

# *Township of Upper St. Clair* *Pennsylvania*

## **Comprehensive Annual Financial Report** **Year Ended December 31, 2008**



**TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2008**

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Mark S. Mansfield, Assistant Township Manager

Prepared by the Department of Finance  
August G. Stache, Jr., CPA, Director

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2008

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June 5, 2009

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

The Comprehensive Annual Financial Report (CAFR) of the Township of Upper St. Clair, Pennsylvania (Township) for the year ended December 31, 2008, 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 accounting principles generally accepted in the United States of America (GAAP) and have been audited in accordance with auditing standards generally accepted in the United States of America 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, a firm of licensed certified public accountants, has audited the Township's financial statements. The independent audit provides reasonable assurance that the Township's financial statements for the year ended December 31, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements: assessing the accounting principles used and significant estimates made by management; and evaluating overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Township's financial statements for the year ended December 31, 2008, 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 a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Township's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

The Township was incorporated in 1788 as one of the original seven townships of Allegheny County located in southwestern Pennsylvania. In January 1954, the Township was designated a First Class Township of the Commonwealth of Pennsylvania. On January 1, 1976, the Township officially became a Home Rule Community when its Home Rule Charter went into effect. The Township currently occupies a land area of 10 square miles and serves a population of 20,053. The Township is empowered to levy a property tax on real estate and an earned income tax on salaries, wages, and net profits.

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

The Township provides a full range of services and programs for residents and businesses within its boundaries. Included in this report are public safety, public works which includes the construction and maintenance of highways, streets, and other infrastructure, community development and planning, recreation programs, library services, and general administration services. Fire protection services are provided by the Upper St. Clair Volunteer Fire Department, a self-governing organization independent of the Township, is not included in this report. Emergency and non-emergency medical transport services are provided by the Tri-Community South Emergency Medical Service (TCS), which is a joint venture the Township has with two other local government units. This report does not include the Upper St. Clair School District, which is also an independent organization.

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

presented on page 8 as part of the basic financial statements for governmental funds. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 64.

## **FACTORS AFFECTING FINANCIAL CONDITION**

**LOCAL ECONOMY:** To understand the local economy in which the Township operates, it is important to note that the Township is a primarily residential community situated 12 miles south of the City of Pittsburgh in Allegheny County. During the past 30 years, the local economy has gradually shifted from a concentration in heavy industry, manufacturing, and farming to service oriented businesses. While the Township has retail and professional office developments, most of the residents are professional employees who commute to work outside of the Township.

The Township is generally regarded as a desirable community to live in and attracts many transferring corporate executives, medical, legal, and other professionals. These individuals' incomes have grown during the past 30 years, and have been relatively unaffected by major plant closings. Tax collection data presented in the Statistical Section illustrates rising collections from Real Estate and Earned Income Taxes without significant tax rate increases.

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

**LONG-TERM FINANCIAL PLANNING:** It is with great enthusiasm that the Township Board of Commissioners welcomes the opening of the Community Recreation Center (CRC) in June 2009. After over ten years of master planning, public meetings, public input, ad hoc committees, and design development, the Township will open what can only be considered a one-of-a-kind community recreation and aquatics facility for the Southwestern Pennsylvania region. The CRC and its operation will now become a major component of its long-term planning process. The other major area of long-term focus for the Township remains the costs of complying with the EPA consent order for the sanitary sewer system.

## **CASH MANAGEMENT POLICIES AND PRACTICES**

It is the Township's management practice to invest idle funds only in money market accounts and certificates of deposit of local financial institutions, with the Pennsylvania Local Government Investment Trust (PLGIT), with the Federated Investors Government Obligations Fund, and with Commonwealth of Pennsylvania's PA Invest Program. The institutions must be insured by the Federal Deposit Insurance Corporation (FDIC). The Commonwealth of Pennsylvania, through its law P.L. 281, No. 72, mandates that all public deposits in excess of the portions insured by the FDIC be collateralized by acceptable

securities, mainly being, U.S. Government securities, state and local government obligations, and commercial paper. The average yield on investments was 3.01 percent for the government. Investment income includes appreciation in the fair value of investments.

## **RISK MANAGEMENT**

The Township annually reviews all insurance requirements and coverage as part of its risk management program. The Township maintains comprehensive, property, liability, workers' compensation, and professional liability coverage. The Township's umbrella policy provides \$4,000,000 in coverage.

Due to some serious injuries in the Police Department, the Township's workers' compensation experience modification factor increased from .881 in 2007 to 1.101 in 2008. Premiums have been increased over the past two years due to the rise in the experience factor.

## **PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

The Township maintains three Pension Trust Funds to account for assets held in its Pension Plans for police, public works employees, and the Township's management and administrative employees. The Township, employees, and Commonwealth of Pennsylvania foreign casualty insurance payments fund the Plans.

Annual Plan contributions for the Police and Public Works Employees' Plans are sent to The Principal Life Insurance Company, the Plans' Investment Manager. The Township's Management and Administrative Employees' Plan was established in 1986 to provide retirement benefits for management and all other full-time Township employees. The International City Management Association Retirement Corporation manages Plan assets. Although all pension funds are professionally managed, the Township continually monitors investment activity. During 2008, which saw the stock market indexes contract by nearly 40%, the Plans generated net investment losses of \$5,254,033 on an average combined fund balance of \$15,189,064. This represents a 34.5% loss on investment but it was within the market benchmarks for 2008.

The Township also provides postretirement life insurance and medical insurance for certain retirees. As of the end of the current fiscal year, there were 16 retired employees receiving Life Insurance benefits and one employee receiving the medical insurance benefit, which are financed on a pay-as-you-go basis. GAAP does require governments to report a liability in the financial statements in connection with the employer's obligation to provide these benefits.

## 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, 2007. This was the twentieth (20<sup>th</sup>) consecutive year that the Township has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

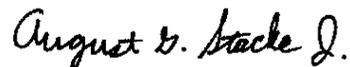
A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements; we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Matthew R. Serakowski  
Township Manager



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

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, 2007

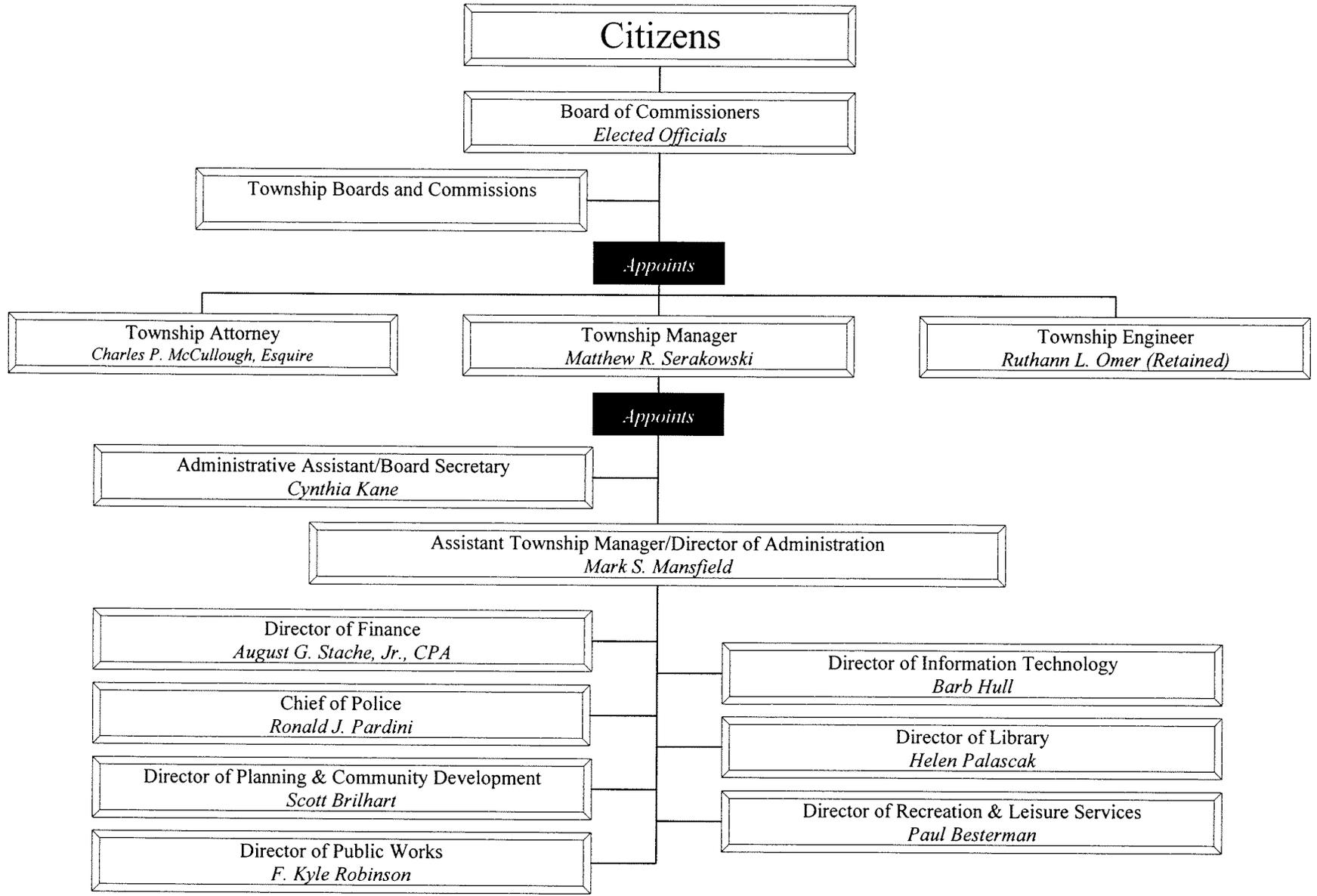
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# TOWNSHIP OF UPPER ST. CLAIR ORGANIZATIONAL CHART



## **FINANCIAL SECTION**

# MaherDuessel

Certified Public Accountants || *Pursuing the Profession While Promoting the Public Good*<sup>®</sup>

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Upper St. Clair (Township), as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and required supplementary pension and OPEB information on pages ix through xxi, and 56 through 61, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 non-major governmental fund financial statements and schedules, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major governmental fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Maher Duessel*

Pittsburgh, Pennsylvania  
June 5, 2009

Pittsburgh	Three Gateway Center - Six West • Pittsburgh, PA 15222	p 412.471.5500	f 412.471.5508
Harrisburg	3211 North Front Street - Suite 101 • Harrisburg, PA 17110	p 717.232.1230	f 717.232.8230
Butler	112 Hollywood Drive - Suite 201 • Butler, PA 16001	p 724.285.6800	f 724.285.6875
	www.md-cpas.com		

# TOWNSHIP OF UPPER ST. CLAIR

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### Required Supplementary Information (RSI)

**December 31, 2008**

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, 2008. This information should be reviewed in conjunction with the Township's financial statements that begin on page 1.

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

### FINANCIAL HIGHLIGHTS

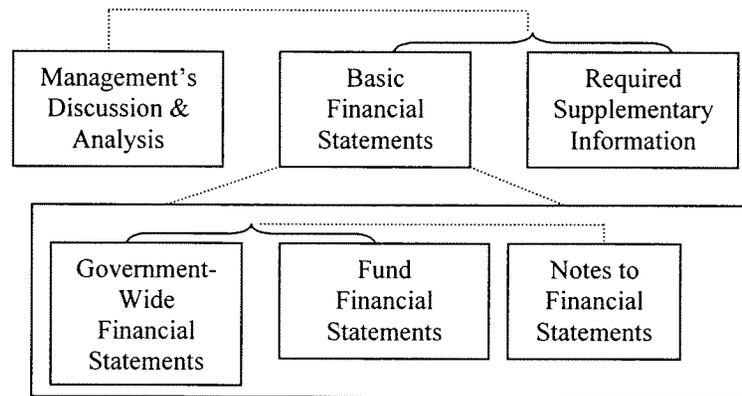
- At December 31, 2008, the Township's net assets were \$23,990,190, a decrease of \$1,490,232 or 5.8% from 2007. The decrease was due mainly to the start-up costs of the Community Recreation Center (CRC) of \$424,485 and the anticipated use of the Sanitary Sewer Fund balance to fund 2008 operating costs that exceeded current revenues by \$1,026,998.
- Unrestricted net assets were \$7,941,815 at December 31, 2008, a decrease of \$2,080,872 or 20.8% from the prior fiscal year. The governmental activities portion of this decrease was \$1,141,151 while the balance of the decrease of \$939,721 for 2008 was reported in the business-type activities. These results occurred because of increased debt service costs due to the new 2008 general obligation bond issue, start-up costs for the CRC, and the planned use of the Sanitary Sewer Fund balance to subsidize the remaining operating deficit in that fund to keep 2008 sanitary sewer rates the same as the prior year.
- At December 31, 2008, the Township had \$59,148,511 of general obligation debt outstanding. This represents a net increase of \$31,662,565 or 115% from the previous year. New general obligation bonds in the amount of \$32,300,000, which were issued in March of 2008 mainly for the construction of the new CRC and the continuation of the mandated EPA consent order construction of the Township's sewer lines, accounted for this increase. The debt outstanding represents a manageable burden of \$2,950 per capita.
- The Township maintained a strong bond rating of AA+ from Standard & Poor's Rating Services.
- The real estate tax remained at 2.60 mills for 2008.
- The total fund balance of the Township's General Fund at December 31, 2008 was \$3,227,077, an increase of \$7,310 or .2% from the preceding year. The unreserved, undesignated fund balance in the General Fund was \$3,038,388 at December 31, 2008 which represents 23.8% of General Fund expenditures for fiscal year 2008.

# USING THE BASIC FINANCIAL STATEMENT REPORT

This Basic Financial Statement Report consists of a transmittal letter and a Financial Section. Within the Financial Section are the MD&A (this section) and a series of financial statements and notes to those statements. The statement of net assets and statement of activities, on pages 1 and 2, 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 3, 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:

Figure A  
Required Components of  
Upper St. Clair Township's  
Financial Report



# Reporting the Township as a Whole

## Government-wide Financial Statements

While the fund financial statements beginning on page 3 contain the majority of funds used by the Township to provide programs and activities, the statement of net assets and the statement of activities answer the question, “How did we do financially during 2008?” These statements, beginning on page 1, include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the Township is divided into two distinct kinds of activities:

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

# Reporting the Township's Most Significant Funds

## Fund Financial Statements

Fund financial statements, which begin on page 3, provide detailed information about the most significant funds – not the Township as a whole. Some funds are required by state law and by bond requirements.

**Governmental funds.** Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Township's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's services. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reflected in a reconciliation after each fund statement on pages 4 and 7.

**Proprietary funds.** These funds are used to account for the Township's activities that are similar to business operations in the private sector. A significant portion of funding is from user charges. When the Township charges for services it provides – whether to outside customers or to other units in the Township – these services are generally reported in proprietary funds. The Sanitary Sewer Fund, the Township/School District Magazine Fund, and the Community Recreation Center Fund are the Township's proprietary funds and use the same basis of accounting as business-type activities. Therefore, these statements are the same as the business-type activities discussed above. The basic proprietary fund financial statements can be found on pages 9-11 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 12-13 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 14-55 of this report.

**Other 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 56-61 of this report.

The combining statements referred to in connection with other governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 62-72.

## FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets may serve over time as a useful indicator of the Township's financial position. Total net assets were \$23,990,190 and \$25,480,422 at December 31, 2008 and December 31, 2007, respectively. By far the largest portion of the Township's net assets (66%) reflects its investment in capital assets net of related debt. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Table 1**  
**Year Ended December 31**  
**Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Current and other assets	\$ 16,289,075	\$ 13,468,939	\$ 10,248,810	\$ 3,765,836	\$ 26,537,885	\$ 17,234,775
Capital assets	28,200,288	31,013,891	33,246,559	6,394,160	61,446,847	37,408,051
<b>Total Assets</b>	<b>\$ 44,489,363</b>	<b>\$ 44,482,830</b>	<b>\$ 43,495,369</b>	<b>\$ 10,159,996</b>	<b>\$ 87,984,732</b>	<b>\$ 54,642,826</b>
Current and other liabilities	\$ 4,373,312	\$ 1,249,655	\$ 472,719	\$ 426,803	\$ 4,846,031	\$ 1,676,458
Long-term liabilities:						
Due within one year	456,017	355,929	650,811	165,000	1,106,828	520,929
Due in more than one year	20,493,760	16,302,795	37,547,923	10,662,222	58,041,683	26,965,017
<b>Total Liabilities</b>	<b>\$ 25,323,089</b>	<b>\$ 17,908,379</b>	<b>\$ 38,671,453</b>	<b>\$ 11,254,025</b>	<b>\$ 63,994,542</b>	<b>\$ 29,162,404</b>
Net Assets:						
Invested in Capital Assets, net of related debt	\$ 11,742,657	\$ 18,182,053	\$ 4,133,348	\$ (2,724,318)	\$ 15,876,005	\$ 15,457,735
Restricted by grantors	172,370	-	-	-	172,370	-
Unrestricted	7,251,247	8,392,398	690,568	1,630,289	7,941,815	10,022,687
<b>Total Net Assets</b>	<b>19,166,274</b>	<b>26,574,451</b>	<b>4,823,916</b>	<b>(1,094,029)</b>	<b>23,990,190</b>	<b>25,480,422</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 44,489,363</b>	<b>\$ 44,482,830</b>	<b>\$ 43,495,369</b>	<b>\$ 10,159,996</b>	<b>\$ 87,984,732</b>	<b>\$ 54,642,826</b>

Part of the Township's net assets is invested in capital assets (infrastructure, land, buildings, and equipment) and these capital assets cannot be used to liquidate the debt related to acquire them. *The remaining unrestricted net assets (\$7,941,815) may be used to meet the Township's debt related to capital assets or other ongoing obligations to citizens and creditors.*

After excluding transfers from governmental funds to business-type funds of \$7,314,714 and \$400,000 for 2008 and 2007, respectively, governmental revenues for 2008 totaled \$17,456,061; while, governmental revenues for 2007 amounted to \$17,185,131. This 1.6% increase in governmental revenue from 2007 amounted to \$270,930, but it was not enough to offset the increase in total governmental expenditures of \$17,549,524. For 2008, governmental expenditures exceeded governmental revenues by \$93,463 or .5% and were due mainly to the unanticipated retirement costs of the former Township Manager. The business-type funds reported that expenses exceeded revenues by \$1,396,769 for 2008. These results occurred because of start-up costs for the Community Recreation Center of \$424,485 and the planned use of the Sanitary Sewer fund balance to subsidize the remaining deficit to keep 2008 sanitary sewer rates the same as 2007. The results of this year's operations as a whole are reported in the statement of activities on Page 2. 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 six largest general revenues are listed in Table 2.

**Table 2**  
**Years Ended December 31**

	<u>2008</u>	<u>2007</u>
Property taxes, levied for general purposes	\$ 4,265,916	\$ 4,447,434
Earned income taxes, levied for general purposes	7,276,599	7,383,217
Emergency & Municipal Services	220,686	335,590
Other taxes	1,206,701	1,275,530
Franchise fees	297,199	260,552
Investment earnings	808,304	588,513

The 2008 financial statements offer a view of the financial condition of the Township on a consolidated basis. For example, investment earnings (statement of activities, page 2) not only include interest earnings in the General Fund, but also interest earnings in the 2008 Capital Projects Fund, 2007 Capital Projects Fund, the regular Capital Projects Fund, and all other Governmental Funds. Table 3 summarizes total revenues for the current year, with comparative data from 2007.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 956,670	\$ 980,275	\$ 3,447,997	\$ 3,445,577	\$ 4,404,667	\$ 4,425,852
Operating grants and contributions	2,215,927	1,702,052	-	-	2,215,927	1,702,052
<b>General revenues:</b>						
Property taxes	4,265,916	4,447,434	-	-	4,265,916	4,447,434
Earned income taxes	7,276,599	7,383,217	-	-	7,276,599	7,383,217
Emergency services taxes	220,686	335,590	-	-	220,686	335,590
Other taxes	1,206,701	1,275,530	-	-	1,206,701	1,275,530
Franchise fees	297,199	260,552	-	-	297,199	260,552
Investment earnings	781,040	533,716	27,264	54,797	808,304	588,513
Miscellaneous	235,323	266,765	-	-	235,323	266,765
Transfers	(7,314,714)	(400,000)	7,314,714	400,000	-	-
<b>Total Revenues</b>	<b>10,141,347</b>	<b>16,785,131</b>	<b>10,789,975</b>	<b>3,900,374</b>	<b>20,931,322</b>	<b>20,685,505</b>
<b>Expenses:</b>						
General government	1,896,089	1,886,328	-	-	1,896,089	1,886,328
Public safety	5,104,920	4,740,958	-	-	5,104,920	4,740,958
Public works	6,697,107	6,447,776	-	-	6,697,107	6,447,776
Community development	580,012	598,348	-	-	580,012	598,348
Recreation and leisure services	1,372,072	922,993	-	-	1,372,072	922,993
Library services	990,068	982,761	-	-	990,068	982,761
Interest on long-term debt	909,256	586,863	-	-	909,256	586,863
Sanitary sewer	-	-	4,282,366	5,420,245	4,282,366	5,420,245
Community Recreation Center	-	-	424,485	-	424,485	-
Magazine	-	-	165,179	184,549	165,179	184,549
<b>Total Expenses</b>	<b>17,549,524</b>	<b>16,166,027</b>	<b>4,872,030</b>	<b>5,604,794</b>	<b>22,421,554</b>	<b>21,770,821</b>
<b>Change in Net Assets</b>	<b>\$ (7,408,177)</b>	<b>\$ 619,104</b>	<b>\$ 5,917,945</b>	<b>\$ (1,704,420)</b>	<b>\$ (1,490,232)</b>	<b>\$ (1,085,316)</b>

Property taxes decreased by 4.1% due to property assessment reductions given by Allegheny County through the adoption of a tax assessment method that establishes the year of 2002 as a base year for all property assessments and future new property construction and improvements. Earned income taxes decreased \$106,618 or 1.4% over 2007 as a result of a slight downturn in the local economy. Other taxes decreased by \$68,829 from 2007 and were due to the decline in the collection of real estate transfer tax which account for over 70% of the revenue shown in this category.

Grants for governmental activities increased by \$513,875 mostly due to a PENNDOT grant for construction of a new perimeter trail at Boyce/Mayview Regional Park.

For the most part, increases in expenses paralleled inflation and growth in the demand in services. One exception was the increase in the recreation expenses which rose as a result of the completion of the perimeter trail at Boyce/Mayview Regional Park.

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

The table below presents the expenses of the Governmental Activities of the Township.

**Table 4**  
**Year Ended December 31, 2008**  
**Governmental Activities**

<u>Functions/Programs:</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
General government	\$	1,896,089	\$	1,562,754
Public safety		5,104,920		4,752,107
Public works		6,697,107		5,901,774
Community development		580,012		580,012
Recreation and leisure services		1,372,072		58,248
Library services		990,068		612,776
Interest on long-term debt		909,256		909,256
<b>Total Expenses</b>	<b>\$</b>	<b>17,549,524</b>	<b>\$</b>	<b>14,376,927</b>
<b>Total required from local taxes and other revenues</b>			<b>\$</b>	<b>14,376,927</b>

The dependence upon local tax revenues for governmental activities is apparent. The Township had expenses for governmental activities of \$17.5 million while only \$3.1 million has been provided by the State and program specific charges. The Township must finance \$14.4 million of expenses, which must be covered by tax assessments and other revenues. Approximately, 82 percent of all government activities are supported through taxes and other general revenues. The community, as a whole, is the primary support for the Township's services for its citizens.

## Business-Type Activities

The business-type activities of the Township are the Sanitary Sewer, the Boyce/Mayview Community Recreation Center, and the Township/School District Magazine operations. The Sanitary Sewer and the Township/School District Magazine operations had revenues of \$3.3 and \$.19 million, respectively, and expenses of \$4.3 and \$.17 million, respectively, for 2008. The Community Recreation Center operations were just starting in 2008 with expenses of \$.42 million. In 2009, it will open to the public and membership fees will begin to pay for its operation. The deficit of revenues over expenses in the Sanitary Sewer Fund has been subtracted from the balance of unrestricted net assets.

## THE TOWNSHIP'S FUNDS

The General Fund, which accounts for the Township's operations, represents the Township's most significant major fund. The statement of revenues, expenditures, and changes in fund balance-Governmental Funds on page 5 are summarized in Table 5. The addition of the Capital Projects Fund of 2008 was attributable to the unexpended amount of the 2008 bond proceeds.

**Table 5**  
**Year Ended December 31, 2008**  
**Summary of Governmental Change in Fund Balance**

	<u>General Fund</u>	<u>Capital Projects Fund 2008</u>	<u>Capital Projects Fund 2007</u>	<u>Capital Projects Fund Regular</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Beginning fund balance	\$ 3,219,767	\$ (40,520)	\$ 3,529,763	\$ 2,628,308	\$ 836,403	\$ 10,173,721
Net change in fund balance	<u>7,310</u>	<u>2,792,605</u>	<u>(2,123,377)</u>	<u>(867,792)</u>	<u>73,345</u>	<u>(117,909)</u>
Ending fund balance	<u>\$ 3,227,077</u>	<u>\$ 2,752,085</u>	<u>\$ 1,406,386</u>	<u>\$ 1,760,516</u>	<u>\$ 909,748</u>	<u>\$ 10,055,812</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. In fact, budget revisions were made to the 2008 original budget to amend the general government and public safety expenditure estimates to account for unanticipated costs such as additional outlays for the retirement of the former Township Manager and for the contracted services in the Animal Control budget. The budgeting system is designed with internal controls that assign responsibility for each Township Department's budget to the managing Department Head with overall responsibility assigned to the Township Manager. The Department Heads are each responsible for their individual areas.

For the General Fund, revenues fell below budget expectations by approximately \$77,000. This amount is the net result of tax revenue, interest on investments, rents, and service agreements estimates falling below expectations: while there were increases experienced in licenses and permits, fees and fines, recreation fees, and other revenue and grants. Expenditures were under appropriations by approximately \$541,000; thus, with this combination, the Township Manager authorized an additional operating transfer from the General Fund to the Regular Capital Projects Fund to finance future capital needs.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **CAPITAL ASSETS (See Note 5)**

At December 31, 2008, the Township's governmental activities had \$28,200,288 invested in a broad range of capital assets, including land, infrastructure, site improvements, buildings, equipment, and vehicles. This amount represents a net decrease (including additions, deletions, and depreciation) of \$2,813,603, or 9.1% from last year. The primary decrease in capital assets is a result of transfers of infrastructure assets such as sewer lines being reclassified from governmental activities to business-type activities.

The Township's business-type activities had construction in progress of \$19,532,521, infrastructure of \$13,623,975, and \$90,063 invested in vehicles and equipment on December 31, 2008. The amount of the infrastructure includes depreciation which increased from \$127,276 in 2007 to \$590,910 in 2008; while the equipment amount includes depreciation during the year that totaled \$30,203 for a decrease of 8% from the prior year. Detail of capital asset activity for 2008 can be found in Note 5 on pages 36-38 and in the section entitled "*Capital Assets used in the operation of governmental funds*" found on pages 73-76.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Land	\$ 2,268,667	\$ 2,268,667	\$ -	\$ -
Construction in progress	2,853,810	4,461,032	19,532,521	104,563
Infrastructure	14,508,253	16,019,810	13,623,975	6,172,873
Buildings	5,469,296	5,144,433	-	-
Improvements other than buildings	632,393	668,971	-	-
Equipment	2,405,486	2,407,017	90,063	116,724
Library assets	62,383	43,961	-	-
	<u>\$ 28,200,288</u>	<u>\$ 31,013,891</u>	<u>\$ 33,246,559</u>	<u>\$ 6,394,160</u>

## DEBT ADMINISTRATION

The Township had total outstanding bond and note principal of \$59.15 million and \$27.49 million as of December 31, 2008 and December 31, 2007, respectively. More detailed information about our long-term liabilities is included in Notes 7 and 8 to the financial statements on pages 39-45.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Series of 2003-Bonds	\$ 4,822,265	\$ 5,137,689	\$ 2,380,000	\$ 2,540,000
Series of 2005-Notes	333,675	354,584	-	-
Series of 2006-Bonds	5,125,504	5,123,324	4,494,444	4,487,222
Series of 2007-Bonds	6,042,973	6,043,127	3,795,000	3,800,000
Series of 2008-Bonds	4,625,360	-	27,529,290	-
	<u>\$ 20,949,777</u>	<u>\$ 16,658,724</u>	<u>\$ 38,198,734</u>	<u>\$ 10,827,222</u>

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

The revenue budget for 2009 is \$2.75 million higher than the final budget for 2008. This represents a 12.26% increase in budgeted revenues. This increase in revenues is due to membership fees for the operation of the new Community Recreation Center being budgeted for the first time while other revenue sources remained consistent with 2008. The budgeted expenditures increase was mainly attributable to the operation of the new Community Recreation Center. The Township Board adopted a General Fund Budget that increased by 5.74% in expenditures because of increases in debt service levels for the repayment of the 2008 Bond proceeds used primarily for the construction of the new Community Recreation Center but other governmental funds were budgeted to remain consistent with 2008 appropriations.

The comparison of revenues and expenditures categories is as follows:

**Table 8**

### Budgeted Revenues (Original & Final Budget)

	<u>2009</u>	<u>2008</u>
Local	\$ 22,915,950	\$ 19,406,062
State	1,158,892	1,059,530
Fund reserve	<u>1,111,532</u>	<u>1,969,071</u>
	<u>\$ 25,186,374</u>	<u>\$ 22,434,663</u>

### Budgeted Expenditures (Original & Final Budget)

	<u>2009</u>	<u>2008</u>
General government	\$ 1,676,466	\$ 1,713,479
Public safety	4,639,011	4,489,595
Public works	9,588,637	9,531,972
Community development	675,433	612,799
Recreation and leisure services	3,189,726	1,745,760
Library services	1,072,312	5,426
Debt/fund transfer/reserve	<u>4,344,789</u>	<u>3,335,632</u>
	<u>\$ 25,186,374</u>	<u>\$ 21,434,663</u>

The Township has committed 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 August G. Stache, Jr., Director of Finance, 1820 McLaughlin Run Road, Upper St. Clair, PA 15241, 412-831-9000, ext. 213, or by email at [stache@twpusc.org](mailto:stache@twpusc.org).

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## STATEMENT OF NET ASSETS

DECEMBER 31, 2008

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Assets</b>			
Cash and investments	\$ 19,946,643	\$ 816,313	\$ 20,762,956
Receivables, net	4,240,288	350,547	4,590,835
Internal balances	(9,081,950)	9,081,950	-
Due from other governmental agencies	121,987	-	121,987
Prepaid assets	188,868	-	188,868
Deferred bond issue costs	539,564	-	539,564
Investment in Tri-Community EMS	333,675	-	333,675
Capital assets, non-depreciable	5,122,477	19,532,521	24,654,998
Capital assets, net of accumulated depreciation	8,569,558	13,714,038	22,283,596
Infrastructure assets, net of accumulated depreciation	14,508,253	-	14,508,253
<b>Total Assets</b>	<b>44,489,363</b>	<b>43,495,369</b>	<b>87,984,732</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	3,441,481	472,719	3,914,200
Accrued interest payable	120,691	-	120,691
Unearned revenue	182,079	-	182,079
Refundable deposits	439,412	-	439,412
Net other postemployment benefit obligation	189,649	-	189,649
Bonds and notes payable:			
Due within one year	456,017	650,811	1,106,828
Due in more than one year	20,493,760	37,547,923	58,041,683
<b>Total Liabilities</b>	<b>25,323,089</b>	<b>38,671,453</b>	<b>63,994,542</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	11,742,657	4,133,348	15,876,005
Restricted by grantors	172,370	-	172,370
Unrestricted	7,251,247	690,568	7,941,815
<b>Total Net Assets</b>	<b>\$ 19,166,274</b>	<b>\$ 4,823,916</b>	<b>\$ 23,990,190</b>

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 1,896,089	\$ 194,347	\$ 138,988	\$ -	\$ (1,562,754)	\$ -	\$ (1,562,754)
Public safety	5,104,920	109,602	243,211	-	(4,752,107)	-	(4,752,107)
Public works	6,697,107	165,740	629,593	-	(5,901,774)	-	(5,901,774)
Community development	580,012	-	-	-	(580,012)	-	(580,012)
Recreation and leisure services	1,372,072	458,502	855,322	-	(58,248)	-	(58,248)
Library services	990,068	28,479	348,813	-	(612,776)	-	(612,776)
Interest on long-term debt	909,256	-	-	-	(909,256)	-	(909,256)
Total governmental activities	17,549,524	956,670	2,215,927	-	(14,376,927)	-	(14,376,927)
Business-type activities:							
Sanitary sewer	4,282,366	3,255,368	-	-	-	(1,026,998)	(1,026,998)
Community recreation	424,485	-	-	-	-	(424,485)	(424,485)
Magazine	165,179	192,629	-	-	-	27,450	27,450
Total business-type activities	4,872,030	3,447,997	-	-	-	(1,424,033)	(1,424,033)
<b>Total primary government</b>	<b>\$ 22,421,554</b>	<b>\$ 4,404,667</b>	<b>\$ 2,215,927</b>	<b>\$ -</b>	<b>(14,376,927)</b>	<b>(1,424,033)</b>	<b>(15,800,960)</b>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					4,265,916	-	4,265,916
Earned income taxes, levied for general purposes					7,276,599	-	7,276,599
Emergency & Municipal Services					220,686	-	220,686
Other taxes					1,206,701	-	1,206,701
Franchise fees					297,199	-	297,199
Unrestricted investment earnings					781,040	27,264	808,304
Miscellaneous					235,323	-	235,323
Transfers					(7,314,714)	7,314,714	-
Total general revenues and transfers					6,968,750	7,341,978	14,310,728
<b>Change in Net Assets</b>					(7,408,177)	5,917,945	(1,490,232)
Net assets - beginning					26,574,451	(1,094,029)	25,480,422
Net assets - ending					\$ 19,166,274	\$ 4,823,916	\$ 23,990,190

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2008

	General Fund	Capital Projects Fund 2008	Capital Projects Fund 2007	Capital Projects Fund - Regular	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash and investments	\$ 2,670,721	\$ 13,860,329	\$ 1,421,205	\$ 1,219,608	\$ 774,780	\$ 19,946,643
Taxes receivable:						
Real estate taxes	278,566	-	-	-	-	278,566
Earned income taxes	2,816,092	-	-	-	-	2,816,092
Accounts receivable (Net of allowance for uncollectible accounts)	220,231	-	-	5,778	919,621	1,145,630
Due from other funds	271,032	-	-	947,477	312,514	1,531,023
Due from fiduciary funds	19,430	-	-	-	-	19,430
Due from emergency medical service	102,557	-	-	-	-	102,557
Prepays	188,689	-	-	-	179	188,868
<b>TOTAL ASSETS</b>	<b>\$ 6,567,318</b>	<b>\$ 13,860,329</b>	<b>\$ 1,421,205</b>	<b>\$ 2,172,863</b>	<b>\$ 2,007,094</b>	<b>\$ 26,028,809</b>
<b>LIABILITIES AND FUND BALANCE:</b>						
Liabilities:						
Accounts payable	\$ 308,671	\$ 2,013,519	\$ 14,819	\$ 406,347	\$ 517,770	\$ 3,261,126
Due to other funds	1,114,751	9,094,725	-	-	403,497	10,612,973
Due to fiduciary funds	5,656	-	-	-	-	5,656
Refundable deposits	439,412	-	-	-	-	439,412
Accrued payroll and related taxes	174,699	-	-	-	-	174,699
Deferred revenues	1,297,052	-	-	6,000	176,079	1,479,131
<b>TOTAL LIABILITIES</b>	<b>3,340,241</b>	<b>11,108,244</b>	<b>14,819</b>	<b>412,347</b>	<b>1,097,346</b>	<b>15,972,997</b>
Fund Balance:						
Reserved for prepaid items	188,689	-	-	-	179	188,868
Reserved for capital projects	-	2,752,085	1,406,386	-	-	4,158,471
Unreserved, reported in:						
General Fund	3,038,388	-	-	-	-	3,038,388
Special Revenue Funds	-	-	-	-	909,569	909,569
Capital Projects Funds	-	-	-	1,760,516	-	1,760,516
<b>TOTAL FUND BALANCE</b>	<b>3,227,077</b>	<b>2,752,085</b>	<b>1,406,386</b>	<b>1,760,516</b>	<b>909,748</b>	<b>10,055,812</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 6,567,318</b>	<b>\$ 13,860,329</b>	<b>\$ 1,421,205</b>	<b>\$ 2,172,863</b>	<b>\$ 2,007,094</b>	<b>\$ 26,028,809</b>

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

YEAR ENDED DECEMBER 31, 2008

<b>Total Fund Balance - Governmental Funds</b>		\$ 10,055,812
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net assets.		28,200,288
Property and earned income taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.		1,297,052
The Township's investment in Tri-Community EMS is recorded as an asset on the statement of net assets.		333,675
Government funds report the effect of issuance costs and discounts when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities.		539,564
The net other postemployment benefit obligation is not reflected on the fund statements.		(189,649)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
	Bonds and notes payable \$ (20,949,777)	
	Accrued interest payable <u>(120,691)</u>	<u>(21,070,468)</u>
<b>Total Net Assets - Governmental Activities</b>		<b><u>\$ 19,166,274</u></b>

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

	General Fund	Capital Projects Fund 2008	Capital Projects Fund 2007	Capital Projects Fund - Regular	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate taxes	\$ 4,320,622	\$ -	\$ -	\$ -	\$ -	\$ 4,320,622
Earned income taxes	7,436,388	-	-	-	-	7,436,388
Other taxes	1,427,387	-	-	-	-	1,427,387
Licenses and permits	131,257	-	-	-	1,600	132,857
Fees and fines	387,968	-	-	-	-	387,968
Rents	69,622	-	-	-	-	69,622
Interest	97,481	524,729	103,613	29,922	25,295	781,040
Service agreements	168,750	-	-	-	-	168,750
Other revenue and grants	800,540	-	-	10,278	1,676,602	2,487,420
Recreation fees	458,502	-	-	-	-	458,502
<b>TOTAL REVENUES</b>	<b>15,298,517</b>	<b>524,729</b>	<b>103,613</b>	<b>40,200</b>	<b>1,703,497</b>	<b>17,670,556</b>
<b>EXPENDITURES:</b>						
Current:						
General government	1,595,607	-	-	-	-	1,595,607
Community development	538,405	-	-	-	-	538,405
Public safety	4,462,275	-	-	-	42,984	4,505,259
Public works	4,758,970	-	-	-	552,981	5,311,951
Recreation and leisure services	617,194	-	-	-	884,862	1,502,056
Library services	768,482	-	-	-	209,927	978,409
Capital outlay:						
General government	-	-	-	268,899	-	268,899
Community development	-	-	-	37,291	-	37,291
Public safety	-	-	-	481,354	-	481,354
Recreation and leisure services	-	97,952	2,098,854	-	-	2,196,806
Public works	-	1,963,406	128,136	944,151	-	3,035,693
Debt service:						
Principal retirement	-	-	-	-	335,000	335,000
Bond issuance costs	-	296,126	-	-	-	296,126
Interest	-	-	-	-	830,969	830,969
<b>TOTAL EXPENDITURES</b>	<b>12,740,933</b>	<b>2,357,484</b>	<b>2,226,990</b>	<b>1,731,695</b>	<b>2,856,723</b>	<b>21,913,825</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,557,584</b>	<b>(1,832,755)</b>	<b>(2,123,377)</b>	<b>(1,691,495)</b>	<b>(1,153,226)</b>	<b>(4,243,269)</b>

(Continued)

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

# TOWNSHIP OF UPPER ST. CLAIR

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

YEAR ENDED DECEMBER 31, 2008  
(Continued)

	General Fund	Capital Projects Fund 2008	Capital Projects Fund 2007	Capital Projects Fund - Regular	Other Governmental Funds	Total Governmental Funds
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from general obligation bonds	-	4,770,710	-	-	-	4,770,710
Discount on general obligation bonds	-	(145,350)	-	-	-	(145,350)
Transfers in	-	-	-	853,703	1,226,571	2,080,274
Transfers (out)	(2,550,274)	-	-	(30,000)	-	(2,580,274)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,550,274)</u>	<u>4,625,360</u>	<u>-</u>	<u>823,703</u>	<u>1,226,571</u>	<u>4,125,360</u>
<b>NET CHANGE IN FUND BALANCE</b>	7,310	2,792,605	(2,123,377)	(867,792)	73,345	(117,909)
TOTAL FUND BALANCE, JANUARY 1	<u>3,219,767</u>	<u>(40,520)</u>	<u>3,529,763</u>	<u>2,628,308</u>	<u>836,403</u>	<u>10,173,721</u>
TOTAL FUND BALANCE, DECEMBER 31	<u>\$ 3,227,077</u>	<u>\$ 2,752,085</u>	<u>\$ 1,406,386</u>	<u>\$ 1,760,516</u>	<u>\$ 909,748</u>	<u>\$ 10,055,812</u>

(Concluded)

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2008

**Net Change in Fund Balance - Governmental Funds** \$ (117,909)

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	\$ 5,370,104	
	Less: depreciation expense	<u>(1,368,993)</u>	4,001,111

The transfer of capital assets from governmental activities to business-type activities results in a decrease in net assets in the statement of activities. In the fund statements, there is no impact. This amount represents the net book value of capital assets transferred.

(6,814,714)

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

(214,495)

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

(189,649)

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

335,000

When debt is issued, governmental funds report the proceeds as current financial resources. In contrast, the statement of activities treats such activity as an increase in long-term liabilities. This amount represents the net proceeds related to governmental activities from the 2008 bond issue.

(4,770,710)

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

400,190

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

(37,001)

**Change in Net Assets - Governmental Activities**

\$ (7,408,177)

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
<b>REVENUES:</b>				
Real estate taxes	\$ 4,294,440	\$ 4,294,440	\$ 4,320,622	\$ 26,182
Earned income taxes	7,672,975	7,672,975	7,436,388	(236,587)
Other taxes	1,409,000	1,409,000	1,427,387	18,387
Licenses and permits	125,150	125,150	131,257	6,107
Fees and fines	366,700	366,700	387,968	21,268
Rents	70,900	70,900	69,622	(1,278)
Interest	150,000	150,000	97,481	(52,519)
Service agreements	284,030	284,030	168,750	(115,280)
Other revenue and grants	618,200	618,200	800,540	182,340
Recreation fees	384,197	384,197	458,502	74,305
<b>TOTAL REVENUES</b>	<b>15,375,592</b>	<b>15,375,592</b>	<b>15,298,517</b>	<b>(77,075)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	1,532,629	1,682,629	1,595,607	87,022
Community development	612,749	612,749	538,405	74,344
Public safety	4,489,595	4,504,095	4,462,275	41,820
Public works	4,948,845	4,948,845	4,758,970	189,875
Recreation and leisure services	740,615	740,615	617,194	123,421
Library services	793,146	793,146	768,482	24,664
<b>TOTAL EXPENDITURES</b>	<b>13,117,579</b>	<b>13,282,079</b>	<b>12,740,933</b>	<b>541,146</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,258,013</b>	<b>2,093,513</b>	<b>2,557,584</b>	<b>464,071</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer (out)	(2,258,013)	(2,258,013)	(2,550,274)	(292,261)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ (164,500)</b>	<b>\$ 7,310</b>	<b>\$ 171,810</b>

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS

DECEMBER 31, 2008

	Business-type Activities-Enterprise Funds			Total Enterprise Funds
	Sanitary Sewer Fund	Boyce/Mayview Community Recreation Center Fund	Other Enterprise: Township/School District Magazine Fund	
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 816,313	\$ -	\$ -	\$ 816,313
Accounts receivable	333,164	-	17,383	350,547
Due from other funds	4,724,238	4,362,698	82,783	9,169,719
Total current assets	5,873,715	4,362,698	100,166	10,336,579
Capital assets:				
Construction in progress	-	19,532,521	-	19,532,521
Sewer lines and improvements, net of accumulated depreciation	13,623,975	-	-	13,623,975
Equipment, net of accumulated depreciation	86,986	1,664	1,413	90,063
Total capital assets	13,710,961	19,534,185	1,413	33,246,559
<b>TOTAL ASSETS</b>	19,584,676	23,896,883	101,579	43,583,138
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	468,368	307	4,044	472,719
Due to other funds	87,769	-	-	87,769
Current portion of bonds payable	260,988	389,823	-	650,811
Total current liabilities	817,125	390,130	4,044	1,211,299
Noncurrent liabilities:				
Bonds payable	15,847,776	21,700,147	-	37,547,923
<b>TOTAL LIABILITIES</b>	16,664,901	22,090,277	4,044	38,759,222
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	2,326,435	1,806,913	-	4,133,348
Unrestricted	593,340	(307)	97,535	690,568
<b>TOTAL NET ASSETS</b>	\$ 2,919,775	\$ 1,806,606	\$ 97,535	\$ 4,823,916

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2008

	Business-type Activities-Enterprise Funds			Total Enterprise Funds
	Sanitary Sewer Fund	Boyce/Mayview Community Recreation Center Fund	Other Enterprise: Township/School District Magazine Fund	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,255,368	\$ -	\$ 192,629	\$ 3,447,997
<b>OPERATING EXPENSES:</b>				
Sewage treatment charges	1,969,947	-	-	1,969,947
Personnel services	276,535	55,565	82,237	414,337
Contractual services	768,862	2,947	279	772,088
Materials and supplies	34,691	6,695	82,614	124,000
Depreciation	590,648	416	49	591,113
<b>TOTAL OPERATING EXPENSES</b>	<b>3,640,683</b>	<b>65,623</b>	<b>165,179</b>	<b>3,871,485</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(385,315)</b>	<b>(65,623)</b>	<b>27,450</b>	<b>(423,488)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Transfers in	-	500,000	-	500,000
Interest income on investments	27,264	-	-	27,264
Bond interest expense	(641,683)	(358,862)	-	(1,000,545)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(614,419)</b>	<b>141,138</b>	<b>-</b>	<b>(473,281)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>5,483,623</b>	<b>1,331,091</b>	<b>-</b>	<b>6,814,714</b>
<b>CHANGE IN NET ASSETS</b>	<b>4,483,889</b>	<b>1,406,606</b>	<b>27,450</b>	<b>5,917,945</b>
<b>NET ASSETS, JANUARY 1</b>	<b>(1,564,114)</b>	<b>400,000</b>	<b>70,085</b>	<b>(1,094,029)</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$ 2,919,775</b>	<b>\$ 1,806,606</b>	<b>\$ 97,535</b>	<b>\$ 4,823,916</b>

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2008

	Business-type Activities-Enterprise Funds			
	Sanitary Sewer Fund	Boyce/Mayview Community Recreation Center Fund	Other Enterprise Funds	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 3,296,647	\$ -	\$ 181,516	\$ 3,478,163
Payment for treatment charges	(1,924,396)	-	-	(1,924,396)
Payments for services	(1,045,397)	(58,205)	(82,458)	(1,186,060)
Payments to suppliers	(34,691)	(6,695)	(82,614)	(124,000)
Net cash provided by (used in) operating activities	<u>292,163</u>	<u>(64,900)</u>	<u>16,444</u>	<u>243,707</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from (to) other funds	<u>(121,922)</u>	<u>809,637</u>	<u>(14,982)</u>	<u>672,733</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases of capital assets	(2,423,826)	(18,203,510)	(1,462)	(20,628,798)
Principal paid on capital debt	(165,000)	-	-	(165,000)
Proceeds from issuance of bonds	5,360,000	24,074,081	-	29,434,081
Interest paid on capital debt, including capitalized interest	(634,461)	(358,862)	-	(993,323)
Net cash provided by (used in) capital and related financing activities	<u>2,136,713</u>	<u>5,511,709</u>	<u>(1,462)</u>	<u>7,646,960</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Funds invested with Capital Projects Fund 2008 investments	(2,936,174)	(6,256,446)	-	(9,192,620)
Investment income	27,264	-	-	27,264
Net cash provided by (used in) investing activities	<u>(2,908,910)</u>	<u>(6,256,446)</u>	<u>-</u>	<u>(9,165,356)</u>
NET DECREASE IN CASH	(601,956)	-	-	(601,956)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,418,269	-	-	1,418,269
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 816,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 816,313</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (385,315)	\$ (65,623)	\$ 27,450	\$ (423,488)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	590,648	416	49	591,113
Changes in assets and liabilities				
Accounts receivable	41,279	-	(11,113)	30,166
Accounts payable	45,551	307	58	45,916
Total adjustments	<u>677,478</u>	<u>723</u>	<u>(11,006)</u>	<u>667,195</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 292,163</u>	<u>\$ (64,900)</u>	<u>\$ 16,444</u>	<u>\$ 243,707</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Net book value of capital assets transferred from governmental activities	<u>\$ 5,483,623</u>	<u>\$ 1,331,091</u>	<u>\$ -</u>	<u>\$ 6,814,714</u>

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## COMBINED STATEMENT OF PLAN NET ASSETS PENSION TRUST FUNDS

DECEMBER 31, 2008

<b>ASSETS</b>	
Cash	\$ 38,592
Mutual funds	12,732,111
Due from other funds	<u>5,656</u>
<b>TOTAL ASSETS</b>	<u>12,776,359</u>
<b>LIABILITIES</b>	
Due to other funds	<u>19,430</u>
<b>NET ASSETS</b>	
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress for each plan is presented on pages 56 and 57)	<u><u>\$ 12,756,929</u></u>

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2008

### ADDITIONS:

#### Contributions:

Member contributions/rollovers	\$ 130,940
Township contributions	112,355
State aid	<u>400,802</u>
Total contributions	<u>644,097</u>

### INVESTMENT INCOME (LOSS):

Net depreciation in fair value of investments	(5,239,974)
Less: investment expenses	<u>(14,059)</u>
Net investment income (loss)	<u>(5,254,033)</u>
Total additions	<u>(4,609,936)</u>

### DEDUCTIONS:

Benefits	160,941
Withdrawal credits	80,162
Administrative expenses	<u>13,231</u>
Total deductions	<u>254,334</u>

**Decrease in Plan Net Assets** (4,864,270)

### Net Assets:

Beginning of year	<u>17,621,199</u>
End of year	<u>\$ 12,756,929</u>

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

### 1. Summary of Significant Accounting Policies:

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

#### A. Reporting Entity:

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

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

The Municipal Authority of the Township of Upper St. Clair (MATUSC) was incorporated in 1950 under the Municipal Authorities Act of 1945 to construct and lease certain capital assets for and to the Township. The MATUSC Board is appointed by the Township's Board. MATUSC leases the facilities to the Township and the Township pays lease rentals to MATUSC for repayment of the Authority's debt.

Although it is legally separate from the Township, MATUSC is blended with the primary government for financial reporting because its purpose is to finance certain capital assets of the Township and the Township has the

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

financial burden of the MATUSC debt. Its operations are included with non-major Special Revenue Fund types and Debt Service Fund types. It operates on an August 31 fiscal year. Complete financial statements for MATUSC can be obtained from the Administration Offices of MATUSC at 1820 McLaughlin Run Road, Upper St. Clair, PA 15241.

### Joint Ventures

The Township is a member of a joint venture with two other local government units. The joint venture, Tri-Community South Emergency Medical Service (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, non-subscriber medical charges, third-party billings, and non-emergency transport fees. The Township had no equity interest in TCS as of December 31, 2008; however, as a condition of borrowing, during 2005, the Township guaranteed a portion of TCS' debt as explained in Note 8. Complete financial statements for TCS can be obtained from the Administrative offices of TCS at 2470 Slater Road, Bethel Park, PA 15102.

### B. Government-Wide Financial Statements:

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the Township at year-end.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods,

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

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

Expenditures generally are recorded when a liability is incurred, as under the accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Township reports the following major governmental funds:

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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

*The Capital Projects Fund 2008* was established to account for bond proceeds from the issuance of general obligation bonds by the Township in 2008. The funds are for the completion of certain sanitary sewer projects mandated by the EPA, for the construction and completion of the new community recreation and outdoor aquatic center, for the construction of a Public Works Annex Building in Boyce/Mayview Park, for the Morton Field parking lot improvements, and for various other road and sidewalk projects in the Township.

*The Capital Projects Fund 2007* was established to account for the bond proceeds of the general obligation bonds issued by the Township in 2007. These funds were acquired primarily for certain sanitary sewer projects mandated by the EPA, and capital costs associated with the Township's Community Recreation Center which is currently being constructed.

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

The Township reports the following major proprietary funds:

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

The *Boyce/Mayview Community Recreation Center Fund (CRC Fund)* will be used to account for the operations of the Community Recreation Center which is expected to open in June 2009.

Additionally, the Township reports the following fiduciary fund type:

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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

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

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

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 and advertisement fees. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

#### D. Budgets and Budgetary Accounting:

An operating budget is legally adopted each year for the General Fund, State Liquid Fuels Fund, Storm Sewer Improvement Fund, Field Improvement Fund, Regional Asset District Library Fund, and Regional Asset District Boyce/Mayview Fund (Special Revenue Funds), Debt Service Funds for the General Obligation Bonds of 2003,

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

2006, and 2007, the Capital Projects Fund - Regular (Capital Projects Funds), the Sanitary Sewer Fund, the CRC Fund, and the Township/School District Magazine Fund (Enterprise Funds) on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). No budgets were legally adopted for the Pension Trust Funds, the Library Endowment Fund, MATUSC, the Police Gambling Grant (Special Revenue Funds), the General Obligation Bonds of 2008 (Debt Service Funds), or the Capital Projects Fund 2007, and 2008 (Capital Projects Funds).

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

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

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

### E. Interfund Receivables, Payables, and Transfers:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances." Interfund receivables, payables, and transfers for the year ending December 31, 2008, are summarized below:

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Fund	Interfund Receivable	Interfund Payable	Transfers In	Transfer Out
Major Funds:				
General	\$ 290,462	\$ 1,120,407	\$ -	\$ 2,550,274
2008 Capital Projects Fund	-	9,094,725	-	-
Capital Projects Fund - Regular	947,477	-	853,703	30,000
Sanitary Sewer Fund	4,724,238	87,769	-	-
CRC Fund	4,362,698	-	500,000	-
Other Enterprise Funds	82,783	-	-	-
Other Governmental Funds	312,514	403,497	1,226,571	-
Fiduciary Funds	5,656	19,430	-	-
Total	\$ 10,725,828	\$ 10,725,828	\$ 2,580,274	\$ 2,580,274

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

Outstanding interfund balances at year-end include \$853,703 due to the Capital Projects Fund Regular from the General Fund. This amount represents the General Fund's 2008 transfer to the Capital Projects Fund Regular.

Outstanding interfund balances at year-end also include \$8,996,573 due to the Sanitary Sewer Fund and CRC Fund from the 2008 Capital Projects Fund. This amount represents the portion of the remaining proceeds from the 2008 General Obligation Bonds (\$4,724,238 Sanitary Sewer Fund and \$4,272,335 CRC Fund).

Transfers are made from the General Fund 1) to the Capital Projects Fund Regular to fund various capital projects and 2) to the Debt Service Funds for current principal and interest payments.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

### F. Cash and Investments:

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

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

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

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

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

#### Governmental and Proprietary Funds

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

As of December 31, 2008, \$2,893,826 of the Township's bank balance of \$3,647,110 was exposed to custodial

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits had carrying amounts of \$2,881,821 as of December 31, 2008.

As of December 31, 2008, the Township's cash and investments consisted of the following:

Investments (at fair value):	
PLGIT	\$ 1,357,006
INVEST	422,904
Money markets	3,201,225
School district bonds	<u>12,900,000</u>
	17,881,135
Carrying amount - deposits	<u>2,881,821</u>
Total cash and investments per financial statements	<u>\$ 20,762,956</u>

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

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

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair market 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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

rates. The Township's investments in PLGIT, INVEST, and money markets have maturities of less than one year. The Township's investment in school district bonds are scheduled to mature on March 1, 2030; however, the Township redeemed the bonds in January of 2009.

*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, 2008, the Township's investments in PLGIT, INVEST, and money markets were rated AAA by Standard and Poor's. The Township's investment in school district bonds was rated AA by Standard and Poor's.

*Concentration of Credit Risk.* The Township places no limit on the amount that may be invested in any one issuer. At December 31, 2008, the Township's investment in School District Bonds represented 72% of total investments.

### Pension Trust Funds

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

As of December 31, 2008, the Township had the following cash and investments in its pension trust funds:

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Investment Type	Fair Value	Maturity (in years)		
		less than 1	1-5	6-10
Principal fixed income funds	\$ 3,496,335	\$ -	\$ 186,532	\$ 3,309,803
ICMA fixed income funds	1,399,472	292,703	1,040,798	65,971
Total investments with securities	<u>4,895,807</u>	<u>\$ 292,703</u>	<u>\$ 1,227,330</u>	<u>\$ 3,375,774</u>
Cash	38,592			
Principal equity funds	7,348,594			
ICMA equity funds	<u>487,710</u>			
Total Pension Trust Fund assets per financial statements	<u>\$ 12,770,703</u>			

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Pension Trust Funds do not have a formal deposit policy for custodial credit risk. As of December 31, 2008, none of the Pension Trust Funds' deposits were exposed to custodial credit risk.

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

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

*Credit Risk.* The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Pension Trust Funds do not have a formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. At December 31, 2008, none of the

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Pension Trust Fund investments were rated by Nationally Recognized Statistical Rating Organizations.

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

### G. Inventory and Prepaid Items:

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

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

### H. Statement of Cash Flows:

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

### I. Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the Township chose to include all such items regardless of their acquisition date or amount. For the initial reporting of these assets, the Township was able to use actual historical cost or estimate historical through backtrending. 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 projects are constructed. 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. The total interest expense incurred by the Township during the current fiscal year was \$2,200,865 (\$830,969 - governmental activities and \$1,369,896 – business-type activities). Of this amount, \$383,795 was included as part of the cost of capital assets under construction in connection with business-type activities.

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

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

### J. Long-Term Obligations:

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

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

### K. Fund Equity:

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

#### Reserved

Reserved is used to denote that portion of the fund balance that is not available for expenditure appropriation or is legally segregated for a specific purpose.

#### Unreserved

Unreserved is used to denote that portion of the fund balance that is available for appropriation.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

### L. Net Assets:

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

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - This component of net assets consists of constraints placed on net asset use through external restrictions. The Township's restricted net assets at December 31, 2008 consist of funds restricted for State Liquid Fuels Tax projects (\$2,372), library services (\$118,044), Boyce Mayview Regional Park (\$5,494), and police training (\$46,460).
- Unrestricted - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

### M. Estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### N. Pending Pronouncement:

In June 2008, GASB issued Statement No. 53, "*Accounting and Financial Reporting for Derivative Instruments.*" This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This statement is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The statement specifically requires

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

governments to measure most derivative instruments at fair value in their financial statements that are prepared using the accrual basis of accounting. The guidance in this statement also addresses hedge accounting requirements and will be effective for the Township's financial statements for the year ended December 31, 2010. The Township is currently considering the impact that this new pronouncement will have on the financial statements.

O. Adoption of Pronouncement:

During 2008, the Municipality adopted the provisions of GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*" This statement provides the accounting and reporting requirements for the benefit plans as well as require that public sector employers accrue the cost of any postretirement healthcare or similar benefits (OPEB) they may offer to employees. For the purpose of the financial statements, GASB Statement No. 45 requires that governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in the same manner as they currently do for pensions. Accordingly, the Authority's net OPEB obligation for 2008 has been reported on the statement of net assets. As retroactive application of the measurement requirements of GASB Statement No. 45 is not required, the liability at the beginning of 2008 is zero. The disclosure requirements of GASB Statement No. 45 are included in Note 10.

2. Property Taxes:

The Township bills and collects its own property taxes based on assessed valuations provided by Allegheny County. Property tax revenues are recognized when levied to the extent that they result in current receivables. The schedule for property taxes levied for 2008 at 2.60 mills (\$.260 per \$100 assessed valuation) is as follows:

May 3	Tax date
May 3 - June 30	2% discount period
July 1 - August 31	Face amount period
September 1 - October 1	10% penalty period
October 2	Lien date

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

### 3. Defined Benefit Pension Plans:

#### A. Plan Descriptions, Contribution Information, and Funding Policies:

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

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

The Township Public Works Employees' Pension Plan (PWEP) - The Public Works Employees' Pension Plan is a single-employer defined benefit pension trust fund. All full-time Public Works employees hired before January 1, 1999 are eligible to participate in the plan.

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

The following is a summary of funding policies, contribution methods, and benefit provisions:

	<u>PPP</u>	<u>PWEP</u>
Date Established	December 2, 1957	October 5, 1959
Effective Date of Plan Restatement	January 1, 2004	January 1, 2007
Governing Authority and Administrator	Township Commissioners and Ordinances	Township Commissioners and Ordinances

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Determination of Contribution:		
Requirements	Actuarially Determined	Actuarially Determined
Employer	\$222,410	\$124,742
Plan Members	5.0% of Salary	None
Funding of Administrative Costs	Investment Earnings	Investment Earnings
Eligibility Requirements:		
Normal Retirement	Age 54 and 25 years of aggregate service	Age 60 and 10 years of service
Early Retirement	20 years aggregate service accrued benefit at date	Attainment of age 57 and 10 years of service
Vesting	100% after 12 years of aggregate service	100% after 10 years of service
Retirement Benefit	Monthly benefit equal to 50% of final thirty-six month average salary prior to retirement or other severance	Unit benefit, as defined in plan, times number of whole years of service, up to a maximum of 40 for members of Local 205
Service Increment	Additional monthly benefit equal to \$100 for 26 years of aggregate service	N/A
Post Retirement Benefit Increases	On each anniversary of retire- ment, retiree to receive an in-	None

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

crease in monthly benefit equal to the percentage change in the CPI-W times the pension benefit before service increment. Total of increase cannot exceed 20% of original benefit nor can total benefit exceed 75% of final monthly average salary

Provisions for Disability Benefits	Yes	Yes
Provisions for Death Benefits	Yes	Yes

Memberships of the Plans are as follows as of January 1, 2007:

	<u>PPP</u>	<u>PWEP</u>
Nonvested Active Members	2	7
Fully Vested Active Members	26	18
Retirees and Beneficiaries		
Currently Receiving Benefits	5	16
Deferred Vested	<u>--</u>	<u>5</u>
Total	<u>33</u>	<u>46</u>

### B. Annual Pension Cost, Net Pension Obligation, and Reserves:

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

There are no assets legally reserved for purposes other than the payment of Plan member benefits for either plan.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

The Police Pension Plan and Public Works Employees' Pension Plan are in mutual funds administered by Principal Life Insurance Company and account for 100% of the total investment at December 31, 2008.

There are no long-term contracts for contributions.

### C. Trend Information:

<u>Year Ended December 31,</u>	<u>Police Pension</u>			<u>Public Works Employees' Pension</u>		
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (NPO)</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (NPO)</u>
2006	\$ 310,465	100%	\$-0-	\$ 71,005	100%	\$-0-
2007	446,805	100%	-0-	66,402	100%	-0-
2008	222,410	100%	-0-	124,742	100%	-0-

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

	<u>Police Pension</u>	<u>Public Works Employees' Pension</u>
Valuation Date	January 1, 2007	January 1, 2007
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, Closed	Level Dollar, Closed

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Remaining Amortization Period	40 Years (aggregate)	24 Years (aggregate)
Asset Valuation Method	4-Year Smoothing	4-Year Smoothing
Investment Rate of Return	8.0%	8.0%
Projected Salary Increases	5.5%	N/A
Cost of Living Adjustments	3.0%	3.0%

**D. Funded Status:**

The Township's funded status and related information for each plan as of the latest actuarial valuation date, January 1, 2007, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
<u>Police Pension:</u>						
01/01/07	\$ 10,823,406	\$ 12,321,777	\$ 1,498,371	87.8%	\$ 2,415,724	62.0%
<u>Public Works Employees Pension:</u>						
01/01/07	\$ 2,666,782	\$ 3,488,271	\$ 821,489	76.4%	\$ 1,095,298	75.0%

The required schedule of funding progress included as required supplementary information immediately following the notes to financial statements presents multiyear trend information about whether the actuarial value of plan

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

assets is increasing or decreasing over time relative to the actuarial liability for benefits.

As noted above, certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2007. The next actuarial valuation will be performed as of January 1, 2009 and will take into account subsequent declines in the market value of investments being held in the Plans. While the exact impact is not known, it is expected that the market declines will negatively impact the funding status of the Plans and increase the future funding requirements of the plans.

#### 4. Defined Contribution Plan:

##### A. Plan Description:

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

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

The amount contributed by the Township to the plan for the year ended December 31, 2008 was \$166,005 or 7.5% of the \$2,213,400 in wages paid to participants. The Township Manager and the Township Board of Commissioners are responsible for establishing and/or amending the plan provisions and contribution requirements. Separate audited financial statements are not issued for the plan.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

B. Summary of Significant Accounting Policies:

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

C. Concentrations:

The Management Employees' Pension Plan investments in mutual funds held by ICMA-RC account for 100% of the total investments at December 31, 2008.

5. Capital Assets:

A summary of changes in capital assets during 2008 are as follows:

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

	January 1, 2008	Increases	Decreases	Transfers	December 31, 2008
<u>Governmental activities:</u>					
Capital assets not being depreciated:					
Land	\$ 2,268,667	\$ -	\$ -	\$ -	\$ 2,268,667
Construction in progress	4,461,032	2,659,774	(2,935,905)	(1,331,091)	2,853,810
Capital assets being depreciated:					
Infrastructure	40,900,752	4,480,763	-	(15,563,268)	29,818,247
Buildings	10,250,114	593,580	(93,818)	-	10,749,876
Improvements	1,463,134	-	-	-	1,463,134
Equipment	5,994,404	532,073	(312,897)	-	6,213,580
Library assets	961,607	39,819	(4,495)	-	996,931
	<u>66,299,710</u>	<u>8,306,009</u>	<u>(3,347,115)</u>	<u>(16,894,359)</u>	<u>54,364,245</u>
Less: accumulated depreciation for:					
Infrastructure	(24,880,942)	(508,697)	-	10,079,645	(15,309,994)
Buildings	(5,105,681)	(268,717)	93,818	-	(5,280,580)
Improvements	(794,163)	(36,578)	-	-	(830,741)
Equipment	(3,587,387)	(533,604)	312,897	-	(3,808,094)
Library assets	(917,646)	(21,397)	4,495	-	(934,548)
	<u>(35,285,819)</u>	<u>(1,368,993)</u>	<u>411,210</u>	<u>10,079,645</u>	<u>(26,163,957)</u>
Governmental activities capital assets, net	<u>\$ 31,013,891</u>	<u>\$ 6,937,016</u>	<u>\$ (2,935,905)</u>	<u>\$ (6,814,714)</u>	<u>\$ 28,200,288</u>
<u>Business-type activities:</u>					
Capital assets not being depreciated:					
Construction in progress	\$ 104,563	\$ 18,201,430	\$ (104,563)	\$ 1,331,091	\$ 19,532,521
Capital assets being depreciated:					
Sewer lines and improvements	6,363,787	2,528,389	-	15,563,268	24,455,444
Equipment	379,276	3,542	(144,821)	-	237,997
	<u>6,847,626</u>	<u>20,733,361</u>	<u>(249,384)</u>	<u>16,894,359</u>	<u>44,225,962</u>
Less: accumulated depreciation for:					
Sewer lines and improvements	(190,914)	(560,910)	-	(10,079,645)	(10,831,469)
Equipment	(262,552)	(30,203)	144,821	-	(147,934)
	<u>(453,466)</u>	<u>(591,113)</u>	<u>144,821</u>	<u>(10,079,645)</u>	<u>(10,979,403)</u>
Business-type activities capital assets, net	<u>\$ 6,394,160</u>	<u>\$ 20,142,248</u>	<u>\$ (104,563)</u>	<u>\$ 6,814,714</u>	<u>\$ 33,246,559</u>

Transfers of capital assets represent capital assets previously recorded in governmental activities that were transferred

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

to business-type activities effective January 1, 2008. The net book values of the capital assets transferred are recorded as capital contributions on the statement of revenues, expenses, and changes in net assets of proprietary funds. On the statement of activities, the amounts are shown as transfers between governmental activities and business-type activities.

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

Governmental activities:	
General government	\$ 63,312
Public safety	68,250
Public works	820,377
Community development	6,931
Recreation and leisure	398,464
Library	11,659
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 1,368,993</u>
Business-type activities:	
Sanitary Sewer	\$ 590,648
Community Recreation	416
Magazine	49
	<hr/>
Total depreciation expense - business-type activities	<u>\$ 591,113</u>

6. Allowance for Uncollectible Accounts:

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

7. Changes in Long-Term Debt:

	Amounts Payable as of <u>January 1, 2008</u>	<u>New Debt</u>	Amortization/ Repayment	Amounts Payable as of <u>December 31, 2008</u>	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable	\$ 16,755,000	\$ 4,770,710	\$ (335,000)	\$ 21,190,710	\$ 434,189
Notes payable	354,584	-	(20,909)	333,675	21,828
Less deferred amounts:					
For issuance discounts	(264,184)	(145,350)	14,422	(395,112)	-
On refunding	(186,676)	-	7,180	(179,496)	-
Governmental activities long-term liabilities	<u>\$ 16,658,724</u>	<u>\$ 4,625,360</u>	<u>\$ (334,307)</u>	<u>\$ 20,949,777</u>	<u>\$ 456,017</u>
<b>Business-type Activities:</b>					
Bonds payable	\$ 11,015,000	\$27,529,290	\$ (165,000)	\$ 38,379,290	\$ 650,811
Less deferred amounts:					
On refunding	(187,778)	-	7,222	(180,556)	-
Business-type activities long-term liabilities	<u>\$ 10,827,222</u>	<u>\$27,529,290</u>	<u>\$ (157,778)</u>	<u>\$ 38,198,734</u>	<u>\$ 650,811</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

8. Description of Long-Term Debt:

Issue: General Obligation Bonds of 2003

Date: May 28, 2003

Original Proceeds: \$18,705,000

Principal amount at December 31, 2008: \$7,300,000

Principal amount defeased at December 31, 2008: \$9,525,000

Interest Rate: 2.00 – 5.00% semi-annual interest due May 15 and November 15

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

Purpose: Acquisition of Capital Equipment and Improvements to Township buildings, roads, sewers, and parks

The annual debt service requirements to maturity for the General Obligation Bonds of 2003 are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 335,000	\$ 181,499	\$ 160,000	\$ 87,586
2010	345,000	171,418	165,000	82,768
2011	355,000	160,081	170,000	77,343
2012	370,000	147,660	180,000	71,346
2013	385,000	134,255	185,000	64,866
2014-2018	2,145,000	437,095	1,035,000	211,427
2019-2021	990,000	43,500	480,000	21,098
Total	<u>\$ 4,925,000</u>	<u>\$ 1,275,508</u>	<u>\$ 2,375,000</u>	<u>\$ 616,434</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Issue: General Obligation Note of 2005

Date: April 1, 2005

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

Balance of Township's guarantee at December 31, 2008: \$333,675

Interest Rate: 4.24%

Debt Service Source: General Fund

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

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

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 21,828	\$ 14,344
2010	22,767	13,406
2011	23,745	12,427
2012	24,766	11,406
2013	25,831	10,341
2014-2018	146,795	34,065
2019-2020	67,943	4,410
Total	<u>\$ 333,675</u>	<u>\$ 100,399</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Issue: General Obligation Bonds of 2006

Date: September 1, 2006

Original Proceeds: \$9,995,000

Principal amount at December 31, 2008: \$9,985,000

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

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

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

The annual debt service requirements to maturity for the General Obligation Bonds of 2006 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 5,000	\$ 225,121	\$ -	\$ 202,540
2010	10,000	224,866	10,000	202,370
2011	15,000	224,433	10,000	202,025
2012	15,000	223,900	10,000	201,670
2013	15,000	223,353	10,000	201,305
2014-2018	75,000	1,107,880	65,000	999,700
2019-2023	1,760,000	990,471	860,000	937,394
2024-2028	3,410,000	382,184	1,645,000	643,771
2029-2033	-	-	2,070,000	237,982
Total	\$ 5,305,000	\$ 3,602,208	\$ 4,680,000	\$ 3,828,757

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Issue: General Obligation Bonds of 2007

Date: March 13, 2007

Original Proceeds: \$9,995,000

Principal amount at December 31, 2008: \$9,985,000

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

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

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

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 10,000	\$ 253,717	\$ 5,000	\$ 157,050
2010	95,000	251,832	50,000	156,062
2011	95,000	248,400	50,000	154,256
2012	95,000	244,956	50,000	152,444
2013	95,000	241,512	55,000	150,542
2014-2018	570,000	1,143,949	300,000	717,722
2019-2023	790,000	1,012,150	375,000	652,021
2024-2028	1,055,000	824,280	475,000	566,543
2029-2033	3,385,000	237,915	560,000	460,547
2034-2036	-	-	1,875,000	121,653
Total	\$ 6,190,000	\$ 4,458,711	\$ 3,795,000	\$ 3,288,840

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Issue: General Obligation Bonds of 2008

Date: March 3, 2008

Original Proceeds: \$32,300,000

Principal amount at December 31, 2008: \$32,300,000

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

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

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

Liquidity Facility: In connection with the 2008 bonds, the Township has entered into a Standby Bond Purchase Agreement with PNC Bank, National Association (Bank). The agreement, dated March 13, 2008, is scheduled to expire on March 13, 2013. According to the terms of the agreement, any bonds remaining bank bonds for a period of 120 consecutive days begin amortizing in 14 equal semi-annual installments of principal at the prime rate plus 1%. At December 31, 2008, none of the 2008 bonds outstanding were held by the Bank. During 2008, the Township incurred \$41,948 in facility fees.

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 84,189	\$ 155,099	\$ 485,811	\$ 894,993
2010	79,020	152,422	455,981	879,548
2011	81,974	149,781	473,027	864,312
2012	84,189	147,057	485,811	848,587
2013	87,882	144,235	507,119	832,303
2014-2018	483,718	675,416	2,791,283	3,897,478
2019-2023	576,030	588,808	3,323,970	3,397,704
2024-2028	683,851	485,619	3,946,149	2,802,253
2029-2033	1,099,627	354,464	6,345,374	2,045,430
2034-2038	1,510,230	119,164	8,714,765	687,634
Total	\$ 4,770,710	\$2,972,065	\$27,529,290	\$ 17,150,242

9. Unpaid Vacation and Sick Days:

The Township's vacation policy for union and non-union employees provides that such employees are to take vacation within the year it is earned, with no carry forward provisions. Thus there is no current liability for unused vacation at December 31, 2008. Vacation days may be carried forward only upon approval of the Township Manager. At December 31, 2008, there was no unrecorded General Fund liability for unused vacation days.

Sick days are earned continuously at the rate of 7 to 10 days per year to a maximum of 125 days depending upon applicable contracts. Employees may use this time during their term of employment. No accrual is necessary as employees are not entitled to receive compensation for unused days.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

### 10. Post-Employment Benefits Other Than Pension Benefits (OPEBs):

#### Plan Description

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

Details of the benefits provided are as follows:

#### Police

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

As of January 1, 2008, there were 28 active plan participants and two retired participants receiving benefits.

#### Non-Uniformed

For administrative employees, upon retirement at age 59 ½, a \$5,000 life insurance policy is provided by the Township. For Teamsters, upon retirement at age 60 with 10 years of service, an \$8,000 life insurance policy is provided by the Township.

As of January 1, 2008, there were 71 active plan participants and 10 retired participants receiving benefits.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

### Funding Policy

Life insurance benefits are expensed when incurred and are financed on a pay-as-you-go basis. The Township contributes \$1,000 per year per police officer to a Voluntary Employee's Beneficiary Association (VEBA) account to be applied toward the cost of post-retirement health benefits. Upon retirement, each retiree shall have the option to accept the full amount deposited in his/her account with accrued interest in lieu of receipt of post-retirement health benefits from the Township. For fiscal year 2008, the Township incurred \$46,178 for post-employment health benefits (\$11,679 related to premiums paid for current retirees and \$34,499 in contributions to the VEBA accounts) and \$279 for post-employment life insurance benefits. No amounts were required to be reimbursed by retirees receiving benefits. At December 31, 2008, the total of the VEBA account balances was \$264,393.

The Township's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 30 years. The following table shows the component of the Township's annual OPEB cost for the year, the amount actually contributed, and changes in the Township's net OPEB obligation:

	<u>Police</u>	<u>Non-Uniformed</u>	<u>Total</u>
Annual required contribution	\$ 225,156	\$ 10,950	\$ 236,106
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB cost	225,156	10,950	236,106
Contributions made	(46,178)	(279)	(46,457)
Increase in net OPEB obligation	178,978	10,671	189,649
Net OPEB obligation - beginning of year	-	-	-
Net OPEB obligation - end of year	<u>\$ 178,978</u>	<u>\$ 10,671</u>	<u>\$ 189,649</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>% of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
December 31, 2008	\$ 236,106	19.68%	\$ 189,649
December 31, 2007	N/A	N/A	N/A
December 31, 2006	N/A	N/A	N/A

N/A - not applicable as 2008 was the first year of implementation for GASB Statement No. 45.

The ARC for the current year was computed as of January 1, 2008 using the following actuarial assumptions:

- actuarial cost method - entry age normal cost;
- amortization method - level dollar;
- amortization period – 30 year open period;
- discount rate - 4.5% compounded annually;
- mortality - 1994 Uninsured Pensioners Mortality Table;
- health care cost trend rates - declining scale starting with a 2.75% increase for 2008 (the actual rate of increase for 2009 over 2008), a 9% increase for 2009 with the rate of increase declining by 1% each year thereafter to 6% for 2012 and 2013, and 5% for 2014 and later; and

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b)-(a)/(c)
Police	\$ 329,593	\$ 3,007,568	\$ 2,677,975	11.0%	\$ 2,565,652	104.4%
Non-Uniformed	\$ -	\$ 106,226	\$ 106,226	0.0%	\$ 3,484,257	3.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Healthcare cost trend assumptions are based on recent experience and anticipated future cost increases under the Township's medical plans. Amounts determined regarding the funded status and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

### 11. Derivative Financial Instruments - Interest Rate Swap:

#### Objective of the Interest Rate Swap

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

#### Terms

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

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

Pursuant to the swap contract, both the Township and the Counterparty make payments monthly on the first of each month. For the year ended December 31, 2008, the Township paid \$868,152 fixed and received \$577,544 variable with respect to the swap.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

### Fair Values

As of December 31, 2008, the interest rate swap had negative fair market value of \$2,189,174. The fair market value was provided by the Counterparty at mid-market, based on financial principles and assumptions of the Counterparty.

### Risk Exposure

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

*Credit risk* is the risk that the Counterparty will not fulfill its obligations. On December 31, 2008, the Counterparty was rated AA- by Standard & Poor's and Aa3 by Moody's Investors Services, Inc., nationally recognized rating agencies. In January 2009, the Counterparty was downgraded to A+ by Standard & Poor's. If the Counterparty fails to perform according to the terms of the interest rate swap agreement, there is some risk of loss to the Township; if the Township would need to replace the swap, it would likely cost the Township the then fair market value. Because the swap now has a negative fair market value, there is no current credit risk to the Township. This risk includes the potential for the Counterparty to fail to make periodic variable rate payments to the Township and the Counterparty to fail to make termination payments to the Township, if the swap is terminated and a termination payment is due from the Counterparty. Under the terms of the agreement, if the Counterparty's credit rating falls below A- by Standard & Poor's or A3 by Moody's Investors Services, Inc., the Township may 1) require the Counterparty to fully collateralize the fair value of the swap in the Township's favor (subject to a \$500,000 minimum transfer amount) with eligible collateral, including cash or government securities, or 2) terminate the swap. Collateral would be posted with a third-party custodian, a commercial bank or trust company selected by the Township, meeting certain requirements of the Counterparty.

*Remarketing/interest rate/basis risk* is the risk that arises when variable interest rates on a derivative and associated bond are based on different indexes. The Township is subject to remarketing/interest rate/basis risk as the interest index on the variable rate arm of the swaps is based on the SIFMA Municipal Swap Index, as previously discussed, and the variable interest rate on the Bonds is based on current market conditions as determined by the remarketing

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

agent. Although expected to correlate over the long-term, the short-term relationships between the SIFMA Municipal Swap Index and the weekly tax exempt rate may vary. The variance could adversely affect the Township's calculated payments, and synthetic interest rates may not be realized. This risk has been minimized, however, because the swap indexes are directly related to the markets for the Bonds and the variance over the long-term should be minimal.

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

### 12. Commitments and Contingencies:

The Township has entered into an administrative consent order with the Allegheny County Health Department, the Pennsylvania Department of Environmental Protection and the United States Environmental Protection Agency related to storm water inflow into the Township's sanitary sewer system. Phase I of the consent order was completed during 2006. Management estimates that the Township's capital cost to comply with Phase II of the consent order will be \$9.1 million.

At December 31, 2008, contract commitments totaled approximately \$6.6 million relating primarily to the construction of a new Community Recreation Center and related road expansion.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

13. Risk Management:

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

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

14. 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.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

### COMBINING STATEMENT OF PLAN NET ASSETS DECEMBER 31, 2008

	Public Works Employees	Police	Mgt & Admin Employees	Total
<b>ASSETS:</b>				
Cash	\$ -	\$ 38,592	\$ -	\$ 38,592
Mutual funds	2,082,978	8,761,950	1,887,183	12,732,111
Due from other funds	-	5,656	-	5,656
<b>TOTAL ASSETS</b>	<b>2,082,978</b>	<b>8,806,198</b>	<b>1,887,183</b>	<b>12,776,359</b>
<b>LIABILITIES:</b>				
Due to other funds	19,430	-	-	19,430
<b>TOTAL LIABILITIES</b>	<b>19,430</b>	<b>-</b>	<b>-</b>	<b>19,430</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 2,063,548</b>	<b>\$ 8,806,198</b>	<b>\$ 1,887,183</b>	<b>\$ 12,756,929</b>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

### COMBINING STATEMENT OF CHANGES IN PLAN ASSETS YEAR ENDED DECEMBER 31, 2008

	Public Works Employees	Police	Mgt & Admin Employees	Total
<b>ADDITIONS:</b>				
Contributions:				
Member contributions/rollovers	\$ -	\$ 124,303	\$ 6,637	\$ 130,940
Township contributions	43,935	41,403	27,017	112,355
State aid	80,807	181,007	138,988	400,802
Total contributions	<u>124,742</u>	<u>346,713</u>	<u>172,642</u>	<u>644,097</u>
<b>INVESTMENT INCOME (LOSS):</b>				
Net depreciation in fair value of investments	(890,701)	(3,768,077)	(581,196)	(5,239,974)
Less: investment expenses	(5,000)	(9,059)	-	(14,059)
Net investment income (loss)	<u>(895,701)</u>	<u>(3,777,136)</u>	<u>(581,196)</u>	<u>(5,254,033)</u>
Total additions	<u>(770,959)</u>	<u>(3,430,423)</u>	<u>(408,554)</u>	<u>(4,609,936)</u>
<b>DEDUCTIONS:</b>				
Benefits	75,901	85,040	-	160,941
Withdrawal credits	-	-	80,162	80,162
Administrative expenses	1,395	11,491	345	13,231
Total deductions	<u>77,296</u>	<u>96,531</u>	<u>80,507</u>	<u>254,334</u>
Decrease in plan net assets	(848,255)	(3,526,954)	(489,061)	(4,864,270)
<b>Net Assets Held In Trust For Pension Benefits:</b>				
Beginning of Year	2,911,803	12,333,152	2,376,244	17,621,199
End of Year	<u>\$ 2,063,548</u>	<u>\$ 8,806,198</u>	<u>\$ 1,887,183</u>	<u>\$ 12,756,929</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION SECTION**

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## REQUIRED SUPPLEMENTARY PENSION INFORMATION

### DEFINED BENEFIT PENSION TRUST FUNDS

DECEMBER 31, 2008

Schedules of Funding Progress:

<u>Police Pension Plan</u>						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
01/01/03	\$ 7,497,620*	\$ 8,572,135	\$ 1,074,515	87.5%	\$ 2,067,294	52.0%
01/01/05	8,498,427*	11,159,623	2,661,196	76.2%	2,319,565	114.7%
01/01/07	10,823,406*	12,321,777	1,498,371	87.8%	2,415,724	62.0%

\*Actuarial value of assets is different from the market value of assets due to the adoption by the Police Pension Plan of the 4-Year Smoothing Asset Valuation method.

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

See accompanying note to required supplementary pension information.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## REQUIRED SUPPLEMENTARY PENSION INFORMATION

### DEFINED BENEFIT PENSION TRUST FUNDS

DECEMBER 31, 2008

Schedules of Funding Progress (Continued):

Public Works Employees' Pension Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
01/01/03	\$ 2,194,393*	\$ 2,428,429	\$ 234,036	90.4%	\$ 876,201	26.7%
01/01/05	2,279,723*	2,736,665	456,942	83.3%	1,091,644	41.9%
01/01/07	2,666,782*	3,488,271	821,489	76.4%	1,095,298	75.0%

\*Actuarial value of assets is different from the market value of assets due to the adoption by the Public Works Pension Plan of the 4-Year Smoothing Asset Valuation method.

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

See accompanying note to required supplementary pension information.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## REQUIRED SUPPLEMENTARY PENSION INFORMATION

### DEFINED BENEFIT PENSION TRUST FUNDS

DECEMBER 31, 2008

Schedules of Employer's Contributions:

<u>Year Ended December 31,</u>	<u>Public Works Employees' Pension Plan</u>		<u>Police Pension Plan</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2003	\$ 68,409	100%	\$ 251,118	100%
2004	42,123	100%	191,135	100%
2005	42,930	100%	196,977	100%
2006	71,005	100%	310,465	100%
2007	66,402	100%	446,805	100%
2008	124,742	100%	222,410	100%

See accompanying note to required supplementary pension information.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## REQUIRED SUPPLEMENTARY PENSION INFORMATION

### DEFINED BENEFIT PENSION TRUST FUNDS

DECEMBER 31, 2008

#### NOTE TO REQUIRED SUPPLEMENTARY PENSION INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial report follows:

	<u>Police Pension Plan</u>	<u>Public Works Employees' Pension Plan</u>
Valuation Date	January 1, 2007	January 1, 2007
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, Closed	Level Dollar, Closed
Remaining Amortization Period	40 Years (aggregate)	24 Years (aggregate)
Asset Valuation Method	4-Year Smoothing	4-Year Smoothing
Actuarial Assumptions		
Investment Rate of Return	8.0%	8.0%
Projected Salary Increases	5.5%	N/A
Cost of Living Adjustments	3.0%	3.0%

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## REQUIRED SUPPLEMENTARY OPEB INFORMATION SCHEDULE OF FUNDING PROGRESS

DECEMBER 31, 2008

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
<b><u>Police Employees:</u></b>						
1/1/06	N/A	N/A	N/A	N/A	N/A	N/A
1/1/07	N/A	N/A	N/A	N/A	N/A	N/A
1/1/08	\$ 329,593	\$ 3,007,568	\$ 2,677,975	11%	\$ 2,565,652	104%
<b><u>Non-Uniformed Employees:</u></b>						
1/1/06	N/A	N/A	N/A	N/A	N/A	N/A
1/1/07	N/A	N/A	N/A	N/A	N/A	N/A
1/1/08	\$ -	\$ 106,226	\$ 106,226	0%	\$ 3,484,257	3%

N/A - not applicable as 2008 was the first year of implementation for GASB Statement No. 45.

See accompanying note to supplementary information.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## REQUIRED SUPPLEMENTARY OPEB INFORMATION FACTORS AND TRENDS USED IN ACTUARIAL VALUATION

DECEMBER 31, 2008

### Actuarial Data:

Valuation Date:	January 1, 2008
Actuarial Cost Method:	Entry age normal cost
Amortization Method:	Level dollar

### Demographic Assumptions:

Mortality:	1994 Uninsured Pensioner Mortality Table
Disabled Life Mortality:	1994 Uninsured Pensioner Mortality Table, with rates set forward 5 years
Withdrawal:	Table T-1, <i>Actuary's Pension Handbook</i>
Disablement:	<u>Police:</u> 60% of the rates of disablement from <i>Advanced Pension Tables</i> <u>Non-Uniformed:</u> None assumed
Valuation Retirement Age:	<u>Police:</u> Age 54 with 25 years of service <u>Non-Uniformed:</u> Administrative - Age 60; Teamsters - Age 60 with 10 years of service
Percent Electing Husband/Wife Health Coverage:	70% of future retirees
Participant Percentage:	<u>Police:</u> 80% of future retirees for health insurance <u>Non-Uniformed:</u> 100% of future retirees for life insurance

### Economic Assumptions:

Interest Rate:	4.50%	
Annual Trend Rates for OPEB Costs:	<u>Year</u>	<u>Medical</u>
	2008	2.75%
	2009	9%
	2010	8%
	2011	7%
	2012	6%
	2013	6%
	2014 and later	5%

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

## 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 2007 accounts for the bond proceeds from the issuance of general obligation bonds by the Township in 2007. The funds are for the completion of certain sanitary sewer projects mandated by the EPA, and for the construction of a new community recreation center.

Capital Projects Fund 2008 accounts for the bond proceeds from the issuance of general obligation bonds by the Township in 2008. The funds are for the completion of certain sanitary sewer projects mandated by the EPA, for the construction and completion of the new community recreation and outdoor aquatic center, for the construction of a Public Works Annex Building in Boyce/Mayview Park, for the Morton Field parking lot improvements. and for various other road and sidewalk projects in the township.

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

## NON-MAJOR GOVERNMENTAL FUNDS

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

## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

Police Gambling Grant Fund is a grant applied for a one year period to accomplish the objective of adequately training police officers in the prevention, identification, enforcement, investigation, and prosecution of the unlawful possession and operation of slot machines in the Township.

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

## **DEBT SERVICE FUNDS**

Debt Service Funds are used to accumulate monies for payment of principal and interest on general obligation bonds issued by the Township and Revenue bonds issued by the Municipal Authority of the Township of Upper St. Clair (MATUSC). The four non-major Debt Service Funds are:

General Obligation Bonds of 2003 Fund is used to channel funds from the General Fund to satisfy principal and interest requirements on general obligation bonds, with the final installment maturing in 2021. Debt service on these bonds is derived from general operating revenues from the General Fund.

General Obligation Bonds of 2006 Fund is used to channel funds from the General Fund to satisfy principal and interest requirements on general obligation bonds, with the final installment maturing in 2033. Debt service on these bonds is derived from general operating revenues from the General Fund.

General Obligation Bonds of 2007 Fund is used to channel funds from the General Fund to satisfy principal and interest requirements on general obligation bonds, with the final installment maturing in 2036. Debt service on these bonds is derived from general operating revenues from the General Fund.

General Obligation Bonds of 2008 Fund is used to channel funds from the General Fund to satisfy principal and interest requirements on general obligation bonds, with the final installment maturing in 2038. Debt service on these bonds is derived from general operating revenues from the General Fund.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2008

	Special Revenue Funds								Debt Service Funds				Total Other Governmental Funds		
	State Liquid Fuels Fund	Storm Sewer Improvement Fund	Field Improvement Fund	Library Endowment Fund	Regional Asset District Library Fund	Regional Asset District Boyce/Mayview Fund	Police Gambling Grant Fund	MATUSC Special Revenue Fund	Total	General Obligation Bonds of 2003 Fund	General Obligation Bonds of 2006 Fund	General Obligation Bonds of 2007 Fund		General Obligation Bonds of 2008 Fund	Total
<b>ASSETS:</b>															
Cash and cash equivalents	\$ 2,372	\$ 181,256	\$ 105,124	\$ 43,373	\$ -	\$ -	\$ -	\$ 442,655	\$ 774,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 774,780
Accounts receivable	-	-	19,280	-	-	900,341	-	-	919,621	-	-	-	-	-	919,621
Due from other funds	-	29,500	159,092	-	77,641	-	46,281	-	312,514	-	-	-	-	-	312,514
Prepays	-	-	-	-	-	-	179	-	179	-	-	-	-	-	179
<b>TOTAL ASSETS</b>	<b>\$ 2,372</b>	<b>\$ 210,756</b>	<b>\$ 283,496</b>	<b>\$ 43,373</b>	<b>\$ 77,641</b>	<b>\$ 900,341</b>	<b>\$ 46,460</b>	<b>\$ 442,655</b>	<b>\$ 2,007,094</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,007,094</b>
<b>LIABILITIES AND FUND EQUITY:</b>															
Liabilities:															
Accounts payable	\$ -	\$ -	\$ 32,981	\$ -	\$ 2,970	\$ 481,819	\$ -	\$ -	\$ 517,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 517,770
Due to other funds	-	166,548	-	-	-	236,949	-	-	403,497	-	-	-	-	-	403,497
Deferred revenues	-	-	-	-	-	176,079	-	-	176,079	-	-	-	-	-	176,079
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>166,548</b>	<b>32,981</b>	<b>-</b>	<b>2,970</b>	<b>894,847</b>	<b>-</b>	<b>-</b>	<b>1,097,346</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,097,346</b>
Fund Balance:															
Reserved for prepaid items	-	-	-	-	-	-	179	-	179	-	-	-	-	-	179
Unreserved	2,372	44,208	250,515	43,373	74,671	5,494	46,281	442,655	909,569	-	-	-	-	-	909,569
<b>TOTAL FUND BALANCE</b>	<b>2,372</b>	<b>44,208</b>	<b>250,515</b>	<b>43,373</b>	<b>74,671</b>	<b>5,494</b>	<b>46,460</b>	<b>442,655</b>	<b>909,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>909,748</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,372</b>	<b>\$ 210,756</b>	<b>\$ 283,496</b>	<b>\$ 43,373</b>	<b>\$ 77,641</b>	<b>\$ 900,341</b>	<b>\$ 46,460</b>	<b>\$ 442,655</b>	<b>\$ 2,007,094</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,007,094</b>

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

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

YEAR ENDED DECEMBER 31, 2008

	Special Revenue Funds								Debt Service Funds				Total Other Governmental Funds	
	State Liquid Fuels Fund	Storm Sewer Improvement Fund	Field Improvement Fund	Library Endowment Fund	Regional Asset District Library Fund	Regional Asset District Boyce/Mayview Fund	Police Gambling Grant Fund	MATUSC Special Revenue Fund	Total	General Obligation Bonds of 2003 Fund	General Obligation Bonds of 2006 Fund	General Obligation Bonds of 2007 Fund		General Obligation Bonds of 2008 Fund
<b>REVENUES:</b>														
Licenses and permits	\$ -	\$ 1,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,600
Interest	7,871	2,302	491	172	-	-	14,459	25,295	-	-	-	-	-	25,295
State grants	474,685	-	-	-	237,871	855,322	89,444	1,657,322	-	-	-	-	-	1,657,322
User fees	-	-	19,280	-	-	-	-	19,280	-	-	-	-	-	19,280
<b>TOTAL REVENUES</b>	<b>482,556</b>	<b>3,902</b>	<b>19,771</b>	<b>172</b>	<b>237,871</b>	<b>855,322</b>	<b>89,444</b>	<b>1,703,497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,703,497</b>
<b>EXPENDITURES:</b>														
Current:														
Public safety	-	-	-	-	-	-	42,984	42,984	-	-	-	-	-	42,984
Public works	490,000	30,000	32,981	-	-	-	-	552,981	-	-	-	-	-	552,981
Recreation and leisure services	-	-	-	-	-	884,862	-	884,862	-	-	-	-	-	884,862
Library services	-	-	-	-	209,927	-	-	209,927	-	-	-	-	-	209,927
Debt Service:														
Principal retirement	-	-	-	-	-	-	-	-	325,000	5,000	5,000	-	335,000	335,000
Interest	-	-	-	-	-	-	-	-	191,310	225,290	253,979	160,390	830,969	830,969
<b>TOTAL EXPENDITURES</b>	<b>490,000</b>	<b>30,000</b>	<b>32,981</b>	<b>-</b>	<b>209,927</b>	<b>884,862</b>	<b>42,984</b>	<b>1,690,754</b>	<b>516,310</b>	<b>230,290</b>	<b>258,979</b>	<b>160,390</b>	<b>1,165,969</b>	<b>2,856,723</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(7,444)</b>	<b>(26,098)</b>	<b>(13,210)</b>	<b>172</b>	<b>27,944</b>	<b>(29,540)</b>	<b>46,460</b>	<b>12,743</b>	<b>(516,310)</b>	<b>(230,290)</b>	<b>(258,979)</b>	<b>(160,390)</b>	<b>(1,165,969)</b>	<b>(1,153,226)</b>
<b>OTHER FINANCING SOURCES (USES):</b>														
Transfer in	-	-	30,000	-	-	30,602	-	60,602	516,310	230,290	258,979	160,390	1,165,969	1,226,571
Transfer out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>30,602</b>	<b>-</b>	<b>60,602</b>	<b>516,310</b>	<b>230,290</b>	<b>258,979</b>	<b>160,390</b>	<b>1,165,969</b>	<b>1,226,571</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(7,444)</b>	<b>(26,098)</b>	<b>16,790</b>	<b>172</b>	<b>27,944</b>	<b>1,062</b>	<b>46,460</b>	<b>73,345</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,345</b>
FUND BALANCE, JANUARY 1	9,816	70,306	233,725	43,201	46,727	4,432	-	428,196	836,403	-	-	-	-	836,403
FUND BALANCE, DECEMBER 31	<u>\$ 2,372</u>	<u>\$ 44,208</u>	<u>\$ 250,515</u>	<u>\$ 43,373</u>	<u>\$ 74,671</u>	<u>\$ 5,494</u>	<u>\$ 46,460</u>	<u>\$ 442,655</u>	<u>\$ 909,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 909,748</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

	Original and Final Budgeted Amounts	Actual	Variance
<b>REVENUES:</b>			
Interest	\$ 40,000	\$ 29,922	\$ (10,078)
Other revenue and grants	4,500	10,278	5,778
TOTAL REVENUES	44,500	40,200	(4,300)
<b>EXPENDITURES:</b>			
Capital outlay:			
General government	493,000	268,899	224,101
Community development	25,000	37,291	(12,291)
Public safety	558,600	481,354	77,246
Public works	916,000	944,151	(28,151)
Recreation and leisure services	217,000	-	217,000
TOTAL EXPENDITURES	2,209,600	1,731,695	477,905
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,165,100)	(1,691,495)	473,605
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	673,703	853,703	180,000
Transfers out	-	(30,000)	(30,000)
TOTAL OTHER FINANCING SOURCES (USES)	673,703	823,703	150,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,491,397)</b>	<b>\$ (867,792)</b>	<b>\$ 623,605</b>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

	Original and Final Budgeted Amounts	Actual	Variance
<b>REVENUES:</b>			
Interest	\$ 12,000	\$ 7,871	\$ (4,129)
State grant	474,880	474,685	(195)
TOTAL REVENUES	486,880	482,556	(4,324)
<b>EXPENDITURES:</b>			
Current:			
Public works - street maintenance	490,000	490,000	-
TOTAL EXPENDITURES	490,000	490,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (3,120)</b>	<b>\$ (7,444)</b>	<b>\$ (4,324)</b>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

	Original and Final Budgeted Amounts	Actual	Variance
<b>REVENUES:</b>			
Licenses and permits	\$ 10,000	\$ 1,600	\$ (8,400)
Interest	4,000	2,302	(1,698)
	<u>14,000</u>	<u>3,902</u>	<u>(10,098)</u>
TOTAL REVENUES			
<b>EXPENDITURES:</b>			
Current:			
Public works - sewer projects	30,000	30,000	-
	<u>30,000</u>	<u>30,000</u>	<u>-</u>
TOTAL EXPENDITURES			
	<u>30,000</u>	<u>30,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (16,000)</u>	<u>\$ (26,098)</u>	<u>\$ (10,098)</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

	Original and Final Budgeted Amounts	Actual	Variance
<b>REVENUES:</b>			
Interest	\$ 600	\$ 491	\$ (109)
User fees	20,000	19,280	(720)
TOTAL REVENUES	20,600	19,771	(829)
<b>EXPENDITURES:</b>			
Current:			
Public works - field projects	240,000	32,981	207,019
TOTAL EXPENDITURES	240,000	32,981	207,019
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(219,400)	(13,210)	206,190
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer in	30,000	30,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	30,000	30,000	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ (189,400)	\$ 16,790	\$ 206,190

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

	Original and Final Budgeted Amounts	Actual	Variance
<b>REVENUES:</b>			
State grants	\$ 230,470	\$ 237,871	\$ 7,401
TOTAL REVENUES	230,470	237,871	7,401
<b>EXPENDITURES:</b>			
Current:			
Library services	215,380	209,927	5,453
TOTAL EXPENDITURES	215,380	209,927	5,453
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 15,090</b>	<b>\$ 27,944</b>	<b>\$ 12,854</b>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

	Original and Final Budgeted Amounts	Actual	Variance
<b>REVENUES:</b>			
Interest	\$ 2,000	\$ -	\$ (2,000)
State grants	1,035,341	855,322	(180,019)
User fees	3,000	-	(3,000)
TOTAL REVENUES	1,040,341	855,322	(185,019)
<b>EXPENDITURES:</b>			
Current:			
Recreation and leisure services	1,008,210	884,862	123,348
TOTAL EXPENDITURES	1,008,210	884,862	123,348
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	32,131	(29,540)	(61,671)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer in	79,790	30,602	(49,188)
TOTAL OTHER FINANCING SOURCES (USES)	79,790	30,602	(49,188)
NET CHANGE IN FUND BALANCE	\$ 111,921	\$ 1,062	\$ (110,859)

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL OBLIGATION BONDS OF 2003

YEAR ENDED DECEMBER 31, 2008

	Original and Final Budgeted Amounts	Actual	Variance
<b>REVENUES:</b>			
Interest	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>			
Debt service:			
Principal retirement	325,000	325,000	-
Interest	190,250	191,310	(1,060)
TOTAL EXPENDITURES	515,250	516,310	(1,060)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(515,250)	(516,310)	(1,060)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	515,250	516,310	1,060
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	\$ -

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL OBLIGATION BONDS OF 2006

YEAR ENDED DECEMBER 31, 2008

	Original and Final Budgeted Amounts	Actual	Variance
<b>REVENUES:</b>			
Interest	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>			
Debt service:			
Principal retirement	5,000	5,000	-
Interest	225,290	225,290	-
TOTAL EXPENDITURES	230,290	230,290	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(230,290)	(230,290)	-
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	230,290	230,290	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	\$ -

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL OBLIGATION BONDS OF 2007

YEAR ENDED DECEMBER 31, 2008

	Original and Final Budgeted Amounts	Actual	Variance
<b>REVENUES:</b>			
Interest	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>			
Debt service:			
Principal retirement	5,000	5,000	-
Interest	253,979	253,979	-
TOTAL EXPENDITURES	258,979	258,979	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(258,979)	(258,979)	-
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	258,979	258,979	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	\$ -

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## SCHEDULE OF CAPITAL ASSETS - BY SOURCE

DECEMBER 31, 2008

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 2,268,667
Construction in progress	2,853,810
Infrastructure	29,818,247
Buildings	10,749,876
Improvements other than buildings	1,463,134
Equipment	6,213,580
Library assets	996,931

TOTAL CAPITAL ASSETS	<u>\$ 54,364,245</u>
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INVESTMENT IN CAPITAL ASSETS FROM:

Acquisitions prior to January 1, 1982 (1)	\$ 30,751,450
Environmental Education Center Fund	1,722
Storm Sewer Fund	29,518
Regional Asset District Library Fund	92,379
Library Endowment Fund	545,980
Capital Projects Funds	22,476,757
Boyce Mayview RAD Fund	1,244,597
General Fund	<u>(778,158)</u>

TOTAL INVESTMENT IN CAPITAL ASSETS	<u>\$ 54,364,245</u>
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(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

YEAR ENDED DECEMBER 31, 2008

	Total	Land	Construction in Progress	Infrastructure	Buildings	Improvements Other than Buildings	Equipment	Library Assets
CAPITAL ASSETS AT JANUARY 1, 2008	\$ 66,299,710	\$ 2,268,667	\$ 4,461,032	\$ 40,900,752	\$ 10,250,114	\$ 1,463,134	\$ 5,994,404	\$ 961,607
EXPENDITURES FROM:								
General Fund	44,676	-	-	-	-	-	22,479	22,197
RAD Funds	630,071	-	465,062	78,500	-	-	70,939	15,570
Capital Projects Funds	4,695,357	-	2,194,712	1,466,358	593,580	-	438,655	2,052
Capital Asset Disposals and Transfers	(17,305,569)	-	(4,266,996)	(12,627,363)	(93,818)	-	(312,897)	(4,495)
CAPITAL ASSETS AT DECEMBER 31, 2008	<u>\$ 54,364,245</u>	<u>\$ 2,268,667</u>	<u>\$ 2,853,810</u>	<u>\$ 29,818,247</u>	<u>\$ 10,749,876</u>	<u>\$ 1,463,134</u>	<u>\$ 6,213,580</u>	<u>\$ 996,931</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## SCHEDULE OF CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

DECEMBER 31, 2008

Function and Activity	Total	Land	Construction in Progress	Infrastructure	Buildings	Improvements Other than Buildings	Equipment (Including Library Assets)
General government:							
Administration	\$ 5,239,568	\$ 433,630	\$ -	\$ -	\$ 4,480,889	\$ -	\$ 325,049
Finance/tax	178,770	-	-	-	-	-	178,770
<b>TOTAL GENERAL GOVERNMENT</b>	<b>5,418,338</b>	<b>433,630</b>	<b>-</b>	<b>-</b>	<b>4,480,889</b>	<b>-</b>	<b>503,819</b>
Community Development	593,126	-	-	-	-	-	593,126
Public Safety:							
Police	1,369,154	-	-	-	118,925	-	1,250,229
VFD	4,468,992	461,037	-	-	4,005,294	-	2,661
<b>TOTAL PUBLIC SAFETY</b>	<b>5,838,146</b>	<b>461,037</b>	<b>-</b>	<b>-</b>	<b>4,124,219</b>	<b>-</b>	<b>1,252,890</b>
Public works:							
Office	230,557	-	1,194,072	-	68,849	68,983	92,725
Highways and streets	31,012,319	-	1,659,738	29,818,247	-	-	-
Garage	6,030,189	19,920	-	-	875,330	97,088	3,378,113
<b>TOTAL PUBLIC WORKS</b>	<b>37,273,065</b>	<b>19,920</b>	<b>2,853,810</b>	<b>29,818,247</b>	<b>944,179</b>	<b>166,071</b>	<b>3,470,838</b>
Recreation and leisure services	4,243,769	1,354,080	-	-	1,200,589	1,297,063	392,037
Library	997,801	-	-	-	-	-	997,801
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 54,364,245</b>	<b>\$ 2,268,667</b>	<b>\$ 2,853,810</b>	<b>\$ 29,818,247</b>	<b>\$ 10,749,876</b>	<b>\$ 1,463,134</b>	<b>\$ 7,210,511</b>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

<u>Function and Activity</u>	<u>Capital Assets January 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Capital Assets December 31, 2008</u>
General government:				
Administration	\$ 5,209,823	\$ 29,745	\$ -	\$ 5,239,568
Finance/tax	176,785	1,985	-	178,770
TOTAL GENERAL GOVERNMENT	<u>5,386,608</u>	<u>31,730</u>	<u>-</u>	<u>5,418,338</u>
Community Development	<u>590,511</u>	<u>2,615</u>	<u>-</u>	<u>593,126</u>
Public Safety:				
Police	1,378,555	139,593	(148,994)	1,369,154
VFD	4,468,992	-	-	4,468,992
TOTAL PUBLIC SAFETY	<u>5,847,547</u>	<u>139,593</u>	<u>(148,994)</u>	<u>5,838,146</u>
Public works:				
Office	213,717	27,373	(10,533)	230,557
Highways and streets	40,900,752	2,738,930	(12,627,363)	31,012,319
Garage	4,227,165	1,956,394	(153,370)	6,030,189
TOTAL PUBLIC WORKS	<u>45,341,634</u>	<u>4,722,697</u>	<u>(12,791,266)</u>	<u>37,273,065</u>
Recreation and leisure services	<u>8,171,803</u>	<u>432,780</u>	<u>(4,360,814)</u>	<u>4,243,769</u>
Library	<u>961,607</u>	<u>40,691</u>	<u>(4,497)</u>	<u>997,801</u>
TOTAL CAPITAL ASSETS	<u>\$ 66,299,710</u>	<u>\$ 5,370,106</u>	<u>\$ (17,305,571)</u>	<u>\$ 54,364,245</u>

## **STATISTICAL SECTION**

# Statistical Section

This section of the Township of Upper St. Clair (Township) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health. In 2006, the Township adopted the disclosure requirements of GASB Statement No. 44, *"Economic Condition Reporting: The Statistical Section."*

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## Page

### **Financial Trends**

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

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### **Revenue Capacity**

These schedules contain information to help the reader assess the Township's most significant local revenue sources, the property tax, and the earned income tax.

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### **Debt Capacity**

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.

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### **Demographic and Economic Information**

These schedules offer economic and demographic indicators to help the reader understand the environment within which the Township's financial activities take place.

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### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the Township provides and the activities it performs.

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## NET ASSETS BY COMPONENT LAST SIX YEARS ACCRUAL BASIS OF ACCOUNTING

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities:						
Invested in capital assets, net of related debt	\$ 11,742,657	\$ 18,182,053	\$ 2,642,610	\$ 2,904,677	\$ 2,471,199	\$ 6,428,741
Restricted	172,370	-	-	-	-	-
Unrestricted	<u>7,251,247</u>	<u>8,392,398</u>	<u>7,633,754</u>	<u>6,374,663</u>	<u>4,340,994</u>	<u>249,303</u>
<i>Total governmental activities net assets</i>	<u>\$ 19,166,274</u>	<u>\$ 26,574,451</u>	<u>\$ 10,276,364</u>	<u>\$ 9,279,340</u>	<u>\$ 6,812,193</u>	<u>\$ 6,678,044</u>
Business-type activities:						
Invested in capital assets, net of related debt	\$ 4,133,348	\$ (2,724,318)	\$ (666,272)	\$ (611,219)	\$ 1,177,047	\$ 259,024
Unrestricted	<u>690,568</u>	<u>1,630,289</u>	<u>1,276,663</u>	<u>1,141,780</u>	<u>221,047</u>	<u>209,745</u>
<i>Total business-type activities net assets</i>	<u>\$ 4,823,916</u>	<u>\$ (1,094,029)</u>	<u>\$ 610,391</u>	<u>\$ 530,561</u>	<u>\$ 1,398,094</u>	<u>\$ 468,769</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 15,876,005	\$ 15,457,735	\$ 1,976,338	\$ 2,293,458	\$ 3,648,246	\$ 6,687,765
Restricted	172,370	-	-	-	-	-
Unrestricted	<u>7,941,815</u>	<u>10,022,687</u>	<u>8,910,417</u>	<u>7,516,443</u>	<u>4,562,041</u>	<u>459,048</u>
<i>Total primary government net assets</i>	<u>\$ 23,990,190</u>	<u>\$ 25,480,422</u>	<u>\$ 10,886,755</u>	<u>\$ 9,809,901</u>	<u>\$ 8,210,287</u>	<u>\$ 7,146,813</u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## CHANGES IN NET ASSETS LAST SIX YEARS ACCRUAL BASIS OF ACCOUNTING

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Program Revenues:</b>						
<b>Governmental activities:</b>						
Charges for services:						
General government	\$ 194,347	\$ 290,640	\$ 296,970	\$ 271,128	\$ 347,340	\$ 325,709
Public safety	109,602	111,682	114,112	121,436	57,497	64,893
Public works	165,740	156,261	202,279	149,747	86,482	115,384
Recreation and leisure services	458,502	392,835	379,872	410,671	408,371	381,839
Library services	28,479	28,857	30,870	28,266	29,574	23,375
Operating grants and contributions	2,215,927	1,702,052	1,448,014	1,044,725	1,188,858	1,078,750
Capital grants and contributions	-	-	132,707	562,053	598,318	84,494
<b>Total governmental activities program revenues</b>	<u>3,172,597</u>	<u>2,682,327</u>	<u>2,604,824</u>	<u>2,588,026</u>	<u>2,716,440</u>	<u>2,074,444</u>
<b>Business-type activities:</b>						
Charges for services:						
Sanitary sewer	3,255,368	3,263,687	3,194,703	4,089,105	3,192,858	2,557,765
Magazine	192,629	181,890	202,054	214,725	187,445	168,044
<b>Total business-type activities program revenues</b>	<u>3,447,997</u>	<u>3,445,577</u>	<u>3,396,757</u>	<u>4,303,830</u>	<u>3,380,303</u>	<u>2,725,809</u>
<b>Total primary government program revenues</b>	<u>\$ 6,620,594</u>	<u>\$ 6,127,904</u>	<u>\$ 6,001,581</u>	<u>\$ 6,891,856</u>	<u>\$ 6,096,743</u>	<u>\$ 4,800,253</u>

(Continued)

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Expenses:</b>						
<b>Governmental activities:</b>						
General government	\$ 1,896,089	\$ 1,886,328	\$ 1,833,720	\$ 1,640,270	\$ 1,549,094	\$ 1,514,980
Public safety	5,104,920	4,740,958	4,999,484	3,922,335	3,907,203	3,760,312
Public works	6,697,107	6,447,776	5,665,332	6,151,707	6,426,591	8,525,680
Community development	580,012	598,348	613,142	545,702	514,158	533,015
Recreation and leisure services	1,372,072	922,993	786,192	733,599	665,735	669,598
Library services	990,068	982,761	897,351	948,335	883,831	853,384
Interest on long-term debt	909,256	586,863	382,532	517,891	672,132	314,290
<b>Total governmental activities expenses</b>	<u>17,549,524</u>	<u>16,166,027</u>	<u>15,177,753</u>	<u>14,459,839</u>	<u>14,618,744</u>	<u>16,171,259</u>
<b>Business-type activities:</b>						
Sanitary sewer	4,282,366	5,420,245	3,199,555	3,312,632	2,281,722	2,573,801
Community recreation	424,485	-	-	-	-	-
Magazine	165,179	184,549	185,752	186,645	178,264	196,481
<b>Total business-type activities expenses</b>	<u>4,872,030</u>	<u>5,604,794</u>	<u>3,385,307</u>	<u>3,499,277</u>	<u>2,459,986</u>	<u>2,770,282</u>
<b>Total primary government expenses</b>	<u>\$ 22,421,554</u>	<u>\$ 21,770,821</u>	<u>\$ 18,563,060</u>	<u>\$ 17,959,116</u>	<u>\$ 17,078,730</u>	<u>\$ 18,941,541</u>
<b>Net (Expense)/Revenue:</b>						
Governmental activities	\$ (14,376,927)	\$(13,483,700)	\$ (12,572,929)	\$ (11,871,813)	\$ (11,902,304)	\$ (14,096,815)
Business-type activities	(1,424,033)	(2,159,217)	11,450	804,553	920,317	(44,473)
<b>Total primary government net (expense) revenue</b>	<u>\$ (15,800,960)</u>	<u>\$ (15,642,917)</u>	<u>\$ (12,561,479)</u>	<u>\$ (11,067,260)</u>	<u>\$ (10,981,987)</u>	<u>\$ (14,141,288)</u>

(Continued)

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>General Revenues and Other Changes in Net Assets:</b>						
Governmental activities:						
Taxes:						
Property taxes, levied for general purposes	\$ 4,265,916	\$ 4,447,434	\$ 4,184,809	\$ 4,158,122	\$ 4,237,635	\$ 4,121,330
Earned income taxes, levied for general purposes	7,276,599	7,383,217	6,983,270	6,115,625	5,966,769	5,953,585
Emergency & municipal services	220,686	335,590	330,513	328,868	-	-
Other taxes	1,206,701	1,275,530	1,401,236	1,323,898	1,229,013	1,282,343
Franchise fees	297,199	260,552	253,936	238,873	281,014	151,623
Unrestricted investment earnings	781,040	533,716	338,685	382,375	219,692	146,941
Miscellaneous	235,323	266,765	77,504	89,842	102,330	73,897
Transfers	(7,314,714)	(400,000)	-	1,701,357	-	-
<b>Total governmental activities general revenues</b>	<u>6,968,750</u>	<u>14,102,804</u>	<u>13,569,953</u>	<u>14,338,960</u>	<u>12,036,453</u>	<u>11,729,719</u>
Business-type activities:						
Unrestricted investment earnings	27,264	54,797	68,380	29,271	9,008	9,033
Transfers	7,314,714	400,000	-	(1,701,357)	-	-
<b>Total business-type activities general revenues</b>	<u>7,341,978</u>	<u>454,797</u>	<u>68,380</u>	<u>(1,672,086)</u>	<u>9,008</u>	<u>9,033</u>
<b>Total primary government general revenues</b>	<u>\$ 14,310,728</u>	<u>\$ 14,557,601</u>	<u>\$ 13,638,333</u>	<u>\$ 12,666,874</u>	<u>\$ 12,045,461</u>	<u>\$ 11,738,752</u>
<b>Change in Net Assets:</b>						
Governmental activities	\$ (7,408,177)	\$ 619,104	\$ 997,024	\$ 2,467,147	\$ 134,149	\$ (2,367,096)
Business-type activities	5,917,945	(1,704,420)	79,830	(867,533)	929,325	(35,440)
<b>Total primary government change in net assets</b>	<u>\$ (1,490,232)</u>	<u>\$ (1,085,316)</u>	<u>\$ 1,076,854</u>	<u>\$ 1,599,614</u>	<u>\$ 1,063,474</u>	<u>\$ (2,402,536)</u>

(Concluded)

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

	2008	2007	2006	2005	2004
<u>General Fund:</u>					
Reserved	\$ 188,689	\$ 165,816	\$ 147,241	\$ 175,433	\$ 173,001
Unreserved, undesignated	3,038,388	3,053,951	2,915,652	2,885,847	2,867,809
<i>Total general fund</i>	3,227,077	3,219,767	3,062,893	3,061,280	3,040,810
<u>All Other Governmental Funds:</u>					
Reserved for prepaid items	179	-	-	-	-
Reserved, reported in capital projects funds	4,158,471	3,529,763	105,763	1,666,429	4,287,339
Reserved, reported in debt service funds	-	-	-	1,060	1,680
Reserved, reported in special revenue funds	-	-	-	-	-
Unreserved, reported in capital projects funds	1,760,516	2,587,788	2,627,520	2,826,776	2,146,481
Unreserved, reported in special revenue funds	909,569	836,403	730,782	636,505	563,248
<i>Total all other governmental funds</i>	6,828,735	6,953,954	3,464,065	5,130,770	6,998,748
<i>Total governmental funds</i>	\$ 10,055,812	\$ 10,173,721	\$ 6,526,958	\$ 8,192,050	\$ 10,039,558

(Continued)

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS MODIFIED ACCRUAL BASIS OF ACCOUNTING (CONTINUED)

	2003	2002	2001	2000	1999
<u>General Fund:</u>					
Reserved	\$ 175,827	\$ 147,340	\$ 123,332	\$ 12,642	\$ 143,927
Unreserved, undesignated	2,911,812	2,856,884	2,874,915	2,983,862	2,843,825
<i>Total General Fund</i>	3,087,639	3,004,224	2,998,247	2,996,504	2,987,752
<u>All Other Governmental Funds:</u>					
Reserved for prepaid items	-	-	-	-	-
Reserved, reported in capital projects funds	14,995,036	-	-	-	-
Reserved, reported in debt service funds	2,280	29,585	28,160	27,815	27,898
Reserved, reported in special revenue funds	18,563	18,563	38,563	58,563	78,563
Unreserved, reported in capital projects funds	1,524,803	1,826,858	995,565	1,228,068	837,372
Unreserved, reported in special revenue funds	581,827	579,329	534,666	498,658	464,859
<i>Total All Other Governmental Funds</i>	17,122,509	2,454,335	1,596,954	1,813,104	1,408,692
<i>Total Governmental Funds</i>	\$ 20,210,148	\$ 5,458,559	\$ 4,595,201	\$ 4,809,608	\$ 4,396,444

(Concluded)

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2008	2007	2006	2005	2004
<b>Revenues:</b>					
Real estate taxes	\$ 4,320,622	\$ 4,224,466	\$ 4,166,460	\$ 4,175,518	\$ 4,313,925
Earned income taxes	7,436,388	7,209,380	6,742,917	6,112,019	5,885,288
Other taxes	1,427,387	1,611,120	1,731,749	1,652,766	1,229,013
Licenses and permits	132,857	127,409	162,145	146,256	129,943
Fees and fines	387,968	362,784	377,155	341,706	376,333
Rents	69,622	67,161	65,675	63,669	62,712
Interest	781,040	533,716	338,685	382,375	219,692
Service agreements	168,750	256,998	272,172	240,779	207,704
Other revenue and grants	2,487,420	2,002,506	1,679,245	1,713,660	1,914,721
Recreation fees	458,502	392,786	379,872	410,671	408,371
<i>Total revenues</i>	17,670,556	16,788,326	15,916,075	15,239,419	14,747,702
<b>Expenditures:</b>					
Current:					
General government	1,595,607	1,572,381	1,460,074	1,328,707	1,286,119
Community development	538,405	552,230	534,397	519,909	489,295
Public safety	4,505,259	4,464,317	4,196,306	4,324,536	3,738,816
Public works	5,311,951	4,834,089	4,501,604	4,085,658	4,126,208
Recreation and leisure services	1,502,056	1,138,985	906,255	624,700	559,886
Library services	978,409	955,070	930,939	920,100	853,078
Debt service:					
Principal retirement	335,000	345,000	1,153,000	1,106,000	770,000
Bond issuance costs	296,126	90,045	156,343	-	-
Interest	830,969	570,194	389,051	515,591	757,602
Capital outlay	6,020,043	4,262,379	3,556,230	5,756,983	4,862,288
<i>Total expenditures</i>	21,913,825	18,784,690	17,784,199	19,182,184	17,443,292
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(4,243,269)	(1,996,364)	(1,868,124)	(3,942,765)	(2,695,590)
<b>Other Financing Sources (Uses):</b>					
Transfers in	2,080,274	2,491,060	3,056,250	4,652,328	2,907,002
Transfers out	(2,580,274)	(2,891,060)	(3,056,250)	(2,950,971)	(10,382,002)
Debt proceeds	4,770,710	9,995,000	5,315,000	393,900	-
Bond issuance discount	(145,350)	(151,873)	-	-	-
Reclassification of bonds as enterprise fund liability	-	(3,800,000)	-	-	-
Payment to refunded bond escrow agent	-	-	(5,111,968)	-	-
<i>Total other financing sources (uses)</i>	4,125,360	5,643,127	203,032	2,095,257	(7,475,000)
<b>Net Change in Fund Balance</b>	\$ (117,909)	\$ 3,646,763	\$ (1,665,092)	\$ (1,847,508)	\$ (10,170,590)
Debt service as a percentage of non-capital expenditures	8.8%	6.7%	10.8%	10.7%	10.3%
Debt service as a percentage of total expenditures	6.7%	5.4%	9.6%	8.5%	8.8%

(Continued)

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS MODIFIED ACCRUAL BASIS OF ACCOUNTING (CONTINUED)

	2003	2002	2001	2000	1999
<b>Revenues:</b>					
Real estate taxes	\$ 4,203,433	\$ 3,890,142	\$ 3,630,073	\$ 3,616,620	\$ 3,539,576
Earned income taxes	5,253,585	5,114,898	5,085,053	5,261,152	4,140,167
Other taxes	1,282,343	1,129,434	1,615,490	1,172,476	1,161,875
Licenses and permits	110,377	120,332	138,822	116,070	179,969
Fees and fines	254,596	311,211	321,661	392,843	249,549
Rents	61,264	60,447	66,685	61,204	61,485
Interest	146,941	75,156	154,230	215,262	162,204
Service agreements	232,096	209,250	231,113	171,621	173,624
Other revenue and grants	1,259,792	2,888,172	1,102,025	1,716,056	1,386,903
Recreation fees	381,839	386,607	341,600	315,042	280,165
<i>Total revenues</i>	<u>13,186,266</u>	<u>14,185,649</u>	<u>12,686,752</u>	<u>13,038,346</u>	<u>11,335,517</u>
<b>Expenditures:</b>					
Current:					
General government	1,290,149	1,362,321	1,251,300	1,220,090	1,094,462
Community development	508,759	458,742	444,257	418,717	376,341
Public safety	3,626,602	3,512,079	3,276,101	3,067,378	2,984,933
Public works	3,865,282	3,952,896	3,800,558	3,809,476	3,545,906
Recreation and leisure services	531,843	514,372	485,202	380,652	373,782
Library services	838,788	775,828	800,326	756,304	767,257
Emergency medical services	-	-	-	-	357,257
Debt service:					
Principal retirement	739,000	717,000	687,000	661,000	630,000
Bond issuance costs	-	-	-	-	-
Interest	125,210	152,855	178,971	184,281	244,364
Capital outlay	5,418,002	1,894,199	1,977,444	2,127,284	830,159
<i>Total expenditures</i>	<u>15,653,486</u>	<u>13,340,292</u>	<u>12,901,159</u>	<u>12,625,182</u>	<u>11,204,461</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(15,653,486)</u>	<u>845,357</u>	<u>(214,407)</u>	<u>413,164</u>	<u>131,056</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	2,281,905	1,867,830	2,547,866	2,651,361	1,706,219
Transfers out	(2,281,905)	(1,849,830)	(2,547,866)	(2,651,361)	(1,706,219)
Debt proceeds	18,705,000	-	-	-	-
Bond issuance discount	(196,042)	-	-	-	-
Reclassification of bonds as enterprise fund liability	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>18,508,958</u>	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 14,751,589</u>	<u>\$ 863,357</u>	<u>\$ (214,407)</u>	<u>\$ 413,164</u>	<u>\$ 131,056</u>
Debt service as a percentage of non-capital expenditures	7.5%	7.6%	7.9%	8.1%	8.4%
Debt service as a percentage of total expenditures	5.1%	6.5%	6.7%	6.7%	7.8%

(Concluded)

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## PROGRAM REVENUES BY FUNCTION/PROGRAM LAST FIVE YEARS ACCRUAL BASIS OF ACCOUNTING

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Function/Program:</b>					
<b>Governmental activities:</b>					
General government	\$ 333,335	\$ 423,901	\$ 431,550	\$ 392,652	\$ 479,935
Public safety	352,813	321,966	308,961	473,680	275,738
Public works	795,333	680,683	816,863	990,732	1,251,777
Recreation and leisure services	1,313,824	895,328	660,362	410,671	408,371
Library services	<u>377,292</u>	<u>360,449</u>	<u>387,088</u>	<u>320,291</u>	<u>300,619</u>
Total governmental activities	<u>3,172,597</u>	<u>2,682,327</u>	<u>2,604,824</u>	<u>2,588,026</u>	<u>2,716,440</u>
<b>Business-type activities:</b>					
Sanitary sewer	3,255,368	3,263,687	3,194,703	4,089,105	3,192,858
Magazine	<u>192,629</u>	<u>181,890</u>	<u>202,054</u>	<u>214,725</u>	<u>187,445</u>
Total business-type activities	<u>3,447,997</u>	<u>3,445,577</u>	<u>3,396,757</u>	<u>4,303,830</u>	<u>3,380,303</u>
<i>Total primary government</i>	<u><u>\$6,620,594</u></u>	<u><u>\$ 6,127,904</u></u>	<u><u>\$ 6,001,581</u></u>	<u><u>\$ 6,891,856</u></u>	<u><u>\$ 6,096,743</u></u>

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN YEARS

<u>Tax Year</u>	<u>Upper St. Clair Township</u>	<u>Upper St. Clair School District</u>	<u>Allegheny County</u>	<u>Total</u>
2008	2.60	22.45	4.69	29.74
2007	2.60	22.45	4.69	29.74
2006	2.60	22.45	4.69	29.74
2005	2.60	22.45	4.69	29.74
2004	2.60	21.78	4.69	29.07
2003	2.60	20.26	4.69	27.55
2002	2.44	18.69	4.69	25.82
2001	2.69	21.11	4.72	28.52
2000	13.00	100.50	25.20	138.70
1999	13.00	97.50	25.20	135.70

\* Assessment was 25% of market value 1999 through 2000. As of 2001, assessments became 100% of market value.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## ASSESSED VALUATION AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY LAST TEN YEARS

<u>Year</u>	(1) <u>Taxable Real Property</u>	(2) <u>Estimated Actual Values of Real Property</u>	<u>Ratio of Total Assessed to Estimated Actual Value</u>	<u>Township Municipal Millage Rate</u>
2008	\$ 1,657,082,180	\$ 1,657,082,180	100	2.60
2007	1,656,171,750	1,656,171,750	100	2.60
2006	1,656,966,390	1,656,966,390	100	2.60
2005	1,634,938,240	1,634,938,240	100	2.60
2004	1,614,770,740	1,614,770,740	100	2.60
2003	1,603,927,301	1,603,927,301	100	2.60
2002	1,634,203,390	1,634,203,390	100	2.44
2001	1,411,612,925	1,411,612,925	100	2.69
2000	282,615,435	1,130,461,740	25	13.00
1999	276,116,645	1,104,466,580	25	13.00

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

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## PRINCIPAL TAXPAYERS 12/31/2008 AND 12/31/1999

Taxpayer	December 31, 2008			December 31, 1999		
	Estimated Actual Values of Real Property (1)	Rank	Percentage of Total Assessed Valuation	Estimated Actual Values of Real Property	Rank	Percentage of Total Assessed Valuation
South Hills Village Associates	\$ 74,304,200	1	4.48%	\$ 52,016,000	1	4.71%
Friendship Village of South Hills	29,705,500	2	1.79%	24,864,000	2	2.25%
BDS South Hills Village Portfolio LP	14,800,000	3	0.89%	-	-	0.00%
1800 Washington Road Associates LP	13,700,000	4	0.83%	-	-	0.00%
Summerfield Commons Associates	6,886,700	5	0.42%	6,137,400	5	0.56%
McMurray Road Family Limited PTR	6,065,900	6	0.37%	-	-	0.00%
Upper St. Clair Senior Living	6,000,000	7	0.36%	-	-	0.00%
St. Clair Country Club	5,850,600	8	0.35%	6,021,400	6	0.55%
Southwood Psychiatric Hospital	2,900,000	9	0.18%	-	-	0.00%
Painters Plaza Associates	2,841,000	10	0.17%	2,700,000	8	0.25%
May Center Associates Corp.	-	-	0.00%	15,095,000	3	1.37%
Consolidated Coal Company	-	-	0.00%	14,353,200	4	1.30%
Allegheny County Ind. Dev. Authority	-	-	0.00%	2,806,000	7	0.26%
J.C. Penney Company	-	-	0.00%	2,330,000	9	0.19%
Outback Steakhouse of Florida	-	-	0.00%	1,400,000	10	0.13%
	<b>\$ 163,053,900</b>		<b>9.85%</b>	<b>\$ 127,723,000</b>		<b>11.57%</b>
Total Taxable Assessed Valuation	<b>\$ 1,657,082,180</b>			<b>\$ 1,104,466,580</b>		

Source: Allegheny County Assessment Duplicate Books

# 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 Total Levy		Amount	Percent of Levy
2008	\$ 4,312,320	\$ 4,222,146	97.91%	\$ -	\$ 4,222,146	97.91%
2007	4,303,582	4,199,948	97.59%	67,157	4,267,105	99.15%
2006	4,310,565	4,195,950	97.34%	64,176	4,260,126	98.83%
2005	4,267,221	4,091,073	95.87%	76,112	4,167,185	97.65%
2004	4,226,861	4,108,258	97.19%	83,169	4,191,427	99.16%
2003	4,191,449	3,968,324	94.68%	143,272	4,111,596	98.09%
2002	3,911,973	3,670,866	93.84%	134,581	3,805,447	97.28%
2001	3,817,151	3,558,529	93.22%	196,303	3,754,832	98.37%
2000	3,656,745	3,544,061	96.92%	49,615	3,593,676	98.28%
1999	3,577,215	3,477,060	97.20%	50,986	3,528,046	98.63%

# 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>
2008	0.80%	\$ 7,720,153	\$ (283,765)	\$ 7,436,388
2007	0.80%	7,381,905	(172,525)	7,209,380
2006	0.75%	6,868,039	(125,122)	6,742,917
2005	0.75%	6,246,561	(134,542)	6,112,019
2004	0.75%	5,995,393	(110,105)	5,885,288
2003	0.75%	5,350,100	(96,515)	5,253,585
2002	0.70%	5,187,834	(72,936)	5,114,898
2001	0.70%	5,170,543	(85,490)	5,085,053
2000	0.70%	5,343,963	(82,811)	5,261,152
1999	0.70%	4,218,220	(78,053)	4,140,167

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN YEARS

<u>General Obligation Bonds</u>								
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Less: Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>% of Assessed Valuation</u>	<u>% of Personal Income (1)</u>	<u>Debt per Capita (1)</u>
2008	\$20,949,777	\$38,198,734	\$59,148,511	\$ -	\$59,148,511	3.57%	10.29%	\$2,950
2007	16,658,724	10,827,222	27,485,946	-	27,485,946	1.66%	4.78%	1,370
2006	11,279,661	7,370,000	18,649,661	-	18,649,661	1.13%	3.24%	930
2005	12,176,900	7,325,000	19,501,900	1,060	19,500,840	1.19%	3.39%	972
2004	12,889,000	7,475,000	20,364,000	1,680	20,362,320	1.26%	3.54%	1,015
2003	21,134,000	-	21,134,000	2,280	21,131,720	1.32%	3.68%	1,054
2002	3,168,000	-	3,168,000	29,585	3,138,415	0.19%	0.55%	157
2001	3,885,000	-	3,885,000	28,160	3,856,840	0.27%	0.67%	192
2000	4,572,000	-	4,572,000	27,815	4,544,185	1.61%	0.79%	227
1999	5,233,000	-	5,233,000	27,898	5,205,102	1.89%	1.76%	264

(1) See the Schedule of Demographic and Economic Statistics on page 94 for personal income and population data.

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

	<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>
2008	\$20,221,763	\$50,554,408	\$43,119,067	\$7,435,341	14.71%
2007	19,696,661	49,241,653	16,658,724	32,582,929	66.17%
2006	18,994,695	47,486,738	11,279,661	36,207,077	76.25%
2005	17,861,110	44,652,774	12,176,900	32,475,874	72.73%
2004	16,445,440	41,113,601	12,889,000	28,224,601	68.65%
2003	15,399,243	38,498,108	13,659,000	24,839,108	64.52%
2002	15,033,790	37,584,476	3,168,000	34,416,476	91.57%
2001	14,423,162	36,057,906	3,885,000	32,172,906	89.23%
2000	13,888,442	34,721,104	4,572,000	30,149,104	86.83%
1999	13,175,455	32,938,638	5,233,000	27,705,638	84.11%

**(1)** The local Governmental Unit Debt Act (Act 52 of 1978), reenacted and amending Act 185 of 1972 prescribes debt limits, net revenues and the calculation of the borrowing base for all local units in Pennsylvania. The "Debt Act" is administered by the Pennsylvania Department of Economic Development.

**(2)** 250% of borrowing base

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## COMPUTATION OF DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2008

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Township of Upper St. Clair	Amount Applicable to Township of Upper St. Clair
<b>Direct</b>			
Township of Upper St. Clair (1)	\$ 59,148,511	100.00%	\$ 59,148,511
<i>Total Direct Debt</i>	59,148,511		59,148,511
<b>Overlapping</b>			
Upper St. Clair School District	65,567,313	100.00%	65,567,313
County of Allegheny (2)	648,304,547	2.92%	18,930,492
<i>Total Overlapping Debt</i>	713,871,860		84,497,805
<i>Total Debt</i>	\$ 773,020,371		\$ 143,646,316

(1) The local Governmental Unit Debt Act (Act 52 of 1978), reenacted and amending Act 185 of 1972 prescribes debt limits, net revenues, and the calculation of the borrowing base for all local units in Pennsylvania. The "Debt Act" is administered by the Pennsylvania Department of Economic Development.

(2) Proportion share of Allegheny County's existing debt as of December 31, 2008 based on the ratio of Upper St. Clair Township's assessed valuation to Allegheny County's 2008 assessed valuation. (Source: 12/31/08 Allegheny County CAFR - Table X )

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate</u>
2008	20,053 (a)	\$ 574,839,298	28,666 (a)	7.0 %
2007	20,053 (a)	574,839,298	28,666 (a)	4.7 %
2006	20,053 (a)	574,839,298	28,666 (a)	3.9 %
2005	20,053 (a)	574,839,298	28,666 (a)	5.0 %
2004	20,053 (a)	574,839,298	28,666 (a)	5.3 %
2003	20,053 (a)	574,839,298	28,666 (a)	5.7 %
2002	20,053 (a)	574,839,298	28,666 (a)	5.4 %
2001	20,053 (a)	574,839,298	28,666 (a)	4.3 %
2000	20,053 (a)	574,839,298	28,666 (a)	4.1 %
1999	19,692 (b)	296,443,368	15,054 (b)	4.4 %

(1) Source: U. S. Census, Census of population

(a) 2000 Federal Census

(b) 1990 Federal Census

(2) Computation of per capita personal income multiplied by population

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer:	2008			1999		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
USC School District	572	1	10.11 %	706	1	10.02 %
Consol Energy	254	2	4.49	480	3	6.82
Friendship Village	229	3	4.05	287	5	4.08
USC Township	146	4	2.58	166	10	2.36
Sears Roebuck & Co.	141	5	2.49	261	7	3.71
Boscovs	140	6	2.47	-	-	-
Port Authority of Allegheny County	123	7	2.17	-	-	-
Southwood Psychiatric Hospital	119	8	2.10	263	6	3.73
St. Clair Country Club	97	9	1.72	205	8	2.92
OS Restaurant Service Inc.	88	10	1.56	187	9	2.66
YMCA of Pittsburgh	-	-	-	-	-	-
Kaufmann's	-	-	-	636	2	9.03
J.C. Penney Company, Inc.	-	-	-	393	4	5.58
Total	1,909		33.74 %	3,584		50.91 %
Total Fulltime Employees	<b>5,658</b>			<b>7,040</b>		

Source: Upper St. Clair Local Services Tax records

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM 2008-2006

Function/Program:	2008	2007	2006
General government:			
Administration	7	6	6
Finance/Tax	3	4	4
Information technology	4	4	4
Community development:			
Administration	4.5	4.5	4.5
Inspection	2.5	2.5	2.5
Public safety:			
Uniformed Police Officers	28	28	28
Other Department Personnel	7	7	7
Public works:			
Administration	5	5	5
Inspection	4	4	4
Labor Force	24	24	24
Recreation and leisure service:			
Administration	5	4	4
Library services:			
Administration	4	4	4
Librarians & Assistants	18	18	18
Total	116	115	115

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## OPERATING INDICATORS BY FUNCTION/PROGRAM

2008-2006

Function/program	2008	2007	2006
<b>General Government:</b>			
Lien letter and tax certification requests	513	525	545
<b>Community Development:</b>			
Building permits issued	16	15	11
Estimated value of construction	\$48,438,681	\$7,195,100	\$6,991,970
Occupancy permits issued	54	42	76
Number of planning commission agenda items	25	30	35
<b>Public Works:</b>			
Roads resurfaced (Linear miles)	3.70	3.66	4.39
Sanitary Sewers Rehabilitated (Linear miles)	4.73	4.17	2.46
Snow storm call-outs	31	32	37
Storm Sewer Inlets and Manholes rebuilt	122	97	60
Recycling tonnage collected	1,986	2,053	2,172
Tons of snow melting salt used	4,600	4,000	4,000
Requests for Service	5,572	4,596	4,004
<b>Recreation:</b>			
Number of seasonal programs	14	14	14
Total number of seasonal program attendees	4,260	4,275	4,275
<b>Police:</b>			
Calls for service	11,469	12,216	12,216
Total arrests	146	74	74
Part I offenses reported (major offenses)	134	96	96
Part I offenses cleared percentage	25%	32%	32%
Part II offenses reported (other crimes)	182	223	223
Part II offenses cleared percentage	73%	73%	73%
DUI arrests	23	24	24
Animal control calls for service	1,769	1,561	1,561
<b>Fire:</b>			
Total number of responses	276	271	271
Estimated Fire Losses	\$ 92,300	\$ 122,100	\$ 122,100
<b>Library:</b>			
Membership	10,965	11,198	25,999
Circulation	342,891	332,695	191,057
Program Attendance	13,211	10,795	11,096
Catalogued Items	101,052	101,001	98,971

**Sources: Upper St. Clair Township**

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

# TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM 2008-2006

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

**Sources: Upper St. Clair Township**

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