>	<b>4,203,509</b>	<b>4,696,501</b>	<b>2,717,831</b>	<b>2,401,460</b>	<b>2,631,822</b>	<b>2,963,897</b>	<b>3,006,859</b>	<b>2,814,959</b>	<b>3,172,597</b>
<b>Business-type activities:</b>										
Sanitary sewer	6,926,885	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
Community & Recreation Center	3,922,165	4,180,268	4,108,877	3,895,680	3,618,973	3,407,437	2,939,551	2,343,866	773,514	-
Magazine	162,131	163,566	168,807	178,140	169,618	194,956	196,990	181,257	189,328	192,629
<b>Total business-type activities</b>	<b>11,011,181</b>	<b>10,992,620</b>	<b>10,035,867</b>	<b>9,768,735</b>	<b>8,492,908</b>	<b>8,047,165</b>	<b>7,694,067</b>	<b>7,125,904</b>	<b>5,153,216</b>	<b>3,447,997</b>
<b>Total primary government</b>	<b>\$ 15,793,916</b>	<b>\$ 15,196,129</b>	<b>\$ 14,732,368</b>	<b>\$ 12,486,566</b>	<b>\$ 10,894,368</b>	<b>\$ 10,678,987</b>	<b>\$ 10,657,964</b>	<b>\$ 10,132,763</b>	<b>\$ 7,968,175</b>	<b>\$ 6,620,594</b>

**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 &amp; 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>	
2017	3.8300	25.1560	28.9860	4.7300	33.7160
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

\* 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	Real Property (1)		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			
2017	\$ 1,900,170,198	\$ 288,177,122	\$ 2,188,347,320	100%	3.83
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

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 2016 (which is the most recent data available at the time of this report), the STEB's market value for Upper St. Clair Township was \$1,961,599,691, and the corresponding percent of assessed value to STEB market value was 109.25%.

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

<u>Taxpayer</u>	<u>December 31, 2017</u>			<u>December 31, 2008</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	\$ 90,943,400	1	4.16%	\$ 74,304,200	1	4.48%
Friendship Village of South Hills	36,000,000	2	1.65%	29,705,500	2	1.79%
Boyce Plaza Apartments	29,630,300	3	1.35%	-	-	0.00%
Target	11,462,200	4	0.52%	-	-	0.00%
1800 Washington Road Associates LP	10,258,900	5	0.47%	13,700,000	4	0.83%
Upper St. Clair Senior Living	8,391,200	6	0.38%	6,000,000	7	0.36%
Forty-Two Company LLC	8,200,000	7	0.37%	-	-	0.00%
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%
BDS South Hills Village Portfolio	-	-	0.00%	14,800,000	3	0.89%
Summerfield Village Associates	-	-	0.00%	6,886,700	5	0.41%
Southwood Psychiatric Hospital	-	-	0.00%	2,900,000	9	0.17%
	<u><b>\$ 212,470,200</b></u>		<u><b>9.71%</b></u>	<u><b>\$ 163,053,900</b></u>		<u><b>9.82%</b></u>
Total Taxable Assessed Valuation	<u><b>\$ 2,188,347,320</b></u>			<u><b>\$ 1,660,118,320</b></u>		

Source: Allegheny County Office of Property Assessments

**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>
2017	\$ 8,432,579	\$ 8,306,347	98.50%	\$ -	\$ 8,306,347	98.50%
2016	8,264,875	8,008,623	96.90%	138,873	8,147,496	98.58%
2015	8,074,337	7,942,520	98.37%	65,382	8,007,902	99.18%
2014	7,964,027	7,840,190	98.45%	52,271	7,892,461	99.10%
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%

**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>
2017	0.80%	\$ 9,058,106	\$ (188,204)	\$ 8,869,902
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

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				
2017	\$ 15,161,472	\$ 34,263,528	\$ 1,419,000	\$ 711,000	\$ 51,555,000	2.36%	4.65%	\$ 2,641
2016	15,206,109	35,083,891	1,917,000	923,000	53,130,000	2.48%	4.81%	2,722
2015	15,289,569	32,770,428	2,390,000	1,160,000	51,609,997	2.46%	4.93%	2,662
2014	17,888,625	34,233,587	-	-	52,122,212	2.51%	5.03%	2,700
2013	18,430,663	34,952,793	-	-	53,383,456	2.63%	5.26%	2,770
2012	18,960,486	35,649,215	240,560	-	54,850,261	3.25%	5.59%	2,852
2011	19,492,640	36,420,820	265,326	-	56,178,786	3.33%	5.83%	2,924
2010	19,846,503	36,969,687	664,071	-	57,480,261	3.43%	6.47%	2,989
2009	20,247,500	37,585,479	311,838	-	58,144,817	3.48%	6.11%	3,112
2008	20,616,102	38,199,034	333,675	-	59,148,811	3.56%	6.35%	3,165

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 142 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)<sup>(1)</sup></u>	<u>Legal debt limit (<sup>2</sup>)</u>	<u>Debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Legal debt margin %</u>
2017	\$ 34,655,492	\$ 86,638,730	\$ 35,735,000	\$ 50,903,730	58.75%
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%

(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, 2017

	<u>Gross Outstanding</u>
<b>Nonelectoral Debt</b>	
General Obligation Bonds, Series A of 2017	\$ 9,835,000
General Obligation Bonds, Series A of 2017	9,910,000
General Obligation Bonds, Series A of 2016	29,415,000
Federally Taxable General Obligation Bonds, Series B of 2016	265,000
General Obligation Note, Series of 2015	2,130,000
<b>Total Nonelectoral Debt</b>	<u>51,555,000</u>
<b>Lease Rental Debt</b>	-
<b>Less Debt Deemed to be Subsidized / Self-Liquidating (1)</b>	<u>(15,540,000)</u>
<b>Total Direct Debt</b>	<u>\$ 36,015,000</u>
<b>Overlapping Debt</b>	
Allegheny County (2) (3)	\$ 18,138,094
Upper St. Clair School District (2)	119,800,000
<b>Total Overlapping Debt</b>	<u>137,938,094</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 173,953,094</u>

(1) The local Governmental Unit Debt Act (Act 52 of 1978), reenacted and amending Act 185 of 1972 prescribes debt limits, net revenues, and the calculation of the borrowing base for all local units in Pennsylvania. The Debt Act is administered by the Pennsylvania Department of Economic Development. This calculation includes \$4,655,000 of the 2017-A Bonds, \$3,910,000 of the 2017-B Bonds, and \$6,975,000 of the 2016 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 (2.59%) of \$700,312,500 of outstanding non-electoral debt of Allegheny County as of March 1, 2018. The proportional share is based on the ratio of the Township's assessed valuation to Allegheny County's assessed valuation for 2017.

**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>
2017	19,521 (b)	\$ 1,108,737,875	\$ 56,797 (b)	4.1%
2016	19,521 (b)	1,105,599,000	56,636 (b)	4.6%
2015	19,385 (b)	1,047,822,000	54,053 (b)	4.4%
2014	19,303 (b)	1,035,793,875	53,660 (b)	4.4%
2013	19,272 (b)	1,014,372,875	52,635 (b)	5.4%
2012	19,233 (b)	981,043,375	51,008 (b)	6.7%
2011	19,210 (b)	963,040,000	50,132 (b)	6.5%
2010	19,229 (a)	888,762,750	46,220 (a)	6.8%
2009	18,686 (b)	950,931,250	50,890 (b)	6.8%
2008	18,690 (b)	930,764,750	49,800 (b)	5.4%

(1) Source: U. S. Census Bureau

(a) 2010 U.S. Census; (b) U.S. Census Bureau population estimates 2008-2017

(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 is subject to revision)

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

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer:</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Upper St. Clair School District	563	1	10.28%	572	1	10.11%
Aureon HR (Friendship Village)	229	2	4.18%	229	3	4.05%
Target Corporation	214	3	3.91%	-	-	-
St. Clair County Club	165	4	3.01%	97	9	1.71%
Whole Foods Market Group	164	5	3.00%	-	-	-
Township of Upper St. Clair	161	6	2.94%	146	4	2.58%
Southwood Psychiatric Hospital	126	7	2.30%	119	8	2.10%
OS Restaurant Services, Inc. (Outback/Bonefish)	122	8	2.23%	88	10	1.56%
Port Authority of Allegheny County	120	9	2.19%	123	7	2.17%
Dick's Sporting Goods	109	10	1.99%	-	-	-
Sears Roebuck & Co.	-	-	0.00%	141	5	2.49%
Consol Energy, Inc.	-	-	-	254	2	4.49%
Boscov's	-	-	-	140	6	2.47%
<b>Total</b>	<b>1,973</b>		<b>36.03%</b>	<b>1,909</b>		<b>33.73%</b>
<b>Total Employees</b>	<b>5,475</b>			<b>5,658</b>		

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

<b>Function/Program:</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>General government:</b>										
Administration	8.00	8.00	7.00	7.00	7.00	7.00	7.50	7.50	7.00	7.00
Finance	3.50	3.50	3.50	3.50	3.50	3.50	3.00	3.00	3.00	3.00
Information technology	6.00	6.00	6.00	6.00	5.00	5.00	4.00	4.00	4.00	4.00
<b>Community development:</b>										
Administration	4.00	4.00	3.50	3.50	4.00	3.00	4.00	4.00	3.00	4.00
Inspection	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
<b>Public safety:</b>										
Uniformed Police Officers	28.00	28.00	28.00	28.00	27.00	28.00	28.00	28.00	28.00	28.00
Other department personnel	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	7.00	7.00
<b>Public works:</b>										
Administration	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00
Inspection	5.00	5.00	5.00	5.00	5.00	5.00	5.00	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
<b>Recreation and leisure services:</b>										
Administration	3.50	3.50	3.50	3.50	3.50	3.50	3.00	3.00	3.00	3.00
Recreation Center personnel	14.00	14.00	14.00	13.00	13.00	13.00	13.00	12.00	11.00	2.00
<b>Library:</b>										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Librarians	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00
<b>Total</b>	<b>118.50</b>	<b>118.50</b>	<b>117.00</b>	<b>116.00</b>	<b>114.50</b>	<b>114.50</b>	<b>113.00</b>	<b>111.00</b>	<b>109.50</b>	<b>101.50</b>

Source: Township payroll and personnel records.

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

<u>Function/program:</u>	<u>2017</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>
<b><u>Community Development:</u></b>										
Building permits issued	265	276	301	288	278	261	260	272	267	281
Occupancy permits issued	44	72	71	51	28	22	34	31	65	54
Electrical permits issued	303	171	277	232	214	206	205	241	216	238
Sewer permits issued	47	26	16	44	19	25	6	6	12	14
<b><u>Public Works:</u></b>										
Roads resurfaced (linear miles)	5.64	4.59	5.72	3.61	3.70	3.27	3.39	2.76	3.32	3.47
Sanitary sewers rehabilitated (linear miles)	0.43	0.95	0.80	0.16	0.31	0.39	2.16	1.84	5.91	5.41
Snow storm call-outs	26	39	43	41	41	36	31	38	32	31
Storm sewer inlets and manholes rebuilt	77	65	117	85	73	87	64	62	52	113
Miles of roadway swept	2,994	2,108	3,289	1,502	1,486	1,337	1,800	1,786	500	N/A
Sidewalks built (square feet)	0	0	0	3,800	0	7,240	7,500	3,273	2,800	N/A
Requests for service	4,383	3,862	4,609	4,649	5,514	3,033	5,070	4,991	5,104	5,572
<b><u>Recreation:</u></b>										
Total programs offered	269	255	195	167	168	175	172	147	150	127
Total program attendees	4,145	3,339	3,482	3,252	3,167	3,335	3,193	3,101	3,028	3,928
Community and recreation center memberships	3,112	3,292	3,278	3,300	3,267	3,108	2,908	2,768	1,951	N/A
Community and recreation center individual members	8,973	9,788	10,272	10,975	10,810	10,306	9,624	8,887	6,371	N/A
<b><u>Police:</u></b>										
Calls for service	9,933	10,579	10,143	10,666	10,342	11,162	10,868	11,341	11,117	11,617
Total arrests	174	230	149	159	189	102	78	65	150	157
Part I offenses reported (major offenses)	111	135	96	122	109	102	137	106	119	134
Part I offenses cleared percentage	43%	57%	36%	38%	36%	41%	24%	22%	42%	29%
Part II offenses reported (other crimes)	137	140	138	156	249	179	172	191	165	182
Part I offenses cleared percentage	72%	65%	64%	67%	85%	54%	56%	74%	73%	66%
DUI arrests	18	19	14	16	15	22	14	17	20	16
Average response time (minutes)	2.8	3.5	3.8	2.6	1.9	2.8	2.9	2.9	2.8	2.8
<b><u>Fire:</u></b>										
Total number of emergency calls	283	267	266	292	235	250	238	258	266	257
Total property damage	\$454,000	\$697,500	\$858,000	\$64,500	\$322,500	\$168,000	\$634,250	\$101,700	\$373,000	\$147,000
Average response time (minutes)	6.48	6.44	6.26	5.45	6.16	5.59	5.39	4.13	5.36	6.10
<b><u>Library:</u></b>										
Circulation	336,992	355,780	375,615	375,233	372,868	387,204	394,641	373,669	342,891	332,695
Circulation per capita	17.53	18.50	19.53	19.51	19.39	20.14	20.52	18.63	17.10	16.59
Visits	152,263	161,286	153,593	162,853	154,144	155,808	171,752	171,752	N/A	N/A
Visits per capita	7.92	8.39	7.99	8.47	8.02	8.10	8.93	8.56	N/A	N/A

Sources: Upper St. Clair Township

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

<u>Function/program:</u>	<u>2017</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>
<b><u>General Government:</u></b>										
Square footage occupied (1)	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	5,000	5,000
Staff vehicles	3	3	3	3	3	3	3	3	2	2
<b><u>Community Development:</u></b>										
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	2	3	3
<b><u>Public Works:</u></b>										
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	4	3	3	4	4
Inspection vehicles	3	3	3	3	3	3	3	3	3	3
Utility trucks	14	16	17	18	18	18	18	20	18	25
Dump trucks	12	9	9	8	8	8	9	9	9	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
<b><u>Recreation:</u></b>										
Staff vehicles	1	1	1	1	1	1	1	1	1	1
Number of parks	15	15	15	15	15	15	15	15	15	15
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	2	1
Recreation center square footage	96,500	96,500	96,500	96,500	96,500	96,500	96,500	96,500	96,500	6,500
Basketball courts	12	12	12	12	12	12	12	12	12	10
Tennis courts	10	10	10	10	10	10	10	10	10	10
Ball fields	12	12	12	12	12	12	12	12	12	12
<b><u>Public Safety:</u></b>										
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
<b><u>Library:</u></b>										
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