

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2010



BOYCE
MAYVIEW
PARK

Community
& Recreation
Center

Athletic Fields

Trails

Public Works Annex

The Outdoor Classroom

Township of Upper St. Clair
USC



TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2010

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PREPARED BY THE FINANCE DEPARTMENT

August G. Stache, Jr., CPA, Director

J. Andrew McCreery, Accounting Manager

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2010

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Office of the Manager
Matthew R. Serakowski

May 20, 2011

Board of Commissioners
Township of Upper St. Clair, Pennsylvania

The Comprehensive Annual Financial Report of the Township of Upper St. Clair, Pennsylvania (Township) for the year ended December 31, 2010, is submitted herewith. Management's representations concerning the finances of the Township are contained in this report. We believe that the data, as presented, is accurate in all material aspects and that the complete set of financial statements are presented in conformity with generally accepted accounting principles (GAAP) and have been audited in accordance with U. S. generally accepted auditing standards by a firm of licensed certified public accountants.

Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the Township's management has established a comprehensive internal control framework that is designed both to protect the Township's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Township's financial statements in conformity with GAAP. Since the costs of internal controls should not outweigh their benefits, the Township's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. The Township management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Case Sabatini, 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, 2010 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, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The Township of Upper St. Clair was incorporated in 1788 as one of the original seven townships of Allegheny County located in southwestern Pennsylvania. In January 1954, Upper St. Clair was designated a First Class Township of the Commonwealth of Pennsylvania. On January 1, 1976, Upper St. Clair officially became a Home Rule Community when its Home Rule Charter went into effect. The Township currently occupies a land area of 10 square miles and serves a population estimated at 18,815 by the U. S. Census Department. The Township is empowered to levy a property tax on real estate and an earned income tax on salaries, wages, and net profits.

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

The Township provides a full range of services and programs for residents and businesses within its boundaries. Included in this report are public safety, public works, which includes the construction and maintenance of highways, streets, and other infrastructure, community development and planning, recreation programs for all age groups, library services, and general administration services. In 2009, the Township opened a newly constructed Community & Recreation Center that features an outdoor and an indoor aquatic center, a gymnasium with two full-sized basketball courts, a fully equipped fitness area, an indoor running track, and meeting spaces for community events. Fire protection services are provided by the Upper St. Clair Volunteer Fire Department, a self-governing organization independent of the Township, and are not included in this report. Emergency and non-emergency medical transport services are provided by the Tri-Community South Emergency Medical Services (TCS), which is a joint venture the Township has with two other local government units. This report does not include the Upper St. Clair School District, which is also an independent organization.

The Annual Budget serves as a foundation for the Township's financial planning and control. All departments of the Township are required to submit requests for appropriation to the Township Manager by the end of August of each year. The Township Manager uses these requests as a starting point for developing a proposed budget. The Manager's proposed budget is presented to the Board of Commissioners and the public prior to October 31. The Board of Commissioners is required to hold a public hearing on the proposed budget at its November meeting and to adopt a final budget by no later than December 31, the close of the Township's fiscal year. Budget-to-actual comparisons are provided in this report for each governmental and proprietary fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 35 as part of the basic financial statements for governmental funds. For governmental funds, other than the general fund, and proprietary funds with appropriated annual budgets, budget-to-actual comparisons can be found on pages 88-102.

LOCAL ECONOMY

To understand the local economy in which the Township operates, it is important to note that the Township is primarily a residential community situated 12 miles south of the City of Pittsburgh in Allegheny County. During the past 40 years, the local economy has gradually shifted from a concentration in heavy industry, manufacturing, and farming to service oriented businesses. While the Township has retail and professional office developments, most of the residents are professional employees who commute to work outside of the Township.

In 2009, the Township was recognized by *U.S. News and World Report* as one of the “Top Ten Best Places to Live in the United States.” The Township is generally regarded as a desirable community to live in and attracts many transferring corporate executives, medical, legal, and other professionals. These individuals' incomes have grown during the past 40 years, and have been relatively unaffected by major plant closings. During the past ten years, the unemployment rate of Allegheny County slowly rose from a low of 4.5% in 2001 to 8.1% in 2010. The unemployment rate increase in Allegheny County has not had a significant impact on the Township’s ability to collect the tax it levies on its residents. The data presented in the Statistical Section illustrates steady to rising collections from both Real Estate and Earned Income Taxes.

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

LONG-TERM FINANCIAL PLANNING

Unreserved, undesignated fund balance in the general fund (16.7 percent of total general fund revenues) is well above the minimum acceptable amount established by policy guidelines set by the Board of Commissioners for budgetary and planning purposes (i.e. 8 percent of total general fund revenues). The Community & Recreation Center and its operation have now become a major component of the Township’s long-term planning process and maintenance of the facility and equipment replacement have become major priorities of the Township’s Capital Improvement Plan. The Board of Commissioners continually monitor the fee structure of the Community & Recreation Center to ensure its self sustaining operation; thus, allowing the fund balance level of the general fund to be maintained for future capital needs. The other major area of long-term focus for the Township remains the costs of complying with the EPA consent order for the sanitary sewer system.

RELEVANT FINANCIAL POLICIES

In November of 2009, the Pennsylvania State Supreme Court ruled in favor of a tax assessment plan for all properties in Allegheny County. The plan was developed by Allegheny County Common Pleas Court Judge Stanton R. Wettick through a court ruling of a taxpayer initiated case against Allegheny County’s tax assessment procedures. Under his plan, the county would be divided into four assessment districts. Over a four-year period, the county would undertake a reassessment of one district per year. For the Township, the reassessment of the properties within its borders will mean that its real estate tax rate will be adjusted by 2014.

MAJOR INITIATIVES

The Commonwealth of Pennsylvania is expected to make further cuts to its support of local libraries in 2011 and 2012. The Board of Commissioners and Township staff has planned for these reductions by reducing hours of operation for the library and make staff reductions during hours of operation to help diminish the funding gap within those budget years.

In 2008, the state legislature passed Act 32, which consolidated 560 local earned income tax collectors across Pennsylvania into 65 countywide and 4 Allegheny County regional tax collection districts. Upper St. Clair Township has been placed into the Allegheny Southwest Tax Collection District. This district contains 43 municipalities and 20 school districts that geographically are located southwest of the City of Pittsburgh and reside in Allegheny County.

The new collection system will require all employers in the state to withhold the earned income tax for each one of their employees irrespective of where they reside and turn over the collections to the tax collection district they are headquartered in. The intent of the legislation is to provide a streamlined tax collection system with uniform forms and procedures that will simplify the tax collection for companies that conduct business in Pennsylvania. Also, it is intended to provide a cost savings to each taxing district through a consolidation of tax collection services and increased collection of revenue for each taxing entity. The earned income tax collection process for the Allegheny Southwest Tax Collection District will begin in 2012.

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, 2009. This was the twenty-second (22nd) 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.

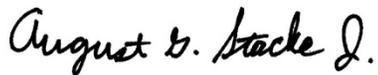
A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements; we are submitting it to GFOA to determine its eligibility for another certificate.

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CERTIFICATE OF ACHIEVEMENT

YEAR ENDED DECEMBER 31, 2009

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, 2009

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.



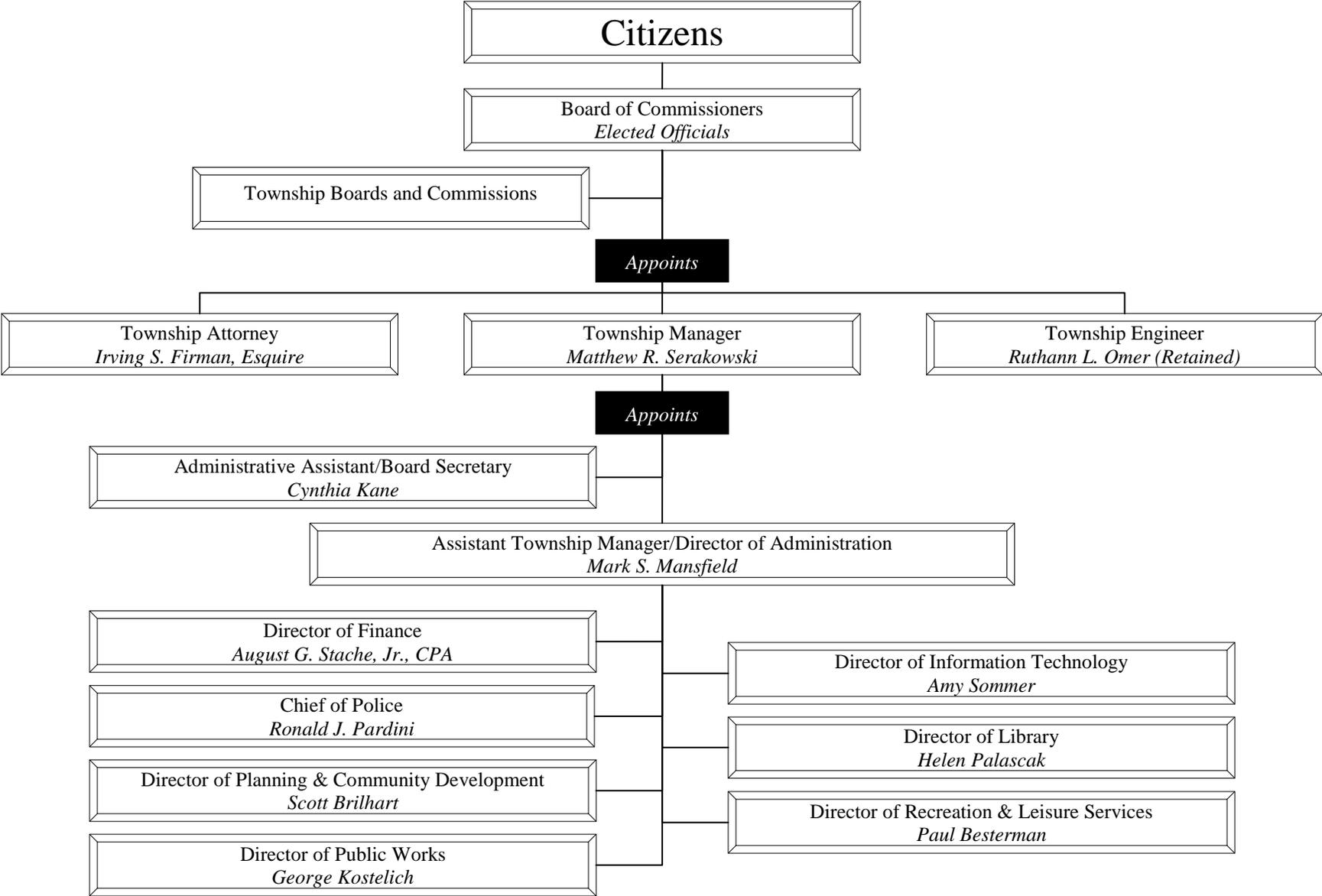
President

Executive Director

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

ORGANIZATIONAL CHART

YEAR ENDED DECEMBER 31, 2010



FINANCIAL SECTION

CASE | SABATINI

P.O. Box 10885
WHITEHALL TOWERS
470 STREETS RUN ROAD
PITTSBURGH, PA 15236-2023

May 20, 2011

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

Independent Auditor's Report

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, 2010, 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, 2010, 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 15 through 27, and 76 through 80, 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 inquires 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 budget to actual and capital asset 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, budget to actual and capital asset schedules 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.



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PITTSBURGH

WEXFORD

SOUTHPOINTE

GREENSBURG

Members of the American
and Pennsylvania Institute of
Certified Public Accountants

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

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, 2010. This information should be reviewed in conjunction with the Township's financial statements that begin on page 28.

The MD&A is an element of the 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 discussion and analysis is to look at the Township's financial performance as a whole.

FINANCIAL HIGHLIGHTS

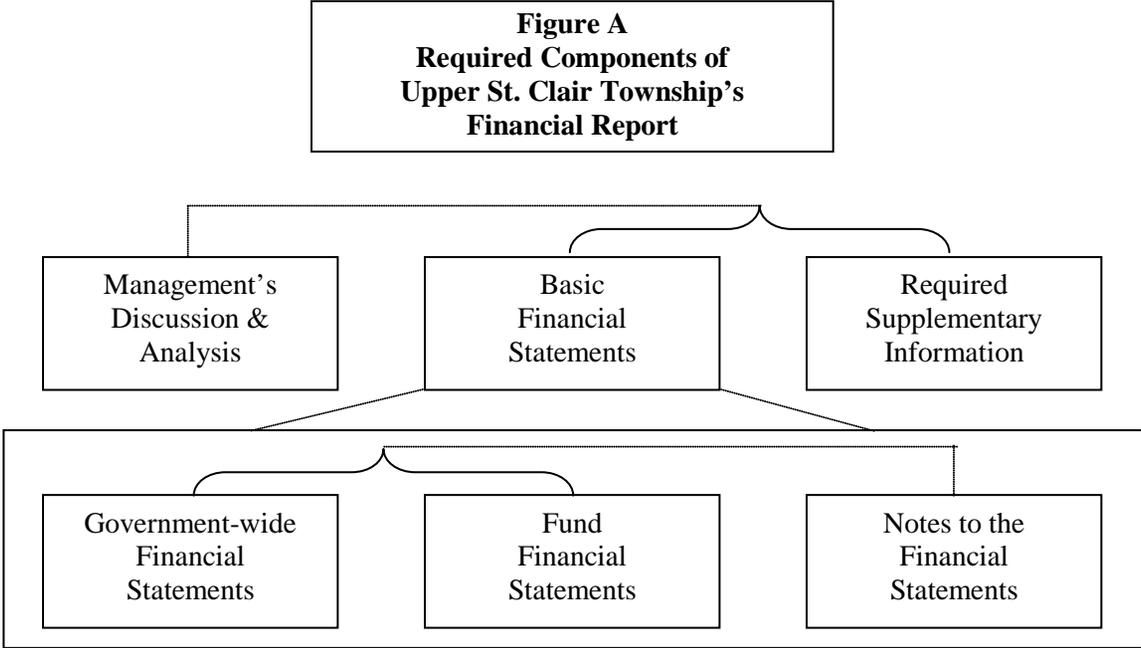
- At December 31, 2010, the Township's net assets were \$24,411,845, an increase of \$1,850,621 or 8.2% from 2009. The increase was due mainly to realized savings in governmental funds of \$1.7 million.
- Unrestricted net assets were \$9,109,883 at December 31, 2010, a net increase of \$3,664,008 or 67.3% from the prior fiscal year. The governmental activities portion of this increase was \$3,955,297 but that increase was offset by a decrease of \$291,289 which was reported for 2010 in the business-type activities. The increase occurred mainly from excess revenues over expenses for governmental activities of \$1.29 million and business-type activities of \$.56 million. In addition, the Township had a net decrease of \$.94 million in bonds and notes payable applicable to capital assets.
- At December 31, 2010, the Township had \$57,480,261 of general obligation debt outstanding. This represents a net decrease of \$664,556 or 1.1% from the previous year. The difference is explained through a combination of transactions that took place in 2010. The Township made principal payments on its outstanding bonds and notes in 2010 totaling \$1,039,556 but also issued a general obligation note in 2010 for \$375,000. The Debt outstanding represents a manageable burden of \$3,055 per capita.
- The Township maintained a strong bond rating of AA+ from Standard & Poor's Rating Services.
- The real estate tax rate increased from 3.40 mills to 4.60 mills for 2010.
- The total fund balance of the Township's General Fund at December 31, 2010 was \$3,301,625, an increase of \$50,495 or 1.6% from the preceding year. The unreserved, undesignated fund balance in the General Fund was \$3,057,259 at December 31, 2010 which represents 24.4% of General Fund expenditures for fiscal year 2010.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2010

USING THE BASIC FINANCIAL STATEMENT REPORT

This Basic Financial Statement Report consists of a transmittal letter and a Financial Section. Within the Financial Section are the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. The Statement of Net Assets and Statement of Activities, on pages 28 and 29 respectively, provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund Financial Statements, which start on page 30, provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the Township's most significant funds with all other non-major funds presented in total in one column. For Upper St. Clair Township, the General Fund is the most significant fund. Lastly, the financial statements include notes that explain some of the information in the financial statements and provide more detailed data.

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



TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

Reporting the Township as a Whole

Government-wide Financial Statements

While the Fund Financial Statements beginning on page 30 contain the majority of funds used by the Township to provide programs and activities, the Statement of Net Assets and the Statement of Activities answer the question, "How did we do financially during 2010?" These statements, beginning on page 28, include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net 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.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

Reporting the Township's Most Significant Funds

Fund Financial Statements

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

Governmental funds: Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's services. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reflected in a reconciliation after each fund statement on pages 31 and 34.

Proprietary funds: These funds are used to account for the Township's activities that are similar to business operations in the private sector. A significant portion of funding is from user charges. When the Township charges for services it provides – whether to outside customers or to other units in the Township – these services are generally reported in proprietary funds. The Sanitary Sewer Fund, the Township/School District Magazine Fund, and the Community & Recreation Center Fund are the Township's proprietary funds and use the same basis of accounting as business-type activities. Therefore, these statements are the same as the business-type activities discussed above. The basic proprietary fund financial statements can be found on pages 36-39 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 40-41 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 42-74 of this report.

Other supplementary information: In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 75-80 of this report.

The combining statements referred to in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 84-85.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

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 \$24,411,845 and \$22,561,224 at December 31, 2010 and December 31, 2009, respectively. By far the largest portion of the Township's net assets (61%) 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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current and Other Assets	\$ 10,719,916	\$ 9,203,571	\$ 4,568,221	\$ 3,312,365	\$ 15,288,137	\$ 12,515,936
Capital Assets	28,969,649	29,223,117	42,603,945	42,360,518	71,573,594	71,583,635
TOTAL ASSETS	\$ 39,689,565	\$ 38,426,688	\$ 47,172,166	\$ 45,672,883	\$ 86,861,731	\$ 84,099,571
LIABILITIES						
Current and Other Liabilities	\$ 2,349,884	\$ 2,323,967	\$ 2,619,741	\$ 1,069,563	\$ 4,969,625	\$ 3,393,530
Long-term Liabilities:						
Due within one year	686,649	461,787	723,027	625,981	1,409,676	1,087,768
Due in more than one year	19,823,925	20,097,551	36,246,660	36,959,498	56,070,585	57,057,049
TOTAL LIABILITIES	22,860,458	22,883,305	39,589,428	38,655,042	62,449,886	61,538,347
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	9,565,271	12,206,904	5,421,613	3,074,988	14,986,884	15,281,892
Restricted	75,132	103,072	239,946	1,730,385	315,078	1,833,457
Unrestricted	7,188,704	3,233,407	1,921,179	2,212,468	9,109,883	5,445,875
TOTAL NET ASSETS	16,829,107	15,543,383	7,582,738	7,017,841	24,411,845	22,561,224
TOTAL LIABILITIES AND NET ASSETS	\$ 39,689,565	\$ 38,426,688	\$ 47,172,166	\$ 45,672,883	\$ 86,861,731	\$ 84,099,571

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 (\$9,109,883) may be used to meet the Township's debt related to capital assets or other ongoing obligations to citizens and creditors.*

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

After excluding transfers from governmental funds to business-type funds of \$1,683,141 and \$4,379,433 for 2010 and 2009, respectively, governmental revenues for 2010 totaled \$20,115,378; while, governmental revenues for 2009 amounted to \$18,036,832. This 11.5% increase in governmental revenue from 2009 amounted to \$2,078,546, and provided the funds to cover the total governmental expenses of \$17,146,513. For 2010, governmental revenues exceeded governmental expenses by \$2,968,865 or 17.3% and were due mainly to an increase of the real estate tax rate from 3.40 mills to 4.60 mills and to the unanticipated cost savings from the general government, public safety, and public works categories. The business-type funds reported that expenses exceeded revenues by \$1,118,244 for 2010. These results occurred because of debt service and common area operating costs for the Community & Recreation Center of approximately \$1.7 million were planned to be financed from real estate and earned income taxes. The results of this year's operations as a whole are reported in the Statement of Activities on Page 29. All expenses are reported in the first column. Specific charges, grants, and revenues that directly relate to specific expense categories are presented to determine the final amount of the Township's activities that are supported by other general revenues. The four largest general revenues are listed in Table 2.

Table 2
Year Ended December 31

	<u>2010</u>	<u>2009</u>
Property Taxes, Levied for General Purposes	\$ 7,601,395	\$ 5,623,627
Earned Income Taxes, Levied for General Purposes	7,110,203	7,605,811
Local Services Taxes	239,909	224,964
Other Taxes	1,164,095	1,131,795

The 2010 financial statements offer a view of the financial condition of the Township on a consolidated basis. For example, investment earnings (Statement of Activities, page 29) not only include interest earnings in the General Fund, but also interest earnings in the regular Capital Projects Fund and all other Governmental Funds. Table 3 summarizes total revenues for the current year, with comparative data from 2009.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

Table 3
Year Ended December 31
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services	\$ 927,295	\$ 816,079	\$ 7,125,904	\$ 5,153,216	\$ 8,053,199	\$ 5,969,295
Operating Grants and Contributions	2,079,564	1,998,880	-	-	2,079,564	1,998,880
General Revenues:						
Property Taxes	7,601,395	5,623,627	-	-	7,601,395	5,623,627
Earned Income Taxes	7,110,203	7,605,811	-	-	7,110,203	7,605,811
Local Services Taxes	239,909	224,964	-	-	239,909	224,964
Other Taxes	1,164,095	1,131,795	-	-	1,164,095	1,131,795
Franchise Fees	399,122	303,737	-	-	399,122	303,737
Investment Earnings	19,887	87,856	2,591	4,282	22,478	92,138
Miscellaneous	573,908	244,083	-	-	573,908	244,083
Total Revenues	20,115,378	18,036,832	7,128,495	5,157,498	27,243,873	23,194,330
Expenses						
General Government	1,598,431	1,792,619	-	-	1,598,431	1,792,619
Public Safety	5,222,198	5,015,395	-	-	5,222,198	5,015,395
Public Works	6,348,680	6,642,722	-	-	6,348,680	6,642,722
Community Development	613,555	588,260	-	-	613,555	588,260
Recreation and Leisure Services	1,537,256	1,383,560	-	-	1,537,256	1,383,560
Library Services	993,302	976,118	-	-	993,302	976,118
Interest on Long-Term Debt	833,091	881,616	-	-	833,091	881,616
Sanitary Sewer	-	-	4,066,040	4,061,501	4,066,040	4,061,501
Community & Recreation Center	-	-	4,005,602	3,141,178	4,005,602	3,141,178
Magazine	-	-	175,097	166,995	175,097	166,995
Total Expenses	17,146,513	17,280,290	8,246,739	7,369,674	25,393,252	24,649,964
Changes in Net Assets Before Transfers	2,968,865	756,542	(1,118,244)	(2,212,176)	1,850,621	(1,455,634)
Transfers	(1,683,141)	(4,379,433)	1,683,141	4,379,433	-	-
CHANGE IN NET ASSETS	1,285,724	(3,622,891)	564,897	2,167,257	1,850,621	(1,455,634)
NET ASSETS - BEGINNING	15,543,383	19,166,274	7,017,841	4,850,584	22,561,224	24,016,858
NET ASSETS - ENDING	\$ 16,829,107	\$ 15,543,383	\$ 7,582,738	\$ 7,017,841	\$ 24,411,845	\$ 22,561,224

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

The 2010 property tax rate increased by 35% due to a 1.2 millage rate increase adopted by the Board of Commissioners in 2010, resulting in an increase of \$1,977,768 increase in real estate tax revenue. Earned income taxes decreased by \$495,608 or (6.5%) over 2009 as a result of one highly compensated taxpayer not receiving the same stock option bonus as 2009. Other taxes increased by \$32,300 from 2009 and were due to a combination of increases in the collection of real estate transfer tax and local option sales taxes.

Governmental activities charges for services increased by \$111,216 mostly due to one-time payments from the Federal and Pennsylvania Emergency Management Agencies for costs associated with a major February 2010 snow storm. Governmental activities grants increased by \$80,684 mostly due to one-time grants for construction of a perimeter trail section at Boyce Mayview Park and capital construction costs in the northern tributary section of Boyce Mayview Park.

For the most part, there were decreases or nominal increases in expenses from 2009 to 2010 due to planned departmental spending cuts and staff reorganization and retirements within the Township.

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

Table 4
Year Ended December 31, 2010
Governmental Activities

	Total Cost of Services	Net Cost of Services
Functions/Programs:		
General Government	\$ 1,598,431	\$ 1,288,749
Public Safety	5,222,198	4,952,658
Public Works	6,348,680	5,502,183
Community Development	613,555	613,555
Recreation and Leisure Services	1,537,256	290,813
Library Services	993,302	658,605
Interest on Long-Term Debt	833,091	833,091
Total Expenses	\$ 17,146,513	\$ 14,139,654
Total required from local taxes and other revenues		\$ 14,139,654

The dependence upon local tax revenues for governmental activities is apparent. The Township had expenses for governmental activities of \$17.1 million while only \$3.0 million has been provided by the State and program specific charges. The Township must finance \$14.1 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 Upper St. Clair Township's services for its citizens.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

Business-Type Activities

The business-type activities of the Township are the Sanitary Sewer, the Township/School District Magazine, and the Community & Recreation Center operations. The Sanitary Sewer and the Township/School District Magazine operations had revenues of \$4.60 and \$.18 million, respectively, and expenses of \$4.07 and \$.18 million, respectively, for 2010. The Community & Recreation Center, which had its first full year of operations in 2010, had revenues of \$2.34 million and expenses of \$4.01 million. It is expected that membership fees will eventually pay for all of the operating costs of the Center, but general tax revenues will always fund the debt service costs associated with the debt incurred to build the facility. The deficit of revenues over expenses in the Community & Recreation Center Fund has been subtracted from the balance of unrestricted net assets.

THE TOWNSHIP'S FUNDS

The General Fund, which accounts for the Township's operations, represents the Township's most significant major fund. The Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds on pages 32-33 are summarized in Table 5.

Table 5
Year Ended December 31, 2010
Summary of Governmental Changes in Fund Balance

	<u>General Fund</u>	<u>Capital Projects Fund Regular</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Beginning Fund Balance	\$ 3,251,130	\$ 986,459	\$ 855,588	\$ 5,093,177
Net Change in Fund Balance	50,495	1,676,627	(30,662)	1,696,460
Ending Fund Balance	<u>\$ 3,301,625</u>	<u>\$ 2,663,086</u>	<u>\$ 824,926</u>	<u>\$ 6,789,637</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

General Fund Budgetary Highlights

The Township's budget is prepared according to the Home Rule Charter and Pennsylvania law and is based on accounting for certain transactions on a modified accrual basis of accounting.

During the year, the Board of Commissioners (the Board) can authorize revisions to the original budget to accommodate differences between the original budget and the actual expenditures of the Township. No budget revisions were made to the 2010 original budget. The budgeting system is designed with internal controls that assign responsibility for each Township Department's budget to the managing Department Head with overall responsibility assigned to the Township Manager. The Department Heads are each responsible for their individual areas.

For the General Fund, revenues fell below budget expectations by approximately \$153,500. This amount is the net result of earned income taxes, other taxes, licenses and permits, rents and interest on investments falling below expectations: while there were increases experienced in real estate tax revenue, fees and fines, service agreements, recreation fees, grants and other revenue. Expenditures were under appropriations by approximately \$972,000 due to decreases in personnel and material costs of all Township departments; 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, 2010, the Township's Governmental Activities had \$28,969,649 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 \$253,468 or (.9%) from last year. The primary increase in capital assets is a result of additions of infrastructure assets such as street, building and park improvements and the purchase of additional public works equipment.

The Township's Business-type Activities had infrastructure of \$16,656,181, buildings of \$24,956,378, and \$991,386 invested in vehicles and equipment on December 31, 2010. The amount for buildings includes depreciation of \$648,218 for a 100% increase from the prior year. The amount of the infrastructure includes depreciation during the year that totaled \$723,307 for an increase of 11% from the prior year; while the equipment amount includes depreciation during the year that totaled \$202,157 for an increase of 80% from the prior year. Detail of capital asset activity for 2010 can be in Note No. 5 found on pages 58-59 and in the section entitled "*Capital Assets Used in the Operation of Governmental Funds*" found on pages 101-105.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 2,386,736	\$ 2,268,667	\$ -	\$ -
Infrastructure	17,237,009	17,380,322	16,656,181	15,888,694
Buildings	6,615,690	6,927,121	24,956,378	25,604,596
Improvements other than buildings	687,580	589,777	-	-
Equipment	2,030,349	2,025,664	991,386	867,228
Library assets	12,285	31,566	-	-
	<u>\$ 28,969,649</u>	<u>\$ 29,223,117</u>	<u>\$ 42,603,945</u>	<u>\$ 42,360,518</u>

Debt Administration

The Township had total outstanding bond and note principal of \$57.48 million and \$58.15 million as of December 31, 2010 and December 31, 2009, respectively. The Township made principal payments on its outstanding bonds and notes in 2010 totaling \$423,764 for governmental activity debt and \$615,792 for business-type activity debt. The Township incurred net debt in 2010 of \$375,000 from the issuance of the 2010 general obligation note. More detailed information about our long-term liabilities is included in Notes 7 and 8 to the financial statements on pages 60-66.

Table 7
Year Ended December 31
General Obligation Bonds and Notes

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Series of 2005-Notes	\$ 289,071	\$ 311,838	\$ -	\$ -
Series of 2006-Bonds	5,124,864	5,127,684	4,503,888	4,506,666
Series of 2007-Bonds	5,953,376	6,043,313	3,740,000	3,790,000
Series of 2008-Bonds	4,476,686	4,550,860	26,587,499	27,043,479
Series of 2009-Bonds	4,291,577	4,525,643	2,138,300	2,245,334
Series of 2010-Notes	375,000	-	-	-
	<u>\$ 20,510,574</u>	<u>\$ 20,559,338</u>	<u>\$ 36,969,687</u>	<u>\$ 37,585,479</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The revenue budget for 2011 is \$1.91 million higher than the final budget for 2010. This represents a 7.02% increase in budgeted revenues. This increase in revenues is mainly due to the anticipated use of fund reserve in the regular Capital Projects Fund for capital needs and the planned use of unrestricted net assets in the Sanitary Sewer Fund for mandated sewer repairs and construction. The budgeted expenditures increase was mainly attributable to increases in public safety pension costs and capital costs associated with public works and the administration building. The Township Commissioners adopted a General Fund Budget that only increased by 1.27% in expenditures due to a reduction in the budgeted transfer to the Community & Recreation Center Fund that helped to offset the increase in public safety pension costs. The comparison of revenue and expenditure categories is listed in Table 8.

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

	<u>2011</u>	<u>2010</u>
Revenues		
Local	\$ 25,930,664	\$ 25,230,530
State	1,013,864	1,036,752
Fund Reserve	<u>2,196,176</u>	<u>959,479</u>
Total	<u>\$ 29,140,704</u>	<u>\$ 27,226,761</u>
Expenditures		
General Government	\$ 2,104,883	\$ 1,713,843
Public Safety	5,368,186	4,825,606
Public Works	11,833,641	9,789,278
Community Development	627,232	633,307
Recreation and Leisure Services	4,576,872	4,488,676
Library Services	974,560	1,035,290
Debt Service/Fund Transfers/Reserve	<u>3,655,330</u>	<u>4,740,761</u>
Total	<u>\$ 29,140,704</u>	<u>\$ 27,226,761</u>

Upper St. Clair Township has committed itself to excellence in the delivery of essential governmental services and quality financial reporting for its taxpayers and residents.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2010

CONTACTING THE TOWNSHIP FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to show the Board of Commissioners and Township Staff's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact August G. Stache, Jr., Director of Finance, 1820 McLaughlin Run Road, Upper St. Clair, PA 15241, 412-831-9000, ext. 213, or by email at stache@twpusc.org.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 5,773,959	\$ 2,255,324	\$ 8,029,283
Taxes Receivable (net)	3,188,243	-	3,188,243
Other Receivables (net)	404,233	698,591	1,102,824
Internal Balances	(7,197)	7,197	-
Due from Other Governmental Agencies	9,760	-	9,760
Prepaid Expenses	244,366	4,147	248,513
Deferred Bond Issue Costs	544,425	27,301	571,726
Deferred Outflow of Resources	273,056	1,575,661	1,848,717
Investment in Tri-Community South EMS	289,071	-	289,071
Capital Assets, Non-depreciable	2,386,736	-	2,386,736
Capital Assets, Net of Accumulated Depreciation	9,345,904	25,947,764	35,293,668
Infrastructure Assets, Net of Accumulated Depreciation	17,237,009	16,656,181	33,893,190
TOTAL ASSETS	\$ 39,689,565	\$ 47,172,166	\$ 86,861,731
LIABILITIES			
Accounts Payable	\$ 728,146	\$ 655,274	\$ 1,383,420
Accrued Interest Payable	78,384	52,009	130,393
Accrued Wages Payable	300,125	-	300,125
Unearned Revenues	-	336,797	336,797
Refundable Deposits	425,054	-	425,054
Net Other Post Employment Benefit Obligation	545,119	-	545,119
Derivative Instrument	273,056	1,575,661	1,848,717
Bonds and Notes Payable:			
Due within one year	686,649	723,027	1,409,676
Due in more than one year	19,823,925	36,246,660	56,070,585
TOTAL LIABILITIES	22,860,458	39,589,428	62,449,886
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	9,565,271	5,421,613	14,986,884
Restricted			
By Grantors	75,132	-	75,132
Sanitary Sewer Rehabilitation	-	239,946	239,946
Unrestricted	7,188,704	1,921,179	9,109,883
TOTAL NET ASSETS	\$ 16,829,107	\$ 7,582,738	\$ 24,411,845

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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities							
General Government	\$ 1,598,431	\$ 126,048	\$ 183,634	\$ -	\$ (1,288,749)	\$ -	\$ (1,288,749)
Public Safety	5,222,198	79,793	189,747	-	(4,952,658)	-	(4,952,658)
Public Works	6,348,680	314,249	532,248	-	(5,502,183)	-	(5,502,183)
Community Development	613,555	-	-	-	(613,555)	-	(613,555)
Recreation and Leisure Services	1,537,256	367,361	879,082	-	(290,813)	-	(290,813)
Library Services	993,302	39,844	294,853	-	(658,605)	-	(658,605)
Interest on Long-Term Debt	833,091	-	-	-	(833,091)	-	(833,091)
Total Governmental Activities	<u>17,146,513</u>	<u>927,295</u>	<u>2,079,564</u>	<u>-</u>	<u>(14,139,654)</u>	<u>-</u>	<u>(14,139,654)</u>
Business-type Activities							
Sanitary Sewer	4,066,040	4,600,781	-	-	-	534,741	534,741
Community & Recreation Center	4,005,602	2,343,866	-	-	-	(1,661,736)	(1,661,736)
Magazine	175,097	181,257	-	-	-	6,160	6,160
Total Business-type Activities	<u>8,246,739</u>	<u>7,125,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,120,835)</u>	<u>(1,120,835)</u>
Total Primary Government	<u>\$ 25,393,252</u>	<u>\$ 8,053,199</u>	<u>\$ 2,079,564</u>	<u>\$ -</u>	<u>(14,139,654)</u>	<u>(1,120,835)</u>	<u>(15,260,489)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					7,601,395	-	7,601,395
Earned Income Taxes, Levied for General Purposes					7,110,203	-	7,110,203
Local Services Tax					239,909	-	239,909
Other Taxes					1,164,095	-	1,164,095
Franchise Fees					399,122	-	399,122
Unrestricted Investment Earnings					19,887	2,591	22,478
Miscellaneous					573,908	-	573,908
Transfers					(1,683,141)	1,683,141	-
Total General Revenues and Transfers					<u>15,425,378</u>	<u>1,685,732</u>	<u>17,111,110</u>
CHANGE IN NET ASSETS					1,285,724	564,897	1,850,621
NET ASSETS - BEGINNING					<u>15,543,383</u>	<u>7,017,841</u>	<u>22,561,224</u>
NET ASSETS - ENDING					<u>\$ 16,829,107</u>	<u>\$ 7,582,738</u>	<u>\$ 24,411,845</u>

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	General Fund	Capital Projects Fund Regular	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,619,155	\$ 1,110,494	\$ 1,044,310	\$ 5,773,959
Real Estate Taxes Receivable	404,398	-	-	404,398
Earned Income Taxes Receivable	2,783,845	-	-	2,783,845
Due from Other Funds	429,928	1,651,689	3,111	2,084,728
Due from Tri-Community South EMS	9,760	-	-	9,760
Other Receivables	145,246	-	258,987	404,233
Prepaid Items	244,366	-	-	244,366
TOTAL ASSETS	<u>\$ 7,636,698</u>	<u>\$ 2,762,183</u>	<u>\$ 1,306,408</u>	<u>\$ 11,705,289</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 463,591	\$ 93,097	\$ 166,669	\$ 723,357
Due to Other Funds	1,777,112	-	314,813	2,091,925
Due to Fiduciary Funds	4,789	-	-	4,789
Accrued Wages Payable	300,125	-	-	300,125
Refundable Deposits	419,054	6,000	-	425,054
Deferred Revenues	1,370,402	-	-	1,370,402
Total Liabilities	<u>4,335,073</u>	<u>99,097</u>	<u>481,482</u>	<u>4,915,652</u>
Fund Balances:				
Reserved for:				
Prepaid Items	244,366	-	-	244,366
Boyce Mayview Park Grant Expenses	-	-	22,500	22,500
Unreserved, Undesignated				
General Fund	3,057,259	-	-	3,057,259
Capital Projects Funds	-	2,663,086	-	2,663,086
Special Revenue Funds	-	-	802,426	802,426
Total Fund Balances	<u>3,301,625</u>	<u>2,663,086</u>	<u>824,926</u>	<u>6,789,637</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,636,698</u>	<u>\$ 2,762,183</u>	<u>\$ 1,306,408</u>	<u>\$ 11,705,289</u>

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
DECEMBER 31, 2010

Total Fund Balances, Governmental Funds \$ 6,789,637

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net assets. 28,969,649

Property and earned income taxes receivable will be collected next year, but are not available to pay for the current period's expenditures and therefore, are deferred in the funds. 1,370,402

The Township's investment in Tri-Community South EMS is recorded as an asset on the statement of net assets. 289,071

Government funds report the effect of deferred bond issuance costs whereas these amounts are deferred and amortized on the statement of activities. 544,425

The net other postemployment benefit obligation is not reflected on the fund statements. (545,119)

Long-term liabilities, including bonds payable, are not due and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds and Notes Payable, net of discounts and premiums	(20,510,574)		
Accrued Interest Payable	(78,384)		(20,588,958)

\$ 16,829,107

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	General Fund	Capital Projects Fund Regular	Other Governmental Funds	Total Governmental Funds
REVENUES				
Real Estate Taxes	\$ 7,594,974	\$ -	\$ -	\$ 7,594,974
Earned Income Taxes	7,088,403	-	-	7,088,403
Other Taxes	1,404,005	-	-	1,404,005
Licenses and Permits	115,129	-	-	115,129
Fees and Fines	486,795	-	-	486,795
Rents	80,175	-	-	80,175
Interest	7,454	11,383	1,051	19,888
Service Agreements	310,875	-	-	310,875
Other Revenue and Grants	883,080	210,880	1,525,592	2,619,552
Recreation Fees	347,191	-	20,170	367,361
TOTAL REVENUES	18,318,081	222,263	1,546,813	20,087,157
EXPENDITURES				
Current:				
General Government	1,372,534	42,376	1,292	1,416,202
Community Development	589,728	11,904	-	601,632
Public Safety	4,568,384	283,945	-	4,852,329
Public Works	4,859,955	462,290	441,738	5,763,983
Recreation and Leisure Services	428,118	23,227	585,053	1,036,398
Library Services	702,831	-	270,679	973,510
Total Current Expenditures	12,521,550	823,742	1,298,762	14,644,054
Capital Outlay:				
General Government	-	29,059	-	29,059
Community Development	-	891	-	891
Public Safety	-	211,756	-	211,756
Public Works	-	376,990	51,714	428,704
Recreation and Leisure Services	-	1,099	575,165	576,264
Total Capital Outlay Expenditures	-	619,795	626,879	1,246,674

(Continued)

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	<u>General Fund</u>	<u>Capital Projects Fund Regular</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Debt Service:				
Principal Retirement	-	-	439,020	439,020
Interest	-	-	752,808	752,808
Total Debt Service Expenditures	-	-	1,191,828	1,191,828
TOTAL EXPENDITURES	<u>12,521,550</u>	<u>1,443,537</u>	<u>3,117,469</u>	<u>17,082,556</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,796,531</u>	<u>(1,221,274)</u>	<u>(1,570,656)</u>	<u>3,004,601</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Note	-	-	375,000	375,000
Interfund Transfer In	-	2,927,901	1,539,994	4,467,895
Interfund Transfer Out	(5,746,036)	(30,000)	(375,000)	(6,151,036)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,746,036)</u>	<u>2,897,901</u>	<u>1,539,994</u>	<u>(1,308,141)</u>
NET CHANGE IN FUND BALANCES	50,495	1,676,627	(30,662)	1,696,460
FUND BALANCES - BEGINNING	<u>3,251,130</u>	<u>986,459</u>	<u>855,588</u>	<u>5,093,177</u>
FUND BALANCES - ENDING	<u>\$ 3,301,625</u>	<u>\$ 2,663,086</u>	<u>\$ 824,926</u>	<u>\$ 6,789,637</u>

(Concluded)

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2010

Net Change in Fund Balances - Total Governmental Funds: \$ 1,696,460

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	1,246,674	
Capital Asset Disposal	(11,501)	
Less: Depreciation Expense	<u>(1,488,641)</u>	(253,468)

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. 28,221

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. (169,226)

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. 439,020

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 2010 General Obligation Note. (375,000)

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. (62,999)

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. (17,284)

Change in Net Assets of Governmental Activities \$ 1,285,724

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

GENERAL FUND

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

YEAR ENDED DECEMBER 31, 2010

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Real Estate Taxes	\$ 7,531,570	\$ 7,531,570	\$ 7,594,974	\$ 63,404
Earned Income Taxes	7,595,000	7,595,000	7,088,403	(506,597)
Other Taxes	1,407,000	1,407,000	1,404,005	(2,995)
Licenses and Permits	129,800	129,800	115,129	(14,671)
Fees and Fines	405,700	405,700	486,795	81,095
Rents	82,400	82,400	80,175	(2,225)
Interest	30,000	30,000	7,454	(22,546)
Service Agreements	172,067	172,067	310,875	138,808
Other Revenue and Grants	777,853	777,853	883,080	105,227
Recreation Fees	340,100	340,100	347,191	7,091
TOTAL REVENUES	18,471,490	18,471,490	18,318,081	(153,409)
EXPENDITURES				
Current:				
General Government	1,525,300	1,525,300	1,372,534	152,766
Community Development	633,307	633,307	589,728	43,579
Public Safety	4,825,606	4,825,606	4,568,384	257,222
Public Works	5,269,337	5,269,337	4,859,955	409,382
Recreation and Leisure Services	478,885	478,885	428,118	50,767
Library Services	761,106	761,106	702,831	58,275
Total Current Expenditures	13,493,541	13,493,541	12,521,550	971,991
TOTAL EXPENDITURES	13,493,541	13,493,541	12,521,550	971,991
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,977,949	4,977,949	5,796,531	818,582
OTHER FINANCING SOURCES (USES)				
Interfund Transfer Out	(4,618,748)	(4,618,748)	(5,746,036)	(1,127,288)
TOTAL OTHER FINANCING SOURCES (USES)	(4,618,748)	(4,618,748)	(5,746,036)	(1,127,288)
NET CHANGE IN FUND BALANCES	\$ 359,201	\$ 359,201	\$ 50,495	\$ (308,706)

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, 2010

	Business-type Activities - Enterprise Funds			
	Boyce Mayview			Total
	Sanitary Sewer Fund	Community & Recreation Center Fund	Township/ School District Magazine Fund	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 2,228,137	\$ 27,187	\$ -	\$ 2,255,324
Accounts Receivable	529,935	159,595	9,061	698,591
Due from Other Funds	266,292	-	117,666	383,958
Deferred Bond Issue Costs	27,301	-	-	27,301
Deferred Outflow of Resources	311,324	1,264,337	-	1,575,661
Prepaid Expenses	-	4,147	-	4,147
Total Current Assets	3,362,989	1,455,266	126,727	4,944,982
Capital Assets:				
Sewer Lines, Net of Accumulated Depreciation	16,656,181	-	-	16,656,181
Buildings and Improvements, Net of Accumulated Depreciation	-	24,956,378	-	24,956,378
Machinery and Equipment, Net of Accumulated Depreciation	67,365	923,192	829	991,386
Total Capital Assets	16,723,546	25,879,570	829	42,603,945
TOTAL ASSETS	\$ 20,086,535	\$ 27,334,836	\$ 127,556	\$ 47,548,927
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 577,289	\$ 76,457	\$ 1,528	\$ 655,274
Unearned Revenues	-	336,797	-	336,797
Accrued Interest	52,009	-	-	52,009
Due to Other Funds	-	376,761	-	376,761
Derivative Instrument	311,324	1,264,337	-	1,575,661
Current Portion - Long-Term Debt	343,462	379,565	-	723,027
Total Current Liabilities	1,284,084	2,433,917	1,528	3,719,529
Non-Current Liabilities:				
Long-Term Debt	15,291,964	20,954,696	-	36,246,660
Total Non-Current Liabilities	15,291,964	20,954,696	-	36,246,660
TOTAL LIABILITIES	16,576,048	23,388,613	1,528	39,966,189
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	875,475	4,545,309	829	5,421,613
Restricted Sanitary Sewer Rehabilitation	239,946	-	-	239,946
Unrestricted	2,395,066	(599,086)	125,199	1,921,179
TOTAL NET ASSETS	3,510,487	3,946,223	126,028	7,582,738
TOTAL LIABILITIES AND NET ASSETS	\$ 20,086,535	\$ 27,334,836	\$ 127,556	\$ 47,548,927

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds			
	Boyce Mayview			Total
	Sanitary Sewer Fund	Community & Recreation Center Fund	Township/ School District Magazine Fund	
OPERATING REVENUES				
Charges for Services	\$ 4,600,781	\$ 2,343,866	\$ 181,257	\$ 7,125,904
Total Operating Revenues	<u>4,600,781</u>	<u>2,343,866</u>	<u>181,257</u>	<u>7,125,904</u>
OPERATING EXPENSES				
Sewage Treatment Charges	2,331,312	-	-	2,331,312
Personnel Services	217,149	1,490,212	45,224	1,752,585
Contractual Services	144,911	798,579	124,140	1,067,630
Materials and Supplies	15,860	138,226	5,441	159,527
Depreciation and Amortization	750,330	823,060	292	1,573,682
Total Operating Expenses	<u>3,459,562</u>	<u>3,250,077</u>	<u>175,097</u>	<u>6,884,736</u>
Operating Income (Loss)	<u>1,141,219</u>	<u>(906,211)</u>	<u>6,160</u>	<u>241,168</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	2,425	166	-	2,591
Interest Expense	(606,478)	(755,525)	-	(1,362,003)
Total Non-Operating Revenues (Expenses)	<u>(604,053)</u>	<u>(755,359)</u>	<u>-</u>	<u>(1,359,412)</u>
Change in Assets Before Interfund Transfers	<u>537,166</u>	<u>(1,661,570)</u>	<u>6,160</u>	<u>(1,118,244)</u>
TRANSFERS				
Interfund Transfers In	-	1,683,141	-	1,683,141
Total Transfers	<u>-</u>	<u>1,683,141</u>	<u>-</u>	<u>1,683,141</u>
CHANGE IN NET ASSETS	537,166	21,571	6,160	564,897
NET ASSETS - BEGINNING	<u>2,973,321</u>	<u>3,924,652</u>	<u>119,868</u>	<u>7,017,841</u>
NET ASSETS - ENDING	<u>\$ 3,510,487</u>	<u>\$ 3,946,223</u>	<u>\$ 126,028</u>	<u>\$ 7,582,738</u>

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds			
	Sanitary Sewer Fund	Boyce Mayview Community & Recreation Center Fund	Township/ School District Magazine Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 4,502,721	\$ 2,159,842	\$ 181,916	\$ 6,844,479
Payments for Treatment Charges	(2,331,312)	-	-	(2,331,312)
Payments to Employees	(217,149)	(1,490,212)	(82,538)	(1,789,899)
Payments for Services	(82,625)	(788,238)	(76,828)	(947,691)
Payments to Suppliers	(15,860)	(135,113)	(17,192)	(168,165)
Net Cash Provided by (Used In) Operating Activities	<u>1,855,775</u>	<u>(253,721)</u>	<u>5,358</u>	<u>1,607,412</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer From (To) Other Funds	1,459,157	1,706,115	(5,358)	3,159,914
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>1,459,157</u>	<u>1,706,115</u>	<u>(5,358)</u>	<u>3,159,914</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Purchases of Capital Assets	(1,490,794)	(326,315)	-	(1,817,109)
Principal Paid on Capital Debt	(260,094)	(365,886)	-	(625,980)
Interest Paid on Capital Debt	(599,028)	(755,525)	-	(1,354,553)
Net Cash Provided by (Used In) Capital Financing Activities	<u>(2,349,916)</u>	<u>(1,447,726)</u>	<u>-</u>	<u>(3,797,642)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	2,425	166	-	2,591
Net Cash Provided by (Used In) Investing Activities	<u>2,425</u>	<u>166</u>	<u>-</u>	<u>2,591</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	967,441	4,834	-	972,275
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,260,696	22,353	-	1,283,049
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,228,137</u>	<u>\$ 27,187</u>	<u>\$ -</u>	<u>\$ 2,255,324</u>

(Continued)

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

YEAR ENDED DECEMBER 31, 2010

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

Operating Income (Loss)	\$ 1,141,219	\$ (906,211)	\$ 6,160	\$ 241,168
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided by (Used In) Operating Activities:				
Depreciation and Amortization	750,330	823,060	292	1,573,682
Change in Operating Assets and Liabilities:				
Accounts Receivable	(98,060)	(93,712)	533	(191,239)
Prepaid Items	-	3,113	400	3,513
Accounts Payable	62,286	10,341	(2,027)	70,600
Deferred Revenues	-	(90,312)	-	(90,312)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 1,855,775</u>	<u>\$ (253,721)</u>	<u>\$ 5,358</u>	<u>\$ 1,607,412</u>
				(Concluded)

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

**COMBINED STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS**

DECEMBER 31, 2010

	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$ 60,153
Mutual Funds	17,498,789
Due from Other Funds	<u>4,789</u>
TOTAL ASSETS	<u>17,563,731</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 17,563,731</u></u>

(A schedule of funding progress for each plan is presented on page 76)

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, 2010

	Total
ADDITIONS	
Contributions:	
Member Contributions	\$ 125,544
Township Contributions	80,156
State Aid - Contributed by Township	464,553
Total Contributions	670,253
Investment Income:	
Net Appreciation in Fair Value of Investments	2,018,572
Less: Investment Expenses	(13,918)
Net Investment Income	2,004,654
Total Additions	2,674,907
DEDUCTIONS	
Benefits Paid	291,171
Withdrawal Credits	647,214
Administrative Expenses	2,342
Total Deductions	940,727
Change in Plan Net Assets	1,734,180
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of Year	15,829,551
End of Year	\$ 17,563,731

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, 2010

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

The Municipal Authority of the Township of Upper St. Clair (MATUSC) was incorporated in 1950 under the Municipal Authorities Act of 1945 to construct and lease certain capital assets for and to the Township. The MATUSC Board is appointed by the Township's Board. MATUSC leases the facilities to the Township and the Township pays lease rentals to MATUSC for repayment of the Authority's debt. As of December 31, 2010, there is no active lease arrangement between the MATUSC and the Township.

Although it is legally separate from the Township, MATUSC is blended with the primary government for financial reporting because its purpose is to finance certain capital assets of the Township and the Township has the financial burden of the MATUSC debt. Its operations are included with non-major Special Revenue Fund types. It operates on an August 31 fiscal year. Complete financial statements for MATUSC can be obtained from the Administration Offices of MATUSC at 1820 McLaughlin Run Road, Upper St. Clair, PA 15241.

Joint Ventures

The Township is a member of a joint venture with two other local government units. The joint venture, Tri-Community South Emergency Medical Services (TCS), provides emergency and non-emergency transport and first-aid services to the residents of three Communities. TCS is administered by a three-member board, composed of the members of all three participating governments. Neither the Township nor the other two local governments exercise specific control over the fiscal policies or operations of TCS. TCS's operating budget is funded by annual subscriptions, nonsubscriber medical charges, third-party billings, and non-emergency transport fees. The Township had no equity interest in TCS as of December 31, 2010; however, as a condition of borrowing, during 2005, the Township guaranteed a portion of TCS' debt as explained in Note 8. The portion of outstanding debt the Township is liable for is presented on the government-wide financial statement as an investment and note payable. Complete financial statements for TCS can be obtained from the Administrative offices of TCS at 5490 Progress Boulevard, Bethel Park, PA 15102.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

B. Government-Wide Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

The Township reports the following major governmental funds:

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

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

The Township reports the following major proprietary funds:

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

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

Additionally, the Township reports the following fiduciary fund types:

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

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

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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

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

D. Budgets and Budgetary Accounting

An operating budget is legally adopted each year for the General Fund, State Liquid Fuels Fund, Storm Sewer Improvement Fund, Field Improvement Fund, Regional Asset District Library Fund, and Regional Asset District Boyce Mayview Fund (Special Revenue Funds), Debt Service Funds for the General Obligation Bonds of 2006, 2007, 2008 and 2009, the Capital Projects Fund - Regular (Capital Projects Funds), the Sanitary Sewer Fund, the Boyce Mayview Community & Recreation Center Fund, and the Township/School District Magazine Fund (Enterprise Funds) on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). No budgets were legally adopted for the Pension Trust Funds (Fiduciary Funds), the Library Endowment Fund, MATUSC (Special Revenue Funds), the General Obligation Note of 2010 (Debt Service Funds), or the Capital Projects Fund 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.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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, 2010, are summarized below:

Fund	Interfund Receivable	Interfund Payable	Transfer In	Transfer Out
Major Funds:				
General Fund	\$ 429,928	\$ 1,781,901	\$ -	\$ 5,746,036
Capital Projects Fund - Regular	1,651,689	-	2,927,901	30,000
Sanitary Sewer Fund	266,292	-	-	-
Boyce Mayview C&RC Fund	-	376,761	1,683,141	-
Other Enterprise Funds	117,666	-	-	-
Other Governmental Funds	3,111	314,813	1,539,994	375,000
Fiduciary Funds	4,789	-	-	-
Total	<u>\$ 2,473,475</u>	<u>\$ 2,473,475</u>	<u>\$ 6,151,036</u>	<u>\$ 6,151,036</u>

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

Outstanding interfund balances at year-end include a \$376,761 interfund balance between the Boyce Mayview C&RC fund and the General Fund. The amount represents a portion of operating costs covered by the general fund and reimbursable by the Boyce Mayview C&RC fund.

Outstanding interfund balances at year-end also include \$261,646 due to the Sanitary Sewer Fund from the 2008 Capital Projects Fund. This amount represents the portion of the remaining proceeds from the 2008 General Obligation Bonds.

Transfers are made from the General Fund 1) to the Capital Projects Fund - Regular are to fund various capital projects, 2) to the Debt Service Funds for current principal and interest payments, 3) to the Boyce Mayview C&RC fund for short-term financing and 4) to the Regional Asset District Boyce Mayview Fund for operating and maintenance expenses associated with Boyce Mayview Park.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

F. Cash and Investments

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

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

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

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

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

Governmental and Proprietary Funds

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

As of December 31, 2010, \$3,835,381 of the Township's bank balance of \$4,466,523 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits had carrying amounts of \$4,212,931 as of December 31, 2010.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

As of December 31, 2010, the Township's cash and investments consisted of the following:

Investments (at fair value)	
PLGIT	\$ 3,518,105
Wells Fargo - Investment Portfolio - Money Market	261,646
Money Market	<u>36,601</u>
Total Investments (at fair value)	3,816,352
Carrying Amount - Deposits	<u>4,212,931</u>
Total Cash and Investments per Financial Statements	<u>\$ 8,029,283</u>

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

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's investments in PLGIT, and money markets have maturities of less than one year.

Credit Risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Township has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. At December 31, 2010, the Township's investments in PLGIT and money markets were rated AAA by Standard and Poor's.

Concentration of Credit Risk. The Township places no limit on the amount that may be invested in anyone issuer. At December 31, 2010, the Township's had no investment that represented 5% or more of total investments.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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, 2010, the Township had the following cash and investments in its pension trust funds:

Investment Type	Fair Value	Maturity (in years)		
		Less Than 1	1-5	6-10
Principal Fixed Income Funds	\$ 5,906,906	\$ -	\$ -	\$ 5,906,906
ICMA Fixed Income Funds	406,784	101,040	305,744	-
Total Fixed Income Funds	<u>6,313,690</u>	<u>\$ 101,040</u>	<u>\$ 305,744</u>	<u>\$ 5,906,906</u>
Principal Equity Funds	9,459,599			
ICMA Equity Funds	<u>1,725,500</u>			
Total Investments with Securities	<u>17,498,789</u>			
Cash	11,215			
Money Market	<u>48,938</u>			
Total Pension Trust Fund Assets per Financial Statements	<u>\$ 17,558,942</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, 2010, 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, 2010, none of the Pension Trust Fund investments were rated by Nationally Recognized Statistical Rating Organizations.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

At December 31, 2010, the pension trust fund investment in the following funds represented 5% or more of total investments.

<u>Investment</u>	<u>Amount</u>
<u>Equity</u>	
Alliance Bernstein - Large Cap Value III	\$ 899,936
Edge Asset Management, Inc. - Equity Income	892,621
Columbus Circle Investors - Large Cap Growth	888,747
T. Rowe Price/Brown Advisory - Large Cap Growth I	888,168
Causeway/Barrow Hanley - International Value I	1,002,383
<u>Fixed Income</u>	
PIMCO - Core Plus Bond I	\$ 1,612,230
Principal Global Investors - Bond and Mortgage	1,620,672

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

G. Inventory and Prepaid Items

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

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

H. Statement of Cash Flows

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

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year, and all computers regardless of price. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the Township chose to include all such items regardless of their acquisition date or amount. For the initial reporting of these assets, the Township was able to use actual historical cost or estimate historical through back trending. As the Township constructs or acquires additional capital assets each period, including infrastructure assets; they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as construction-in-progress, while in the construction phase. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Township are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	40
Public Domain Infrastructure	40-50
Vehicles	3-15
Equipment	5-15
Sewer Lines	40-50
Library Assets	5

J. Long-Term Obligations

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

In the fund financial statements, the face amount of debt issued is reported as another financing source. Premiums received on debt issuances are also reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and 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 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 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, 2010

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. The unspent portion of the capital related debts are presented with unrestricted net 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, 2010 consist of funds restricted for State Liquid Fuels Tax projects \$1,069, library services \$43,585, Boyce Mayview Regional Park \$27,993, RAD library funds \$2,485 (governmental activities) and unspent sanitary sewer rehabilitation bond proceeds \$239,946 (business-type activities).
- *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."

Boyce Mayview Community & Recreation Center Fund (C&RC Fund) Net Assets. As of December 31, 2010, the C&RC Fund had a negative unrestricted net asset balance of \$599,086. This was caused by the depreciation on the building since the opening of the facility in 2009. Since the actual building is intended to be financed through taxpayer dollars, the Township removes the building depreciation from the net asset balance for capital budgeting and planning purposes. Illustrated below is the budgeted net asset balance for the C&RC Fund for the year ended December 31, 2010.

Year Ended December 31,	Oper. Revenue & Transfers In	Operating Expenses	Add Back: Bldg. Depreciation	Net Equip. Purchases	Net Asset Balance Capital Budgeting
2007	400,000	-	-	-	400,000
2008	500,000	(65,623)	-	-	834,377
2009	1,034,752	(2,184,346)	324,109	(16,087)	(7,195)
2010	2,905,761	(3,250,077)	648,218	(151,473)	145,234

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

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.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

N. Pending Pronouncement

In March 2009, GASB issued Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions.*" The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The statement will be effected for the Township's financial statement for the year ended December 31, 2011. The Township is currently considering the impact that this new pronouncement will have on the financial statements.

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 2010 at 4.60 mills (\$.460 per \$100 assessed valuation) is as follows:

April 30	Tax Date
April 30 – June 30	2% Discount
July 1 – August 31	Face Amount Period
September 1 – November 30	10% Penalty Period
December 1	Lien Date

3. Defined Benefit Pension Plans

A. Plan Descriptions, Contribution Information, and Funding Policies

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

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

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

The benefits and refunds for the Police Pension Plan and Public Works Employees' Pension Plan are recognized when due and payable in accordance with the terms of the plan. The administrative costs associated with the PPP and PWEP are funded through the assets of the plan.

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

The following is a summary of funding policies, contribution methods, and benefit provisions from the latest actuarial valuation, January 1, 2009:

	<u>Police Pension Plan</u>	<u>Public Works Employees' Pension Plan</u>
Date Established	December 2, 1957	October 5, 1959
Effective Date of Plan Restatement	January 1, 2004	January 1, 2007
Governing Authority and Administrator	Township Commissioners and Ordinances	Township Commissioners and Ordinances
Determination of Contribution:		
Requirements	Actuarially Determined	Actuarially Determined
Employer	\$225,913	\$134,067
Plan Members	5% of Salary	None
Funding of Benefits and Refunds	Plan Assets	Plan Assets
Funding of Administrative Costs	Plan Assets	Plan Assets
Eligibility Requirements		
Normal Retirement	Age 54 and 25 years of aggregate service	Age 60 and 10 years of service
Early Retirement	20 years aggregate service accrued benefit at date	Attainment of age 57 and 10 years of service
Vesting	100% after 12 years of aggregate service	100% after 10 years of service
Retirement Benefit	Monthly benefit equal to 50% of final thirty-six month average salary prior to retirement or other severance	Monthly benefit equal to \$60 multiplied by Years of Service prior to January 1, 2009 plus \$65 multiplied by Years of Service after January 1, 2009 total service not to exceed 40 years.
Service Increment	Additional monthly benefit equal to \$100 for 26 years of aggregate service	N/A
Post Retirement Benefit Increases	On each anniversary of retirement, retiree receive an increase in monthly benefit equal to the percentage change in the CPI-W times the pension benefit before service increment. Total of increase cannot exceed 20% of original benefit nor can total benefit exceed 75% of final monthly average salary.	None
Provision for Disability Benefits	Yes	Yes
Provision for Death Benefits	Yes	Yes

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Memberships of the Plans are as follows as of December 31, 2010:

	Police Pension Plan	Public Works Employees' Pension Plan
Nonvested Active Members	3	12
Fully Vested Active Members	24	17
Retirees and Beneficiaries		
Currently Receiving Benefits	8	16
Deferred Vested	-	6
Total	35	51

B. Annual Pension Costs, Net Pension Obligation, and Reserves

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

There are no assets legally reserved for purposes other than the payment of Plan member benefits for either plan. The Police Pension Plan and Public Works Employees' Pension Plan are in mutual funds administered by Principal Life Insurance Company and account for 100% of the total investment at December 31, 2010.

C. Trend Information

Year Ended December 31,	Police Pension Plan			Public Works Employees' Pension Plan		
	Annual Pension Costs	Percentage Contributed	Net Pension Obligation (NPO)	Annual Pension Costs	Percentage Contributed	Net Pension Obligation (NPO)
2006	\$ 310,465	100%	\$ -	\$ 71,005	100%	\$ -
2007	\$ 446,805	100%	\$ -	\$ 66,402	100%	\$ -
2008	\$ 222,410	100%	\$ -	\$ 124,742	100%	\$ -
2009	\$ 224,544	100%	\$ -	\$ 128,406	100%	\$ -
2010	\$ 225,913	100%	\$ -	\$ 134,067	100%	\$ -

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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

	<u>Police Pension Plan</u>	<u>Public Works Employees' Pension Plan</u>
Valuation Date	January 1, 2009	January 1, 2009
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, Closed	Level Dollar, Closed
Remaining Amortization Period	9 Years (aggregate)	14 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 Adjustment	Effective each anniversary of retirement, a retiree will receive an increase in the monthly benefit equal to the percentage change in the CPI-W, but cannot exceed 20% of the total original benefit or 75% of the final monthly average salary used to calculate the original benefit.	N/A
Underlying Inflation Rate	3.0%	3.0%

D. Funded Status

The Township's funded status and related information for each plan as of the latest actuarial valuation date, January 1, 2009, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Covered Payroll ((b-a)/c)
<u>Police Pension Plan</u>						
01/01/09	\$ 10,567,438	\$ 14,032,612	\$ 3,465,174	75.3%	\$ 2,496,409	138.8%
<u>Public Works Employees' Pension Plan</u>						
01/01/09	\$ 2,476,257	\$ 3,933,308	\$ 1,457,051	63.0%	\$ 1,331,978	109.4%

The required schedule of funding progress included as required supplementary information immediately following the notes to financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits. As noted above, certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2009. The next actuarial valuation will be performed as of January 1, 2011.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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, 2010 was \$184,729 or 7.5% of the \$2,449,860 in wages paid to participants. The Township Manager and the Township Board of Commissioners are responsible for establishing and/or amending the plan provisions and contribution requirements. Separate audited financial statements are not issued for the plan.

B. Summary of Significant Accounting Policies

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

C. Concentrations

The Management Employees' Pension Plan investments in mutual funds held by ICMA-RC account for 100% of the total investments at December 31, 2010.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

5. Capital Assets

A Summary of changes in capital assets during 2010 are as follows:

	January 1, 2010	Increases	Decreases	December 31, 2010
<u>Governmental Activities:</u>				
Capital Assets not being depreciated:				
Land	\$ 2,268,667	\$ 118,069	\$ -	\$ 2,386,736
Capital Assets being depreciated:				
Infrastructure	33,278,422	484,237	-	33,762,659
Buildings	12,551,974	-	-	12,551,974
Improvements	1,463,134	134,904	-	1,598,038
Equipment	6,309,934	509,464	(63,759)	6,755,639
Library assets	982,925	-	-	982,925
	56,855,056	1,246,674	(63,759)	58,037,971
Less: Accumulated Depreciation for:				
Infrastructure	(15,898,100)	(627,550)	-	(16,525,650)
Buildings	(5,624,853)	(311,431)	-	(5,936,284)
Improvements	(873,357)	(37,101)	-	(910,458)
Equipment	(4,284,270)	(493,278)	52,258	(4,725,290)
Library assets	(951,359)	(19,281)	-	(970,640)
	(27,631,939)	(1,488,641)	52,258	(29,068,322)
Governmental Activities Capital Assets, Net	\$ 29,223,117	\$ (241,967)	\$ (11,501)	\$ 28,969,649
<u>Business-Type Activities:</u>				
Capital Assets being depreciated:				
C&RC Building	25,928,704	-	-	25,928,704
Sewer lines and improvements	27,370,047	1,490,794	-	28,860,841
Equipment	1,127,765	330,628	(4,792)	1,453,601
	54,426,516	1,821,422	(4,792)	56,243,146
Less: Accumulated Depreciation for:				
C&RC Building	(324,108)	(648,218)	-	(972,326)
Sewer lines and improvements	(11,481,353)	(723,307)	-	(12,204,660)
Equipment	(260,537)	(202,157)	479	(462,215)
	(12,065,998)	(1,573,682)	479	(13,639,201)
Business-Type Activities Capital Assets, Net	\$ 42,360,518	\$ 247,740	\$ (4,313)	\$ 42,603,945

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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

Governmental Activities		
General Government	\$	171,590
Public Safety		199,781
Public Works		1,005,246
Community Development		11,923
Recreation and Leisure		80,309
Library		19,792
		<hr/>
Total Depreciation Expense - Governmental Activities	\$	<u>1,488,641</u>
Business-Type Activities		
Sanitary Sewer	\$	750,330
Community & Recreation Center		823,060
Magazine		292
		<hr/>
Total Depreciation Expense - Business-type Activities	\$	<u>1,573,682</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, 2010

7. Changes in Long-Term Debt

	Amounts Payable as of January 1, 2010	New Debt	Amortization, Repayment	Amounts Payable as of December 31, 2010	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 20,901,521	\$ -	\$ (439,020)	\$ 20,462,501	\$ 591,974
Notes Payable	311,838	375,000	(22,767)	664,071	94,675
Less Deferred Amounts:					
Bond Premium	20,618	-	(2,062)	18,556	-
Issuance Discounts	(272,346)	-	9,907	(262,439)	-
On Refunding	(402,293)	-	30,178	(372,115)	-
Governmental Activities Long-Term Liabilities	<u>\$ 20,559,338</u>	<u>\$ 375,000</u>	<u>\$ (423,764)</u>	<u>\$ 20,510,574</u>	<u>\$ 686,649</u>
Business-type Activities					
Bonds Payable	\$ 37,788,479	\$ -	\$ (625,980)	\$ 37,162,499	\$ 723,027
Less Deferred Amounts:					
Bond Premium	9,906	-	(991)	8,915	-
Deferred Loss	(39,572)	-	3,957	(35,615)	-
On Refunding	(173,334)	-	7,222	(166,112)	-
Business-type Activities Long-Term Liabilities	<u>\$ 37,585,479</u>	<u>\$ -</u>	<u>\$ (615,792)</u>	<u>\$ 36,969,687</u>	<u>\$ 723,027</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

8. Description of Long-Term Debt

Issue: General Obligation Note of 2005

Date: April 1, 2005

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

Balance of Township's Guarantee at December 31, 2010: \$289,071

Interest Rate: 4.24%

Debt Service Source: General Fund

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

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

	Governmental Activities	
	Principal	Interest
2011	\$ 23,745	\$ 12,427
2012	24,766	11,406
2013	25,831	10,341
2014	26,941	9,231
2015	28,099	8,073
2016-2020	159,689	21,172
Totals	<u>\$ 289,071</u>	<u>\$ 72,650</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Issue: General Obligation Bonds of 2006

Date: September 1, 2006

Original Proceeds: \$9,995,000

Principal Amount at December 31, 2010: \$9,960,000

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
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	15,000	222,775	10,000	200,920
2015	15,000	222,175	10,000	200,520
2016-2020	80,000	1,101,775	75,000	994,100
2021-2025	3,000,000	791,438	1,445,000	841,150
2026-2030	2,135,000	142,365	1,805,000	494,154
2031-2033	-	-	1,295,000	87,999
Totals	\$ 5,290,000	\$ 3,152,214	\$ 4,670,000	\$ 3,423,843

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Issue: General Obligation Bonds of 2007

Date: March 13, 2007

Original Proceeds: \$9,995,000

Principal amount at December 31, 2010: \$9,825,000

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
2011	\$ 95,000	\$ 248,399	\$ 50,000	\$ 154,258
2012	95,000	244,956	50,000	152,445
2013	95,000	241,512	55,000	150,542
2014	105,000	237,690	60,000	148,345
2015	110,000	233,390	60,000	145,945
2016-2020	615,000	1,096,450	315,000	693,225
2021-2025	930,000	943,550	420,000	620,125
2026-2030	2,720,000	669,715	500,000	526,975
2031-2035	1,320,000	37,400	1,580,000	370,175
2036	-	-	650,000	13,812
Totals	\$ 6,085,000	\$ 3,953,062	\$ 3,740,000	\$ 2,975,847

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Issue: General Obligation Bonds of 2008

Date: March 3, 2008

Original Proceeds: \$32,300,000

Principal amount at December 31, 2010: \$31,195,000

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

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

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

Liquidity Facility: In connection with the 2008 bonds, the Township has entered into a Standby Bond Purchase Agreement with PNC Bank, National Association (Bank). The agreement, dated March 13, 2008, is scheduled to expire on March 13, 2013. According to the terms of the agreement, any bonds remaining bank bonds for a period of 120 consecutive days begin amortizing in 14 equal semi-annual installments of principal at the prime rate plus 1%. At December 31, 2010, none of the 2008 bonds outstanding were held by the Bank. During 2010, the Township incurred \$35,945 in facility fees.

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 81,974	\$ 149,782	\$ 473,027	\$ 864,312
2012	84,189	147,057	485,811	848,587
2013	87,882	144,235	507,119	832,303
2014	90,097	141,315	519,903	815,460
2015	93,790	138,300	541,211	798,058
2016-2020	517,689	642,570	2,987,312	3,707,940
2021-2025	618,125	549,652	3,566,876	3,171,754
2026-2030	731,854	439,196	4,223,147	2,534,370
2031-2035	1,502,109	269,236	8,667,891	1,553,624
2036-2038	799,792	43,200	4,615,202	249,291
Totals	<u>\$ 4,607,501</u>	<u>\$ 2,664,543</u>	<u>\$ 26,587,499</u>	<u>\$ 15,375,699</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Issue: General Obligation Bonds of 2009

Date: November 23, 2009

Original Proceeds: \$7,010,000

Principal amount at December 31, 2010: \$6,645,000

Interest Rate: 2.00 - 3.35% semi-annual interest due May 15 and November 15

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

Purpose: The proceeds were used to advance refund \$6,692,141 of the Township's General Obligation Bonds of 2003. In connection with this advance refunding, \$6,987,949 of the proceeds were deposited into an irrevocable trust with an escrow agent to provide for certain debt service payments on the refunded debt.

The annual debt service requirements to maturity for the General Obligation Bonds of 2009 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 400,000	\$ 117,292	\$ 190,000	\$ 56,803
2012	410,000	109,193	195,000	52,952
2013	420,000	100,368	200,000	48,752
2014	425,000	90,330	205,000	43,940
2015	435,000	78,492	215,000	38,153
2016-2020	2,390,000	193,084	1,160,000	93,736
Totals	\$ 4,480,000	\$ 688,759	\$ 2,165,000	\$ 334,336

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Issue: General Obligation Note of 2010

Date: August 18, 2010

Original Proceeds: \$375,000

Principal Amount at December 31, 2010: \$375,000

Interest Rate: 2.79%

Debt Service Source: General Fund transfers to Debt Service Fund

Purpose: The proceeds of the note were used to provide funds for the purchase of public safety equipment for the Volunteer Fire Department and a Land Acquisition at 2023 Washington Road, Upper St. Clair, PA 15241.

The annual debt service requirements to maturity for the General Obligation Note of 2010 are as follows:

	Governmental Activities	
	Principal	Interest
2011	\$ 70,930	\$ 10,463
2012	72,909	8,484
2013	74,943	6,449
2014	77,034	4,358
2015	79,184	2,209
Totals	<u>\$ 375,000</u>	<u>\$ 31,963</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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, 2010. Vacation days may be carried forward only upon approval of the Township Manager. At December 31, 2010, there was no unrecorded General Fund liability for unused vacation days. Sick days are earned continuously at the rate of 7 to 10 days per year to a maximum of 125 days depending upon applicable contracts. Employees may use this time during their term of employment. No accrual is necessary as employees are not entitled to receive compensation for unused days.

10. Post Employment Benefits Other Than Pension Benefits (OPEBs)

A. Plan Description

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

Details of the benefits provided are as follows:

Police

The Township provides post-retirement medical coverage to all eligible police retirees in accordance with the requirements set forth by the union contract. Generally, police retirees who retire after age 54 and 25 years of service are offered hospitalization and major medical coverage for the retiree, spouse, and dependents until the death of the retiree. Prior to age 65, retirees are required to pay for any increases in premiums after retirement. After age 65, a Medicare Supplement Plan is provided at no cost to the retiree. Also upon retirement, a \$10,000 life insurance policy is provided by the Township for all officers with at least 15 years of service.

As of December 31, 2010, there were 27 active plan participants and five retired participants receiving benefits.

Non-Uniformed

For administrative employees, upon retirement at age 59 1/2, a \$5,000 life insurance policy is provided by the Township. For Teamsters, upon retirement at age 60 with 10 years of service, an \$8,000 life insurance policy is provided by the Township.

As of December 31, 2010, there were 80 active plan participants and 14 retired participants receiving benefits.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

B. Funding Policy

Life insurance benefits are expensed when incurred and are financed on a pay-as-you-go basis. The Township contributes \$1,000 per year per police officer to a Voluntary Employee's Beneficiary Association (VEBA) account to be applied toward the cost of post-retirement health benefits. Upon retirement, each retiree shall have the option to accept the full amount deposited in his/her account with accrued interest in lieu of receipt of post-retirement health benefits from the Township. For fiscal year 2010, the Township incurred \$66,377 for post-employment health benefits (\$39,128 related to net premiums paid for current retirees and \$27,249 in contributions to VEBA accounts) and \$503 for post-employment life insurance benefits. No amounts were required to be reimbursed by retirees receiving benefits. At December 31, 2010, the total of the VEBA account balances was \$374,001.

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 (ARC)	\$ 225,156	\$ 10,950	\$ 236,106
Interest on Net OPEB Obligation	-	-	-
Adjustment to Annual Required Contribution	-	-	-
Annual OPEB Cost (AOC)	225,156	10,950	236,106
Contributions Made	(66,569)	(311)	(66,880)
Increase (Decrease) in Net OPEB Obligation	158,587	10,639	169,226
Net OPEB Obligation - Beginning of Year	354,590	21,303	375,893
Net OPEB Obligation - End of Year	\$ 513,177	\$ 31,942	\$ 545,119

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

<u>Police</u>			
Fiscal Year Ending	Annual OPEB Costs	% of AOC Contributed	Net OPEB Obligation (Asset)
December 31, 2010	\$225,156	30%	\$513,177
December 31, 2009	\$225,156	22%	\$354,590
December 31, 2008	\$225,156	21%	\$178,978
December 31, 2007	N/A	N/A	N/A

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Non-Uniformed

<u>Fiscal Year Ending</u>	<u>Annual OPEB Costs</u>	<u>% of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
December 31, 2010	\$10,950	3%	\$31,942
December 31, 2009	\$10,950	3%	\$21,303
December 31, 2008	\$10,950	3%	\$10,671
December 31, 2007	N/A	N/A	N/A

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

Valuation Date	January 1, 2008	
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	2008 – 2.75%	2012 – 6.00%
	2009 – 9.00%	2013 – 6.00%
	2010 – 8.00%	2014 and Later – 5.00%
	2011 – 7.00%	

The schedule of funding progress for the Township's OPEBs 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>Covered Payroll ((b-a)/c)</u>
<u>Police</u>						
01/01/08	\$ 329,593	\$ 3,007,568	\$ 2,677,975	11.0%	\$ 2,565,652	104.4%
<u>Non-Uniformed</u>						
01/01/08	\$ -	\$ 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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

11. Derivative Financial Instruments – Interest Rate Swap

Objective of the Interest Rate Swap

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

Terms

The swap agreement was entered into at the same time the Bonds were issued (March 2008). The swap agreement expires on June 1, 2018. The swap's original notional amount was \$32,300,000. Starting in 2009, the notional value of the swap reduces so that the notional amount approximates the principal amount on the bonds outstanding. The notional value as of December 31, 2010 was \$31,195,000.

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

Pursuant to the swap contract, both the Township and the Counterparty make payments monthly on the first of each month. For the year ended December 31, 2010, the Township paid \$1,030,507 fixed and received \$82,703 variable with respect to the swap.

Fair Values

As of December 31, 2010, the interest rate swap had negative fair market value of \$1,848,717. The fair market value was provided by the Counterparty at mid-market, based on financial principles and assumptions of the Counterparty.

Valuation Date	Trade Type	Initial Notional Amount	Current Notional Amount	Start Date	Maturity Date	Net Present Value
12/31/10	Swap	32,300,000	31,195,000	03/06/2008	06/01/2018	(1,848,717)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Effectiveness of the Interest Rate Swap

The interest rate swap was entered into as part of the 2008 bond issue, which is financed by both governmental activities and business-type activities. As shown below, the annualized average interest rate for 2010 was 3.29%. The swap was designed to achieve a synthetic interest rate of 3.28%. Since the average interest rate for 2010 was between 90 and 111 percent of the desired synthetic interest rate, the Township deemed the swap to be effective. Therefore, the Township recognized a derivative instrument liability and deferred outflow of resources asset within the governmental activities for \$273,056 and business-type activities for \$1,575,661.

Interest Period	PNC Bank Receives	PNC Bank Pays	PNC Bank Net Interest	Wells Fargo Interest Payments	Total Interest Payment	Notional Amount	Annualized Average Interest Rate
Jan-May 2010	433,643	(30,817)	402,826	34,729	437,555	31,730,000	3.31%
Jun-Dec 2010	596,864	(51,886)	544,978	51,792	596,770	31,195,000	3.28%
Total	1,030,507	(82,703)	947,804	86,521	1,034,325		3.29%

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, 2010, the Counterparty was rated A+ by Standard & Poor's and A2 by Moody's Investors Services, Inc., nationally recognized rating agencies. If the Counterparty fails to perform according to the terms of the interest rate swap agreement, there is some risk of loss to the Township; if the Township would need to replace the swap; it would likely cost the Township the then fair market value. Because the swap now has a negative fair market value, there is no current credit risk to the Township. This risk includes the potential for the Counterparty to fail to make periodic variable rate payments to the Township and the Counterparty to fail to make termination payments to the Township, if the swap is terminated and a termination payment is due from the Counterparty. Under the terms of the agreement, if the Counterparty's credit rating falls below A- by Standard & Poor's or A3 by Moody's Investors Services, Inc., the Township may 1) require the Counterparty to fully collateralize the fair value of the swap in the Township's favor (subject to a \$500,000 minimum transfer amount) with eligible collateral, including cash or government securities, or 2) terminate the swap. Collateral would be posted with a third-party custodian, a commercial bank or trust company selected by the Township, meeting certain requirements of the Counterparty.

Remarketing/interest rate/basis risk is the risk that arises when variable interest rates on a derivative and associated bond are based on different indexes. The Township is subject to remarketing/interest rate/basis risk as the interest index on the variable rate arm of the swaps is based on the SIFMA Municipal Swap Index, as previously discussed, and the variable interest rate on the Bonds is based on current market conditions as determined by the remarketing agent. Although expected to correlate over the long-term, the short-term relationships between the SIFMA Municipal Swap Index and the weekly tax exempt rate may vary. The variance could adversely affect the Township's calculated payments, and synthetic interest rates may not be realized. This risk has been minimized, however, because the swap indexes are directly related to the markets for the Bonds and the variance over the long-term should be minimal.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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

12. Commitments and Contingencies

The Township has entered into an administrative consent order with the Allegheny County Health Department, the Pennsylvania Department of Environmental Protection and the United States Environmental Protection Agency related to storm water inflow into the Township's sanitary sewer system. Phase I of the consent order was completed during 2010. Management estimates that the Township's capital cost to comply with Phase II of the consent order will be \$32.4 million.

13. Risk Management

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

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

14. 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
COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS**

DECEMBER 31, 2010

	<u>Public Works Employees</u>	<u>Police</u>	<u>Mgt & Admin Employees</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 60,153	\$ -	\$ 60,153
Mutual Funds	2,907,360	12,459,145	2,132,284	17,498,789
Due from Other Funds	4,789	-	-	4,789
TOTAL ASSETS	<u>2,912,149</u>	<u>12,519,298</u>	<u>2,132,284</u>	<u>17,563,731</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 2,912,149</u>	<u>\$ 12,519,298</u>	<u>\$ 2,132,284</u>	<u>\$ 17,563,731</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
 COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
 PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2010

	Public Works Employees	Police	Mgt & Admin Employees	Total
ADDITIONS				
Contributions:				
Member Contributions	\$ -	\$ 125,544	\$ -	\$ 125,544
Township Contributions	42,465	36,166	1,525	80,156
State Aid - Contributed by Township	91,602	189,747	183,204	464,553
Total Contributions	134,067	351,457	184,729	670,253
Investment Income:				
Net Appreciation in Fair Value of Investments	345,011	1,482,355	191,206	2,018,572
Less: Investment Expenses	(5,000)	(8,918)	-	(13,918)
Net Investment Income	340,011	1,473,437	191,206	2,004,654
Total Additions	474,078	1,824,894	375,935	2,674,907
DEDUCTIONS				
Benefits Paid	95,205	195,966	-	291,171
Withdrawal Credits	-	1,127	646,087	647,214
Administrative Expenses	600	1,025	717	2,342
Total Deductions	95,805	198,118	646,804	940,727
Change in Plan Net Assets	378,273	1,626,776	(270,869)	1,734,180
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year	2,533,876	10,892,522	2,403,153	15,829,551
End of Year	\$ 2,912,149	\$ 12,519,298	\$ 2,132,284	\$ 17,563,731

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

REQUIRED SUPPLEMENTARY PENSION INFORMATION
DEFINED BENEFIT PENSION TRUST FUNDS

DECEMBER 31, 2010

Schedules of Funding Progress:

Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
01/01/03	\$ 7,497,620	\$ 8,572,135	\$ 1,074,515	87.5%	\$ 2,067,294	52.0%
01/01/05	\$ 8,498,417	\$ 11,159,623	\$ 2,661,206	76.2%	\$ 2,319,565	114.7%
01/01/07	\$ 10,823,406	\$ 12,321,777	\$ 1,498,371	87.8%	\$ 2,415,724	62.0%
01/01/09	\$ 10,567,438	\$ 14,032,612	\$ 3,465,174	75.3%	\$ 2,496,409	138.8%

Public Works Employees' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
01/01/03	\$ 2,194,393	\$ 2,428,429	\$ 234,036	90.4%	\$ 876,201	26.7%
01/01/05	\$ 2,279,723	\$ 2,736,655	\$ 456,932	83.3%	\$ 1,091,644	41.9%
01/01/07	\$ 2,666,782	\$ 3,488,271	\$ 821,489	76.4%	\$ 1,095,298	75.0%
01/01/09	\$ 2,476,257	\$ 3,933,308	\$ 1,457,051	63.0%	\$ 1,331,978	109.4%

* Actuarial value of assets is different from the market value of assets due to the adoption by the Police Pension Plan and the Public Works Employees' Pension Plan of the 4-Year Smoothing Asset Valuation Method.

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

See accompanying note to required supplementary pension information.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

**REQUIRED SUPPLEMENTARY PENSION INFORMATION
DEFINED BENEFIT PENSION TRUST FUNDS**

DECEMBER 31, 2010

Schedules of Employer's Contributions:

Year Ended December 31,	<u>Police Pension Plan</u>		<u>Public Works Employees' Pension Plan</u>	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2003	\$ 251,118	100%	\$ 68,409	100%
2004	\$ 191,135	100%	\$ 42,123	100%
2005	\$ 196,977	100%	\$ 42,930	100%
2006	\$ 310,465	100%	\$ 71,005	100%
2007	\$ 446,805	100%	\$ 66,402	100%
2008	\$ 222,410	100%	\$ 124,742	100%
2009	\$ 224,544	100%	\$ 128,406	100%
2010	\$ 225,913	100%	\$ 134,067	100%

See accompanying note to required supplementary pension information.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
DEFINED BENEFIT PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2010

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, 2009	January 1, 2009
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, Closed	Level Dollar, Closed
Remaining Amortization Period	9 Years (aggregate)	14 Years (aggregate)
Asset Valuation Method	4-Year Smoothing	4-Year Smoothing
Actuarial Assumptions		
Investment Rate of Return	8.0%	8.0%
Projected Salary Increase	5.5%	N/A
Underlying Inflation Rate	3.0%	3.0%

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

REQUIRED SUPPLEMENTARY OPEB INFORMATION
SCHEDULE OF FUNDING PROGRESS

DECEMBER 31, 2010

Schedules of Funding Progress:

Police Employees:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
01/01/06	N/A	N/A	N/A	N/A	N/A	N/A
01/01/07	N/A	N/A	N/A	N/A	N/A	N/A
01/01/08	\$ 329,593	\$ 3,007,568	\$ 2,677,975	11.0%	\$ 2,565,652	104.4%

Non-Uniformed Employees:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
01/01/06	N/A	N/A	N/A	N/A	N/A	N/A
01/01/07	N/A	N/A	N/A	N/A	N/A	N/A
01/01/08	\$ -	\$ 106,226	\$ 106,226	0.0%	\$ 3,484,257	3.0%

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

See accompanying note to required supplementary OPEB information.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
FACTORS AND TRENDS USED IN ACTUARIAL VALUATION
YEAR ENDED DECEMBER 31, 2010

Note to Required Supplementary OPEB Information

Actuarial Data:

Valuation Date	January 1, 2008
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar

Demographic Assumptions:

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

Economic Assumptions:

Interest Rate	4.50%			
Annual Trend Rates for OPEB Costs	<u>Year</u>	<u>Medical</u>	<u>Year</u>	<u>Medical</u>
	2008	2.75%	2012	6.00%
	2009	9.00%	2013	6.00%
	2010	8.00%	2014 and later	5.00%
	2011	7.00%		

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

Major Governmental Funds

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

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

Non-Major Governmental Funds

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

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Non-Major Governmental Funds

(Continued)

CAPITAL PROJECTS FUNDS

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 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 construction of the community recreation and outdoor aquatic center, Public Works Annex Building in Boyce Mayview Park, and the Morton Field parking lot improvements were completed in 2009.

DEBT SERVICE FUNDS

Debt Service Funds are used to accumulate monies for payment of principal and interest on general obligation bonds and notes issued by the Township and Revenue bonds issued by the Municipal Authority of the Township of Upper St. Clair (MATUSC). There were no outstanding bonds issued by the MATUSC as of December 31, 2010.

Debt Service Fund is used to channel funds from the General Fund to satisfy principal and interest requirements on general obligation bonds and notes issued by the Township. The debt service on these bonds and notes is derived from general operating revenues from the General Fund. Listed below are the long-term obligations of the Township that are serviced by the Debt Service Fund.

- General Obligation Bonds of 2006 – Maturity Year: 2028
- General Obligation Bonds of 2007 – Maturity Year: 2032
- General Obligation Bonds of 2008 – Maturity Year: 2038
- General Obligation Bonds of 2009 – Maturity Year: 2020
- General Obligation Note of 2010 – Maturity Year: 2015

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	<u>Special Revenue Funds</u>									
	<u>State Liquid Fuels Fund</u>	<u>Storm Sewer Improvement Fund</u>	<u>Field Improvement Fund</u>	<u>Library Endowment Fund</u>	<u>Regional Asset District Library Fund</u>	<u>Regional Asset District Boyce Mayview Fund</u>	<u>MATUSC Special Revenue Fund</u>	<u>Capital Projects Fund 2008</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
ASSETS										
Cash and Cash Equivalents	\$ 1,069	\$ 12,354	\$ 281,188	\$ 43,585	\$ -	\$ -	\$ 444,468	\$ 261,646	\$ -	\$ 1,044,310
Due from Other Funds	-	-	-	-	3,111	-	-	-	-	3,111
Other Receivables	-	-	19,700	-	-	239,287	-	-	-	258,987
TOTAL ASSETS	<u>\$ 1,069</u>	<u>\$ 12,354</u>	<u>\$ 300,888</u>	<u>\$ 43,585</u>	<u>\$ 3,111</u>	<u>\$ 239,287</u>	<u>\$ 444,468</u>	<u>\$ 261,646</u>	<u>\$ -</u>	<u>\$ 1,306,408</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	\$ -	\$ -	\$ 7,916	\$ -	\$ 626	\$ 158,127	\$ -	\$ -	\$ -	\$ 166,669
Due to Other Funds	-	-	-	-	-	53,167	-	261,646	-	314,813
Total Liabilities	-	-	7,916	-	626	211,294	-	261,646	-	481,482
Fund Balances:										
Reserved for:										
Boyce Mayview Park Grant Expenses	-	-	-	-	-	22,500	-	-	-	22,500
Unreserved, Undesignated										
Special Revenue Funds	1,069	12,354	292,972	43,585	2,485	5,493	444,468	-	-	802,426
Total Fund Balances	1,069	12,354	292,972	43,585	2,485	27,993	444,468	-	-	824,926
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,069</u>	<u>\$ 12,354</u>	<u>\$ 300,888</u>	<u>\$ 43,585</u>	<u>\$ 3,111</u>	<u>\$ 239,287</u>	<u>\$ 444,468</u>	<u>\$ 261,646</u>	<u>\$ -</u>	<u>\$ 1,306,408</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds									
	State Liquid Fuels Fund	Storm Sewer Improvement Fund	Field Improvement Fund	Library Endowment Fund	Regional Asset District Library Fund	Regional Asset District Boyce Mayview Fund	MATUSC Special Revenue Fund	Capital Projects Fund 2008	Debt Service Fund	Total Other Governmental Funds
REVENUES										
Interest	\$ 201	\$ -	\$ 268	\$ 28	\$ -	\$ -	\$ 554	\$ -	\$ -	\$ 1,051
State Grants	440,646	-	-	-	220,810	864,082	-	-	-	1,525,538
Other Revenue	-	-	-	54	-	-	-	-	-	54
Recreation Fees	-	-	19,700	-	-	470	-	-	-	20,170
TOTAL REVENUES	<u>440,847</u>	<u>-</u>	<u>19,968</u>	<u>82</u>	<u>220,810</u>	<u>864,552</u>	<u>554</u>	<u>-</u>	<u>-</u>	<u>1,546,813</u>
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	1,292	-	-	1,292
Public Works	441,500	238	-	-	-	-	-	-	-	441,738
Recreation and Leisure Services	-	-	-	-	-	585,053	-	-	-	585,053
Library Services	-	-	-	-	270,679	-	-	-	-	270,679
Total Current Expenditures	<u>441,500</u>	<u>238</u>	<u>-</u>	<u>-</u>	<u>270,679</u>	<u>585,053</u>	<u>1,292</u>	<u>-</u>	<u>-</u>	<u>1,298,762</u>
Capital Outlay:										
Public Works	-	-	51,714	-	-	-	-	-	-	51,714
Recreation and Leisure Services	-	-	-	-	-	575,165	-	-	-	575,165
Total Capital Outlay Expenditures	<u>-</u>	<u>-</u>	<u>51,714</u>	<u>-</u>	<u>-</u>	<u>575,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>626,879</u>
Debt Service:										
Principal Retirement	-	-	-	-	-	-	-	439,020	-	439,020
Interest	-	-	-	-	-	-	-	752,808	-	752,808
Total Debt Service Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,191,828</u>	<u>-</u>	<u>1,191,828</u>
TOTAL EXPENDITURES	<u>441,500</u>	<u>238</u>	<u>51,714</u>	<u>-</u>	<u>270,679</u>	<u>1,160,218</u>	<u>1,292</u>	<u>-</u>	<u>1,191,828</u>	<u>3,117,469</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(653)</u>	<u>(238)</u>	<u>(31,746)</u>	<u>82</u>	<u>(49,869)</u>	<u>(295,666)</u>	<u>(738)</u>	<u>-</u>	<u>(1,191,828)</u>	<u>(1,570,656)</u>
OTHER FINANCING SOURCES (USES)										
Issuance of Note	-	-	-	-	-	-	-	375,000	-	375,000
Interfund Transfer In	-	-	30,000	-	-	318,166	-	1,191,828	-	1,539,994
Interfund Transfer Out	-	-	-	-	-	-	-	(375,000)	-	(375,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>318,166</u>	<u>-</u>	<u>1,191,828</u>	<u>-</u>	<u>1,539,994</u>
NET CHANGE IN FUND BALANCES	<u>(653)</u>	<u>(238)</u>	<u>(1,746)</u>	<u>82</u>	<u>(49,869)</u>	<u>22,500</u>	<u>(738)</u>	<u>-</u>	<u>-</u>	<u>(30,662)</u>
FUND BALANCES - BEGINNING	<u>1,722</u>	<u>12,592</u>	<u>294,718</u>	<u>43,503</u>	<u>52,354</u>	<u>5,493</u>	<u>445,206</u>	<u>-</u>	<u>-</u>	<u>855,588</u>
FUND BALANCES - ENDING	<u>\$ 1,069</u>	<u>\$ 12,354</u>	<u>\$ 292,972</u>	<u>\$ 43,585</u>	<u>\$ 2,485</u>	<u>\$ 27,993</u>	<u>\$ 444,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 824,926</u>

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CAPITAL PROJECTS FUND - REGULAR

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

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest	\$ 20,000	\$ 11,383	\$ (8,617)
Other Revenue and Grants	4,500	210,880	206,380
TOTAL REVENUES	<u>24,500</u>	<u>222,263</u>	<u>197,763</u>
EXPENDITURES			
Current:			
General Government	102,000	42,376	59,624
Community Development	13,500	11,904	1,596
Public Safety	37,500	283,945	(246,445)
Public Works	437,000	462,290	(25,290)
Recreation and Leisure Services	25,000	23,227	1,773
Total Current Expenditures	<u>615,000</u>	<u>823,742</u>	<u>(208,742)</u>
Capital Outlay:			
General Government	102,200	29,059	73,141
Community Development	2,000	891	1,109
Public Safety	150,000	211,756	(61,756)
Public Works	358,000	376,990	(18,990)
Recreation and Leisure Services	-	1,099	(1,099)
Total Capital Outlay Expenditures	<u>612,200</u>	<u>619,795</u>	<u>(7,595)</u>
TOTAL EXPENDITURES	<u>1,227,200</u>	<u>1,443,537</u>	<u>(216,337)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,202,700)</u>	<u>(1,221,274)</u>	<u>(18,574)</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	602,901	2,927,901	2,325,000
Interfund Transfer Out	(30,000)	(30,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>572,901</u>	<u>2,897,901</u>	<u>2,325,000</u>
NET CHANGE IN FUND BALANCES	<u>\$ (629,799)</u>	<u>\$ 1,676,627</u>	<u>\$ 2,306,426</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STATE LIQUID FUELS FUND

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

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest	\$ 2,500	\$ 201	\$ (2,299)
State Grants	441,530	440,646	(884)
TOTAL REVENUES	<u>444,030</u>	<u>440,847</u>	<u>(3,183)</u>
EXPENDITURES			
Current:			
Public Works	443,000	441,500	1,500
Total Current Expenditures	443,000	441,500	1,500
TOTAL EXPENDITURES	<u>443,000</u>	<u>441,500</u>	<u>1,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,030</u>	<u>(653)</u>	<u>(1,683)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,030</u>	<u>\$ (653)</u>	<u>\$ (1,683)</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

STORM SEWER IMPROVEMENT FUND

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

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Licenses and Permits	\$ 5,000	\$ -	\$ (5,000)
Interest	2,000	-	(2,000)
TOTAL REVENUES	<u>7,000</u>	<u>-</u>	<u>(7,000)</u>
EXPENDITURES			
Current:			
Public Works	32,000	238	31,762
Total Current Expenditures	32,000	238	31,762
TOTAL EXPENDITURES	<u>32,000</u>	<u>238</u>	<u>31,762</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(25,000)</u>	<u>(238)</u>	<u>24,762</u>
NET CHANGE IN FUND BALANCES	<u>\$ (25,000)</u>	<u>\$ (238)</u>	<u>\$ 24,762</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

FIELD IMPROVEMENT FUND

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

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest	\$ 1,000	\$ 268	\$ (732)
Recreation Fees	20,000	19,700	(300)
TOTAL REVENUES	21,000	19,968	(1,032)
EXPENDITURES			
Capital Outlay:			
Public Works	300,000	51,714	248,286
Total Capital Outlay Expenditures	300,000	51,714	248,286
TOTAL EXPENDITURES	300,000	51,714	248,286
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(279,000)	(31,746)	247,254
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	30,000	30,000	-
TOTAL OTHER FINANCING SOURCES (USES)	30,000	30,000	-
NET CHANGE IN FUND BALANCES	\$ (249,000)	\$ (1,746)	\$ 247,254

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

REGIONAL ASSET DISTRICT LIBRARY FUND

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

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
State Grants	\$ 218,504	\$ 220,810	\$ 2,306
TOTAL REVENUES	<u>218,504</u>	<u>220,810</u>	<u>2,306</u>
EXPENDITURES			
Current:			
Library Services	271,184	270,679	505
Total Current Expenditures	<u>271,184</u>	<u>270,679</u>	<u>505</u>
Capital Outlay:			
Library Services	3,000	-	3,000
Total Capital Outlay Expenditures	<u>3,000</u>	<u>-</u>	<u>3,000</u>
TOTAL EXPENDITURES	<u>274,184</u>	<u>270,679</u>	<u>3,505</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(55,680)</u>	<u>(49,869)</u>	<u>5,811</u>
NET CHANGE IN FUND BALANCES	<u>\$ (55,680)</u>	<u>\$ (49,869)</u>	<u>\$ 5,811</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
REGIONAL ASSET DISTRICT BOYCE MAYVIEW FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
State Grants	\$ 635,000	\$ 864,082	\$ 229,082
Recreation Fees	2,500	470	(2,030)
TOTAL REVENUES	<u>637,500</u>	<u>864,552</u>	<u>227,052</u>
EXPENDITURES			
Current:			
Recreation and Leisure Services	722,066	585,053	137,013
Total Current Expenditures	<u>722,066</u>	<u>585,053</u>	<u>137,013</u>
Capital Outlay:			
Recreation and Leisure Services	500,000	575,165	(75,165)
Total Capital Outlay Expenditures	<u>500,000</u>	<u>575,165</u>	<u>(75,165)</u>
TOTAL EXPENDITURES	<u>1,222,066</u>	<u>1,160,218</u>	<u>61,848</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(584,566)</u>	<u>(295,666)</u>	<u>288,900</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	587,066	318,166	(268,900)
TOTAL OTHER FINANCING SOURCES (USES)	<u>587,066</u>	<u>318,166</u>	<u>(268,900)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 2,500</u>	<u>\$ 22,500</u>	<u>\$ 20,000</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

DEBT SERVICE FUND

GENERAL OBLIGATION BONDS OF 2006

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

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 10,000	\$ 10,000	\$ -
Interest	224,865	224,857	8
Total Debt Service Expenditures	234,865	234,857	8
TOTAL EXPENDITURES	234,865	234,857	8
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(234,865)	(234,857)	8
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	234,865	234,857	(8)
TOTAL OTHER FINANCING SOURCES (USES)	234,865	234,857	(8)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

DEBT SERVICE FUND

GENERAL OBLIGATION BONDS OF 2007

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

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 95,000	\$ 95,000	\$ -
Interest	251,831	251,823	8
Total Debt Service Expenditures	346,831	346,823	8
TOTAL EXPENDITURES	346,831	346,823	8
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(346,831)	(346,823)	8
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	346,831	346,823	(8)
TOTAL OTHER FINANCING SOURCES (USES)	346,831	346,823	(8)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

DEBT SERVICE FUND

GENERAL OBLIGATION BONDS OF 2008

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

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 79,020	\$ 79,020	\$ -
Interest	167,315	163,169	4,146
Total Debt Service Expenditures	246,335	242,189	4,146
TOTAL EXPENDITURES	246,335	242,189	4,146
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	(246,335)	(242,189)	4,146
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	246,335	242,189	(4,146)
TOTAL OTHER FINANCING SOURCES (USES)	246,335	242,189	(4,146)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

DEBT SERVICE FUND

GENERAL OBLIGATION BONDS OF 2009

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

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance
EXPENDITURES			
Debt Service:			
Principal Retirement	\$ 246,658	\$ 255,000	\$ (8,342)
Interest	113,204	112,959	245
Total Debt Service Expenditures	359,862	367,959	(8,097)
TOTAL EXPENDITURES	359,862	367,959	(8,097)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(359,862)	(367,959)	(8,097)
OTHER FINANCING SOURCES (USES)			
Interfund Transfer In	359,862	367,959	8,097
TOTAL OTHER FINANCING SOURCES (USES)	359,862	367,959	8,097
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SANITARY SEWER FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted		
	Amounts	Actual	Total
OPERATING REVENUES			
Charges for Services	\$ 4,538,114	\$ 4,600,781	\$ 62,667
Total Operating Revenues	<u>4,538,114</u>	<u>4,600,781</u>	<u>62,667</u>
OPERATING EXPENSES			
Sewage Treatment Charges	2,449,721	2,331,312	118,409
Personnel Services	264,891	217,149	47,742
Contractual Services	826,729	144,911	681,818
Materials and Supplies	39,100	15,860	23,240
Depreciation and Amortization	27,500	750,330	(722,830)
Total Operating Expenses	<u>3,607,941</u>	<u>3,459,562</u>	<u>148,379</u>
Operating Income (Loss)	<u>930,173</u>	<u>1,141,219</u>	<u>211,046</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	15,000	2,425	(12,575)
Interest Expense	(603,510)	(606,478)	(2,968)
Total Non-Operating Revenues (Expenses)	<u>(588,510)</u>	<u>(604,053)</u>	<u>(15,543)</u>
CHANGE IN NET ASSETS	<u>\$ 341,663</u>	<u>\$ 537,166</u>	<u>\$ 195,503</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
BOYCE MAYVIEW COMMUNITY & RECREATION CENTER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted		
	Amounts	Actual	Total
OPERATING REVENUES			
Charges for Services	\$ 1,937,444	\$ 2,343,866	\$ 406,422
Total Operating Revenues	<u>1,937,444</u>	<u>2,343,866</u>	<u>406,422</u>
OPERATING EXPENSES			
Personnel Services	1,755,648	1,490,212	265,436
Contractual Services	937,734	798,579	139,155
Materials and Supplies	161,800	138,226	23,574
Depreciation and Amortization	182,544	823,060	(640,516)
Total Operating Expenses	<u>3,037,726</u>	<u>3,250,077</u>	<u>(212,351)</u>
Operating Income (Loss)	<u>(1,100,282)</u>	<u>(906,211)</u>	<u>194,071</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	1,500	166	(1,334)
Interest Expense	(774,721)	(755,525)	19,196
Total Non-Operating Revenues (Expenses)	<u>(773,221)</u>	<u>(755,359)</u>	<u>17,862</u>
TRANSFERS			
Interfund Transfers In	2,240,889	1,683,141	(557,748)
Total Transfers	<u>2,240,889</u>	<u>1,683,141</u>	<u>(557,748)</u>
CHANGE IN NET ASSETS	<u>\$ 367,386</u>	<u>\$ 21,571</u>	<u>\$ (345,815)</u>

See the accompanying Independent Auditors' Report.

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
TOWNSHIP/SCHOOL DISTRICT MAGAZINE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted	Actual	Total
	<u>Amounts</u>	<u>Actual</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 201,200	\$ 181,257	\$ (19,943)
Total Operating Revenues	<u>201,200</u>	<u>181,257</u>	<u>(19,943)</u>
OPERATING EXPENSES			
Personnel Services	49,250	45,224	4,026
Contractual Services	133,000	124,140	8,860
Materials and Supplies	6,000	5,441	559
Depreciation and Amortization	293	292	1
Total Operating Expenses	<u>188,543</u>	<u>175,097</u>	<u>13,446</u>
Operating Income (Loss)	<u>12,657</u>	<u>6,160</u>	<u>(6,497)</u>
CHANGE IN NET ASSETS	<u>\$ 12,657</u>	<u>\$ 6,160</u>	<u>\$ (6,497)</u>

See the accompanying Independent Auditors' Report.

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

SCHEDULE OF CAPITAL ASSETS – BY SOURCE

DECEMBER 31, 2010

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$	2,386,736
Infrastructure		33,762,659
Buildings		12,551,974
Improvements other than Buildings		1,598,038
Equipment		6,755,639
Library Assets		982,925

TOTAL CAPITAL ASSETS

\$ 58,037,971

INVESTMENT IN CAPITAL ASSETS FROM:

Acquisitions prior to January 1, 1982 (1)	\$	21,590,708
General Fund		4,945,719
Environmental Education Center Fund		1,722
Storm Sewer Fund		61,381
Field Improvement Fund		51,714
Regional Asset District Library Fund		44,074
Library Endowment Fund		563,089
Regional Asset District Boyce Mayview Fund		2,183,590
Capital Projects Funds		28,595,974

TOTAL INVESTMENT IN CAPITAL ASSETS

\$ 58,037,971

(1) Detail of Assets by source prior to January 1, 1982 is not available

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
SCHEDULE OF CHANGES IN CAPITAL ASSETS – BY SOURCE
DECEMBER 31, 2010

	<u>Total</u>	<u>Land</u>	<u>Infrastructure</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Equipment</u>	<u>Library Assets</u>
CAPITAL ASSETS AT January 1, 2010	<u>\$56,855,056</u>	<u>\$ 2,268,667</u>	<u>\$33,278,422</u>	<u>\$12,551,974</u>	<u>\$ 1,463,134</u>	<u>\$ 6,309,934</u>	<u>\$ 982,925</u>
EXPENDITURES FROM:							
General Fund	3,577	-	-	-	-	3,577	-
Storm Sewer Fund	-	-	-	-	-	-	-
Field Improvement Fund	51,714	-	51,714	-	-	-	-
RAD Funds	575,166	-	420,550	-	134,904	19,712	-
Capital Projects Funds	616,217	118,069	11,973	-	-	486,175	-
Capital Asset Disposals and Transfers	<u>(63,759)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,759)</u>	<u>-</u>
CAPITAL ASSETS AT December 31, 2010	<u><u>\$58,037,971</u></u>	<u><u>\$ 2,386,736</u></u>	<u><u>\$33,762,659</u></u>	<u><u>\$12,551,974</u></u>	<u><u>\$ 1,598,038</u></u>	<u><u>\$ 6,755,639</u></u>	<u><u>\$ 982,925</u></u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
SCHEDULE OF CAPITAL ASSETS – BY FUNCTION AND ACTIVITY
DECEMBER 31, 2010

Function & Activity	Total	Land	Infrastructure	Buildings	Improvements Other than Buildings	Equipment Including Library Assets
General Government:						
Administration	\$ 5,245,086	\$ 433,630	\$ -	\$ 4,480,889	\$ -	\$ 330,567
Finance/Tax	79,086	-	-	-	-	79,086
Information Technology	382,464	-	-	-	-	382,464
Cable Television	250,966	-	-	-	-	250,966
Total General Government	<u>5,957,602</u>	<u>433,630</u>	<u>-</u>	<u>4,480,889</u>	<u>-</u>	<u>1,043,083</u>
Community Development	<u>582,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,173</u>
Public Safety:						
Police	1,088,681	-	-	118,925	-	969,756
VFD	4,589,221	579,106	-	4,005,294	-	4,821
Total Public Safety	<u>5,677,902</u>	<u>579,106</u>	<u>-</u>	<u>4,124,219</u>	<u>-</u>	<u>974,577</u>
Public Works:						
Office	373,221	-	-	68,849	68,983	235,389
Highways and Streets	33,762,659	-	33,762,659	-	-	-
Garage	6,471,579	19,920	-	2,667,428	97,088	3,687,143
Total Public Works	<u>40,607,459</u>	<u>19,920</u>	<u>33,762,659</u>	<u>2,736,277</u>	<u>166,071</u>	<u>3,922,532</u>
Recreation and Leisure Services	<u>4,223,277</u>	<u>1,354,080</u>	<u>-</u>	<u>1,210,589</u>	<u>1,431,967</u>	<u>226,641</u>
Library	<u>989,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>989,558</u>
TOTAL CAPITAL ASSETS	<u>\$ 58,037,971</u>	<u>\$ 2,386,736</u>	<u>\$ 33,762,659</u>	<u>\$ 12,551,974</u>	<u>\$ 1,598,038</u>	<u>\$ 7,738,564</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
SCHEDULE OF CHANGES IN CAPITAL ASSETS – BY FUNCTION AND ACTIVITY
DECEMBER 31, 2010

Function & Activity	Capital Assets January 1, 2010	Increases	Decreases	Capital Assets December 31, 2010
General Government:				
Administration	\$ 5,237,620	\$ 7,466	\$ -	\$ 5,245,086
Finance/Tax	79,086	-	-	79,086
Information Technology	369,708	12,756	-	382,464
Cable Television	242,129	8,837	-	250,966
Total General Government	5,928,543	29,059	-	5,957,602
Community Development	581,282	891	-	582,173
Public Safety:				
Police	1,060,913	91,527	(63,759)	1,088,681
VFD	4,468,992	120,229	-	4,589,221
Total Public Safety	5,529,905	211,756	(63,759)	5,677,902
Public Works:				
Office	368,986	4,235	-	373,221
Highways and Streets	33,278,422	484,237	-	33,762,659
Garage	6,110,798	360,781	-	6,471,579
Total Public Works	39,758,206	849,253	-	40,607,459
Recreation and Leisure Services	4,067,562	155,715	-	4,223,277
Library	989,558	-	-	989,558
TOTAL CAPITAL ASSETS	\$ 56,855,056	\$ 1,246,674	\$ (63,759)	\$ 58,037,971

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	108
These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.	
Revenue Capacity	115
These schedules contain information to help the reader assess the Township's most significant local revenue sources, the property tax, and the earned income tax.	
Debt Capacity	120
These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.	
Demographic and Economic Information	123
These schedules offer economic and demographic indicators to help the reader understand the environment within which the Township's financial activities take place.	
Operating Information	125
These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the Township provides and the activities it performs.	

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

NET ASSETS BY COMPONENT LAST EIGHT YEARS ACCRUAL BASIS OF ACCOUNTING

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<i>Governmental activities:</i>								
Invested in Capital Assets, Net of Related Debt	\$ 9,565,271	\$ 12,206,904	\$ 11,742,657	\$ 18,182,053	\$ 2,642,610	\$ 2,904,677	\$ 2,471,199	\$ 6,428,741
Restricted	75,132	103,072	172,370	-	-	-	-	-
Unrestricted	<u>7,188,704</u>	<u>3,233,407</u>	<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>\$ 16,829,107</u>	<u>\$ 15,543,383</u>	<u>\$ 19,166,274</u>	<u>\$ 26,574,451</u>	<u>\$ 10,276,364</u>	<u>\$ 9,279,340</u>	<u>\$ 6,812,193</u>	<u>\$ 6,678,044</u>
<i>Business-type activities:</i>								
Invested in Capital Assets, Net of Related Debt	\$ 5,421,613	\$ 3,074,988	\$ 4,160,016	\$ (2,724,318)	\$ (666,272)	\$ (611,219)	\$ 1,177,047	\$ 259,024
Restricted	239,946	1,730,385	-	-	-	-	-	-
Unrestricted	<u>1,921,179</u>	<u>2,212,468</u>	<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>\$ 7,582,738</u>	<u>\$ 7,017,841</u>	<u>\$ 4,850,584</u>	<u>\$ (1,094,029)</u>	<u>\$ 610,391</u>	<u>\$ 530,561</u>	<u>\$ 1,398,094</u>	<u>\$ 468,769</u>
<i>Primary government:</i>								
Invested in Capital Assets, Net of Related Debt	\$ 14,986,884	\$ 15,281,892	\$ 15,902,673	\$ 15,457,735	\$ 1,976,338	\$ 2,293,458	\$ 3,648,246	\$ 6,687,765
Restricted	315,078	1,833,457	172,370	-	-	-	-	-
Unrestricted	<u>9,109,883</u>	<u>5,445,875</u>	<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>\$ 24,411,845</u>	<u>\$ 22,561,224</u>	<u>\$ 24,016,858</u>	<u>\$ 25,480,422</u>	<u>\$ 10,886,755</u>	<u>\$ 9,809,901</u>	<u>\$ 8,210,287</u>	<u>\$ 7,146,813</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CHANGES IN NET ASSETS LAST EIGHT YEARS ACCRUAL BASIS OF ACCOUNTING

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Program Revenues:								
Governmental activities:								
Charges for services:								
General government	\$ 126,048	\$ 161,381	\$ 194,347	\$ 290,640	\$ 296,970	\$ 271,128	\$ 347,340	\$ 325,709
Public safety	79,793	76,505	109,602	111,682	114,112	121,436	57,497	64,893
Public works	314,249	205,498	165,740	156,261	202,279	149,747	86,482	115,384
Recreation and leisure services	367,361	341,999	458,502	392,835	379,872	410,671	408,371	381,839
Library services	39,844	30,696	28,479	28,857	30,870	28,266	29,574	23,375
Operating grants and contributions	2,079,564	1,998,880	2,215,927	1,702,052	1,448,014	1,044,725	1,188,858	1,078,750
Capital grants and contributions	-	-	-	-	132,707	562,053	598,318	84,494
Total governmental activities program revenues	<u>3,006,859</u>	<u>2,814,959</u>	<u>3,172,597</u>	<u>2,682,327</u>	<u>2,604,824</u>	<u>2,588,026</u>	<u>2,716,440</u>	<u>2,074,444</u>
Business-type activities:								
Charges for services:								
Sanitary sewer	4,600,781	4,190,374	3,255,368	3,263,687	3,194,703	4,089,105	3,192,858	2,557,765
Community & Recreation Center	2,343,866	773,514	-	-	-	-	-	-
Magazine	181,257	189,328	192,629	181,890	202,054	214,725	187,445	168,044
Total business-type activities program revenues	<u>7,125,904</u>	<u>5,153,216</u>	<u>3,447,997</u>	<u>3,445,577</u>	<u>3,396,757</u>	<u>4,303,830</u>	<u>3,380,303</u>	<u>2,725,809</u>
<i>Total primary government program revenues</i>	<u>\$ 10,132,763</u>	<u>\$ 7,968,175</u>	<u>\$ 6,620,594</u>	<u>\$ 6,127,904</u>	<u>\$ 6,001,581</u>	<u>\$ 6,891,856</u>	<u>\$ 6,096,743</u>	<u>\$ 4,800,253</u>

(Continued)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:								
Governmental activities:								
General government	\$ 1,598,431	\$ 1,792,619	\$ 1,896,089	\$ 1,886,328	\$ 1,833,720	\$ 1,640,270	\$ 1,549,094	\$ 1,514,980
Public safety	5,222,198	5,015,395	5,104,920	4,740,958	4,999,484	3,922,335	3,907,203	3,760,312
Public works	6,348,680	6,642,722	6,697,107	6,447,776	5,665,332	6,151,707	6,426,591	8,525,680
Community development	613,555	588,260	580,012	598,348	613,142	545,702	514,158	533,015
Recreation and leisure services	1,537,256	1,383,560	1,372,072	922,993	786,192	733,599	665,735	669,598
Library services	993,302	976,118	990,068	982,761	897,351	948,335	883,831	853,384
Interest on long-term debt	833,091	881,616	909,256	586,863	382,532	517,891	672,132	314,290
Total governmental activities expenses	17,146,513	17,280,290	17,549,524	16,166,027	15,177,753	14,459,839	14,618,744	16,171,259
Business-type activities:								
Sanitary sewer	4,066,040	4,061,501	4,282,366	5,420,245	3,199,555	3,312,632	2,281,722	2,573,801
Community & Recreation Center	4,005,602	3,141,178	424,485	-	-	-	-	-
Magazine	175,097	166,995	165,179	184,549	185,752	186,645	178,264	196,481
Total business-type activities expenses	8,246,739	7,369,674	4,872,030	5,604,794	3,385,307	3,499,277	2,459,986	2,770,282
Total primary government expenses	\$ 25,393,252	\$ 24,649,964	\$ 22,421,554	\$ 21,770,821	\$ 18,563,060	\$ 17,959,116	\$ 17,078,730	\$ 18,941,541
Net (Expense)/Revenue:								
Governmental activities	\$ (14,139,654)	\$ (14,465,331)	\$ (14,376,927)	\$ (13,483,700)	\$ (12,572,929)	\$ (11,871,813)	\$ (11,902,304)	\$ (14,096,815)
Business-type activities	(1,120,835)	(2,216,458)	(1,424,033)	(2,159,217)	11,450	804,553	920,317	(44,473)
Total primary government net (expense) revenue	\$ (15,260,489)	\$ (16,681,789)	\$ (15,800,960)	\$ (15,642,917)	\$ (12,561,479)	\$ (11,067,260)	\$ (10,981,987)	\$ (14,141,288)

(Continued)

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Revenues and Other Changes in Net Assets:								
Governmental activities:								
Taxes:								
Property taxes, levied for general purposes	\$ 7,601,395	\$ 5,623,627	\$ 4,265,916	\$ 4,447,434	\$ 4,184,809	\$ 4,158,122	\$ 4,237,635	\$ 4,121,330
Earned income taxes, levied for general purposes	7,110,203	7,605,811	7,276,599	7,383,217	6,983,270	6,115,625	5,966,769	5,953,585
Local Services Tax	239,909	224,964	220,686	335,590	330,513	328,868	-	-
Other taxes	1,164,095	1,131,795	1,206,701	1,275,530	1,401,236	1,323,898	1,229,013	1,282,343
Franchise fees	399,122	303,737	297,199	260,552	253,936	238,873	281,014	151,623
Unrestricted investment earnings	19,887	87,856	781,040	533,716	338,685	382,375	219,692	146,941
Miscellaneous	573,908	244,083	235,323	266,765	77,504	89,842	102,330	73,897
Transfers	(1,683,141)	(4,379,433)	(7,314,714)	(400,000)	-	1,701,357	-	-
Total governmental activities general revenues	15,425,378	10,842,440	6,968,750	14,102,804	13,569,953	14,338,960	12,036,453	11,729,719
Business-type activities:								
Unrestricted investment earnings	2,591	4,282	27,264	54,797	68,380	29,271	9,008	9,033
Transfers	1,683,141	4,379,433	7,314,714	400,000	-	(1,701,357)	-	-
Total business-type activities general revenues	1,685,732	4,383,715	7,341,978	454,797	68,380	(1,672,086)	9,008	9,033
<i>Total primary government general revenues</i>	<u>\$ 17,111,110</u>	<u>\$ 15,226,155</u>	<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>
Change in Net Assets:								
Governmental activities	\$ 1,285,724	\$ (3,622,891)	\$ (7,408,177)	\$ 619,104	\$ 997,024	\$ 2,467,147	\$ 134,149	\$ (2,367,096)
Business-type activities	564,897	2,167,257	5,917,945	(1,704,420)	79,830	(867,533)	929,325	(35,440)
<i>Total primary government change in net assets</i>	<u>\$ 1,850,621</u>	<u>\$ (1,455,634)</u>	<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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Fund:										
Reserved	\$ 244,366	\$ 213,834	\$ 188,689	\$ 165,816	\$ 147,241	\$ 175,433	\$ 173,001	\$ 175,827	\$ 147,340	\$ 123,332
Unreserved, undesignated	3,057,259	3,037,296	3,038,388	3,053,951	2,915,652	2,885,847	2,867,809	2,911,812	2,856,884	2,874,915
<i>Total general fund</i>	<u>3,301,625</u>	<u>3,251,130</u>	<u>3,227,077</u>	<u>3,219,767</u>	<u>3,062,893</u>	<u>3,061,280</u>	<u>3,040,810</u>	<u>3,087,639</u>	<u>3,004,224</u>	<u>2,998,247</u>
All Other Governmental Funds:										
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	14,995,036	-	-
Reserved, reported in debt service funds	-	-	-	-	-	1,060	1,680	2,280	29,585	28,160
Reserved, reported in special revenue funds	22,500	-	-	-	-	-	-	18,563	18,563	38,563
Unreserved, reported in capital projects funds	2,663,086	986,459	1,760,516	2,587,788	2,627,520	2,826,776	2,146,481	1,524,803	1,826,858	995,565
Unreserved, reported in special revenue funds	802,426	855,588	909,569	836,403	730,782	636,505	563,248	581,827	579,329	534,666
<i>Total all other governmental funds</i>	<u>3,488,012</u>	<u>1,842,047</u>	<u>6,828,735</u>	<u>6,953,954</u>	<u>3,464,065</u>	<u>5,130,770</u>	<u>6,998,748</u>	<u>17,122,509</u>	<u>2,454,335</u>	<u>1,596,954</u>
<i>Total governmental funds</i>	<u>\$ 6,789,637</u>	<u>\$ 5,093,177</u>	<u>\$ 10,055,812</u>	<u>\$ 10,173,721</u>	<u>\$ 6,526,958</u>	<u>\$ 8,192,050</u>	<u>\$ 10,039,558</u>	<u>\$ 20,210,148</u>	<u>\$ 5,458,559</u>	<u>\$ 4,595,201</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

LAST TEN YEARS

MODIFIED ACCRUAL BASIS OF ACCOUNTING

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Real estate taxes	\$ 7,594,974	\$ 5,591,417	\$ 4,320,622	\$ 4,224,466	\$ 4,166,460	\$ 4,175,518	\$ 4,313,925	\$ 4,203,433	\$ 3,890,142	\$ 3,630,073
Earned income taxes	7,088,403	7,592,892	7,436,388	7,209,380	6,742,917	6,112,019	5,885,288	5,253,585	5,114,898	5,085,053
Other taxes	1,404,005	1,356,759	1,427,387	1,611,120	1,731,749	1,652,766	1,229,013	1,282,343	1,129,434	1,615,490
Licenses and permits	115,129	154,182	132,857	127,409	162,145	146,256	129,943	110,377	120,332	138,822
Fees and fines	486,795	379,878	387,968	362,784	377,155	341,706	376,333	254,596	311,211	321,661
Rents	80,175	75,096	69,622	67,161	65,675	63,669	62,712	61,264	60,447	66,685
Interest	19,888	87,856	781,040	533,716	338,685	382,375	219,692	146,941	75,156	154,230
Service agreements	310,875	208,924	168,750	256,998	272,172	240,779	207,704	232,096	209,250	231,113
Other revenue and grants	2,619,552	2,189,044	2,487,420	2,002,506	1,679,245	1,713,660	1,914,721	1,259,792	2,888,172	1,102,025
Recreation fees	367,361	341,999	458,502	392,786	379,872	410,671	408,371	381,839	386,607	341,600
<i>Total revenues</i>	<u>20,087,157</u>	<u>17,978,047</u>	<u>17,670,556</u>	<u>16,788,326</u>	<u>15,916,075</u>	<u>15,239,419</u>	<u>14,747,702</u>	<u>13,186,266</u>	<u>14,185,649</u>	<u>12,686,752</u>
Expenditures:										
Current:										
General government	1,416,202	1,419,103	1,595,607	1,572,381	1,460,074	1,328,707	1,286,119	1,290,149	1,362,321	1,251,300
Community development	601,632	590,803	538,405	552,230	534,397	519,909	489,295	508,759	458,742	444,257
Public safety	4,852,329	4,613,928	4,542,883	4,484,316	4,216,300	4,344,531	3,738,816	3,626,602	3,512,079	3,276,101
Public works	5,763,983	5,627,138	5,953,407	5,483,089	5,167,095	5,229,011	5,125,512	5,057,175	4,744,806	4,357,285
Recreation and leisure services	1,036,398	1,152,387	1,502,056	1,138,985	906,255	624,700	559,886	531,843	514,372	485,202
Library services	973,510	942,506	978,409	955,070	930,939	920,100	853,078	838,788	775,828	800,326
Debt service:										
Principal retirement	439,020	434,189	335,000	345,000	1,153,000	1,106,000	770,000	739,000	717,000	687,000
Bond issuance costs	-	101,764	296,126	90,045	156,343	-	-	-	-	-
Interest	752,808	866,680	830,969	570,194	389,051	515,591	757,602	125,210	152,855	178,971
Capital outlay	1,246,674	2,890,842	5,340,963	3,593,380	2,870,745	4,593,635	3,862,984	4,226,109	1,102,289	1,420,717
<i>Total expenditures</i>	<u>17,082,556</u>	<u>18,639,340</u>	<u>21,913,825</u>	<u>18,784,690</u>	<u>17,784,199</u>	<u>19,182,184</u>	<u>17,443,292</u>	<u>16,943,635</u>	<u>13,340,292</u>	<u>12,901,159</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>3,004,601</u>	<u>(661,293)</u>	<u>(4,243,269)</u>	<u>(1,996,364)</u>	<u>(1,868,124)</u>	<u>(3,942,765)</u>	<u>(2,695,590)</u>	<u>(3,757,369)</u>	<u>845,357</u>	<u>(214,407)</u>
Other Financing Sources (Uses):										
Transfers in	4,467,895	7,978,980	2,080,274	2,491,060	3,056,250	4,652,328	2,907,002	2,281,905	1,867,830	2,547,866
Transfers out	(6,151,036)	(12,358,413)	(2,580,274)	(2,891,060)	(3,056,250)	(2,950,971)	(10,382,002)	(2,281,905)	(1,849,830)	(2,547,866)
Debt proceeds	375,000	4,770,577	4,770,710	9,995,000	5,315,000	393,900	-	18,705,000	-	-
Bond issuance discount	-	(102,484)	(145,350)	(151,873)	-	-	-	(196,042)	-	-
Reclassification of bonds as enterprise fund liability	-	-	-	(3,800,000)	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(4,590,000)	-	-	(5,111,968)	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,308,141)</u>	<u>(4,301,340)</u>	<u>4,125,360</u>	<u>5,643,127</u>	<u>203,032</u>	<u>2,095,257</u>	<u>(7,475,000)</u>	<u>18,508,958</u>	<u>18,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1,696,460</u>	<u>\$ (4,962,633)</u>	<u>\$ (117,909)</u>	<u>\$ 3,646,763</u>	<u>\$ (1,665,092)</u>	<u>\$ (1,847,508)</u>	<u>\$ (10,170,590)</u>	<u>\$ 14,751,589</u>	<u>\$ 863,357</u>	<u>\$ (214,407)</u>
Debt service as a percentage of non-capital expenditures	8.1%	9.1%	7.7%	6.5%	11.7%	12.5%	12.7%	7.3%	7.7%	8.2%
Debt service as a percentage of total expenditures	7.0%	7.0%	5.3%	4.9%	8.7%	8.5%	8.8%	5.1%	6.5%	6.7%

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

PROGRAM REVENUES BY FUNCTION/PROGRAM LAST EIGHT YEARS ACCRUAL BASIS OF ACCOUNTING

Function/Program:	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:								
General government	\$ 309,682	\$ 307,068	\$ 333,335	\$ 423,901	\$ 431,550	\$ 392,652	\$ 479,935	\$ 457,389
Public safety	269,540	258,949	352,813	321,966	308,961	473,680	275,738	240,416
Public works	846,497	745,842	795,333	680,683	816,863	990,732	1,251,777	639,416
Recreation and leisure services	1,246,443	1,130,521	1,313,824	895,328	660,362	410,671	408,371	381,839
Library services	334,697	372,579	377,292	360,449	387,088	320,291	300,619	355,384
Total governmental activities	<u>3,006,859</u>	<u>2,814,959</u>	<u>3,172,597</u>	<u>2,682,327</u>	<u>2,604,824</u>	<u>2,588,026</u>	<u>2,716,440</u>	<u>2,074,444</u>
Business-type activities:								
Sanitary sewer	4,600,781	4,190,374	3,255,368	3,263,687	3,194,703	4,089,105	3,192,858	2,557,765
Community & Recreation Center	2,343,866	773,514	-	-	-	-	-	-
Magazine	181,257	189,328	192,629	181,890	202,054	214,725	187,445	168,044
Total business-type activities	<u>7,125,904</u>	<u>5,153,216</u>	<u>3,447,997</u>	<u>3,445,577</u>	<u>3,396,757</u>	<u>4,303,830</u>	<u>3,380,303</u>	<u>2,725,809</u>
<i>Total primary government</i>	<u>\$ 10,132,763</u>	<u>\$ 7,968,175</u>	<u>\$ 6,620,594</u>	<u>\$ 6,127,904</u>	<u>\$ 6,001,581</u>	<u>\$ 6,891,856</u>	<u>\$ 6,096,743</u>	<u>\$ 4,800,253</u>

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

Tax Year	Direct Tax Rate			Overlapping Tax Rate*	
	Upper St. Clair Township	Upper St. Clair School District	Total Direct Tax Rate	Allegheny County	Direct & Overlapping Rate Total
2010	4.60	23.77	28.37	4.69	33.06
2009	3.40	23.37	26.77	4.69	31.46
2008	2.60	22.45	25.05	4.69	29.74
2007	2.60	22.45	25.05	4.69	29.74
2006	2.60	22.45	25.05	4.69	29.74
2005	2.60	22.45	25.05	4.69	29.74
2004	2.60	21.78	24.38	4.69	29.07
2003	2.60	20.26	22.86	4.69	27.55
2002	2.44	18.69	21.13	4.69	25.82
2001	2.69	21.11	23.80	4.72	28.52

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

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

Year	Taxable Real Property (1)	Estimated Actual Values of Real Property (2)	Ratio of Total Assessed to Estimated Actual Value	Township Municipal Millage Rate
2010	\$1,676,420,504	\$1,676,420,504	100%	4.60
2009	1,669,202,220	1,669,202,220	100%	3.40
2008	1,660,118,320	1,660,118,320	100%	2.60
2007	1,660,339,290	1,660,339,290	100%	2.60
2006	1,656,966,390	1,656,966,390	100%	2.60
2005	1,630,554,590	1,630,554,590	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

(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

12/31/2010 AND 12/31/2001

<u>Taxpayer</u>	December 31, 2010			December 31, 2001		
	Estimated Actual Values of Real Property	Rank	Percentage of Total Assessed Valuation	Estimated Actual Values of Real Property	Rank	Percentage of Total Assessed Valuation
South Hills Village Associates	\$ 74,304,200	1	4.43%	\$ 65,698,400	1	4.65%
Friendship Village of South Hills	29,705,500	2	1.77%	29,178,300	2	2.07%
BDS South Hills Village Portfolio LP	14,800,000	3	0.88%	-	-	0.00%
1800 Washington Road Associates LP	13,700,000	4	0.82%	-	-	0.00%
Summerfield Commons Associates	6,886,700	5	0.41%	6,899,200	5	0.49%
McMurray Road Family Limited PTR	6,065,900	6	0.36%	3,522,100	9	0.25%
Upper St. Clair Senior Living	6,000,000	7	0.36%	-	-	0.00%
St. Clair Country Club	5,850,600	8	0.35%	6,287,900	6	0.45%
Southwood Psychiatric Hospital	2,900,000	9	0.17%	4,310,300	7	0.31%
Painters Plaza Associates	2,841,000	10	0.17%	4,052,500	8	0.29%
Consolidated Coal Company	-	-	0.00%	15,814,000	3	1.12%
May Center Associates Corp.	-	-	0.00%	15,755,300	4	1.12%
General Electric Capital Corporation	-	-	0.00%	2,761,000	10	0.20%
	\$ 163,053,900		9.72%	\$ 154,279,000		10.95%
Total Taxable Assessed Valuation	\$ 1,676,420,504			\$ 1,411,612,925		

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 to Date	
		Amount	Percent of Total Levy	Collections in Subsequent Years	Amount	Percent of Levy
2010	\$ 7,544,334	\$ 7,388,693	97.94%	\$ -	\$ 7,388,693	97.94%
2009	5,550,845	5,431,400	97.85%	81,459	5,512,859	99.32%
2008	4,312,320	4,222,146	97.91%	82,454	4,304,600	99.82%
2007	4,303,582	4,199,948	97.59%	82,227	4,282,175	99.50%
2006	4,310,565	4,195,950	97.34%	81,126	4,277,076	99.22%
2005	4,267,221	4,091,073	95.87%	85,277	4,176,350	97.87%
2004	4,226,861	4,108,258	97.19%	84,255	4,192,513	99.19%
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%

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
MUNICIPAL EARNED INCOME TAX, REVENUE BASE AND COLLECTIONS
LAST TEN YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING

Fiscal Year	Tax Rate	Total Earned Income Tax Collected	Refunds	Net Earned Income Tax Collected
2010	0.80%	\$7,308,401	(\$219,998)	\$7,088,403
2009	0.80%	7,807,082	(214,190)	7,592,892
2008	0.80%	7,720,153	(283,765)	7,436,388
2007	0.80%	7,381,905	(172,525)	7,209,380
2006	0.75%	6,868,039	(125,122)	6,742,917
2005	0.75%	6,246,561	(134,542)	6,112,019
2004	0.75%	5,995,393	(110,105)	5,885,288
2003	0.75%	5,350,100	(96,515)	5,253,585
2002	0.70%	5,187,834	(72,936)	5,114,898
2001	0.70%	5,170,543	(85,490)	5,085,053

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN YEARS

Year	General Obligation Bonds		General Obligation Notes	Total Primary Government	Less: Debt Service Funds	Net Bonded Debt	% of Assessed Valuation	% of Earned Income (1)	Debt per Capita (1)
	Governmental Activities	Business-type Activities	Governmental Activities						
2010	\$ 19,846,503	\$ 36,969,687	\$ 664,071	\$ 57,480,261	\$ -	\$ 57,480,261	3.43%	6.49%	\$ 3,055
2009	20,247,500	37,585,479	311,838	58,144,817	-	58,144,817	3.48%	6.13%	3,085
2008	20,616,102	38,199,034	333,675	59,148,811	-	59,148,811	3.56%	6.36%	3,138
2007	16,304,140	10,827,222	354,584	27,485,946	-	27,485,946	1.66%	3.05%	1,451
2006	10,589,257	7,175,000	374,661	18,138,918	-	18,138,918	1.09%	2.02%	951
2005	11,539,225	7,325,000	393,900	19,258,125	1,060	19,257,065	1.18%	2.36%	1,000
2004	12,636,196	7,475,000	-	20,111,196	1,680	20,109,516	1.25%	2.56%	1,033
2003	20,872,167	-	-	20,872,167	2,280	20,869,887	1.30%	2.98%	1,063
2002	3,168,000	-	-	3,168,000	29,585	3,138,415	0.19%	0.43%	159
2001	3,885,000	-	-	3,885,000	28,160	3,856,840	0.27%	0.53%	194

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

(1) See the Schedule of Demographic and Economic Statistics on page 125 for earned income and population data

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

<u>Year</u>	<u>Three year average revenue (borrowing base) (1)</u>	<u>Legal debt limit (2)</u>	<u>Debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Legal debt margin %</u>
2010	\$23,820,959	\$59,552,398	\$41,844,835	\$17,707,563	29.73%
2009	21,494,573	53,736,432	42,317,112	11,419,320	21.25%
2008	20,221,763	50,554,408	43,119,067	7,435,341	14.71%
2007	19,696,661	49,241,653	16,658,724	32,582,929	66.17%
2006	18,994,695	47,486,738	11,279,661	36,207,077	76.25%
2005	17,861,110	44,652,774	12,176,900	32,475,874	72.73%
2004	16,445,440	41,113,601	12,889,000	28,224,601	68.65%
2003	15,399,243	38,498,108	13,659,000	24,839,108	64.52%
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%

(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, 2010

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Township of Upper St. Clair</u>	<u>Amount Applicable to Township of Upper St. Clair</u>
Direct			
Township of Upper St. Clair (1)	\$ 20,510,574	100.00%	\$ 20,510,574
<i>Total Direct Debt</i>	<u>20,510,574</u>		<u>20,510,574</u>
Overlapping			
Upper St. Clair School District	123,795,615	100.00%	123,795,615
County of Allegheny (2)	<u>633,339,587</u>	2.90%	<u>18,366,848</u>
<i>Total Overlapping Debt</i>	<u>757,135,202</u>		<u>142,162,463</u>
Total Debt	<u>\$ 777,645,776</u>		<u>\$ 162,673,037</u>

(1) The local Governmental Unit Debt Act (Act 52 of 1978), reenacted and amending Act 185 of 1972 prescribes debt limits, net revenues, and the calculation of the borrowing base for all local units in Pennsylvania. The "Debt Act" is administered by the Pennsylvania Department of Economic Development. The calculation of direct net outstanding debt has excluded \$36,969,687 of debt related to business type activities of the Township.

(2) Proportion share of Allegheny County's existing debt as of December 31, 2010 based on the ratio of Upper St. Clair Township's assessed valuation to Allegheny County's 2010 assessed valuation. (Source: 12/31/10 Allegheny County CAFR - Table XI)

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

Year	Population (1)	Total Earned Income (2)	Per Capita Earned Income (3)	Unemployment Rate (4)
2010	18,815 (a)	\$ 886,050,375	\$ 47,093 (a)	8.1%
2009	18,849 (b)	949,111,500	50,353 (b)	7.2%
2008	18,849 (b)	929,548,500	49,316 (b)	5.3%
2007	18,941 (b)	901,172,500	47,578 (b)	4.1%
2006	19,075 (b)	899,055,600	47,133 (b)	3.7%
2005	19,248 (b)	814,935,867	42,339 (b)	4.3%
2004	19,467 (b)	784,705,067	40,310 (b)	4.6%
2003	19,633 (b)	700,478,000	35,679 (b)	4.8%
2002	19,800 (b)	730,699,714	36,904 (b)	5.1%
2001	19,908 (b)	726,436,143	36,490 (b)	4.5%

(1) Source: U. S. Census Bureau

(a) 2005-2009 American Community Survey (b) Population estimates 2001-2009

(2) Source: Upper St. Clair Township Tax Office

(3) Computation of total earned income divided by population

(4) Source: U.S. Bureau of Labor Statistics for Allegheny County

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer:</u>	2010			2001		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
USC School District	608	1	13.28 %	720	1	10.47 %
Home Loan Services, Inc.	216	2	4.72	-	-	-
Friendship Village	198	3	4.32	262	6	3.81
USC Township	153	4	3.34	187	8	2.72
Sears Roebuck & Co.	135	5	2.95	311	4	4.52
Southwood Psychiatric Hospital	123	6	2.69	284	5	4.13
Port Authority of Allegheny County	127	7	2.77	104	10	1.51
AE Corporate Services, Co. (American Eagle)	112	8	2.45	-	-	-
I Mortgage Services	104	9	2.27	-	-	-
St. Clair Country Club	87	10	1.90	216	7	3.14
Kaufmann's	-	-	-	502	2	7.30
Consol Energy	-	-	-	387	3	5.63
OS Restaurant Service Inc.	-	-	-	158	9	2.30
Total	1,863		40.69 %	3,131		45.53 %
Total Fulltime Employees	4,580			6,875		

Source: Upper St. Clair Local Services Tax records

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES BY FUNCTION/PROGRAM
2010-2006

Function/Program:	2010	2009	2008	2007	2006
General government:					
Administration	7.5	7	7	6	6
Finance/Tax	3	3	3	4	4
Information technology	3	4	4	4	4
Community development:					
Administration	3	4.5	4.5	4.5	4.5
Inspection	2.5	2.5	2.5	2.5	2.5
Public safety:					
Uniformed Police Officers	27	28	28	28	28
Other Department Personnel	6	7	7	7	7
Public works:					
Administration	4	5	5	5	5
Inspection	4	4	4	4	4
Labor Force	24	24	24	24	24
Recreation and leisure service:					
Administration	4	4	4	4	4
Recreation Center Staff	14	14	1	0	0
Library services:					
Administration	4	4	4	4	4
Librarians & Assistants	17	17	18	18	18
Total	123	128	116	115	115

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

Source: Township payroll and personnel records

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA

OPERATING INDICATORS BY FUNCTION/PROGRAM 2010-2006

<u>Function/program:</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Community Development:</u>					
Building permits issued	267	281	209	284	300
Occupancy permits issued	65	54	45	76	168
Number of Electrical Permits issued	216	238	265	257	281
Number of Sewer Permits issued	12	14	10	4	18
<u>Public Works:</u>					
Roads resurfaced (Linear miles)	2.76	3.32	3.47	3.66	4.39
Sanitary Sewers Rehabilitated (Linear miles)	1.84	5.91	5.41	4.17	2.46
Snow storm call-outs	38	32	31	32	37
Storm Sewer Inlets and Manholes rebuilt	194	52	113	97	60
Miles of Roadway swept annually	1,786	500	N/A	N/A	N/A
Square feet (sf)/Linear Feet (lf) of sidewalks built	3,273 (lf)	2,800 (sf)	N/A	N/A	N/A
Requests for Service	4,991	5,104	5,572	4,596	4,004
<u>Recreation:</u>					
Number of seasonal programs	14	14	14	14	14
Total number of seasonal program attendees	3,028	3,298	4,260	4,275	4,275
Community & Recreation Center memberships	2,527	1,760	N/A	N/A	N/A
Community & Recreation Center individuals served	8,170	5,956	N/A	N/A	N/A
<u>Police:</u>					
Calls for service	11,117	11,617	11,469	12,216	13,785
Total arrests	150	157	146	74	65
Part I offenses reported (major offenses)	106	119	134	96	120
Part I offenses cleared percentage	42%	29%	25%	32%	28%
Part II offenses reported (other crimes)	191	165	182	223	208
Part II offenses cleared percentage	73%	66%	73%	73%	65%
DUI arrests	20	16	23	24	23
Average response time	2.8	2.8	2.9	2.9	2.8
<u>Fire:</u>					
Total number of responses	N/A	266	257	275	271
Estimated Fire Losses	N/A	\$373,000	\$147,000	\$92,300	\$122,100
Average response time	N/A	5.4	6.1	2.8	2.8
<u>Library:</u>					
Circulation	342,891	332,695	342,891	332,695	191,057
Catalogued Items	101,052	101,472	101,052	101,001	98,971
Circulation per capita	17.10	16.59	N/A	N/A	N/A
Items per capita	5.04	5.06	N/A	N/A	N/A
Visits per capita	7.77	8.56	N/A	N/A	N/A

Sources: Upper St. Clair Township

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

TOWNSHIP OF UPPER ST. CLAIR, PENNSYLVANIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
2010-2006

<u>Function/program:</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>General Government:</u>					
Square Footage Occupied*	5,000	5,000	5,000	5,000	5,000
Staff Vehicles	3	2	2	2	2
<u>Community development:</u>					
Square Footage Occupied*	2,500	2,500	2,500	2,500	2,500
Inspection Vehicles	2	3	3	3	3
<u>Public Works:</u>					
Municipal Street (lane miles)	110	110	110	110	110
Number of Traffic Lighted Intersections	9	9	9	9	9
Sanitary Sewers (miles)	66	66	66	66	66
Storm Sewers (miles)	50	50	50	50	50
Staff Vehicles	3	4	4	4	4
Inspection Vehicles	3	3	3	3	3
Vehicles	26	25	25	25	25
Public Works Buildings Square Footage	36,500	36,500	36,500	36,500	36,500
<u>Recreation:</u>					
Staff Vehicles	1	1	1	1	1
Number of Parks	11	11	11	11	11
Acreage of Park Land & Open Space	733	733	733	733	613
Recreation Centers	2	2	1	1	1
Recreation Center Square Footage	96,500	96,500	6,500	6,500	6,500
Basketball Courts	12	12	10	10	10
Tennis Courts	10	10	10	10	10
Ball Fields	12	12	12	8	8
<u>Public Safety:</u>					
Square Footage Occupied*	4,500	4,500	4,500	4,500	4,500
Police Vehicles	20	20	20	20	20
<u>Library:</u>					
Square Footage Occupied*	10,000	10,000	10,000	10,000	10,000

*Square Footage Occupied within the Township Municipal Building

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).