

Township of Cranberry

Financial Statements and Required Supplementary and Supplementary Information

Year Ended December 31, 2010
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2010

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TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2010

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Independent Auditor's Report

Board of Supervisors
Township of Cranberry

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Cranberry (Township), Pennsylvania, as of and for the year ended December 31, 2010, which collectively comprise the Township's 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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, the discretely presented component unit, 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, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and pension information on pages i through xii, page 45, and pages 46 through 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's financial statements as a whole. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining financial statements are the responsibility of management and were derived from and relate directly to the

underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
August 19, 2011

Management's Discussion and Analysis

As management of the Township of Cranberry (Township), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2010.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$68,718,850.
- The Township's net assets decreased by \$402,611.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$19,559,719.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$7,171,710.

Overview of Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide the readers with a broad overview of the Township's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user

fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, highways, roads, and streets, culture and recreation, community development, and interest on long-term debt. The business-type activities of the Township include water, sewer, golf course, solid waste, and swimming pool operations.

The government-wide financial statements include not only the Township itself (known as the primary government), but also a legally separate public library. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Transportation Improvement Program East Fund, as these funds are considered to be major funds. Data from the other eleven funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report, and are described in more detail in Note 1 to the financial statements.

The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

Proprietary funds. The Township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its water, sewer, golf course, solid waste, and swimming pool operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, sewer, golf course, and solid waste operations, all four of which are considered to be major funds of the Township. The Swimming Pool Fund is considered a non-major fund.

The basic proprietary fund financial statements can be found on pages 7 through 9 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 10 and 11 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 financial statements can be found on pages 12 through 44 of this report.

Other Information. In addition to the basic financial statements and 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 police officers (presented in the accompanying notes) and budgetary comparison schedules for the General Fund and each major Special Revenue Fund. Required supplementary information can be found on pages 45 through 48 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 49 through 54 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$68,718,850 at the close of the most recent fiscal year. Of this amount, \$37,305,930 (or 54%) is accounted for by capital assets (e.g., land, buildings, and equipment), which includes some infrastructure and construction in progress, less any related debt used to acquire those assets that is still outstanding.

The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Township of Cranberry's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009 (as restated)	2010	2009 (as restated)	2010	2009 (as restated)	2010
Current and other assets	22,488,599	22,855,181	11,978,662	11,727,663	34,467,261	34,582,844
Capital assets	42,994,074	42,919,146	43,982,398	42,235,186	86,976,472	85,154,332
Total assets	65,482,673	65,774,327	55,961,060	53,962,849	121,443,733	119,737,176
Current and other liabilities	1,099,580	1,762,039	1,417,904	1,232,708	2,517,484	2,994,747
Long term liabilities	20,201,056	19,554,519	29,603,932	28,469,060	49,804,988	48,023,579
Total liabilities	21,300,636	21,316,558	31,021,836	29,701,768	52,322,472	51,018,326
Net Assets:						
Invested in capital assets, net of related debt	23,062,138	23,452,319	14,527,555	13,853,611	37,589,693	37,305,930
Restricted	10,294,737	10,862,576	450,259	450,259	10,774,996	11,312,835
Unrestricted	10,285,362	10,142,874	9,961,110	9,957,211	20,246,472	20,100,085
Total net assets	44,182,237	44,457,769	24,938,924	24,261,081	69,121,461	68,718,850

2009 amounts in the above chart reflect the impact of the restatements to beginning balances discussed in more detail in Note 1 to the financial statements.

A portion of the Township's net assets (approximately 16 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$20,100,085) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, for the Township as a whole as well as for its separate governmental and business-type activities.

Governmental Activities. Governmental activities increased the Township's net assets by \$275,532. Business-type activities decreased the Township's net assets by \$678,143, primarily due to depreciation and interest expenses. Key elements of these increases/decreases are as follows:

Township of Cranberry's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenues and Transfers						
Program revenues:						
Charges for services	2,583,723	2,574,328	12,339,165	14,915,910	14,922,888	17,490,238
Operating grants	1,336,818	1,133,396	0	0	1,336,818	1,133,396
Capital grants	2,128,183	2,520,448	222,166	228,307	2,350,349	2,748,755
General revenues:						
Property taxes	3,605,830	3,788,422	0	0	3,605,830	3,788,422
Earned income taxes	4,760,424	4,850,232	0	0	4,760,424	4,850,232
Other taxes	4,708,585	3,643,381	0	0	4,708,585	3,643,381
Interest and rents	294,686	275,490	276,374	37,036	571,060	312,526
Other	122,653	134,334	78,335	1,069	200,988	135,403
Transfers	-150,000	-422,853	150,000	422,853	0	0
Total revenues and transfers	19,399,902	18,497,178	13,066,040	15,605,175	32,465,942	34,102,353

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Expenses:						
General government	3,562,308	4,115,126	0	0	3,562,308	4,115,126
Public safety	5,656,879	5,097,363	0	0	5,656,879	5,097,363
Health & Welfare	201,347	0	0	0	201,347	0
Highways, roads, and streets	4,588,212	5,506,870	0	0	4,588,212	5,506,870
Culture & recreation	2,897,488	1,930,552	0	0	2,897,488	1,930,552
Community Development	0	736,373	0	0		736,373
Insurance & pension	206,176	0	0	0	206,176	0
Miscellaneous	91,719	0	0	0	91,719	0
Interest on long-term debt	901,845	835,362	0	0	901,845	835,362
Water	0	0	4,343,506	4,680,420	4,343,506	4,680,420
Sewer	0	0	6,542,688	6,805,716	6,542,688	6,805,716
Golf Course	0	0	2,356,791	2,505,085	2,356,791	2,505,085
Solid Waste	0	0	1,639,139	1,609,821	1,639,139	1,609,821
Swimming Pool	0	0	645,100	682,276	645,100	682,276
Total Expenses	18,105,974	18,221,646	15,527,224	16,283,318	33,633,198	34,504,964
Change in net assets	1,293,928	275,532	-2,461,184	-678,143	-1,167,256	-402,611
Net assets-beginning, as restated	42,888,309	44,182,237	27,400,408	24,939,224	70,288,717	69,121,461
Net assets-ending	44,182,237	44,457,769	24,939,224	24,261,081	69,121,461	68,718,850

It should be noted that the “Community Development” expense line item was not used by the Township until 2010. In addition, the restatements discussed in further detail at Note 1 of the financial statements have been adjusted against the 2009 beginning balances in the above chart, as the adjustments did not materially impact revenues and expenses in 2009, and more accurately are reflected as adjustments to prior years.

The following table depicts revenues by source for governmental activities in 2010:

Revenues by Source - Governmental Activities

Charges for services	14%
Operating grants	6%
Capital grants	13%
Property taxes	20%
Earned income taxes	26%
Other taxes	19%
Interest, rents, and other	2%
Total	100%

Government-wide revenues were primarily derived from property tax collections at 20% and earned income tax collections at 26% of the total. Other taxes (business privilege/mercantile tax and local services tax), at 19%, is the third largest source of revenue.

The following table depicts expenses by programs for governmental activities in 2010:

Expenses by Program - Governmental Activities

General government	22%
Public safety	28%
Highways, roads, and streets	30%
Culture and recreation	11%
Community development	4%
Interest on long-term debt	5%
Total	100%

Total expenses for all programs in 2010 were \$18,221,646. The expenses reflect the delivery of a wide range of services, with the largest being highways, roads, and streets at 30%. The second largest program is public safety at 28%. The program ranked third is general government at 22%.

The following table depicts the net program expenses/revenues by function/program for governmental activities for the period ending December 31, 2010:

Net Program Expenses/Revenues

General government	\$ (3,437,352)
Public safety	(3,693,135)
Highways, roads, and streets	(3,645,905)
Culture and recreation	(1,269,005)
Community development	887,285
Interest on long-term debt	(835,362)
Total	\$(11,993,474)

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Public safety expenses required the most general fund revenue for support, needing approximately \$3.69 million in 2010. Highways, roads, and streets expenses required approximately \$3.65 million in general revenues for support. Interest on long-term debt needed \$835,362.

Business-type Activities. Business-type activities decreased the Township's net assets by \$678,143. This was primarily due to depreciation and interest expense.

- The Township's customer base for sewer and water and solid waste continues to grow.
- 98% of revenue comes from charges for services, 1% comes from interest and rent, and 1% from capital grants and contributions.

Expenses and Program Revenues - Business-type Activities

Program	Operating Revenues	Operating Expenses*
Sewer	5,772,884	4,067,242
Water	4,806,652	4,203,142
Golf Course	1,977,878	1,631,764
Solid Waste	1,695,572	1,524,141
Swimming Pool	516,133	520,100

* depreciation removed

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$19.56 million.

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,171,710. The beginning fund balance for the General Fund was restated. As of the end of 2010, the fund balance of the General Fund decreased by \$1,488,116 primarily by transfers out for capital projects.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year amounted to \$4,054,394, the Sewer Fund \$5,081,880, the Golf Course Fund \$22,973, the Solid Waste Fund \$708,276 and the Swimming Pool Fund \$89,688. Other factors concerning the finances of these funds have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

Revenues exceeded budgetary estimates by 4.5%. Increases in revenue can be seen in the Act 511 taxes as well as building permits. Expenditures were 2.1% under budget. There was no need to draw upon existing fund balance.

Capital Assets and Debt Administration

Capital Assets. The Township's investment in capital assets for its governmental and business type activities as of December 31, 2010, amounts to \$85,154,332 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and infrastructure.

Summary of the Township of Cranberry's Capital Assets

	Governmental Activities 2010	Business-type Activities 2010	Total
Land	9,409,596	3,335,597	12,745,193
Construction in Progress	1,001,385	554,321	1,555,706
Total Non-Depreciable Assets	10,410,981	3,889,918	14,300,899
Buildings	16,956,888	18,095,338	35,052,226
Site Improvements	3,322,647	4,237,891	7,560,538
Machinery, Equipment, Vehicles	9,229,139	18,238,064	27,467,203
Infrastructure	33,014,328	30,782,229	63,796,557
Carts – in service	0	785,284	785,284
Carts – not in service	0	74,853	74,853
Total Depreciable Assets	62,523,002	72,213,659	134,736,661
Accumulated Depreciation	-30,014,837	-33,868,391	-63,883,228
Total Depreciable Assets, Net	32,508,165	38,345,268	70,853,433
Total Capital Assets	42,919,146	42,235,186	85,154,332

More detailed information about the Township's capital assets can be found in Note 5 of the notes to financial statements.

Long-Term Debt. At the end of the current fiscal year, the Township had total debt outstanding of \$48,023,579. The Township's bond rating is Aa2 by Moody's Investor Service.

Cranberry Township's Outstanding Debt

	Governmental Activities 2010	Business-type Activities 2010	Total
General Obligation Bonds	19,255,160	1,597,158	20,852,318
Deferred Refunding Loss	-240,116	-1,710,848	-1,950,964
Promissory Notes	354,976	0	354,976
Revenue Bonds	0	28,495,265	28,495,265
Compensated Absences	184,499	87,485	271,984
Total	19,554,519	28,469,060	48,023,579

More detailed information about the Township's long-term debt can be found in Note 7 of the notes to financial statements.

Economic Factors

The Township's population grew by more than 60% in the 1990's. The December 31, 2010 population of 29,376 estimated by the Township's Community Development Department reflects 24% growth over nine years from the 2000 census figure. Commercial growth continues to occur along Rt. 228 and Rt. 19. Residential growth continues throughout the Township. In 2010, 148 new housing units were built.

Employment opportunities are derived from within the Township as well as from the City of Pittsburgh (less than a half an hour from Cranberry). The Township is home to five of the top ten employers in Butler County. Almost 20,000 people work in the Township. The Township's two largest employers are Westinghouse Electric (corporate and research headquarters) and Verizon Wireless (customer service center). In addition, the Pittsburgh area contains many corporate headquarters, colleges, universities, and major health care facilities. The demographics of the Township are skewed toward a younger, healthier, better educated, and more prosperous population than in most of Western Pennsylvania.

2011 Budget Highlights

The 2011 General Fund budget continues to emphasize cost containment. Although the budget provides for expanding services to an ever increasing residential and non-residential base, the increases in expenses has been held to 2% over 2010 expenses. That is impressive in that the 2011 Budget assumes increases in insurance costs, pension costs, and wage increases negotiated through collective bargaining. The 2011 Budget includes no property tax increase. All activities funded by the Township General Fund budget will focus on four core values, Efficiency, Employee Safety and Wellness, Communications, both externally and internally, as well as Customer Service. Specific activities will include continuing transportation improvements, technology enhancements, asset management, and infrastructure maintenance. Planning efforts are in place for a sustainable future. The Township wants to promote volunteerism as well as partnerships with its community organizations. The Township will also aggressively pursue all state and federal funding opportunities to enhance those initiatives.

As for the Township's business-type activities, at the time of budget preparation, there were no rate increases anticipated for water service, sewer service, or solid waste collection. The sewer collection system rehabilitation program continues to be funded to reduce infiltration and inflow to reduce operating costs at the treatment facility and to extend the time for the planned facility expansion. Infrastructure improvements include replacing the Commonwealth Water Pump Station as well as upgrading Sewer Interceptor #1.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finance Department, 2525 Rochester Road, Suite 400, Cranberry Township, PA 16066

Questions regarding the Cranberry Public Library financial information should be directed to the Library Director, Cranberry Public Library, 2525 Rochester Road, Suite 300, Cranberry Township, PA 16066.

TOWNSHIP OF CRANBERRY

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cranberry Public Library
Assets				
Cash and cash equivalents	\$ 797,270	\$ 67,865	\$ 865,135	\$ 256,643
Investments	18,933,852	9,275,082	28,208,934	-
Receivable:				
Taxes	2,481,444	-	2,481,444	-
Customers - billed	-	904,959	904,959	-
Customers - unbilled	-	1,025,164	1,025,164	-
Other	302,758	26,971	329,729	6,148
Internal balances	210,396	(210,396)	-	-
Prepaid expenses	8,090	-	8,090	-
Inventory	35,684	47,171	82,855	-
Restricted assets:				
Investment - Debt Service Fund	-	450,004	450,004	-
Investment - Sinking Fund	-	255	255	-
Beneficial interest in net assets of community foundation	-	-	-	368,402
Capital assets, net:				
Nondepreciable	10,410,981	3,889,918	14,300,899	-
Depreciable	32,508,165	38,345,268	70,853,433	176,330
Other assets, net:				
Unamortized bond issue costs and bond discounts	85,687	140,588	226,275	-
Total Assets	65,774,327	53,962,849	119,737,176	807,523
Liabilities				
Accounts payable	1,453,980	513,127	1,967,107	38,737
Accrued payroll and related expenses	178,010	65,756	243,766	-
Accrued interest payable	96,807	267,444	364,251	-
Deferred revenue	33,242	243,978	277,220	-
Security deposits	-	142,403	142,403	4,085
Compensated absences	184,499	87,485	271,984	-
Long-term debt, current portion	1,053,516	1,473,190	2,526,706	-
Long-term debt, long-term portion	18,316,504	26,908,385	45,224,889	-
Total Liabilities	21,316,558	29,701,768	51,018,326	42,822
Net Assets				
Invested in capital assets, net of related debt	23,452,319	13,853,611	37,305,930	176,330
Restricted, expendable (see Note 1)	10,862,576	450,259	11,312,835	-
Restricted for Cranberry Legacy Fund, nonexpendable	-	-	-	368,402
Unrestricted	10,142,874	9,957,211	20,100,085	219,969
Total Net Assets	\$ 44,457,769	\$ 24,261,081	\$ 68,718,850	\$ 764,701

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Cranberry Public Library
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 4,115,126	\$ 412,437	\$ 265,337	\$ -	\$ (3,437,352)	\$ -	\$ (3,437,352)	\$ -
Public safety	5,097,363	537,401	866,827	-	(3,693,135)	-	(3,693,135)	-
Highways, roads, and streets	5,506,870	20,150	-	1,840,815	(3,645,905)	-	(3,645,905)	-
Culture and recreation	1,930,552	660,315	1,232	-	(1,269,005)	-	(1,269,005)	-
Community development	736,373	944,025	-	679,633	887,285	-	887,285	-
Interest on long-term debt	835,362	-	-	-	(835,362)	-	(835,362)	-
Total governmental activities	18,221,646	2,574,328	1,133,396	2,520,448	(11,993,474)	-	(11,993,474)	-
Business-type activities:								
Water	4,680,420	4,951,462	-	-	-	271,042	271,042	-
Sewer	6,805,716	5,772,884	-	-	-	(1,032,832)	(1,032,832)	-
Golf course	2,505,085	1,977,878	-	-	-	(527,207)	(527,207)	-
Solid waste	1,609,821	1,695,572	-	228,307	-	314,058	314,058	-
Other	682,276	518,114	-	-	-	(164,162)	(164,162)	-
Total business-type activities	16,283,318	14,915,910	-	228,307	-	(1,139,101)	(1,139,101)	-
Total primary government	\$ 34,504,964	\$ 17,490,238	\$ 1,133,396	\$ 2,748,755	(11,993,474)	(1,139,101)	(13,132,575)	-
Component Unit:								
Cranberry Public Library	\$ 680,478	\$ 43,660	\$ 611,828	\$ -				(24,990)
General revenues:								
Taxes:								
Property					3,788,422	-	3,788,422	-
Earned income					4,850,232	-	4,850,232	-
Business privilege					1,763,278	-	1,763,278	-
Local service					898,226	-	898,226	-
Real estate transfer					981,877	-	981,877	-
Interest, rents, and royalties					275,490	37,036	312,526	20,094
Gain on disposal of capital assets					15,142	-	15,142	-
Other					119,192	1,069	120,261	2,204
Transfers - internal activities					(422,853)	422,853	-	-
Total general revenues and transfers					12,269,006	460,958	12,729,964	22,298
Change in Net Assets					275,532	(678,143)	(402,611)	(2,692)
Net assets - beginning of year (as restated in governmental and business-type activities)					44,182,237	24,939,224	69,121,461	767,393
Net assets - end of year					\$ 44,457,769	\$ 24,261,081	\$ 68,718,850	\$ 764,701

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	General Fund	Transportation Improvement Program East Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 722,885	\$ -	\$ 74,385	\$ 797,270
Investments	5,868,872	5,067,975	7,997,005	18,933,852
Taxes receivable	2,481,444	-	-	2,481,444
Other receivables	126,660	33,854	142,244	302,758
Due from other funds	8,039	-	17,788	25,827
Advances to other funds	-	155,356	155,356	310,712
Prepaid expenses	8,090	-	-	8,090
Inventory	35,684	-	-	35,684
Total Assets	\$ 9,251,674	\$ 5,257,185	\$ 8,386,778	\$ 22,895,637
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accrued expenses	\$ 155,464	\$ 225,696	\$ 1,072,820	\$ 1,453,980
Accrued payroll and related expenses	178,010	-	-	178,010
Due to other funds	124,931	-	1,212	126,143
Deferred revenue	1,577,785	-	-	1,577,785
Total Liabilities	2,036,190	225,696	1,074,032	3,335,918
Fund Balance:				
Reserved for:				
Prepays	8,090	-	-	8,090
Inventory	35,684	-	-	35,684
Advances to other funds	-	155,356	155,356	310,712
Unreserved, undesignated reported in:				
General Fund	7,171,710	-	-	7,171,710
Transportation Improvement Program East Fund	-	4,876,133	-	4,876,133
Special Revenue Funds	-	-	5,113,249	5,113,249
Capital Projects Funds	-	-	2,044,141	2,044,141
Total Fund Balance	7,215,484	5,031,489	7,312,746	19,559,719
Total Liabilities and Fund Balance	\$ 9,251,674	\$ 5,257,185	\$ 8,386,778	\$ 22,895,637

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

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

DECEMBER 31, 2010

Total Fund Balance - Governmental Funds	\$ 19,559,719
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	42,919,146
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Certain taxes are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,544,543
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Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets.	85,687
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Accrued interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(96,807)
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Long-term liabilities, including compensated absences and bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(19,554,519)</u>
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Total Net Assets - Governmental Activities	<u><u>\$ 44,457,769</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2010

	General Fund	Transportation Improvement Program East Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 2,778,539	\$ -	\$ 900,053	\$ 3,678,592
Earned income	4,860,290	-	-	4,860,290
Business privilege	1,763,278	-	-	1,763,278
Local service	898,226	-	-	898,226
Real estate transfer	981,877	-	-	981,877
Licenses, permits, and fees	1,357,783	-	139,096	1,496,879
Fines and forfeitures	122,982	-	-	122,982
Interest, rents, and royalties	233,619	29,893	11,978	275,490
Intergovernmental	889,440	33,854	1,050,567	1,973,861
Contributions and donations	238,956	89,856	1,351,171	1,679,983
Charges for services	954,467	-	-	954,467
Miscellaneous	117,805	-	1,387	119,192
Total revenues	15,197,262	153,603	3,454,252	18,805,117
Expenditures:				
Current:				
General government	2,101,318	-	-	2,101,318
Public safety	4,590,257	-	352,745	4,943,002
Highways, roads, and streets	3,199,401	216,188	847,672	4,263,261
Culture and recreation	1,644,119	-	283,928	1,928,047
Insurance and pension	239,033	-	-	239,033
Community development	736,373	-	-	736,373
Miscellaneous	5,567	-	1,290	6,857
Debt service:				
Principal retirement	674,135	-	93,903	768,038
Interest charges	775,366	-	12,308	787,674
Capital outlay	222,033	611,712	2,247,042	3,080,787
Total expenditures	14,187,602	827,900	3,838,888	18,854,390
Excess (Deficiency) of Revenues over Expenditures	1,009,660	(674,297)	(384,636)	(49,273)
Other Financing Sources (Uses):				
Proceeds from general obligation debt	4,470,000	-	-	4,470,000
Bond premium	50,388	-	-	50,388
Payment to bond refunding escrow agent	(4,451,796)	-	-	(4,451,796)
Proceeds from sale of capital assets	21,485	-	-	21,485
Transfers in	95,000	-	2,165,000	2,260,000
Transfers out	(2,682,853)	-	-	(2,682,853)
Total other financing sources (uses)	(2,497,776)	-	2,165,000	(332,776)
Net Change in Fund Balance	(1,488,116)	(674,297)	1,780,364	(382,049)
Fund Balance:				
Beginning of year (as restated in General Fund)	8,703,600	5,705,786	5,532,382	19,941,768
End of year	\$ 7,215,484	\$ 5,031,489	\$ 7,312,746	\$ 19,559,719

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2010

Net Change in Fund Balance - Governmental Funds

\$ (382,049)

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

Governmental funds report capital outlays 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 depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 1,485,731
Capital contributions	1,106,965
Depreciation expense	<u>(2,661,281)</u>

(68,585)

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The net effect of the gain on sale and loss on the disposal of the assets is shown here.

(6,343)

Some taxes will not be collected for several months after the Township of Cranberry's year-end, and they are not considered "available" revenues in the governmental funds.

99,772

In the statement of activities, accumulated employee benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

(19,021)

Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.

4,155

The issuance of long-term obligations (e.g., bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of long-term debt	\$ (4,470,000)
Payment to bond refunding escrow agent	4,451,796
Principal payments	768,038
Bond premium	(50,388)
Amortization of bond discounts/premiums	(15,031)
Amortization of bond issuance costs	(10,132)
Amortization of deferred refunding loss	<u>(26,680)</u>

647,603

Change in Net Assets of Governmental Activities

\$ 275,532

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

DECEMBER 31, 2010

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 59,458	\$ 150	\$ 8,203	\$ 54	\$ -	\$ 67,865
Investments	3,607,974	4,197,800	145,668	1,204,758	118,882	9,275,082
Accounts receivable:						
Customers - billed	377,873	485,988	-	41,098	-	904,959
Customers - unbilled	469,920	555,244	-	-	-	1,025,164
Other	26,971	-	-	-	-	26,971
Due from other funds	42,132	162,032	-	19,577	672	224,413
Inventory	-	-	47,171	-	-	47,171
Total current assets	4,584,328	5,401,214	201,042	1,265,487	119,554	11,571,625
Non-current assets:						
Restricted assets:						
Investment - Debt Service Fund	-	4	450,000	-	-	450,004
Investment - Bond Sinking Fund	-	-	255	-	-	255
Capital assets:						
Land	91,517	140,633	3,103,447	-	-	3,335,597
Construction in progress	48,090	506,231	-	-	-	554,321
Buildings	3,856,814	8,761,842	2,963,085	-	2,513,597	18,095,338
Site improvements	346,146	269,103	3,622,642	-	-	4,237,891
Machinery, equipment, and vehicles	1,254,649	15,689,921	1,189,776	69,687	34,031	18,238,064
Infrastructure	12,788,216	17,994,013	-	-	-	30,782,229
Carts - in-service	-	-	-	785,284	-	785,284
Carts - not in-service	-	-	-	74,853	-	74,853
Less: accumulated depreciation	(7,365,112)	(21,341,432)	(3,406,320)	(434,432)	(1,321,095)	(33,868,391)
Other assets:						
Unamortized bond issue costs	-	90,200	50,388	-	-	140,588
Total non-current assets	11,020,320	22,110,515	7,973,273	495,392	1,226,533	42,826,033
Total Assets	15,604,648	27,511,729	8,174,315	1,760,879	1,346,087	54,397,658
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	208,308	179,033	7,112	115,576	3,098	513,127
Accrued payroll and related expenses	23,413	34,622	4,378	3,343	-	65,756
Accrued interest payable	-	159,926	92,285	-	15,233	267,444
Due to other funds	120,371	2,637	518	571	-	124,097
Deferred revenue	-	-	110,506	123,857	9,615	243,978
Security deposits	142,403	-	-	-	-	142,403
Long-term debt - current portion	-	965,000	265,000	-	243,190	1,473,190
Total current liabilities	494,495	1,341,218	479,799	243,347	271,136	2,829,995
Non-current liabilities:						
Compensated absences	35,439	33,316	13,658	3,152	1,920	87,485
Long-term debt - net of current maturities:						
General obligation bonds	-	-	-	-	1,353,968	1,353,968
Revenue bonds	-	19,255,000	8,385,000	-	-	27,640,000
Advances from other funds	-	-	-	310,712	-	310,712
Deferred loss on early retirement of debt	-	(1,276,645)	(434,203)	-	-	(1,710,848)
Unamortized bond discount	-	(294,971)	(79,764)	-	-	(374,735)
Total non-current liabilities	35,439	17,716,700	7,884,691	313,864	1,355,888	27,306,582
Total Liabilities	529,934	19,057,918	8,364,490	557,211	1,627,024	30,136,577
Net Assets						
Invested in capital assets, net of related debt	11,020,320	3,371,927	(663,403)	495,392	(370,625)	13,853,611
Restricted for debt retirement	-	4	450,255	-	-	450,259
Unrestricted	4,054,394	5,081,880	22,973	708,276	89,688	9,957,211
Total Net Assets	\$ 15,074,714	\$ 8,453,811	\$ (190,175)	\$ 1,203,668	\$ (280,937)	\$ 24,261,081

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2010

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Operating Revenues:						
Charges for services	\$ 4,754,326	\$ 5,713,388	\$ 1,977,878	\$ 1,646,782	\$ 515,850	\$ 14,608,224
Penalties and interest	27,455	30,746	-	12,182	-	70,383
Miscellaneous revenues	24,871	28,750	-	36,608	283	90,512
Total operating revenues	4,806,652	5,772,884	1,977,878	1,695,572	516,133	14,769,119
Operating Expenses:						
Wages, benefits, and related taxes	952,225	1,248,039	693,259	128,136	258,936	3,280,595
Employee insurance	222,428	275,106	107,078	22,389	21,004	648,005
Pension	85,036	109,947	34,900	7,601	2,491	239,975
Administrative expenses	53,905	80,204	44,049	23,804	4,901	206,863
Materials and supplies	41,313	159,773	92,410	36,309	31,057	360,862
Collection and disposal cost	-	-	-	1,305,902	-	1,305,902
Water purchase	2,428,526	-	-	-	-	2,428,526
Chemicals	-	503,975	139,313	-	30,860	674,148
Laboratory	-	45,359	-	-	-	45,359
Telephone and utilities	71,485	599,891	43,886	-	50,237	765,499
Repairs and maintenance	12,833	149,539	21,280	-	9,583	193,235
Minor equipment rental and purchase	107,895	22,864	21,349	-	3,551	155,659
Vehicle expense	31,589	26,668	23,034	-	-	81,291
Professional and other services	195,907	594,478	224,358	-	50,222	1,064,965
Concession and other products and services	-	-	186,848	-	57,258	244,106
Depreciation	477,278	1,579,152	462,575	80,048	96,880	2,695,933
Miscellaneous expenses	-	251,399	-	-	-	251,399
Total operating expenses	4,680,420	5,646,394	2,094,339	1,604,189	616,980	14,642,322
Operating Income (Loss)	126,232	126,490	(116,461)	91,383	(100,847)	126,797
Non-Operating Revenues (Expenses):						
Interest income	17,041	18,323	457	1,060	155	37,036
Rental income	144,810	-	-	-	1,981	146,791
Grant revenue	-	-	-	228,307	-	228,307
Other income	-	-	1,069	-	-	1,069
Interest expense	-	(1,159,322)	(410,746)	(5,632)	(65,296)	(1,640,996)
Total non-operating revenues (expenses)	161,851	(1,140,999)	(409,220)	223,735	(63,160)	(1,227,793)
Income (loss) before transfers	288,083	(1,014,509)	(525,681)	315,118	(164,007)	(1,100,996)
Transfers in	238,487	1,002,923	214,700	-	303,153	1,759,263
Transfers out	(1,040,923)	(295,487)	-	-	-	(1,336,410)
Total transfers	(802,436)	707,436	214,700	-	303,153	422,853
Change in Net Assets	(514,353)	(307,073)	(310,981)	315,118	139,146	(678,143)
Net Assets:						
Beginning of year, as restated	15,589,067	8,760,884	120,806	888,550	(420,083)	24,939,224
End of year	\$ 15,074,714	\$ 8,453,811	\$ (190,175)	\$ 1,203,668	\$ (280,937)	\$ 24,261,081

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2010

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Cash Flows From Operating Activities:						
Receipts from customers	\$ 4,695,109	\$ 5,676,026	\$ 1,986,881	\$ 1,631,239	\$ 467,240	\$ 14,456,495
Payments to suppliers	(3,019,202)	(2,476,286)	(833,756)	(1,371,059)	(240,518)	(7,940,821)
Payments to employees	(1,171,789)	(1,528,726)	(799,951)	(150,077)	(279,748)	(3,930,291)
Other receipts (payments), net	42,895	28,750	-	36,608	283	108,536
Net cash provided by (used in) operating activities	547,013	1,699,764	353,174	146,711	(52,743)	2,693,919
Cash Flows From Non-Capital Financing Activities:						
Transfers from (to) other funds, net	(498,712)	737,122	203,206	(57,197)	310,122	694,541
Cash Flows From Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(207,093)	(619,003)	(90,054)	(24,784)	(7,787)	(948,721)
Principal paid on capital debt	-	(932,721)	(255,000)	-	(235,865)	(1,423,586)
Interest paid on capital debt	-	(989,126)	(371,212)	(5,632)	(65,296)	(1,431,266)
Grants	-	-	-	228,307	-	228,307
Other receipts (payments)	-	-	1,069	-	-	1,069
Net cash provided by (used in) capital and related financing activities	(207,093)	(2,540,850)	(715,197)	197,891	(308,948)	(3,574,197)
Cash Flows From Investing Activities:						
Interest income	17,041	18,323	457	1,060	155	37,036
Rental income	144,810	-	-	-	1,981	146,791
Net sales (purchases) of investments	(1,580,280)	85,791	163,438	(288,490)	49,433	(1,570,108)
Net cash provided by (used in) investing activities	(1,418,429)	104,114	163,895	(287,430)	51,569	(1,386,281)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,577,221)	150	5,078	(25)	-	(1,572,018)
Cash and Cash Equivalents:						
Beginning of year	1,636,679	-	3,125	79	-	1,639,883
End of year	\$ 59,458	\$ 150	\$ 8,203	\$ 54	\$ -	\$ 67,865
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Operating income (loss)	\$ 126,232	\$ 126,490	\$ (116,461)	\$ 91,383	\$ (100,847)	\$ 126,797
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	477,278	1,579,152	462,575	80,048	96,880	2,695,933
Change in:						
Receivables, net	(86,672)	(68,108)	-	123,682	-	(31,098)
Accounts payable and accrued expenses	10,414	65,553	60	3,020	1,634	80,681
Accrued interest payable	-	(5,935)	(2,327)	-	(1,992)	(10,254)
Security deposits	18,024	-	-	-	-	18,024
Compensated absences	1,737	2,612	324	(15)	192	4,850
Deferred revenue	-	-	9,003	(151,407)	(48,610)	(191,014)
Total adjustments	420,781	1,573,274	469,635	55,328	48,104	2,567,122
Net cash provided by (used in) operating activities	\$ 547,013	\$ 1,699,764	\$ 353,174	\$ 146,711	\$ (52,743)	\$ 2,693,919
Supplementary Information:						
Non-cash capital and related financing activities:						
Amortization of bond issue costs and discounts charged to interest	\$ -	\$ 25,678	\$ 6,427	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS

DECEMBER 31, 2010

Assets	
Cash and cash equivalents	\$ 650,266
Investments:	
U.S. Government agency obligations	110,113
Corporate bonds	1,056,834
Mutual funds	<u>9,254,463</u>
Total Assets	<u>11,071,676</u>
 Net Assets Held in Trust for Pension Benefits	 <u><u>\$ 11,071,676</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2010

Additions:

Employer contributions	\$ 669,392
Employee contributions	97,802
Total contributions	767,194
Investment income:	
Net appreciation in fair value of investments	1,013,790
Interest and dividends	207,701
Total investment income	1,221,491
Total additions	1,988,685

Deductions:

Benefits	391,663
Administrative expense	29,790
Total deductions	421,453

Increase in Plan Net Assets 1,567,232

Net Assets Held in Trust for Pension Benefits

Beginning of year, as restated	9,504,444
End of year	\$ 11,071,676

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Cranberry (Township) is a second-class township organized under laws of the Commonwealth of Pennsylvania. The Township operates under a supervisors-manager form of government and provides the following services: public safety, highways and streets, health and welfare, recreation, public improvements, planning and zoning, and general administrative services.

Reporting Entity

These financial statements present the Township (the primary government) and the Township's discretely presented component unit, as described below. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township:

Cranberry Public Library

The Cranberry Public Library (Library) was created in 1973 to establish, maintain, and encourage the use of a library by the general public in the Township. The Library is considered a special purpose government as defined by the Governmental Accounting Standards Board (GASB) Statement No. 34, *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,"* in that it is engaged in a single governmental program and does not provide the multitude of basic governmental services such as general government services, public safety, parks, and recreation, etc. The Internal Revenue Service considers the Library exempt from federal income tax as defined in Section 501(c)(3) of the Internal Revenue Code. The Library is primarily funded through contributions by the Township, Butler County Federated Library System, and various state and local grants. Although the Library is a legally separate entity, the Township's Board of Supervisors (Board) appoints a majority of the Library's Board of Directors.

The Library's financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues and support are recorded when earned and expenses are recorded when a liability is incurred. The Library issues separate financial statements, which are available at the Library's offices.

Government-wide and Fund 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 primary government and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type*

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from its legally separate *component unit* for which the primary government is financially accountable.

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 services or privileges provided by a given function or segment and 2) grants 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 as *general revenues*.

Separate financial statements are provided for governmental, proprietary, 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.

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 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 resource 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. Expenditures are generally recorded when a liability is incurred, as under 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.

Property, earned income, local services, and franchise taxes, as well as 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Basic Financial Statement – Fund Financial Statements

The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund.

The *Transportation Improvement Program East Fund*, a Special Revenue Fund, accounts for the impact fees per the Township ordinance for the east side of the Township.

Additionally, the Township reports the following other governmental funds information:

The *Other Governmental Funds* are comprised of Special Revenue Funds and Capital Projects Funds.

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes (other than major capital projects). The Township uses the following seven Special Revenue Funds: Fire Protection Fund, Library Fund, Recreational Facilities Fund, Transportation Improvement Program West Fund, Developers' Deposits Fund, Developers' Contributions Fund, and the Highway Aid Fund.

The Capital Projects Funds are used to account for the accumulation of resources to use in the acquisition or construction of major capital purchases and facilities (other than those financed by proprietary funds). The Township uses the following four Capital Projects Funds: Capital Improvement Fund, 2008 Bond Fund, Fire Capital Fund, and the Township Transportation Improvement Program Fund.

Proprietary Funds

The focus of proprietary funds measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. These funds are used to account

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Township reports the following major proprietary funds:

The *Water, Sewer, and Solid Waste Funds* account for transactions related to providing water, sewer, and solid waste services to Township residents.

The *Golf Course Fund* accounts for transactions related to operating the Township's golf course.

Additionally, the Township reports the following other proprietary fund information:

The *Swimming Pool Fund* accounts for transactions related to providing services to residents at the Township's swimming pool and recreation park.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and, therefore, are not available to support Township programs. The reporting focus is on net assets and changes in net assets, and is reported using accounting principles similar to proprietary funds.

The *Police Pension Fund* and *Non-Uniform Pension Fund* account for assets held by the Township in a trustee capacity for the future payment of retirement benefits to employees.

GASB is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. In applying the provisions of GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds*," the Authority applies all GASB pronouncements and all FASB pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's governmental activities, business-type activities, and component unit. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These items are presented as internal balances and eliminated in the total primary government column.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Revenue Classification of Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Township's proprietary funds are charges to customers for sales and services. The Township also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash, Cash Equivalents, and Investments

The Township has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. For purposes of the basic financial statements, the Township considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within 90 days of the date they are acquired.

Investments

Investments, including Pension Trust Funds, are reported at fair value.

Inventories

Inventories are carried at cost using the first-in, first-out method.

Prepaid Items

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

Restricted Assets

Enterprise Funds

Certain proceeds of the Township's enterprise funds revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Component Unit - Cranberry Public Library

During December 2010, the Library liquidated and transferred its total investment portfolio to the Cranberry Township Community Chest (CTCC) to invest in their established Endowment Fund, The Cranberry Legacy Fund. The Library relinquished control of the investments at the time of the transfer. The Library will receive its respective portion of investment income earned by The Cranberry Legacy Fund and will be entitled to reinvest the funds or receive an income distribution. No investment income was received for the year ended December 31, 2010.

Capital Assets

Capital assets are reported in the applicable proprietary fund, or governmental or business-type activities columns in the government-wide financial statements, at historical cost, or estimated historical cost if purchased or constructed. Contributed capital assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Township's threshold for capitalization of assets is as follows:

Land and land improvements	\$1
Building and building improvements	\$1
Construction in progress	\$1
Machinery, equipment, and vehicles	\$5,000
Infrastructure	\$50,000
Improvements other than land and buildings	\$5,000

Depreciation on all assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Infrastructure	10-60 years
Site improvements	10-20 years
Machinery, equipment, and vehicles	5-20 years

Capitalizable costs incurred on projects which are not in use or ready for use are held in construction in progress. The Township follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. When the asset is ready for use, costs relating thereto are transferred to property, plant, and equipment. Upon determination that a project will be abandoned, the related costs are charged to expense.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Interest costs of proprietary funds capital assets are capitalized when incurred on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

Compensated Absences

The Township accrues accumulated unpaid vacation when earned (or estimated to be earned) by the employee in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Since the current liability calculated by the Township is considered immaterial, the entire balance is reported as non-current for financial statement purposes.

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 in the applicable governmental activities, business-type activities, or proprietary funds type statement of net assets. Bond premiums and discounts, as well as issuance costs and deferred refunding gains and losses, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Balance

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

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Reserve for prepaid expenditures: This reserve accounts for prepaid expenditures. Funds are required to be segregated from other Township resources and are limited to the amortization of the prepaid expenditure.

Reserve for inventory: This reserve accounts for the portion of fund balance that relates to inventory, and as such, is not an available spendable resource.

Reserve for advances to other funds: This reserve accounts reflects the amount due from other funds that are long-term in nature. Such amounts do not represent available spendable resources.

Unreserved, Undesignated – Unreserved, undesignated is used to denote that portion of the fund balance that is available for appropriation.

Net Assets

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

Invested in capital assets, net of related debt - This component of net assets consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net assets consists of constraints placed on net asset use through external restrictions. Net assets are restricted as described below:

Amount	Restriction
\$ 784,634	Fire protection
20,802	Library
411,050	Recreation
6,293,619	Transportation improvement
1,340,755	Development review costs
1,967,771	Infrastructure improvements
8,330	Highways and streets
35,615	Capital projects
450,259	Debt retirement
<u>\$ 11,312,835</u>	

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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.”

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.

The Swimming Pool Fund had a deficit net asset balance at December 31, 2010 of \$280,937. This deficit will be financed through future revenues of the fund and through transfers from other funds.

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.

Pending Pronouncement

In March 2009, GASB issued Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*.” This Statement’s objective is to enhance the usefulness of fund balance information. The guidance in this Statement will be effective for the Township’s financial statements for the year ended December 31, 2011. The Township is currently considering the impact that this new pronouncement will have on the financial statements.

Restatement

Beginning fund balances and net assets have been restated as follows:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

	General Fund	Governmental Activities			
Fund balance/net assets at December 31, 2009	\$ 9,969,451	\$ 44,269,757			
Restatements:					
Compensated absences	165,478	-			
Deferred revenue - earned income tax	(1,501,855)	(57,084)			
Accounts receivable - Act 511 taxes	(121,010)	(121,010)			
Other accounts receivable	191,536	191,536			
Interest payable	-	(100,962)			
Fund balance/net assets at December 31, 2009, as restated	<u>\$ 8,703,600</u>	<u>\$ 44,182,237</u>			
	Water Fund	Sewer Fund	Golf Fund	Swimming Pool Fund	Business-type Activities
Fund balance/net assets at December 31, 2009	\$ 15,749,932	\$ 9,334,980	\$ 215,418	\$ (402,858)	\$ 25,786,022
Restatements:					
Accounts receivable	(160,865)	-	-	-	(160,865)
Deferred refunding loss	-	(408,235)	-	-	(408,235)
Interest payable	-	(165,861)	(94,612)	(17,225)	(277,698)
Net assets at December 31, 2009, as restated	<u>\$ 15,589,067</u>	<u>\$ 8,760,884</u>	<u>\$ 120,806</u>	<u>\$ (420,083)</u>	<u>\$ 24,939,224</u>

In addition to the above restatements, net assets of \$15,153,947 in the Fiduciary Funds have been decreased by \$5,649,503 from amounts previously reported as of December 31, 2009. Previously, the Township had included a deferred compensation plan (plan) in the Fiduciary Funds. However, as the Township's does not perform the investment function for the plan, nor does it have significant administrative duties to the plan, this plan has removed from the financial reporting entity of the Township as of December 31, 2010.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Annual budgets for the General and Special Revenue Funds are adopted on a budgetary basis of accounting whereby revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The differences between the basis used and that which is consistent with generally accepted accounting principles is not material. All annual appropriations lapse at fiscal year-end.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

The Township uses the following procedures in establishing the budgetary data reflected in the financial statements.

- The Township's staff begins preparation of the annual budget in mid-September of each year.
- Budget requests from departments (revenue and expenses) must be submitted to the Township Manager by the second week of October.
- The Township Manager, in consult with Assistant Managers and the Director of Finance, prepare a tentative budget for presentation to the Board of Supervisors (Board).
- Meetings regarding the budget with the Board take place the second and third weeks of November. The Board of Supervisors adopts the tentative budget the fourth week of November.
- The availability of the tentative budget is advertised publicly. According to the Second Class Township Code of the Commonwealth of Pennsylvania, the budget must be available to the public for 20 days prior to its final adoption.
- The Board adopts the final budget at their final meeting of the year, typically the third week of December. The Second Class Township Code requires that the budget be adopted prior to December 31 of each year.

Appropriations may be transferred between accounts within functions without approval of the Board. During the year ended December 31, 2010, the Board enacted two supplemental appropriation resolutions. For the year ended December 31, 2010, expenditures exceeded appropriations in the Public Safety and Highways, Roads and Streets departments, as well as Capital Outlay expenditures of the General Fund. These overages were funded by available fund balance.

3. REAL ESTATE TAXES

Real estate taxes are based on assessed valuations provided by the County of Butler (County), and are billed and collected by the Township's elected tax collector.

The millage for 2010 was 10.65 mills applied to an assessed valuation of \$346,132,136. The Township apportions the millage and property taxes collected in the following manner:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

General Fund	8.03 mills
Fire Protection Fund	1.12 mills
Fire Capital Fund	0.75 mills
Library Fund	0.75 mills

The Township's property tax calendar is as follows:

Discount of 2% if paid by April 30
Face value if paid by June 30
Penalty of 10% if paid between July 1 and December 31

After one year, unpaid taxes are turned over to the Butler County Tax Claim Bureau, and a sheriff's sale is conducted on the property if settlement is not made within one additional year. Delinquent taxes are considered fully collectible.

4. CASH, DEPOSITS, 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, insured or collateralized time deposits, and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes.

The deposit and investment policy of the Township and the Library adheres to state statutes. Deposits of the governmental funds, proprietary funds, and the Library are either maintained in demand deposits and certificates of deposit or are pooled for investment purposes in the Pennsylvania Local Government Investment Trust (PLGIT). There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Township or Library.

Deposits

Custodial Credit Risk – For a deposit, 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, \$7,962,873 of the Township's \$9,158,761 bank balance was insured by the Federal Depository Insurance Corporation. The remaining bank balance of \$1,195,888 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 have carrying amounts of \$8,545,135 as of December 31, 2010. Included within these amounts are

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

\$7,680,000 of certificates of deposits, which are considered investments for presentation on the statement of net assets and governmental funds balance sheet.

Investments

The investments in PLGIT are “pooled” with other local governments and school districts in an effort to maximize return and minimize costs associated with investing. PLGIT invests in two basic types of federal securities: obligations backed by the full faith and credit of the United States Government and short-term obligations of the United States Government or its agencies or instrumentalities (which may or may not be backed by the full faith and credit of the United States Government). The PLGIT Trust may also invest in full faith and credit obligations of the Commonwealth of Pennsylvania and its agencies and may also have repurchase agreements. Finally, the trust is also authorized to invest in certificates of deposit which are insured by the FDIC or which are collateralized as provided by law. PLGIT investments are subject to oversight by the Commonwealth of Pennsylvania.

As of December 31, 2010, the entire fair value of the investments in PLGIT of \$20,528,934 is considered to be investments for presentation on the statement of net assets and governmental funds balance sheet. These deposits have a carrying amount of \$20,528,934 as of December 31, 2010.

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. As of December 31, 2010, investments in PLGIT have received an AAA rating from Standards & Poors.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Township does not have a formal investment policy for custodial credit risk. The Township's investments in PLGIT cannot be classified by risk category because the investment is not evidenced by securities that exist in physical or book entry form. Investments in pools managed by others or in mutual funds, which are not evidenced by specific securities, cannot be categorized. The underlying securities in these pools are held by either the counterparty or its custodial agent in a nominee name for the pool. These investments are not evidenced by specific securities relating to the Township's shares or units in the pool.

Interest Rate Risk – The Township has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments have an average maturity of less than one year.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

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Restricted Investments - Upon issuing bonds, the Township normally is required to establish sinking funds, which are segregated from all other funds of the Township. As principal and interest becomes due on the bonds, the Township is required to deposit amounts sufficient to provide for the payment of interest and principal. The funds are held in trust by a "sinking fund depository" and may be invested in such securities or held in such deposit accounts as are authorized by the Local Government Unit Debt Act of Pennsylvania. Such deposits and securities are held in the name of the Township but are subject to withdrawal or collection only by the sinking fund depository. These amounts are presented as restricted investments on the statement of net assets.

Pension Trust Funds

In addition to the investments authorized for the governmental funds, Fiduciary Fund investments may also be made in corporate stocks and bonds, mutual funds, real estate, and other investments consistent with sound business practices. The deposits and investments of the fiduciary funds are administered by trustees and are held separately from other Township funds. These investments are stated at fair value.

As of December 31, 2010, the Township had the following cash, cash equivalents, and investments in its Pension Trust Funds:

Cash or Investment Type	Fair Value	Investment Maturities from December 31, 2010		
		Less than 1 year	1-5 Years	6-10 Years
U.S. Government agency obligations	\$ 110,113	\$ 1,179	\$ 108,934	\$ -
Corporate bonds	1,056,834	427,959	628,875	-
Total debt securities	1,166,947	\$ 429,138	\$ 737,809	\$ -
Cash and cash equivalents	650,266			
Mutual funds	9,254,463			
Total cash and cash equivalents	9,904,729			
Total cash, cash equivalents, and investments reported on statement of fiduciary net assets	\$ 11,071,676			

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 have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations.

As of December 31, 2010, the Pension Trust Funds' investments in corporate bonds have received the following ratings from Standard and Poor's:

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<u>Investment Type</u>	<u>Rating</u>	<u>Percentage of Total Pension Trust Fund Corporate Bonds</u>
Corporate bonds	AA3	9.9%
Corporate bonds	A1	40.0%
Corporate bonds	A2	9.9%
Corporate bonds	A3	24.0%
Corporate bonds	B3	13.4%
Corporate bonds	Not rated	2.8%
		<u>100.0%</u>

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Pension Trust Funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. All of the Township's Pension Trust Fund investments in U.S government agency obligations and corporate bonds are exposed to custodial credit risk, as the investments are held on behalf of the Township by the trustee, in the name of the trustee. The Pension Trust Funds' money market cash funds (which are included in cash and cash equivalents on the statement of fiduciary net assets) and investments in mutual funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

The Pension Trust Funds do not have a formal deposit or investment policy for custodial credit risk. However, to reduce investment risks, the investment policy guidelines for the police pension fund and the municipal employees' pension fund identify range allocations for all investments. The total plan range allocations are as follows:

<u>Asset Class</u>	<u>Allocation Range</u>
Equity	40% - 65%
Fixed Income	20% - 60%
Cash equivalents	0% - 20%

Concentration of Credit Risk – The Township places no limit on the amount the Township may invest in any one issuer. The Township has no investments of greater than 5% with one issuer.

Interest Rate Risk – The Pension Trust Funds do not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWNSHIP OF CRANBERRY

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YEAR ENDED DECEMBER 31, 2010

Deposits and Investments – Cranberry Public Library (Component Unit)

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of bank failure, the Library's deposits may not be returned to it. The Library does not have a formal deposit policy for credit risk. As of December 31, 2010, the carrying amount of the Library's cash and deposits was \$256,643 and the related bank balance totaled \$251,471, \$250,000 of which was covered by federal depository insurance.

5. CAPITAL ASSETS

A summary of capital asset activity during 2010 was as follows:

	Balance at January 1, 2010	Additions	Transfers/ Deletions	Balance at December 31, 2010
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 9,409,596	\$ -	\$ -	\$ 9,409,596
Construction in progress	-	1,001,385	-	1,001,385
Total non-depreciable capital assets	9,409,596	1,001,385	-	10,410,981
Depreciable capital assets:				
Buildings	16,956,888	-	-	16,956,888
Site improvements	3,128,580	194,067	-	3,322,647
Machinery, equipment, and vehicles	9,046,598	308,154	(125,613)	9,229,139
Infrastructure	31,925,238	1,089,090	-	33,014,328
Total depreciable capital assets	61,057,304	1,591,311	(125,613)	62,523,002
Less accumulated depreciation for:				
Buildings	(5,662,778)	(553,689)	-	(6,216,467)
Site improvements	(1,894,419)	(184,259)	-	(2,078,678)
Machinery, equipment, and vehicles	(6,279,795)	(662,647)	119,270	(6,823,172)
Infrastructure	(13,635,834)	(1,260,686)	-	(14,896,520)
Total accumulated depreciation	(27,472,826)	(2,661,281)	119,270	(30,014,837)
Total depreciable capital assets, net	33,584,478	(1,069,970)	(6,343)	32,508,165
Governmental activities, capital assets, net	\$ 42,994,074			\$ 42,919,146

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

	Balance at January 1, 2010	Additions	Transfers/ Deletions	Balance at December 31, 2010
Business-type Activities:				
Non-depreciable capital assets:				
Land	\$ 3,335,597	\$ -	\$ -	\$ 3,335,597
Construction in progress	-	554,321	-	554,321
Total non-depreciable capital assets	3,335,597	554,321	-	3,889,918
Depreciable capital assets:				
Buildings	18,095,338	-	-	18,095,338
Site improvements	4,237,891	-	-	4,237,891
Machinery, equipment, and vehicles	17,931,689	356,875	(50,500)	18,238,064
Carts - in service	765,434	19,850	-	785,284
Carts - not in service	74,853	-	-	74,853
Infrastructure	30,764,554	17,675	-	30,782,229
Total depreciable capital assets	71,869,759	394,400	(50,500)	72,213,659
Less accumulated depreciation for:				
Buildings	(6,937,069)	(680,487)	-	(7,617,556)
Site improvements	(2,117,322)	(268,058)	-	(2,385,380)
Machinery, equipment, and vehicles	(11,120,965)	(1,226,025)	50,500	(12,296,490)
Carts - in service	(345,660)	(74,932)	-	(420,592)
Carts - not in service	-	-	-	-
Infrastructure	(10,701,942)	(446,431)	-	(11,148,373)
Total accumulated depreciation	(31,222,958)	(2,695,933)	50,500	(33,868,391)
Total depreciable capital assets, net	40,646,801	(2,301,533)	-	38,345,268
Business-type activities, capital assets, net	\$ 43,982,398			\$ 42,235,186

TOWNSHIP OF CRANBERRY

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	\$ 1,260,806
Public safety	154,361
Culture and recreation	2,505
Highways, roads, and streets	<u>1,243,609</u>
Total depreciation expense - governmental activities	<u><u>\$ 2,661,281</u></u>
Business-type activities:	
Water	\$ 477,278
Sewer	1,579,152
Golf course	462,575
Solid waste	80,048
Swimming pool	<u>96,880</u>
Total depreciation expense - business-type activities	<u><u>\$ 2,695,933</u></u>

Infrastructure Assets Contributed by Developers

A significant portion of infrastructure assets related to governmental activities and business-type activities is built by developers and contributed to the Township. Once the Township has valid title to the property, the related capital assets are recorded at fair value on the government-wide financial statements and on the Proprietary Funds financial statements, as applicable. During the year ended December 31, 2010, infrastructure assets contributed by developers amounted to approximately \$1,106,765, and are recorded as capital grants and contribution revenue within governmental activities.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables, payables, and transfers at December 31, 2010, are summarized below:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Funds:		
General Fund	\$ 8,039	\$ 124,931
Major Enterprise Funds:		
Water Fund	42,132	120,371
Sewer Fund	162,032	2,637
Golf Course Fund	-	518
Solid Waste Fund	19,577	571
Other Enterprise Fund	672	-
Other Governmental Funds	<u>17,788</u>	<u>1,212</u>
Total	<u>\$ 250,240</u>	<u>\$ 250,240</u>
<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 95,000	\$ 2,682,853
Major Enterprise Funds:		
Water Fund	238,487	1,040,923
Sewer Fund	1,002,923	295,487
Golf Course Fund	214,700	-
Other Enterprise Fund	303,153	-
Other Governmental Funds	<u>2,165,000</u>	<u>-</u>
Total	<u>\$ 4,019,263</u>	<u>\$ 4,019,263</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.

The amount due between the Water Fund, Sewer Fund, and the General Fund represent ongoing activity between the funds for the disbursements made from the General Fund, as do the transfers made between these funds during the year. The transfer from the General Fund to the Golf Course Fund, the Other Enterprise Funds, and the Other Governmental Funds represents amounts transferred to assist in the purchase of capital items in those Funds.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Advances to Other Funds

In 2004, the Transportation Program East Fund and the Developer's Contribution Fund each advanced \$420,000 (for a total of \$840,000) to the Solid Waste Fund to assist in the purchase of waste and recycling carts. This \$840,000 is being repaid to the respective funds over 10 years at an interest rate of 1.5% per year. At December 31, 2010, the remaining balance of \$310,712 (\$155,356 due to each fund) is reported as an advance from the Transportation Program East Fund and the Developer's Contribution Fund to the Solid Waste Fund.

7. LONG-TERM LIABILITIES

A summary of long term liability activity for the year ended December 31, 2010 is as follows:

	Balance at January 1, 2010	Increases	Decreases	Balance at December 31, 2010	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 19,801,977	\$4,470,000	\$ (4,909,135)	\$ 19,362,842	\$ 1,011,810
Net discounts/premiums	(173,101)	11,134	54,285	(107,682)	-
Deferred refunding loss	-	(266,796)	26,680	(240,116)	-
Promissory notes	398,879	-	(43,903)	354,976	41,706
	20,027,755	4,214,338	(4,872,073)	19,370,020	1,053,516
Compensated absences	165,478	19,021	-	184,499	-
	<u>\$ 20,193,233</u>	<u>\$4,233,359</u>	<u>\$ (4,872,073)</u>	<u>\$ 19,554,519</u>	<u>\$ 1,053,516</u>
Business - type activities:					
General obligation bonds	\$ 1,833,023	\$ -	\$ (235,865)	\$ 1,597,158	\$ 243,190
Revenue bonds	30,050,000	-	(1,180,000)	28,870,000	1,230,000
Discounts	(398,339)	-	23,604	(374,735)	-
Deferred refunding loss	(1,888,473)	-	177,625	(1,710,848)	-
Promissory notes	7,721	-	(7,721)	-	-
	29,603,932	-	(1,222,357)	28,381,575	1,473,190
Compensated absences	82,635	4,850	-	87,485	-
	<u>\$ 29,686,567</u>	<u>\$ 4,850</u>	<u>\$ (1,222,357)</u>	<u>\$ 28,469,060</u>	<u>\$ 1,473,190</u>

General Obligation Bonds

General obligation bonds are backed by the full faith and credit of the Township. General obligation bonds issued are as follows:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Series	Issue Amount	Maturity Date	Interest Rate	Balance at December 31, 2010
2001C	\$ 6,060,000	2021	2.20-5.00%	\$ -
2003A	7,885,000	2016	1.10-4.03%	5,450,000 *
2003B	1,535,000	2025	1.65-4.60%	1,165,000
2008	9,995,000	2024	3.00-4.00%	9,965,000
2010	4,470,000	2021	.50-3.00%	4,380,000

* \$3,852,842 of the The Series A of 2003 bonds balance at December 31, 2010 relates to governmental activities, and \$1,597,158 relates to business-type activities.

Revenue Bonds

Revenues bonds are secured by the receipts and revenues collected by the service of fund of benefit. Revenue bonds issued are as follows:

Series	Issue Amount	Maturity Date	Interest Rate	Balance at December 31, 2010
2001B	\$ 28,255,000	2025	2.30-5.00%	\$ 20,220,000
2006	9,415,000	2031	3.50-4.45%	8,650,000

Promissory Notes

Promissory notes are secured by the related equipment or other property. Promissory notes issued are as follows:

Purpose	Year of Issue	Issue Amount	Maturity Date	Interest Rate	Balance at December 31, 2010
Fire truck	2008	\$ 447,796	2018	3.00%	\$ 354,976
Sewer	1990	444,000	2010	3.99%	-

The promissory note for the fire truck is a component of governmental activities, whereas the promissory note for the Sewer Fund is a component of business-type activities.

A detail of long-term liability activity for governmental activities for the year ended December 31, 2010 is as follows:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

	Balance at January 1, 2010	Additions	Amortization, Retirements, and Refunding	Balance at December 31, 2010	Due Within One Year
General obligation bonds:					
Series C of 2001, net of unamortized discount	\$ 4,185,000 (49,068)	\$ - -	\$ (4,185,000) 49,068	\$ - -	\$ - -
Series A of 2003, net of unamortized discount	4,421,977 (15,939)	- -	(569,135) 2,277	3,852,842 (13,662)	586,810 -
Series B of 2003, net of unamortized discount	1,220,000 (16,171)	- -	(55,000) 1,011	1,165,000 (15,160)	60,000 -
Series of 2008, net of unamortized discount	9,975,000 (91,923)	- -	(10,000) 6,128	9,965,000 (85,795)	5,000 -
Series of 2010, net of unamortized premium/discount	- -	4,470,000 11,134	(90,000) (4,199)	4,380,000 6,935	360,000 -
	<u>19,628,876</u>	<u>4,481,134</u>	<u>(4,854,850)</u>	<u>19,255,160</u>	<u>1,011,810</u>
Deferred refunding loss	-	(266,796)	26,680	(240,116)	-
Promissory note payable	398,879	-	(43,903)	354,976	41,706
Compensated absences	165,478	19,021	-	184,499	-
	<u>\$ 20,193,233</u>	<u>\$ 4,233,359</u>	<u>\$ (4,872,073)</u>	<u>\$ 19,554,519</u>	<u>\$ 1,053,516</u>

A detail of long-term liability activity for business-type activities for the year ended December 31, 2010 is as follows:

	Balance at January 1, 2010	Additions	Amortization, Retirements, and Refunding	Balance at December 31, 2010	Due Within One Year
Revenue bonds:					
Series B of 2001, net of unamortized discount	\$ 21,145,000 (314,636)	\$ - -	\$ (925,000) 19,665	\$ 20,220,000 (294,971)	\$ 965,000 -
Series A of 2003, net of unamortized discount	1,833,023 (83,703)	- -	(235,865) 3,939	1,597,158 (79,764)	243,190 -
Series of 2006	8,905,000	-	(255,000)	8,650,000	265,000
	<u>31,484,684</u>	<u>-</u>	<u>(1,392,261)</u>	<u>30,092,423</u>	<u>1,473,190</u>
Deferred refunding loss	(1,888,473)	-	177,625	(1,710,848)	-
Promissory note payable	7,721	-	(7,721)	-	-
Compensated absences	82,635	4,850	-	87,485	-
	<u>\$ 29,686,567</u>	<u>\$ 4,850</u>	<u>\$ (1,222,357)</u>	<u>\$ 28,469,060</u>	<u>\$ 1,473,190</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Future Maturities

The future scheduled maturities of General Obligation Bonds are as follows:

Governmental and Business-type Activities			
	Principal	Interest	Total
2011	\$ 1,255,000	\$ 738,748	\$ 1,993,748
2012	1,290,000	705,730	1,995,730
2013	1,325,000	669,192	1,994,192
2014	1,370,000	626,486	1,996,486
2015	1,415,000	577,784	1,992,784
2016-2020	7,815,000	2,111,536	9,926,536
2021-2025	6,490,000	620,436	7,110,436
	<u>\$ 20,960,000</u>	<u>\$ 6,049,912</u>	<u>\$ 27,009,912</u>

The future scheduled maturities of the Revenue Bonds are as follows:

Business-type Activities			
	Principal	Interest	Total
2011	\$ 1,230,000	\$ 1,323,793	\$ 2,553,793
2012	1,275,000	1,275,065	2,550,065
2013	1,330,000	1,223,318	2,553,318
2014	1,385,000	1,168,080	2,553,080
2015	1,445,000	1,109,183	2,554,183
2016-2020	8,315,000	4,496,272	12,811,272
2021-2025	10,580,000	2,283,193	12,863,193
2026-2030	2,695,000	446,381	3,141,381
2031	615,000	13,684	628,684
	<u>\$ 28,870,000</u>	<u>\$ 13,338,969</u>	<u>\$ 42,208,969</u>

The future scheduled payments required to amortize the promissory note outstanding as of December 31, 2010 are as follows:

Governmental Activities			
	Principal	Interest	Total
2011	\$ 41,706	\$ 10,182	\$ 51,888
2012	42,974	8,913	51,887
2013	44,281	7,606	51,887
2014	45,628	6,259	51,887
2015	47,016	4,871	51,887
2016-2018	133,371	5,891	139,262
	<u>\$ 354,976</u>	<u>\$ 43,722</u>	<u>\$ 398,698</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Bond Refundings

Governmental Activities

In 2010, the Township issued the Refunding Series of 2010 General Obligation Bonds (2010 Bonds), the proceeds of which were used to advance refund the 2001C Series General Obligation Bonds (2001C Bonds). As a result, the 2001C Bonds are considered defeased and the liability for these bonds has been removed from the financial statements. At December 31, 2010, \$3,910,000 of 2001C Bonds is considered defeased.

This refunding reduced total debt service payments over the next 11 years by approximately \$600,000. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$300,000. The refunding of the 2001C Bonds generated a loss on defeasance of approximately \$267,000, which is deferred and is amortized over the life of the 2010 Bonds.

Business-type Activities

Sewer Fund

On November 15, 2001, the Township issued \$28,255,000 of general obligation bonds to advance refund the 1997 Bonds and to pay the costs of issuing and insuring the 2001 Series B General Obligation Bonds. The refunding of the 1997 Bonds generated a loss on defeasance of approximately \$2,858,000, which was deferred and is being amortized over the life of the 2001 Bonds.

Golf Course Fund

On May 1, 2006, the Township issued \$9,415,000 of Guaranteed Recreation Revenue Bonds, Refunding Series of 2006, to advance refund the Township's Guaranteed Recreation Revenue Bonds, Series of 2001, and to pay the related costs of issuing and insuring the refunding bonds. The refunding of the 2001 Series Bonds generated a loss on defeasance of approximately \$552,000, which was deferred and is being amortized over life of the 2006 Series Bonds.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

8. POLICE PENSION PLAN

Plan Description

The Police Pension Plan (Plan) is a single employer defined benefit plan established under the provisions of Act 205 and Act 600 of the Commonwealth of Pennsylvania. The Plan is governed by the Township's Board which has delegated the authority to manage certain Plan assets to the Township Manager. Plan provisions and contribution requirements are established and may be amended by the Township. A stand-alone financial report of the Plan is available upon request in the Township's finance office.

Summary of Significant Accounting Policies

Financial information of the Township's plan is presented on the accrual basis of accounting. Employer contributions to the Plan are recognized when due as required by Act 205 and Act 600. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments of the Plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. The Plan did not have any investment transactions with related parties during the year.

Significant Provisions of the Police Pension Plan

A. Participation - Any individual employed by the Township on a regular, full-time basis as a member of the Township's police force is covered by the Plan from the participant's date of hire. At January 1, 2009, the date of the most recent valuation, participants in the Plan were as follows:

Participants:	
Retirees and beneficiaries	9
Active employees:	
Vested	9
Nonvested	19

B. Vesting - Participants are 100% vested after 12 years of service.

C. Retirement Benefit - A participant is entitled to begin receiving retirement benefits after completing 25 years of service and attaining age 50 for employment that began prior to January 1, 1992. Those employees hired after January 1, 1992 are entitled to receive benefits after completing 25 years of service and attaining age 55. The scheduled monthly retirement benefit is 50% of the participant's final average monthly compensation earned during the last

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

36 months of employment, plus an additional monthly benefit of \$10 for each completed year of service in excess of 25 years, up to a maximum monthly increment of \$100.

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

E. Death Benefit - If a participant's death occurs before retirement eligibility, the participant's estate receives a refund of contributions made by the participant, plus interest.

If a participant's death occurs in the line of duty and the participant is survived by an eligible spouse or dependent children, a monthly benefit is payable until the latest of the spouse's death, spouse's remarriage, or the youngest dependent attaining age 18 (age 23 if attending college). The benefit payable is 100% of the participant's salary at the time of death. If a participant's death occurs after the participant has qualified for retirement and the participant is survived by an eligible spouse or dependent children, a monthly benefit is payable until the latest of the spouse's death, spouse's remarriage, or the youngest dependent attaining age 18 (age 23 if attending college). The benefit payable is 50% of the pension the participant was receiving or entitled to receive on the date of death.

F. Funding - The Plan is funded on an annual basis pursuant to the provisions of Act 205 and Act 600. In addition, participants are required to contribute 5% of their compensation. The annual pension cost and contribution, as well as the Plan assumptions for the Plan, are as follows:

Annual pension cost	\$	383,829
Contributions made	\$	382,807
Actuarial valuation date		1/1/2009
Actuarial cost method		Entry Age Normal
Amortization method		Level Dollar Closed
Asset valuation method		4 year Smoothing
Amortization period		13 years
Actuarial assumptions:		
Investment rate of return		7.5%
Projected salary increases		5.0%
Underlying inflation rate		3.0%

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the Plan and funded from investment earnings.

Net Pension Asset

The Township's net pension asset (a negative net pension obligation (NPO)) as of December 31, 2010 is calculated as follows:

Annual required contribution	\$ 382,207
Interest on NPO	(337)
Adjustment to the ARC	<u>1,959</u>
Annual pension cost	383,829
Contribution made	<u>(382,807)</u>
Change in NPO	1,022
NPO, 12/31/2009	<u>(12,499)</u>
NPO, 12/31/2010	<u><u>\$ (11,477)</u></u>

The net pension asset is not recorded on the government-wide financial statements due to immateriality.

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2008	\$ 272,081	99.7%	\$ (13,449)
12/31/2009	275,339	99.7%	(12,499)
12/31/2010	383,829	99.7%	(11,477)

Changes in Actuarial Assumptions and Plan Benefits

Based upon an actuarial valuation performed as of January 1, 2009, the Plan experienced a net actuarial loss of approximately \$818,000 which was due to investment returns during the two-year period that were less than the assumed 7.5% annual rate and salary increases were greater than the 5.0% assumption. This loss was partially offset by the death of two retirees and the continued employment of three participants beyond assumed retirement age.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Statement of Plan Net Assets

<u>Assets</u>	
Cash and cash equivalents	\$ 272,033
Investments (at fair value):	
U.S Government agency obligations	110,113
Corporate bonds	838,240
Mutual funds	6,391,489
Total Assets	7,611,875
Net Assets Held in Trust for	
Pension Benefits	\$ 7,611,875

Statement of Changes in Plan Net Assets

Additions:	
Employer contributions	\$ 382,807
Employee contributions	97,802
Investment income:	
Net appreciation in fair value	
of investments	695,643
Interest and dividends	147,038
Total investment income	842,681
Total additions	1,323,290
Deductions:	
Benefits	300,335
Administrative expense	29,790
Total deductions	330,125
Increase in Plan Net Assets	993,165
Net Assets Held in Trust for	
Pension Benefits:	
Beginning of year	6,618,710
End of year	\$ 7,611,875

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Funded Status

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

Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
\$ 6,227,017	\$ 7,838,502	\$(1,611,485)	79.44%	\$ 2,133,755	-75.52%

The schedule of funding progress included as required supplementary information immediately following the notes to financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

9. NON-UNIFORM PENSION PLAN

Plan Description

The Non-Uniform Pension Plan (Plan) is a single employer defined contribution plan established under the provisions of Act 205 of the Commonwealth of Pennsylvania. The Plan is governed by the Township's Board which has delegated the authority to manage certain plan assets to the Township Manager. Plan provisions and contribution requirements are established and may be amended by the Township. The Plan provides for retirement, disability, and death benefits to Plan members and their beneficiaries.

Summary of Significant Accounting Policies

Financial information of the Township's plan is presented on the accrual basis of accounting. Employer contributions to Plan are recognized when due as required by Act 205. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments of the Plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. The Plan did not have any investment transactions with related parties during the year.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Significant Provisions of the Non-Uniform Pension Plan

A. Funding Policy - Active members are not required to contribute to the Plan. The Township is required to contribute through yearly contributions five percent (5%) of the participant's annual compensation into an account maintained for the participant. The Township contributes seven percent (7%) to accounts of participants who are union members. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used to reduce or eliminate the required municipal contribution.

B. Participation - The Plan covers all full-time employees of the Township who are not members of the Township's police force. Employees who have worked 1,000 hours or more during the year are entitled to a contribution allocation for that year.

C. Vesting - Any account share attributable to the participants' voluntary contributions is always 100% vested. All other accounts will vest according to the cause of termination. In case of death, disability, or retirement the vesting is 100%. In case of termination for any other reason, a participant will vest as follows:

<u>Years of Service</u>	<u>Vesting %</u>
Less than 3	0%
3, but less than 4	20%
4, but less than 5	40%
5, but less than 6	60%
6, but less than 7	80%
7 or more	100%

D. Benefits - In case of death, disability, retirement or any other employment termination, the participant or beneficiary will be entitled to the distribution of the participant's account balance based on the then-current value of their vested interest, plus 100% of the voluntary contributions made.

E. Death Benefits - If a participant dies prior to retirement age, the beneficiary will be entitled to the accumulated contributions.

F. Contributions - A contribution in the amount of \$286,585 was made by the Township to the Plan during year ended December 31, 2010.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

10. DEFERRED COMPENSATION PLAN

Employees of the Township may participate in a deferred compensation plan (plan) adopted under the provisions of Internal Revenue Code Section 457 (Deferred compensation plans with respect to service for State and Local Governments).

The plan is available to all full-time employees of the Township. As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Township contributes 5% of employees' salary, after a six-month waiting period, to the plan on behalf of all full-time administrative employees and Teamster members. For utility workers, the Township matches employee contributions to a maximum of 3% for 2009. During 2010, the Township contributed approximately \$245,000 to the plan, and employee contributions were approximately \$443,400.

11. COMMITMENTS AND CONTINGENCIES

The Township is the defendant in a number of lawsuits arising principally from the normal course of operation. In the opinion of the administration, the outcome of these claims and lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

Additionally, the former Authority, which has been merged into the Township, is party to various legal proceedings which normally occur in Authority operations. These legal proceedings are not likely to have a material adverse impact on the Township.

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant changes in insurance coverage since the prior year. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

12. LEASE AND NAMING RIGHTS AGREEMENTS

Telecommunication Tower Lease Agreements

The Township has entered into numerous lease agreements with cellular phone providers for the installation of telecommunication towers on Township property. During 2010, the total revenue under these lease agreements was approximately \$144,800. The majority of the

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

lease agreements are for a term of five years, with varying renewal dates for additional five year periods. Three additional lease agreements are for a period exceeding five years, and extend to 2050, 2058, and 2073.

Future required minimum lease payments relating to the telecommunication tower leases are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2011	\$ 156,608
2012	118,135
2013	118,135
2014	90,565
2015	26,413
Thereafter	371,460
	<u>\$ 881,316</u>

Graham Park Lease Agreements

The Township has entered into lease agreements through 2018 with three local athletic associations for use of Graham Park during the year. During 2010, the total revenue under these lease agreements was approximately \$136,100.

Future minimum lease payments relating to the Graham Park lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2011	\$ 136,103
2012	136,103
2013	136,103
2014	136,103
2015	136,103
Thereafter	408,309
	<u>\$ 1,088,824</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Graham Park Naming Rights Agreement

In 2008, the Township entered into a naming rights agreement with Dick's Sporting Goods for the stadium at Graham Park. Under this agreement, and for a number of considerations, the most substantial of which was the naming of the stadium, the Township received an initial payment of \$200,000, and will continue to receive \$200,000 each year until the agreement expires in 2017. These payments will be accounted for as revenue within the General Fund in the year payment is received.

13. SIGNIFICANT COMPONENT UNIT TRANSACTIONS

During 2010, the Township provided \$402,547 of support to the Library in the form of dedicated real estate tax revenues and contributions of facilities.

Required Supplementary Information

TOWNSHIP OF CRANBERRY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND AND TRANSPORTATION IMPROVEMENT PROGRAM EAST FUND

YEAR ENDED DECEMBER 31, 2010

	General Fund				Transportation Improvement Program East Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
Revenues:								
Taxes								
Property	\$ 2,774,915	\$ 2,774,915	\$ 2,778,539	\$ 3,624	\$ -	\$ -	\$ -	\$ -
Earned income	4,650,000	4,650,000	4,860,290	210,290	-	-	-	-
Business privilege	1,880,000	1,880,000	1,763,278	(116,722)	-	-	-	-
Local service	990,000	990,000	898,226	(91,774)	-	-	-	-
Real estate transfer	970,000	970,000	981,877	11,877	-	-	-	-
Licenses, permits, and fees	1,037,800	1,037,800	1,357,783	319,983	-	-	-	-
Fines and forfeitures	133,500	133,500	122,982	(10,518)	-	-	-	-
Interest, rents, and royalties	248,789	248,789	233,619	(15,170)	30,000	30,000	29,893	(107)
Intergovernmental	684,100	684,100	889,440	205,340	-	-	33,854	33,854
Developer contributions	220,000	220,000	238,956	18,956	490,000	490,000	89,856	(400,144)
Charges for services	873,800	873,800	954,467	80,667	-	-	-	-
Miscellaneous	85,500	85,500	117,805	32,305	-	-	-	-
Total revenues	14,548,404	14,548,404	15,197,262	648,858	520,000	520,000	153,603	(366,397)
Expenditures:								
Current:								
General government	2,393,154	2,412,854	2,101,318	311,536	-	-	-	-
Public safety	4,493,982	4,493,982	4,590,257	(96,275)	-	-	-	-
Highways, roads, and streets	2,943,601	2,971,101	3,199,401	(228,300)	-	-	216,188	(216,188)
Culture and recreation	1,650,922	1,650,922	1,644,119	6,803	-	-	-	-
Insurance and pension	256,000	256,000	239,033	16,967	-	-	-	-
Community development	679,378	787,929	736,373	51,556	-	-	-	-
Miscellaneous	20,000	20,000	5,567	14,433	-	-	-	-
Debt service	1,760,519	1,760,519	1,449,501	311,018	-	-	-	-
Capital outlay	136,044	136,044	222,033	(85,989)	900,000	900,000	611,712	288,288
Total expenditures	14,333,600	14,489,351	14,187,602	301,749	900,000	900,000	827,900	72,100
Excess (Deficiency) of Revenues over Expenditures	214,804	59,053	1,009,660	950,607	(380,000)	(380,000)	(674,297)	(294,297)
Other Financing Sources (Uses):								
Proceeds from general obligation debt	-	-	4,470,000	4,470,000	-	-	-	-
Bond premium	-	-	50,388	50,388	-	-	-	-
Payment to bond refunding escrow agent	-	-	(4,451,796)	(4,451,796)	-	-	-	-
Proceeds from sale of capital assets	-	-	21,485	21,485	-	-	-	-
Transfers in	95,000	95,000	95,000	-	45,386	45,386	-	(45,386)
Transfers out	(1,445,000)	(2,529,700)	(2,682,853)	(153,153)	-	-	-	-
Total other financing sources (uses)	(1,350,000)	(2,434,700)	(2,497,776)	(63,076)	45,386	45,386	-	(45,386)
Net Change in Fund Balance	\$ (1,135,196)	\$ (2,375,647)	(1,488,116)	\$ 887,531	\$ (334,614)	\$ (334,614)	(674,297)	\$ (339,683)
Fund Balance:								
Beginning of year (as restated for General Fund)			8,703,600				5,705,786	
End of year			<u>\$ 7,215,484</u>				<u>\$ 5,031,489</u>	

TOWNSHIP OF CRANBERRY

SCHEDULE OF FUNDING PROGRESS

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a % of Covered Payroll
Police:	1/1/2005	\$ 5,013,312	\$ 6,080,319	\$ (1,067,007)	82.5%	\$ 1,635,327	-65.2%
	1/1/2007	6,093,213	6,987,181	(893,968)	87.2%	1,929,340	-46.3%
	1/1/2009	6,227,017	7,838,502	(1,611,485)	79.4%	2,133,755	-75.5%

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

See accompanying note to required supplementary schedules.

TOWNSHIP OF CRANBERRY

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Calendar Year	Police	
	Annual Required Contributions	Percentage Contributed
2005	\$ 222,937	113.7%
2006	263,374	100.0%
2007	275,231	100.0%
2008	271,197	100.0%
2009	268,577	100.0%
2010	382,807	100.0%

See accompanying note to required supplementary schedules.

TOWNSHIP OF CRANBERRY

NOTE TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2010

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 valuation follows:

	<u>Police</u>
Actuarial valuation date	1/1/2009
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Asset valuation method	4 Year Smoothing
Amortization period	13 years
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	5.0%
Underlying inflation rate	3.0%
Cost of living adjustments	100% change in CPI-W

Supplementary Information

TOWNSHIP OF CRANBERRY

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	Special Revenue Funds							Total Special Revenue Funds
	Fire Protection Fund	Library Fund	Recreational Facilities Fund	Transportation Improvement Program West Fund	Developers' Deposits Fund	Developers' Contributions Fund	Highway Aid Fund	
Assets								
Cash and cash equivalents	\$ 2,431	\$ 1,628	\$ -	\$ -	\$ 5,400	\$ -	\$ -	\$ 9,459
Investments	276,955	17,840	411,050	1,287,163	2,121,801	1,845,915	8,330	5,969,054
Other receivables	-	-	-	-	-	-	-	-
Due from other funds	7,604	5,092	-	-	-	-	-	12,696
Advances to other funds	-	-	-	-	-	155,356	-	155,356
Total Assets	\$ 286,990	\$ 24,560	\$ 411,050	\$ 1,287,163	\$ 2,127,201	\$ 2,001,271	\$ 8,330	\$ 6,146,565
Liabilities and Fund Balance								
Liabilities:								
Accounts payable and accrued expenses	\$ 28,011	\$ 3,758	\$ -	\$ 25,033	\$ 786,446	\$ 33,500	\$ -	\$ 876,748
Due to other funds	1,212	-	-	-	-	-	-	1,212
Total Liabilities	29,223	3,758	-	25,033	786,446	33,500	-	877,960
Fund Balance:								
Reserved for advances to other funds	-	-	-	-	-	155,356	-	155,356
Unreserved	257,767	20,802	411,050	1,262,130	1,340,755	1,812,415	8,330	5,113,249
Total Fund Balance	257,767	20,802	411,050	1,262,130	1,340,755	1,967,771	8,330	5,268,605
Total Liabilities and Fund Balance	\$ 286,990	\$ 24,560	\$ 411,050	\$ 1,287,163	\$ 2,127,201	\$ 2,001,271	\$ 8,330	\$ 6,146,565

(Continued)

TOWNSHIP OF CRANBERRY

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2010

(Continued)

	Capital Projects Funds				Total Capital Projects Funds	Total Other Governmental Funds
	Capital Improvement Fund	2008 Bond Fund	Fire Capital Fund	Township Transportation Improvement Program Fund		
Assets						
Cash and cash equivalents	\$ -	\$ 35,615	\$ 1,628	\$ 27,683	\$ 64,926	\$ 74,385
Investments	1,336,090	-	520,147	171,714	2,027,951	7,997,005
Other receivables	142,244	-	-	-	142,244	142,244
Due from other funds	-	-	5,092	-	5,092	17,788
Advances to other funds	-	-	-	-	-	155,356
Total Assets	\$ 1,478,334	\$ 35,615	\$ 526,867	\$ 199,397	\$ 2,240,213	\$ 8,386,778
Liabilities and Fund Balance						
Liabilities:						
Accounts payable and accrued expenses	\$ 191,297	\$ -	\$ -	\$ 4,775	\$ 196,072	\$ 1,072,820
Due to other funds	-	-	-	-	-	1,212
Total Liabilities	191,297	-	-	4,775	196,072	1,074,032
Fund Balance:						
Reserved for advances to other funds	-	-	-	-	-	155,356
Unreserved	1,287,037	35,615	526,867	194,622	2,044,141	7,157,390
Total Fund Balance	1,287,037	35,615	526,867	194,622	2,044,141	7,312,746
Total Liabilities and Fund Balance	\$ 1,478,334	\$ 35,615	\$ 526,867	\$ 199,397	\$ 2,240,213	\$ 8,386,778

(Concluded)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds						Total Special Revenue Funds
	Fire Protection Fund	Library Fund	Recreational Facilities Fund	Transportation Improvement Program West Fund	Developers' Deposits Fund	Developers' Contributions Fund	Highway Aid Fund
Revenues:							
Taxes	\$ 384,738	\$ 257,658	\$ -	\$ -	\$ -	\$ -	\$ 642,396
Licenses, permits, and fees	-	-	139,096	-	-	-	139,096
Interest	247	189	175	532	1,215	8,483	11,118
Intergovernmental	-	-	-	-	-	-	541,070
Contributions	5,000	-	-	666,538	170,413	509,220	1,351,171
Miscellaneous	1,287	-	-	100	-	-	1,387
Total revenues	391,272	257,847	139,271	667,170	171,628	517,703	2,686,238
Expenditures:							
Public safety	352,745	-	-	-	-	-	352,745
Highways, roads, and streets	-	-	-	124,707	157,965	-	847,672
Culture and recreation	-	283,928	-	-	-	-	283,928
Miscellaneous	-	-	-	-	-	1,290	1,290
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	90,300	-	176,073	266,373
Total expenditures	352,745	283,928	-	215,007	157,965	177,363	1,752,008
Excess (Deficiency) of Revenues Over Expenditures	38,527	(26,081)	139,271	452,163	13,663	340,340	934,230
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	-	-
Change in Net Assets	38,527	(26,081)	139,271	452,163	13,663	340,340	934,230
Fund Balance:							
Beginning of year	219,240	46,883	271,779	809,967	1,327,092	1,627,431	4,334,375
End of year	\$ 257,767	\$ 20,802	\$ 411,050	\$ 1,262,130	\$ 1,340,755	\$ 1,967,771	\$ 5,268,605

(Continued)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2010

(Continued)

	Capital Projects Funds					
	Capital Improvement Fund	2008 Bond Fund	Fire Capital Fund	Township Transportation Improvement Program Fund	Total Capital Projects Funds	Total Other Governmental Funds
Revenues:						
Taxes	\$ -	\$ -	\$ 257,657	\$ -	\$ 257,657	\$ 900,053
Licenses, permits, and fees	-	-	-	-	-	139,096
Interest	269	87	322	182	860	11,978
Intergovernmental	509,497	-	-	-	509,497	1,050,567
Contributions	-	-	-	-	-	1,351,171
Miscellaneous	-	-	-	-	-	1,387
Total revenues	<u>509,766</u>	<u>87</u>	<u>257,979</u>	<u>182</u>	<u>768,014</u>	<u>3,454,252</u>
Expenditures:						
Public safety	-	-	-	-	-	352,745
Highways, roads, and streets	-	-	-	-	-	847,672
Culture and recreation	-	-	-	-	-	283,928
Miscellaneous	-	-	-	-	-	1,290
Debt service:						
Principal retirement	-	-	93,903	-	93,903	93,903
Interest charges	-	-	12,308	-	12,308	12,308
Capital outlay	<u>1,825,362</u>	<u>41,874</u>	<u>-</u>	<u>113,433</u>	<u>1,980,669</u>	<u>2,247,042</u>
Total expenditures	<u>1,825,362</u>	<u>41,874</u>	<u>106,211</u>	<u>113,433</u>	<u>2,086,880</u>	<u>3,838,888</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,315,596)</u>	<u>(41,787)</u>	<u>151,768</u>	<u>(113,251)</u>	<u>(1,318,866)</u>	<u>(384,636)</u>
Other Financing Sources (Uses):						
Transfers in	<u>2,165,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,165,000</u>	<u>2,165,000</u>
Change in Net Assets	<u>849,404</u>	<u>(41,787)</u>	<u>151,768</u>	<u>(113,251)</u>	<u>846,134</u>	<u>1,780,364</u>
Fund Balance:						
Beginning of year	<u>437,633</u>	<u>77,402</u>	<u>375,099</u>	<u>307,873</u>	<u>1,198,007</u>	<u>5,532,382</u>
End of year	<u>\$ 1,287,037</u>	<u>\$ 35,615</u>	<u>\$ 526,867</u>	<u>\$ 194,622</u>	<u>\$ 2,044,141</u>	<u>\$ 7,312,746</u>

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS

DECEMBER 31, 2010

Assets	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Cash and cash equivalents	\$ 272,033	\$ 378,233	\$ 650,266
Investments:			
U.S Government agency obligations	110,113	-	110,113
Corporate bonds	838,240	218,594	1,056,834
Mutual funds	6,391,489	2,862,974	9,254,463
Total Assets	7,611,875	3,459,801	11,071,676
Net Assets Held in Trust for Pension Benefits	\$ 7,611,875	\$ 3,459,801	\$ 11,071,676

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2010

	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Additions:			
Employer contributions	\$ 382,807	\$ 286,585	\$ 669,392
Employee contributions	97,802	-	97,802
Total contributions	480,609	286,585	767,194
Investment income:			
Net appreciation in fair value of investments	695,643	318,147	1,013,790
Interest and dividends	147,038	60,663	207,701
Total investment income	842,681	378,810	1,221,491
Total additions	1,323,290	665,395	1,988,685
Deductions:			
Benefits	300,335	91,328	391,663
Administrative expense	29,790	-	29,790
Total deductions	330,125	91,328	421,453
Increase in Plan Net Assets	993,165	574,067	1,567,232
Net Assets Held in Trust for Pension Benefits:			
Beginning of year	6,618,710	2,885,734	9,504,444
End of year	\$ 7,611,875	\$ 3,459,801	\$ 11,071,676