

Township of Cranberry

Financial Statements
and Required Supplementary
and Supplementary Information

Year Ended December 31, 2011
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2011

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YEAR ENDED DECEMBER 31, 2011

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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, 2011, 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, 2011, 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 44, and pages 45 through 47, 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

Board of Supervisors
Township of Cranberry
Independent Auditor's Report
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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
September 25, 2012

Management's Discussion and Analysis

As management of the Township of Cranberry (Township), Pennsylvania, 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, 2011.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$69,661,975.
- The Township's net assets increased by \$943,125.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$24,032,611.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,945,511.

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 fourteen 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, the Transportation Improvement Program East Fund, the Capital Improvement Fund, and the 2011 Bond Fund as these funds are considered to be major funds. Data from the other ten 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 an other enterprise 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 43 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 44 through 47 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 governmental and fiduciary fund statements and schedules can be found on pages 48 through 53 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 \$69,661,975 at the close of the most recent fiscal year. Of this amount, \$36,094,045 (or 52%) is invested in capital assets (e.g., land, buildings, and equipment), net of related debt, 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	26,809,539	22,855,181	19,187,552	11,727,663	45,997,091	34,582,844
Capital assets	42,814,686	42,919,146	41,342,178	42,235,186	84,156,864	85,154,332
Total assets	69,624,225	65,774,327	60,529,730	53,962,849	130,153,955	119,737,176
Current and other liabilities	1,120,303	1,762,039	1,408,194	1,232,708	2,528,497	2,994,747
Long-term liabilities	21,944,065	19,554,519	36,019,418	28,469,060	57,963,483	48,023,579
Total liabilities	23,064,368	21,316,558	37,427,612	29,701,768	60,491,980	51,018,326
Net Assets:						
Invested in capital assets, net of related debt	24,371,285	23,452,319	11,722,760	13,853,611	36,094,045	37,305,930
Restricted	12,266,363	10,862,576	-	450,259	12,266,363	11,312,835
Unrestricted	9,922,209	10,142,874	11,379,358	9,957,211	21,301,567	20,100,085
Total net assets	46,559,857	44,457,769	23,102,118	24,261,081	69,661,975	68,718,850

The balance of unrestricted net assets, \$21,301,567, 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 \$2,102,088. Business-type activities decreased the Township's net assets by \$1,158,963 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	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	2,794,366	2,574,328	15,740,298	14,915,910	18,534,664	17,490,238
Operating grants	1,325,727	1,133,396	-	-	1,325,727	1,133,396
Capital grants	4,242,226	2,520,448	176,726	228,307	4,418,952	2,748,755
General revenues:						
Property taxes	3,739,241	3,788,422	-	-	3,739,241	3,788,422
Earned income taxes	5,603,738	4,850,232	-	-	5,603,738	4,850,232
Other taxes	4,004,236	3,643,381	-	-	4,004,236	3,643,381
Interest and rents	301,765	275,490	7,345	37,036	309,110	312,526
Other	99,737	134,334	-	1,069	99,737	135,403
Transfers	246,129	(422,853)	(246,129)	422,853	-	-
Total revenues	22,357,165	18,497,178	15,678,240	15,605,175	38,035,405	34,102,353

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Expenses						
General government	4,622,037	4,115,126	-	-	4,622,037	4,115,126
Public safety	5,649,110	5,097,363	-	-	5,649,110	5,097,363
Highways, road, and streets	6,288,375	5,506,870	-	-	6,288,375	5,506,870
Culture and recreation	2,050,018	1,930,552	-	-	2,050,018	1,930,552
Community development	875,512	736,373	-	-	875,512	736,373
Interest on long-term debt	770,025	835,362	-	-	770,025	835,362
Water	-	-	4,929,698	4,680,420	4,929,698	4,680,420
Sewer	-	-	6,874,806	6,805,716	6,874,806	6,805,716
Golf course	-	-	2,522,445	2,505,085	2,522,445	2,505,085
Solid waste	-	-	1,766,273	1,609,821	1,766,273	1,609,821
Pool	-	-	743,981	682,276	743,981	682,276
Total Expenses	20,255,077	18,221,646	16,837,203	16,283,318	37,092,280	34,504,964
Change in net assets	2,102,088	275,532	(1,158,963)	(678,143)	943,125	(402,611)
Net assets - beginning	44,457,769	44,182,237	24,261,081	24,939,224	68,718,850	69,121,461
Net assets - ending	46,559,857	44,457,769	23,102,118	24,261,081	69,661,975	68,718,850

The following table depicts revenues by source for governmental activities in 2011:

Revenues by Source - Governmental Activities

Charges for services	13%
Operating grants	6%
Capital grants	19%
Property taxes	17%
Earned income taxes	25%
Other taxes	18%
Interest and rents	2%
Total	100%

Government-wide revenues were primarily derived from earned income taxes at 25% and other taxes (business privilege/mercantile tax and local services tax) at 18%. Property taxes, at 17%, are the third largest source of revenue.

The following table depicts expenses by programs for governmental activities in 2011:

Expenses by Program - Governmental Activities

General government	23%
Public safety	28%
Highways, roads and streets	31%
Culture and recreation	10%
Community Development	4%
Interest on long-term debt	4%
Total	100%

Total expenses for all programs in 2011 were \$20,255,077. The expenses reflect the delivery of a wide range of services, with the largest being highways, roads, and streets at 31%. The second largest program is public safety at 28%. The program ranked third is general government at 23%.

The following table depicts the net program expenses/revenues by function/program for governmental activities for the period ending December 31, 2011:

Net Program Expenses/Revenues

General government	\$ (3,937,806)
Public safety	(4,088,191)
Highways, roads, and streets	(1,980,847)
Culture and recreation	(1,297,509)
Community development	181,620
Interest on long-term debt	(770,025)
Total	\$(11,892,758)

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 \$4 million in 2011. General government expenses required approximately \$3.94 million in general revenues for support. Highways, roads, and streets needed approximately \$1.98 million.

Business-type Activities. Business-type activities decreased the Township's net assets by \$1,158,963. 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 and 2% from capital grants and contributions.

Expenses and Program Revenues - Business-type Activities

Program	Charges for Services	Expenses*
Sewer	6,182,340	4,113,556
Water	5,414,182	4,443,972
Golf Course	1,872,936	1,637,177
Solid Waste	1,871,317	1,680,188
Swimming Pool	576,249	596,348

* 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, unassigned 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 approximately \$24 million.

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,945,511. As of the end of 2011, the fund balance of the General Fund decreased by \$1,237,355, primarily due to 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 \$3,339,202, the Sewer Fund \$7,572,175, the Golf Course Fund (\$237,056), the Solid Waste Fund \$623,319, and the Swimming Pool Fund \$81,818. 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 10%. Increases in revenue can be seen in the Act 511 taxes as well as building permits. Expenditures were 3% over budget. Actual revenue exceeded expenditures by \$818,388. 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, 2011, amounts to \$84,156,864 (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 2011	Business-type Activities 2011	Total
Land	9,499,596	3,366,304	12,865,900
Construction in Progress	-	1,503,242	1,503,242
Total Non-Depreciable Assets	9,499,596	4,869,546	14,369,142
Buildings	17,035,388	18,095,338	35,130,726
Site Improvements	3,518,398	4,278,310	7,796,708
Machinery, Equipment, Vehicles	9,800,939	18,530,793	28,331,732
Infrastructure	34,619,522	31,178,049	65,797,571
Carts – in service	-	809,684	809,684
Carts – not in service	-	74,853	74,853
Total Depreciable Assets	64,974,247	72,967,027	137,941,274
Accumulated Depreciation	-31,659,157	-36,494,395	-68,153,552
Total Depreciable Assets, Net	33,315,090	36,472,632	69,787,722
Total Capital Assets	42,814,686	41,342,178	84,156,864

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 \$58,249,694. The Township's bond rating is Aa2 by Moody's Investor Service.

Cranberry Township's Outstanding Debt

	Governmental Activities 2011	Business-type Activities 2011	Total
General Obligation Bonds	21,848,554	38,108,176	59,956,730
Deferred Refunding Loss	-213,436	-2,088,758	-2,302,194
Promissory Note	308,947	-	308,947
Compensated Absences	192,400	93,811	286,211
Total	22,136,465	36,113,229	58,249,694

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 population from the 2010 Census is 28,098. Commercial growth continues to occur along Rt. 228 and Rt. 19. Residential growth continues throughout the Township. In 2011, 189 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.

2012 Budget Highlights

The 2012 General Fund budget continues to emphasize cost containment. After eight years of holding the line on property taxes, the 2012 Township Budget contains a 2.35 mil tax increase. The tax increase supports the library, needs of the volunteer fire company, and road maintenance. 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 completing the replacement of 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, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cranberry Public Library
Assets				
Cash and cash equivalents	\$ 622,005	\$ 1,607,060	\$ 2,229,065	\$ 151,972
Investments	29,328,439	10,047,254	39,375,693	106,083
Receivable:				
Taxes	2,726,530	-	2,726,530	-
Customers - billed	-	217,686	217,686	-
Customers - unbilled	-	710,145	710,145	-
Other	92,813	31,456	124,269	5,600
Internal balances	(6,281,046)	6,281,046	-	-
Inventory	32,618	84,608	117,226	-
Net pension asset	212,625	-	212,625	-
Restricted assets:				
Beneficial interest in net assets of community foundation	-	-	-	363,661
Capital assets, net:				
Nondepreciable	9,499,596	4,869,546	14,369,142	-
Depreciable	33,315,090	36,472,632	69,787,722	140,323
Other assets, net:				
Unamortized bond issue costs	75,555	208,297	283,852	-
Total Assets	69,624,225	60,529,730	130,153,955	767,639
Liabilities				
Accounts payable	335,035	726,289	1,061,324	17,931
Accrued payroll and related expenses	381,714	75,133	456,847	-
Accrued interest payable	135,029	312,507	447,536	-
Deferred revenue	76,125	124,157	200,282	-
Security deposits	-	76,297	76,297	-
Compensated absences	192,400	93,811	286,211	-
Long-term debt, current portion	1,189,494	1,813,480	3,002,974	-
Long-term debt, long-term portion	20,754,571	34,205,938	54,960,509	-
Total Liabilities	23,064,368	37,427,612	60,491,980	17,931
Net Assets				
Invested in capital assets, net of related debt	24,371,285	11,722,760	36,094,045	140,323
Restricted, expendable (see Note 1)	12,266,363	-	12,266,363	-
Restricted for Cranberry Legacy Fund, nonexpendable	-	-	-	368,402
Unrestricted	9,922,209	11,379,358	21,301,567	240,983
Total Net Assets	\$ 46,559,857	\$ 23,102,118	\$ 69,661,975	\$ 749,708

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

TOWNSHIP OF CRANBERRY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

Functions/Programs							Net (Expense) Revenue and Changes in Net Assets			Component Unit Cranberry Public Library	
	Expenses	Program Revenues			Primary Government		Total				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities					
Primary Government:											
Governmental activities:											
General government	\$ 4,622,037	\$ 407,123	\$ 277,108	\$ -	\$ (3,937,806)	\$ -	\$ (3,937,806)	\$ -	\$ -		
Public safety	5,649,110	512,642	1,048,277	-	(4,088,191)	-	(4,088,191)	-	-		
Highways, roads, and streets	6,288,375	65,302	-	4,242,226	(1,980,847)	-	(1,980,847)	-	-		
Culture and recreation	2,050,018	752,167	342	-	(1,297,509)	-	(1,297,509)	-	-		
Community development	875,512	1,057,132	-	-	181,620	-	181,620	-	-		
Interest on long-term debt	770,025	-	-	-	(770,025)	-	(770,025)	-	-		
Total governmental activities	<u>20,255,077</u>	<u>2,794,366</u>	<u>1,325,727</u>	<u>4,242,226</u>	<u>(11,892,758)</u>	<u>-</u>	<u>(11,892,758)</u>	<u>-</u>	<u>-</u>		
Business-type activities:											
Water	4,929,698	5,414,182	-	-	-	484,484	484,484	-	-		
Sewer	6,874,806	6,182,340	-	-	-	(692,466)	(692,466)	-	-		
Golf course	2,522,445	1,872,936	-	-	-	(649,509)	(649,509)	-	-		
Solid waste	1,766,273	1,694,591	-	176,726	-	105,044	105,044	-	-		
Other	743,981	576,249	-	-	-	(167,732)	(167,732)	-	-		
Total business-type activities	<u>16,837,203</u>	<u>15,740,298</u>	<u>-</u>	<u>176,726</u>	<u>-</u>	<u>(920,179)</u>	<u>(920,179)</u>	<u>-</u>	<u>-</u>		
Total primary government	<u>\$ 37,092,280</u>	<u>\$ 18,534,664</u>	<u>\$ 1,325,727</u>	<u>\$ 4,418,952</u>	<u>\$ (11,892,758)</u>	<u>\$ (920,179)</u>	<u>\$ (12,812,937)</u>	<u>-</u>	<u>-</u>		
Component Unit:											
Cranberry Public Library	<u>\$ 691,194</u>	<u>\$ 48,291</u>	<u>\$ 618,253</u>	<u>\$ -</u>					<u>(24,650)</u>		
General revenues:											
Taxes:											
Property					3,739,241	-	3,739,241	-	-		
Earned income					5,603,738	-	5,603,738	-	-		
Business privilege					1,874,007	-	1,874,007	-	-		
Local service					1,144,431	-	1,144,431	-	-		
Real estate transfer					985,798	-	985,798	-	-		
Interest, rents, and royalties					301,765	7,345	309,110	(1,375)	-		
Gain on disposal of capital assets					19,048	-	19,048	-	-		
Other					80,689	-	80,689	11,032	-		
Transfers - internal activities					246,129	(246,129)	-	-	-		
Total general revenues and transfers					<u>13,994,846</u>	<u>(238,784)</u>	<u>13,756,062</u>	<u>9,657</u>	<u>-</u>		
Change in Net Assets											
Net assets - beginning of year					2,102,088	(1,158,963)	943,125	(14,993)	-		
Net assets - end of year					<u>44,457,769</u>	<u>24,261,081</u>	<u>68,718,850</u>	<u>764,701</u>	<u>-</u>		
					<u>\$ 46,559,857</u>	<u>\$ 23,102,118</u>	<u>\$ 69,661,975</u>	<u>\$ 749,708</u>	<u>-</u>		

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

TOWNSHIP OF CRANBERRY

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2011

	Special Revenue Fund						Other Governmental Funds	Total Governmental Funds		
	Transportation Improvement Program East Fund		Capital Projects Funds		2011 Bond Fund					
	General Fund	Capital Improvement Fund	Capital Projects Fund	2011 Bond Fund						
Assets										
Cash and cash equivalents	\$ 455,518	\$ -	\$ 161,618	\$ -	\$ 4,869	\$ 622,005				
Investments	4,986,196	5,520,620	2,057,731	10,040,023	6,723,869	29,328,439				
Taxes receivable	2,726,530	-	-	-	-	2,726,530				
Other receivables	92,813	-	-	-	-	92,813				
Due from other funds	401,760	1,188	-	-	75,493	478,441				
Inventory	32,618	-	-	-	-	32,618				
Total Assets	\$ 8,695,435	\$ 5,521,808	\$ 2,219,349	\$ 10,040,023	\$ 6,804,231	\$ 33,280,846				
Liabilities and Fund Balance										
Liabilities:										
Accounts payable and accrued expenses	\$ 218,664	\$ -	\$ 66,923	\$ 4,330	\$ 45,118	\$ 335,035				
Accrued payroll and related expenses	381,714	-	-	-	-	381,714				
Due to other funds	344,929	-	-	6,400,000	14,558	6,759,487				
Deferred revenue	1,771,999	-	-	-	-	1,771,999				
Total Liabilities	2,717,306	-	66,923	6,404,330	59,676	9,248,235				
Fund Balance:										
Nonspendable:										
Inventory	32,618	-	-	-	-	32,618				
Restricted:										
Transportation improvement	-	5,521,808	-	-	1,479,900	7,001,708				
Highways and streets	-	-	-	-	36,085	36,085				
Recreation	-	-	-	-	423,834	423,834				
Library	-	-	-	-	19,212	19,212				
Fire protection	-	-	-	-	899,323	899,323				
Capital projects	-	-	-	3,635,693	-	3,635,693				
Development review	-	-	-	-	1,301,731	1,301,731				
Infrastructure improvement	-	-	-	-	2,584,470	2,584,470				
Assigned:										
Capital improvements	-	-	2,152,426	-	-	2,152,426				
Unassigned	5,945,511	-	-	-	-	5,945,511				
Total Fund Balance	5,978,129	5,521,808	2,152,426	3,635,693	6,744,555	24,032,611				
Total Liabilities and Fund Balance	\$ 8,695,435	\$ 5,521,808	\$ 2,219,349	\$ 10,040,023	\$ 6,804,231	\$ 33,280,846				

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, 2011

Total Fund Balance - Governmental Funds	\$ 24,032,611
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.	42,814,686
Certain taxes are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,695,874
Amounts contributed in excess of the annual pension cost are not current financial resources and, therefore, not reported in the funds.	212,625
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 activities.	75,555
Accrued interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(135,029)
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>(22,136,465)</u>
Total Net Assets - Governmental Activities	<u>\$ 46,559,857</u>

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, 2011

	Special Revenue Fund		Capital Projects Funds			Other Governmental Funds	Total Governmental Funds
	Transportation Improvement Program East Fund		Capital Improvement Fund		2011 Bond Fund		
	General Fund	Fund	Fund	Fund	Fund		
Revenues:							
Taxes:							
Property	\$ 2,852,380	\$ -	\$ -	\$ -	\$ 922,602	\$ 3,774,982	
Earned income	5,416,666	-	-	-	-	-	5,416,666
Business privilege	1,874,007	-	-	-	-	-	1,874,007
Local service	1,144,431	-	-	-	-	-	1,144,431
Real estate transfer	985,798	-	-	-	-	-	985,798
Licenses, permits, and fees	1,484,468	-	-	-	187,649	1,672,117	
Fines and forfeitures	107,722	-	-	-	-	-	107,722
Interest, rents, and royalties	229,411	19,753	444	43,585	8,572	301,765	
Intergovernmental	1,078,681	275,028	1,209,394	-	557,626	3,120,729	
Contributions and donations	251,321	240,251	27,500	-	1,433,351	1,952,423	
Charges for services	1,014,527	-	-	-	-	1,014,527	
Miscellaneous	77,203	-	-	-	3,486	80,689	
Total revenues	<u>16,516,615</u>	<u>535,032</u>	<u>1,237,338</u>	<u>43,585</u>	<u>3,113,286</u>	<u>21,445,856</u>	
Expenditures:							
Current:							
General government	2,730,178	-	-	5,697	-	2,735,875	
Public safety	5,133,336	-	-	-	388,117	5,521,453	
Highways, roads, and streets	3,359,961	15,293	-	-	1,073,174	4,448,428	
Culture and recreation	1,783,836	-	-	-	265,794	2,049,630	
Community development	875,512	-	-	-	-	875,512	
Miscellaneous	12,572	-	-	30,358	1,608	44,538	
Debt service:							
Principal retirement	736,810	-	-	-	321,029	1,057,839	
Interest charges	682,328	-	-	-	10,182	692,510	
Capital outlay	383,694	29,420	2,662,949	-	339,016	3,415,079	
Total expenditures	<u>15,698,227</u>	<u>44,713</u>	<u>2,662,949</u>	<u>36,055</u>	<u>2,398,920</u>	<u>20,840,864</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>818,388</u>	<u>490,319</u>	<u>(1,425,611)</u>	<u>7,530</u>	<u>714,366</u>	<u>604,992</u>	
Other Financing Sources (Uses):							
Proceeds from general obligation debt	-	-	-	3,340,000	-	3,340,000	
Bond premium	-	-	-	262,723	-	262,723	
Proceeds from sale of capital assets	14,568	-	-	-	4,480	19,048	
Transfers in	697,136	-	2,291,000	25,440	-	3,013,576	
Transfers out	(2,767,447)	-	-	-	-	(2,767,447)	
Total other financing sources (uses)	<u>(2,055,743)</u>	<u>-</u>	<u>2,291,000</u>	<u>3,628,163</u>	<u>4,480</u>	<u>3,867,900</u>	
Net Change in Fund Balance	<u>(1,237,355)</u>	<u>490,319</u>	<u>865,389</u>	<u>3,635,693</u>	<u>718,846</u>	<u>4,472,892</u>	
Fund Balance:							
Beginning of year	<u>7,215,484</u>	<u>5,031,489</u>	<u>1,287,037</u>	<u>-</u>	<u>6,025,709</u>	<u>19,559,719</u>	
End of year	<u>\$ 5,978,129</u>	<u>\$ 5,521,808</u>	<u>\$ 2,152,426</u>	<u>\$ 3,635,693</u>	<u>\$ 6,744,555</u>	<u>\$ 24,032,611</u>	

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, 2011

Net Change in Fund Balance - Governmental Funds	\$ 4,472,892
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Amounts reported for governmental activities in the statement of activities are different 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	\$ 2,182,405
Capital contributions	494,801
Depreciation expense	<u>(2,781,666)</u>
	(104,460)

The net pension asset is reflected on the statement of net assets, but is not considered an asset that is available to pay current liabilities for the fund statements. The value of this item changed by this amount during the year.

212,625

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

151,331

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.

(7,901)

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.

(38,222)

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	\$ (3,340,000)
Principal payments	1,057,839
Bond premium	(262,723)
Amortization of bond discounts/premiums	(2,481)
Amortization of bond issuance costs	(10,132)
Amortization of deferred refunding loss	<u>(26,680)</u>
	(2,584,177)
Change in Net Assets of Governmental Activities	<u>\$ 2,102,088</u>

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

TOWNSHIP OF CRANBERRY

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

DECEMBER 31, 2011

Assets	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Current assets:						
Cash and cash equivalents	\$ 175,155	\$ 1,425,237	\$ 6,668	\$ -	\$ 93,681	\$ 1,607,060
Investments	3,247,383	5,811,424	181,636	713,130	-	10,047,254
Accounts receivable:						
Customers - billed	85,607	128,970	-	3,109	-	217,686
Customers - unbilled	323,063	387,082	-	-	-	710,145
Other	26,971	-	-	-	4,485	31,456
Due from other funds	1,610,357	3,799,430	-	44,417	1,400,218	6,854,422
Inventory	-	-	84,608	-	-	84,608
Total current assets	<u>5,468,536</u>	<u>11,552,143</u>	<u>272,912</u>	<u>760,656</u>	<u>1,498,384</u>	<u>19,552,631</u>
Non-current assets:						
Capital assets:						
Land	91,517	171,340	3,103,447	-	-	3,366,304
Construction in progress	1,392,831	110,411	-	-	-	1,503,242
Buildings	3,856,814	8,761,842	2,963,085	-	2,513,597	18,095,338
Site improvements	386,565	269,103	3,622,642	-	-	4,278,310
Machinery, equipment, and vehicles	1,312,602	15,890,327	1,240,980	69,687	17,197	18,530,793
Infrastructure	12,788,216	18,389,833	-	-	-	31,178,049
Carts - in-service	-	-	-	809,684	-	809,684
Carts - not in-service	-	-	-	74,853	-	74,853
Less: accumulated depreciation	(7,775,438)	(22,931,951)	(3,871,954)	(520,517)	(1,394,535)	(36,494,395)
Other assets:						
Unamortized bond issue costs	-	156,199	52,098	-	-	208,297
Total non-current assets	<u>12,053,107</u>	<u>20,817,104</u>	<u>7,110,298</u>	<u>433,707</u>	<u>1,136,259</u>	<u>41,550,475</u>
Total Assets	<u>17,521,643</u>	<u>32,369,247</u>	<u>7,383,210</u>	<u>1,194,363</u>	<u>2,634,643</u>	<u>61,103,106</u>
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	272,927	297,434	31,323	122,715	1,890	726,289
Accrued payroll and related expenses	26,974	38,171	5,736	4,252	-	75,133
Accrued interest payable	-	216,155	83,267	-	13,085	312,507
Due to other funds	213,657	45,299	307,624	6,597	199	573,376
Deferred revenue	-	-	124,157	-	-	124,157
Security deposits	76,297	-	-	-	-	76,297
Long-term debt - current portion	6,000	1,224,000	285,000	-	298,480	1,813,480
Total current liabilities	<u>595,855</u>	<u>1,821,059</u>	<u>837,107</u>	<u>133,564</u>	<u>313,654</u>	<u>3,701,239</u>
Non-current liabilities:						
Compensated absences	39,479	39,108	9,959	3,873	1,392	93,811
Long-term debt - net of current maturities:						
General obligation bonds	1,437,000	22,443,000	7,270,000	-	2,455,488	33,605,488
Deferred loss on early retirement of debt	-	(1,551,277)	(537,481)	-	-	(2,088,758)
Unamortized bond premium	115,125	1,868,572	596,290	-	109,221	2,689,208
Total non-current liabilities	<u>1,591,604</u>	<u>22,799,403</u>	<u>7,338,768</u>	<u>3,873</u>	<u>2,566,101</u>	<u>34,299,749</u>
Total Liabilities	<u>2,187,459</u>	<u>24,620,462</u>	<u>8,175,875</u>	<u>137,437</u>	<u>2,879,755</u>	<u>38,000,988</u>
Net Assets						
Invested in capital assets, net of related debt	11,994,982	176,610	(555,609)	433,707	(326,930)	11,722,760
Unrestricted	3,339,202	7,572,175	(237,056)	623,219	81,818	11,379,358
Total Net Assets	<u>\$ 15,334,184</u>	<u>\$ 7,748,785</u>	<u>\$ (792,665)</u>	<u>\$ 1,056,926</u>	<u>\$ (245,112)</u>	<u>\$ 23,102,118</u>

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, 2011

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Operating Revenues:						
Charges for services	\$ 5,178,861	\$ 6,077,426	\$ 1,872,936	\$ 1,647,304	\$ 573,295	\$ 15,349,822
Penalties and interest	30,870	38,550	-	12,508	-	81,928
Miscellaneous revenues	35,067	66,364	-	34,779	1,767	137,977
Total operating revenues	5,244,798	6,182,340	1,872,936	1,694,591	575,062	15,569,727
Operating Expenses:						
Wages, benefits, and related taxes	1,020,703	1,341,401	688,236	116,643	297,678	3,464,661
Employee insurance	221,198	311,187	87,177	23,646	18,096	661,304
Pension	83,600	107,663	33,863	7,392	2,636	235,154
Administrative expenses	55,887	86,026	53,361	35,345	7,967	238,586
Materials and supplies	67,745	126,755	103,627	40,154	48,394	386,675
Collection and disposal cost	-	-	-	1,378,868	-	1,378,868
Water purchase	2,439,973	-	-	-	-	2,439,973
Chemicals	-	513,394	144,147	-	41,544	699,085
Laboratory	-	47,304	-	-	-	47,304
Telephone and utilities	77,047	625,895	41,788	-	58,604	803,334
Repairs and maintenance	189,971	110,932	4,987	13,497	8,685	328,072
Minor equipment rental and purchase	4,464	20,030	2,151	-	10,655	37,300
Vehicle expense	56,770	52,486	28,716	-	-	137,972
Professional and other services	215,676	559,242	269,733	64,643	46,173	1,155,467
Concession and other products and services	-	-	179,391	-	45,896	225,287
Depreciation	485,726	1,623,519	465,634	86,085	90,274	2,751,238
Miscellaneous expenses	10,938	211,241	-	-	10,020	232,199
Total operating expenses	4,929,698	5,737,075	2,102,811	1,766,273	686,622	15,222,479
Operating Income (Loss)	315,100	445,265	(229,875)	(71,682)	(111,560)	347,248
Non-Operating Revenues (Expenses):						
Interest income	550	6,208	176	350	61	7,345
Rental income	169,384	-	-	-	1,187	170,571
Grant revenue	-	-	-	176,726	-	176,726
Interest expense	-	(1,137,731)	(419,634)	-	(57,359)	(1,614,724)
Total non-operating revenues (expenses)	169,934	(1,131,523)	(419,458)	177,076	(56,111)	(1,260,082)
Income (loss) before transfers	485,034	(686,258)	(649,333)	105,394	(167,671)	(912,834)
Transfers in	-	248,232	173,750	-	302,697	724,679
Transfers out	(225,564)	(267,000)	(126,907)	(252,136)	(99,201)	(970,808)
Total transfers	(225,564)	(18,768)	46,843	(252,136)	203,496	(246,129)
Change in Net Assets	259,470	(705,026)	(602,490)	(146,742)	35,825	(1,158,963)
Net Assets:						
Beginning of year	15,074,714	8,453,811	(190,175)	1,203,668	(280,937)	24,261,081
End of year	\$ 15,334,184	\$ 7,748,785	\$ (792,665)	\$ 1,056,926	\$ (245,112)	\$ 23,102,118

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

TOWNSHIP OF CRANBERRY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2011

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Cash Flows From Operating Activities:						
Receipts from customers	\$ 5,648,854	\$ 6,641,156	\$ 1,886,587	\$ 1,573,944	\$ 559,195	\$ 16,309,736
Payments to suppliers	(3,137,452)	(2,286,338)	(884,008)	(1,532,760)	(283,930)	(8,124,488)
Payments to employees	(1,234,300)	(1,643,247)	(777,754)	(138,659)	(316,302)	(4,110,262)
Other receipts (payments), net	(31,039)	66,364	-	34,779	1,767	71,871
Net cash provided by (used in) operating activities	1,246,063	2,777,935	224,825	(62,696)	(39,270)	4,146,857
Cash Flows From Non-Capital Financing Activities:						
Transfers from (to) other funds, net	(1,700,503)	(3,613,504)	353,949	(581,662)	(1,195,851)	(6,737,571)
Cash Flows From Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(1,518,513)	(264,113)	(51,204)	(24,400)	-	(1,858,230)
Proceeds from capital debt	1,558,125	25,535,572	8,151,290	-	1,509,221	36,754,208
Principal paid on capital debt	-	(20,220,000)	(8,650,000)	-	(243,190)	(29,113,190)
Interest paid on capital debt	-	(1,016,035)	(390,155)	-	(57,359)	(1,463,549)
Payment of bond issuance costs	-	(167,356)	(54,703)	-	-	(222,059)
Grants	-	-	-	176,726	-	176,726
Net cash provided by (used in) capital and related financing activities	39,612	3,868,068	(994,772)	152,326	1,208,672	4,273,906
Cash Flows From Investing Activities:						
Interest income	550	6,208	176	350	61	7,345
Rental income	169,384	-	-	-	1,187	170,571
Net sales (purchases) of investments	360,591	(1,613,620)	414,287	491,628	25,201	(321,913)
Net cash provided by (used in) investing activities	530,525	(1,607,412)	414,463	491,978	26,449	(143,997)
Net Increase (Decrease) in Cash and Cash Equivalents	115,697	1,425,087	(1,535)	(54)	-	1,539,195
Cash and Cash Equivalents:						
Beginning of year	59,458	150	8,203	54	-	67,865
End of year	\$ 175,155	\$ 1,425,237	\$ 6,668	\$ -	\$ -	\$ 1,607,060
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Operating income (loss)	\$ 315,100	\$ 445,265	\$ (229,875)	\$ (71,682)	\$ (111,560)	\$ 347,248
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	485,726	1,623,519	465,634	86,085	90,274	2,751,238
Change in:						
Receivables, net	439,123	525,180	-	37,989	(4,485)	997,807
Inventory	-	-	(37,437)	-	-	(37,437)
Accounts payable and accrued expenses	68,180	121,950	25,569	8,048	(1,208)	222,539
Accrued interest payable	-	56,229	(9,018)	-	(2,148)	45,063
Security deposits	(66,106)	-	-	-	-	(66,106)
Compensated absences	4,040	5,792	(3,699)	721	(528)	6,326
Deferred revenue	-	-	13,651	(123,857)	(9,615)	(119,821)
Total adjustments	930,963	2,332,670	454,700	8,986	72,290	3,799,609
Net cash provided by (used in) operating activities	\$ 1,246,063	\$ 2,777,935	\$ 224,825	\$ (62,696)	\$ (39,270)	\$ 4,146,857
Supplementary Information:						
Non-cash capital and related financing activities:						
Amortization of bond issue costs, premiums, and deferred refunding loss charged to interest	\$ -	\$ 121,962	\$ 29,479	\$ -	\$ -	\$ 151,441

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

TOWNSHIP OF CRANBERRY

STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS

DECEMBER 31, 2011

Assets	
Cash and cash equivalents	\$ 829,641
Investments:	
U.S. Government agency obligations	108,046
Corporate bonds	623,929
Mutual funds	<u>10,022,823</u>
Total Assets	<u>11,584,439</u>
 Net Assets Held in Trust for Pension Benefits	 <u>\$ 11,584,439</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, 2011

Additions:

Employer contributions	\$ 893,979
Employee contributions	97,951
Total contributions	<u>991,930</u>
Investment loss:	
Net depreciation in fair value of investments	(297,953)
Interest and dividends	<u>225,111</u>
Total investment loss	<u>(72,842)</u>
Total additions	<u>919,088</u>

Deductions:

Benefits	374,692
Administrative expense	<u>31,633</u>
Total deductions	<u>406,325</u>

Increase in Plan Net Assets

Net Assets Held in Trust for Pension Benefits	
Beginning of year	<u>11,071,676</u>
End of year	<u>\$ 11,584,439</u>

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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 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, the 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 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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 revenue 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.

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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 on the 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.

The *Capital Improvement Fund*, a Capital Projects Fund, accounts for financial resources to be used for the acquisition or construction of major capital projects and facilities.

The *2011 Bond Fund*, a Capital Projects Fund, accounts for the cash proceeds received from the 2011 bond issuance.

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 three Capital Projects Funds: 2008 Bond Fund, Fire Capital Fund, and the Township Transportation Improvement Program Fund.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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 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.

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

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 OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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.

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 and Cash Equivalents

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 are reported at fair value.

Inventories

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

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:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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.

Interest costs of proprietary fund 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

refunding gains and losses, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, bond premium and discounts, as well as bond issuances costs, are recognized 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

The Township has adopted GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This Statement's objective is to enhance the usefulness of fund balance information. As a result of this Statement, the titles and definitions of governmental fund balances have changed.

In the fund financial statements, governmental funds report fund balance in categories based on the level of constraint placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via formal action by the Board and must be made prior to the end of the year. A commitment can only be modified or removed by the same formal action. There was no committed fund balance at December 31, 2011.
- Assigned – This category represents intentions of the Board to use the funds for specific purposes. The Board has delegated the authority to assign amounts to be used for specific purposes to the Township Manager or his/her designee.
- Unassigned – This category includes the residual classification for the Township's General Fund and includes all spendable amounts not contained in other classifications.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

The Township's policy is to use funds in the order of the most restrictive to the least restrictive.

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
\$ 899,323	Fire protection
19,212	Library
423,834	Recreation
7,001,708	Transportation improvement
1,301,731	Development review costs
2,584,470	Infrastructure improvements
<u>36,085</u>	Highways and streets
<u><u>\$ 12,266,363</u></u>	

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 and Golf Course Fund had a deficit net asset balance at December 31, 2011 of \$245,112 and \$792,665, respectively. 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Pending Pronouncements

GASB has issued Statement No. 61, "*The Financial Reporting Entity: Omnibus*," effective for periods beginning after June 15, 2012. The objective of this statement is to improve financial reporting for a governmental financial reporting entity by modifying existing requirements for the assessment of potential component units. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*," effective for periods beginning after December 15, 2011. This statement establishes accounting and financial reporting standards for the financial reporting statements of state and local governments by bringing together reporting literature in one place with the guidance modified as necessary. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," effective for the year ending December 31, 2012. This statement establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," effective for the year ending December 31, 2013. This statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 67, "*Financial Reporting for Pension Plans*," effective for financial statements for periods beginning after June 15, 2013, and has also issued Statement No. 68, "*Accounting and Financial Reporting for Pensions*," effective for fiscal years beginning after June 15, 2014. These statements revise existing guidance for the financial reports of most pension plans, and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The effect of implementation of this statement has not yet been determined.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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.

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.
- 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, 2011, the Board enacted two supplemental appropriation resolutions. Also, during the year ended December 31, 2011, expenditures exceeded appropriations in the Public Safety, Highways, Roads and Streets, and Culture and Recreation departments, as well as Capital Outlay expenditures of the General Fund, and also within the Highways, Roads and Streets department in the Transportation Improvement Program East Fund. These overages were funded by available fund balance.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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 2011 was 10.65 mills applied to an assessed valuation of \$351,336,401. The Township apportions the millage and property taxes collected in the following manner:

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

a formal deposit policy for custodial credit risk. As of December 31, 2011, all of the Township's \$13,034,621 bank balance was insured by the Federal Depository Insurance Corporation. These deposits have carrying amounts of \$12,307,065 as of December 31, 2011. Included within these amounts are \$10,078,000 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, 2011, the entire fair value of the investments in PLGIT of \$29,297,693 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 \$29,297,693 as of December 31, 2011.

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, 2011, 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.

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

YEAR ENDED DECEMBER 31, 2011

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, 2011, 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, 2011		
		Less than 1 year	1-5 Years	6-10 Years
U.S. Government agency obligations	\$ 108,046	\$ 1,179	\$ 106,867	\$ -
Corporate bonds	623,929	364,329	259,600	-
Total debt securities	731,975	\$ 365,508	\$ 366,467	\$ -
Cash and cash equivalents	829,641			
Mutual funds	10,022,823			
Total cash, cash equivalents, and investments reported on statement of fiduciary net assets	\$ 11,584,439			

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, 2011, the Pension Trust Funds' investments in corporate bonds have received the following ratings from Standard and Poor's:

Investment Type	Rating	Percentage of Total Pension Trust Fund Corporate Bonds
Corporate bonds	AAA	14.6%
Corporate bonds	A	27.9%
Corporate bonds	A-	35.0%
Corporate bonds	B	19.4%
Corporate bonds	Not rated	3.1%
		100.0%

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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.

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, 2011, the carrying amount of the Library's cash and deposits was \$151,972 and the related bank balance totaled \$154,410, all of which was covered by federal depository insurance.

Custodial Credit Risk – Investments. The Library's investments in mutual funds of \$106,083 are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Restricted Investments. During 2010, the Library liquidated and transferred its total investment portfolio to the Cranberry Township Community Chest 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. There was an investment loss of \$2,771 and administrative fees of \$1,970 for the year ended December 31, 2011. At December 31, 2011, the fair value of the underlying investments was \$363,661.

5. CAPITAL ASSETS

A summary of capital asset activity during 2011 was as follows:

	Balance at January 1, 2011	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2011
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 9,409,596	\$ 90,000	\$ -	\$ 9,499,596
Construction in progress	1,001,385	-	(1,001,385)	-
Total non-depreciable capital assets	<u>10,410,981</u>	<u>90,000</u>	<u>(1,001,385)</u>	<u>9,499,596</u>
Depreciable capital assets:				
Buildings	16,956,888	78,500	-	17,035,388
Site improvements	3,322,647	195,751	-	3,518,398
Machinery, equipment, and vehicles	9,229,139	1,709,146	(1,137,346)	9,800,939
Infrastructure	<u>33,014,328</u>	<u>1,605,194</u>	<u>-</u>	<u>34,619,522</u>
Total depreciable capital assets	<u>62,523,002</u>	<u>3,588,591</u>	<u>(1,137,346)</u>	<u>64,974,247</u>
Less accumulated depreciation for:				
Buildings	(6,216,467)	(566,523)	-	(6,782,990)
Site improvements	(2,078,678)	(185,421)	-	(2,264,099)
Machinery, equipment, and vehicles	(6,823,172)	(703,997)	1,137,346	(6,389,823)
Infrastructure	<u>(14,896,520)</u>	<u>(1,325,725)</u>	<u>-</u>	<u>(16,222,245)</u>
Total accumulated depreciation	<u>(30,014,837)</u>	<u>(2,781,666)</u>	<u>1,137,346</u>	<u>(31,659,157)</u>
Total depreciable capital assets, net	<u>32,508,165</u>	<u>806,925</u>	<u>-</u>	<u>33,315,090</u>
Governmental activities, capital assets, net	<u>\$ 42,919,146</u>			<u>\$ 42,814,686</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

	Balance at January 1, 2011	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2011
Business-type Activities:				
Non-depreciable capital assets:				
Land	\$ 3,335,597	\$ 30,707	\$ -	\$ 3,366,304
Construction in progress	554,321	1,344,741	(395,820)	1,503,242
Total non-depreciable capital assets	<u>3,889,918</u>	<u>1,375,448</u>	<u>(395,820)</u>	<u>4,869,546</u>
Depreciable capital assets:				
Buildings	18,095,338	-	-	18,095,338
Site improvements	4,237,891	40,419	-	4,278,310
Machinery, equipment, and vehicles	18,238,064	417,963	(125,234)	18,530,793
Carts - in service	785,284	24,400	-	809,684
Carts - not in service	74,853	-	-	74,853
Infrastructure	30,782,229	395,820	-	31,178,049
Total depreciable capital assets	<u>72,213,659</u>	<u>878,602</u>	<u>(125,234)</u>	<u>72,967,027</u>
Less accumulated depreciation for:				
Buildings	(7,617,556)	(528,833)	-	(8,146,389)
Site improvements	(2,385,380)	(267,386)	-	(2,652,766)
Machinery, equipment, and vehicles	(12,296,490)	(1,301,524)	125,234	(13,472,780)
Carts - in service	(420,592)	(80,969)	-	(501,561)
Infrastructure	(11,148,373)	(572,526)	-	(11,720,899)
Total accumulated depreciation	<u>(33,868,391)</u>	<u>(2,751,238)</u>	<u>125,234</u>	<u>(36,494,395)</u>
Total depreciable capital assets, net	<u>38,345,268</u>	<u>(1,872,636)</u>	<u>-</u>	<u>36,472,632</u>
Business-type activities, capital assets, net	<u>\$ 42,235,186</u>			<u>\$ 41,342,178</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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

Governmental activities:

General government	\$ 1,344,974
Public safety	127,657
Culture and recreation	1,308,647
Highways, roads, and streets	388
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 2,781,666</u>

Business-type activities:

Water	\$ 485,726
Sewer	1,623,519
Golf course	465,634
Solid waste	86,085
Other enterprise fund	90,274
	<hr/>
Total depreciation expense - business-type activities	<u>\$ 2,751,238</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, 2011, infrastructure assets contributed by developers amounted to \$494,801, and are recorded as capital grants and contribution revenue within governmental activities.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables, payables, and transfers as of and for the year ended December 31, 2011, are summarized below:

Fund	Interfund Receivable	Interfund Payable
Major Governmental Funds:		
General Fund	\$ 401,760	\$ 344,929
Transportation Improvement Program East Fund	1,188	-
2011 Bond Fund	-	6,400,000
Major Enterprise Funds:		
Water Fund	1,610,357	213,657
Sewer Fund	3,799,430	45,299
Golf Course Fund	-	307,624
Solid Waste Fund	44,417	6,597
Other Enterprise Fund	1,400,218	199
Other Governmental Funds	<u>75,493</u>	<u>14,558</u>
Total	<u>\$ 7,332,863</u>	<u>\$ 7,332,863</u>
Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 697,136	\$ 2,767,447
Capital Improvement Fund	2,291,000	-
2011 Bond Fund	25,440	-
Major Enterprise Funds:		
Water Fund	-	225,564
Sewer Fund	248,232	267,000
Golf Course Fund	173,750	126,907
Solid Waste Fund	-	252,136
Other Enterprise Fund	<u>302,697</u>	<u>99,201</u>
Total	<u>\$ 3,738,255</u>	<u>\$ 3,738,255</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 from the 2011 Bond Fund to the Water, Sewer, and Other enterprise funds represents the portion of 2011 Bond issue proceeds that will be used for future projects in

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

those funds, but the cash and investments are held by the 2011 Bond Fund at December 31, 2011.

The transfers between funds represent ongoing activity between the funds for the disbursements made from the General Fund, and the transfer from the General Fund to the Capital Improvement Fund represents amounts set aside for capital projects.

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. During 2011, the remaining balance of \$310,712 (\$155,356 due to each fund) was repaid in full.

7. LONG-TERM LIABILITIES

General Obligation and Revenue Bonds

General obligation bonds are backed by the full faith and credit of the Township. Revenue bonds are secured by the receipts and revenues collected by the service of fund of benefit. General obligation bonds and revenue bonds issued are as follows:

Series	Type	Issue Amount	Maturity Date	Interest Rate	Balance at December 31, 2011
2003A	GOB	\$ 7,885,000	2016	1.10-4.03%	\$ 4,620,000
2003B	GOB	1,535,000	2025	1.65-4.60%	1,105,000
2008	GOB	9,995,000	2024	3.00-4.00%	9,960,000
2010	GOB	4,470,000	2021	.50-3.00%	4,020,000
2011	GOB	37,405,000	2031	.30-4.27%	37,405,000
2001B*	Revenue	28,255,000	2025	2.30-5.00%	-
2006*	Revenue	9,415,000	2031	3.50-4.45%	-

* Refunded in 2011

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Promissory Note

The promissory note is secured by the related equipment. The promissory note issued is as follows:

Purpose	Year of Issue	Issue Amount	Maturity Date	Interest Rate	Balance at December 31, 2011
Fire truck	2008	\$ 447,796	2018	3.00%	\$ 308,947

A detail of long-term liability activity for governmental activities for the year ended December 31, 2011 is as follows:

	Balance at January 1, 2011	Additions	Amortization, Retirements, and Refunding	Balance at December 31, 2011	Due Within One Year
General obligation bonds:					
Series A of 2003, net of unamortized discount	\$ 3,852,842	\$ -	\$ (586,810)	\$ 3,266,032	\$ 608,020
(13,662)			2,277	(11,385)	
Series B of 2003, net of unamortized discount	1,165,000	-	(60,000)	1,105,000	60,000
(15,160)			1,011	(14,149)	
Series of 2008, net of unamortized discount	9,965,000	-	(5,000)	9,960,000	10,000
(85,795)			6,128	(79,667)	
Series of 2010, net of unamortized discount	4,380,000	-	(360,000)	4,020,000	360,000
6,935			(6,935)	-	
Series of 2011, net of unamortized premium	-	3,340,000	-	3,340,000	108,500
-	262,723			262,723	
	<u>19,255,160</u>	<u>3,602,723</u>	<u>(1,009,329)</u>	<u>21,848,554</u>	<u>1,146,520</u>
Deferred refunding loss	(240,116)	-	26,680	(213,436)	
Promissory note payable	354,976	-	(46,029)	308,947	42,974
Compensated absences	184,499	7,901	-	192,400	
	<u>\$ 19,554,519</u>	<u>\$ 3,610,624</u>	<u>\$ (1,028,678)</u>	<u>\$ 22,136,465</u>	<u>\$ 1,189,494</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

A detail of long-term liability activity for business-type activities for the year ended December 31, 2011 is as follows:

	Balance at January 1, 2011	Additions	Amortization, Retirements, and Refunding	Balance at December 31, 2011	Due Within One Year
General obligation bonds:					
Series A of 2003	\$ 1,597,158	\$ -	\$ (243,190)	\$ 1,353,968	\$ 251,980
Series of 2011, net of unamortized premium	- - -	34,065,000 2,689,208	- - -	34,065,000 2,689,208	1,561,500 - -
Revenue bonds:					
Series B of 2001, net of unamortized discount	20,220,000 (294,971)	- - -	(20,220,000) 294,971	- - -	- - -
Series of 2006 unamortized discount	8,650,000 (79,764)	- - -	(8,650,000) 79,764	- - -	- - -
	<u>30,092,423</u>	<u>36,754,208</u>	<u>(28,738,455)</u>	<u>38,108,176</u>	<u>1,813,480</u>
Deferred refunding loss	<u>(1,710,848)</u>	<u>(2,226,437)</u>	<u>1,848,527</u>	<u>(2,088,758)</u>	<u>-</u>
Compensated absences	<u>87,485</u>	<u>6,326</u>	<u>-</u>	<u>93,811</u>	<u>-</u>
	<u>\$ 28,469,060</u>	<u>\$ 34,534,097</u>	<u>\$ (26,889,928)</u>	<u>\$ 36,113,229</u>	<u>\$ 1,813,480</u>

Future Maturities

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

	Governmental and Business-type Activities		
	Principal	Interest	Total
2012	\$ 2,960,000	\$ 2,064,606	\$ 5,024,606
2013	2,925,000	2,142,574	5,067,574
2014	3,020,000	2,050,868	5,070,868
2015	3,125,000	1,943,516	5,068,516
2016	3,225,000	1,840,180	5,065,180
2017-2021	17,925,000	7,363,263	25,288,263
2022-2026	17,200,000	3,310,963	20,510,963
2027-2031	6,730,000	516,215	7,246,215
	<u>\$ 57,110,000</u>	<u>\$ 21,232,185</u>	<u>\$ 78,342,185</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

The future scheduled payments required to amortize the promissory note outstanding as of December 31, 2011 are as follows:

	Governmental Activities			Total
	Principal	Interest		
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	48,446	3,441		51,887
2017-2018	<u>80,602</u>	<u>2,450</u>		<u>83,052</u>
	<u>\$ 308,947</u>	<u>\$ 33,540</u>		<u>\$ 342,487</u>

Bond Refundings

Governmental Activities

In 2011, the Township issued the Series of 2011 General Obligation Bonds (2011 Bonds), the proceeds of which were used to currently refund the Series B of 2001 Revenue Bonds (2001B Bonds), and Series of 2006 Revenue Bonds (2006 Bonds), and also to obtain \$10 million in new financing for capital projects.

This refunding portion of the 2011 Bonds reduced total debt service payments over the next 11 years by approximately \$2.8 million. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$2.0 million. The refunding of the 2001B and 2006 Bonds generated a loss on defeasance of approximately \$2,226,000, which is deferred and is amortized over the life of the refunding portion of the 2011 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 Series B of 2001 Revenue Bonds. During 2011, the Township refunded these bonds with the 2011 Bonds, as discussed above.

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Recreation Revenue Bonds, Series of 2001, and to pay the related costs of issuing and insuring the refunding bonds. During 2011, the Township refunded these bonds with the 2011 Bonds, as discussed above.

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, 2011, the date of the most recent valuation, participants in the Plan were as follows:

Participants:	
Retirees and beneficiaries	11
Active employees:	
Vested	8
Nonvested	19

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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 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 5.5% of their compensation. The annual pension cost and contribution, as well as the Plan assumptions for the Plan, are as follows:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Annual pension cost	\$ 382,912
Contributions made	\$ 584,060
Actuarial valuation date	1/1/2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Asset valuation method	4 year Smoothing
Amortization period	11 years
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	5.5%
Underlying inflation rate	3.0%

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, 2011 is calculated as follows:

Annual required contribution	\$ 381,814
Interest on NPO	(861)
Adjustment to the ARC	<u>1,959</u>
Annual pension cost	382,912
Contribution made	<u>(584,060)</u>
Change in NPO	(201,148)
NPO, 12/31/2010	<u>(11,477)</u>
NPO, 12/31/2011	<u><u>\$ (212,625)</u></u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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>
12/31/2009	\$ 275,339	99.7%	\$ (12,499)
12/31/2010	383,829	99.7%	(11,477)
12/31/2011	382,912	152.5%	(212,625)

Changes in Actuarial Assumptions

Based upon an actuarial valuation performed as of January 1, 2011, the salary scale assumption was adjusted from 5.0% to 5.5% per year based on the historical averages of the plan. The assumption change increased the unfunded actuarial accrued liability by approximately \$109,000.

Statement of Plan Net Assets

<u>Assets</u>	
Cash and cash equivalents	\$ 474,782
Investments (at fair value):	
U.S. Government agency obligations	108,046
Corporate bonds	512,336
Mutual funds	<u>6,803,490</u>
Total Assets	<u>7,898,654</u>
Net Assets Held in Trust for Pension Benefits	<u><u>\$ 7,898,654</u></u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Statement of Changes in Plan Net Assets

Additions:

Employer contributions	\$ 584,060
Employee contributions	97,951
Investment loss:	
Net depreciation in fair value of investments	(205,200)
Interest and dividends	160,030
Total investment gain (loss)	(45,170)
Total additions	<u>636,841</u>

Deductions:

Benefits	318,429
Administrative expense	31,633
Total deductions	<u>350,062</u>
Increase in Plan Net Assets	286,779

Net Assets Held in Trust for Pension Benefits:

Beginning of year	<u>7,611,875</u>
End of year	<u>\$ 7,898,654</u>

Funded Status

The Township's funded status and related information for the Plan as of the latest actuarial valuation date, January 1, 2011, 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
\$ 7,461,902	\$ 8,993,143	\$ (1,531,241)	82.97%	\$ 2,265,422	-67.59%

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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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.

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:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

<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 \$309,919 was made by the Township to the Plan during year ended December 31, 2011.

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%. During 2011, the Township contributed approximately \$229,400 to the plan, and employee contributions were approximately \$283,200.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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 2011, the total revenue under these lease agreements was approximately \$169,400. The majority of the 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:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Year Ending December 31,	Minimum Lease Payments
2012	\$ 179,166
2013	179,166
2014	150,595
2015	84,313
2016	51,306
Thereafter	<u>363,240</u>
	<u><u>\$ 1,007,786</u></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 2011, the total revenue under these lease agreements was approximately \$140,800.

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

Year Ending December 31,	Minimum Lease Payments
2012	\$ 136,103
2013	136,103
2014	136,103
2015	136,103
2016	136,103
Thereafter	<u>272,206</u>
	<u><u>\$ 952,721</u></u>

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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

13. SIGNIFICANT COMPONENT UNIT TRANSACTIONS

During 2011, the Township provided approximately \$425,000 of support to the Library in the form of dedicated real estate tax revenues and contributions of facilities.

14. SUBSEQUENT EVENT

In March 2012, the Township issued \$11,855,000 of general obligation bonds to advance refund the 2003B and 2008 Bonds discussed in Note 7.

Required Supplementary Information

TOWNSHIP OF CRANBERRY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND AND TRANSPORTATION IMPROVEMENT PROGRAM EAST FUND
YEAR ENDED DECEMBER 31, 2011

	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	\$ 2,828,484	\$ 2,828,484	\$ 2,852,380	\$ 23,896	\$ -	\$ -	\$ -	\$ -
Earned income	4,750,000	4,750,000	5,416,666	666,666	-	-	-	-
Business privilege	1,880,000	1,880,000	1,874,007	(5,993)	-	-	-	-
Local service	990,000	990,000	1,144,431	154,431	-	-	-	-
Real estate transfer	1,000,000	1,000,000	985,798	(14,202)	-	-	-	-
Licenses, permits, and fees	1,125,200	1,125,200	1,484,468	359,268	-	-	-	-
Fines and forfeitures	133,500	133,500	107,722	(25,778)	-	-	-	-
Interest, rents, and royalties	221,388	221,388	229,411	8,023	15,000	15,000	19,753	4,753
Intergovernmental	722,600	920,186	1,078,681	158,495	-	-	275,028	275,028
Contributions and donations	230,000	230,000	251,321	21,321	193,000	193,000	240,251	47,251
Charges for services	923,530	923,530	1,014,527	90,997	-	-	-	-
Miscellaneous	85,500	85,500	77,203	(8,297)	-	-	-	-
Total revenues	14,890,202	15,087,788	16,516,615	1,428,827	208,000	208,000	535,032	327,032
Expenditures:								
Current:								
General government	2,712,301	2,772,301	2,730,178	42,123	-	-	-	-
Public safety	4,678,062	4,876,062	5,133,336	(257,274)	-	-	-	-
Highways, roads, and streets	3,141,825	3,278,825	3,359,961	(81,136)	-	-	15,293	(15,293)
Culture and recreation	1,660,766	1,710,766	1,783,836	(73,070)	-	-	-	-
Community development	836,560	876,560	875,512	1,048	-	-	-	-
Miscellaneous	20,000	20,000	12,572	7,428	-	-	-	-
Debt service	1,568,747	1,568,747	1,419,138	149,609	-	-	-	-
Capital outlay	163,441	163,441	383,694	(220,253)	580,000	580,000	29,420	550,580
Total expenditures	14,781,702	15,266,702	15,698,227	(431,525)	580,000	580,000	44,713	535,287
Excess (Deficiency) of Revenues over Expenditures	108,500	(178,914)	818,388	997,302	(372,000)	(372,000)	490,319	862,319
Other Financing Sources (Uses):								
Proceeds from sale of capital assets	-	-	14,568	14,568	-	-	-	-
Transfers in	145,000	495,000	697,136	202,136	-	155,000	-	(155,000)
Transfers out	(2,045,000)	(2,614,750)	(2,767,447)	(152,697)	-	-	-	-
Total other financing sources (uses)	(1,900,000)	(2,119,750)	(2,055,743)	64,007	-	155,000	-	(155,000)
Net Change in Fund Balance	\$ (1,791,500)	\$ (2,298,664)	(1,237,355)	\$ 1,061,309	\$ (372,000)	\$ (217,000)	490,319	\$ 707,319
Fund Balance:								
Beginning of year			7,215,484				5,031,489	
End of year			\$ 5,978,129				\$ 5,521,808	

TOWNSHIP OF CRANBERRY

SCHEDULE OF FUNDING PROGRESS

	Actuarial Valuation Date	Actuarial				Excess (Deficiency) as a % of Covered Payroll
		Actuarial Value of Assets	Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	
Police:	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%
	1/1/2011	7,461,902	8,993,143	(1,531,241)	83.0%	2,265,422 -67.6%

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		Percentage Contributed
	Annual	Required Contributions	
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%
2011		381,814	153.0%

See accompanying note to required supplementary schedules.

TOWNSHIP OF CRANBERRY

NOTE TO REQUIRED SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2011

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	1/1/2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Asset valuation method	4 Year Smoothing
Amortization period	11 years
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	5.5%
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, 2011

	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	\$ 2,081	\$ 1,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,475
Investments	268,672	30,281	387,884	1,448,242	1,311,637	2,588,472	36,085	6,071,273
Due from other funds	8,871	5,941	35,950	18,790	-	-	-	69,552
Total Assets	\$ 279,624	\$ 37,616	\$ 423,834	\$ 1,467,032	\$ 1,311,637	\$ 2,588,472	\$ 36,085	\$ 6,144,300
Liabilities and Fund Balance								
Liabilities:								
Accounts payable and accrued expenses	\$ 12,483	\$ 6,609	\$ -	\$ 7,794	\$ 9,906	\$ 4,002	\$ -	\$ 40,794
Due to other funds	2,763	11,795	-	-	-	-	-	14,558
Total Liabilities	15,246	18,404	-	7,794	9,906	4,002	-	55,352
Fund Balance:								
Restricted	264,378	19,212	423,834	1,459,238	1,301,731	2,584,470	36,085	6,088,948
Total Fund Balance	264,378	19,212	423,834	1,459,238	1,301,731	2,584,470	36,085	6,088,948
Total Liabilities and Fund Balance	\$ 279,624	\$ 37,616	\$ 423,834	\$ 1,467,032	\$ 1,311,637	\$ 2,588,472	\$ 36,085	\$ 6,144,300

(Continued)

TOWNSHIP OF CRANBERRY

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2011

(Continued)

	Capital Projects Funds			Total Capital Projects Funds	Total Other Governmental Funds
	2008 Bond Fund	Fire Capital Fund	Township Transportation Improvement Program Fund		
Assets					
Cash and cash equivalents	\$ -	\$ 1,394	\$ -	\$ 1,394	\$ 4,869
Investments	- -	631,934	20,662	652,596	6,723,869
Due from other funds	- -	5,941	- -	5,941	75,493
Total Assets	\$ -	\$ 639,269	\$ 20,662	\$ 659,931	\$ 6,804,231
Liabilities and Fund Balance					
Liabilities:					
Accounts payable and accrued expenses	\$ -	\$ 4,324	\$ -	\$ 4,324	\$ 45,118
Due to other funds	- -	- -	- -	- -	14,558
Total Liabilities	- -	4,324	- -	4,324	59,676
Fund Balance:					
Restricted	- -	634,945	20,662	655,607	6,744,555
Total Fund Balance	- -	634,945	20,662	655,607	6,744,555
Total Liabilities and Fund Balance	\$ -	\$ 639,269	\$ 20,662	\$ 659,931	\$ 6,804,231

(Concluded)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2011

	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	\$ 394,378	\$ 264,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 658,490
Licenses, permits, and fees	-	-	187,649	-	-	-	-	187,649
Interest	145	92	135	3,056	531	4,250	129	8,338
Intergovernmental	-	-	-	-	-	-	557,626	557,626
Contributions and donations	(4,275)	-	-	280,160	417,511	739,955	-	1,433,351
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	390,248	264,204	187,784	283,216	418,042	744,205	557,755	2,845,454
Expenditures:								
Public safety	388,117	-	-	-	-	-	-	388,117
Highways, roads, and streets	-	-	-	86,108	457,066	-	530,000	1,073,174
Culture and recreation	-	265,794	-	-	-	-	-	265,794
Miscellaneous	-	-	-	-	-	1,608	-	1,608
Debt service:								
Principal retirement	-	-	175,000	-	-	-	-	175,000
Interest charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	125,898	-	125,898
Total expenditures	388,117	265,794	175,000	86,108	457,066	127,506	530,000	2,029,591
Excess (Deficiency) of Revenues Over Expenditures	2,131	(1,590)	12,784	197,108	(39,024)	616,699	27,755	815,863
Other Financing Sources (Uses):								
Proceeds from sale of capital assets	4,480	-	-	-	-	-	-	4,480
Change in Net Assets	6,611	(1,590)	12,784	197,108	(39,024)	616,699	27,755	820,343
Fund Balance:								
Beginning of year	257,767	20,802	411,050	1,262,130	1,340,755	1,967,771	8,330	5,268,605
End of year	\$ 264,378	\$ 19,212	\$ 423,834	\$ 1,459,238	\$ 1,301,731	\$ 2,584,470	\$ 36,085	\$ 6,088,948

(Continued)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2011

(Continued)

	Capital Projects Funds					Total Other Governmental Funds
	2008 Bond Fund	Fire Capital Fund	Township Transportation Improvement Program Fund	Total Capital Projects Funds		
Revenues:						
Taxes	\$ -	\$ 264,112	\$ -	\$ 264,112	\$ 922,602	
Licenses, permits, and fees	- -	- -	- -	- -	187,649	
Interest	- -	177	57	234	8,572	
Intergovernmental	- -	- -	- -	- -	557,626	
Contributions and donations	- -	- -	- -	- -	1,433,351	
Miscellaneous	3,486	- -	- -	3,486	3,486	
Total revenues	<u>3,486</u>	<u>264,289</u>	<u>57</u>	<u>267,832</u>	<u>3,113,286</u>	
Expenditures:						
Public safety	- -	- -	- -	- -	388,117	
Highways, roads, and streets	- -	- -	- -	- -	1,073,174	
Culture and recreation	- -	- -	- -	- -	265,794	
Miscellaneous	- -	- -	- -	- -	1,608	
Debt service:						
Principal retirement	- -	146,029	- -	146,029	321,029	
Interest charges	- -	10,182	- -	10,182	10,182	
Capital outlay	39,101	- -	174,017	213,118	339,016	
Total expenditures	<u>39,101</u>	<u>156,211</u>	<u>174,017</u>	<u>369,329</u>	<u>2,398,920</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>(35,615)</u>	<u>108,078</u>	<u>(173,960)</u>	<u>(101,497)</u>	<u>714,366</u>	
Other Financing Sources (Uses):						
Proceeds from sale of capital assets	- -	- -	- -	- -	4,480	
Change in Net Assets	<u>(35,615)</u>	<u>108,078</u>	<u>(173,960)</u>	<u>(101,497)</u>	<u>718,846</u>	
Fund Balance:						
Beginning of year	35,615	526,867	194,622	757,104	6,025,709	
End of year	<u>\$ -</u>	<u>\$ 634,945</u>	<u>\$ 20,662</u>	<u>\$ 655,607</u>	<u>\$ 6,744,555</u>	

(Concluded)

TOWNSHIP OF CRANBERRY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

DECEMBER 31, 2011

Assets	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Cash and cash equivalents	\$ 474,782	\$ 354,859	\$ 829,641
Investments:			
U.S. Government agency obligations	108,046	-	108,046
Corporate bonds	512,336	111,593	623,929
Mutual funds	<u>6,803,490</u>	<u>3,219,333</u>	<u>10,022,823</u>
Total Assets	<u>7,898,654</u>	<u>3,685,785</u>	<u>11,584,439</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 7,898,654</u>	<u>\$ 3,685,785</u>	<u>\$ 11,584,439</u>

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2011

	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Additions:			
Employer contributions	\$ 584,060	\$ 309,919	\$ 893,979
Employee contributions	97,951	-	97,951
Total contributions	<u>682,011</u>	<u>309,919</u>	<u>991,930</u>
Investment loss:			
Net depreciation in fair value of investments	(205,200)	(92,753)	(297,953)
Interest and dividends	160,030	65,081	225,111
Total investment loss	<u>(45,170)</u>	<u>(27,672)</u>	<u>(72,842)</u>
Total additions	<u>636,841</u>	<u>282,247</u>	<u>919,088</u>
Deductions:			
Benefits	318,429	56,263	374,692
Administrative expense	31,633	-	31,633
Total deductions	<u>350,062</u>	<u>56,263</u>	<u>406,325</u>
Increase in Plan Net Assets	286,779	225,984	512,763
Net Assets Held in Trust for Pension Benefits:			
Beginning of year	7,611,875	3,459,801	11,071,676
End of year	<u>\$ 7,898,654</u>	<u>\$ 3,685,785</u>	<u>\$ 11,584,439</u>