

# **Township of Cranberry**

## Financial Statements and Required Supplementary and Supplementary Information

Year Ended December 31, 2016  
with Independent Auditor's Report

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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# **TOWNSHIP OF CRANBERRY**

**YEAR ENDED DECEMBER 31, 2016**

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# **TOWNSHIP OF CRANBERRY**

YEAR ENDED DECEMBER 31, 2016

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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, 2016, 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, 2016, 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.

## **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 46, and pages 47 through 49, 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  
July 31, 2017

## 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, 2016.

### Financial Highlights

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$92,882,615.
- The Township's net position increased by \$2,429,294.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$25,813,595.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,222,591.

### 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 45 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 46 through 49 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 50 through 55 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 and deferred inflows by \$92,882,615 at the close of the most recent fiscal year. Of this amount, \$58,278,033 (or 63%) 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$30,376,889	\$30,050,293	\$48,197,733	\$52,439,239	\$78,604,622	\$82,489,532
Capital assets	55,885,052	57,638,068	50,537,214	45,346,134	106,422,266	102,984,202
<b>Total assets</b>	<b>86,261,941</b>	<b>87,688,361</b>	<b>98,734,947</b>	<b>97,785,373</b>	<b>184,996,888</b>	<b>185,473,734</b>
<b>Deferred Outflows of Resources</b>	<b>1,205,301</b>	<b>1,494,851</b>	<b>1,400,363</b>	<b>1,538,042</b>	<b>2,605,664</b>	<b>3,032,893</b>
Current and other liabilities	2,645,259	2,214,243	3,704,147	2,784,430	6,349,406	4,998,673
Long-term liabilities	21,392,661	23,143,366	66,890,716	69,911,267	88,283,377	93,054,633
<b>Total liabilities</b>	<b>24,037,920</b>	<b>25,357,609</b>	<b>70,594,863</b>	<b>72,695,697</b>	<b>94,632,783</b>	<b>98,053,306</b>
<b>Deferred Inflows of Resources</b>	<b>87,154</b>		-	-	<b>87,154</b>	-
<b>Net Position:</b>						
Net investment in capital assets	36,571,095	36,803,089	21,706,938	19,132,052	58,278,033	55,935,141
Restricted	11,033,470	11,600,269	-	-	11,033,470	11,600,269
Unrestricted	15,737,603	15,422,245	7,833,509	7,495,666	23,571,112	22,917,911
<b>Total net position</b>	<b>\$63,342,168</b>	<b>\$63,825,603</b>	<b>\$29,540,447</b>	<b>\$26,627,718</b>	<b>92,882,615</b>	<b>\$90,453,321</b>

The balance of unrestricted net position, \$23,571,112, 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 decreased the Township's net position by \$483,435. Business-type activities increased the Township's net position by \$2,912,729. Key elements of the increase and decrease are as follows:

**Township of Cranberry's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,234,182	\$ 3,192,116	\$ 20,892,223	\$ 18,736,330	\$ 24,126,405	\$ 21,928,446
Operating grants	1,678,053	1,425,189	109,500	135,417	1,787,553	1,560,606
Capital grants	1,643,693	1,801,801	-	216,100	1,643,693	2,017,901
General revenues:						
Property taxes	5,168,186	4,923,238	-	-	5,168,186	4,923,238
Earned income taxes	7,538,521	7,382,156	-	-	7,538,521	7,382,156
Other taxes	5,440,283	5,024,788	-	-	5,440,283	5,024,788
Interest and rents	405,183	362,393	643,671	111,034	1,048,854	473,427
Other	171,733	140,177	(1,824)		169,909	140,177
Transfers	(1,286,467)	(949,987)	1,286,467	949,987	-	-
<b>Total revenues</b>	<b>\$ 23,993,367</b>	<b>\$ 23,301,871</b>	<b>\$ 22,930,037</b>	<b>\$ 20,148,868</b>	<b>\$ 46,923,404</b>	<b>\$ 43,450,739</b>

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Expenses</b>						
General government	4,322,519	4,379,609	-	-	4,322,519	4,379,609
Public safety	6,238,359	6,207,989	-	-	6,238,359	6,207,989
Highways, roads, and streets	9,715,906	8,142,842	-	-	9,715,906	8,142,842
Culture and recreation	2,568,681	2,743,446	-	-	2,568,681	2,743,446
Community development	945,468	1,011,476	-	-	945,468	1,011,476
Long-term debt	685,869	738,548	-	-	685,869	738,548
Water	-	-	6,770,275	5,913,476	6,770,275	5,913,476
Sewer	-	-	7,576,889	6,695,566	7,576,889	6,695,566
Golf course	-	-	2,727,764	2,585,684	2,727,764	2,585,684
Solid waste	-	-	2,239,046	2,106,050	2,239,046	2,106,050
Pool	-	-	703,334	694,270	703,334	694,270
<b>Total Expenses</b>	<b>24,476,802</b>	<b>23,223,910</b>	<b>20,017,308</b>	<b>17,995,046</b>	<b>44,494,110</b>	<b>41,218,956</b>
Change in net position	(483,435)	77,961	2,912,729	2,153,822	2,429,294	2,231,783
Net position - beginning	63,825,603	63,747,642	26,627,718	24,473,896	90,453,321	88,221,538
Net position - ending	\$ 63,342,168	\$ 63,825,603	\$ 29,540,447	\$ 26,627,718	\$ 92,882,615	\$ 90,453,321

The following table depicts revenues by source for governmental activities in 2016:

**Revenues by Source - Governmental Activities**

Charges for services	13%
Operating grants	7%
Capital grants	7%
Property taxes	20%
Earned income taxes	30%
Other taxes	22%
Other revenues	1%
Total	100%

Government-wide revenues were primarily derived from earned income taxes at 30%, other taxes at 22%, and property taxes at 20%.

The following table depicts expenses by programs for governmental activities in 2016:

**Expenses by Program - Governmental Activities**

General government	18%
Public safety	25%
Highways, roads, and streets	40%
Culture and recreation	10%
Community development	4%
Interest on long-term debt	3%
Total	100%

Total expenses for all programs in 2016 were \$24,476,802. The expenses reflect the delivery of a wide range of services, with the largest being highways, roads, and streets at 40%. The second largest program is public safety at 25%. The program ranked third is general government at 18%.

The following table depicts the net program expenses/revenues by function/program for governmental activities for the period ending December 31, 2016:

**Net Program Expenses/Revenues**

General government	\$(3,292,007)
Public safety	(4,980,961)
Highways, roads, and streets	(7,996,873)
Culture and recreation	(1,568,945)
Community development	603,781
Interest on long-term debt	(685,869)
<b>Total</b>	<b>\$(17,920,874)</b>

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Highways, roads, and streets expenses required the most General Fund revenue for support, needing approximately \$7.99 million in 2016. Public safety expenses required approximately \$4.98 million in general revenues for support.

**Business-type Activities.** Business-type activities increased the Township's net position by \$2,912,729. The Township's customer base for sewer and water and solid waste continues to grow.

- 99% of revenues come from charges for services and 1% from operating grants and contributions, capital grants and contributions, and general revenues.

**Expenses and Program Revenues - Business-type Activities**

<b>Program</b>	<b>Program Revenues</b>	<b>Expenses*</b>
Sewer	\$8,606,632	\$6,649,503
Water	7,161,463	6,201,042
Golf Course	2,267,520	2,214,041
Solid Waste	2,154,898	2,199,746
Swimming Pool	701,710	571,149

\* 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 \$25.8 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 \$11,222,591.

*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 \$4,121,664, the Sewer Fund \$3,312,675, the Golf Course Fund (\$333,756), the Solid Waste Fund \$245,403, and the Swimming Pool Fund \$487,523. 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 15%. This positive variance in revenue can be seen mainly in the earned income tax line item. Expenditures were 5% under budget. Actual revenues exceeded expenditures by \$3,843,208. 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, 2016, amounts to \$58,278,033 (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 2016	Business-type Activities 2016	Total
Land	\$14,630,750	\$3,366,304	\$17,997,054
Construction in Progress	-	8,302,107	8,302,107
<b>Total Non-Depreciable Assets</b>	<b>14,630,750</b>	<b>11,668,411</b>	<b>26,299,161</b>
Buildings	23,562,154	23,126,638	46,688,792
Site Improvements	4,848,533	4,278,310	9,126,843
Machinery, Equipment, Vehicles	13,058,231	19,767,338	32,825,569
Infrastructure	46,615,554	39,419,090	86,034,644
Carts – in service	-	907,917	907,917
Carts – not in service	-	74,853	74,853
<b>Total Depreciable Assets</b>	<b>88,084,472</b>	<b>87,574,146</b>	<b>175,658,618</b>
Accumulated Depreciation	-46,830,170	-48,704,843	-95,535,013
Total Depreciable Assets, Net	41,254,302	38,869,303	80,123,605
<b>Total Capital Assets</b>	<b>\$55,885,052</b>	<b>\$50,537,714</b>	<b>\$106,422,766</b>

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 \$79,453,354. The Township's bond rating is Aa1 by Moody's Investor Service.

## **Township of Cranberry's Outstanding Debt**

	<b>Governmental Activities 2016</b>	<b>Business-type Activities 2016</b>	<b>Total</b>
General Obligation Bonds	\$19,346,308	\$59,596,108	\$78,942,416
Promissory Note	510,938	-	510,938
Compensated Absences	154,909	93,966	248,875
<b>Total</b>	<b>\$20,012,155</b>	<b>\$59,690,074</b>	<b>\$79,702,229</b>

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 2016 is 30,739. Strong commercial growth continues to occur along Rt. 228 and Rt. 19. 148 non-residential permits were issued in 2016. Residential growth continues throughout the Township. In 2016, 132 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 25,000 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.

## **2017 Budget Highlights**

The 2017 General Fund budget represents approximately 3% 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 no change 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, 2016

<b>Assets</b>	Primary Government			Component Unit	
	Governmental Activities		Business-Type Activities	Total	Cranberry Public Library
	\$	\$	\$	\$	\$
<b>Assets</b>					
Cash and cash equivalents	\$ 1,305,145	\$ 1,493,819	\$ 2,798,964	\$ 229,210	
Investments	24,620,290	44,904,246	69,524,536		148,663
Receivable:					
Taxes	3,527,934	-	3,527,934		-
Customers - billed	-	264,971	264,971		-
Customers - unbilled	-	1,004,779	1,004,779		-
Other	535,035	31,465	566,500		2,000
Internal balances	(405,596)	405,596	-		-
Inventory	71,674	92,857	164,531		-
Prepaid expenses	722,407	-	722,407		-
Restricted assets:					
Beneficial interest in net position of community foundation	-	-	-		497,946
Capital assets, net:					
Non-depreciable	14,630,750	11,668,411	26,299,161		-
Depreciable	41,254,302	38,868,803	80,123,105		166,565
<b>Total Assets</b>	<b>86,261,941</b>	<b>98,734,947</b>	<b>184,996,888</b>		<b>1,044,384</b>
<b>Deferred Outflows of Resources</b>					
Deferred charge on refunding	543,289	1,400,363	1,943,652		-
Related to pensions	662,012	-	662,012		-
<b>Total Deferred Outflows of Resources</b>	<b>1,205,301</b>	<b>1,400,363</b>	<b>2,605,664</b>		<b>-</b>
<b>Liabilities</b>					
Accounts payable	299,532	2,147,699	2,447,231		24,447
Accrued payroll and related expenses	421,689	-	421,689		-
Accrued interest payable	203,209	757,087	960,296		-
Unearned revenue	609,165	691,517	1,300,682		-
Developer deposit liability	1,111,664	-	1,111,664		-
Security deposits	-	107,844	107,844		-
Compensated absences	154,909	93,966	248,875		-
Net pension liability	1,380,506	-	1,380,506		-
Intermunicipal service agreement	-	7,200,642	7,200,642		-
Long-term debt, current portion	1,856,680	2,709,000	4,565,680		-
Long-term debt, long-term portion	18,000,566	56,887,108	74,887,674		-
<b>Total Liabilities</b>	<b>24,037,920</b>	<b>70,594,863</b>	<b>94,632,783</b>		<b>24,447</b>
<b>Deferred Inflows of Resources</b>					
Related to pensions	87,154	-	87,154		-
<b>Net Position</b>					
Net investment in capital assets	36,571,095	21,706,938	58,278,033		166,565
Restricted, expendable	11,033,470	-	11,033,470		-
Restricted for Cranberry Legacy Fund, nonexpendable	-	-	-		497,946
Unrestricted	15,737,603	7,833,509	23,571,112		355,426
<b>Total Net Position</b>	<b>\$ 63,342,168</b>	<b>\$ 29,540,447</b>	<b>\$ 92,882,615</b>		<b>\$ 1,019,937</b>

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

# TOWNSHIP OF CRANBERRY

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

Functions/Programs							Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Program Revenues			Primary Government							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Cranberry Public Library			
<b>Primary Government:</b>											
Governmental activities:											
General government	\$ 4,322,519	\$ 546,048	\$ 476,964	\$ 7,500	\$ (3,292,007)	\$ -	\$ (3,292,007)	\$ -			
Public safety	6,238,359	292,841	964,557	-	(4,980,961)	-	(4,980,961)	-			
Highways, roads, and streets	9,715,906	82,840	-	1,636,193	(7,996,873)	-	(7,996,873)	-			
Culture and recreation	2,568,681	763,204	236,532	-	(1,568,945)	-	(1,568,945)	-			
Community development	945,468	1,549,249	-	-	603,781	-	603,781	-			
Interest on long-term debt	685,869	-	-	-	(685,869)	-	(685,869)	-			
Total governmental activities	24,476,802	3,234,182	1,678,053	1,643,693	(17,920,874)	-	(17,920,874)	-			
Business-type activities:											
Water	6,770,275	7,161,463	-	-	-	391,188	391,188	-			
Sewer	7,576,889	8,606,632	-	-	-	1,029,743	1,029,743	-			
Golf course	2,727,764	2,267,520	-	-	-	(460,244)	(460,244)	-			
Solid waste	2,239,046	2,154,898	109,500	-	-	25,352	25,352	-			
Other	703,334	701,710	-	-	-	(1,624)	(1,624)	-			
Total business-type activities	20,017,308	20,892,223	109,500	-	-	984,415	984,415	-			
Total primary government	\$ 44,494,110	\$ 24,126,405	\$ 1,787,553	\$ 1,643,693	(17,920,874)	984,415	(16,936,459)	-			
<b>Component Unit:</b>											
Cranberry Public Library	\$ 916,307	\$ 35,736	\$ 942,691	\$ -					62,120		
General revenues:											
Taxes:											
Property				5,168,186	-	5,168,186	-				
Earned income				7,538,521	-	7,538,521	-				
Business privilege				2,826,278	-	2,826,278	-				
Local service				1,236,812	-	1,236,812	-				
Real estate transfer				1,377,193	-	1,377,193	-				
Interest, rents, and royalties				405,183	643,671	1,048,854	-				
Gain (loss) on disposal of capital assets				39,513	(1,824)	37,689	-				
Other				132,220	-	132,220	-				
Transfers - internal activities				(1,286,467)	1,286,467	-	-				
Total general revenues and transfers				17,437,439	1,928,314	19,365,753	-				
<b>Change in Net Position</b>											
Net position - beginning of year				(483,435)	2,912,729	2,429,294	62,120				
Net position - end of year				63,825,603	26,627,718	90,453,321	957,817				
	\$ 63,342,168		\$ 29,540,447		\$ 92,882,615	\$ 1,019,937					

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

# TOWNSHIP OF CRANBERRY

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	Special Revenue Fund		Capital Projects Fund		Other Governmental Funds	Total Governmental Funds		
	Transportation Improvement Program East Fund		Capital Improvement Fund					
	General Fund	Transportation Improvement Program East Fund	Capital Improvement Fund	Other Governmental Funds				
<b>Assets</b>								
Cash and cash equivalents	\$ 1,278,468	\$ -	\$ -	\$ 26,677	\$ 1,305,145			
Investments	9,517,602	5,537,762	2,786,948	6,777,978	24,620,290			
Taxes receivable	3,527,934	-	-	-	3,527,934			
Other receivables	535,035	-	-	-	535,035			
Prepaid expenditures	722,407	-	-	-	722,407			
Due from other funds	166,181	-	-	22,653	188,834			
Inventory	71,674	-	-	-	71,674			
<b>Total Assets</b>	<b>\$ 15,819,301</b>	<b>\$ 5,537,762</b>	<b>\$ 2,786,948</b>	<b>\$ 6,827,308</b>	<b>\$ 30,971,319</b>			
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>								
Liabilities:								
Accounts payable and accrued expenses	\$ 195,747	\$ 31,848	\$ 23,495	\$ 48,442	\$ 299,532			
Accrued payroll and related expenses	421,689	-	-	-	421,689			
Due to other funds	454,784	104,842	-	34,804	594,430			
Unearned revenue	609,165	-	-	-	609,165			
Developer deposit liability	-	-	-	1,111,664	1,111,664			
<b>Total Liabilities</b>	<b>1,681,385</b>	<b>136,690</b>	<b>23,495</b>	<b>1,194,910</b>	<b>3,036,480</b>			
Deferred Inflows of Resources:								
Unavailable revenue - taxes	2,121,244	-	-	-	-	2,121,244		
Fund Balance:								
Nonspendable:								
Inventory and prepaid expenditures	794,081	-	-	-	-	794,081		
Restricted:								
Transportation improvement	-	5,401,072	-	683,150	6,084,222			
Highways and streets	-	-	-	632,624	632,624			
Recreation	-	-	-	856,381	856,381			
Library	-	-	-	121,074	121,074			
Fire protection	-	-	-	859,415	859,415			
Infrastructure improvement	-	-	-	2,295,470	2,295,470			
Storm water maintenance	-	-	-	27,157	27,157			
Public building improvements	-	-	-	157,127	157,127			
Assigned:								
Capital improvements	-	-	2,763,453	-	2,763,453			
Unassigned	11,222,591	-	-	-	-	11,222,591		
<b>Total Fund Balance</b>	<b>12,016,672</b>	<b>5,401,072</b>	<b>2,763,453</b>	<b>5,632,398</b>	<b>25,813,595</b>			
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 15,819,301</b>	<b>\$ 5,537,762</b>	<b>\$ 2,786,948</b>	<b>\$ 6,827,308</b>	<b>\$ 30,971,319</b>			

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, 2016

<b>Total Fund Balance - Governmental Funds</b>	\$ 25,813,595
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.	55,885,052
Certain taxes are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	2,121,244
The actuarially accrued net pension liability, and deferred inflows and outflows of resources for pensions are not recorded on the fund financial statements.	(805,648)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(203,209)
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.	543,289
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>(20,012,155)</u>
<b>Total Net Position - Governmental Activities</b>	<u>\$ 63,342,168</u>

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

# TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2016

	Special Revenue Fund		Capital Projects Fund		Other Governmental Funds	Total Governmental Funds		
	Transportation Improvement Program East Fund		Capital Improvement Fund					
	General Fund	Fund	Fund	Fund				
<b>Revenues:</b>								
Taxes:								
Property	\$ 3,143,710	\$ -	\$ -	\$ 2,023,293	\$ 5,167,003			
Earned income	7,321,503	-	-	-	7,321,503			
Business privilege	2,826,278	-	-	-	2,826,278			
Local service	1,236,812	-	-	-	1,236,812			
Real estate transfer	1,377,193	-	-	-	1,377,193			
Licenses, permits, and fees	2,108,200	-	-	-	2,108,200			
Fines and forfeitures	138,141	-	-	-	138,141			
Interest, rents, and royalties	324,528	42,872	10,901	26,882	405,183			
Intergovernmental	1,167,466	-	7,500	874,881	2,049,847			
Contributions and donations	279,205	388,711	-	603,983	1,271,899			
Charges for services	987,841	-	-	-	987,841			
Miscellaneous	122,853	-	9,367	-	132,220			
Total revenues	21,033,730	431,583	27,768	3,529,039	25,022,120			
<b>Expenditures:</b>								
Current:								
General government	3,224,710	-	-	-	3,224,710			
Public safety	5,319,751	-	-	430,622	5,750,373			
Highways, roads, and streets	4,062,168	329,981	-	941,194	5,333,343			
Culture and recreation	2,059,555	-	-	336,953	2,396,508			
Community development	945,468	-	-	-	945,468			
Miscellaneous	7,285	-	-	3,662	10,947			
Debt service:								
Principal retirement	756,695	-	-	757,856	1,514,551			
Interest charges	685,506	-	-	16,967	702,473			
Capital outlay	129,384	1,434,082	2,350,935	315,146	4,229,547			
Total expenditures	17,190,522	1,764,063	2,350,935	2,802,400	24,107,920			
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>3,843,208</b>	<b>(1,332,480)</b>	<b>(2,323,167)</b>	<b>726,639</b>	<b>914,200</b>			
<b>Other Financing Sources (Uses):</b>								
Proceeds from sale of capital assets	39,513	-	-	-	39,513			
Transfers in	320,714	-	4,425,000	134,042	4,879,756			
Transfers out	(4,953,824)	-	(1,117,399)	(95,000)	(6,166,223)			
Total other financing sources (uses)	(4,593,597)	-	3,307,601	39,042	(1,246,954)			
<b>Net Change in Fund Balance</b>	<b>(750,389)</b>	<b>(1,332,480)</b>	<b>984,434</b>	<b>765,681</b>	<b>(332,754)</b>			
<b>Fund Balance:</b>								
Beginning of year	12,767,061	6,733,552	1,779,019	4,866,717	26,146,349			
End of year	\$ 12,016,672	\$ 5,401,072	\$ 2,763,453	\$ 5,632,398	\$ 25,813,595			

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, 2016

<b>Net Change in Fund Balance - Governmental Funds</b>	\$ (332,754)
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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	\$ 1,648,604
Depreciation expense	<u>(3,401,620)</u>
	(1,753,016)

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.

(155,141)

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.

218,201

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.

8,120

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.

10,133

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	\$ 1,513,823
Amortization of bond discounts/premiums	91,788
Amortization of deferred charge on refunding	<u>(84,589)</u>
	1,521,022
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (483,435)</u></b>

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

# TOWNSHIP OF CRANBERRY

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2016

<b>Assets</b>	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Current assets:						
Cash and cash equivalents	\$ 1,234,715	\$ 250,165	\$ 8,939	\$ -	\$ -	\$ 1,493,819
Investments	13,862,243	29,742,342	452,291	340,793	506,577	44,904,246
Accounts receivable:						
Customers - billed	126,237	138,734	-	-	-	264,971
Customers - unbilled	467,921	536,858	-	-	-	1,004,779
Other	26,971	-	9	-	4,485	31,465
Due from other funds	160,056	11,479,725	-	78,180	4,617	11,722,578
Inventory	-	-	92,857	-	-	92,857
Total current assets	<u>15,878,143</u>	<u>42,147,824</u>	<u>554,096</u>	<u>418,973</u>	<u>515,679</u>	<u>59,514,715</u>
Non-current assets:						
Capital assets:						
Land	91,517	171,340	3,103,447	-	-	3,366,304
Construction in progress	-	8,302,107	-	-	-	8,302,107
Buildings	6,794,053	8,761,842	3,010,965	-	4,559,778	23,126,638
Site improvements	386,565	269,103	3,622,642	-	-	4,278,310
Machinery, equipment, and vehicles	1,563,036	16,435,637	1,611,974	69,687	86,504	19,766,838
Infrastructure	14,857,205	24,561,885	-	-	-	39,419,090
Carts - in-service	-	-	-	907,917	-	907,917
Carts - not in-service	-	-	-	74,853	-	74,853
Less: accumulated depreciation	(10,625,554)	(29,453,004)	(5,826,037)	(848,547)	(1,951,701)	(48,704,843)
Total non-current assets	<u>13,066,822</u>	<u>29,048,910</u>	<u>5,522,991</u>	<u>203,910</u>	<u>2,694,581</u>	<u>50,537,214</u>
<b>Total Assets</b>	<b><u>28,944,965</u></b>	<b><u>71,196,734</u></b>	<b><u>6,077,087</u></b>	<b><u>622,883</u></b>	<b><u>3,210,260</u></b>	<b><u>110,051,929</u></b>
<b>Deferred Outflows of Resources</b>						
Deferred charge on refunding	-	997,252	403,111	-	-	1,400,363
<b>Liabilities</b>						
Current liabilities:						
Accounts payable and accrued expenses	338,753	1,571,604	70,283	164,516	2,543	2,147,699
Accrued interest payable	-	642,769	101,233	-	13,085	757,087
Due to other funds	11,278,649	25,882	8,424	3,309	718	11,316,982
Unearned revenue	-	-	686,427	-	5,090	691,517
Security deposits	107,844	-	-	-	-	107,844
Long-term debt - current portion	-	2,414,000	295,000	-	-	2,709,000
Total current liabilities	<u>11,725,246</u>	<u>4,654,255</u>	<u>1,161,367</u>	<u>167,825</u>	<u>21,436</u>	<u>17,730,129</u>
Non-current liabilities:						
Compensated absences	31,233	28,783	21,485	5,745	6,720	93,966
Intermunicipal service agreement	-	7,200,642	-	-	-	7,200,642
Long-term debt - net of current maturities:						
General obligation bonds	-	46,169,500	5,885,000	-	-	52,054,500
Unamortized bond premium	-	4,385,393	447,215	-	-	4,832,608
Total non-current liabilities	<u>31,233</u>	<u>57,784,318</u>	<u>6,353,700</u>	<u>5,745</u>	<u>6,720</u>	<u>64,181,716</u>
<b>Total Liabilities</b>	<b><u>11,756,479</u></b>	<b><u>62,438,573</u></b>	<b><u>7,515,067</u></b>	<b><u>173,570</u></b>	<b><u>28,156</u></b>	<b><u>81,911,845</u></b>
<b>Net Position</b>						
Net investment in capital assets	13,066,822	6,442,738	(701,113)	203,910	2,694,581	21,706,938
Unrestricted	4,121,664	3,312,675	(333,756)	245,403	487,523	7,833,509
<b>Total Net Position</b>	<b><u>\$ 17,188,486</u></b>	<b><u>\$ 9,755,413</u></b>	<b><u>\$ (1,034,869)</u></b>	<b><u>\$ 449,313</u></b>	<b><u>\$ 3,182,104</u></b>	<b><u>\$ 29,540,447</u></b>

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, 2016

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
<b>Operating Revenues:</b>						
Charges for services	\$ 6,861,518	\$ 8,509,627	\$ 2,267,520	\$ 2,100,513	\$ 685,654	\$ 20,424,832
Penalties and interest	62,702	55,696	-	18,619	-	137,017
Miscellaneous revenues	53,934	41,309	-	35,766	3,587	134,596
Total operating revenues	6,978,154	8,606,632	2,267,520	2,154,898	689,241	20,696,445
<b>Operating Expenses:</b>						
Wages, benefits, and related taxes	1,217,422	1,475,229	776,207	159,564	271,845	3,900,267
Employee insurance	305,379	420,698	140,567	31,123	18,886	916,653
Pension	109,872	133,811	41,655	10,164	2,744	298,246
Administrative expenses	56,890	88,103	43,454	19,098	16,899	224,444
Materials and supplies	78,530	128,638	83,014	14,909	19,725	324,816
Collection and disposal cost	-	-	-	1,869,023	-	1,869,023
Water purchase	3,362,431	-	-	-	-	3,362,431
Chemicals	-	565,278	124,171	-	17,321	706,770
Laboratory	-	43,532	-	-	-	43,532
Telephone and utilities	84,562	644,766	48,730	-	65,281	843,339
Repairs and maintenance	681,969	501,128	23,891	22,865	5,998	1,235,851
Minor equipment rental and purchase	6,920	14,551	42,767	-	15,303	79,541
Vehicle expense	25,970	23,035	16,739	-	-	65,744
Professional and other services	271,097	664,365	382,712	73,000	50,358	1,441,532
Concession and other products and services	-	-	217,850	-	63,683	281,533
Depreciation	569,233	927,386	513,723	39,300	132,185	2,181,827
Miscellaneous expenses	-	-	-	-	817	817
Total operating expenses	6,770,275	5,630,520	2,455,480	2,239,046	681,045	17,776,366
<b>Operating Income (Loss)</b>	<b>207,879</b>	<b>2,976,112</b>	<b>(187,960)</b>	<b>(84,148)</b>	<b>8,196</b>	<b>2,920,079</b>
<b>Non-Operating Revenues (Expenses):</b>						
Investment income (loss)	16,105	434,209	2,047	879	1,602	454,842
Rental income	183,309	-	188,829	-	12,469	384,607
Grant revenue	-	-	-	109,500	-	109,500
Gain (loss) on disposal of capital assets	-	-	(1,824)	-	-	(1,824)
Interest expense	-	(1,946,369)	(272,284)	-	(22,289)	(2,240,942)
Total non-operating revenues (expenses)	199,414	(1,512,160)	(83,232)	110,379	(8,218)	(1,293,817)
Income (loss) before capital contributions and transfers	407,293	1,463,952	(271,192)	26,231	(22)	1,626,262
Transfers in	-	874,368	310,000	-	1,431,223	2,615,591
Transfers out	(237,735)	(1,091,389)	-	-	-	(1,329,124)
Total capital contributions and transfers	(237,735)	(217,021)	310,000	-	1,431,223	1,286,467
<b>Change in Net Position</b>	<b>169,558</b>	<b>1,246,931</b>	<b>38,808</b>	<b>26,231</b>	<b>1,431,201</b>	<b>2,912,729</b>
<b>Net Position:</b>						
Beginning of year	17,018,928	8,508,482	(1,073,677)	423,082	1,750,903	26,627,718
End of year	<b>\$ 17,188,486</b>	<b>\$ 9,755,413</b>	<b>\$ (1,034,869)</b>	<b>\$ 449,313</b>	<b>\$ 3,182,104</b>	<b>\$ 29,540,447</b>

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

# TOWNSHIP OF CRANBERRY

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2016

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
<b>Cash Flows From Operating Activities:</b>						
Receipts from customers	\$ 6,883,909	\$ 8,522,277	\$ 2,065,781	\$ 2,254,549	\$ 685,654	\$ 20,412,170
Payments to suppliers	(4,704,642)	(2,826,391)	(1,034,808)	(2,003,649)	(257,367)	(10,826,857)
Payments to employees	(1,520,809)	(1,893,640)	(914,837)	(191,605)	(286,655)	(4,807,546)
Other receipts (payments), net	57,279	41,309	-	35,766	3,587	137,941
Net cash provided by (used in) operating activities	715,737	3,843,555	116,136	95,061	145,219	4,915,708
<b>Cash Flows From Non-Capital Financing Activities:</b>						
Transfers from (to) other funds, net	8,384,579	(8,940,477)	313,211	(20,672)	311,236	47,877
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Acquisition and construction of capital assets	-	(4,701,257)	(116,050)	(28,685)	(1,117,399)	(5,963,391)
Principal paid on capital debt	-	(2,232,500)	(285,000)	-	(291,535)	(2,809,035)
Interest paid on capital debt	-	(2,274,033)	(275,225)	-	(22,289)	(2,571,547)
Grants	-	-	-	109,500	-	109,500
Transfers from (to) other funds, net	-	-	-	-	1,117,399	1,117,399
Net cash provided by (used in) capital and related financing activities	-	(9,207,790)	(676,275)	80,815	(313,824)	(10,117,074)
<b>Cash Flows From Investing Activities:</b>						
Interest income	16,105	-	2,047	879	1,602	20,633
Rental income	183,309	-	188,829	-	12,469	384,607
Net sales (purchases) of investments	(9,104,821)	14,091,010	51,270	(156,083)	(156,702)	4,724,674
Net cash provided by (used in) investing activities	(8,905,407)	14,091,010	242,146	(155,204)	(142,631)	5,129,914
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	194,909	(213,702)	(4,782)	-	-	(23,575)
<b>Cash and Cash Equivalents:</b>						
Beginning of year	1,039,806	463,867	13,721	-	-	1,517,394
End of year	\$ 1,234,715	\$ 250,165	\$ 8,939	\$ -	\$ -	\$ 1,493,819
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>						
Operating income (loss)	\$ 207,879	\$ 2,976,112	\$ (187,960)	\$ (84,148)	\$ 8,196	\$ 2,920,079
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	569,233	927,386	513,723	39,300	132,185	2,181,827
Change in:						
Receivables, net	(40,311)	(43,046)	-	135,417	-	52,060
Inventory	-	-	(3,402)	-	-	(3,402)
Accounts payable and accrued expenses	(26,401)	(19,184)	(6,423)	5,410	762	(45,836)
Security deposits	3,345	-	-	-	-	3,345
Compensated absences	1,992	2,287	1,937	(918)	4,076	9,374
Unearned revenue	-	-	(201,739)	-	-	(201,739)
Total adjustments	507,858	867,443	304,096	179,209	137,023	1,995,629
Net cash provided by (used in) operating activities	\$ 715,737	\$ 3,843,555	\$ 116,136	\$ 95,061	\$ 145,219	\$ 4,915,708
<b>Supplementary Information:</b>						
Amortization of premiums and deferred refunding loss charged to interest	\$ -	\$ 110,805	\$ 26,874	\$ -	\$ -	\$ 137,679

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

# **TOWNSHIP OF CRANBERRY**

## **STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS**

**DECEMBER 31, 2016**

<b>Assets</b>	
Cash and cash equivalents	\$ 105,855
Investments:	
Mutual funds	<u>19,647,738</u>
<b>Total Assets</b>	<u>19,753,593</u>
 <b>Net Position Restricted For Pension Benefits</b>	 <u>\$ 19,753,593</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, 2016

### **Additions:**

Employer contributions	\$ 874,783
Employee contributions	<u>114,994</u>
Total contributions	<u>989,777</u>
Investment gain (loss):	
Net appreciation (depreciation) in fair value of investments	1,202,799
Interest and dividends	<u>316,055</u>
Total investment gain (loss)	<u>1,518,854</u>
Total additions	<u>2,508,631</u>

### **Deductions:**

Benefits	712,601
Administrative expense	<u>39,915</u>
Total deductions	<u>752,516</u>

### **Change in Plan Net Position**

Beginning of year	<u>17,997,478</u>
End of year	<u>\$ 19,753,593</u>

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

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### 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

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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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.

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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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.

The *Capital Improvement Fund*, a Capital Projects Fund, accounts for the expenses relating to capital improvement projects of the Township.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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Additionally, the Township reports the following other governmental funds:

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

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes (other than major capital projects). The Township uses the following 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, and the Storm Water Maintenance 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 non-major Capital Projects Funds: Fire Capital Fund, Township Transportation Improvement Program Fund, Road Equipment Fund, and Public Building Fund.

During 2016, the Township closed the Transportation Improvement Program South-East Fund and the 2011 Bond 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.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### 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.

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.

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### Investments

Investments are reported at fair value. The Township categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

### Inventories

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

### Capital Assets

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

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

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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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 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.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### 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, 2016.
- 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

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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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:

Amount	Restriction
\$ 859,415	Fire protection
121,074	Library
856,381	Recreation
6,084,222	Transportation improvement
2,295,470	Infrastructure improvement
632,624	Highways and streets
27,157	Storm water maintenance
<u>157,127</u>	Public building improvements
<u><u>\$ 11,033,470</u></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, 2016 of \$1,034,869. 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.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### Adopted Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) Statements were adopted for the Township's 2016 financial statements:

GASB Statement No. 72, "*Fair Value Measurement and Application.*" This statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 76, "*Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*" 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.*" 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.

GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants.*" 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.

The disclosure requirements of the above statements have been incorporated into these financial statements.

### Pending Accounting Pronouncements

GASB has issued several statements that will become effective in future years, including Statement Nos. 80 (Component Units), 81 (Split-Interest Agreements), 82 (Pensions), 83 (Asset Retirement Obligations), 84 (Fiduciary Activities), and 85 (Omnibus 2017). Management has not yet determined the impact of these statements on the Township's financial statements.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### Budgets and Budgetary Accounting

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

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

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

Appropriations may be transferred between accounts within functions without approval of the Board. During the year ended December 31, 2016, the Board enacted two supplemental appropriation resolutions. Also, during the year ended December 31, 2016, expenditures exceeded appropriations in the Capital Outlay expenditures of the General Fund, the Transportation Improvement Program East Fund, and the Capital Improvement Fund. These overages were funded by available fund balance.

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### 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 2016 was 13.25 mills applied to an assessed valuation of \$392,140,274. The Township apportions the millage and property taxes collected in the following manner:

General Fund	8.03 mills
Fire Protection Fund	1.42 mills
Fire Capital Fund	0.95 mills
Library Fund	1.00 mills
Public Building Fund	1.00 mills
Road Equipment Fund	0.85 mills

The Township's property tax calendar is as follows:

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

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

#### Tax Abatements

The Township's tax abatement program is authorized by Board of Supervisors ordinance. The following is the Township's tax abatement program:

- 15-year Strategic Development Area - available within a specified area within the Township for any qualified business or resident located within the strategic development area. The abatement is equal to the amount of real estate taxes assessed and owed to the Township each year. This program will end effective May 2022.

The Township's tax abatement agreement does not contain recapture provisions for non-compliance. There were no amounts received or receivable from other governments in association with the forgone taxes. The Township did not make other commitments other than to reduce taxes as part of the tax abatement agreement.

During 2016, real estate taxes abated were approximately \$177,000.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### 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, short-term commercial paper issued by a public corporation, banker's acceptances, 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, 2016, \$18,576,455 of the Township's \$21,623,188 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). These deposits have carrying amounts of \$20,866,964 as of December 31, 2016. Included within these amounts are \$18,068,000 of certificates of deposit (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 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.

The fair value of the Township's position in the external investment pool is the same as the value of the pool shares. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania.

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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The Township can withdraw funds from the external investment pools. However, there are certain limitations placed on these withdrawals. For PLGIT-Class accounts, there is a one-day holding period. For PLGIT/PLUS-Class accounts, there is a 30-day holding period for each deposit and a penalty for early withdrawals. For PLGIT PRIME accounts, there is a one-day holding period and a penalty for more than two withdrawals in a calendar month. For PLGIT/TERM accounts, there is a 60-day holding period for deposits and a penalty for early withdrawals. For PLGIT/ARM accounts, there is a one-day holding period and a penalty for early withdrawals. For PLGIT-CD accounts, there is a 60-day holding period for deposits. PLGIT is audited annually by independent auditors. PLGIT operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. PLGIT uses amortized cost to report net assets to compute share prices. PLGIT maintains a net asset value of \$1 per share. Accordingly, the fair value of the position of PLGIT is the same as the value of PLGIT shares.

As of December 31, 2016, the entire fair value of the investments in PLGIT of \$50,455,666 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 \$51,456,536 as of December 31, 2016.

*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, 2016, 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.

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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As of December 31, 2016, the Township had the following cash, cash equivalents, and investments in its Pension Trust Funds:

Cash or Investment Type	Fair Value
Cash and Cash Equivalents	\$ 105,855
Mutual Funds	
Fixed Income	6,711,355
Large Cap Equity	5,835,600
Mid Cap Equity	3,232,205
Small Cap Equity	1,975,112
Global Equity	1,893,466
Total Mutual Funds	<u>19,647,738</u>
<b>Total cash, cash equivalents, and investments reported on statement of fiduciary net position</b>	<u>\$ 19,753,593</u>

Mutual funds are valued using quoted market prices (Level 1 inputs).

*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:

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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<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.

### 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, 2016, the carrying amount of the Library's cash and deposits was \$229,210 and the related bank balance totaled \$226,754, all of which was covered by federal depository insurance.

*Custodial Credit Risk – Investments.* The Library's investments in equities and mutual funds of \$113,949 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. The equities and mutual funds are valued using quoted market prices (Level 1 inputs).

*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 \$2,500 and an investment gain of \$6,392 for the year ended December 31, 2016. At December 31, 2016, the fair value of the underlying investments was

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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\$497,946. The investments are valued using significant unobservable inputs (Level 3 inputs).

	<b>2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equities	\$ 4,798	\$ 4,798	\$ -	\$ -
Mutual funds	93,657	93,657	-	-
Investment held by others	<u>497,946</u>	<u>-</u>	<u>-</u>	<u>497,946</u>
Total investments by fair value level	<u>596,401</u>	<u>\$ 98,455</u>	<u>\$ -</u>	<u>\$ 497,946</u>
Cash and cash equivalents	15,494			
Investment in life insurance policy	<u>34,714</u>			
Total investments	<u><u>\$ 646,609</u></u>			

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

### 5. CAPITAL ASSETS

A summary of capital asset activity during 2016 was as follows:

	Balance at January 1, 2016	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2016
<b>Governmental Activities:</b>				
Non-depreciable capital assets:				
Land	\$ 14,455,952	\$ 174,798	\$ -	\$ 14,630,750
Depreciable capital assets:				
Buildings	23,554,980	7,174	-	23,562,154
Site improvements	4,848,533	-	-	4,848,533
Machinery, equipment, and vehicles	12,640,565	579,706	(162,040)	13,058,231
Infrastructure	45,728,628	886,926	-	46,615,554
Total depreciable capital assets	<u>86,772,706</u>	<u>1,473,806</u>	<u>(162,040)</u>	<u>88,084,472</u>
Less accumulated depreciation for:				
Buildings	(9,525,130)	(767,394)	-	(10,292,524)
Site improvements	(3,171,223)	(228,874)	-	(3,400,097)
Machinery, equipment, and vehicles	(8,091,732)	(627,088)	162,040	(8,556,780)
Infrastructure	(22,802,505)	(1,778,264)	-	(24,580,769)
Total accumulated depreciation	<u>(43,590,590)</u>	<u>(3,401,620)</u>	<u>162,040</u>	<u>(46,830,170)</u>
Total depreciable capital assets, net	<u>43,182,116</u>	<u>(1,927,814)</u>	<u>-</u>	<u>41,254,302</u>
Governmental activities, capital assets, net	<u>\$ 57,638,068</u>			<u>\$ 55,885,052</u>

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

	Balance at January 1, 2016	Additions	Deletions	Balance at December 31, 2016
<b>Business-type Activities:</b>				
Non-depreciable capital assets:				
Land	\$ 3,366,304	\$ -	\$ -	\$ 3,366,304
Construction in progress	2,189,510	6,112,597	-	8,302,107
Total non-depreciable capital assets	<u>5,555,814</u>	<u>6,112,597</u>	<u>-</u>	<u>11,668,411</u>
Depreciable capital assets:				
Buildings	22,009,239	1,117,399	-	23,126,638
Site improvements	4,278,310	-	-	4,278,310
Machinery, equipment, and vehicles	19,766,775	116,550	(115,987)	19,767,338
Carts - in-service	879,232	28,685	-	907,917
Carts - not in-service	74,853	-	-	74,853
Infrastructure	<u>39,419,090</u>	<u>-</u>	<u>-</u>	<u>39,419,090</u>
Total depreciable capital assets	<u>86,427,499</u>	<u>1,262,634</u>	<u>(115,987)</u>	<u>87,574,146</u>
Less accumulated depreciation for:				
Buildings	(10,493,286)	(581,645)	-	(11,074,931)
Site improvements	(3,724,511)	(260,351)	-	(3,984,862)
Machinery, equipment, and vehicles	(17,358,274)	(630,094)	114,163	(17,874,205)
Carts - in-service	(769,827)	(34,184)	-	(804,011)
Infrastructure	<u>(14,291,281)</u>	<u>(675,553)</u>	<u>-</u>	<u>(14,966,834)</u>
Total accumulated depreciation	<u>(46,637,179)</u>	<u>(2,181,827)</u>	<u>114,163</u>	<u>(48,704,843)</u>
Total depreciable capital assets, net	<u>39,790,320</u>	<u>(919,193)</u>	<u>(1,824)</u>	<u>38,869,303</u>
Business-type activities, capital assets, net	<u>\$ 45,346,134</u>			<u>\$ 50,537,714</u>

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

Governmental activities:

General government	\$ 1,094,982
Public safety	332,845
Culture and recreation	172,173
Highways, roads, and streets	<u>1,801,620</u>
Total depreciation expense - governmental activities	<u>\$ 3,401,620</u>

Business-type activities:

Water	\$ 569,233
Sewer	927,386
Golf course	513,723
Solid waste	39,300
Other enterprise fund	<u>132,185</u>
Total depreciation expense - business-type activities	<u>\$ 2,181,827</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, 2016, there were no infrastructure assets contributed by developers.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### **6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund receivables, payables, and transfers as of and for the year ended December 31, 2016 are summarized below:

Fund	Interfund Receivable	Interfund Payable
Major Governmental Funds:		
General Fund	\$ 166,181	\$ 454,784
Transportation Improvement Program East Fund	-	104,842
Major Enterprise Funds:		
Water Fund	160,056	11,278,649
Sewer Fund	11,479,725	25,882
Golf Course Fund	-	8,424
Solid Waste Fund	78,180	3,309
Other Enterprise Fund	4,617	718
Other Governmental Funds	<u>22,653</u>	<u>34,804</u>
<b>Total</b>	<b><u>\$ 11,911,412</u></b>	<b><u>\$ 11,911,412</u></b>
Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 320,714	\$ 4,953,824
Capital Improvement Fund	4,425,000	1,117,399
Major Enterprise Funds:		
Water Fund	-	237,735
Sewer Fund	874,368	1,091,389
Golf Course Fund	310,000	-
Other Enterprise Fund	1,431,223	-
Other Governmental Funds	<u>134,042</u>	<u>95,000</u>
<b>Total</b>	<b><u>\$ 7,495,347</u></b>	<b><u>\$ 7,495,347</u></b>

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, 2016

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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:

Series	Issue Amount	Maturity Date	Interest Rate
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. The bond matured as of December 31, 2016.

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, 2016

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### 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, 2016 is as follows:

	<u>Balance at January 1, 2016</u>	<u>Additions</u>	<u>Amortization and Retirements</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
General obligation bonds:					
Series A of 2003, net of unamortized discount	\$ 703,465	\$ -	\$ (703,465)	\$ -	\$ -
	(2,277)	-	2,277	-	-
Series of 2010	2,530,000	-	(395,000)	2,135,000	405,000
Series of 2011, net of unamortized premium	5,494,000	-	(187,500)	5,306,500	191,000
	385,593	-	(25,369)	360,224	-
Series of 2012, net of unamortized premium	11,130,000	-	(135,000)	10,995,000	1,165,000
	618,282	-	(68,698)	549,584	-
	<u>20,859,063</u>	<u>-</u>	<u>(1,512,755)</u>	<u>19,346,308</u>	<u>1,761,000</u>
Promissory note payable - 2008	132,670	-	(48,446)	84,224	49,919
Promissory note payable - 2015	471,124	-	(44,410)	426,714	45,761
Compensated absences	163,029	-	(8,120)	154,909	-
	<u>\$ 21,625,886</u>	<u>\$ -</u>	<u>\$ (1,613,731)</u>	<u>\$ 20,012,155</u>	<u>\$ 1,856,680</u>

A detail of long-term liability activity for business-type activities for the year ended December 31, 2016 is as follows:

	<u>Balance at January 1, 2016</u>	<u>Additions</u>	<u>Amortization and Retirements</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
General obligation bonds:					
Series A of 2003	\$ 291,535	\$ -	\$ (291,535)	\$ -	\$ -
Series of 2011, net of unamortized premium	25,281,000	-	(1,572,500)	23,708,500	1,624,000
	1,905,938	-	(139,731)	1,766,207	-
Series of 2015, net of unamortized premium	32,000,000	-	(945,000)	31,055,000	1,085,000
	3,232,152	-	(165,751)	3,066,401	-
	<u>62,710,625</u>	<u>-</u>	<u>(3,114,517)</u>	<u>59,596,108</u>	<u>2,709,000</u>
Compensated absences	84,592	9,374	-	93,966	-
	<u>\$ 62,795,217</u>	<u>\$ 9,374</u>	<u>\$ (3,114,517)</u>	<u>\$ 59,690,074</u>	<u>\$ 2,709,000</u>

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### Future Maturities

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

	Governmental and Business-type Activities		
	Principal	Interest	Total
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	5,180,000	2,290,026	7,470,026
2022-2026	24,560,000	8,026,145	32,586,145
2027-2031	15,920,000	3,405,625	19,325,625
2032-2035	8,665,000	998,388	9,663,388
	<u>\$ 73,200,000</u>	<u>\$ 25,748,742</u>	<u>\$ 98,948,742</u>

The future scheduled payments required to amortize the promissory notes outstanding as of December 31, 2016 are as follows:

	Governmental Activities		
	Principal	Interest	Total
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	51,587	6,349	57,936
2022-2025	<u>179,432</u>	<u>9,560</u>	<u>188,992</u>
	<u>\$ 510,938</u>	<u>\$ 58,541</u>	<u>\$ 569,479</u>

## 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.

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### 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, 2016, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>24</u>
Total plan members	<u><u>43</u></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.

*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

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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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.

*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.

### 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, 2016, participating employees were required to contribute 5% of their compensation. During the year, the Township made their required contribution of \$505,824, based upon the MMO.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### Changes in the Net Pension Liability

The changes in the net pension liability of the Township for the year ended December 31, 2016 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2015	\$ 13,357,626	\$ 11,840,146	\$ 1,517,480
Changes for the year:			
Service cost	418,491	-	418,491
Interest	1,032,166	-	1,032,166
Differences between expected and actual	-	-	-
Contributions - employer	-	505,824	(505,824)
Contributions - employee	-	114,994	(114,994)
Net investment income	-	1,006,728	(1,006,728)
Benefit payments, including refunds	(538,906)	(538,906)	-
Administrative expense	-	(39,915)	39,915
Net changes	<u>911,751</u>	<u>1,048,725</u>	<u>(136,974)</u>
Balances at December 31, 2016	<u>\$ 14,269,377</u>	<u>\$ 12,888,871</u>	<u>\$ 1,380,506</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>90.33%</u>

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed on January 1, 2015, and rolled forward to December 31, 2016, 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.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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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, 2016:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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, 2016, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 8.41%.

*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:

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
\$ 3,309,914	\$ 1,380,506	\$ (229,378)

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### Pension Expense and Deferred Outflow of Resources Related to Pensions

For the year ended December 31, 2016, the Township recognized pension expense of approximately \$661,000. At December 31, 2016, the Township reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 84,337	\$ -
Net difference between projected and actual earnings on pension plan investments	<u>577,675</u>	<u>87,154</u>
	<u><u>\$ 662,012</u></u>	<u><u>\$ 87,154</u></u>

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

<u>Year Ending December 31,</u>	
2017	\$ 183,172
2018	183,172
2019	183,173
2020	(9,384)
2021	12,403
Thereafter	<u>22,322</u>
	<u><u>\$ 574,858</u></u>

## **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

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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are established and may be amended by the Township. The Plan provides for retirement, disability, and death benefits to Plan members and their beneficiaries.

### Summary of Significant Accounting Policies

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

### Significant Provisions of the Non-Uniform Pension Plan

*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

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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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 \$368,959 were made by the Township to the Plan during year ended December 31, 2016.

### **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 2016, the Township and employees contributed approximately \$486,000 to the plan.

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 2016, the Township contributed approximately \$339,000 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 was 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

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# **TOWNSHIP OF CRANBERRY**

## **NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2016

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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, 2016. As the project was not completed as of December 31, 2016, no amortization was taken during 2016.

### **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 still outstanding in 2016. The total amount of commitments on these contracts is approximately \$42,500,000.

### **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 2016, the total revenue under these lease agreements was approximately \$183,300. 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.

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# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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### 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 2016, the total revenue under these lease agreements was approximately \$175,000.

### 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 2016 was \$187,005, with \$561,015 reported as unearned revenue on the statement of net position within the Golf Course Fund. The Township did not receive any royalties during 2016.

## **14. SIGNIFICANT COMPONENT UNIT TRANSACTIONS**

During 2016, the Township provided approximately \$740,000 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 2016, the Township provided approximately \$239,000 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.

## **Required Supplementary Information**

**TOWNSHIP OF CRANBERRY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND, TRANSPORTATION IMPROVEMENT PROGRAM EAST FUND, AND CAPITAL IMPROVEMENT FUND**  
**YEAR ENDED DECEMBER 31, 2016**

	General Fund				Transportation Improvement Program East Fund				Capital Improvement Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final			Original	Final		
<b>Revenues:</b>												
Taxes:												
Property	\$ 3,091,357	\$ 3,091,357	\$ 3,143,710	\$ 52,353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earned income	6,400,000	6,400,000	7,321,503	921,503	-	-	-	-	-	-	-	-
Business privilege	2,250,000	2,250,000	2,826,278	576,278	-	-	-	-	-	-	-	-
Local service	1,200,000	1,200,000	1,236,812	36,812	-	-	-	-	-	-	-	-
Real estate transfer	1,200,000	1,200,000	1,377,193	177,193	-	-	-	-	-	-	-	-
Licenses, permits, and fees	1,570,600	1,570,600	2,108,200	537,600	-	-	-	-	-	-	-	-
Fines and forfeitures	87,000	87,000	138,141	51,141	-	-	-	-	-	-	-	-
Interest, rents, and royalties	300,141	300,141	324,528	24,387	10,000	10,000	42,872	32,872	3,500	3,500	10,901	7,401
Intergovernmental	1,010,700	1,010,700	1,167,466	156,766	-	-	-	-	-	-	7,500	7,500
Contributions and donations	282,050	282,050	279,205	(2,845)	388,000	388,000	388,711	711	-	-	-	-
Charges for services	921,835	921,835	987,841	66,006	-	-	-	-	-	-	-	-
Miscellaneous	46,250	46,250	122,853	76,603	-	-	-	-	-	-	9,367	9,367
Total revenues	18,359,933	18,359,933	21,033,730	2,673,797	398,000	398,000	431,583	33,583	3,500	3,500	27,768	24,268
<b>Expenditures:</b>												
Current:												
General government	3,375,910	3,444,610	3,224,710	219,900	-	-	-	-	-	-	-	-
Public safety	5,767,563	5,767,563	5,319,751	447,812	-	-	-	-	-	-	-	-
Highways, roads, and streets	4,240,900	4,240,900	4,062,168	178,732	250,000	250,000	329,981	(79,981)	-	-	-	-
Culture and recreation	2,026,535	2,026,535	2,059,555	(33,020)	-	-	-	-	-	-	-	-
Community development	988,652	988,652	945,468	43,184	-	-	-	-	-	-	-	-
Miscellaneous	-	-	7,285	(7,285)	-	-	-	-	-	-	-	-
Debt service	1,580,165	1,580,165	1,442,201	137,964	-	-	-	-	-	-	-	-
Capital outlay	103,748	103,748	129,384	(25,636)	1,153,000	1,153,000	1,434,082	(281,082)	1,930,000	1,930,000	2,350,935	(420,935)
Total expenditures	18,083,473	18,152,173	17,190,522	961,651	1,403,000	1,403,000	1,764,063	(361,063)	1,930,000	1,930,000	2,350,935	(420,935)
Excess (Deficiency) of Revenues Over (Under) Expenditures	276,460	207,760	3,843,208	3,635,448	(1,005,000)	(1,005,000)	(1,332,480)	(327,480)	(1,926,500)	(1,926,500)	(2,323,167)	445,203
<b>Other Financing Sources (Uses):</b>												
Proceeds from sale of capital assets	20,000	20,000	39,513	19,513	-	-	-	-	-	-	-	-
Transfers in	250,000	250,000	320,714	70,714	-	-	-	-	1,225,000	4,425,000	4,425,000	-
Transfers out	(1,375,000)	(4,595,000)	(4,953,824)	(358,824)	-	-	-	-	-	-	(1,117,399)	(1,117,399)
Total other financing sources (uses)	(1,105,000)	(4,325,000)	(4,593,597)	(268,597)	-	-	-	-	1,225,000	4,425,000	3,307,601	(1,117,399)
Net Change in Fund Balance	\$ (828,540)	\$ (4,117,240)	(750,389)	\$ 3,366,851	\$ (1,005,000)	\$ (1,005,000)	(1,332,480)	\$ (327,480)	\$ (701,500)	\$ 2,498,500	984,434	\$ (672,196)
<b>Fund Balance:</b>												
Beginning of year					12,767,061				6,733,552			1,779,019
End of year					\$ 12,016,672				\$ 5,401,072			\$ 2,763,453

# TOWNSHIP OF CRANBERRY, PENNSYLVANIA

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

### POLICE PENSION PLAN

YEAR ENDED DECEMBER 31, 2016

	2016	2015	2014
<b>Total Pension Liability:</b>			
Service cost	\$ 418,491	\$ 396,674	\$ 391,984
Interest	1,032,166	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	(538,906)	(454,197)	(416,741)
<b>Net Changes in Total Pension Liability</b>	<b>911,751</b>	<b>995,057</b>	<b>856,174</b>
<b>Total Pension Liability - Beginning</b>	<b>13,357,626</b>	<b>12,362,569</b>	<b>11,506,395</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 14,269,377</b>	<b>\$ 13,357,626</b>	<b>\$ 12,362,569</b>
 <b>Plan Fiduciary Net Position:</b>			
Contributions - employer	\$ 505,824	\$ 533,510	\$ 519,984
Contributions - employee	114,994	116,006	118,194
Net investment income	1,006,728	(84,237)	684,473
Benefit payments, including refunds of member contributions	(538,906)	(454,197)	(416,741)
Administrative expense	(39,915)	(39,673)	(38,553)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,048,725</b>	<b>71,409</b>	<b>867,357</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>11,840,146</b>	<b>11,768,737</b>	<b>10,901,380</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 12,888,871</b>	<b>\$ 11,840,146</b>	<b>\$ 11,768,737</b>
<b>Net Pension Liability - Ending (a-b)</b>	<b>\$ 1,380,506</b>	<b>\$ 1,517,480</b>	<b>\$ 593,832</b>
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>90.33%</b>	<b>88.64%</b>	<b>95.20%</b>
 <b>Covered Employee Payroll</b>	<b>\$ 2,455,939</b>	<b>\$ 2,615,697</b>	<b>\$ 2,686,125</b>
 <b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>56.21%</b>	<b>58.01%</b>	<b>22.11%</b>

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, 2016

	2016	2015	2014
<b>Schedule of Contributions</b>			
Actuarially determined contribution	\$ 505,824	\$ 524,928	\$ 519,984
Contributions in relation to the actuarially determined contribution	<u>505,824</u>	<u>533,510</u>	<u>519,984</u>
Contribution deficiency (excess)	\$ -	\$ (8,582)	\$ -
Covered employee payroll	<u>\$ 2,455,939</u>	<u>\$ 2,615,697</u>	<u>\$ 2,686,125</u>
Contributions as a percentage of covered employee payroll	20.60%	20.40%	19.36%
<b>Investment Returns</b>			
Annual money-weighted rate of return, net of investment expense	8.41%	-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, 2016

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

Actuarial valuation date	1/1/2015
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 Adjustments
Mortality Table	

### Change in Actuarial Assumptions

Effective 1/1/15, the plan was amended to add a Deferred Retirement Option Plan (DROP). As it is assumed that participants will retire upon attainment of normal retirement eligibility, there will be no assumed use of the DROP. Therefore, there is no change in plan costs due to the addition of the DROP reflected in the valuation.

## **Supplementary Information**

# TOWNSHIP OF CRANBERRY

## COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	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
<b>Assets</b>								
Cash and cash equivalents	\$ 2,621	\$ 15,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,799
Investments	436,631	125,027	856,381	662,711	1,111,664	2,311,546	203,254	24,358
Due from other funds	8,134	3,229	-	2,250	-	-	-	-
<b>Total Assets</b>	<b>\$ 447,386</b>	<b>\$ 144,205</b>	<b>\$ 856,381</b>	<b>\$ 664,961</b>	<b>\$ 1,111,664</b>	<b>\$ 2,311,546</b>	<b>\$ 203,254</b>	<b>\$ 27,157</b>
<b>Liabilities and Fund Balance</b>								
Liabilities:								
Accounts payable and accrued expenses	\$ 9,195	\$ 16,295	\$ -	\$ 2,552	\$ -	\$ 16,076	\$ -	\$ -
Developer deposit liability	-	-	-	-	1,111,664	-	-	-
Due to other funds	713	6,836	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>9,908</b>	<b>23,131</b>	<b>-</b>	<b>2,552</b>	<b>1,111,664</b>	<b>16,076</b>	<b>-</b>	<b>-</b>
Fund Balance:								
Assigned	-	-	-	-	-	-	-	-
Restricted	437,478	121,074	856,381	662,409	-	2,295,470	203,254	27,157
<b>Total Fund Balance</b>	<b>437,478</b>	<b>121,074</b>	<b>856,381</b>	<b>662,409</b>	<b>-</b>	<b>2,295,470</b>	<b>203,254</b>	<b>27,157</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 447,386</b>	<b>\$ 144,205</b>	<b>\$ 856,381</b>	<b>\$ 664,961</b>	<b>\$ 1,111,664</b>	<b>\$ 2,311,546</b>	<b>\$ 203,254</b>	<b>\$ 27,157</b>

(Continued)

# TOWNSHIP OF CRANBERRY

## COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2016  
(Continued)

	Capital Projects Funds						Total Capital Projects Funds	Total Other Governmental Funds		
	Total Special Revenue Funds	Township								
		Fire Capital Fund	Transportation Improvement Program Fund	Road Equipment Fund	Public Building Fund					
<b>Assets</b>										
Cash and cash equivalents	\$ 21,369	\$ 1,832	\$ -	\$ 1,597	\$ 1,879	\$ 5,308	\$ 26,677			
Investments	5,731,572	448,617	20,741	425,029	152,019	1,046,406	6,777,978			
Due from other funds	13,613	3,067	-	2,744	3,229	9,040	22,653			
<b>Total Assets</b>	<b>\$ 5,766,554</b>	<b>\$ 453,516</b>	<b>\$ 20,741</b>	<b>\$ 429,370</b>	<b>\$ 157,127</b>	<b>\$ 1,060,754</b>	<b>\$ 6,827,308</b>			
<b>Liabilities and Fund Balance</b>										
Liabilities:										
Accounts payable and accrued expenses	\$ 44,118	\$ 4,324	\$ -	\$ -	\$ -	\$ 4,324	\$ 48,442			
Developer deposit liability	1,111,664	-	-	-	-	-	1,111,664			
Due to other funds	7,549	27,255	-	-	-	27,255	34,804			
<b>Total Liabilities</b>	<b>1,163,331</b>	<b>31,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,579</b>	<b>1,194,910</b>			
Fund Balance:										
Assigned	-	-	-	-	-	-	-			
Restricted	4,603,223	421,937	20,741	429,370	157,127	1,029,175	5,632,398			
<b>Total Fund Balance</b>	<b>4,603,223</b>	<b>421,937</b>	<b>20,741</b>	<b>429,370</b>	<b>157,127</b>	<b>1,029,175</b>	<b>5,632,398</b>			
<b>Total Liabilities and Fund Balance</b>	<b>\$ 5,766,554</b>	<b>\$ 453,516</b>	<b>\$ 20,741</b>	<b>\$ 429,370</b>	<b>\$ 157,127</b>	<b>\$ 1,060,754</b>	<b>\$ 6,827,308</b>			

(Concluded)

# TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2016

	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
<b>Revenues:</b>								
Taxes	\$ 540,742	\$ 387,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-	-	-	-	-
Interest, rents, and royalties	1,792	1,043	2,654	1,443	-	11,001	3,725	69
Intergovernmental	-	-	-	-	-	-	874,881	-
Contributions and donations	-	-	236,532	255,909	-	109,268	-	2,274
Total revenues	542,534	388,679	239,186	257,352	-	120,269	878,606	2,343
<b>Expenditures:</b>								
Public safety	430,250	-	-	-	-	-	-	-
Highways, roads, and streets	-	-	-	90,118	-	21,076	830,000	-
Culture and recreation	-	336,953	-	-	-	-	-	-
Miscellaneous	-	-	1,050	1,499	-	1,113	-	-
Debt service:								
Principal retirement	-	-	270,000	-	-	-	-	-
Capital outlay	-	-	-	-	-	9,931	-	-
Total expenditures	430,250	336,953	271,050	91,617	-	32,120	830,000	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	112,284	51,726	(31,864)	165,735	-	88,149	48,606	2,343
<b>Other Financing Sources (Uses):</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
<b>Net Change in Fund Balance</b>	112,284	51,726	(31,864)	165,735	-	88,149	48,606	2,343
<b>Fund Balance:</b>								
Beginning of year	325,194	69,348	888,245	496,674	-	2,207,321	154,648	24,814
End of year	\$ 437,478	\$ 121,074	\$ 856,381	\$ 662,409	\$ -	\$ 2,295,470	\$ 203,254	\$ 27,157

(Continued)

# TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2016

(Continued)

	Capital Projects Funds						Total Capital Projects Funds	Total Other Governmental Funds		
	Total Special Revenue Funds	Township				Public Building Fund				
		Fire Capital Fund	Transportation Improvement Program Fund	Road Equipment Fund	-					
<b>Revenues:</b>										
Taxes	\$ 928,378	\$ 377,787	\$ -	\$ 329,492	\$ 387,636	\$ 1,094,915	\$ 2,023,293			
Licenses, permits, and fees	-	-	-	-	-	-	-			
Interest, rents, and royalties	21,727	2,864	59	1,202	1,030	5,155	26,882			
Intergovernmental	874,881	-	-	-	-	-	-	874,881		
Contributions and donations	603,983	-	-	-	-	-	-	603,983		
Total revenues	<u>2,428,969</u>	<u>380,651</u>	<u>59</u>	<u>330,694</u>	<u>388,666</u>	<u>1,100,070</u>	<u>3,529,039</u>			
<b>Expenditures:</b>										
Public safety	430,250	372	-	-	-	-	372	430,622		
Highways, roads, and streets	941,194	-	-	-	-	-	-	941,194		
Culture and recreation	336,953	-	-	-	-	-	-	336,953		
Miscellaneous	3,662	-	-	-	-	-	-	3,662		
Debt service:										
Principal retirement	270,000	242,856	-	-	245,000	487,856	757,856			
Interest charges	-	16,967	-	-	-	16,967	16,967			
Capital outlay	9,931	-	-	305,215	-	305,215	305,215	315,146		
Total expenditures	<u>1,991,990</u>	<u>260,195</u>	<u>-</u>	<u>305,215</u>	<u>245,000</u>	<u>810,410</u>	<u>2,802,400</u>			
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>436,979</b>	<b>120,456</b>	<b>59</b>	<b>25,479</b>	<b>143,666</b>	<b>289,660</b>	<b>726,639</b>			
<b>Other Financing Sources (Uses):</b>										
Transfers in	-	-	-	134,042	-	134,042	134,042			
Transfers out	-	-	-	-	(95,000)	(95,000)	(95,000)			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,042</u>	<u>(95,000)</u>	<u>39,042</u>	<u>39,042</u>			
<b>Net Change in Fund Balance</b>	<b>436,979</b>	<b>120,456</b>	<b>59</b>	<b>159,521</b>	<b>48,666</b>	<b>328,702</b>	<b>765,681</b>			
<b>Fund Balance:</b>										
Beginning of year	4,166,244	301,481	20,682	269,849	108,461	700,473	4,866,717			
End of year	<u>\$ 4,603,223</u>	<u>\$ 421,937</u>	<u>\$ 20,741</u>	<u>\$ 429,370</u>	<u>\$ 157,127</u>	<u>\$ 1,029,175</u>	<u>\$ 5,632,398</u>			

(Concluded)

**TOWNSHIP OF CRANBERRY**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**

DECEMBER 31, 2016

<b>Assets</b>	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Cash and cash equivalents	\$ 101,417	\$ 4,438	\$ 105,855
Investments:			
Mutual funds	<u>12,787,454</u>	<u>6,860,284</u>	<u>19,647,738</u>
<b>Total Assets</b>	<u>12,888,871</u>	<u>6,864,722</u>	<u>19,753,593</u>
 <b>Net Position Restricted For Pension Benefits</b>	 <u>\$ 12,888,871</u>	<u>\$ 6,864,722</u>	<u>\$ 19,753,593</u>

# TOWNSHIP OF CRANBERRY

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2016

	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
<b>Additions:</b>			
Employer contributions	\$ 505,824	\$ 368,959	\$ 874,783
Employee contributions	114,994	-	114,994
Total contributions	<u>620,818</u>	<u>368,959</u>	<u>989,777</u>
Investment gain (loss):			
Net appreciation (depreciation) in fair value of investments	782,823	419,976	1,202,799
Interest and dividends	206,506	109,549	316,055
Total investment gain (loss)	<u>989,329</u>	<u>529,525</u>	<u>1,518,854</u>
Total additions	<u>1,610,147</u>	<u>898,484</u>	<u>2,508,631</u>
<b>Deductions:</b>			
Benefits	521,507	191,094	712,601
Administrative expense	39,915	-	39,915
Total deductions	<u>561,422</u>	<u>191,094</u>	<u>752,516</u>
<b>Change in Plan Net Position</b>	<b>1,048,725</b>	<b>707,390</b>	<b>1,756,115</b>
<b>Net Position:</b>			
Beginning of year	11,840,146	6,157,332	17,997,478
End of year	<u>\$ 12,888,871</u>	<u>\$ 6,864,722</u>	<u>\$ 19,753,593</u>