

Township of Cranberry

Financial Statements
and Required Supplementary
and Supplementary Information

Year Ended December 31, 2015
with Independent Auditor's Report

TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2015

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TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," which requires the Township to record its net pension liability and related items on the government-wide financial statements. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Maher Duessel

Pittsburgh, Pennsylvania
June 24, 2016

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, 2015.

Financial Highlights

- As required by adoption of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*," the Township has restated beginning net position. The specifics of this restatement are described in detail in Note 1 to the financial statements, and all the amounts and balances in the MD&A reflect the impact of this restatement for both 2015 and 2014.
- The assets and deferred outflows of resources of the Township exceeded its liabilities at the close of the most recent fiscal year by \$90,453,321.
- The Township's net position increased by \$2,231,783.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$26,146,349.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,351,134.
- The Township issued \$32 million in G.O. Bonds for upgrades to the Brush Creek Water Pollution Control Facility.

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 position presents information on all of the Township's assets, deferred outflows of resources, and liabilities, except fiduciary funds. Net Position – the difference between the Township's assets and deferred outflows of resources and liabilities – is one way to measure the Township's financial health or position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 funds balance sheet and the governmental funds 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 seventeen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Transportation Improvement Program East Fund as these funds are considered to be major funds. Data from the other fifteen 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 funds 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 44 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in funding its obligation to provide pension benefits to its police officers (presented in the accompanying notes) and budgetary comparison schedules for the General Fund and each major Special Revenue Fund. Required supplementary information can be found on pages 45 through 48 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources

exceeded liabilities by \$90,453,321 at the close of the most recent fiscal year. Of this amount, \$55,935,141 (or 62%) is net investment in capital assets (e.g., land, buildings, and equipment), which includes some infrastructure and construction in progress, less any related debt used to acquire those assets that is still outstanding.

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

Township of Cranberry's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$30,050,293	\$29,507,479	\$52,439,239	\$9,432,885	\$82,489,532	\$38,940,364
Capital assets	57,638,068	59,123,846	45,346,134	44,258,395	102,984,202	103,382,241
Total assets	87,688,361	88,631,325	97,785,373	53,691,280	185,473,734	142,322,605
Deferred Outflows of Resources	1,494,851	712,467	1,538,042	1,675,721	3,032,893	2,388,188
Current and other liabilities	2,214,243	2,347,809	2,784,430	1,391,926	4,998,673	3,739,735
Long-term liabilities	23,143,366	23,248,341	69,911,267	29,501,179	93,054,633	52,749,520
Total liabilities	25,357,609	25,596,150	72,695,697	30,893,105	98,053,306	56,489,255
Net Position:						
Net investment in capital assets	36,803,089	37,329,587	19,132,052	16,507,097	55,935,141	53,836,684
Restricted	11,600,269	11,422,641	-	-	11,600,269	11,422,641
Unrestricted	15,422,245	14,995,414	7,495,666	7,966,799	22,917,911	22,962,213
Total net position	\$63,825,603	\$63,747,642	\$26,627,718	\$24,473,896	\$90,453,321	\$88,221,538

The balance of unrestricted net position, \$22,917,911, 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 position, 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 position by \$77,961. Business-type activities increased the Township's net position by \$2,153,822. Key elements of these increases are as follows:

Township of Cranberry's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 3,192,116	\$ 3,390,043	\$ 18,736,330	\$ 17,083,129	\$ 21,928,446	\$ 20,473,172
Operating grants	1,425,189	1,334,334	135,417	106,937	1,560,606	1,441,271
Capital grants	1,801,801	5,449,459	216,100	455,842	2,017,901	5,905,301
General revenues:						
Property taxes	4,923,238	4,863,144	-	-	4,923,238	4,863,144
Earned income taxes	7,382,156	6,948,786	-	-	7,382,156	6,948,786
Other taxes	5,024,788	4,751,409	-	-	5,024,788	4,751,409
Interest and rents	362,393	365,646	111,034	12,686	473,427	378,332
Other	140,177	350,780	-	28	140,177	350,808
Transfers	(949,987)	(212,508)	949,987	212,508	-	-
Total revenues	\$ 23,301,871	\$ 27,241,093	\$ 20,148,868	\$ 17,871,130	\$ 43,450,739	\$ 45,112,223

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Expenses						
General government	4,379,609	4,977,964	-	-	4,379,609	4,977,964
Public safety	6,207,989	5,860,571	-	-	6,207,989	5,860,571
Highways, roads, and streets	8,142,842	6,965,612	-	-	8,142,842	6,965,612
Culture and recreation	2,743,446	2,301,745	-	-	2,743,446	2,301,745
Community development	1,011,476	1,018,786	-	-	1,011,476	1,018,786
Interest on long-term debt	738,548	794,171	-	-	738,548	794,171
Water	-	-	5,913,476	5,124,152	5,913,476	5,124,152
Sewer	-	-	6,695,566	6,465,728	6,695,566	6,465,728
Golf course	-	-	2,585,684	2,592,201	2,585,684	2,592,201
Solid waste	-	-	2,106,050	2,031,999	2,106,050	2,031,999
Pool	-	-	694,270	607,228	694,270	607,228
Total Expenses	23,223,910	21,918,849	17,995,046	16,821,308	41,218,956	38,740,157
Change in net position	77,961	5,322,244	2,153,822	1,049,822	2,231,783	6,372,066
Net position - beginning, as restated	63,747,642	59,239,148	24,473,896	23,424,074	88,221,538	82,663,222
Net position - ending	\$ 63,825,603	\$ 64,561,392	\$ 26,627,718	\$ 24,473,896	\$ 90,453,321	\$ 89,035,288

The following table depicts revenues by source for governmental activities in 2015:

Revenues by Source - Governmental Activities

Charges for services	13%
Operating grants	6%
Capital grants	8%
Property taxes	20%
Earned income taxes	30%
Other taxes	21%
Other revenues	2%
Total	100%

Government-wide revenues were primarily derived from earned income taxes at 30%, other taxes at 21%, and property taxes at 20%.

The following table depicts expenses by programs for governmental activities in 2015:

Expenses by Program - Governmental Activities

General government	19%
Public safety	27%
Highways, roads, and streets	35%
Culture and recreation	12%
Community development	4%
Interest on long-term debt	3%
Total	100%

Total expenses for all programs in 2015 were \$23,223,910. The expenses reflect the delivery of a wide range of services, with the largest being Highways, roads, and streets at 35%. The second largest program is public safety at 27%. The program ranked third is general government at 19%.

The following table depicts the net program expenses/revenues by function/program for governmental activities for the period ending December 31, 2015:

Net Program Expenses/Revenues

General government	\$(3,365,904)
Public safety	(4,958,938)
Highways, roads, and streets	(6,271,791)
Culture and recreation	(1,734,676)
Community development	265,053
Interest on long-term debt	(738,548)
Total	\$(16,804,804)

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Highways, roads and street expenses required the most General Fund revenue for support, needing approximately \$6.27 million in 2015. Public safety expenses required approximately \$4.95 million in general revenues for support.

Business-type Activities. Business-type activities increased the Township's net position by \$2,153,822. The Township's customer base for sewer and water and solid waste continues to grow.

- 93% of revenues come from charges for services and 7% from operating grants and contributions, capital grants and contributions, and general revenues.

Expenses and Program Revenues - Business-type Activities

Program	Program Revenues	Expenses*
Sewer	\$7,573,011	\$5,757,570
Water	6,275,471	5,334,008
Golf Course	2,300,836	2,080,724
Solid Waste	1,956,213	2,067,343
Swimming Pool	630,799	560,013

* 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 \$26 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 \$12,351,134.

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 position of the Water Fund at the end of the year amounted to \$3,382,871, the Sewer Fund \$4,055,286, the Golf Course Fund (\$484,119), the Solid Waste Fund \$208,557, and the Swimming Pool Fund \$333,071. 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 12%. This positive variance in revenue can be seen mainly in the earned income tax line item. Expenditures were 3% under budget. Actual revenues exceeded expenditures by \$2,814,234. 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, 2015, amounts to \$55,935,141 (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 2015	Business-type Activities 2015	Total
Land	\$14,455,952	\$3,366,304	\$17,822,256
Construction in Progress	-	2,189,510	2,189,510
Total Non-Depreciable Assets	14,455,952	5,555,814	20,011,766
Buildings	23,554,980	22,009,239	45,564,219
Site Improvements	4,848,533	4,278,310	9,126,843
Machinery, Equipment, Vehicles	12,640,565	19,766,775	32,407,340
Infrastructure	45,728,628	39,419,090	85,147,718
Carts – in service	-	879,232	879,232
Carts – not in service	-	74,853	74,853
Total Depreciable Assets	86,772,706	86,427,499	173,200,205
Accumulated Depreciation	-43,590,590	-46,637,179	-90,227,769
Total Depreciable Assets, Net	43,182,116	39,790,320	82,972,436
Total Capital Assets	\$57,638,068	\$45,346,134	\$102,984,202

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 \$84,173,482. The Township's bond rating is Aa2 by Moody's Investor Service.

Township of Cranberry's Outstanding Debt

	Governmental Activities 2015	Business-type Activities 2015	Total
General Obligation Bonds	\$20,859,063	\$62,710,625	\$83,569,688
Promissory Note	603,794	-	603,794
Compensated Absences	163,029	84,592	247,621
Total	\$21,625,886	\$62,795,217	\$84,421,103

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 and continues to grow. The population estimate for 2015 is 30,458. Strong commercial growth continues to occur along Rt. 228 and Rt. 19. 125 non-residential permits were issued in 2015. Residential growth continues throughout the Township. In 2015, 114 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 three of the top ten employers in Butler County. Almost 23,000 people work in the Township. The Township's two largest employers are Westinghouse Electric (corporate and research headquarters) and ALCOA Commercial Windows (manufacturing). 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.

2016 Budget Highlights

The 2016 General Fund budget represents approximately 2% growth in operating expenses and maintains the same level of services for an increasing population and increased business presence. The General Fund budget maintains the current real estate tax rate. Activities funded by the Township General Fund budget will focus on Police, Planning and Development, Public Works and Parks and Recreation as well as Customer Service. Specific projects will include continuing transportation improvements, technology enhancements, recreation improvements, upgrades to the Brush Creek Water Pollution Control Facility and a water meter replacement program. 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. The

Township will continue the implementation of the Cranberry Plan. There is a small increase to the Fire Tax for future operating and capital needs.

As for the Township's business-type activities, at the time of budget preparation, there were no rate increases anticipated for water service or sewer service. A new contract began in November of 2014 and rates continue to be adjusted to account for increases in solid waste collection costs. The sewer collection system rehabilitation program continues to be funded to reduce infiltration and inflow to reduce operating costs at the treatment facility.

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 POSITION

DECEMBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cranberry Public Library
Assets				
Cash and cash equivalents	\$ 967,358	\$ 1,517,394	\$ 2,484,752	\$ 188,020
Investments	25,475,796	49,194,710	74,670,506	132,578
Receivable:				
Taxes	3,124,427	-	3,124,427	-
Customers - billed	-	228,790	228,790	-
Customers - unbilled	-	957,603	957,603	-
Other	351,190	166,882	518,072	2,000
Internal balances	(284,405)	284,405	-	-
Inventory	62,019	89,455	151,474	-
Prepaid expenses	353,908	-	353,908	-
Restricted assets:				
Beneficial interest in net position of community foundation	-	-	-	489,054
Capital assets, net:				
Non-depreciable	14,455,952	5,555,814	20,011,766	-
Depreciable	43,182,116	39,790,320	82,972,436	148,206
Total Assets	87,688,361	97,785,373	185,473,734	959,858
Deferred Outflows of Resources				
Deferred charge on refunding	627,878	1,538,042	2,165,920	-
Related to pensions	866,973	-	866,973	-
Total Deferred Outflows of Resources	1,494,851	1,538,042	3,032,893	-
Liabilities				
Accounts payable	268,033	782,194	1,050,227	2,041
Accrued payroll and related expenses	160,928	-	160,928	-
Accrued interest payable	213,342	919,889	1,133,231	-
Unearned revenue	559,830	893,256	1,453,086	-
Developer deposit liability	1,012,110	-	1,012,110	-
Security deposits	-	104,499	104,499	-
Compensated absences	163,029	84,592	247,621	-
Net pension liability	1,517,480	-	1,517,480	-
Intermunicipal service agreement	-	7,200,642	7,200,642	-
Long-term debt, current portion	1,513,821	2,809,035	4,322,856	-
Long-term debt, long-term portion	19,949,036	59,901,590	79,850,626	-
Total Liabilities	25,357,609	72,695,697	98,053,306	2,041
Net Position				
Net investment in capital assets	36,803,089	19,132,052	55,935,141	148,206
Restricted, expendable	11,600,269	-	11,600,269	-
Restricted for Cranberry Legacy Fund, nonexpendable	-	-	-	489,054
Unrestricted	15,422,245	7,495,666	22,917,911	320,557
Total Net Position	\$ 63,825,603	\$ 26,627,718	\$ 90,453,321	\$ 957,817

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

TOWNSHIP OF CRANBERRY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Component Unit Cranberry Public Library
Primary Government:							
Governmental activities:							
General government	\$ 4,379,609	\$ 479,202	\$ 534,503	\$ -	\$ (3,365,904)	\$ -	\$ (3,365,904)
Public safety	6,207,989	358,365	890,686	-	(4,958,938)	-	(4,958,938)
Highways, roads, and streets	8,142,842	69,250	-	1,801,801	(6,271,791)	-	(6,271,791)
Culture and recreation	2,743,446	1,008,770	-	-	(1,734,676)	-	(1,734,676)
Community development	1,011,476	1,276,529	-	-	265,053	-	265,053
Interest on long-term debt	738,548	-	-	-	(738,548)	-	(738,548)
Total governmental activities	23,223,910	3,192,116	1,425,189	1,801,801	(16,804,804)	-	(16,804,804)
Business-type activities:							
Water	5,913,476	6,275,471	-	-	-	361,995	361,995
Sewer	6,695,566	7,573,011	-	216,100	-	1,093,545	1,093,545
Golf course	2,585,684	2,300,836	-	-	-	(284,848)	(284,848)
Solid waste	2,106,050	1,956,213	135,417	-	-	(14,420)	(14,420)
Other	694,270	630,799	-	-	-	(63,471)	(63,471)
Total business-type activities	17,995,046	18,736,330	135,417	216,100	-	1,092,801	1,092,801
Total primary government	\$ 41,218,956	\$ 21,928,446	\$ 1,560,606	\$ 2,017,901	(16,804,804)	1,092,801	(15,712,003)
Component Unit:							
Cranberry Public Library	\$ 892,610	\$ 33,739	\$ 881,079	\$ -			22,208
General revenues:							
Taxes:							
Property					4,923,238	-	4,923,238
Earned income					7,382,156	-	7,382,156
Business privilege					2,485,131	-	2,485,131
Local service					1,275,714	-	1,275,714
Real estate transfer					1,263,943	-	1,263,943
Interest, rents, and royalties					362,393	111,034	473,427
Gain on disposal of capital assets					36,393	-	36,393
Other					103,784	-	103,784
Transfers - internal activities					(949,987)	949,987	-
Total general revenues and transfers					16,882,765	1,061,021	17,943,786
Change in Net Position					77,961	2,153,822	2,231,783
Net position - beginning of year, as restated					63,747,642	24,473,896	88,221,538
Net position - end of year					\$ 63,825,603	\$ 26,627,718	\$ 90,453,321

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

TOWNSHIP OF CRANBERRY

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2015

		Special Revenue Fund		
	General Fund	Transportation Improvement Program East Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 958,245	\$ -	\$ 9,113	\$ 967,358
Investments	11,019,631	6,769,348	7,686,817	25,475,796
Taxes receivable	3,124,427	-	-	3,124,427
Other receivables	320,349	-	30,841	351,190
Prepaid expenditures	353,908	-	-	353,908
Due from other funds	57,525	-	13,887	71,412
Inventory	62,019	-	-	62,019
Total Assets	\$ 15,896,104	\$ 6,769,348	\$ 7,740,658	\$ 30,406,110
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable and accrued expenses	\$ 183,353	\$ 35,796	\$ 48,884	\$ 268,033
Accrued payroll and related expenses	160,928	-	-	160,928
Due to other funds	322,739	-	33,078	355,817
Unearned revenue	558,980	-	850	559,830
Developer deposit liability	-	-	1,012,110	1,012,110
Total Liabilities	1,226,000	35,796	1,094,922	2,356,718
Deferred Inflows of Resources:				
Unavailable revenue - taxes	1,903,043	-	-	1,903,043
Fund Balance:				
Nonspendable:				
Inventory and prepaid expenditures	415,927	-	-	415,927
Restricted:				
Transportation improvement	-	6,733,552	517,356	7,250,908
Highways and streets	-	-	424,497	424,497
Recreation	-	-	888,245	888,245
Library	-	-	69,348	69,348
Fire protection	-	-	626,675	626,675
Infrastructure improvement	-	-	2,207,321	2,207,321
Storm water maintenance	-	-	24,814	24,814
Public building improvements	-	-	108,461	108,461
Assigned:				
Capital improvements	-	-	1,779,019	1,779,019
Unassigned	12,351,134	-	-	12,351,134
Total Fund Balance	12,767,061	6,733,552	6,645,736	26,146,349
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 15,896,104	\$ 6,769,348	\$ 7,740,658	\$ 30,406,110

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 POSITION

DECEMBER 31, 2015

Total Fund Balance - Governmental Funds	\$ 26,146,349
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	57,638,068
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Certain taxes are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	1,903,043
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The actuarially accrued net pension liability, and deferred inflows and outflows of resources for pensions are not recorded on the fund financial statements.	(650,507)
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Accrued interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(213,342)
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Government funds do not report a loss on the refunding of debt, as it is not a current period expenditure, whereas these amounts are reported as a deferred outflow and amortized in the statement of net position.	627,878
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Long-term liabilities, including compensated absences and bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(21,625,886)</u>
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Total Net Position - Governmental Activities	<u>\$ 63,825,603</u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2015

	General Fund	Special Revenue Fund Transportation Improvement Program East Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 3,053,845	\$ -	\$ 1,874,144	\$ 4,927,989
Earned income	7,044,433	-	-	7,044,433
Business privilege	2,485,131	-	-	2,485,131
Local service	1,275,714	-	-	1,275,714
Real estate transfer	1,263,943	-	-	1,263,943
Licenses, permits, and fees	1,777,114	-	356,130	2,133,244
Fines and forfeitures	117,504	-	-	117,504
Interest, rents, and royalties	324,216	22,762	15,415	362,393
Intergovernmental	1,101,623	-	820,463	1,922,086
Contributions and donations	323,466	358,103	623,235	1,304,804
Charges for services	941,468	-	-	941,468
Miscellaneous	103,784	-	-	103,784
Total revenues	19,812,241	380,865	3,689,387	23,882,493
Expenditures:				
Current:				
General government	2,830,663	-	-	2,830,663
Public safety	5,460,659	-	446,820	5,907,479
Highways, roads, and streets	4,180,067	47,241	1,103,455	5,330,763
Culture and recreation	1,919,223	-	414,572	2,333,795
Community development	1,011,476	-	-	1,011,476
Miscellaneous	52	-	1,490	1,542
Debt service:				
Principal retirement	756,185	-	695,892	1,452,077
Interest charges	740,744	-	14,619	755,363
Capital outlay	98,938	89,760	3,323,247	3,511,945
Total expenditures	16,998,007	137,001	6,000,095	23,135,103
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,814,234	243,864	(2,310,708)	747,390
Other Financing Sources (Uses):				
Proceeds from note payable	-	-	500,000	500,000
Proceeds from sale of capital assets	36,393	-	-	36,393
Transfers in	319,417	220,109	2,815,000	3,354,526
Transfers out	(3,067,604)	-	(1,236,909)	(4,304,513)
Total other financing sources (uses)	(2,711,794)	220,109	2,078,091	(413,594)
Net Change in Fund Balance	102,440	463,973	(232,617)	333,796
Fund Balance:				
Beginning of year	12,664,621	6,269,579	6,878,353	25,812,553
End of year	\$ 12,767,061	\$ 6,733,552	\$ 6,645,736	\$ 26,146,349

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, 2015

Net Change in Fund Balance - Governmental Funds

\$ 333,796

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

Governmental funds report capital outlays as expenditures and contributions of capital assets are not reported. 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 and contributions in the current period.

Capital outlays	\$	1,922,263	
Depreciation expense		<u>(3,408,041)</u>	(1,485,778)

In the statement of activities, the actuarially determined pension expense is accrued. In the governmental funds, however, pension expenditures are measured by the amount of financial resources used. This amount represents the difference between the amount accrued versus the amount used.

(60,636)

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.

332,972

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.

(11,285)

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.

9,612

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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.

Principal payments		1,452,077	
Proceeds from the issuance of long-term debt		(500,000)	
Amortization of bond discounts/premiums		91,792	
Amortization of deferred charge on refunding		<u>(84,589)</u>	959,280

Change in Net Position of Governmental Activities

\$ 77,961

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

TOWNSHIP OF CRANBERRY

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2015

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,039,806	\$ 463,867	\$ 13,721	\$ -	\$ -	\$ 1,517,394
Investments	4,757,420	43,399,143	503,562	184,710	349,875	49,194,710
Accounts receivable:						
Customers - billed	109,836	118,954	-	-	-	228,790
Customers - unbilled	444,011	513,592	-	-	-	957,603
Other	26,971	-	9	135,417	4,485	166,882
Due from other funds	114,555	2,755,162	-	59,434	1,311	2,930,462
Inventory	-	-	89,455	-	-	89,455
Total current assets	6,492,599	47,250,718	606,747	379,561	355,671	55,085,296
Non-current assets:						
Capital assets:						
Land	91,517	171,340	3,103,447	-	-	3,366,304
Construction in progress	-	2,189,510	-	-	-	2,189,510
Buildings	6,794,053	8,761,842	3,010,965	-	3,442,379	22,009,239
Site improvements	386,565	269,103	3,622,642	-	-	4,278,310
Machinery, equipment, and vehicles	1,563,037	16,460,036	1,587,511	69,687	86,504	19,766,775
Infrastructure	14,857,205	24,561,885	-	-	-	39,419,090
Carts - in-service	-	-	-	879,232	-	879,232
Carts - not in-service	-	-	-	74,853	-	74,853
Less: accumulated depreciation	(10,056,320)	(28,550,018)	(5,402,078)	(809,247)	(1,819,516)	(46,637,179)
Total non-current assets	13,636,057	23,863,698	5,922,487	214,525	1,709,367	45,346,134
Total Assets	20,128,656	71,114,416	6,529,234	594,086	2,065,038	100,431,430
Deferred Outflows of Resources						
Deferred charge on refunding	-	1,108,057	429,985	-	-	1,538,042
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	365,154	179,447	76,706	159,106	1,781	782,194
Accrued interest payable	-	805,571	101,233	-	13,085	919,889
Due to other funds	2,610,834	24,775	5,213	5,235	-	2,646,057
Unearned revenue	-	-	888,166	-	5,090	893,256
Security deposits	104,499	-	-	-	-	104,499
Long-term debt - current portion	-	2,232,500	285,000	-	291,535	2,809,035
Total current liabilities	3,080,487	3,242,293	1,356,318	164,341	311,491	8,154,930
Non-current liabilities:						
Compensated absences	29,241	26,496	19,548	6,663	2,644	84,592
Intermunicipal service agreement	-	7,200,642	-	-	-	7,200,642
Long-term debt - net of current maturities:						
General obligation bonds	-	48,583,500	6,180,000	-	-	54,763,500
Unamortized bond premium	-	4,661,060	477,030	-	-	5,138,090
Total non-current liabilities	29,241	60,471,698	6,676,578	6,663	2,644	67,186,824
Total Liabilities	3,109,728	63,713,991	8,032,896	171,004	314,135	75,341,754
Net Position						
Net investment in capital assets	13,636,057	4,453,196	(589,558)	214,525	1,417,832	19,132,052
Unrestricted	3,382,871	4,055,286	(484,119)	208,557	333,071	7,495,666
Total Net Position	\$ 17,018,928	\$ 8,508,482	\$ (1,073,677)	\$ 423,082	\$ 1,750,903	\$ 26,627,718

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

TOWNSHIP OF CRANBERRY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Operating Revenues:						
Charges for services	\$ 5,967,570	\$ 7,484,783	\$ 2,300,836	\$ 1,903,367	\$ 626,805	\$ 18,283,361
Penalties and interest	55,376	47,883	-	16,727	-	119,986
Miscellaneous revenues	50,786	40,345	-	36,119	774	128,024
Total operating revenues	6,073,732	7,573,011	2,300,836	1,956,213	627,579	18,531,371
Operating Expenses:						
Wages, benefits, and related taxes	1,197,414	1,501,351	724,073	154,192	275,527	3,852,557
Employee insurance	317,789	442,966	135,203	29,892	23,765	949,615
Pension	112,181	145,002	38,882	9,928	3,048	309,041
Administrative expenses	60,754	90,158	46,030	22,969	10,386	230,297
Materials and supplies	83,608	124,209	58,810	6,273	27,067	299,967
Collection and disposal cost	-	-	-	1,789,013	-	1,789,013
Water purchase	2,889,192	-	-	-	-	2,889,192
Chemicals	-	493,350	116,644	-	17,959	627,953
Laboratory	-	45,148	-	-	-	45,148
Telephone and utilities	91,713	677,192	53,345	-	47,916	870,166
Repairs and maintenance	288,867	261,349	35,932	-	4,571	590,719
Minor equipment rental and purchase	-	20,718	2,744	-	30,983	54,445
Vehicle expense	23,374	24,514	19,578	-	-	67,466
Professional and other services	269,917	414,845	350,117	55,076	38,567	1,128,522
Concession and other products and services	-	-	218,607	-	57,935	276,542
Depreciation	579,468	937,996	504,960	38,707	134,257	2,195,388
Total operating expenses	5,913,476	5,178,798	2,304,925	2,106,050	671,981	16,175,230
Operating Income (Loss)	160,256	2,394,213	(4,089)	(149,837)	(44,402)	2,356,141
Non-Operating Revenues (Expenses):						
Investment income (loss)	10,223	(86,814)	283	144	193	(75,971)
Rental income	201,739	-	187,005	-	3,220	391,964
Grant revenue	-	-	-	135,417	-	135,417
Bond issue costs	-	(263,428)	-	-	-	(263,428)
Interest expense	-	(1,253,340)	(280,759)	-	(22,289)	(1,556,388)
Total non-operating revenues (expenses)	211,962	(1,603,582)	(93,471)	135,561	(18,876)	(1,368,406)
Income (loss) before capital contributions and transfers	372,218	790,631	(97,560)	(14,276)	(63,278)	987,735
Capital contributions	-	216,100	-	-	-	216,100
Transfers in	-	10,000	100,500	-	1,223,904	1,334,404
Transfers out	(201,917)	(182,500)	-	-	-	(384,417)
Total capital contributions and transfers	(201,917)	43,600	100,500	-	1,223,904	1,166,087
Change in Net Position	170,301	834,231	2,940	(14,276)	1,160,626	2,153,822
Net Position:						
Beginning of year	16,848,627	7,674,251	(1,076,617)	437,358	590,277	24,473,896
End of year	\$ 17,018,928	\$ 8,508,482	\$ (1,073,677)	\$ 423,082	\$ 1,750,903	\$ 26,627,718

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

TOWNSHIP OF CRANBERRY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Cash Flows From Operating Activities:						
Receipts from customers	\$ 5,911,177	\$ 7,486,082	\$ 2,282,698	\$ 1,787,072	\$ 631,895	\$ 18,098,924
Payments to suppliers	(3,727,352)	(2,244,637)	(936,577)	(1,883,210)	(244,302)	(9,036,078)
Payments to employees	(1,540,098)	(1,980,742)	(861,955)	(186,795)	(297,283)	(4,866,873)
Other receipts (payments), net	59,607	40,345	-	36,119	774	136,845
Net cash provided by (used in) operating activities	703,334	3,301,048	484,166	(246,814)	91,084	4,332,818
Cash Flows From Non-Capital Financing Activities:						
Transfers from (to) other funds, net	(1,348,814)	1,019,501	(188,448)	16,511	311,381	(189,869)
Cash Flows From Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(217,315)	(1,624,250)	(238,419)	(69,548)	(917,495)	(3,067,027)
Proceeds from capital debt	-	35,315,028	-	-	-	35,315,028
Principal paid on capital debt	-	(1,249,000)	(280,000)	-	(279,815)	(1,808,815)
Interest paid on capital debt	-	(839,872)	(283,700)	-	(22,289)	(1,145,861)
Payment of bond issue costs	-	(263,428)	-	-	-	(263,428)
Grants	-	-	-	135,417	-	135,417
Sale of capacity under the intermunicipal service agreement	-	7,200,642	-	-	-	7,200,642
Transfers from (to) other funds, net	-	-	-	-	911,800	911,800
Net cash provided by (used in) capital and related financing activities	(217,315)	38,539,120	(802,119)	65,869	(307,799)	37,277,756
Cash Flows From Investing Activities:						
Interest income	10,223	-	283	144	193	10,843
Rental income	201,739	-	935,025	-	3,220	1,139,984
Net sales (purchases) of investments	866,960	(43,085,210)	(440,267)	164,290	(98,109)	(42,592,336)
Net cash provided by (used in) investing activities	1,078,922	(43,085,210)	495,041	164,434	(94,696)	(41,441,509)
Net Increase (Decrease) in Cash and Cash Equivalents	216,127	(225,541)	(11,360)	-	(30)	(20,804)
Cash and Cash Equivalents:						
Beginning of year	823,679	689,408	25,081	-	30	1,538,198
End of year	<u>\$ 1,039,806</u>	<u>\$ 463,867</u>	<u>\$ 13,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,517,394</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Operating income (loss)	\$ 160,256	\$ 2,394,213	\$ (4,089)	\$ (149,837)	\$ (44,402)	\$ 2,356,141
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	579,468	937,996	504,960	38,707	134,257	2,195,388
Change in:						
Receivables, net	(111,769)	(46,584)	(9)	(133,022)	-	(291,384)
Inventory	-	-	199	-	-	199
Accounts payable and accrued expenses	64,479	13,677	(1,823)	(4,203)	(5,870)	66,260
Security deposits	8,821	-	-	-	-	8,821
Compensated absences	2,079	1,746	3,057	1,541	2,009	10,432
Unearned revenue	-	-	(18,129)	-	5,090	(13,039)
Total adjustments	543,078	906,835	488,255	(96,977)	135,486	1,976,677
Net cash provided by (used in) operating activities	<u>\$ 703,334</u>	<u>\$ 3,301,048</u>	<u>\$ 484,166</u>	<u>\$ (246,814)</u>	<u>\$ 91,084</u>	<u>\$ 4,332,818</u>
Supplementary Information:						
Amortization of premiums and deferred refunding loss charged to interest	<u>\$ -</u>	<u>\$ 110,805</u>	<u>\$ 26,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,679</u>

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

TOWNSHIP OF CRANBERRY

STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2015

Assets	
Cash and cash equivalents	\$ 47,820
Investments:	
Mutual funds	<u>17,949,658</u>
Total Assets	<u>17,997,478</u>
Net Position Restricted For Pension Benefits	<u><u>\$ 17,997,478</u></u>

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

TOWNSHIP OF CRANBERRY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2015

Additions:

Employer contributions	\$ 902,453
Employee contributions	<u>116,006</u>
Total contributions	<u>1,018,459</u>
Investment gain:	
Net depreciation in fair value of investments	(438,586)
Interest and dividends	<u>306,456</u>
Total investment loss	<u>(132,130)</u>
Total additions	<u>886,329</u>

Deductions:

Benefits	528,288
Administrative expense	<u>39,673</u>
Total deductions	<u>567,961</u>

Change in Plan Net Position	318,368
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Net Position:

Beginning of year	<u>17,679,110</u>
End of year	<u><u>\$ 17,997,478</u></u>

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 blended component unit and discretely presented component unit, as described below.

The blended component unit, although a legally separate entity, is in substance, part of the government's operations so data from the blended component unit is combined with data of the primary government (the Township).

Cranberry Township Volunteer Fire Company

In 1981, the Cranberry Township Volunteer Fire Company (Company) agreed to transfer its assets to the Township. As a part of the agreement, the Township provides both operating and capital financial support in return for the professionals of the company volunteering their time training, performing administrative work, and responding to emergency calls. The Internal Revenue Service considers the Company exempt from federal income tax as defined in Section 501(c)(4) of the Internal Revenue Code. This blended component unit is reported as the Fire Protection Fund within the Township's fund financial statements.

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 a dedicated real estate tax millage from the Township, the Butler County Federated

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 office.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government 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, discretely presented *component unit* for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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, pension benefits, 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 by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows and outflows of resources, 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 restricted for usage on the eastern side of the Township.

Additionally, the Township reports the following other governmental funds:

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 nine non-major 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, Storm Water Maintenance Fund, and the Transportation Improvement Program South-East 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 six non-major Capital Projects Funds: Capital Improvement Fund, 2011 Bond Fund, Fire Capital Fund, Township Transportation Improvement Program Fund, Road Equipment Fund, and Public Building Fund.

Proprietary Funds

The focus of proprietary funds measurement is upon determination of operating income, changes in net position, 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 position and changes in net position, and is reported using accounting principles similar to proprietary funds.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

Interfund Activity

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

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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Capital Assets

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

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

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

Buildings and building improvements	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 fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 position. Bond premiums and discounts, as well as deferred refunding gains and losses, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Deferred refunding gains and losses result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In the governmental fund financial statements, bond premium and discounts 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 reported as other financing sources while discounts on debt issuances are reported as other financing uses.

In both the fund and government-wide financial statements issue costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures/expenses.

Fund Balance

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, 2015.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

- 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.

The Township's policy is to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

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

Net Investment in Capital Assets - This component of net position 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Amount	Restriction
\$ 626,675	Fire protection
69,348	Library
888,245	Recreation
7,250,908	Transportation improvement
2,207,321	Infrastructure improvement
424,497	Highways and streets
24,814	Storm water maintenance
108,461	Public building improvements
<u>\$ 11,600,269</u>	

Unrestricted - This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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 Golf Course Fund had a deficit net position balance at December 31, 2015 of \$1,073,677. This deficit will be financed through future revenues of the fund and through transfers from other funds.

Estimates

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

Adopted Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) Statements were adopted for the Township’s 2015 financial statements:

GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions*,” and Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date*.” As a result of this implementation, the government-wide net position as of January 1, 2015 was restated with a decrease of approximately \$815,000. The net pension liability and its components are described more fully in Note 8.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

GASB Statement No. 69, *“Government Combinations and Disposals of Government Operations.”* This statement provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold.

Pending Accounting Pronouncements

GASB has issued the following statements that will become effective in future years as shown below. Management has not yet determined the impact of these statements on the Township’s financial statements:

GASB Statement No. 72, *“Fair Value Measurement and Application,”* effective for fiscal years beginning after June 15, 2015 (the Township’s financial statements for the year ending December 31, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 73, *“Accounting for Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68 and Amendments to Certain Provisions of GASB Statements 67 and 68,”* effective for fiscal years beginning after June 15, 2015 (the Township’s financial statements for the year ending December 31, 2016), except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for fiscal years beginning after June 15, 2016 (the Township’s financial statements for the year ending December 31, 2017). This statement establishes requirements for pensions and pension plans that are not administered through a trust meeting specified criteria.

GASB Statement No. 76, *“Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,”* effective for fiscal years beginning after June 15, 2015 (the Township’s financial statements for the year ending December 31, 2016). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55.

GASB Statement No. 77, *“Tax Abatement Disclosures,”* effective for fiscal years beginning after December 15, 2015 (the Township’s financial statements for the year ending December 31, 2016). This statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government’s finances.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

GASB Statement No. 79, “*Certain External Investment Pools and Pool Participants*,” effective for fiscal years beginning after June 15, 2015 (the Township’s financial statements for the year ending December 31, 2016). This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 81, “*Irrevocable Split-Interest Agreements*,” effective for fiscal years beginning after December 15, 2016 (the Township’s financial statements for the year ending December 31, 2017). The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, “*Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*,” effective for fiscal years beginning after June 15, 2016 (the Township’s financial statements for the year ending December 31, 2017). This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

- 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, 2015, the Board enacted one supplemental appropriation resolution. Also, during the year ended December 31, 2015, expenditures exceeded appropriations in the Capital Outlay and Highways, Roads, and Streets expenditures of the General Fund, and also Capital Outlay expenditures in the Transportation Improvement Program East Fund. These overages were funded by available fund balance.

3. REAL ESTATE TAXES

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

The millage for 2015 was 13 mills applied to an assessed valuation of \$383,639,148. The Township apportions the millage and property taxes collected in the following manner:

General Fund	8.03 mills
Fire Protection Fund	1.27 mills
Fire Capital Fund	0.85 mills
Library Fund	1.00 mills
Public Building Fund	1.00 mills
Road Equipment Fund	0.85 mills

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

The Township's property tax calendar is as follows:

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

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

4. CASH, DEPOSITS, AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes.

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

Deposits

Custodial Credit Risk – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a formal deposit policy for custodial credit risk. As of December 31, 2015, \$20,620,587 of the Township's \$22,575,752 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). These deposits have carrying amounts of \$22,575,752 as of December 31, 2015. Included within these amounts are \$20,091,000 of certificates of deposits (bank and book balance), which are considered investments for presentation on the statement of net position 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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, 2015, the entire fair value of the investments in PLGIT of \$54,579,506 is considered to be investments for presentation on the statement of net position and governmental funds balance sheet. These deposits have a carrying amount of \$54,579,506 as of December 31, 2015.

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, 2015, investments in PLGIT received an AAA rating.

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.

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.

As of December 31, 2015, the Township had the following cash, cash equivalents, and investments in its Pension Trust Funds:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

<u>Cash or Investment Type</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 47,820
Mutual funds	<u>17,949,658</u>
Total cash, cash equivalents, and investments reported on statement of fiduciary net position	<u>\$ 17,997,478</u>

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. The Township's investments in mutual funds are unrated.

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. The Pension Trust Funds' money market cash funds (which are included in cash and cash equivalents on the statement of fiduciary net position) 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 non-uniform 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 changing interest rates.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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, 2015, the carrying amount of the Library's cash and deposits was \$188,020 and the related bank balance totaled \$233,463, all of which was covered by federal depository insurance.

Custodial Credit Risk – Investments. The Library's investments in mutual funds of \$132,578 are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. In addition, the restricted investment described below is also exposed to custodial credit risk, as it is held by another entity, and not collateralized.

Interest Rate Risk – Investments. The Library does 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 changing interest rates.

Restricted Investments. During December 2010, the Library liquidated and transferred its total investment portfolio to the Cranberry Township Community Chest (CTCC) to invest in their established endowment fund, The Cranberry Legacy Fund. The Library relinquished control of the investments at the time of the transfer. The Library earns its respective portion of investment income earned by The Cranberry Legacy Fund and is entitled to a distribution each year of approximately five percent of the 36-month average asset value of its portfolio. There were contributions of \$5,000 and an investment gain of \$2,927 for the year ended December 31, 2015. At December 31, 2015, the fair value of the underlying investments was \$489,054.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

5. CAPITAL ASSETS

A summary of capital asset activity during 2015 was as follows:

	Balance at January 1, 2015	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2015
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 14,455,952	\$ -	\$ -	\$ 14,455,952
Depreciable capital assets:				
Buildings	23,489,987	64,993	-	23,554,980
Site improvements	4,848,533	-	-	4,848,533
Machinery, equipment, and vehicles	11,246,016	1,857,270	(462,721)	12,640,565
Infrastructure	45,728,628	-	-	45,728,628
Total depreciable capital assets	85,313,164	1,922,263	(462,721)	86,772,706
Less accumulated depreciation for:				
Buildings	(8,772,309)	(752,821)	-	(9,525,130)
Site improvements	(2,929,184)	(242,039)	-	(3,171,223)
Machinery, equipment, and vehicles	(7,943,096)	(611,357)	462,721	(8,091,732)
Infrastructure	(21,000,681)	(1,801,824)	-	(22,802,505)
Total accumulated depreciation	(40,645,270)	(3,408,041)	462,721	(43,590,590)
Total depreciable capital assets, net	44,667,894	(1,485,778)	-	43,182,116
Governmental activities, capital assets, net	\$ 59,123,846			\$ 57,638,068

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Business-type Activities:				
Non-depreciable capital assets:				
Land	\$ 3,366,304	\$ -	\$ -	\$ 3,366,304
Construction in progress	407,625	1,781,885	-	2,189,510
Total non-depreciable capital assets	3,773,929	1,781,885	-	5,555,814
Depreciable capital assets:				
Buildings	21,043,864	965,375	-	22,009,239
Site improvements	4,278,310	-	-	4,278,310
Machinery, equipment, and vehicles	19,519,011	272,764	(25,000)	19,766,775
Carts - in-service	809,684	69,548	-	879,232
Carts - not in-service	74,853	-	-	74,853
Infrastructure	39,225,535	193,555	-	39,419,090
Total depreciable capital assets	84,951,257	1,501,242	(25,000)	86,427,499
Less accumulated depreciation for:				
Buildings	(9,942,034)	(551,252)	-	(10,493,286)
Site improvements	(3,462,165)	(262,346)	-	(3,724,511)
Machinery, equipment, and vehicles	(16,707,259)	(676,015)	25,000	(17,358,274)
Carts - in-service	(736,236)	(33,591)	-	(769,827)
Infrastructure	(13,619,097)	(672,184)	-	(14,291,281)
Total accumulated depreciation	(44,466,791)	(2,195,388)	25,000	(46,637,179)
Total depreciable capital assets, net	40,484,466	(694,146)	-	39,790,320
Business-type activities, capital assets, net	\$ 44,258,395			\$ 45,346,134

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

Governmental activities:

General government	\$ 1,176,820
Public safety	239,874
Culture and recreation	166,167
Highways, roads, and streets	<u>1,825,180</u>
Total depreciation expense - governmental activities	<u>\$ 3,408,041</u>

Business-type activities:

Water	\$ 579,468
Sewer	937,996
Golf course	504,960
Solid waste	38,707
Other enterprise fund	<u>134,257</u>
Total depreciation expense - business-type activities	<u>\$ 2,195,388</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, 2015, there were no infrastructure assets contributed by developers.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables, payables, and transfers as of and for the year ended December 31, 2015 are summarized below:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Fund:		
General Fund	\$ 57,525	\$ 322,739
Major Enterprise Funds:		
Water Fund	114,555	2,610,834
Sewer Fund	2,755,162	24,775
Golf Course Fund	-	5,213
Solid Waste Fund	59,434	5,235
Other Enterprise Fund	1,311	-
Other Governmental Funds	<u>13,887</u>	<u>33,078</u>
Total	<u>\$ 3,001,874</u>	<u>\$ 3,001,874</u>

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 319,417	\$ 3,067,604
Transportation Improvement Program East Fund	220,109	-
Major Enterprise Funds:		
Water Fund	-	201,917
Sewer Fund	10,000	182,500
Golf Course Fund	100,500	-
Other Enterprise Fund	1,223,904	-
Other Governmental Funds	<u>2,815,000</u>	<u>1,236,909</u>
Total	<u>\$ 4,688,930</u>	<u>\$ 4,688,930</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 amounts due from the Water Fund to the Sewer fund represent ongoing activity between these funds.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

7. LONG-TERM LIABILITIES

General Obligation Bonds

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

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
2003A	\$ 7,885,000	2016	1.10-4.03%
2010	4,470,000	2021	.50-3.00%
2011	37,405,000	2031	.30-4.27%
2012	11,855,000	2025	.30-2.75%
2015	32,000,000	2035	3.00-5.00%

In 2003, the Township issued \$7,885,000 of General Obligation Bonds (2003A Bonds). The proceeds of the 2003A bonds were used to currently refund the Township's 1998A General Obligation Bonds and to complete various Township capital projects, including the construction of a Public Safety Facility and park development.

In 2010, the Township issued \$4,470,000 of General Obligation Bonds (2010 Bonds). The proceeds of the 2010 bonds were used to advance refund the Township's 2001C General Obligation Bonds.

In 2011, the Township issued \$37,405,000 of General Obligation Bonds (2011 Bonds). The proceeds of the 2011 bonds were used to currently refund the Township's 2001B and 2006 General Obligation Bonds and to fund a sewer capital project.

In 2012, the Township issued \$11,855,000 of General Obligation Bonds (2011 Bonds). The proceeds of the 2011 bonds were used to advance refund the Township's 2008 and 2003B General Obligation Bonds.

In 2015, the Township issued \$32,000,000 of General Obligation Bonds (2015 Bonds). The proceeds of the 2015 bonds are to be used to fund various capital projects including but not limited to capital additions and improvements to the Brush Creek Wastewater Pollution Control Facility and Franklin Acres Pump Station.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Promissory Notes

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

<u>Purpose</u>	<u>Issue</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Fire truck	2008	\$ 447,796	2018	3.00%
Fire truck	2015	500,000	2025	3.00%

A detail of long-term liability activity for governmental activities for the year ended December 31, 2015 is as follows:

	<u>Balance at January 1, 2015</u>	<u>Additions</u>	<u>Amortization and Retirements</u>	<u>Balance at December 31, 2015</u>	<u>Due Within One Year</u>
General obligation bonds:					
Series A of 2003, net of unamortized discount	\$ 1,378,650 (4,554)	\$ - -	\$ (675,185) 2,277	\$ 703,465 (2,277)	\$ 703,465 -
Series of 2010	2,915,000	-	(385,000)	2,530,000	395,000
Series of 2011, net of unamortized premium	5,675,000 410,962	- -	(181,000) (25,369)	5,494,000 385,593	187,500 -
Series of 2012, net of unamortized premium	11,265,000 686,982	- -	(135,000) (68,700)	11,130,000 618,282	135,000 -
	<u>22,327,040</u>	<u>-</u>	<u>(1,467,977)</u>	<u>20,859,063</u>	<u>1,420,965</u>
Promissory note payable - 2008	179,686	-	(47,016)	132,670	48,446
Promissory note payable - 2015	-	500,000	(28,876)	471,124	44,410
Compensated absences	151,744	11,285	-	163,029	-
	<u>\$ 22,658,470</u>	<u>\$ 511,285</u>	<u>\$ (1,543,869)</u>	<u>\$ 21,625,886</u>	<u>\$ 1,513,821</u>

A detail of long-term liability activity for business-type activities for the year ended December 31, 2015 is as follows:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

	Balance at January 1, 2015	Additions	Amortization and Retirements	Balance at December 31, 2015	Due Within One Year
General obligation bonds:					
Series A of 2003	\$ 571,350	\$ -	\$ (279,815)	\$ 291,535	\$ 291,535
Series of 2011, net of unamortized premium	26,810,000 2,045,669	- -	(1,529,000) (139,731)	25,281,000 1,905,938	1,572,500 -
Series of 2015, net of unamortized premium	-	32,000,000	-	32,000,000	945,000
	-	3,315,028	(82,876)	3,232,152	-
	29,427,019	35,315,028	(2,031,422)	62,710,625	2,809,035
Compensated absences	74,160	10,432	-	84,592	-
	<u>\$ 29,501,179</u>	<u>\$ 35,325,460</u>	<u>\$ (2,031,422)</u>	<u>\$ 62,795,217</u>	<u>\$ 2,809,035</u>

Future Maturities

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

	Governmental and Business-type Activities		
	Principal	Interest	Total
2016	\$ 4,230,000	\$ 3,254,635	\$ 7,484,635
2017	4,470,000	3,004,220	7,474,220
2018	4,625,000	2,853,114	7,478,114
2019	4,805,000	2,673,338	7,478,338
2020	4,975,000	2,497,886	7,472,886
2021-2025	25,405,000	9,154,328	34,559,328
2026-2030	17,370,000	4,121,496	21,491,496
2031-2035	11,550,000	1,444,359	12,994,359
	<u>\$ 77,430,000</u>	<u>\$ 29,003,376</u>	<u>\$ 106,433,376</u>

The future scheduled payments required to amortize the promissory notes outstanding as of December 31, 2015 are as follows:

	Governmental Activities		
	Principal	Interest	Total
2016	\$ 92,856	\$ 16,967	\$ 109,823
2017	95,680	14,144	109,824
2018	85,587	11,266	96,853
2019	48,587	9,350	57,937
2020	50,065	7,872	57,937
2021-2025	231,019	15,909	246,928
	<u>\$ 603,794</u>	<u>\$ 75,508</u>	<u>\$ 679,302</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

8. POLICE PENSION PLAN

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 of the Commonwealth of Pennsylvania (the Act). 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.

Plan Description

The Police Pension Plan (Plan) is a single-employer defined benefit plan established under the provisions of the Act. The Plan is governed by the Township's Board of Supervisors, 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.

At December 31, 2015, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	25
Total plan members	<u>41</u>

Benefits Provided

Eligibility Requirement – Police employees hired on or before January 1, 1992, are entitled to receive benefits after completing 25 years of service and attaining the age of 50. All other police employees hired after January 1, 1992 are entitled to receive benefits after completing 25 years of service and attaining age 55. All participants are 100% vested after 12 years of service.

Retirement Benefit - 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

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.

DROP Benefit – Beginning January 1, 2014, employees may receive the *Retirement Benefit* as of DROP participation. The DROP Plan provides an alternative method of payment for retirement benefits for a specified and limited period of time for members of the Plan. Under this Plan, employees stop earning service credit toward a future benefit and the calculated retirement benefit at the time the DROP Plan period begins, is deposited into another investment vehicle that offers both substantial security and some level of guaranteed interest. One employee joined the DROP plan as of December 31, 2015; as such, there are no related assets as of December 31, 2015.

Post-Retirement Adjustments – Effective on each anniversary of retirement, a retiree will receive an increase in the monthly benefit equal to the percentage increases in the Consumer Price Index. The total of all increases may not exceed 75% of the average monthly salary used to calculate the original benefit.

Vesting Benefit – Accrued at the date of termination payable monthly starting at the normal retirement date.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Contributions

The Plan is funded by the Township on an annual basis pursuant to the provisions of Act 205. Act 205 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). Employees are not required to contribute under Act 205; such contributions are subject to collective bargaining. For the year ended December 31, 2015, participating employees were required to contribute 5% of their compensation. During the year, the Township made their required contribution of \$524,928, based upon the MMO.

Changes in the Net Pension Liability

The changes in the net pension liability of the Township for the year ended December 31, 2015 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	\$ 12,362,569	\$ 11,768,737	\$ 593,832
Changes for the year:			
Service cost	396,674	-	396,674
Interest	943,437	-	943,437
Differences between expected and actual	109,143	-	109,143
Contributions - employer	-	533,510	(533,510)
Contributions - employee	-	116,006	(116,006)
Net investment income	-	(84,237)	84,237
Benefit payments, including refunds	(454,197)	(454,197)	-
Administrative expense	-	(39,673)	39,673
Net changes	995,057	71,409	923,648
Balances at December 31, 2015	<u>\$ 13,357,626</u>	<u>\$ 11,840,146</u>	<u>\$ 1,517,480</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>88.64%</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed on January 1, 2015, and rolled forward to December 31, 2015, using the following actuarial assumptions, applied to all periods in the measurement:

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

RP-2000 Combined Healthy Annuitant Mortality Table with Blue Collar Adjustment, with rates set forward 5 years for disabled lives. Rates are projected to improve with 75% of scale AA.

Changes in Actuarial Assumptions - No significant changes were made to the actuarial assumptions since the previous actuarial valuation

Investment Policy – The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The Plan’s policies in regard to the allocation of invested assets are established and may be amended by the Board of Supervisors by a majority vote of its members. It is the policy of the Board of Supervisors to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Long-Term Expected Rate of Return – The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan’s target asset allocation as of December 31, 2015:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	40% - 65%	6.0%
Fixed income	20% - 60%	2.0%
Cash equivalents	0% - 20%	0.0%

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2015, the annual money-weighted rate of return on the Plan investments, net of investment expense, was -0.69%.

Discount Rate - The discount rate used to measure the total pension liability for the Plan was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Township's contributions will be made based on the yearly MMO calculation. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
<u>\$ 3,343,490</u>	<u>\$ 1,517,480</u>	<u>\$ (3,932)</u>

Pension Expense and Deferred Outflow of Resources Related to Pensions

For the year ended December 31, 2015, the Township recognized pension expense of approximately \$586,000. At December 31, 2015, the Township reported deferred outflows of resources related to pensions from the following sources:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Deferred Outflow of Resources:

Differences between expected and actual experience	\$ 96,740
Net difference between projected and actual earnings on pension plan investments	<u>770,233</u>
Total deferred outflows of resources	<u>\$ 866,973</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,

2016	\$ 204,961
2017	204,961
2018	204,961
2019	204,962
2020	12,403
Thereafter	34,726

9. NON-UNIFORM PENSION PLAN

Plan Description

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

Summary of Significant Accounting Policies

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Significant Provisions of the Non-Uniform Pension Plan

Funding Policy - Active members are not permitted 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.

Participation - The Plan covers all full-time employees of the Township who are not members of the Township's police force. Effective January 1, 2013, immediate participation is permitted.

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

<u>Years of Service</u>	<u>Vesting %</u>
Less than 2	0%
2, but less than 3	25%
3, but less than 4	50%
4, but less than 5	75%
5 or more	100%

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.

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

Contributions - Contributions in the amount of \$368,943 were made by the Township to the Plan during year ended December 31, 2015.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

10. DEFERRED COMPENSATION PLANS

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 2015, the Township contributed approximately \$190,000 to the plan, and employee contributions were approximately \$388,000.

During August of 2012, the Township established two 401(a) plans. The plans are available to the Township Manager and administrative employees. The plans were created to allow the Township Manager and administrative employees greater opportunity to maximize their deferred compensation contribution to the deferred compensation plan. During 2015, the Township contributed approximately \$268,000 to the plans.

11. INTERMUNICIPAL SERVICE AGREEMENT

On December 4, 2015, the Marshall Township Municipal Sanitary Authority (Authority) paid \$7.2 million to the Township for its proportionate share of the estimated project costs in the Brush Creek Sewage Treatment Plant Expansion and Upgrade (system). The proportionate share of the project costs were calculated based on the future expected capacity by the Authority. The transfer of funds was in accordance with the agreement entered into with the Authority in March 2015, as well as the intermunicipal sewage service agreement dated as of June 1, 1989. The Township, as part of this agreement, will accept, on average, 550,000 gallons of sewage per day for Marshall Township residents. The value of the Intermunicipal Service Agreement will be amortized on a straight-line basis over the expected life of the system once construction is complete as an offset to depreciation expense for the system. The unamortized portion of the Cranberry Township capacity was \$7,200,642 at December 31, 2015. As the project was not completed as of December 31, 2015, no amortization expense was incurred.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

12. 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

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. During November 2014, the Township entered into an agreement to participate in the Delaware Valley Health Insurance Trust (Trust) effective January 1, 2015, for a minimum three year commitment for health insurance coverage. The Trust operates as a risk sharing pool, operated and controlled by units of local government in southeastern Pennsylvania. The Trust offers contribution credits through a rate stabilization fund. Members have the option to use all or some of the credits allocated to reduce premium contributions or to roll the balance forward to future years.

The Township has signed various contracts related to capital projects that are scheduled to begin in 2016. The total amount of commitments on these contracts is approximately \$900,000.

13. 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 2015, the total revenue under these lease agreements was approximately \$201,700. 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. Monthly lease payments range from approximately \$600 to \$3,000.

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 2015, the total revenue under these lease agreements was approximately \$108,200.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

Oil and Gas Lease Agreement

The Township entered into an agreement for the lease of land for oil and gas drilling located on the Township's Golf Course. The terms of the lease are for a five-year period ending in December 2019 and as long thereafter as oil or gas is produced. The lease called for an up-front payment of \$935,025, which the Township received during 2015 and which will be amortized and recognized as revenue over the five-year lease period. The amount recognized as revenue during 2015 was \$187,005, with \$748,020 reported as unearned revenue on the statement of net position within the Golf Course Fund. The Township did not receive any royalties during 2015.

14. SIGNIFICANT COMPONENT UNIT TRANSACTIONS

During 2015, the Township provided approximately \$698,258 of support to the Library in the form of dedicated real estate tax revenues and contributions of facilities.

15. RELATED PARTY TRANSACTIONS

The Township provides support to the Cranberry Township Volunteer Fire Company Relief Association (Association). During 2015, the Township provided approximately \$238,000 of foreign fire insurance tax distributions to the Association. The Township receives the foreign fire insurance tax distributions directly from the Commonwealth of Pennsylvania under Act 205.

16. SUBSEQUENT EVENT

During May 2016, the Township entered into various contracts totaling approximately \$45.7 million for the construction of the Brush Creek Water Pollution Control Facility. The project will be funded by the proceeds of the 2015 Bonds and the Intermunicipal Service Agreement as discussed in Notes 7 and 11, respectively.

Required Supplementary Information

TOWNSHIP OF CRANBERRY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND AND TRANSPORTATION IMPROVEMENT PROGRAM EAST FUND

YEAR ENDED DECEMBER 31, 2015

	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	\$ 2,998,615	\$ 2,998,615	\$ 3,053,845	\$ 55,230	\$ -	\$ -	\$ -	\$ -
Earned income	6,150,000	6,150,000	7,044,433	894,433	-	-	-	-
Business privilege	2,075,000	2,075,000	2,485,131	410,131	-	-	-	-
Local service	1,150,000	1,150,000	1,275,714	125,714	-	-	-	-
Real estate transfer	1,100,000	1,100,000	1,263,943	163,943	-	-	-	-
Licenses, permits, and fees	1,618,600	1,618,600	1,777,114	158,514	-	-	-	-
Fines and forfeitures	74,500	74,500	117,504	43,004	-	-	-	-
Interest, rents, and royalties	296,103	296,103	324,216	28,113	5,000	5,000	22,762	17,762
Intergovernmental	969,000	969,000	1,101,623	132,623	-	-	-	-
Contributions and donations	285,000	285,000	323,466	38,466	759,252	759,252	358,103	(401,149)
Charges for services	849,486	849,486	941,468	91,982	-	-	-	-
Miscellaneous	56,500	56,500	103,784	47,284	-	-	-	-
Total revenues	17,622,804	17,622,804	19,812,241	2,189,437	764,252	764,252	380,865	(383,387)
Expenditures:								
Current:								
General government	3,307,983	3,307,983	2,830,663	477,320	-	-	-	-
Public safety	5,542,202	5,542,202	5,460,659	81,543	-	-	-	-
Highways, roads, and streets	4,046,061	4,046,061	4,180,067	(134,006)	2,450,000	2,450,000	47,241	2,402,759
Culture and recreation	1,960,424	1,960,424	1,919,223	41,201	-	-	-	-
Community development	1,047,908	1,047,908	1,011,476	36,432	-	-	-	-
Miscellaneous	-	-	52	(52)	-	-	-	-
Debt service	1,580,022	1,580,022	1,496,929	83,093	-	-	-	-
Capital outlay	95,500	95,500	98,938	(3,438)	-	-	89,760	(89,760)
Total expenditures	17,580,100	17,580,100	16,998,007	582,093	2,450,000	2,450,000	137,001	2,312,999
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,704	42,704	2,814,234	2,771,530	(1,685,748)	(1,685,748)	243,864	1,929,612
Other Financing Sources (Uses):								
Proceeds from sale of capital assets	20,000	20,000	36,393	16,393	-	-	-	-
Transfers in	250,000	250,000	319,417	69,417	-	-	220,109	220,109
Transfers out	(1,910,000)	(2,910,000)	(3,067,604)	(157,604)	-	-	-	-
Total other financing sources (uses)	(1,640,000)	(2,640,000)	(2,711,794)	(71,794)	-	-	220,109	220,109
Net Change in Fund Balance	<u>\$ (1,597,296)</u>	<u>\$ (2,597,296)</u>	102,440	<u>\$ 2,699,736</u>	<u>\$ (1,685,748)</u>	<u>\$ (1,685,748)</u>	463,973	<u>\$ 2,149,721</u>
Fund Balance:								
Beginning of year			12,664,621				6,269,579	
End of year			<u>\$ 12,767,061</u>				<u>\$ 6,733,552</u>	

TOWNSHIP OF CRANBERRY, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

POLICE PENSION PLAN

YEAR ENDED DECEMBER 31, 2015

	2015	2014
Total Pension Liability:		
Service cost	\$ 396,674	\$ 391,984
Interest	943,437	880,931
Changes of benefit terms	-	-
Differences between expected and actual experience	109,143	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(454,197)	(416,741)
Net Changes in Total Pension Liability	995,057	856,174
Total Pension Liability - Beginning	\$ 12,362,569	11,506,395
Total Pension Liability - Ending (a)	<u>\$ 13,357,626</u>	<u>\$ 12,362,569</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 533,510	\$ 519,984
Contributions - employee	116,006	118,194
Net investment income	(84,237)	684,473
Benefit payments, including refunds of member contributions	(454,197)	(416,741)
Administrative expense	(39,673)	(38,553)
Net Change in Plan Fiduciary Net Position	71,409	867,357
Plan Fiduciary Net Position - Beginning	\$ 11,768,737	10,901,380
Plan Fiduciary Net Position - Ending (b)	<u>11,840,146</u>	<u>\$ 11,768,737</u>
Net Pension Liability - Ending (a-b)	<u>\$ 1,517,480</u>	<u>\$ 593,832</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>88.64%</u>	<u>95.20%</u>
Covered Employee Payroll	<u>\$ 2,615,697</u>	<u>\$ 2,686,125</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	58.01%	22.11%

See accompanying notes to schedules of
required supplementary information - police pension plan.

TOWNSHIP OF CRANBERRY, PENNSYLVANIA

SCHEDULES OF CONTRIBUTIONS AND INVESTMENT RETURNS

POLICE PENSION PLAN

YEAR ENDED DECEMBER 31, 2015

	2015	2014
Schedule of Contributions		
Actuarially determined contribution	\$ 524,928	\$ 519,984
Contributions in relation to the actuarially determined contribution	533,510	519,984
Contribution deficiency (excess)	<u>\$ (8,582)</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 2,615,697</u>	<u>\$ 2,686,125</u>
Contributions as a percentage of covered employee payroll	20.40%	19.36%
Investment Returns		
Annual money-weighted rate of return, net of investment expense	-0.69%	6.32%

See accompanying notes to schedules of
required supplementary information - police pension plan.

TOWNSHIP OF CRANBERRY, PENNSYLVANIA

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – POLICE PENSION PLAN

YEAR ENDED DECEMBER 31, 2015

Actuarial Methods and Assumptions Used in Determining the Contribution Rate (MMO)

Actuarial valuation date	1/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	10 years
Asset valuation method	4 year smoothing
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
	RP-2000 Combined Healthy
	Annuitant with Blue Collar
Mortality Table	Adjustments

Change in Actuarial Assumptions

Effective 1/1/13, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment for purposes of developing mortality rates. In prior years, those assumptions were based on the 1994 Uninsured Pensioner Group Mortality Table.

Supplementary Information

TOWNSHIP OF CRANBERRY

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	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	Storm Water Maintenance Fund
Assets								
Cash and cash equivalents	\$ 2,194	\$ 1,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525
Investments	323,764	82,969	888,245	508,809	1,012,110	2,207,321	154,648	24,289
Due from other funds	3,549	2,794	-	-	-	-	-	-
Total Assets	<u>\$ 329,507</u>	<u>\$ 87,491</u>	<u>\$ 888,245</u>	<u>\$ 508,809</u>	<u>\$ 1,012,110</u>	<u>\$ 2,207,321</u>	<u>\$ 154,648</u>	<u>\$ 24,814</u>
Liabilities and Fund Balance								
Liabilities:								
Accounts payable and accrued expenses	\$ 4,011	\$ 12,622	\$ -	\$ 12,135	\$ -	\$ -	\$ -	\$ -
Developer deposit liability	-	-	-	-	1,012,110	-	-	-
Due to other funds	302	5,521	-	-	-	-	-	-
Total Liabilities	<u>4,313</u>	<u>18,143</u>	<u>-</u>	<u>12,135</u>	<u>1,012,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:								
Assigned	-	-	-	-	-	-	-	-
Restricted	325,194	69,348	888,245	496,674	-	2,207,321	154,648	24,814
Total Fund Balance	<u>325,194</u>	<u>69,348</u>	<u>888,245</u>	<u>496,674</u>	<u>-</u>	<u>2,207,321</u>	<u>154,648</u>	<u>24,814</u>
Total Liabilities and Fund Balance	<u>\$ 329,507</u>	<u>\$ 87,491</u>	<u>\$ 888,245</u>	<u>\$ 508,809</u>	<u>\$ 1,012,110</u>	<u>\$ 2,207,321</u>	<u>\$ 154,648</u>	<u>\$ 24,814</u>

(Continued)

TOWNSHIP OF CRANBERRY

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2015

(Continued)

	Special Revenue Funds		Capital Projects Funds						Total Capital Projects Funds	Total Other Governmental Funds
	Transportation Improvement Program South- East Fund	Total Special Revenue Funds	Fire Capital Fund	Township Transportation Improvement Program Fund	Road Equipment Fund	Public Building Fund	2011 Bond Fund	Capital Improvement Fund		
Assets										
Cash and cash equivalents	\$ -	\$ 4,447	\$ 1,469	\$ -	\$ 1,469	\$ 1,728	\$ -	\$ -	\$ 4,666	\$ 9,113
Investments	-	5,202,155	329,216	20,682	266,005	103,939	-	1,764,820	2,484,662	7,686,817
Other receivables	-	-	-	-	-	-	-	30,841	30,841	30,841
Due from other funds	-	6,343	2,375	-	2,375	2,794	-	-	7,544	13,887
Total Assets	<u>\$ -</u>	<u>\$ 5,212,945</u>	<u>\$ 333,060</u>	<u>\$ 20,682</u>	<u>\$ 269,849</u>	<u>\$ 108,461</u>	<u>\$ -</u>	<u>\$ 1,795,661</u>	<u>\$ 2,527,713</u>	<u>\$ 7,740,658</u>
Liabilities and Fund Balance										
Liabilities:										
Accounts payable and accrued expenses	\$ -	\$ 28,768	\$ 4,324	\$ -	\$ -	\$ -	\$ -	\$ 15,792	\$ 20,116	\$ 48,884
Unearned revenue	-	-	-	-	-	-	-	850	850	850
Developer deposit liability	-	1,012,110	-	-	-	-	-	-	-	1,012,110
Due to other funds	-	5,823	27,255	-	-	-	-	-	27,255	33,078
Total Liabilities	<u>-</u>	<u>1,046,701</u>	<u>31,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,642</u>	<u>48,221</u>	<u>1,094,922</u>
Fund Balance:										
Assigned	-	-	-	-	-	-	-	1,779,019	1,779,019	1,779,019
Restricted	-	4,166,244	301,481	20,682	269,849	108,461	-	-	700,473	4,866,717
Total Fund Balance	<u>-</u>	<u>4,166,244</u>	<u>301,481</u>	<u>20,682</u>	<u>269,849</u>	<u>108,461</u>	<u>-</u>	<u>1,779,019</u>	<u>2,479,492</u>	<u>6,645,736</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 5,212,945</u>	<u>\$ 333,060</u>	<u>\$ 20,682</u>	<u>\$ 269,849</u>	<u>\$ 108,461</u>	<u>\$ -</u>	<u>\$ 1,795,661</u>	<u>\$ 2,527,713</u>	<u>\$ 7,740,658</u>

(Concluded)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2015

	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	Storm Water Maintenance Fund
Revenues:								
Taxes	\$ 479,122	\$ 376,123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	356,130	-	-	-	-	-
Interest, rents, and royalties	154	123	289	135	1,156	6,112	222	4
Intergovernmental	-	-	-	-	-	-	742,687	-
Contributions and donations	-	-	-	273,702	-	286,791	-	3
Total revenues	479,276	376,246	356,419	273,837	1,156	292,903	742,909	7
Expenditures:								
Public safety	446,447	-	-	-	-	-	-	-
Highways, roads, and streets	-	-	-	89,680	146,281	-	763,329	-
Culture and recreation	-	414,572	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	1,490	-	-
Debt service:								
Principal retirement	-	-	225,000	-	-	-	-	-
Capital outlay	-	-	-	-	-	36,309	-	-
Total expenditures	446,447	414,572	225,000	89,680	146,281	37,799	763,329	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,829	(38,326)	131,419	184,157	(145,125)	255,104	(20,420)	7
Other Financing Sources (Uses):								
Proceeds from note payable	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net Change in Fund Balance	32,829	(38,326)	131,419	184,157	(145,125)	255,104	(20,420)	7
Fund Balance:								
Beginning of year	292,365	107,674	756,826	312,517	145,125	1,952,217	175,068	24,807
End of year	\$ 325,194	\$ 69,348	\$ 888,245	\$ 496,674	\$ -	\$ 2,207,321	\$ 154,648	\$ 24,814

(Continued)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2015

(Continued)

	Special Revenue Funds		Capital Projects Funds							
	Transportation Improvement Program South- East Fund	Total Special Revenue Funds	Fire Capital Fund	Township Transportation Improvement Program Fund	Road Equipment Fund	Public Building Fund	2011 Bond Fund	Capital Improvement Fund	Total Capital Projects Funds	Total Other Governmental Funds
Revenues:										
Taxes	\$ -	\$ 855,245	\$ 320,676	\$ -	\$ 320,806	\$ 377,417	\$ -	\$ -	\$ 1,018,899	\$ 1,874,144
Licenses, permits, and fees	-	356,130	-	-	-	-	-	-	-	356,130
Interest, rents, and royalties	13	8,208	2,345	6	100	113	-	4,643	7,207	15,415
Intergovernmental	-	742,687	-	-	-	-	-	77,776	77,776	820,463
Contributions and donations	68	560,564	-	-	-	-	-	62,671	62,671	623,235
Total revenues	81	2,522,834	323,021	6	320,906	377,530	-	145,090	1,166,553	3,689,387
Expenditures:										
Public safety	-	446,447	373	-	-	-	-	-	373	446,820
Highways, roads, and streets	104,165	1,103,455	-	-	-	-	-	-	-	1,103,455
Culture and recreation	-	414,572	-	-	-	-	-	-	-	414,572
Miscellaneous	-	1,490	-	-	-	-	-	-	-	1,490
Debt service:										
Principal retirement	-	225,000	225,892	-	-	245,000	-	-	470,892	695,892
Interest charges	-	-	14,619	-	-	-	-	-	14,619	14,619
Capital outlay	-	36,309	1,053,672	-	313,704	-	139,138	1,780,424	3,286,938	3,323,247
Total expenditures	104,165	2,227,273	1,294,556	-	313,704	245,000	139,138	1,780,424	3,772,822	6,000,095
Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,084)	295,561	(971,535)	6	7,202	132,530	(139,138)	(1,635,334)	(2,606,269)	(2,310,708)
Other Financing Sources (Uses):										
Proceeds from note payable	-	-	500,000	-	-	-	-	-	500,000	500,000
Transfers in	-	-	-	-	65,000	-	-	2,750,000	2,815,000	2,815,000
Transfers out	(220,109)	(220,109)	-	-	-	(95,000)	(10,000)	(911,800)	(1,016,800)	(1,236,909)
Total other financing sources (uses)	(220,109)	(220,109)	500,000	-	65,000	(95,000)	(10,000)	1,838,200	2,298,200	2,078,091
Net Change in Fund Balance	(324,193)	75,452	(471,535)	6	72,202	37,530	(149,138)	202,866	(308,069)	(232,617)
Fund Balance:										
Beginning of year	324,193	4,090,792	773,016	20,676	197,647	70,931	149,138	1,576,153	2,787,561	6,878,353
End of year	\$ -	\$ 4,166,244	\$ 301,481	\$ 20,682	\$ 269,849	\$ 108,461	\$ -	\$ 1,779,019	\$ 2,479,492	\$ 6,645,736

(Concluded)

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2015

Assets	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Cash and cash equivalents	\$ 45,110	\$ 2,710	\$ 47,820
Investments:			
Mutual funds	<u>11,795,036</u>	<u>6,154,622</u>	<u>17,949,658</u>
Total Assets	<u>11,840,146</u>	<u>6,157,332</u>	<u>17,997,478</u>
Net Position Restricted For Pension Benefits	<u><u>\$ 11,840,146</u></u>	<u><u>\$ 6,157,332</u></u>	<u><u>\$ 17,997,478</u></u>

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2015

	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Additions:			
Employer contributions	\$ 533,510	\$ 368,943	\$ 902,453
Employee contributions	116,006	-	116,006
Total contributions	649,516	368,943	1,018,459
Investment gain:			
Net depreciation in fair value of investments	(285,591)	(152,995)	(438,586)
Interest and dividends	201,354	105,102	306,456
Total investment loss	(84,237)	(47,893)	(132,130)
Total additions	565,279	321,050	886,329
Deductions:			
Benefits	454,197	74,091	528,288
Administrative expense	39,673	-	39,673
Total deductions	493,870	74,091	567,961
Change in Plan Net Position	71,409	246,959	318,368
Net Position:			
Beginning of year	11,768,737	5,910,373	17,679,110
End of year	\$ 11,840,146	\$ 6,157,332	\$ 17,997,478