

Township of Upper St. Clair, Pennsylvania

Comprehensive Annual Financial Report

Year Ended December 31, 2018



TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2018

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PREPARED BY THE FINANCE DEPARTMENT

Mark P. Romito, Director

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2018

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June 24, 2019

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, 2018, 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, 2018 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, 2018 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 19,524 by the U. S. Census Bureau. The Township is empowered by the Commonwealth to levy a property tax on real estate and an earned income tax on 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 (C&RC) 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 which is 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, the Municipality of Bethel Park and South Park Township. 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 34 as part of the basic financial statements for governmental funds. For governmental funds, other than the general fund, and proprietary funds with appropriated annual budgets, budget-to-actual comparisons can be found on pages 101-115.

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. As cited by the Allegheny Conference on Community Development, five key industry sectors create this region's balanced, diverse and dynamic economic base: advanced manufacturing, financial & business services, information technology, energy, and healthcare & life sciences. While there are retail and professional office developments within the Township, 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 financial, technology, legal, and medical executives and other professionals. These individuals' incomes have grown steadily in recent 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 3.6% in 2018. 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 (17.0 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 financial 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 \$7.7 million at the end of 2018, 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 Commissioners’ long-term goal of holding the line on taxes, while also avoiding the need to incur more governmental fund debt.

The Township’s Community & Recreation Center (C&RC) and its operation are also major components of the Township’s long-term planning process. The Township continually monitors the fee structure of the C&RC to ensure its self-sustaining operation, allowing the C&RC fund’s reserve to be dedicated to future capital needs. During 2018, the Township completed a facility study of the C&RC that reported findings and recommendations that the Township will implement in upcoming years. Another major area of long-term focus for the Township continues to be the costs associated with sanitary sewer regulatory compliance, the future requirements of which remain unknown. The Township and other municipalities in the region previously entered into an Administrative Consent Order (ACO) with the Allegheny County Health Department, the Pennsylvania Department of Environmental Protection (PADEP), and the United States Environmental Protection Agency (EPA) related to stormwater inflow in municipal sanitary sewer systems. The initial ACO expired in mid-2015, and a subsequent interim ACO expired at the end of 2018. A new order has yet to be negotiated, leaving municipalities in this region to guess what regulatory requirements will be faced in the future. Despite the lack of an official order, it remains likely that the Township and municipalities throughout the region will have to undertake major, costly sanitary sewer construction in the coming years.

Another area of uncertainty is the future cost of stormwater compliance. Municipalities throughout the United States remain 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 PADEP and the 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 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 2018. The Township believes its internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

A major storm fell upon the region in June 2018, causing significant damage to residential, commercial, and government property throughout Upper St. Clair and neighboring communities. In the days, weeks, and months following the disaster, Township staff focused on providing for the safety of residents, maintaining the expected quality of life, and restoring Township facilities to their desired conditions. The cost of recovery topped \$400,000. But due to many years of sound, responsible financial management and planning, the Township was able to focus on the recovery process without wondering how it would be funded. All costs were covered with existing reserve funds. No services were reduced, and no new funding mechanisms were necessary.

Also in 2018, the Township continued to make improvements to its sanitary sewer system, despite the continued state of regional uncertainty that exists. Efforts included inflow source reduction, maintenance and repairs, and implementation of a new ordinance requiring inspection of private sanitary sewer laterals before the sale of a property.

The Township also continued its commitment to reinvesting in its facilities during 2018. Renovation of the McLaughlin Run Activity Center began in the fall, and was completed in time for a re-opening in early 2019. The renovation included upgrades of interior finishes, construction of a handicapped accessible restroom, kitchen cabinet upgrades, a covered patio in the rear of the building and a new front façade. Additionally, the former tennis/golf administration building on McLaughlin Run Road was demolished, and a new building was constructed in its place. The new facility consists of administrative office space, restrooms, tennis program storage, and a meeting shelter. The new facility opened in December 2018.

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, 2017. It was the thirtieth (30th) 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, 2018



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

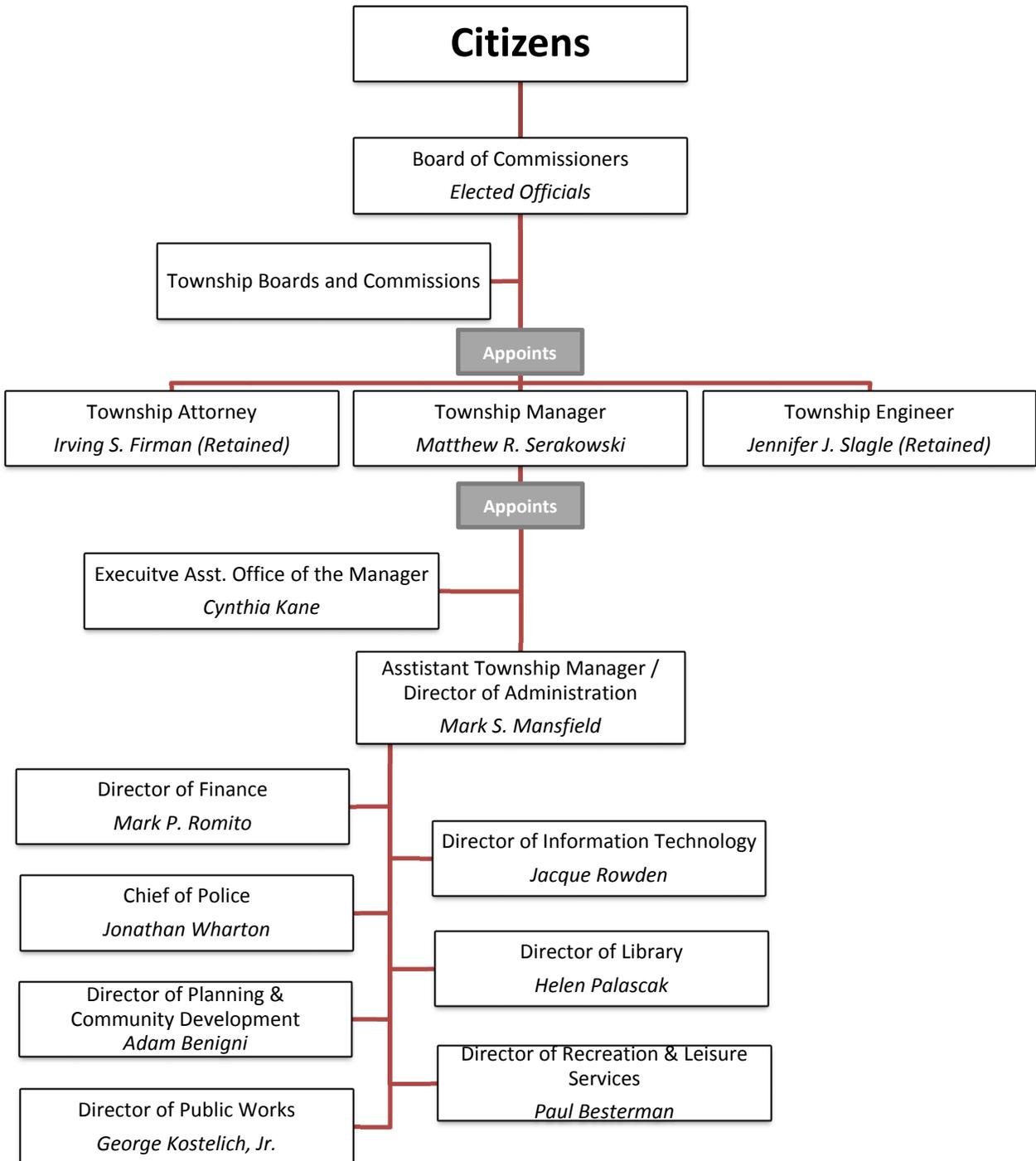
December 31, 2017

Christopher P. Morill

Executive Director/CEO

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2018



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, 2018, 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, 2018, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*," which requires the Township to record its other postemployment benefit liability and related items on the government-wide financial statements. Our opinion is not modified with respect to this matter.

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 27, 87 through 92, and 93 through 94 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budget and actual schedules, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Maher Duessel

Pittsburgh, Pennsylvania
June 24, 2019

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2018

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, 2018. This information should be reviewed in conjunction with the Township's financial statements that begin on page 28.

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

FINANCIAL HIGHLIGHTS

- At December 31, 2018, the Township's net position was \$43,172,985, an increase of \$2,728,356 or 6.7% from 2017. 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 (7.0% and 1.9%, respectively).
- The unrestricted net position was \$25,055,284 at December 31, 2018, a net increase of \$2,743,910 or 12.3% from the prior year. The governmental activities portion increased by \$162,791 due to several factors, including a record year for real estate transfer tax. The business-type activities portion increased by \$2,581,119 due to operating income of positive operating results in both the Sanitary Sewer Fund and the Boyce Mayview Community & Recreation Center (C&RC) Fund.
- The Township had an adjustment to net position for the prior year, which resulted in a decrease in the beginning net position of \$769,623. The adjustment was for the cumulative effect of implementation of GASB Statement No. 75. All comparative data will encompass this restatement.
- At December 31, 2018, the Township had \$49,605,000 of general obligation debt outstanding. This represents a net decrease of \$1,950,000 or 3.8% from the previous year. The debt outstanding represents a manageable burden of \$2,541 per capita, the Township's third consecutive decrease in this metric.
- The Township continued to maintain the AA+/stable rating assigned by Standard & Poor's Global Ratings Service to the outstanding bonds.
- The real estate tax rate remained at 3.83 mills for 2018.
- The total fund balance of the Township's General Fund at December 31, 2018 was \$4,108,800, an increase of \$408,567 from the preceding year. The unassigned fund balance in the General Fund

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

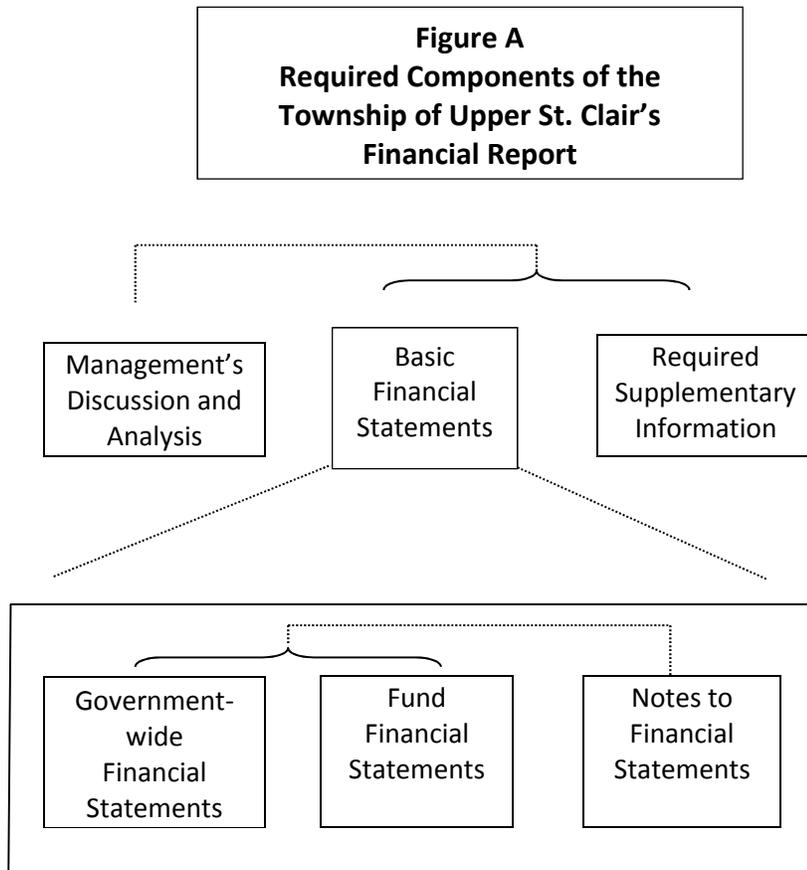
YEAR ENDED DECEMBER 31, 2018

at December 31, 2018 was \$3,937,184, which represents 25.7% of the General Fund's current expenditures for fiscal year 2018, and 17.0% of the General Fund's revenues.

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 28 and 29 respectively, provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund Financial Statements, which start on page 30, provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the Township's most significant funds with all other non-major funds presented in total in one column. For the Township, the General Fund is the most significant fund. Lastly, the financial statements include notes that explain some of the information in the financial statements and provide more detailed data.

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



TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2018

Reporting the Township as a Whole

Government-wide Financial Statements

While the Fund Financial Statements beginning on page 30 contain the majority of funds used by the Township to provide programs and activities, the Statement of Net Position and the Statement of Activities answer the question, "How did we do financially during 2018?" These statements, beginning on page 28, include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the Township's Most Significant Funds

Fund Financial Statements

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

Governmental funds: Most of the Township's operating activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using the modified accrual basis of accounting, which

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2018

measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's services. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reflected in a reconciliation after each fund statement on pages 31 and 33.

Proprietary funds: These funds are used to account for the Township's activities that are similar to business operations in the private sector. A significant portion of funding is from user charges. When the Township charges for services it provides – whether to outside customers or to other units in the Township – these services are generally reported in proprietary funds. The Sanitary Sewer Fund, the Township/School District Magazine Fund, and the C&RC Fund are the Township's proprietary funds and use the same basis of accounting as business-type activities. Therefore, these statements are the same as the business-type activities discussed above. The basic proprietary fund financial statements can be found on pages 35 through 37 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 38 through 39 of this report.

Notes to financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40 through 85 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 86 through 94 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 and OPEBs. Combining and individual fund statements and schedules can be found on pages 99 through 100.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2018

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 \$43,172,985 and \$40,444,629 at December 31, 2018 and 2017, respectively. The largest portion of the Township's net position (58.0%) is the *unrestricted* net position. The Township may use these unrestricted funds to meet its debt requirements related to capital assets or other ongoing obligations to citizens and creditors.

Table 1
December 31
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and other assets	\$ 16,652,703	\$ 17,140,469	\$ 15,277,760	\$ 13,255,021	\$ 31,930,463	\$ 30,395,490
Capital assets	32,328,444	32,061,823	34,763,436	35,870,028	67,091,880	67,931,851
TOTAL ASSETS	48,981,147	49,202,292	50,041,196	49,125,049	99,022,343	98,327,341
DEFERRED OUTFLOWS OF RESOURCES	4,438,218	2,730,007	1,265,784	1,322,759	5,704,002	4,052,766
LIABILITIES						
Current and other liabilities	1,889,755	1,893,561	1,257,504	1,061,980	3,147,259	2,955,541
Long-term liabilities:						
Due within one year	863,206	860,991	1,111,794	1,089,010	1,975,000	1,950,001
Due in more than one year	20,766,068	19,414,491	33,505,009	34,655,270	54,271,077	54,069,761
TOTAL LIABILITIES	23,519,029	22,169,043	35,874,307	36,806,260	59,393,336	58,975,303
DEFERRED INFLOWS OF RESOURCES	2,160,024	2,960,175	-	-	2,160,024	2,960,175
NET POSITION						
Net investment in capital assets	16,603,963	15,481,351	1,418,676	1,448,507	18,022,639	16,929,858
Restricted	95,062	1,212,857	-	-	95,062	1,212,857
Unrestricted	11,041,287	10,108,873	14,013,997	12,193,041	25,055,284	22,301,914
TOTAL NET POSITION	\$ 27,740,312	\$ 26,803,081	\$ 15,432,673	\$ 13,641,548	\$ 43,172,985	\$ 40,444,629

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 (\$25,055,284) may be used to meet the Township's debt requirements 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, 2018

After excluding transfers from governmental funds to business-type funds of \$1,697,084 and \$1,325,285 for 2018 and 2017, respectively, governmental revenues for 2018 totaled \$25,053,504 compared to \$24,570,342 in 2017. This 1.9% increase in governmental revenue amounted to \$483,162, and provided funds that were sufficient to cover the total governmental expenditures of \$22,419,189. For 2018, governmental revenues exceeded governmental expenses by \$2,634,315 or 10.5%. Increases in property tax and real estate transfer tax revenues led the revenue growth. The business-type funds reported that revenues exceeded expenses by \$94,041 for 2018 – a fairly even outcome. The results of this year's operations as a whole are reported in the statement of activities on page 29. All expenses are reported in the first column. Specific charges, grants, and revenues that directly relate to specific expense categories are presented to determine the final amount of the Township's activities that are supported by other general revenues. The four largest general tax revenues are listed below in Table 2.

Table 2
Year Ended December 31, 2018

	2018	2017
Earned income taxes, levied for general purposes	\$ 8,977,463	\$ 8,867,789
Property taxes, levied for general purposes	8,525,686	8,269,372
Real estate transfer tax	1,933,891	1,324,561
Local services taxes	314,436	293,106

The 2018 financial statements offer a view of the financial condition of the Township on a consolidated basis. For example, investment earnings (statement of activities, page 29) not only include interest earnings in the General Fund, but also interest earnings in the regular Capital Projects Fund and all other Governmental Funds. Table 3 summarizes total revenues for the current year, with comparative data from 2017.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2018

Table 3
Years Ended December 31
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,119,651	\$ 1,124,034	\$ 11,064,529	\$ 11,011,181	\$ 12,184,180	\$ 12,135,215
Operating grants and contributions	2,595,593	2,646,047	-	-	2,595,593	2,646,047
Capital grants and contributions	505,067	1,012,654	-	-	505,067	1,012,654
General revenues:						
Property taxes	8,525,686	8,269,372	-	-	8,525,686	8,269,372
Earned income taxes	8,977,463	8,867,789	-	-	8,977,463	8,867,789
Local services taxes	314,436	293,106	-	-	314,436	293,106
Real estate transfer tax	1,933,891	1,324,561	-	-	1,933,891	1,324,561
Franchise fees	460,671	480,793	-	-	460,671	480,793
Unrestricted investment earnings	200,787	56,004	182,880	56,875	383,667	112,879
Miscellaneous	420,259	495,982	-	-	420,259	495,982
Total revenues	25,053,504	24,570,342	11,247,409	11,068,056	36,300,913	35,638,398
Expenses:						
General government	2,302,573	2,217,582	-	-	2,302,573	2,217,582
Public safety	6,345,986	5,927,084	-	-	6,345,986	5,927,084
Public works	9,936,643	8,210,920	-	-	9,936,643	8,210,920
Community development	674,091	650,305	-	-	674,091	650,305
Recreation and leisure services	1,485,724	1,564,093	-	-	1,485,724	1,564,093
Library services	1,181,284	1,109,795	-	-	1,181,284	1,109,795
Interest on long-term debt	492,888	865,582	-	-	492,888	865,582
Sanitary sewer	-	-	6,042,224	6,121,986	6,042,224	6,121,986
Community and recreation center	-	-	4,948,872	4,728,637	4,948,872	4,728,637
Magazine	-	-	162,272	162,809	162,272	162,809
Total expenses	22,419,189	20,545,361	11,153,368	11,013,432	33,572,557	31,558,793
Change in Net Position Before Transfers	2,634,315	4,024,981	94,041	54,624	2,728,356	4,079,605
Transfers	(1,697,084)	(1,325,285)	1,697,084	1,325,285	-	-
Change in Net Position	937,231	2,699,696	1,791,125	1,379,909	2,728,356	4,079,605
Net position - beginning, as restated	26,803,081	24,103,385	13,641,548	12,261,639	40,444,629	36,365,024
Net position - ending	\$ 27,740,312	\$ 26,803,081	\$ 15,432,673	\$ 13,641,548	\$ 43,172,985	\$ 40,444,629

Program revenues within governmental activities decreased by \$562,424 in 2018, which is mostly a result of one-time grants that had been received in the prior year for capital projects. Business-type activities saw a \$53,348 increase change, as a \$302,919 increase in charges for services from sanitary sewer user fee revenues was offset by reductions of \$245,116 in C&RC revenues and \$4,455 in magazine revenues.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2018

Within general revenues, the most significant change from the prior year was a \$609,330 (46.0%) increase in real estate transfer tax revenue, which benefitted from several significant commercial property sales as well as a high volume of residential property sales. This performance is not expected to be repeated in subsequent years. The Township's two largest sources of general revenue – property tax and earned income tax – continued to see growth in 2018 as a result of newly developed properties and sustained growth in residents' wages. Franchise fee revenue declined \$20,122 (4.2%), reflecting the 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
Year Ended December 31, 2018
Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Functions/Programs:		
General government	\$ 2,302,573	\$ 924,706
Public safety	6,345,986	5,885,767
Public works	9,936,643	8,750,432
Community development	674,091	674,091
Recreation and leisure services	1,485,724	629,582
Library services	1,181,284	841,412
Interest on long-term debt	492,888	492,888
Total expenses	<u>\$ 22,419,189</u>	<u>\$ 18,198,878</u>
Total required from local taxes and other insurance		<u>\$ 18,198,878</u>

The dependence upon local tax revenues for governmental activities is apparent. The Township had expenses for governmental activities of \$22.42 million, of which only \$4.22 million was supported by program-specific charges, grants, and contributions. As a result, an additional \$18.2 million of support had to be covered by local taxes and miscellaneous revenues. In other words, approximately 81 percent of all government activities were supported through taxes and miscellaneous revenues in 2018. This is up from 77 percent in 2017. 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, 2018

Business-Type Activities

The business-type activities of the Township are the Sanitary Sewer, the Township/School District Magazine, and the C&RC operations. The Sanitary Sewer operation had program revenue of \$7.23 million and expenses of \$5.95 million. Sanitary sewer user fees are collected monthly, providing the revenues needed to cover expenses. Net position in this fund increased \$1,277,314 in 2018. 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 decrease of \$4,596 in 2018. The C&RC had program revenues of \$3.68 million and expenses of \$4.86 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 C&RC increased \$518,407 from 2018.

THE TOWNSHIP'S FUNDS

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

Table 5
Year Ended December 31, 2018
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	\$ 3,700,233	\$ 8,451,939	\$ 1,245,043	\$ 13,397,215
Net Change in Fund Balance	<u>408,567</u>	<u>(761,057)</u>	<u>660,492</u>	<u>308,002</u>
Ending Fund Balance	<u>\$ 4,108,800</u>	<u>\$ 7,690,882</u>	<u>\$ 1,905,535</u>	<u>\$ 13,705,217</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 2018 original budget. The budgeting system is designed with internal controls that assign responsibility for each Township Department's budget to the managing Department Director with overall responsibility assigned to the Township Manager. The Department Directors are each responsible for their individual program areas.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2018

For the General Fund, revenues were above budget expectations by \$1,612,292. This amount is the net result of increases in all revenue areas except for the "fees and fines" and "recreation fees" categories, which were both slightly below expectations (by \$393 and \$14,223, respectively). Expenditures were under appropriations by \$539,260. Public safety was slightly over budget by \$26,106, but all other departments ended within their appropriated amounts due to favorable expenses and controlled spending. 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, 2018, the Township's Governmental Activities had \$32,328,444 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 \$266,621 or 0.8% from last year. In 2018, capital investments in buildings an increase of \$1,101,037.

The Township's Business-type Activities had infrastructure of \$34,763,436 in capital assets, covering construction in progress, infrastructure, buildings, and equipment as of December 31, 2018. The amount includes depreciation totaling \$25,632,894, of which \$6,158,068 is the C&RC Building. Detail of capital asset activity for 2018 can be found in Note No. 5 on pages 71 through 72 and in the section entitled "Capital Assets Used in the Operation of Governmental Funds" found on pages 116 through 120.

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

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Land	\$ 2,382,884	\$ 2,369,717	\$ -	\$ -
Construction in progress	-	71,677	-	-
Infrastructure	14,625,306	15,153,713	19,770,636	20,418,854
Buildings	8,550,396	7,449,359	13,277,766	13,941,793
Improvements other than buildings	2,623,946	2,746,703	-	-
Equipment	4,108,632	4,225,197	1,715,034	1,509,381
Library assets	37,280	45,457	-	-
	<u>\$ 32,328,444</u>	<u>\$ 32,061,823</u>	<u>\$ 34,763,436</u>	<u>\$ 35,870,028</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2018

Debt Administration

The Township had total outstanding bond and note principal of \$49.61 million and \$55.15 million as of December 31, 2018 and 2017, respectively. The Township made principal payments on its outstanding bonds and notes in 2018, totaling \$855,991 for governmental activity debt and \$1,094,009 for business-type activity debt. No new debt was incurred in 2018. More detailed information about our long-term liabilities is included in Notes 6 and 7 to the financial statements on pages 73 through 77.

Table 7
Years Ended December 31
General Obligation Bonds and Notes

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
G.O. Note - 2015	\$ 971,000	\$ 1,444,000	\$ 449,000	\$ 686,000
Series of 2016 - Bonds	3,918,481	4,031,472	24,931,519	25,648,528
Series A of 2017 - Bonds	5,175,000	5,250,000	4,620,000	4,655,000
Series B of 2017 - Bonds	5,660,000	5,855,000	3,880,000	3,985,000
	<u>\$ 15,724,481</u>	<u>\$ 16,580,472</u>	<u>\$ 33,880,519</u>	<u>\$ 34,974,528</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The revenue budget for 2019 is \$2,1051,427, or 5.2% higher than the final 2018 budget. Local revenues are expected to increase 1.2% over 2018, reflecting a continuing upward trend of property and earned income tax revenues as well as sanitary sewer user fees. State revenues are expected to be fairly even with 2018. The use of fund reserves is planned to increase by 33.1% in 2019. 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. Plans to utilize reserves for capital improvements at the C&RC are also reflected in the 2019 budget. The overall change in budgeted expenditures is a 5.2% increase from 2018. The large fluctuation in recreation is due to the aforementioned capital improvements. The Township's largest fund, the General Fund, is budgeted to have a 3.41% increase in operating expenditures from 2018. 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, 2018

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

	2019	2018
Revenues:		
Local	\$ 33,902,121	\$ 33,512,160
State	1,459,989	1,448,880
Fund reserve	6,849,209	5,144,852
Total	<u>\$ 42,211,319</u>	<u>\$ 40,105,892</u>
Expenses:		
General government	\$ 3,117,757	\$ 3,482,327
Public safety	5,887,141	5,689,399
Public works	17,236,540	17,324,127
Community development	711,499	760,311
Recreation and leisure services	11,057,815	8,355,649
Library services	1,215,143	1,240,130
Debt service/fund transfers/reserve	2,985,424	3,253,949
Total	<u>\$ 42,211,319</u>	<u>\$ 40,105,892</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, CPFO, Director of Finance, 1820 McLaughlin Run Road, Upper St. Clair, PA 15241, 412-831-9000, ext. 218, or by email at romito@twpusc.org.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2018

Assets	Primary Government		Total
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 13,128,444	\$ 14,787,204	\$ 27,915,648
Tax receivables	2,868,652	-	2,868,652
Other receivables	389,105	585,442	974,547
Internal balances	94,886	(94,886)	-
Prepaid assets	171,616	-	171,616
Capital assets, not being depreciated	2,382,884	-	2,382,884
Capital assets, net of accumulated depreciation	15,320,254	21,485,670	36,805,924
Infrastructure assets, net of accumulated depreciation	14,625,306	13,277,766	27,903,072
Total Assets	48,981,147	50,041,196	99,022,343
Deferred Outflows of Resources			
Deferred charges on bond refundings	-	1,265,784	1,265,784
Pension related	4,438,218	-	4,438,218
Total Deferred Outflows of Resources	4,438,218	1,265,784	5,704,002
Liabilities			
Accounts payable	1,091,254	1,178,158	2,269,412
Accrued wages payable	211,149	-	211,149
Unearned revenue	-	79,346	79,346
Refundable deposits	587,352	-	587,352
Noncurrent liabilities:			
Bonds/notes payable due in one year	863,206	1,111,794	1,975,000
Other postemployment benefits liability	3,078,340	-	3,078,340
Net pension liability	2,826,453	-	2,826,453
Bonds/notes payable due in more than one year, net	14,861,275	33,505,009	48,366,284
Total noncurrent liabilities	21,629,274	34,616,803	56,246,077
Total Liabilities	23,519,029	35,874,307	59,393,336
Deferred Inflows of Resources			
Deferred gain on bond refundings	-	-	-
Pension related	2,160,024	-	2,160,024
Net Position			
Net investment in capital assets	16,603,963	1,418,676	18,022,639
Restricted for:			
State Liquid Fuels expenses	7,093	-	7,093
Library expenses and service	87,969	-	87,969
Unrestricted	11,041,287	14,013,997	25,055,284
Total Net Position	\$ 27,740,312	\$ 15,432,673	\$ 43,172,985

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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,302,573	\$ 292,306	\$ 830,494	\$ 255,067	\$ (924,706)	\$ -	\$ (924,706)
Public safety	6,345,986	93,673	366,546	-	(5,885,767)	-	(5,885,767)
Public works	9,936,643	292,721	893,490	-	(8,750,432)	-	(8,750,432)
Community development	674,091	-	-	-	(674,091)	-	(674,091)
Recreation and leisure services	1,485,724	395,642	210,500	250,000	(629,582)	-	(629,582)
Library services	1,181,284	45,309	294,563	-	(841,412)	-	(841,412)
Interest on long-term debt	492,888	-	-	-	(492,888)	-	(492,888)
Total governmental activities	22,419,189	1,119,651	2,595,593	505,067	(18,198,878)	-	(18,198,878)
Business-type activities:							
Sanitary sewer	6,042,224	7,229,804	-	-	-	1,187,580	1,187,580
Community & recreation center	4,948,872	3,677,049	-	-	-	(1,271,823)	(1,271,823)
Magazine	162,272	157,676	-	-	-	(4,596)	(4,596)
Total business-type activities	11,153,368	11,064,529	-	-	-	(88,839)	(88,839)
Total primary government	\$ 33,572,557	\$ 12,184,180	\$ 2,595,593	\$ 505,067	(18,198,878)	(88,839)	(18,287,717)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					8,525,686	-	8,525,686
Earned income taxes, levied for general purposes					8,977,463	-	8,977,463
Local services tax					314,436	-	314,436
Real estate transfer taxes					1,933,891	-	1,933,891
Franchise fees (5% of gross cable receipts)					460,671	-	460,671
Unrestricted investment earnings					200,787	182,880	383,667
Miscellaneous					420,259	-	420,259
Transfers					(1,697,084)	1,697,084	-
Total general revenues and transfers					19,136,109	1,879,964	21,016,073
Change in Net Position					937,231	1,791,125	2,728,356
Net position - beginning, as restated					26,803,081	13,641,548	40,444,629
Net position - ending					\$ 27,740,312	\$ 15,432,673	\$ 43,172,985

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2018

Assets	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 5,580,076	\$ 6,355,231	\$ 1,193,137	\$ 13,128,444
Real estate taxes receivable	464,017	-	-	464,017
Earned income taxes receivable	2,404,635	-	-	2,404,635
Due from other funds	551,221	1,944,640	745,428	3,241,289
Other receivables	360,065	-	29,040	389,105
Prepaid assets	171,616	-	-	171,616
Total Assets	\$ 9,531,630	\$ 8,299,871	\$ 1,967,605	\$ 19,799,106
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ 426,195	\$ 602,989	\$ 62,070	\$ 1,091,254
Due to other funds	3,146,403	-	-	3,146,403
Accrued wages payable	211,149	-	-	211,149
Refundable deposits	581,352	6,000	-	587,352
Total Liabilities	4,365,099	608,989	62,070	5,036,158
Deferred Inflows of Resources:				
Unavailable revenue - taxes	1,057,731	-	-	1,057,731
Fund Balance:				
Nonspendable	171,616	-	-	171,616
Restricted:				
State Liquid Fuels expenses	-	-	7,093	7,093
Library expenses and services	-	-	87,969	87,969
Committed:				
Storm Sewer improvements	-	-	292,636	292,636
Field improvements	-	-	334,122	334,122
Infrastructure projects	-	-	441,721	441,721
Assigned:				
Capital projects	-	7,690,882	-	7,690,882
Boyce Mayview Park projects	-	-	741,994	741,994
Unassigned	3,937,184	-	-	3,937,184
Total Fund Balance	4,108,800	7,690,882	1,905,535	13,705,217
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 9,531,630	\$ 8,299,871	\$ 1,967,605	\$ 19,799,106

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, 2018

Total Fund Balance - Governmental Funds	\$	13,705,217
<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>		32,328,444
<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>		1,057,731
<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>		2,278,194
<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	\$ (15,724,481)	
Other postemployment benefits liability	(3,078,340)	
Net pension liability	(2,826,453)	
	(21,629,274)	(21,629,274)
Total Net Position - Governmental Activities	\$	27,740,312

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, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Real estate taxes	\$ 8,490,013	\$ -	\$ -	\$ 8,490,013
Earned income taxes	8,934,154	-	-	8,934,154
Other taxes	2,248,327	-	-	2,248,327
Licenses and permits	182,398	-	-	182,398
Fees and fines	550,407	-	-	550,407
Rents	86,371	-	-	86,371
Interest	90,324	98,352	12,111	200,787
Service agreements	307,340	-	-	307,340
Other revenue and grants	1,975,778	260,167	1,351,688	3,587,633
Recreation fees	358,052	-	29,040	387,092
Total revenues	23,223,164	358,519	1,392,839	24,974,522
Expenditures:				
Current:				
General government	1,977,882	204,947	1,250	2,184,079
Community development	644,824	28,494	-	673,318
Public safety	5,478,505	218,968	-	5,697,473
Public works	5,826,664	1,676,743	898,954	8,402,361
Recreation and leisure services	464,461	28,512	793,459	1,286,432
Library services	906,129	26,092	229,574	1,161,795
Total current	15,298,465	2,183,756	1,923,237	19,405,458
Capital outlay:				
General government	-	473,916	-	473,916
Public works	-	1,296,656	-	1,296,656
Recreation and leisure services	-	444,527	-	444,527
Total capital outlay	-	2,215,099	-	2,215,099
Debt service:				
Principal retirement	-	-	855,991	855,991
Interest	-	-	492,888	492,888
Total debt service	-	-	1,348,879	1,348,879
Total expenditures	15,298,465	4,398,855	3,272,116	22,969,436
Excess (Deficiency) of Revenues over Expenditures	7,924,699	(4,040,336)	(1,879,277)	2,005,086
Other Financing Sources (Uses):				
Interfund transfers in	-	3,609,279	2,539,769	6,149,048
Interfund transfers out	(7,516,132)	(330,000)	-	(7,846,132)
Total other financing sources (uses)	(7,516,132)	3,279,279	2,539,769	(1,697,084)
Net Change in Fund Balance	408,567	(761,057)	660,492	308,002
Fund balance - beginning	3,700,233	8,451,939	1,245,043	13,397,215
Fund balance - ending	\$ 4,108,800	\$ 7,690,882	\$ 1,905,535	\$ 13,705,217

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, 2018

Net Change in Fund Balance - Governmental Funds \$ 308,002

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

Governmental funds report capital outlays for capital assets as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays for capital assets exceeded depreciation expense in the current period.

Capital outlay for capital assets	\$ 2,017,907	
Less: depreciation expense	<u>(1,751,286)</u>	266,621

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.

78,982

The increase in the other post-employment benefits liability does not require the use of current financial resources and, therefore, is not reflected on the fund statements.

(102,304)

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

(470,061)

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

855,991

Change in Net Position - Governmental Activities

\$ 937,231

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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
Revenues:				
Real estate taxes	\$ 8,278,500	\$ 8,278,500	\$ 8,490,013	\$ 211,513
Earned income taxes	8,867,300	8,867,300	8,934,154	66,854
Other taxes	1,329,500	1,329,500	2,248,327	918,827
Licenses and permits	164,575	164,575	182,398	17,823
Fees and fines	550,800	550,800	550,407	(393)
Rents	85,872	85,872	86,371	499
Interest	8,000	8,000	90,324	82,324
Service agreements	222,100	222,100	307,340	85,240
Other revenue and grants	1,731,950	1,731,950	1,975,778	243,828
Recreation fees	372,275	372,275	358,052	(14,223)
Total revenues	21,610,872	21,610,872	23,223,164	1,612,292
Expenditures:				
General government	2,146,577	2,146,577	1,977,882	168,695
Community development	698,311	698,311	644,824	53,487
Public safety	5,452,399	5,452,399	5,478,505	(26,106)
Public works	6,076,180	6,076,180	5,826,664	249,516
Recreation and leisure services	515,754	515,754	464,461	51,293
Library services	948,504	948,504	906,129	42,375
Total expenditures	15,837,725	15,837,725	15,298,465	539,260
Excess (Deficiency) of Revenues over Expenditures	5,773,147	5,773,147	7,924,699	2,151,552
Other Financing Sources (Uses):				
Interfund transfers out	(5,773,147)	(5,773,147)	(7,516,132)	(1,742,985)
Net Change in Fund Balance	\$ -	\$ -	\$ 408,567	\$ 408,567

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, 2018

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	
Assets				
Current assets:				
Cash and cash equivalents	\$ 7,174,631	\$ 7,612,573	\$ -	\$ 14,787,204
Accounts receivable	421,968	155,624	7,850	585,442
Due from other funds	10,226	-	161,064	171,290
Total current assets	7,606,825	7,768,197	168,914	15,543,936
Capital assets:				
Sewer lines, net of accumulated depreciation	13,277,766	-	-	13,277,766
Buildings and improvements, net of accumulated depreciation	-	19,768,390	-	19,768,390
Machinery and equipment, net of accumulated depreciation	1,154,006	562,540	734	1,717,280
Total capital assets	14,431,772	20,330,930	734	34,763,436
Total Assets	22,038,597	28,099,127	169,648	50,307,372
Deferred Outflows of Resources				
Deferred charge on bond refundings	599,380	666,404	-	1,265,784
Liabilities				
Current liabilities:				
Accounts payable	1,049,746	127,532	880	1,178,158
Unearned revenues	-	78,846	500	79,346
Due to other funds	-	266,176	-	266,176
Current portion - bonds payable	578,352	533,442	-	1,111,794
Total current liabilities	1,628,098	1,005,996	1,380	2,635,474
Noncurrent liabilities:				
Bonds payable	15,357,656	18,147,353	-	33,505,009
Total Liabilities	16,985,754	19,153,349	1,380	36,140,483
Net Position				
Net investment in capital assets	(898,597)	2,316,539	734	1,418,676
Unrestricted	6,550,820	7,295,643	167,534	14,013,997
Total Net Position	\$ 5,652,223	\$ 9,612,182	\$ 168,268	\$ 15,432,673

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, 2018

	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
Operating Revenues:				
Charges for services	\$ 7,229,804	\$ 3,677,049	\$ 157,676	\$ 11,064,529
Operating Expenses:				
Sewage treatment charges	3,735,849	-	-	3,735,849
Personnel services	247,914	2,155,337	52,461	2,455,712
Contractual services	876,151	1,135,593	105,755	2,117,499
Materials and supplies	22,255	199,803	3,141	225,199
Depreciation	724,906	773,804	915	1,499,625
Total operating expenses	5,607,075	4,264,537	162,272	10,033,884
Operating Income (Loss)	1,622,729	(587,488)	(4,596)	1,030,645
Nonoperating Revenues (Expenses):				
Interest income	89,734	93,146	-	182,880
Interest expense	(435,149)	(684,335)	-	(1,119,484)
Total nonoperating revenues (expenses)	(345,415)	(591,189)	-	(936,604)
Change in Net Position Before Interfund Transfers	1,277,314	(1,178,677)	(4,596)	94,041
Transfers:				
Interfund transfers in	-	1,697,084	-	1,697,084
Change in Net Position	1,277,314	518,407	(4,596)	1,791,125
Net position - beginning	4,374,909	9,093,775	172,864	13,641,548
Net position - ending	<u>\$ 5,652,223</u>	<u>\$ 9,612,182</u>	<u>\$ 168,268</u>	<u>\$ 15,432,673</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, 2018

	Business-type Activities - Enterprise Funds			
	Sanitary Sewer Fund	Boyce/Mayview Community Recreation Center Fund	Other Business- type Activities: Township/School District Magazine Fund	Total Enterprise Funds
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 7,293,027	\$ 3,673,206	\$ 155,288	\$ 11,121,521
Payment for treatment charges	(3,597,670)	-	-	(3,597,670)
Payments to employees	(247,914)	(2,155,337)	(52,461)	(2,455,712)
Payments for services	(876,151)	(1,061,671)	(105,596)	(2,043,418)
Payments to suppliers	(22,255)	(199,803)	(3,141)	(225,199)
Net cash provided by (used in) operating activities	2,549,037	256,395	(5,910)	2,799,522
Cash Flows From Noncapital Financing Activities:				
Interfund receipts (payments)	4,995	1,663,210	5,910	1,674,115
Cash Flows From Capital and Related Financing Activities:				
Purchases of capital assets	(222,989)	(170,044)	-	(393,033)
Principal paid on capital debt	(570,826)	(523,183)	-	(1,094,009)
Interest paid on capital debt, including capitalized interest	(417,527)	(678,450)	-	(1,095,977)
Net cash provided by (used in) capital and related financing activities	(1,211,342)	(1,371,677)	-	(2,583,019)
Cash Flows From Investing Activities:				
Investment income	89,734	93,146	-	182,880
Net Increase (Decrease) in Cash and Cash Equivalents	1,432,424	641,074	-	2,073,498
Cash and Cash Equivalents:				
Beginning of year	5,742,207	6,971,499	-	12,713,706
End of year	\$ 7,174,631	\$ 7,612,573	\$ -	\$ 14,787,204
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 1,622,729	\$ (587,488)	\$ (4,596)	\$ 1,030,645
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	724,906	773,804	915	1,499,625
Changes in assets and liabilities				
Accounts receivable	63,223	12,393	(1,888)	73,728
Accounts payable	138,179	73,922	159	212,260
Unearned revenues	-	(16,236)	(500)	(16,736)
Total adjustments	926,308	843,883	(1,314)	1,768,877
Net cash provided by (used in) operating activities	\$ 2,549,037	\$ 256,395	\$ (5,910)	\$ 2,799,522

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, 2018

Assets	
Cash and cash equivalents	\$ 2,339,595
Investments (at fair value):	
Exchange traded funds	8,107,835
Mutual funds	9,192,769
Investment trusts	3,536,178
Stocks	6,898,115
Accrued income receivable	25,397
	<hr/>
Total Assets	30,099,889
	<hr/>
Net Position	
Net position restricted for pension benefits	\$ <u><u>30,099,889</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, 2018

Additions:

Contributions:

Member contributions/rollovers	\$ 166,127
Township contributions	108,964
State aid	660,311
Total contributions	935,402

Investment income (loss):

Net appreciation (depreciation) in fair value of investments	(1,495,565)
Less: investment expenses	(135,297)
Net investment income (loss)	(1,630,862)
Total additions	(695,460)

Deductions:

Benefits	1,447,766
Withdrawal credits	191,507
Administrative expenses	51,486
Total deductions	1,690,759

Increase (Decrease) in Plan Net Position (2,386,219)

Net Position:

Beginning of year	32,486,108
End of year	\$ 30,099,889

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, 2018

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, 2018, 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, 2018

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, 2018. 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, 2018

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, 2018

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 Township reports the following major enterprise funds:

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

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

Additionally, the Township reports the following fiduciary fund types:

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

Proprietary funds distinguish *operating revenues and expenses* from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise funds are sewer usage charges, membership fees, and advertisement fees. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgets and Budgetary Accounting

An operating budget is legally adopted each year for the General Fund, Capital Projects Fund, State Liquid Fuels Fund, Storm Sewer Improvement Fund, Field Improvement

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Fund, Regional Asset District Library Fund, Regional Asset District Boyce Mayview Fund, Debt Service Funds for the General Obligation Bonds/Notes of 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 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.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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, 2018 are summarized below:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:				
General Fund	\$ 551,221	\$ 3,146,403	\$ -	\$ 7,516,132
Capital Projects Fund	1,944,640	-	3,609,279	330,000
Sanitary Sewer Fund	10,226	-	-	-
Boyce Mayview C&RC Fund	-	266,176	1,697,084	-
Other Enterprise Funds	161,064	-	-	-
Other Governmental Funds	745,428	-	2,539,769	-
Total	<u>\$ 3,412,579</u>	<u>\$ 3,412,579</u>	<u>\$ 7,846,132</u>	<u>\$ 7,846,132</u>

Outstanding interfund balances at year-end include a \$1,944,640 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.

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.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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.

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, 2018, \$2,779,271 of the Township's bank balance of \$3,029,271 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

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governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits had carrying amounts of \$2,972,441 as of December 31, 2018.

Investments

As of December 31, 2018, the Township's investments consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Investments:		
PLGIT	\$ 24,418,113	\$ 24,418,113
PSDLAF	<u>525,094</u>	<u>525,094</u>
Total investments	<u>\$ 24,943,207</u>	<u>\$ 24,943,207</u>

At December 31, 2018, 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 investments in external investment pools that are not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The Township can generally withdraw funds from the external investment pools without limitation, other than investments within the PLGIT/TERM accounts, which can only be withdrawn at maturity (up to one year, with minimum investment period of 60 days). In addition, there are certain limitations placed on the following withdrawals: for PLGIT-Class accounts, there is a one-day holding period and withdrawals are limited to twice per calendar month for PLGIT/PRIME accounts.

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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, 2018, 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.

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As of December 31, 2018, the Township had the following cash and investments in its pension trust funds:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Exchange-traded funds:				
Fixed income	\$ 3,582,454	\$ 3,582,454	\$ -	\$ -
Equities	4,525,381	4,525,381	-	-
Total exchanged-traded funds	8,107,835	8,107,835	-	-
Mutual funds:				
Fixed income	5,232,767	5,232,767	-	-
Equities:				
Large value	1,158,578	1,158,578	-	-
Large blend	402,099	402,099	-	-
Small blend	168,381	168,381	-	-
Small growth	195,981	195,981	-	-
Foreign large growth	277,646	277,646	-	-
Large growth	1,097,401	1,097,401	-	-
Real estate	214,820	214,820	-	-
Foreign small/mid value	249,725	249,725	-	-
Foreign small/mid growth	195,371	195,371	-	-
Total mutual funds	9,192,769	9,192,769	-	-
Stocks:				
Industrials	775,323	775,323	-	-
Consumer discretionary	783,398	783,398	-	-
Consumer staples	475,334	475,334	-	-
Energy	364,965	364,965	-	-
Financial	1,108,949	1,108,949	-	-
Materials	242,868	242,868	-	-
Information technology	1,449,858	1,449,858	-	-
Real estate	132,282	132,282	-	-
Utilities	184,753	184,753	-	-
Health care	1,068,106	1,068,106	-	-
Telecommunication services	312,279	312,279	-	-
Total stocks	6,898,115	6,898,115	-	-
Total investments by fair value level	24,198,719	24,198,719	-	-
Investments measured at NAV:				
Investment trusts:				
Bond	269,703			
Balanced/asset allocation	2,177,110			
U.S. Stock	859,639			
International/global equity	189,718			
Specialty	40,008			
Total investments measured at NAV	3,536,178			
Total investments measured at fair value	\$ 27,734,897			

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

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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 \$2,339,595 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, 2018, none of the Pension Trust Fund investments were rated by Nationally Recognized Statistical Rating Organizations.

Concentration of Credit Risk. The risk of loss attributed to the magnitude of an investment in a single issuer. The Pension Trust Funds place a 10% limit on the amount that may be invested in any one issuer. At December 31, 2018, the Pension Trust Funds did not have any investments that represented 5% or more of total investments

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(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 estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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K. Deferred Outflows/Inflows of Resources

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

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

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L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line amortization method. Bonds payable are reported net of the applicable bond premium or discount.

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

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.

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O. Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Board has by ordinance authorized the Finance Director to assign fund balance. The 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.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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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, 2018.

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, 2018 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, 2018 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, 2018 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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report negative unassigned fund balance in that fund.

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Q. Net Position

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

- *Net investments in capital assets* - This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The unspent portion of the capital related debts are presented with unrestricted net position.
- *Restricted* - This component of net position consists of constraints placed on net position use through external restrictions, reduced by liabilities related to those assets. The Township's restricted net position is outlined on the statement of net position.
- *Unrestricted* - This is the component of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Boyce Mayview Community & Recreation Center Fund (C&RC Fund) Net Position. As of December 31, 2018, the C&RC Fund had an unrestricted net position of \$7,295,643. 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, 2018:

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
2018	5,374,133	(4,264,537)	648,218	(44,458)	12,568,413

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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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

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," was adopted in the current year by the Township. As a result of this implementation, the government-wide net position as of January 1, 2018 was restated with a decrease of \$769,623 to record the Township's OPEB liability as it relates to its post-employment benefits plan. The OPEB liability is further described in Note 9.

The following GASB Statements were also adopted for the year ended December 31, 2018: Statement Nos. 85 (Omnibus) and 86 (Certain Debt Extinguishment Issue). These statements had no significant impact on the Township's financial statements for the year ended December 2018.

T. Pending Pronouncements

GASB has statements that will become effective in future years including Statement Nos. 83 (Certain Asset Retirement Obligations), 84 (Fiduciary Activities), 87 (Leases), 88 (Certain Disclosures Related to Debt), 89 (Accounting for Interest Cost Incurred before the End of a Construction Period), and 90 (Majority Equity Interests). Management has not yet determined the impact of these statements on the financial statements.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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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 2018 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, 2019	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 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.

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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, 2018. The plan covers all full-time public works employees hired prior to January 1, 2018; all public works employees hired on or after January 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:

	Police Pension Plan	Public Works Employees' Pension Plan
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 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

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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, 2018, there were four employees participating in the DROP.

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

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YEAR ENDED DECEMBER 31, 2018

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. Effective January 1, 2018, the Public Works Employees’ Pension Plan was amended to include the following pension multiplier for all years of service commencing on or after January 1, 2018 - \$74.25; January 1, 2019 - \$74.75; January 1, 2010 - \$75.25; and January 1, 2020 - \$75.50. 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.

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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, 2018, 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 \$127,020 and \$37,723, 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, 2018, the State Pension Aid contributed to the Police Plan totaled \$224,851 and the State Pension Aid contributed to the Public Works Plan totaled \$179,078. 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, 2018, the Township contributed \$42,484 to the Police Plan and \$66,480 to the Public Works Plan.

F. Net Pension Liability

The components of the net pension liability of the Plans at December 31, 2018 were as follows:

	Police Pension Plan	Public Works Employees' Pension Plan
Total pension liability	\$ 22,421,345	\$ 6,349,902
Plan fiduciary net position	(20,920,327)	(5,024,467)
Net pension liability	<u>\$ 1,501,018</u>	<u>\$ 1,325,435</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>93.31%</u>	<u>79.13%</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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, 2018 were as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balances at December 31, 2017	\$ 21,806,799	\$ 22,677,743	\$ (870,944)
Changes for the year:			
Service cost	270,566	-	270,566
Interest	1,463,535	-	1,463,535
Contributions - employer	-	267,335	(267,335)
Contributions - employee	-	127,020	(127,020)
Net investment income	-	(1,021,511)	1,021,511
Benefit payments, including refunds	(1,119,555)	(1,119,555)	-
Administrative expense	-	(10,705)	10,705
Net changes	<u>614,546</u>	<u>(1,757,416)</u>	<u>2,371,962</u>
Balances at December 31, 2018	<u>\$ 22,421,345</u>	<u>\$ 20,920,327</u>	<u>\$ 1,501,018</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)			<u>93.31%</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The changes in the net pension liability of the Township for the Public Works Employees' Pension Plan for the year ended December 31, 2018 were as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at December 31, 2017	\$ 6,175,901	\$ 5,456,927	\$ 718,974
Changes for the year:			
Service cost	68,066	-	68,066
Interest	426,180	-	426,180
Change of benefit terms	7,966	-	7,966
Contributions - employer	-	245,558	(245,558)
Contributions - employee	-	37,723	(37,723)
Net investment income	-	(348,521)	348,521
Benefit payments, including refunds	(328,211)	(328,211)	-
Administrative expense	-	(39,009)	39,009
Net changes	<u>174,001</u>	<u>(432,460)</u>	<u>606,461</u>
Balances at December 31, 2018	<u>\$ 6,349,902</u>	<u>\$ 5,024,467</u>	<u>\$ 1,325,435</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>79.13%</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation performed on January 1, 2017, and rolled forward to December 31, 2018, 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,

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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, 2018:

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, 2018, the annual money-weighted rate of return on the Police Plan and Public Works Employees' Plan investments, net of investment expense, was (4.51%) and (6.75%) 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, 2018

rate of return on each pension Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Police	\$ 3,849,723	\$ 1,501,018	\$ (470,201)
Public Works Employees'	\$ 1,947,384	\$ 1,325,435	\$ 797,299

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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

For the year ended December 31, 2018, the Township recognized pension expense of approximately \$1,023,477. At December 31, 2018, 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	\$ 1,080,553	\$ 328,762	\$ 1,409,315
Net difference between projected and actual earnings on pension plan investments	2,360,007	668,896	3,028,903
Total deferred outflows of resources	\$ 3,440,560	\$ 997,658	\$ 4,438,218
	Police	Public Works Employees'	Total
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 691,091	\$ 156,599	\$ 847,690
Net difference between projected and actual earnings on pension plan investments	1,065,655	246,679	1,312,334
Total deferred inflows of resources	\$ 1,756,746	\$ 403,278	\$ 2,160,024

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
2019	\$ 470,416	\$ 183,560	\$ 653,976
2020	336,406	94,109	430,515
2021	292,691	141,430	434,121
2022	584,301	175,281	759,582
	\$ 1,683,814	\$ 594,380	\$ 2,278,194

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

4. Defined Contribution Plan

A. Plan Description

The Township provides pension benefits for its management, administrative, and Public Works employees hired on or after January 1, 2018 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, 2018, the Township has \$4,155,095 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, 2018 was \$256,382 or 7.5% of the approximately \$3.4 million in wages paid to participants. The Township had no liability outstanding at December 31, 2018. 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, 2018

5. Capital Assets

A summary of changes in capital assets during 2018 is as follows:

	January 1, 2018	Increases	Decreases	December 31, 2018
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,369,717	\$ 13,167	\$ -	\$ 2,382,884
Construction in progress	71,677	-	(71,677)	-
Capital assets being depreciated:				
Infrastructure	35,741,057	-	-	35,741,057
Buildings	15,334,183	1,358,206	-	16,692,389
Improvements	4,081,743	9,048	-	4,090,791
Equipment	10,291,150	706,602	(52,345)	10,945,407
Library assets	764,397	2,561	-	766,958
	<u>68,653,924</u>	<u>2,089,584</u>	<u>(124,022)</u>	<u>70,619,486</u>
Less: accumulated depreciation for:				
Infrastructure	(20,587,344)	(528,407)	-	(21,115,751)
Buildings	(7,884,824)	(257,169)	-	(8,141,993)
Improvements	(1,335,040)	(131,805)	-	(1,466,845)
Equipment	(6,065,953)	(823,167)	52,345	(6,836,775)
Library assets	(718,940)	(10,738)	-	(729,678)
	<u>(36,592,101)</u>	<u>(1,751,286)</u>	<u>52,345</u>	<u>(38,291,042)</u>
Governmental activities capital assets, net	<u>\$ 32,061,823</u>	<u>\$ 338,298</u>	<u>\$ (71,677)</u>	<u>\$ 32,328,444</u>
<u>Business-type activities:</u>				
Capital assets being depreciated:				
C&RC building	\$ 25,928,704	\$ -	\$ -	\$ 25,928,704
Sewer lines and improvements	31,053,097	-	-	31,053,097
Equipment	3,022,021	393,033	(525)	3,414,529
	<u>60,003,822</u>	<u>393,033</u>	<u>(525)</u>	<u>60,396,330</u>
Less: accumulated depreciation for:				
C&RC building	(5,509,850)	(648,218)	-	(6,158,068)
Sewer lines and improvements	(17,111,304)	(664,027)	-	(17,775,331)
Equipment	(1,512,640)	(187,380)	525	(1,699,495)
	<u>(24,133,794)</u>	<u>(1,499,625)</u>	<u>525</u>	<u>(25,632,894)</u>
Business-type activities capital assets, net	<u>\$ 35,870,028</u>	<u>\$ (1,106,592)</u>	<u>\$ -</u>	<u>\$ 34,763,436</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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

Governmental activities:

General government	\$	240,047
Public safety		338,218
Public works		966,609
Community development		773
Recreation and leisure		181,468
Library		24,171

Total depreciation expense - governmental activities \$ 1,751,286

Business-type activities:

Sanitary Sewer	\$	724,906
Community & Recreation Center		773,804
Magazine		915

Total depreciation expense - business-type activities \$ 1,499,625

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

6. Changes in Long-Term Liabilities

	Amounts Payable as of January 1, 2018	Additions	Reductions	Amounts Payable as of December 31, 2018	Due Within One Year
Governmental Activities:					
Bonds/notes payable	\$ 16,580,472	\$ -	\$ (855,991)	\$ 15,724,481	\$ 863,206
Net pension liability	718,974	3,656,059	(1,548,580)	2,826,453	-
OPEB Liability*	2,976,036	221,348	(119,044)	3,078,340	-
Governmental activities long-term liabilities	<u>\$ 20,275,482</u>	<u>\$ 3,877,407</u>	<u>\$ (2,523,615)</u>	<u>\$ 21,629,274</u>	<u>\$ 863,206</u>
Business-type Activities:					
Bonds/notes payable	\$ 34,974,528	\$ -	\$ (1,094,009)	\$ 33,880,519	\$ 1,111,794
Less deferred amounts: Bond premium	769,752	-	(33,468)	736,284	-
Business-type activities long-term liabilities	<u>\$ 35,744,280</u>	<u>\$ -</u>	<u>\$ (1,127,477)</u>	<u>\$ 34,616,803</u>	<u>\$ 1,111,794</u>

* Balance at January 1, 2018 as restated under GASB No. 75.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

7. Description of Long-Term Debt

Issue: General Obligation Note of 2015

Date: May 15, 2015

Original Proceeds: \$3,550,000

Principal Amount at December 31, 2018: \$1,420,000

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:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 473,000	\$ 13,437	\$ 237,000	\$ 6,719
2020	<u>498,000</u>	<u>6,737</u>	<u>212,000</u>	<u>3,369</u>
Total	<u>\$ 971,000</u>	<u>\$ 20,174</u>	<u>\$ 449,000</u>	<u>\$ 10,088</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Issue: General Obligation Bonds of 2016

Date: November 18, 2016

Original Proceeds: \$30,560,000

Principal Amount at December 31, 2018: \$28,850,000

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
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	127,761	128,973	812,240	821,202
2024-2028	701,575	567,166	4,468,425	3,611,259
2029-2033	1,104,796	418,629	6,885,204	2,669,334
2034-2038	1,504,323	144,702	9,285,674	983,089
2039-2041	-	-	430,000	26,400
Total	<u>\$ 3,918,481</u>	<u>\$ 1,809,800</u>	<u>\$ 24,931,519</u>	<u>\$ 11,615,054</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Issue: General Obligation Bonds of 2017, Series A

Date: May 5, 2017

Original Proceeds: \$9,905,000

Principal Amount at December 31, 2018: \$9,795,000

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 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
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	610,000	121,595	330,000	65,950
2024-2028	3,215,000	382,279	1,840,000	217,696
2029-2033	-	-	1,745,000	138,453
Total	<u>\$ 5,175,000</u>	<u>\$ 1,142,930</u>	<u>\$ 4,620,000</u>	<u>\$ 717,448</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Issue: General Obligation Bonds of 2017, Series B

Date: August 29, 2017

Original Proceeds: \$9,910,000

Principal Amount at December 31, 2018: \$9,540,000

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 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
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	240,000	135,543	125,000	69,277
2024-2028	1,225,000	582,294	695,000	328,363
2029-2033	3,360,000	345,988	725,000	130,165
2034-2036	-	-	1,865,000	85,125
Total	<u>\$ 5,660,000</u>	<u>\$ 1,640,554</u>	<u>\$ 3,880,000</u>	<u>\$ 911,231</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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, 2018. Vacation days may be carried forward only upon approval of the Township Manager. At December 31, 2018, 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.

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

	<u>Police</u>	<u>Non-Uniformed</u>
Inactive plan members currently receiving benefits	12	19
Active plan members	<u>28</u>	<u>88</u>
	<u>40</u>	<u>107</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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. The coverage includes the employee, spouse, and dependents of the employee. 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 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.

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.

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 2018, the Township incurred \$118,070 for post-employment health benefits (not including \$73,732 in contributions to VEBA accounts) and \$974 for post-

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

employment life insurance benefits. No amounts were required to be reimbursed by retirees receiving benefits. At December 31, 2018, the total of the VEBA account balances was \$888,475.

C. Changes in the Total OPEB Liability

The changes in the OPEB liability of the Township for the year ended December 31, 2018 were as follows:

	<u>Total OPEB Liability</u>
Balances at December 31, 2017	\$ 2,976,036
Changes for the year:	
Service cost	108,399
Interest	112,949
Benefit payments	<u>(119,044)</u>
Net changes	<u>102,304</u>
Balances at December 31, 2018	<u>\$ 3,078,340</u>

D. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation performed as of January 1, 2017, and rolled forward to December 31, 2018 using the following actuarial assumptions, applied to all periods in the measurement:

- Actuarial cost method: Entry Age Normal
 - Mortality: RP-2014 Combined Healthy Mortality Table with rates 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
 - Withdrawal: Table T-1, *Actuary's Pension Handbook*
 - Retirement age: Police – Participants who are eligible for normal retirement are assumed to enter DROP or retire in accordance with the following rates: age 55 – 75%, age 56 – 60%, age 57 – 50%, age 58+ – 100%. Non-Uniformed – Admin, age 60; Teamsters – age 60 with 10 years of service.
 - DROP Participation (Police only): 75% of eligible participants are assumed to participate, with 100% remaining in the DROP for 2 years.
-

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

- Participant Percentage: Police – 90% of future retirees for health insurance. Police and Non-Uniformed – 100% of future retirees for life insurance.
- Discount rate – 3.75%, based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
- Inflation rate – 2.75%
- Annual Trend Rates for OPEB Costs (Medical):
 - 2018 – 6.00%
 - 2019 – 5.75%
 - 2020 – 5.75%
 - 2021 – 5.50%
 - 2022 – 5.50%
 - 2023 – 5.25%
 - 2024 – 5.25%
 - 2025 & later – 5.00%
- Current Premium Schedules: The following are the reported applicable annual rates of medical (including prescription drug) coverage for retirees, which were used to project retiree contributions only:

<u>Coverage</u>	<u>Medical/Rx PPO</u> <u>1250 (Retiree)</u>
Single	\$ 5,990.16
Parent/Child(ren)	14,400.72
Husband/Wife	16,137.84
Family	18,546.24

E. Changes in Actuarial Assumptions

For the January 1, 2017 actuarial valuation, the interest rate assumption has been lowered from 4.5% to 3.75%. In addition, the trend rate assumptions have been updated for this valuation. Lastly, the mortality assumption was updated from the RP-2000 Combined Healthy Mortality Table with blue collar adjustment and rates projected to improve at 75% of scale AA to the RP-2014 mortality table with rates projected to improve based on the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

F. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability calculated using the discount rate described above, as well as what the total OPEB liability would be if it was calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
<u>\$ 3,466,483</u>	<u>\$ 3,078,340</u>	<u>\$ 2,759,542</u>

G. Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability calculating using the stated healthcare cost trend rate, as well as what the total OPEB liability would be if it was calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease	Current Trend Rate	1% Increase
<u>\$ 2,925,022</u>	<u>\$ 3,078,340</u>	<u>\$ 3,262,335</u>

10. Commitments and Contingencies

The Township and other municipalities in the region previously entered into an Administrative Consent Order (ACO) with the Allegheny County Health Department, the Pennsylvania Department of Environmental Protection (PADEP), and the United States Environmental Protection Agency (EPA) related to stormwater inflow in the municipal sanitary sewer systems. The initial ACO expired in mid-2015, and a subsequent interim Consent Order and Agreement (COA) expired at the end of 2018. A new COA has yet to be negotiated, leaving municipalities in this region to guess what regulatory requirements will be faced in the future. Despite the lack of an official order, it remains likely that the Township and municipalities throughout the region will have to undertake major sanitary sewer construction in the coming years. In previous years, the Township estimated such costs to be in excess of \$30 million.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The Township has entered into contract commitments related to various capital purchases and projects. As of December 31, 2018, the Township has approximately \$565,000 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, 2018

Pension Trust Fund Financial Information as of December 31, 2018

Plan Net Position

	<u>Police</u>	<u>Public Works Employees'</u>	<u>Administrative & Management</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 1,343,324	\$ 377,354	\$ 618,917	\$ 2,339,595
Investments (at fair value):				
Exchange traded funds	6,612,069	1,495,766	-	8,107,835
Mutual funds	6,046,307	3,146,462	-	9,192,769
Investment trusts	-	-	3,536,178	3,536,178
Stocks	6,898,115	-	-	6,898,115
Accrued income receivable	20,512	4,885	-	25,397
Total Assets	<u>20,920,327</u>	<u>5,024,467</u>	<u>4,155,095</u>	<u>30,099,889</u>
Net Position Restricted for Pensions	<u>\$ 20,920,327</u>	<u>\$ 5,024,467</u>	<u>\$ 4,155,095</u>	<u>\$ 30,099,889</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Changes in Plan Net Position

	<u>Police</u>	<u>Public Works Employees'</u>	<u>Administrative & Management</u>	<u>Total</u>
Additions:				
Contributions:				
Member contributions/rollovers	\$ 127,020	\$ 37,723	\$ 1,384	\$ 166,127
Township contributions	42,484	66,480	-	108,964
State aid	224,851	179,078	256,382	660,311
Total contributions	<u>394,355</u>	<u>283,281</u>	<u>257,766</u>	<u>935,402</u>
Investment income (loss):				
Net appreciation (depreciation) in fair value of investments	(891,327)	(343,408)	(260,830)	(1,495,565)
Less investment expense	<u>(130,184)</u>	<u>(5,113)</u>	-	<u>(135,297)</u>
Net investment income (loss)	<u>(1,021,511)</u>	<u>(348,521)</u>	<u>(260,830)</u>	<u>(1,630,862)</u>
Total additions	<u>(627,156)</u>	<u>(65,240)</u>	<u>(3,064)</u>	<u>(695,460)</u>
Deductions:				
Benefits	1,119,555	328,211	-	1,447,766
Withdrawal credits	-	-	191,507	191,507
Administrative expenses	<u>10,705</u>	<u>39,009</u>	<u>1,772</u>	<u>51,486</u>
Total deductions	<u>1,130,260</u>	<u>367,220</u>	<u>193,279</u>	<u>1,690,759</u>
Increase (Decrease) in Plan Net Position	(1,757,416)	(432,460)	(196,343)	(2,386,219)
Net Position:				
Beginning of year	<u>22,677,743</u>	<u>5,456,927</u>	<u>4,351,438</u>	<u>32,486,108</u>
End of year	<u><u>\$ 20,920,327</u></u>	<u><u>\$ 5,024,467</u></u>	<u><u>\$ 4,155,095</u></u>	<u><u>\$ 30,099,889</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

POLICE PENSION PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2018	2017	2016	2015	2014
Total Pension Liability:					
Service cost	\$ 270,566	\$ 298,860	\$ 225,889	\$ 229,488	\$ 207,137
Interest	1,463,535	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	(1,119,555)	(1,069,530)	(665,116)	(566,815)	(455,173)
Net Changes in Total Pension Liability	614,546	1,757,966	983,150	351,478	1,073,771
Total Pension Liability - Beginning	21,806,799	20,048,833	19,065,683	18,714,205	17,640,434
Total Pension Liability - Ending (a)	\$ 22,421,345	\$ 21,806,799	\$ 20,048,833	\$ 19,065,683	\$ 18,714,205
Plan Fiduciary Net Position:					
Contributions - employer	\$ 267,335	\$ 220,236	\$ 209,983	\$ 240,290	\$ 232,406
Contributions - member	127,020	120,908	118,029	116,999	126,505
Net investment income	(1,021,511)	3,046,993	972,627	61,762	1,105,772
Benefit payments, including refunds of member contributions	(1,119,555)	(1,069,530)	(665,116)	(566,815)	(455,173)
Administrative expense	(10,705)	(5,272)	(3,851)	(6,081)	(31,233)
Net Change in Plan Fiduciary Net Position	(1,757,416)	2,313,335	631,672	(153,845)	978,277
Plan Fiduciary Net Position - Beginning	22,677,743	20,364,408	19,732,736	19,886,581	18,908,304
Plan Fiduciary Net Position - Ending (b)	\$ 20,920,327	\$ 22,677,743	\$ 20,364,408	\$ 19,732,736	\$ 19,886,581
Net Pension Liability (Asset) - Ending (a-b)	\$ 1,501,018	\$ (870,944)	\$ (315,575)	\$ (667,053)	\$ (1,172,376)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.31%	103.99%	101.57%	103.50%	106.26%
Covered Payroll	\$ 2,499,109	\$ 2,259,802	\$ 2,198,331	\$ 2,188,396	\$ 2,251,012
Net Pension Liability (Asset) as a Percentage of Covered Payroll	60.06%	-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 TOWNSHIP'S NET
PENSION LIABILITY (ASSET) AND RELATED RATIOS

PUBLIC WORKS EMPLOYEES' PENSION PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2018	2017	2016	2015	2014
Total Pension Liability:					
Service cost	\$ 68,066	\$ 69,779	\$ 58,872	\$ 58,022	\$ 55,462
Interest	426,180	413,706	396,751	382,057	386,581
Changes of benefit terms	7,966	-	-	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>(328,211)</u>	<u>(292,871)</u>	<u>(255,118)</u>	<u>(233,436)</u>	<u>(224,651)</u>
Net Changes in Total Pension Liability	174,001	618,502	200,505	(69,744)	217,392
Total Pension Liability - Beginning	<u>6,175,901</u>	<u>5,557,399</u>	<u>5,356,894</u>	<u>5,426,638</u>	<u>5,209,246</u>
Total Pension Liability - Ending (a)	<u>\$ 6,349,902</u>	<u>\$ 6,175,901</u>	<u>\$ 5,557,399</u>	<u>\$ 5,356,894</u>	<u>\$ 5,426,638</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 245,558	\$ 192,108	\$ 254,211	\$ 362,005	\$ 357,195
Contributions - member	37,723	38,454	29,513	14,865	-
Net investment income	(348,521)	716,473	305,686	(153,644)	179,396
Benefit payments, including refunds of member contributions	(328,211)	(292,871)	(255,118)	(233,436)	(224,651)
Administrative expense	<u>(39,009)</u>	<u>(16,568)</u>	<u>(3,075)</u>	<u>(11,695)</u>	<u>(8,095)</u>
Net Change in Plan Fiduciary Net Position	(432,460)	637,596	331,217	(21,905)	303,845
Plan Fiduciary Net Position - Beginning	<u>5,456,927</u>	<u>4,819,331</u>	<u>4,488,114</u>	<u>4,510,019</u>	<u>4,206,174</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,024,467</u>	<u>\$ 5,456,927</u>	<u>\$ 4,819,331</u>	<u>\$ 4,488,114</u>	<u>\$ 4,510,019</u>
Net Pension Liability (Asset) - Ending (a-b)	<u>\$ 1,325,435</u>	<u>\$ 718,974</u>	<u>\$ 738,068</u>	<u>\$ 868,780</u>	<u>\$ 916,619</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>79.13%</u>	<u>88.36%</u>	<u>86.72%</u>	<u>83.78%</u>	<u>83.11%</u>
Covered Payroll	<u>\$ 1,733,728</u>	<u>\$ 1,508,261</u>	<u>\$ 1,531,677</u>	<u>\$ 1,657,089</u>	<u>\$ 1,615,471</u>
Net Pension Liability (Asset) as a Percentage of Covered Payroll	76.45%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
POLICE PENSION PLAN:					
<u>Schedule of Township's Contributions</u>					
Actuarially determined contribution	\$ 267,335	\$ 179,713	\$ 186,830	\$ 240,290	\$ 232,406
Contributions in relation to the actuarially determined contribution	267,335	220,236	209,983	240,290	232,406
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (40,523)</u>	<u>\$ (23,153)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 2,499,109</u>	<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	10.70%	9.75%	9.55%	10.98%	10.32%
<u>Investment Returns</u>					
Annual money-weighted rate of return, net of investment expense	-4.51%	14.84%	4.93%	1.15%	6.26%
PUBLIC WORKS EMPLOYEES' PENSION PLAN:					
<u>Schedule of Township's Contributions</u>					
Actuarially determined contribution	\$ 245,558	\$ 192,108	\$ 254,211	\$ 362,005	\$ 357,195
Contributions in relation to the actuarially determined contribution	245,558	192,108	254,211	362,005	357,195
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 1,733,728</u>	<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	14.16%	12.74%	16.60%	21.85%	22.11%
<u>Investment Returns</u>					
Annual money-weighted rate of return, net of investment expense	-6.75%	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, 2018

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, 2018

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, 2018

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 CHANGES IN THE TOWNSHIP'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years¹

	2018
Total OPEB Liability:	
Service cost	\$ 108,399
Interest	112,949
Changes of benefit terms	-
Differences between actual and expected experience	-
Changes of assumptions	-
Benefit payments	(119,044)
	102,304
Net Changes in Total OPEB Liability	102,304
Total OPEB Liability - Beginning	2,976,036
Total OPEB Liability - Ending	\$ 3,078,340
Covered Payroll	\$ 7,590,560
Total OPEB Liability as a Percentage of Covered Payroll	40.55%

¹ The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

See accompanying notes to required supplementary schedules - OPEB.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES OTHER POST-EMPLOYMENT BENEFITS

YEAR ENDED DECEMBER 31, 2018

The Township has no assets accumulated in a trust that meets the criteria as defined in paragraph 4 of GASB Statement No. 75 to pay related other post-employment benefits.

No changes to benefits were recognized for the January 1, 2017 actuarial valuation.

For the January 1, 2017 actuarial valuation, the interest rate assumption has been lowered from 4.5% to 3.75%. In addition, the trend rate assumptions have been updated for this valuation. Lastly, the mortality assumption was updated from the RP-2000 Combined Healthy Mortality Table with blue collar adjustment and rates projected to improve at 75% of scale AA to the RP-2014 mortality table with rates projected to improve based on the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

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.

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.

DEBT SERVICE FUNDS

Debt service funds are used to accumulate monies for payment of principal and interest on general obligation bonds and notes issued by the Township and Revenue bonds issued by the Municipal Authority of the Township of Upper St. Clair (MATUSC). There were no outstanding bonds issued by MATUSC as of December 31, 2018.

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 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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	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	Debt Service Fund	Total Other Governmental Funds
Assets										
Cash and cash equivalents	\$ 7,093	\$ 345,415	\$ 304,886	\$ 88,122	\$ -	\$ -	\$ 447,621	\$ 1,193,137	\$ -	\$ 1,193,137
Due from other funds	-	-	196	97	243	744,892	-	745,428	-	745,428
Other receivables	-	-	29,040	-	-	-	-	29,040	-	29,040
Total Assets	\$ 7,093	\$ 345,415	\$ 334,122	\$ 88,219	\$ 243	\$ 744,892	\$ 447,621	\$ 1,967,605	\$ -	\$ 1,967,605
Liabilities and Fund Balance										
Liabilities:										
Accounts payable	\$ -	\$ 52,779	\$ -	\$ 250	\$ 243	\$ 2,898	\$ 5,900	\$ 62,070	\$ -	\$ 62,070
Fund Balance:										
Restricted:										
State Liquid Fuels expenses	7,093	-	-	-	-	-	-	7,093	-	7,093
Library expenses and services	-	-	-	87,969	-	-	-	87,969	-	87,969
Committed:										
Storm Sewer improvements	-	292,636	-	-	-	-	-	292,636	-	292,636
Field improvements	-	-	334,122	-	-	-	-	334,122	-	334,122
Infrastructure projects	-	-	-	-	-	441,721	-	441,721	-	441,721
Assigned:										
Boyce Mayview Park projects	-	-	-	-	-	741,994	-	741,994	-	741,994
Total Fund Balance	7,093	292,636	334,122	87,969	-	741,994	441,721	1,905,535	-	1,905,535
Total Liabilities and Fund Balance	\$ 7,093	\$ 345,415	\$ 334,122	\$ 88,219	\$ 243	\$ 744,892	\$ 447,621	\$ 1,967,605	\$ -	\$ 1,967,605

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

	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	Debt Service Fund	Total Other Governmental Funds
Revenues:										
Interest	\$ 4,435	\$ -	\$ 3,372	\$ 869	\$ -	\$ 294	\$ 3,141	\$ 12,111	\$ -	\$ 12,111
State grants	653,563	-	-	-	221,586	460,500	-	1,335,649	-	1,335,649
Other revenue	-	-	-	16,039	-	-	-	16,039	-	16,039
Recreation fees	-	-	29,040	-	-	-	-	29,040	-	29,040
Total revenues	<u>657,998</u>	<u>-</u>	<u>32,412</u>	<u>16,908</u>	<u>221,586</u>	<u>460,794</u>	<u>3,141</u>	<u>1,392,839</u>	<u>-</u>	<u>1,392,839</u>
Expenditures:										
Current:										
General government	-	-	-	-	-	-	1,250	1,250	-	1,250
Public works	700,000	198,954	-	-	-	-	-	898,954	-	898,954
Recreation and leisure services	-	-	-	-	-	793,459	-	793,459	-	793,459
Library services	-	-	-	7,988	221,586	-	-	229,574	-	229,574
Total current	<u>700,000</u>	<u>198,954</u>	<u>-</u>	<u>7,988</u>	<u>221,586</u>	<u>793,459</u>	<u>1,250</u>	<u>1,923,237</u>	<u>-</u>	<u>1,923,237</u>
Debt service:										
Principal retirement	-	-	-	-	-	-	-	-	855,991	855,991
Interest	-	-	-	-	-	-	-	-	492,888	492,888
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,348,879</u>	<u>1,348,879</u>
Total expenditures	<u>700,000</u>	<u>198,954</u>	<u>-</u>	<u>7,988</u>	<u>221,586</u>	<u>793,459</u>	<u>1,250</u>	<u>1,923,237</u>	<u>1,348,879</u>	<u>3,272,116</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(42,002)</u>	<u>(198,954)</u>	<u>32,412</u>	<u>8,920</u>	<u>-</u>	<u>(332,665)</u>	<u>1,891</u>	<u>(530,398)</u>	<u>(1,348,879)</u>	<u>(1,879,277)</u>
Other Financing Sources (Uses):										
Interfund transfers in	-	300,000	30,000	-	-	860,890	-	1,190,890	1,348,879	2,539,769
Net Change in Fund Balance	<u>(42,002)</u>	<u>101,046</u>	<u>62,412</u>	<u>8,920</u>	<u>-</u>	<u>528,225</u>	<u>1,891</u>	<u>660,492</u>	<u>-</u>	<u>660,492</u>
Fund Balance:										
Beginning of year	49,095	191,590	271,710	79,049	-	213,769	439,830	1,245,043	-	1,245,043
End of year	<u>\$ 7,093</u>	<u>\$ 292,636</u>	<u>\$ 334,122</u>	<u>\$ 87,969</u>	<u>\$ -</u>	<u>\$ 741,994</u>	<u>\$ 441,721</u>	<u>\$ 1,905,535</u>	<u>\$ -</u>	<u>\$ 1,905,535</u>

**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, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Interest	\$ 20,000	\$ 98,352	\$ 78,352
Other revenue and grants	981,788	260,167	(721,621)
Total revenues	1,001,788	358,519	(643,269)
Expenditures:			
Current:			
General government	456,000	204,947	251,053
Community development	62,000	28,494	33,506
Public safety	237,000	218,968	18,032
Public works	1,968,000	1,676,743	291,257
Recreation and leisure services	120,000	28,512	91,488
Library services	64,600	26,092	38,508
Total current	2,907,600	2,183,756	723,844
Capital outlay:			
General government	700,000	473,916	226,084
Public works	2,117,000	1,296,656	820,344
Recreation and leisure services	270,000	444,527	(174,527)
Total capital outlay	3,087,000	2,215,099	871,901
Total expenditures	5,994,600	4,398,855	1,595,745
Excess (Deficiency) of Revenues over Expenditures	(4,992,812)	(4,040,336)	952,476
Other Financing Sources (Uses):			
Interfund transfers in	1,829,279	3,609,279	1,780,000
Interfund transfers out	(330,000)	(330,000)	-
Total other financing sources (uses)	1,499,279	3,279,279	1,780,000
Net Change in Fund Balance	\$ (3,493,533)	\$ (761,057)	\$ 2,732,476

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, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Interest	\$ 1,200	\$ 4,435	\$ 3,235
State grants	642,880	653,563	10,683
Total revenues	644,080	657,998	13,918
Expenditures:			
Current:			
Public works	700,000	700,000	-
Excess (Deficiency) of Revenues Over Expenditures	(55,920)	(42,002)	13,918
Net Change in Fund Balance	\$ (55,920)	\$ (42,002)	\$ 13,918

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, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Licenses and permits	\$ 2,000	\$ -	\$ (2,000)
Expenditures:			
Current:			
Public works	200,000	198,954	1,046
Excess (Deficiency) of Revenues Over Expenditures	(198,000)	(198,954)	(954)
Other Financing Sources (Uses):			
Interfund transfers in	300,000	300,000	-
Net Change in Fund Balance	\$ 102,000	\$ 101,046	\$ (954)

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, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Interest	\$ 600	\$ 3,372	\$ 2,772
Recreation fees	27,500	29,040	1,540
Total revenues	28,100	32,412	4,312
Expenditures:			
Current:			
Public works	30,000	-	30,000
Excess (Deficiency) of Revenues Over Expenditures	(1,900)	32,412	34,312
Other Financing Sources (Uses):			
Interfund transfers in	30,000	30,000	-
Net Change in Fund Balance	\$ 28,100	\$ 62,412	\$ 34,312

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, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
State grants	\$ 227,026	\$ 221,586	\$ (5,440)
Expenditures:			
Current:			
Library services	227,026	221,586	5,440
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Revenues:			
Interest	\$ 250	\$ 294	\$ 44
State grants	210,000	460,500	250,500
Total revenues	210,250	460,794	250,544
Expenditures:			
Current:			
Recreation and leisure services	1,071,140	793,459	277,681
Excess (Deficiency) of Revenues Over Expenditures	(860,890)	(332,665)	528,225
Other Financing Sources (Uses):			
Interfund transfers in	860,890	860,890	-
Net Change in Fund Balance	\$ -	\$ 528,225	\$ 528,225

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Expenditures:			
Debt service:			
Principal retirement	\$ 473,000	\$ 473,000	\$ -
Interest	20,156	20,156	-
Total debt service	493,156	493,156	-
Excess (Deficiency) of Revenues Over Expenditures	(493,156)	(493,156)	-
Other Financing Sources (Uses):			
Interfund transfers in	493,156	493,156	-
Net Change in Fund Balance	\$ -	\$ -	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Expenditures:			
Debt service:			
Principal retirement	\$ 112,991	\$ 112,991	\$ -
Interest	146,523	146,523	-
Total debt service	259,514	259,514	-
Excess (Deficiency) of Revenues Over Expenditures	(259,514)	(259,514)	-
Other Financing Sources (Uses):			
Interfund transfers in	259,514	259,514	-
Net Change in Fund Balance	\$ -	\$ -	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - DEBT SERVICE FUND - GENERAL OBLIGATION BONDS OF 2017, SERIES A

YEAR ENDED DECEMBER 31, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Expenditures:			
Debt service:			
Principal retirement	\$ 75,000	\$ 75,000	\$ -
Interest	170,772	170,772	-
Total debt service	245,772	245,772	-
Excess (Deficiency) of Revenues Over Expenditures	(245,772)	(245,772)	-
Other Financing Sources (Uses):			
Interfund transfers in	245,772	245,772	-
Total other financing sources (uses)	245,772	245,772	-
Net Change in Fund Balance	\$ -	\$ -	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - DEBT SERVICE FUND - GENERAL OBLIGATION BONDS OF 2017, SERIES B

YEAR ENDED DECEMBER 31, 2018

	Original and Final Budgeted Amounts	Actual	Variance
<u>Expenditures:</u>			
Debt service:			
Principal retirement	\$ 195,000	\$ 195,000	\$ -
Interest	155,447	155,437	10
Total debt service	350,447	350,437	10
Excess (Deficiency) of Revenues Over Expenditures	(350,447)	(350,437)	10
<u>Other Financing Sources (Uses):</u>			
Interfund transfers in	350,447	350,437	(10)
Total other financing sources (uses)	350,447	350,437	(10)
Net Change in Fund Balance	\$ -	\$ -	\$ -

**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, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Operating Revenues:			
Charges for services	\$ 6,951,774	\$ 7,229,804	\$ 278,030
Operating Expenses:			
Sewage treatment charges	4,074,300	3,735,849	338,451
Personnel services	243,251	247,914	(4,663)
Contractual services	1,331,546	876,151	455,395
Materials and supplies	38,850	22,255	16,595
Depreciation and amortization	695,000	724,906	(29,906)
Total operating expenses	6,382,947	5,607,075	775,872
Operating Income (Loss)	568,827	1,622,729	1,053,902
Non-operating Revenues (Expenses):			
Interest income	4,500	89,734	85,234
Interest expense	(417,518)	(435,149)	(17,631)
Total non-operating revenues (expenses)	(413,018)	(345,415)	67,603
Change in Net Position	\$ 155,809	\$ 1,277,314	\$ 1,121,505

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, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Operating Revenues:			
Charges for services	\$ 3,974,550	\$ 3,677,049	\$ (297,501)
Operating Expenses:			
Personnel services	2,304,942	2,155,337	149,605
Contractual services	1,200,213	1,135,593	64,620
Materials and supplies	287,100	199,803	87,297
Depreciation and amortization	140,000	773,804	(633,804)
Total operating expenses	3,932,255	4,264,537	(332,282)
Operating Income (Loss)	42,295	(587,488)	34,781
Non-operating Revenues (Expenses):			
Interest income	6,000	93,146	87,146
Interest expense	(678,449)	(684,335)	(5,886)
Total non-operating revenues (expenses)	(672,449)	(591,189)	81,260
Transfers:			
Interfund transfers in	1,734,089	1,697,084	(37,005)
Change in Net Position	\$ 1,103,935	\$ 518,407	\$ 79,036

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, 2018

	Original and Final Budgeted Amounts	Actual	Variance
Operating Revenues:			
Charges for services	\$ 160,100	\$ 157,676	\$ (2,424)
Operating Expenses:			
Personnel services	55,000	52,461	2,539
Contractual services	114,850	105,755	9,095
Materials and supplies	8,900	3,141	5,759
Depreciation and amortization	1,000	915	85
Total operating expenses	179,750	162,272	17,478
Change in Net Position	\$ (19,650)	\$ (4,596)	\$ 15,054

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF CAPITAL ASSETS - BY SOURCE

DECEMBER 31, 2018

Governmental Funds Capital Assets:

Land	\$	2,382,884
Infrastructure		35,741,057
Buildings		16,692,389
Improvements other than buildings		4,090,791
Equipment		10,945,407
Library assets		<u>766,958</u>
Total capital assets	\$	<u><u>70,619,486</u></u>

Investment in Capital Assets From:

Acquisitions prior to January 1, 1982 (1)	\$	21,502,258
General Fund		4,814,200
Storm Sewer Fund		295,230
Field Improvement Fund		51,714
Regional Asset District Library Fund		52,738
Library Endowment Fund		512,357
Regional Asset District Boyce Mayview Fund		4,847,485
Capital Projects Funds		<u>38,543,504</u>
Total investment in capital assets	\$	<u><u>70,619,486</u></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, 2018

	Total	Land	Construction in Progress	Infrastructure	Buildings	Improvements Other than Buildings	Equipment	Library Assets
Capital Assets, January 1, 2018	\$ 68,653,924	\$ 2,369,717	\$ 71,677	\$ 35,741,057	\$ 15,334,183	\$ 4,081,743	\$ 10,291,150	\$ 764,397
Expenditures from:								
General Fund	38,652	-	-	-	-	9,048	29,604	-
RAD Library Fund	2,122	-	-	-	-	-	2,122	-
RAD Boyce Mayview Fund	1,588	-	-	-	1,588	-	-	-
Capital Projects Fund	2,047,222	13,167	-	-	1,356,618	-	674,876	2,561
Capital assets disposals and transfers	(124,022)	-	(71,677)	-	-	-	(52,345)	-
Capital Assets, December 31, 2018	<u>\$ 70,619,486</u>	<u>\$ 2,382,884</u>	<u>\$ -</u>	<u>\$ 35,741,057</u>	<u>\$ 16,692,389</u>	<u>\$ 4,090,791</u>	<u>\$ 10,945,407</u>	<u>\$ 766,958</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

DECEMBER 31, 2018

Function and Activity	Total	Land	Infrastructure	Buildings	Improvements Other than Buildings	Equipment	Library Assets
General Government:							
Administration	\$ 8,087,785	\$ 477,430	\$ -	\$ 7,073,307	\$ 34,715	\$ 502,333	\$ -
Finance and tax	52,429	-	-	-	-	52,429	-
Information technology	1,034,151	-	-	-	-	1,034,151	-
Cable television	227,578	-	-	-	-	227,578	-
Total general government	9,401,943	477,430	-	7,073,307	34,715	1,816,491	-
Community Development	541,474	-	-	-	-	541,474	-
Public Safety:							
Police	1,695,256	-	-	118,925	-	1,576,331	-
VFD	5,342,552	579,106	-	4,005,294	-	758,152	-
Total public safety	7,037,808	579,106	-	4,124,219	-	2,334,483	-
Public Works:							
Office	1,041,082	-	-	551,086	219,262	270,734	-
Highway and streets	34,613,770	-	34,613,770	-	-	-	-
Garage	8,975,610	19,920	-	3,192,569	150,745	5,612,376	-
Total public works	44,630,462	19,920	34,613,770	3,743,655	370,007	5,883,110	-
Recreation and Leisure Services	8,119,933	1,306,428	1,127,287	1,732,791	3,686,069	267,358	-
Library	887,866	-	-	18,417	-	102,491	766,958
Total Capital Assets	\$ 70,619,486	\$ 2,382,884	\$ 35,741,057	\$ 16,692,389	\$ 4,090,791	\$ 10,945,407	\$ 766,958

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

DECEMBER 31, 2018

<u>Function and Activity</u>	<u>Capital Assets January 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Capital Assets December 31, 2018</u>
General Government:				
Administration	\$ 7,596,451	\$ 495,434	\$ (4,100)	\$ 8,087,785
Finance and tax	52,429	-	-	52,429
Information technology	957,316	76,835	-	1,034,151
Cable television	227,578	-	-	227,578
Total general government	8,833,774	572,269	(4,100)	9,401,943
Community Development	518,274	23,200	-	541,474
Public Safety:				
Police	1,559,782	164,565	(29,091)	1,695,256
VFD	5,317,573	24,979	-	5,342,552
Total public safety	6,877,355	189,544	(29,091)	7,037,808
Public Works:				
Office	623,187	417,895	-	1,041,082
Highway and streets	34,613,770	-	-	34,613,770
Garage	8,611,150	383,614	(19,154)	8,975,610
Total public works	43,848,107	801,509	(19,154)	44,630,462
Recreation and Leisure Services	7,693,230	426,703	-	8,119,933
Library	883,184	4,682	-	887,866
Total Capital Assets	\$ 68,653,924	\$ 2,017,907	\$ (52,345)	\$ 70,619,486

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 **123**

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 **129**

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 **134**

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 **137**

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 **139**

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>2018</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>
Governmental activities:										
Net investment in capital assets	\$ 16,603,963	\$ 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
Restricted	95,062	1,212,857	937,539	734,973	61,563	55,668	53,595	63,569	75,132	103,072
Unrestricted	<u>11,041,287</u>	<u>10,108,873</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>
<i>Total governmental activities net position</i>	<u>\$ 27,740,312</u>	<u>\$ 26,803,081</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>
Business-type activities:										
Net investment in capital assets	\$ 1,418,676	\$ 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
Restricted	-	-	-	-	-	-	-	-	239,946	1,730,385
Unrestricted	<u>14,013,997</u>	<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>
<i>Total business-type activities net position</i>	<u>\$ 15,432,673</u>	<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>
Primary government:										
Net investment in capital assets	\$ 18,022,639	\$ 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
Restricted	95,062	1,212,857	937,539	734,973	61,563	55,668	53,595	63,569	315,078	1,833,457
Unrestricted	<u>25,055,284</u>	<u>21,541,751</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>
<i>Total primary government net position</i>	<u>\$ 43,172,985</u>	<u>\$ 40,444,629</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>

Note: The 12/31/2014 governmental activities unrestricted net position was restated in 2015 to reflect an increase of \$255,757 from implementing GASB Statement No. 68. Years prior to 2014 were not restated for this purpose.

Note: The 12/31/2017 governmental activities unrestricted net position was restated in 2018 to reflect a decrease of \$769,623 from implementing GASB Statement No. 75. Years prior to 2017 were not restated for this purpose.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CHANGES IN NET POSITION
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

	<u>2018</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>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 292,306	\$ 362,090	\$ 275,040	\$ 320,275	\$ 215,840	\$ 171,596	\$ 245,033	\$ 203,960	\$ 126,048	\$ 161,381
Public safety	93,673	70,388	72,768	55,795	89,092	56,695	79,483	79,831	79,793	76,505
Public works	292,721	247,179	216,768	244,567	258,638	213,629	192,795	212,738	314,249	205,498
Recreation and leisure services	395,642	408,032	406,946	397,507	397,398	397,596	380,192	360,514	367,361	341,999
Library services	45,309	36,345	40,266	39,928	40,501	48,022	39,757	40,552	39,844	30,696
Operating grants and contributions	2,595,593	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
Capital grants and contributions	505,067	1,012,654	439,142	787,878	-	-	-	-	-	-
Total Governmental Activities Program Revenues	4,220,311	4,782,735	4,203,509	4,696,501	2,717,831	2,401,460	2,631,822	2,963,897	3,006,859	2,814,959
Business-Type Activities:										
Charges for services:										
Sanitary sewer	7,229,804	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
Community & Recreation Center	3,677,049	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	157,676	162,131	163,566	168,807	178,140	169,618	194,956	196,990	181,257	189,328
Total Business-type Activities Program Revenues	11,064,529	11,011,181	10,992,620	10,035,867	9,768,735	8,492,908	8,047,165	7,694,067	7,125,904	5,153,216
Total Primary Government Program Revenues	\$ 15,284,840	\$ 15,793,916	\$ 15,196,129	\$ 14,732,368	\$ 12,486,566	\$ 10,894,368	\$ 10,678,987	\$ 10,657,964	\$ 10,132,763	\$ 7,968,175
Expenses:										
Governmental Activities:										
General government	\$ 2,302,573	\$ 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
Public safety	6,345,986	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
Public works	9,936,643	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
Community development	674,091	650,305	432,808	600,344	662,534	647,435	595,879	621,524	613,555	588,260
Recreation and leisure services	1,485,724	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
Library services	1,181,284	1,109,795	1,105,351	1,084,582	1,028,723	1,029,614	990,268	970,768	993,302	976,118
Interest on long-term debt	492,888	865,582	675,113	610,013	599,991	619,556	1,307,383	1,157,682	833,091	881,616
Total Governmental Activities Expenses	22,419,189	20,545,361	19,649,400	19,965,234	19,203,830	18,278,840	18,515,629	18,167,395	17,146,513	17,280,290
Business-Type Activities:										
Sanitary sewer	6,042,224	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
Community & Recreation Center	4,948,872	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
Magazine	162,272	162,809	168,355	162,668	171,276	168,464	182,235	171,573	175,097	166,995
Total Business-Type Activities Expenses	11,153,368	11,013,432	10,235,776	9,941,607	9,664,749	9,434,646	10,187,360	10,342,129	8,246,739	7,369,674
Total Primary Government Expenses	\$ 33,572,557	\$ 31,558,793	\$ 29,885,176	\$ 29,906,841	\$ 28,868,579	\$ 27,713,486	\$ 28,702,989	\$ 28,509,524	\$ 25,393,252	\$ 24,649,964
Net (Expense)/Revenue:										
Governmental Activities	\$ (18,198,878)	\$ (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)
Business-Type Activities	(88,839)	(2,251)	756,844	94,260	103,986	(941,738)	(2,140,195)	(2,648,062)	(1,120,835)	(2,216,458)
Total Primary Government Net (Expense)/Revenue	\$ (18,287,717)	\$ (15,764,877)	\$ (14,689,047)	\$ (15,174,473)	\$ (16,382,013)	\$ (16,819,118)	\$ (18,024,002)	\$ (17,851,560)	\$ (15,260,489)	\$ (16,681,789)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CHANGES IN NET POSITION
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

	<u>2018</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>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 8,525,686	\$ 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
Earned income taxes, levied for general purposes	8,977,463	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
Local services tax	314,436	293,106	280,677	267,060	274,454	274,724	253,863	246,702	239,909	224,964
Real estate transfer taxes	1,933,891	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
Franchise fees	460,671	480,793	497,472	465,655	442,645	431,849	405,416	383,056	399,122	303,737
Unrestricted investment earnings	200,787	56,004	18,087	13,476	13,013	13,543	11,942	12,860	19,887	87,856
Miscellaneous income	420,259	495,982	477,126	414,905	371,156	562,450	328,688	303,136	573,908	244,083
Transfers	<u>(1,697,084)</u>	<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>
Total Governmental Activities General Revenues	<u>19,136,109</u>	<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>
Business-Type Activities:										
Unrestricted investment earnings	182,880	56,875	5,454	1,515	2,730	1,417	1,704	2,178	2,591	4,282
Transfers	<u>1,697,084</u>	<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>
Total Business-Type Activities General Revenues	<u>1,879,964</u>	<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>
Total Primary Government General Revenues	<u>\$ 21,016,073</u>	<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>
Change in Net Position:										
Governmental Activities	\$ 937,231	\$ 2,699,696	\$ 2,303,907	\$ 1,767,067	\$ 800,139	\$ 1,508,634	\$ 670,128	\$ 738,269	\$ 1,285,724	\$ (3,622,891)
Business-Type Activities	<u>1,791,125</u>	<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>
Total Primary Government Change in Net Position	<u>\$ 2,728,356</u>	<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>

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

	<u>2018</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>
General Fund:										
Nondisposable	\$ 171,616	\$ 259,748	\$ 256,463	\$ 227,513	\$ 222,152	\$ 224,084	\$ 219,282	\$ 221,447	\$ 244,366	\$ 213,834
Unassigned	<u>3,937,184</u>	<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>
<i>Total General Fund</i>	<u>4,108,800</u>	<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>
All Other Governmental Funds:										
Nondisposable	-	-	-	-	-	-	-	-	-	-
Restricted	95,062	341,913	621,964	67,920	61,563	55,668	53,595	63,569	75,132	103,072
Committed	1,068,479	903,130	744,723	624,690	917,874	836,526	811,891	790,018	751,085	753,807
Assigned	<u>8,432,876</u>	<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>
<i>Total all other governmental funds</i>	<u>9,596,417</u>	<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>
<i>Total governmental funds</i>	<u>\$ 13,705,217</u>	<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>

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Real estate taxes	\$ 8,490,013	\$ 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
Earned income taxes	8,934,154	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
Other taxes	2,248,327	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
Licenses and permits	182,398	261,063	180,235	239,881	237,113	142,928	229,485	190,735	115,129	154,182
Fees and fines	550,407	570,142	565,383	536,177	533,771	519,321	497,917	479,640	486,795	379,878
Rents	86,371	90,167	84,282	63,024	85,816	77,808	78,081	79,135	80,175	75,096
Interest	200,787	56,004	18,087	13,476	13,015	13,544	11,942	12,860	19,888	87,856
Service agreements	307,340	249,909	228,969	256,624	240,384	229,332	209,039	218,928	310,875	208,924
Other revenue and grants	3,587,633	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
Recreation fees	387,092	398,057	397,096	386,782	397,398	397,596	380,193	360,514	367,361	341,999
<i>Total revenues</i>	<u>24,974,522</u>	<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>
Expenditures:										
Current:										
General government	2,184,079	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
Community development	673,318	650,305	665,185	595,612	652,398	633,636	581,379	606,157	601,632	590,803
Public safety	5,697,473	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
Public works	8,402,361	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
Recreation and leisure services	1,286,432	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
Library services	1,161,795	1,210,266	1,127,011	1,076,164	1,021,138	1,026,043	981,289	958,240	973,510	942,506
Debt service:										
Principal retirement	855,991	11,697,637	4,707,569	578,790	575,097	562,882	649,189	966,974	439,020	434,189
Bond issuance costs	-	278,012	47,026	-	-	-	29,688	25,023	-	101,764
Interest	492,888	487,805	513,692	505,488	566,998	587,775	607,762	758,152	752,808	866,680
Capital outlay	2,215,099	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
<i>Total expenditures</i>	<u>22,969,436</u>	<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>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>2,005,086</u>	<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>
Other Financing Sources (Uses):										
Transfers in	6,149,048	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
Transfers out	(7,846,132)	(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)
Debt proceeds	-	11,155,000	4,151,109	2,390,000	-	-	5,910,000	5,435,000	375,000	4,770,577
Bond issuance discount	-	-	-	-	-	-	-	-	-	(102,484)
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>(1,697,084)</u>	<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>
Net Change in Fund Balance	<u>\$ 308,002</u>	<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>
Debt service as a percentage of non-capital expenditures	6.44%	40.69%	23.13%	5.73%	6.40%	6.76%	7.48%	10.02%	7.53%	8.26%
Debt service as a percentage of total expenditures	5.87%	36.43%	19.85%	5.10%	6.00%	6.30%	7.20%	9.60%	7.00%	7.00%

Note: In 2016 and 2017, the percentages of debt service to non-capital and total expenditures spiked due to bond refundings that were completed in those years.

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

<u>Function/Program:</u>	<u>2018</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>
Governmental activities:										
General government	\$ 1,377,867	\$ 1,576,922	\$ 1,331,779	\$ 1,305,052	\$ 537,850	\$ 392,179	\$ 455,296	\$ 414,260	\$ 309,682	\$ 307,068
Public safety	460,219	436,560	443,701	451,951	292,969	269,288	288,219	458,667	269,540	258,949
Public works	1,186,211	1,394,686	1,448,357	1,459,674	861,629	787,666	872,303	1,057,360	846,497	745,842
Recreation and leisure services	856,142	1,039,032	642,946	1,150,507	693,398	619,215	703,584	726,745	1,246,443	1,130,521
Library services	339,872	335,535	336,726	329,317	331,985	333,112	312,420	306,865	334,697	372,579
Total governmental activities	<u>4,220,311</u>	<u>4,782,735</u>	<u>4,203,509</u>	<u>4,696,501</u>	<u>2,717,831</u>	<u>2,401,460</u>	<u>2,631,822</u>	<u>2,963,897</u>	<u>3,006,859</u>	<u>2,814,959</u>
Business-type activities:										
Sanitary sewer	7,229,804	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
Community & Recreation Center	3,677,049	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	157,676	162,131	163,566	168,807	178,140	169,618	194,956	196,990	181,257	189,328
Total business-type activities	<u>11,064,529</u>	<u>11,011,181</u>	<u>10,992,620</u>	<u>10,035,867</u>	<u>9,768,735</u>	<u>8,492,908</u>	<u>8,047,165</u>	<u>7,694,067</u>	<u>7,125,904</u>	<u>5,153,216</u>
<i>Total primary government</i>	<u>\$ 15,284,840</u>	<u>\$ 15,793,916</u>	<u>\$ 15,196,129</u>	<u>\$ 14,732,368</u>	<u>\$ 12,486,566</u>	<u>\$ 10,894,368</u>	<u>\$ 10,678,987</u>	<u>\$ 10,657,964</u>	<u>\$ 10,132,763</u>	<u>\$ 7,968,175</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

<u>Tax Year</u>	<u>Direct Tax Rate</u>			<u>Overlapping Tax Rate*</u>	<u>Direct & Overlapping Rate Total</u>
	<u>Township of Upper St. Clair</u>	<u>Upper St. Clair School District</u>	<u>Total Direct Tax Rate</u>	<u>Allegheny County</u>	
2018	3.8300	25.8603	29.6903	4.7300	34.4203
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

* 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

<u>Year</u>	<u>Real Property (1)</u>		<u>Total Assessed Values of Real Property (2)</u>	<u>Ratio of Total Assessed to Estimated Actual Value</u>	<u>Township Municipal Millage Rate</u>
	<u>Taxable Residential Property</u>	<u>Taxable Commercial Property</u>			
2018	\$ 1,935,658,498	\$ 299,855,343	\$ 2,235,513,841	100%	3.83
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

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 2017 (which is the most recent data available at the time of this report), the STEB's market value for Upper St. Clair Township was \$2,023,166,993, and the corresponding percent of assessed value to STEB market value was 108.88%.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

PRINCIPAL REAL ESTATE TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	December 31, 2018			December 31, 2009		
	Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
South Hills Village Associates	\$ 89,910,200	1	4.02%	\$ 74,304,200	1	4.45%
Friendship Village of South Hills	36,000,000	2	1.61%	29,705,500	2	1.78%
Boyce Plaza Apartments	24,275,000	3	1.09%	-	-	0.00%
W F Preston, LLC	16,606,000	4	0.74%	-	-	0.00%
1800 Washington Road Associates LP	13,588,000	5	0.61%	13,700,000	4	0.82%
Target	11,462,200	6	0.51%	-	-	0.00%
Upper St. Clair Senior Living	8,391,200	7	0.38%	6,000,000	7	0.00%
Forty-Two Company LLC	8,200,000	8	0.37%	-	-	0.00%
McMurray Road Family Limited PTR	6,500,000	9	0.29%	6,065,900	6	0.36%
St. Clair Country Club	6,066,000	10	0.27%	5,850,600	8	0.35%
Painters Plaza Associates	-	-	0.00%	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%
	\$ 220,998,600		9.89%	\$ 163,053,900		9.40%
Total Taxable Assessed Valuation	\$ 2,235,513,841			\$ 1,669,202,220		

Source: Allegheny County Office of Property Assessments

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year	Adjusted Total Tax Levy	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2018	\$ 8,573,451	\$ 8,464,745	98.73%	\$ -	\$ 8,464,745	98.73%
2017	8,432,579	8,306,347	98.50%	70,389	8,376,736	99.34%
2016	8,264,875	8,008,623	96.90%	147,083	8,155,706	98.68%
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%

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>
2018	0.80%	\$ 9,180,959	\$ (246,805)	\$ 8,934,154
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

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				
2018	\$ 14,778,481	\$ 33,406,519	\$ 946,000	\$ 474,000	\$ 49,605,000	2.22%	4.44%	\$ 2,541
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%	5.72%	2,852
2011	19,492,640	36,420,820	265,326	-	56,178,786	3.33%	6.34%	2,924
2010	19,846,503	36,969,687	664,071	-	57,480,261	3.43%	6.06%	2,989
2009	20,247,500	37,585,479	311,838	-	58,144,817	3.48%	6.26%	3,112

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 137 for earned income and population data.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN YEARS

<u>Year</u>	<u>Three year average revenue (borrowing base)⁽¹⁾</u>	<u>Legal debt limit (²)</u>	<u>Debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Legal debt margin %</u>
2018	\$ 35,471,285	\$ 88,678,213	\$ 34,317,348	\$ 54,360,865	61.30%
2017	34,655,492	86,638,730	36,053,148	50,585,582	58.39%
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%

(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, 2018

	<u>Gross Outstanding</u>
Nonelectoral Debt	
General Obligation Bonds, Series A of 2017	\$ 9,795,000
General Obligation Bonds, Series B of 2017	9,540,000
General Obligation Bonds, Series A of 2016	28,850,000
General Obligation Note, Series of 2015	1,420,000
Total Nonelectoral Debt	<u>49,605,000</u>
Lease Rental Debt	-
Less Debt Deemed to be Subsidized / Self-Liquidating (1)	<u>(15,287,652)</u>
Total Direct Debt	<u>\$ 34,317,348</u>
Overlapping Debt	
Allegheny County (2) (3)	\$ 19,518,246
Upper St. Clair School District (2)	137,830,000
Total Overlapping Debt	<u>157,348,246</u>
Total Direct and Overlapping Debt	<u>\$ 191,665,594</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 \$6,787,652 of the 2016 Bonds, \$4,620,000 of the 2017-A Bonds, and \$3,880,000 of the 2017-B 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 \$753,600,221 of outstanding non-electoral debt of Allegheny County as of January 7, 2019. The proportional share is based on the ratio of the Township's assessed valuation to Allegheny County's assessed valuation for 2018.

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>
2018	19,524 (b)	\$ 1,116,769,250	\$ 57,200 (b)	3.6%
2017	19,524 (b)	1,108,737,875	56,788 (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)	959,134,875	49,869 (b)	6.7%
2011	19,210 (b)	886,050,375	46,124 (b)	6.5%
2010	19,229 (a)	949,111,500	49,358 (a)	6.8%
2009	18,686 (b)	929,548,500	49,746 (b)	6.8%

(1) Source: U. S. Census Bureau

(a) 2010 U.S. Census; (b) U.S. Census Bureau population estimates 2009-2018

(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>2018</u>			<u>2009</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	567	1	10.36%	575	1	13.29%
Target Corporation	232	2	4.24%	-	-	-
Aureon HR (Friendship Village)	226	3	4.13%	206	2	4.76%
Whole Foods Market Group	180	4	3.29%	-	-	-
Township of Upper St. Clair	173	5	3.16%	150	3	3.47%
St. Clair Country Club	164	6	3.00%	94	7t	2.17%
Southwood Psychiatric Hospital	134	7	2.45%	131	5	3.03%
Port Authority of Allegheny County	122	8	2.23%	128	6	2.96%
Dick's Sporting Goods	106	9	1.94%	-	-	-
BJ's Restaurant Operation	96	10	1.75%	-	-	-
Sears Roebuck & Co.	-	-	-	144	4	3.33%
I Mortgage Services	-	-	-	94	7t	2.17%
OS Restaurant Services, Inc.	-	-	-	89	9	2.06%
Grand Residence at USC	-	-	-	71	10	1.64%
Total	<u>2,000</u>		<u>36.55%</u>	<u>1,682</u>		<u>38.88%</u>
Total Employees	<u><u>5,475</u></u>			<u><u>4,325</u></u>		

Source: Upper St. Clair Local Services Tax records

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

Function/Program:	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government:										
Administration	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.50	7.50	7.00
Finance	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.00	3.00	3.00
Information technology	6.00	6.00	6.00	6.00	6.00	5.00	5.00	4.00	4.00	4.00
Community development:										
Administration	4.00	4.00	4.00	3.50	3.50	4.00	3.00	4.00	4.00	3.00
Inspection	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Public safety:										
Uniformed Police Officers	28.00	28.00	28.00	28.00	28.00	27.00	28.00	28.00	28.00	28.00
Other department personnel	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	7.00
Public works:										
Administration	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00
Inspection	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00
Laborers	25.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
Recreation and leisure services:										
Administration	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.00	3.00	3.00
Recreation Center personnel	14.00	14.00	14.00	14.00	13.00	13.00	13.00	13.00	12.00	11.00
Library:										
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	7.00	6.00
Total	119.50	118.50	118.50	117.00	116.00	114.50	114.50	113.00	111.00	109.50

Source: Township payroll and personnel records.

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

Function/program:	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Community Development:</u>										
Building permits issued	267	265	276	301	288	278	261	260	272	267
Occupancy permits issued	39	44	72	71	51	28	22	34	31	65
Electrical permits issued	281	303	171	277	232	214	206	205	241	216
Sewer permits issued	81	47	26	16	44	19	25	6	6	12
<u>Public Works:</u>										
Roads resurfaced (linear miles)	5.64	5.64	4.59	5.72	3.61	3.70	3.27	3.39	2.76	3.32
Sanitary sewers rehabilitated (linear miles)	0.28	0.53	0.94	0.80	0.16	0.31	0.39	2.16	1.84	5.91
Snow storm call-outs	37	26	39	43	41	41	36	31	38	32
Storm sewer inlets and manholes rebuilt	84	77	65	117	85	73	87	64	62	52
Miles of roadway swept	2,491	2,994	2,108	3,289	1,502	1,486	1,337	1,800	1,786	500
Sidewalks built (square feet)	0	0	0	0	3,800	0	7,240	7,500	3,273	2,800
Requests for service	4,708	4,383	3,862	4,609	4,649	5,514	3,033	5,070	4,991	5,104
<u>Recreation:</u>										
Total programs offered	212	241	255	195	167	168	175	172	147	150
Total program attendees	3,463	3,175	3,339	3,482	3,252	3,167	3,335	3,193	3,101	3,028
Community and recreation center memberships	3,038	3,112	3,292	3,278	3,300	3,267	3,108	2,908	2,768	1,951
Community and recreation center individual members	8,579	8,973	9,788	10,272	10,975	10,810	10,306	9,624	8,887	6,371
<u>Police:</u>										
Calls for service	9,875	9,930	10,579	10,143	10,666	10,342	11,162	10,868	11,341	11,117
Total arrests	202	211	230	149	159	189	102	78	65	150
Part I offenses reported (major offenses)	110	111	135	96	122	109	102	137	106	119
Part I offenses cleared percentage	44%	43%	57%	36%	38%	36%	41%	24%	22%	42%
Part II offenses reported (other crimes)	124	137	140	138	156	249	179	172	191	165
Part I offenses cleared percentage	68%	72%	65%	64%	67%	85%	54%	56%	74%	73%
DUI arrests	18	18	19	14	16	15	22	14	17	20
Average response time (minutes)	3.7	3.9	3.5	3.8	2.6	1.9	2.8	2.9	2.9	2.8
<u>Fire:</u>										
Total number of emergency calls	348	283	267	266	292	235	250	238	258	266
Total property damage	\$930,500	\$454,000	\$697,500	\$858,000	\$64,500	\$322,500	\$168,000	\$634,250	\$101,700	\$373,000
Average response time (minutes)	7.10	6.48	6.44	6.26	5.45	6.16	5.59	5.39	4.13	5.36
<u>Library:</u>										
Circulation	324,668	336,992	355,780	375,615	375,233	372,868	387,204	394,641	373,669	342,891
Circulation per capita	16.88	17.53	18.50	19.53	19.51	19.39	20.14	20.52	18.63	17.10
Visits	149,575	152,263	161,286	153,593	162,853	154,144	155,808	171,752	171,752	N/A
Visits per capita	7.78	7.92	8.39	7.99	8.47	8.02	8.10	8.93	8.56	N/A

Sources: Upper St. Clair Township

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

Function/Program:	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government:										
Square footage occupied (1)	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	5,000
Staff vehicles	3	3	3	3	3	3	3	3	3	2
Community Development:										
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	2	3
Public Works:										
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	4	3	3	4
Inspection vehicles	3	3	3	3	3	3	3	3	3	3
Utility trucks	14	14	16	17	18	18	18	18	20	18
Dump trucks	12	12	9	9	8	8	8	9	9	9
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
Recreation:										
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	2
Recreation center square footage	96,500	96,500	96,500	96,500	96,500	96,500	96,500	96,500	96,500	96,500
Basketball courts	12	12	12	12	12	12	12	12	12	12
Tennis courts	10	10	10	10	10	10	10	10	10	10
Ball fields	12	12	12	12	12	12	12	12	12	12
Public Safety:										
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
Library:										
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