

Township of Cranberry

Financial Statements and Required Supplementary and Supplementary Information

**Year Ended December 31, 2019
with Independent Auditor's Report**

MaherDuessel

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TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2019

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TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2019

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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, 2019, 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, 2019, 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 48, and pages 49 through 52, 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
June 15, 2020

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, 2019.

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 \$107,084,610.
- The Township's net position increased by \$7,828,133.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$34,750,619.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,649,431.

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, liabilities, and deferred inflows of resources, except fiduciary funds. Net Position – the difference between the Township's assets and deferred outflows of resources and liabilities and deferred inflows of resources – 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 sixteen 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, the Capital Improvement Fund, and the Developers' Contributions Fund as these funds are considered to be major funds. Data from the other thirteen 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 47 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 48 through 52 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 53 through 58 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 of resources by \$107,084,610 at the close of the most recent fiscal year. Of this amount, \$68,006,839 (or 63.5%) 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's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$39,173,116	\$33,942,656	\$13,466,223	\$16,998,027	\$52,639,339	\$50,940,683
Capital assets	57,365,682	54,898,216	89,783,591	86,200,387	147,149,273	141,098,603
Total assets	96,538,798	88,840,872	103,249,814	103,198,414	199,788,612	192,039,603
Deferred Outflows of Resources	1,892,751	2,644,972	987,326	1,125,005	2,880,077	3,769,977
Current and other liabilities	2,191,849	3,668,247	2,225,172	2,975,880	4,417,021	6,644,127
Long-term liabilities	23,400,184	20,638,855	65,587,620	68,362,652	88,987,804	89,001,507
Total liabilities	25,592,033	24,307,102	67,812,792	76,327,833	93,404,825	95,645,634
Deferred Inflows of Resources	2,179,254	907,152	-	-	2,179,254	907,152
Net Position:						
Net investment in capital assets	41,995,886	37,465,851	26,010,953	24,675,143	68,006,839	62,140,994
Restricted	17,563,198	11,238,120	-	-	17,563,198	11,238,120
Unrestricted	11,101,178	17,567,619	10,413,395	8,309,744	21,514,573	25,877,363
Total net position	\$70,660,262	\$66,271,590	\$36,424,348	\$32,984,887	\$107,084,610	\$99,256,477

The balance of unrestricted net position, \$21,514,573, may be used to meet the Township's ongoing obligations to citizens and creditors.

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

Governmental Activities. Governmental activities increased the Township's net position by \$4,388,672. Business-type activities increased the Township's net position by \$3,439,461. Key elements of the increases are as follows:

Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 3,435,107	\$ 3,532,384	\$ 23,931,558	\$ 22,859,926	\$ 27,366,665	\$ 26,392,310
Operating grants	1,734,783	1,519,301	198,761	93,239	1,933,544	1,612,540
Capital grants	5,317,723	4,119,676	-	-	5,317,723	4,119,676
General revenues:						
Property taxes	5,540,775	5,395,948	-	-	5,540,775	5,395,948
Earned income taxes	8,444,682	7,997,039	-	-	8,444,682	7,997,039
Other taxes	6,162,562	5,785,388	-	-	6,162,562	5,785,388
Interest and rents	839,438	778,826	1,042,774	891,340	1,882,212	1,670,166
Other	218,504	115,703	(2,664)	136,000	215,840	251,703
Transfers	(50,227)	(198,228)	50,227	198,228	-	-
Total revenues	\$ 31,643,347	\$ 29,046,037	\$ 25,220,656	\$ 24,178,733	\$ 56,864,003	\$ 53,224,770

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Expenses						
General government	\$5,103,339	\$4,725,188	\$ -	\$ -	\$5,103,339	\$4,725,188
Public safety	7,352,615	6,558,830	-	-	7,352,615	6,558,830
Highways, roads, and streets	9,683,728	12,397,021	-	-	9,683,728	12,397,021
Culture and recreation	3,390,630	3,095,813	-	-	3,390,630	3,095,813
Community development	1,243,346	1,183,102	-	-	1,243,346	1,183,102
Long-term debt	481,017	630,228	-	-	481,017	630,228
Water	-	-	7,740,408	6,830,910	7,740,408	6,830,910
Sewer	-	-	8,085,365	8,697,804	8,085,365	8,697,804
Golf course	-	-	2,487,463	2,619,248	2,487,463	2,619,248
Solid waste	-	-	2,651,940	2,428,403	2,651,940	2,428,403
Swimming	-	-	816,019	895,188	816,019	895,188
Total Expenses	27,254,675	28,590,182	21,781,195	21,471,553	49,035,870	50,061,735
Change in net position	4,388,672	455,855	3,439,461	2,707,180	7,828,133	3,163,035
Net position - beginning	66,271,590	65,815,735	32,984,887	30,277,707	99,256,477	96,093,442
Net position - ending	\$ 70,660,262	\$ 66,271,590	\$ 36,424,348	\$ 32,984,887	\$ 107,084,610	\$ 99,256,477

The following table depicts revenues by source for governmental activities in 2019:

Revenues by Source - Governmental Activities

Charges for services	11%
Operating grants	5%
Capital grants	17%
Property taxes	18%
Earned income taxes	27%
Other taxes	19%
Other revenues	3%
Total	100%

Government-wide revenues were primarily derived from earned income taxes at 27%, other taxes at 19%, and property taxes at 18%.

The following table depicts expenses by programs for governmental activities in 2019:

Expenses by Program - Governmental Activities

General government	19%
Public safety	27%
Highways, roads, and streets	35%
Culture and recreation	12%
Community development	5%
Interest on long-term debt	2%
Total	100%

Total expenses for all programs in 2019 were \$27,254,675. The expenses reflect the delivery of a wide range of services, with the largest being highways, roads, and streets at 35%. The second largest program is public safety at 27%. The program ranked third is general government at 19%.

The following table depicts the net program expenses/revenues by function/program for governmental activities for the period ending December 31, 2019:

Net Program Expenses/Revenues

General government	\$(4,192,035)
Public safety	(5,798,348)
Highways, roads, and streets	(4,604,447)
Culture and recreation	(1,800,761)
Community development	109,546
Interest on long-term debt	(481,017)
Total	\$(16,767,062)

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Public safety expenses required the most General Fund revenue for support, needing approximately \$5.8 million in 2019. Highways, roads, and streets expenses required approximately \$4.6 million in general revenues for support.

Business-type Activities. Business-type activities increased the Township's net position by \$3,439,461. The Township's customer base for sewer and water and solid waste continues to grow.

- 95% of revenues come from charges for services and 5% from operating grants and contributions, capital grants and contributions, and general revenues.

Expenses and Program Revenues - Business-type Activities

Program	Program Revenues	Expenses*
Sewer	\$10,309,968	\$6,824,733
Water	8,152,177	7,177,576
Golf Course	2,311,684	2,182,826
Solid Waste	2,479,419	2,602,971
Swimming Pool	678,310	641,926

* 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 \$34.8 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 \$8,649,431.

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 \$6,146,027, the Sewer Fund \$2,925,334, the Golf Course Fund \$566,799, the Solid Waste Fund \$258,908, and the Swimming Pool Fund \$516,327. 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 1.9% under budget. Actual revenues exceeded expenditures by \$3,203,879. 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, 2019, amounts to \$68,006,839 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and infrastructure.

Summary of the Township's Capital Assets

	Governmental Activities 2019	Business-type Activities 2019	Total
Land	\$14,630,750	\$3,366,304	\$17,997,054
Construction in Progress	622,531	52,554,311	53,176,842
Total Non-Depreciable Assets	15,253,281	55,920,615	71,173,896
Buildings	27,292,097	23,264,851	50,556,948
Site Improvements	6,634,491	4,334,735	10,969,226
Machinery, Equipment, Vehicles	14,439,152	20,568,441	35,007,593
Infrastructure	50,356,916	39,534,530	89,891,446
Carts – in service	-	1,075,393	1,075,393
Carts – not in service	-	74,853	74,853
Total Depreciable Assets	98,722,656	88,852,803	187,575,459
Accumulated Depreciation	-56,610,255	-54,989,827	-111,600,082
Total Depreciable Assets, Net	42,112,401	33,862,976	75,975,377
Total Capital Assets	\$57,365,682	\$89,783,591	\$147,149,273

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 \$80,636,857. The Township's bond rating is Aaa by Moody's Investor Service.

Township's Outstanding Debt

	Governmental Activities 2019	Business-type Activities 2019	Total
General Obligation Bonds	\$15,374,109	\$57,499,663	\$72,873,772
Promissory Note	6,985,213	777,872	7,763,085
Total	\$22,359,322	\$58,277,535	\$80,636,857

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 2019 is 31,632. Strong commercial growth continues to occur along Rt. 228 and Rt. 19. 108 non-residential permits were issued in 2019. Residential growth continues throughout the Township. In 2019, 210 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 Kawneer, an Arconic Company, 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.

2020 Budget Highlights

The 2020 General Fund budget represents approximately 8% more in operating expenses and provides for a responsible fiscal approach to address the changing public service and capital investment needs of the Township. This approach maintains the Township's financial stewardship practices that has earned and will continue to do so an exemplary rating of Aaa in the public finance arena. A rating that leverages significant value for the taxpayers and utility customers of the Township. The General Fund budget maintains the current real estate tax rate. The Township will focus on its most valued asset, its employees by enhancing training, advancement opportunities, collaborative workspace and mobility opportunities. Also the Township will implement new strategies to sustain excellence in our public safety responsibilities. The Township will provide a comprehensive approach to roadway management. The Township will continue to provide the

highest level of customer service to their residents and businesses. The Township will continue to implement strategies to contain health care costs. Specific projects will include continuing transportation improvements, technology enhancements, recreation improvements, and completion of the upgrades to the Brush Creek Water Pollution Control Facility. Planning efforts are in place for a sustainable future. The Township wants to promote volunteerism as well as partnerships with its community organizations and businesses. 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. The 2020 Budget funds the components of the Fire Strategic Plan in collaboration with the Cranberry Township Volunteer Fire Company.

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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cranberry Public Library
Assets				
Cash and cash equivalents	\$ 1,781,548	\$ 1,579,732	\$ 3,361,280	\$ 425,357
Investments	32,906,455	9,604,622	42,511,077	181,170
Receivable:				
Taxes	3,939,587	-	3,939,587	-
Customers - billed	-	222,913	222,913	-
Customers - unbilled	-	1,268,169	1,268,169	-
Other	530,038	115,023	645,061	2,000
Internal balances	(582,907)	582,907	-	-
Inventory	63,698	92,857	156,555	-
Prepaid expenses	534,697	-	534,697	-
Restricted assets:				
Beneficial interest in net position of community foundation	-	-	-	551,763
Capital assets, net:				
Non-depreciable	15,253,281	55,920,615	71,173,896	-
Depreciable	42,112,401	33,862,976	75,975,377	169,123
Total Assets	96,538,798	103,249,814	199,788,612	1,329,413
Deferred Outflows of Resources				
Deferred charge on refunding	289,526	987,326	1,276,852	-
Related to pensions	1,603,225	-	1,603,225	-
Total Deferred Outflows of Resources	1,892,751	987,326	2,880,077	-
Liabilities				
Accounts payable	437,499	1,200,895	1,638,394	30,542
Accrued payroll and related expenses	306,166	-	306,166	-
Accrued interest payable	163,613	798,625	962,238	-
Unearned revenue	239,712	99,451	339,163	-
Developer deposit liability	1,044,859	-	1,044,859	-
Security deposits	-	126,201	126,201	-
Compensated absences	342,606	109,443	452,049	-
Net pension liability	698,256	-	698,256	-
Intermunicipal service agreement	-	7,200,642	7,200,642	-
Long-term debt, current portion	2,470,133	3,422,932	5,893,065	-
Long-term debt, long-term portion, net	19,889,189	54,854,603	74,743,792	-
Total Liabilities	25,592,033	67,812,792	93,404,825	30,542
Deferred Inflows of Resources				
Related to pensions	2,179,254	-	2,179,254	-
Net Position				
Net investment in capital assets	41,995,886	26,010,953	68,006,839	169,123
Restricted, expendable	17,563,198	-	17,563,198	-
Restricted for Cranberry Legacy Fund, nonexpendable	-	-	-	551,763
Unrestricted	11,101,178	10,413,395	21,514,573	577,985
Total Net Position	\$ 70,660,262	\$ 36,424,348	\$ 107,084,610	\$ 1,298,871

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

TOWNSHIP OF CRANBERRY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Cranberry Public Library
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental activities:								
General government	\$ 5,103,339	\$ 605,622	\$ 301,681	\$ 4,001	\$ (4,192,035)	\$ -	\$ (4,192,035)	\$ -
Public safety	7,352,615	407,797	1,146,470	-	(5,798,348)	-	(5,798,348)	-
Highways, roads, and streets	9,683,728	69,000	-	5,010,281	(4,604,447)	-	(4,604,447)	-
Culture and recreation	3,390,630	999,796	286,632	303,441	(1,800,761)	-	(1,800,761)	-
Community development	1,243,346	1,352,892	-	-	109,546	-	109,546	-
Interest on long-term debt	481,017	-	-	-	(481,017)	-	(481,017)	-
Total governmental activities	27,254,675	3,435,107	1,734,783	5,317,723	(16,767,062)	-	(16,767,062)	-
Business-type activities:								
Water	7,740,408	8,152,177	-	-	-	411,769	411,769	-
Sewer	8,085,365	10,309,968	-	-	-	2,224,603	2,224,603	-
Golf course	2,487,463	2,311,684	-	-	-	(175,779)	(175,779)	-
Solid waste	2,651,940	2,479,419	198,761	-	-	26,240	26,240	-
Other	816,019	678,310	-	-	-	(137,709)	(137,709)	-
Total business-type activities	21,781,195	23,931,558	198,761	-	-	2,349,124	2,349,124	-
Total primary government	\$ 49,035,870	\$ 27,366,665	\$ 1,933,544	\$ 5,317,723	(16,767,062)	2,349,124	(14,417,938)	-
Component Unit:								
Cranberry Public Library	\$ 907,532	\$ 31,652	\$ 960,325	\$ -				84,445
General revenues:								
Taxes:								
Property					5,540,775	-	5,540,775	-
Earned income					8,444,682	-	8,444,682	-
Business privilege					2,786,043	-	2,786,043	-
Local service					1,294,647	-	1,294,647	-
Real estate transfer					2,081,872	-	2,081,872	-
Interest, rents, and royalties					839,438	1,042,774	1,882,212	-
Gain (loss) on disposal of capital assets					(45,695)	(2,664)	(48,359)	-
Other					264,199	-	264,199	-
Transfers - internal activities					(50,227)	50,227	-	-
Total general revenues and transfers					21,155,734	1,090,337	22,246,071	-
Change in Net Position					4,388,672	3,439,461	7,828,133	84,445
Net position - beginning of year					66,271,590	32,984,887	99,256,477	1,214,426
Net position - end of year					\$ 70,660,262	\$ 36,424,348	\$ 107,084,610	\$ 1,298,871

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

TOWNSHIP OF CRANBERRY

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2019

	General Fund	Capital Projects Fund Capital Improvement Fund	Special Revenue Fund Developers' Contributions Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,729,888	\$ -	\$ -	\$ 51,660	\$ 1,781,548
Investments	6,577,537	7,674,498	8,365,199	10,289,221	32,906,455
Taxes receivable	3,939,587	-	-	-	3,939,587
Other receivables	119,017	411,021	-	-	530,038
Prepaid expenditures	534,697	-	-	-	534,697
Due from other funds	97,126	805	275	37,373	135,579
Inventory	63,698	-	-	-	63,698
Total Assets	\$ 13,061,550	\$ 8,086,324	\$ 8,365,474	\$ 10,378,254	\$ 39,891,602
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable and accrued expenses	\$ 211,904	\$ 146,729	\$ -	\$ 78,866	\$ 437,499
Accrued payroll and related expenses	306,166	-	-	-	306,166
Due to other funds	661,681	-	-	56,805	718,486
Unearned revenue	239,712	-	-	-	239,712
Developer deposit liability	-	-	-	1,044,859	1,044,859
Total Liabilities	1,419,463	146,729	-	1,180,530	2,746,722
Deferred Inflows of Resources:					
Unavailable revenue - taxes	2,394,261	-	-	-	2,394,261
Fund Balance:					
Nonspendable:					
Inventory and prepaid expenditures	598,395	-	-	-	598,395
Restricted:					
Transportation improvement	-	-	-	5,074,333	5,074,333
Highways and streets	-	-	-	1,335,858	1,335,858
Recreation	-	-	-	1,094,394	1,094,394
Library	-	-	-	176,243	176,243
Fire protection	-	-	-	1,127,058	1,127,058
Infrastructure improvement	-	-	8,365,474	-	8,365,474
Storm water maintenance	-	-	-	31,775	31,775
Public building improvements	-	-	-	358,063	358,063
Assigned:					
Capital improvements	-	7,939,595	-	-	7,939,595
Unassigned	8,649,431	-	-	-	8,649,431
Total Fund Balance	9,247,826	7,939,595	8,365,474	9,197,724	34,750,619
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 13,061,550	\$ 8,086,324	\$ 8,365,474	\$ 10,378,254	\$ 39,891,602

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, 2019

Total Fund Balance - Governmental Funds	\$ 34,750,619
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	57,365,682
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Certain taxes are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	2,394,261
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The net pension liability, and deferred inflows and outflows of resources for pensions are not recorded on the fund financial statements.	(1,274,285)
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Accrued interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(163,613)
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Government funds do not report a loss on the refunding of debt, as it is not a current period expenditure, whereas these amounts are reported as a deferred outflow and amortized in the statement of net position.	289,526
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Long-term liabilities, including compensated absences and bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(22,701,928)</u>
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Total Net Position - Governmental Activities	<u>\$ 70,660,262</u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2019

	General Fund	Capital Projects Fund Capital Improvement Fund	Special Revenue Fund Developers' Contributions Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 3,370,602	\$ -	\$ -	\$ 2,170,173	\$ 5,540,775
Earned income	8,361,975	-	-	-	8,361,975
Business privilege	2,786,043	-	-	-	2,786,043
Local service	1,294,647	-	-	-	1,294,647
Real estate transfer	2,081,872	-	-	-	2,081,872
Licenses, permits, and fees	1,970,913	-	-	-	1,970,913
Fines and forfeitures	112,286	-	-	-	112,286
Interest, rents, and royalties	349,357	127,315	69,765	293,001	839,438
Intergovernmental	1,450,491	411,021	-	985,355	2,846,867
Contributions and donations	1,161	303,441	129,685	731,431	1,165,718
Charges for services	1,352,408	-	-	-	1,352,408
Miscellaneous	256,569	7,500	-	130	264,199
Total revenues	23,388,324	849,277	199,450	4,180,090	28,617,141
Expenditures:					
Current:					
General government	3,945,922	-	-	-	3,945,922
Public safety	6,470,776	-	-	452,384	6,923,160
Highways, roads, and streets	4,171,144	-	-	1,103,803	5,274,947
Culture and recreation	2,671,757	-	-	404,989	3,076,746
Community development	1,243,346	-	-	-	1,243,346
Debt service:					
Principal retirement	1,128,917	-	-	885,150	2,014,067
Interest charges	536,933	-	-	9,350	546,283
Capital outlay	15,650	3,963,415	20,307	1,663,479	5,662,851
Total expenditures	20,184,445	3,963,415	20,307	4,519,155	28,687,322
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,203,879	(3,114,138)	179,143	(339,065)	(70,181)
Other Financing Sources (Uses):					
Proceeds from note payable	-	-	6,700,000	-	6,700,000
Proceeds from sale of capital assets	27,795	-	-	-	27,795
Transfers in	317,092	4,900,000	-	-	5,217,092
Transfers out	(4,980,000)	(72,319)	-	(215,000)	(5,267,319)
Total other financing sources (uses)	(4,635,113)	4,827,681	6,700,000	(215,000)	6,677,568
Net Change in Fund Balance	(1,431,234)	1,713,543	6,879,143	(554,065)	6,607,387
Fund Balance:					
Beginning of year	10,679,060	6,226,052	1,486,331	9,751,789	28,143,232
End of year	\$ 9,247,826	\$ 7,939,595	\$ 8,365,474	\$ 9,197,724	\$ 34,750,619

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, 2019

Net Change in Fund Balance - Governmental Funds \$ 6,607,387

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 capital outlays and contributions exceeded depreciation in the current period.

Capital outlays	\$	4,204,978	
Capital contributions		3,039,421	
Depreciation expense		<u>(3,903,443)</u>	
			3,340,956

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The net effect of the gain on sale and loss on the disposal of the assets is shown here. (873,490)

In the statement of activities, the 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. (113,728)

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. 82,707

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. (34,493)

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. 16,764

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		2,053,087	
Proceeds from the issuance of long-term debt		(6,700,000)	
Amortization of bond discounts/premiums		94,067	
Amortization of deferred charge on refunding		<u>(84,585)</u>	
			(4,637,431)

Change in Net Position of Governmental Activities \$ 4,388,672

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

TOWNSHIP OF CRANBERRY

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2019

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,572,385	\$ -	\$ 7,347	\$ -	\$ -	\$ 1,579,732
Investments	6,453,330	1,498,131	681,667	430,573	540,921	9,604,622
Accounts receivable:						
Customers - billed	56,404	166,509	-	-	-	222,913
Customers - unbilled	522,655	745,514	-	-	-	1,268,169
Other	26,971	-	83,567	-	4,485	115,023
Due from other funds	235,722	2,424,429	-	57,671	-	2,717,822
Inventory	-	-	92,857	-	-	92,857
Total current assets	8,867,467	4,834,583	865,438	488,244	545,406	15,601,138
Non-current assets:						
Capital assets:						
Land	91,517	171,340	3,103,447	-	-	3,366,304
Construction in progress	-	52,554,311	-	-	-	52,554,311
Buildings	6,849,493	8,761,842	3,080,722	-	4,648,130	23,340,187
Site improvements	386,565	269,103	3,679,067	-	-	4,334,735
Machinery, equipment, and vehicles	1,715,136	16,710,703	1,855,085	69,688	102,400	20,453,012
Infrastructure	14,917,206	24,561,885	-	-	-	39,479,091
Carts - in-service	-	-	-	1,075,393	-	1,075,393
Carts - not in-service	-	-	-	74,853	-	74,853
Less: accumulated depreciation	(12,312,063)	(32,892,426)	(6,243,801)	(985,535)	(2,460,470)	(54,894,295)
Total non-current assets	11,647,854	70,136,758	5,474,520	234,399	2,290,060	89,783,591
Total Assets	20,515,321	74,971,341	6,339,958	722,643	2,835,466	105,384,729
Deferred Outflows of Resources						
Deferred charge on refunding	-	664,837	322,489	-	-	987,326
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	481,146	424,589	77,216	211,302	6,642	1,200,895
Accrued payroll and related expenses	-	-	-	-	-	-
Accrued interest payable	-	684,307	101,233	-	13,085	798,625
Due to other funds	2,075,650	43,370	5,655	10,050	190	2,134,915
Unearned revenue	-	-	94,361	-	5,090	99,451
Security deposits	126,201	-	-	-	-	126,201
Long-term debt - current portion	-	3,087,932	335,000	-	-	3,422,932
Total current liabilities	2,682,997	4,240,198	613,465	221,352	25,007	7,783,019
Non-current liabilities:						
Compensated absences	38,443	38,770	20,174	7,984	4,072	109,443
Intermunicipal service agreement	-	7,200,642	-	-	-	7,200,642
Long-term debt - net of current maturities:						
General obligation bonds	-	46,013,440	4,925,000	-	-	50,938,440
Unamortized bond premium	-	3,558,393	357,770	-	-	3,916,163
Total non-current liabilities	38,443	56,811,245	5,302,944	7,984	4,072	62,164,688
Total Liabilities	2,721,440	61,051,443	5,916,409	229,336	29,079	69,947,707
Net Position						
Net investment in capital assets	11,647,854	11,659,401	179,239	234,399	2,290,060	26,010,953
Unrestricted	6,146,027	2,925,334	566,799	258,908	516,327	10,413,395
Total Net Position	\$ 17,793,881	\$ 14,584,735	\$ 746,038	\$ 493,307	\$ 2,806,387	\$ 36,424,348

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, 2019

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Operating Revenues:						
Charges for services	\$ 7,841,576	\$ 10,194,730	\$ 2,311,684	\$ 2,415,876	\$ 662,516	\$ 23,426,382
Penalties and interest	90,166	55,278	-	18,910	-	164,354
Miscellaneous revenues	40,751	59,960	-	44,633	1,585	146,929
Total operating revenues	7,972,493	10,309,968	2,311,684	2,479,419	664,101	23,737,665
Operating Expenses:						
Wages, benefits, and related taxes	1,300,719	1,730,177	794,898	208,973	372,628	4,407,395
Employee insurance	296,185	384,497	122,863	53,860	23,080	880,485
Pension	119,208	161,443	40,420	16,864	1,708	339,643
Administrative expenses	63,191	84,709	44,075	21,367	10,704	224,046
Materials and supplies	283,421	135,804	96,904	12,534	23,254	551,917
Collection and disposal cost	-	-	-	2,175,667	-	2,175,667
Water purchase	4,606,050	-	-	-	-	4,606,050
Chemicals	-	495,232	123,595	-	14,643	633,470
Laboratory	-	121,129	-	-	-	121,129
Telephone and utilities	71,079	666,199	54,909	-	44,353	836,540
Repairs and maintenance	114,906	287,460	31,202	33,706	12,887	480,161
Minor equipment rental and purchase	10,627	38,498	-	-	12,881	62,006
Vehicle expense	28,075	18,461	17,253	-	-	63,789
Professional and other services	284,115	671,066	378,476	80,000	58,131	1,471,788
Concession and other products and services	-	-	237,958	-	67,657	305,615
Depreciation	562,832	1,260,632	307,301	48,969	174,093	2,353,827
Total operating expenses	7,740,408	6,055,307	2,249,854	2,651,940	816,019	19,513,528
Operating Income (Loss)	232,085	4,254,661	61,830	(172,521)	(151,918)	4,224,137
Non-Operating Revenues (Expenses):						
Investment income (loss)	81,858	142,992	17,852	8,914	13,343	264,959
Rental income	179,684	-	777,815	-	14,209	971,708
Grant revenue	-	-	-	198,761	-	198,761
Gain (loss) on disposal of capital assets	-	-	(2,664)	-	-	(2,664)
Note closing costs	-	(28,991)	-	-	-	(28,991)
Interest expense	-	(2,001,067)	(237,609)	-	-	(2,238,676)
Total non-operating revenues (expenses)	261,542	(1,887,066)	555,394	207,675	27,552	(834,903)
Income (loss) before transfers	493,627	2,367,595	617,224	35,154	(124,366)	3,389,234
Transfers in	-	-	295,000	-	72,319	367,319
Transfers out	(167,092)	(150,000)	-	-	-	(317,092)
Total transfers	(167,092)	(150,000)	295,000	-	72,319	50,227
Change in Net Position	326,535	2,217,595	912,224	35,154	(52,047)	3,439,461
Net Position:						
Beginning of year	17,467,346	12,367,140	(166,186)	458,153	2,858,434	32,984,887
End of year	\$ 17,793,881	\$ 14,584,735	\$ 746,038	\$ 493,307	\$ 2,806,387	\$ 36,424,348

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

TOWNSHIP OF CRANBERRY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2019

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Fund	Total
Cash Flows From Operating Activities:						
Receipts from customers	\$ 7,970,705	\$ 10,154,399	\$ 2,311,684	\$ 2,437,476	\$ 662,516	\$ 23,536,780
Payments to suppliers	(5,504,019)	(3,748,313)	(1,000,551)	(2,300,575)	(273,179)	(12,826,637)
Payments to employees	(1,591,507)	(2,111,707)	(919,988)	(261,907)	(394,693)	(5,279,802)
Other receipts (payments), net	47,821	59,960	-	44,633	1,585	153,999
Net cash provided by (used in) operating activities	923,000	4,354,339	391,145	(80,373)	(3,771)	5,584,340
Cash Flows From Non-Capital Financing Activities:						
Transfers from (to) other funds, net	(353,240)	(101,792)	277,242	49,740	19,106	(108,944)
Cash Flows From Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(169,808)	(4,631,767)	(591,363)	(76,011)	(72,319)	(5,541,268)
Proceeds from capital debt	-	777,872	-	-	-	777,872
Principal paid on capital debt	-	(2,935,500)	(320,000)	-	-	(3,255,500)
Interest paid on capital debt	-	(2,165,929)	(240,550)	-	-	(2,406,479)
Payment of bond issue costs	-	(28,991)	-	-	-	(28,991)
Grants	-	-	-	198,761	-	198,761
Transfers from (to) other funds, net	-	-	-	-	72,319	72,319
Net cash provided by (used in) capital and related financing activities	(169,808)	(8,984,315)	(1,151,913)	122,750	-	(10,183,286)
Cash Flows From Investing Activities:						
Interest income	81,858	-	17,852	8,914	13,343	121,967
Rental income	179,684	-	701,892	-	14,209	895,785
Net sales (purchases) of investments	(580,922)	4,731,768	(240,829)	(101,031)	(42,887)	3,766,099
Net cash provided by (used in) investing activities	(319,380)	4,731,768	478,915	(92,117)	(15,335)	4,783,851
Net Increase (Decrease) in Cash and Cash Equivalents	80,572	-	(4,611)	-	-	75,961
Cash and Cash Equivalents:						
Beginning of year	1,491,813	-	11,958	-	-	1,503,771
End of year	\$ 1,572,385	\$ -	\$ 7,347	\$ -	\$ -	\$ 1,579,732
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Operating income (loss)	\$ 232,085	\$ 4,254,661	\$ 61,830	\$ (172,521)	\$ (151,918)	\$ 4,224,137
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	562,832	1,260,632	307,301	48,969	174,093	2,353,827
Change in:						
Receivables	38,963	(95,609)	-	2,690	-	(53,956)
Accounts payable and accrued expenses	76,653	(1,068,312)	24,241	39,563	(26,961)	(954,816)
Security deposits	7,070	-	-	-	-	7,070
Compensated absences	5,397	2,967	(2,227)	926	1,015	8,078
Total adjustments	690,915	99,678	329,315	92,148	148,147	1,360,203
Net cash provided by (used in) operating activities	\$ 923,000	\$ 4,354,339	\$ 391,145	\$ (80,373)	\$ (3,771)	\$ 5,584,340
Supplementary Information:						
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, 2019

Assets	
Cash and cash equivalents	\$ 118,594
Investments:	
Mutual funds	<u>26,168,767</u>
Total Assets	<u>26,287,361</u>
Net Position Restricted For Pension Benefits	<u><u>\$ 26,287,361</u></u>

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

TOWNSHIP OF CRANBERRY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2019

Additions:

Employer contributions	\$ 1,027,931
Employee contributions	<u>145,124</u>
Total contributions	<u>1,173,055</u>
Investment gain (loss):	
Net appreciation (depreciation) in fair value of investments	3,928,212
Interest and dividends	<u>521,674</u>
Total investment gain (loss)	<u>4,449,886</u>
Total additions	<u>5,622,941</u>

Deductions:

Benefits	1,010,839
Administrative expense	<u>45,367</u>
Total deductions	<u>1,056,206</u>

Change in Plan Net Position	4,566,735
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Net Position:

Beginning of year	<u>21,720,626</u>
End of year	<u><u>\$ 26,287,361</u></u>

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, 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 balance, 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

The *Developers' Contributions Fund*, a Special Revenue Fund, accounts for developers' contributions and related expenses for specific transportation projects.

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 East Fund, Transportation Improvement Program West Fund, Developers' Deposits 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, Public Building Fund, and the 2017 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The Township reports the following major proprietary funds:

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

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

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

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

Fiduciary Funds

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

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

charges to customers for sales and services. The Township also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value. 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 acquisition 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The Township's threshold for capitalization of assets is as follows:

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

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

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

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

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

Compensated Absences

The Township accrues accumulated unpaid vacation when earned (or estimated to be earned) by the employee in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds type statement of net position. Bond premiums and discounts, as well as deferred refunding gains and losses, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

In the governmental fund financial statements, bond premium and discounts are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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

Fund Balance

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

- Nonspendable – This category represents funds that are not in spendable form.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via formal action by the Board and must be made prior to the end of the year. A commitment can only be modified or removed by the same formal action. There was no committed fund balance at December 31, 2019.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

- Assigned – This category represents intentions of the Board to use the funds for specific purposes. The Board has delegated the authority to assign amounts to be used for specific purposes to the Township Manager or his/her designee.
- Unassigned – This category includes the residual classification for the Township's General Fund and includes all spendable amounts not contained in other classifications.

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

Net Position

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

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

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Amount	Restriction
\$ 1,127,058	Fire protection
176,243	Library
1,094,394	Recreation
5,074,333	Transportation improvement
8,365,474	Infrastructure improvement
1,335,858	Highways and streets
31,775	Storm water maintenance
358,063	Public building improvements
<u>\$ 17,563,198</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.

Estimates

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

Adopted Pronouncements

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

GASB Statement No. 83, "*Certain Retirement Obligations*," addresses accounting and financial reporting for certain asset retirement obligations (AROs). The provisions of this statement have been adopted and incorporated into these financial statements.

GASB Statement No. 84, "*Fiduciary Activities*," improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this statements have been adopted and incorporated into these financial statements.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

GASB Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*," to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this statement have been adopted and incorporated into these financial statements.

GASB Statement No. 90, "*Majority Equity Interests*," improves the consistency and comparability of reporting a majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*," to provide temporary relief to governments in the light of the COVID-19 pandemic.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 87 (Leases), 89 (Accounting for Interest Cost Incurred before the End of a Construction Period), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 93 (Replacement of Interbank Offered Rates), and 94 (Public-Private and Public-Public Partnerships and Availability Payment Arrangements). Management has not yet determined the impact of these statements on the financial statements.

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:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

- 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 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, 2019, the Board enacted one supplemental appropriation resolution.

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 2019 was 13.25 mills applied to an assessed valuation of \$419,883,399. 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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 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 2019, real estate taxes abated were approximately \$177,000.

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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, 2019, \$2,703,000 of the Township’s \$7,727,192 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). These deposits have carrying amounts of \$6,538,280 of December 31, 2019. Included within these amounts are \$3,177,000 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.

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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.

Deposits in PLGIT as of December 31, 2019 are as follows:

Investments:	
PLGIT/ARM	\$ 718,215
PLGIT - CLASS	4,967,005
PLGIT/PLUS - CLASS	99
PLGIT PRIME	24,348,758
PLGIT TERM	9,300,000
Total Investments	39,334,077
Cash and Cash Equivalents:	
PLGIT CD Program	3,177,000
Total PLGIT	<u>\$ 42,511,077</u>

As of December 31, 2019, the entire fair value of the investments in PLGIT of \$39,334,077 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 \$39,334,077 as of December 31, 2019.

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, 2019, 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

Pension Trust Funds

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

As of December 31, 2019, 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	\$ 118,594
Mutual Funds:	
Fixed Income	8,505,766
Large Cap Equity	14,118,554
Mid Cap Equity	3,544,447
Total Mutual Funds	26,168,767
Total cash, cash equivalents, and investments reported on statement of fiduciary net position	\$ 26,287,361

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

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

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

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

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

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, 2019, the carrying amount of the Library's cash and deposits was \$425,357 and the related bank balance totaled \$463,366. As of December 31, 2019, \$250,000 of the Library's bank balance was insured by the FDIC. The remaining balance was exposed to credit risk.

Custodial Credit Risk – Investments. The Library's investments in equities and mutual funds of \$134,710 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).

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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 no contributions and an investment gain of \$17,757 for the year ended December 31, 2019. At December 31, 2019, the fair value of the underlying investments was \$551,763. The investments are valued using significant unobservable inputs (Level 3 inputs).

	<u>2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 123,590	\$ 123,590	\$ -	\$ -
Investment held by others	551,763	-	-	551,763
Total investments by fair value level	<u>675,353</u>	<u>\$ 123,590</u>	<u>\$ -</u>	<u>\$ 551,763</u>
Cash and cash equivalents	11,120			
Investment in life insurance policy	<u>46,460</u>			
Total investments	<u>\$ 732,933</u>			

Life Insurance Policy. In June 2012, the Library received a contribution of a permanent life insurance policy from a resident of the Township, in the face amount of \$400,000. The Library holds title to the policy (as it can have only one policy holder); however, it is the donor's intentions that the Library and the CTCC are each one-half beneficiary to the insurance proceeds. A formal agreement was signed by both parties during 2016.

As of December 31, 2019, the policy had a cash surrender value (calculated as premiums paid, plus interest earned at 3.0% per year, less withdrawals and surrender charge) of \$46,460 and, as such, an asset of \$46,460 and a liability for the portion due to CTCC of \$23,230 have been recorded.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

5. Capital Assets

A summary of capital asset activity during 2019 was as follows:

	Balance at January 1, 2019	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2019
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 14,630,750	\$ -	\$ -	\$ 14,630,750
Construction in progress	1,246,224	622,531	(1,246,224)	622,531
Total non-depreciable capital assets	15,876,974	622,531	(1,246,224)	15,253,281
Depreciable capital assets:				
Buildings	24,889,383	2,402,714	-	27,292,097
Site improvements	6,077,428	557,063	-	6,634,491
Machinery, equipment, and vehicles	14,469,070	1,868,894	(1,898,812)	14,439,152
Infrastructure	47,317,495	3,039,421	-	50,356,916
Total depreciable capital assets	92,753,376	7,868,092	(1,898,812)	98,722,656
Less accumulated depreciation for:				
Buildings	(11,886,731)	(846,407)	-	(12,733,138)
Site improvements	(3,980,038)	(286,220)	-	(4,266,258)
Machinery, equipment, and vehicles	(9,738,232)	(880,069)	1,025,322	(9,592,979)
Infrastructure	(28,127,133)	(1,890,747)	-	(30,017,880)
Total accumulated depreciation	(53,732,134)	(3,903,443)	1,025,322	(56,610,255)
Total depreciable capital assets, net	39,021,242	\$ 3,964,649	\$ (873,490)	42,112,401
Governmental activities, capital assets, net	\$ 54,898,216			\$ 57,365,682

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

	Balance at January 1, 2019	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2019
Business-type Activities:				
Non-depreciable capital assets:				
Land	\$ 3,366,304	\$ -	\$ -	\$ 3,366,304
Construction in progress	47,711,441	4,842,870	-	52,554,311
Total non-depreciable capital assets	51,077,745	4,842,870	-	55,920,615
Depreciable capital assets:				
Buildings	23,192,531	72,320	-	23,264,851
Site improvements	4,334,735	-	-	4,334,735
Machinery, equipment, and vehicles	19,702,014	893,054	(26,627)	20,568,441
Carts - in-service	999,382	76,011	-	1,075,393
Carts - not in-service	74,853	-	-	74,853
Infrastructure	39,479,090	55,440	-	39,534,530
Total depreciable capital assets	87,782,605	1,096,825	(26,627)	88,852,803
Less accumulated depreciation for:				
Buildings	(12,322,862)	(629,587)	-	(12,952,449)
Site improvements	(4,157,332)	(31,433)	-	(4,188,765)
Machinery, equipment, and vehicles	(18,132,096)	(345,967)	23,963	(18,454,100)
Carts - in-service	(915,960)	(85,645)	-	(1,001,605)
Infrastructure	(17,131,713)	(1,261,195)	-	(18,392,908)
Total accumulated depreciation	(52,659,963)	(2,353,827)	23,963	(54,989,827)
Total depreciable capital assets, net	35,122,642	\$ (1,257,002)	\$ (2,664)	33,862,976
Business-type activities, capital assets, net	\$ 86,200,387			\$ 89,783,591

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

Governmental activities:	
General government	\$ 1,141,615
Public safety	297,036
Culture and recreation	313,884
Highways, roads, and streets	<u>2,150,908</u>
Total depreciation expense - governmental activities	<u>\$ 3,903,443</u>
Business-type activities:	
Water	\$ 562,832
Sewer	1,260,632
Golf course	307,301
Solid waste	48,969
Other enterprise fund	<u>174,093</u>
Total depreciation expense - business-type activities	<u>\$ 2,353,827</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 acquisition value on the government-wide financial statements and on the proprietary fund's financial statements, as applicable. During the year ended December 31, 2019, approximately \$3,039,000 of infrastructure assets were contributed by developers.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

6. Interfund Receivables, Payables, and Transfers

Interfund receivables, payables, and transfers as of and for the year ended December 31, 2019 are summarized below:

Fund	Interfund Receivable	Interfund Payable
Major Governmental Funds:		
General Fund	\$ 97,126	\$ 661,681
Capital Improvement Fund	805	-
Developers' Contributions Fund	275	-
Major Enterprise Funds:		
Water Fund	235,722	2,075,650
Sewer Fund	2,424,429	43,370
Golf Course Fund	-	5,655
Solid Waste Fund	57,671	10,050
Other Enterprise Fund	-	190
Other Governmental Funds	37,373	56,805
Total	<u>\$ 2,853,401</u>	<u>\$ 2,853,401</u>
Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 317,092	\$ 4,980,000
Capital Improvement Fund	4,900,000	72,319
Major Enterprise Funds:		
Water Fund	-	167,092
Sewer Fund	-	150,000
Golf Course Fund	295,000	-
Other Governmental Funds	-	215,000
Other Enterprise Funds	72,319	-
Total	<u>\$ 5,584,411</u>	<u>\$ 5,584,411</u>

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The amounts due from the Water Fund to the Sewer fund represent ongoing activity between these funds.

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

7. Long-Term Liabilities

General Obligation Bonds

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

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
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%
2017A	7,930,000	2037	2.00-3.00%
2017B	2,020,000	2031	2.00-2.625%

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 were 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, 2019

In 2017, the Township issued \$7,930,000 of General Obligation Bonds (2017 A Bonds). The proceeds of the 2017 bonds were used to fund capital additions and improvements to the Brush Creek Wastewater Pollution Control Facility.

In 2017, the Township issued \$2,020,000 of General Obligation Bonds (2017 B Bonds). The proceeds of the 2017 bonds were used to fund various capital projects including but not limited to alterations of the Township fire stations, golf clubhouse, park improvements, and capital equipment purchases.

In the event of failure to pay principal and interest when due to the General Obligation Bonds noted above that exceeds thirty days, any bondholder may bring suit for the amount due.

Direct Borrowing - Promissory Note

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

<u>Purpose</u>	<u>Year of Issue</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Fire truck	2015	\$ 500,000	2025	3.00%

Upon the occurrence of any event of default of the promissory note, the entire unpaid principal sum plus all interest accrued will become due and payable immediately.

Direct Borrowing – General Obligation Note

In 2019, the Township obtained a General Obligation Note through the Butler County Infrastructure Bank for \$7,477,872 to be used for qualified municipal infrastructure projects. This note bears interest at a rate of 3.46%, with annual principal payments and semiannual interest payments payable through December 2028. The Township's interest payments and future interest obligations will be shown net of 1.5% that the Butler County Infrastructure Bank is subsidizing. The Note is secured by the full faith, credit, and taxing power of the Township. Upon the occurrence of any event of default, the outstanding principal balance and accrued interest under the Note together, with any additional amounts payable, shall be immediately due and payable without demand or notice of any kind.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

A detail of long-term liability activity for governmental activities for the year ended December 31, 2019 is as follows:

	Balance at January 1, 2019	Additions	Amortization and Retirements	Balance at December 31, 2019	Due Within One Year
General obligation bonds:					
Series of 2010	\$ 1,310,000	\$ -	\$ (425,000)	\$ 885,000	\$ 435,000
Series of 2011, net of unamortized premium	4,916,000 309,487	- -	(209,500) (25,369)	4,706,500 284,118	214,500 -
Series of 2012, net of unamortized premium	8,635,000 412,189	- -	(1,240,000) (68,698)	7,395,000 343,491	1,275,000 -
Series B of 2017	1,890,000	-	(130,000)	1,760,000	130,000
	<u>17,472,676</u>	<u>-</u>	<u>(2,098,567)</u>	<u>15,374,109</u>	<u>2,054,500</u>
Direct Borrowings:					
Promissory note payable - 2015	333,800	-	(48,587)	285,213	50,065
General obligation note - 2019	-	6,700,000	-	6,700,000	365,568
Compensated absences	308,113	34,493	-	342,606	-
	<u>\$ 18,114,589</u>	<u>\$ 6,734,493</u>	<u>\$ (2,147,154)</u>	<u>\$ 22,701,928</u>	<u>\$ 2,470,133</u>

A detail of long-term liability activity for business-type activities for the year ended December 31, 2019 is as follows:

	Balance at January 1, 2019	Additions	Amortization and Retirements	Balance at December 31, 2019	Due Within One Year
General obligation bonds:					
Series of 2011, net of unamortized premium	\$ 20,399,000 1,486,747	\$ - -	\$ (1,755,500) (139,731)	\$ 18,643,500 1,347,016	\$ 1,830,500 -
Series of 2015, net of unamortized premium	28,845,000 2,734,898	- -	(1,175,000) (165,751)	27,670,000 2,569,147	1,220,000 -
Series A of 2017	7,595,000	-	(325,000)	7,270,000	330,000
	<u>61,060,645</u>	<u>-</u>	<u>(3,560,982)</u>	<u>57,499,663</u>	<u>3,380,500</u>
Direct Borrowings:					
General obligation note - 2019	-	777,872	-	777,872	42,432
Compensated absences	101,365	8,078	-	109,443	-
	<u>\$ 61,162,010</u>	<u>\$ 785,950</u>	<u>\$ (3,560,982)</u>	<u>\$ 58,386,978</u>	<u>\$ 3,422,932</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Future Maturities

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

	Governmental and Business-type Activities		
	Principal	Interest	Total
2020	\$ 5,435,000	\$ 2,721,710	\$ 8,156,710
2021	5,655,000	2,504,650	8,159,650
2022	5,870,000	2,279,685	8,149,685
2023	6,115,000	2,042,435	8,157,435
2024	5,480,000	1,767,436	7,247,436
2025-2029	21,500,000	5,692,768	27,192,768
2030-2034	14,515,000	2,316,766	16,831,766
2035-2037	3,760,000	203,350	3,963,350
	<u>\$ 68,330,000</u>	<u>\$ 19,528,800</u>	<u>\$ 87,858,800</u>

The future scheduled payments required to amortize direct borrowings (promissory note and general obligation note) outstanding as of December 31, 2019 are as follows:

	Governmental and Business-type Activities		
	Principal	Interest	Total
2020	\$ 458,065	\$ 147,872	\$ 605,937
2021	876,587	144,919	1,021,506
2022	893,157	127,180	1,020,337
2023	912,773	109,099	1,021,872
2024	930,439	90,615	1,021,054
2025-2029	3,692,064	181,880	3,873,944
	<u>\$ 7,763,085</u>	<u>\$ 801,565</u>	<u>\$ 8,564,650</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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

reported sales price. The Plan did not have any investment transactions with related parties during the year.

Plan Description

The Police Pension Plan (Plan) is a single-employer defined benefit plan established under the provisions of the Act. The Plan is governed by the Township's Board of Supervisors, which has delegated the authority to manage certain Plan assets to the Township Manager. Plan provisions and contribution requirements are established and may be amended by the Township.

At December 31, 2019, 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	31
Total plan members	<u>50</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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

DROP Benefit – Beginning January 1, 2014, employees may receive the *Retirement Benefit* as of DROP participation. The DROP Plan provides an alternative method of payment for retirement benefits for a specified and limited period of time for members of the Plan. Under this Plan, employees stop earning service credit toward a future benefit and the calculated retirement benefit at the time the DROP Plan period begins, is deposited into another investment vehicle that offers both substantial security and some level of guaranteed interest.

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, 2019 participating employees were required to contribute 5% of their compensation. During the year, the Township made their required contribution of \$618,008 based upon the MMO.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Changes in the Net Pension Liability

The changes in the net pension liability of the Township for the year ended December 31, 2019 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2018	\$ 16,394,653	\$ 13,870,387	\$ 2,524,266
Changes for the year:			
Service cost	580,125	-	580,125
Interest	1,205,897	-	1,205,897
Differences between expected and actual	(97,067)	-	(97,067)
Change in assumptions	-	-	-
Contributions - employer	-	618,008	(618,008)
Contributions - employee	-	145,124	(145,124)
Net investment income	-	2,797,200	(2,797,200)
Benefit payments, including refunds	(631,128)	(631,128)	-
Administrative expense	-	(45,367)	45,367
Net changes	1,057,827	2,883,837	(1,826,010)
Balances at December 31, 2019	<u>\$ 17,452,480</u>	<u>\$ 16,754,224</u>	<u>\$ 698,256</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>96.00%</u>

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed on January 1, 2019, and rolled forward to December 31, 2019, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	5.50%
Underlying inflation rate	2.75%
Cost-of-living adjustments	100% change in CPI-W
RP-2014 Mortality Table with 50% of the Blue Collar Adjustment, rates set forward 5 years for disabled lives.	

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

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

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

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2019:

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

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2019, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 20.38%.

Discount Rate - The discount rate used to measure the total pension liability for the Plan was 7.25%. 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 3,148,918	\$ 698,256	\$ (1,328,089)

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions

For the year ended December 31, 2019, the Township recognized pension expense of approximately \$732,000. At December 31, 2019, the Township reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,128	\$ 363,963
Changes in assumptions	420,196	-
Net difference between projected and actual earnings on pension plan investments	1,135,901	1,815,291
	<u>\$ 1,603,225</u>	<u>\$ 2,179,254</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

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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>	
2020	\$ (149,681)
2021	(127,896)
2022	48,938
2023	(332,179)
2024	17,854
Thereafter	<u>(33,065)</u>
	<u>\$ (576,029)</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 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

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annual compensation into an account maintained for the participant. The Township contributes seven percent (7%) to accounts of participants who are union members. The Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used to reduce or eliminate the required municipal contribution.

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

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

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

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

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

Contributions - Contributions in the amount of \$409,923 were made by the Township to the Plan during year ended December 31, 2019.

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).

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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. During 2019 employees contributed approximately \$677,000 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 other non-uniformed full-time employees greater opportunity to maximize their deferred compensation contribution to the deferred compensation plan. The Township contributes 5% of the employees' salary. During 2019, the Township contributed approximately \$439,000 to the 401(a) 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 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 Township capacity was \$7,200,642 at December 31, 2019. As the project was not completed as of December 31, 2019, no amortization was taken during 2019.

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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. 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 as of December 31, 2019. The total amount of commitments on these contracts is approximately \$12.2 million.

13. Lease 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 2019, the total revenue under these lease agreements was approximately \$180,000. 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.

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 is being amortized and recognized as revenue over the five-year lease period. The amount recognized as revenue during 2019 was \$187,005. Additionally, the Township received royalties of \$590,810 during 2019.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

14. Significant Component Unit Transactions

During 2019, the Township provided approximately \$724,000 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 2019, the Township provided approximately \$233,000 of foreign fire insurance tax distributions to the Association. The Township receives the foreign fire insurance tax distributions directly from the Commonwealth of Pennsylvania under Act 205.

16. Subsequent Event

In early 2020, an outbreak of a novel strain of coronavirus was identified, and infections have been found in a number of countries around the world, including the United States. The coronavirus and its associated impacts on supply chains, travel, employee productivity, and other economic activities have had, and may continue to have, a material effect on financial markets and economic activity. The extent of the impact of the coronavirus on the Township's operational and financial performance is currently uncertain and cannot be predicted.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF CRANBERRY

BUDGETARY COMPARISON SCHEDULE GENERAL FUND, CAPITAL IMPROVEMENT FUND, AND DEVELOPERS' CONTRIBUTIONS FUND

YEAR ENDED DECEMBER 31, 2019

	General Fund				Capital Improvement Fund				Developers Contributions 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		
Revenues:												
Taxes:												
Property	\$ 3,316,772	\$ 3,316,772	\$ 3,370,602	\$ 53,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earned income	7,125,000	7,125,000	8,361,975	1,236,975	-	-	-	-	-	-	-	-
Business privilege	2,540,000	2,540,000	2,786,043	246,043	-	-	-	-	-	-	-	-
Local service	1,240,000	1,240,000	1,294,647	54,647	-	-	-	-	-	-	-	-
Real estate transfer	1,325,000	1,325,000	2,081,872	756,872	-	-	-	-	-	-	-	-
Licenses, permits, and fees	1,753,650	1,753,650	1,970,913	217,263	-	-	-	-	-	-	-	-
Fines and forfeitures	106,500	106,500	112,286	5,786	-	-	-	-	-	-	-	-
Interest, rents, and royalties	423,728	423,728	349,357	(74,371)	25,000	25,000	127,315	102,315	15,000	15,000	69,765	54,765
Intergovernmental	1,169,500	1,169,500	1,450,491	280,991	-	-	411,021	411,021	-	-	-	-
Contributions and donations	5,000	5,000	1,161	(3,839)	-	-	303,441	303,441	4,011,700	4,011,700	129,685	(3,882,015)
Charges for services	1,267,600	1,267,600	1,352,408	84,808	-	-	-	-	-	-	-	-
Miscellaneous	35,200	35,200	256,569	221,369	-	-	7,500	7,500	-	-	-	-
Total revenues	20,307,950	20,307,950	23,388,324	3,080,374	25,000	25,000	849,277	824,277	4,026,700	4,026,700	199,450	(3,827,250)
Expenditures:												
Current:												
General government	3,869,802	3,869,802	3,945,922	(76,120)	-	-	-	-	-	-	-	-
Public safety	6,551,975	6,551,975	6,470,776	81,199	-	-	-	-	-	-	-	-
Highways, roads, and streets	4,506,408	4,506,408	4,171,144	335,264	-	-	-	-	-	-	-	-
Culture and recreation	2,575,680	2,575,680	2,671,757	(96,077)	-	-	-	-	-	-	-	-
Community development	1,333,821	1,333,821	1,243,346	90,475	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	1,678,764	1,678,764	1,665,850	12,914	-	-	-	-	-	-	-	-
Capital outlay	34,500	34,500	15,650	18,850	2,809,000	2,809,000	3,963,415	(1,154,415)	4,675,000	4,675,000	20,307	(4,654,693)
Total expenditures	20,550,950	20,550,950	20,184,445	366,505	2,809,000	2,809,000	3,963,415	(1,154,415)	4,675,000	4,675,000	20,307	(4,654,693)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(243,000)	(243,000)	3,203,879	3,446,879	(2,784,000)	(2,784,000)	(3,114,138)	1,978,692	(648,300)	(648,300)	179,143	827,443
Other Financing Sources (Uses):												
Proceeds from note payable	-	-	-	-	-	-	-	-	-	-	6,700,000	6,700,000
Proceeds from sale of capital assets	-	-	27,795	27,795	-	-	-	-	-	-	-	-
Transfers in	250,000	250,000	317,092	67,092	2,900,000	2,900,000	4,900,000	2,000,000	-	-	-	-
Transfers out	(2,900,000)	(4,900,000)	(4,980,000)	(80,000)	-	-	(72,319)	(72,319)	-	-	-	-
Total other financing sources (uses)	(2,650,000)	(4,650,000)	(4,635,113)	14,887	2,900,000	2,900,000	4,827,681	1,927,681	-	-	6,700,000	6,700,000
Net Change in Fund Balance	\$ (2,893,000)	\$ (4,893,000)	(1,431,234)	\$ 3,461,766	\$ 116,000	\$ 116,000	1,713,543	\$ 3,906,373	\$ (648,300)	\$ (648,300)	6,879,143	\$ 7,527,443
Fund Balance:												
Beginning of year			10,679,060				6,226,052				1,486,331	
End of year			<u>\$ 9,247,826</u>				<u>\$ 7,939,595</u>				<u>\$ 8,365,474</u>	

TOWNSHIP OF CRANBERRY

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

POLICE PENSION PLAN

YEARS ENDED DECEMBER 31

	2019	2018	2017	2016	2015	2014
Total Pension Liability:						
Service cost	\$ 580,125	\$ 478,974	\$ 454,004	\$ 418,491	\$ 396,674	\$ 391,984
Interest	1,205,897	1,133,640	1,068,437	1,032,166	943,437	880,931
Differences between expected and actual experience	(97,067)	-	(444,099)	-	109,143	-
Changes of assumptions	-	-	672,316	-	-	-
Benefit payments, including refunds of member contributions	(631,128)	(611,119)	(626,877)	(538,906)	(454,197)	(416,741)
Net Changes in Total Pension Liability	1,057,827	1,001,495	1,123,781	911,751	995,057	856,174
Total Pension Liability - Beginning	16,394,653	15,393,158	14,269,377	13,357,626	12,362,569	11,506,395
Total Pension Liability - Ending (a)	\$ 17,452,480	\$ 16,394,653	\$ 15,393,158	\$ 14,269,377	\$ 13,357,626	\$ 12,362,569
Plan Fiduciary Net Position:						
Contributions - employer	\$ 618,008	\$ 569,355	\$ 505,263	\$ 505,824	\$ 533,510	\$ 519,984
Contributions - employee	145,124	136,376	126,082	114,994	116,006	118,194
Net investment income	2,797,200	(838,964)	1,808,714	1,006,728	(84,237)	684,473
Benefit payments, including refunds of member contributions	(631,128)	(611,119)	(626,877)	(538,906)	(454,197)	(416,741)
Administrative expense	(45,367)	(44,719)	(42,595)	(39,915)	(39,673)	(38,553)
Net Change in Plan Fiduciary Net Position	2,883,837	(789,071)	1,770,587	1,048,725	71,409	867,357
Plan Fiduciary Net Position - Beginning	13,870,387	14,659,458	12,888,871	11,840,146	11,768,737	10,901,380
Plan Fiduciary Net Position - Ending (b)	\$ 16,754,224	\$ 13,870,387	\$ 14,659,458	\$ 12,888,871	\$ 11,840,146	\$ 11,768,737
Net Pension Liability - Ending (a-b)	\$ 698,256	\$ 2,524,266	\$ 733,700	\$ 1,380,506	\$ 1,517,480	\$ 593,832
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.00%	84.60%	95.23%	90.33%	88.64%	95.20%
Covered Employee Payroll	\$ 3,296,938	\$ 3,158,802	\$ 2,758,713	\$ 2,455,939	\$ 2,615,697	\$ 2,686,125
Net Pension Liability as a Percentage of Covered Payroll	21.18%	79.91%	26.60%	56.21%	58.01%	22.11%

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

TOWNSHIP OF CRANBERRY

SCHEDULES OF CONTRIBUTIONS AND INVESTMENT RETURNS

POLICE PENSION PLAN

YEARS ENDED DECEMBER 31

	2019	2018	2017	2016	2015	2014
Schedule of Contributions						
Actuarially determined contribution	\$ 618,008	\$ 569,355	\$ 485,049	\$ 505,824	\$ 524,928	\$ 519,984
Contributions in relation to the actuarially determined contribution	618,008	569,355	505,263	505,824	524,928	519,984
Contribution deficiency (excess)	\$ -	\$ -	\$ (20,214)	\$ -	\$ -	\$ -
Covered payroll	\$ 3,296,938	\$ 3,158,802	\$ 2,758,713	\$ 2,455,939	\$ 2,615,697	\$ 2,686,125
Contributions as a percentage of covered payroll	18.74%	18.02%	18.32%	20.60%	20.07%	19.36%
Investment Returns						
Annual money-weighted rate of return, net of investment expense	20.38%	-5.78%	14.20%	8.41%	-0.69%	6.32%

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

TOWNSHIP OF CRANBERRY

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – POLICE PENSION PLAN

YEAR ENDED DECEMBER 31, 2019

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

Actuarial valuation date	1/1/2017
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	7.25%
Projected salary increases	5.50%
Underlying inflation rate	2.75%
Cost-of-living adjustments	100% change in CPI-W
Mortality Table	RP-2014 Mortality Table with 50% of the Blue Collar Adjustment with rates set forward 5 years for disabled members. Mortality Improvement rates derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

Change in Actuarial Assumptions

12/31/19 – No significant changes were made to the actuarial assumptions since the previous actuarial valuation.

12/31/18 – The discount rate was decreased from 7.50% to 7.25%.

TOWNSHIP OF CRANBERRY

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – POLICE PENSION PLAN

YEAR ENDED DECEMBER 31, 2019

12/31/17 – No significant changes were made to the actuarial assumptions since the previous actuarial valuation.

12/31/16 - 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.

12/31/15 - No significant changes were made to the actuarial assumptions since the previous actuarial valuation.

12/31/14 - Adjustments to assumed life expectancies as a result of adopting the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment for purposes of developing mortality rates. In prior years, those assumptions were based on the 1994 Uninsured Pensioner Group Mortality Table.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF CRANBERRY

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2019

	Special Revenue Funds							
	Fire Protection Fund	Library Fund	Recreational Facilities Fund	Transportation Improvement Program East Fund	Transportation Improvement Program West Fund	Developers' Deposits Fund	Highway Aid Fund	Storm Water Maintenance Fund
Assets								
Cash and cash equivalents	\$ 5,099	\$ 32,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,340
Investments	911,104	177,385	1,093,344	4,364,702	709,138	1,044,859	284,143	25,435
Due from other funds	21,968	3,383	1,050	1,499	-	-	-	-
Total Assets	\$ 938,171	\$ 213,528	\$ 1,094,394	4,366,201	\$ 709,138	\$ 1,044,859	\$ 284,143	\$ 31,775
Liabilities and Fund Balance								
Liabilities:								
Accounts payable and accrued expenses	\$ 24,543	\$ 27,335	\$ -	\$ 13,463	\$ 9,201	\$ -	\$ -	\$ -
Developer deposit liability	-	-	-	-	-	1,044,859	-	-
Due to other funds	2,436	9,950	-	-	-	-	-	-
Total Liabilities	26,979	37,285	-	13,463	9,201	1,044,859	-	-
Fund Balance:								
Restricted	911,192	176,243	1,094,394	4,352,738	699,937	-	284,143	31,775
Total Liabilities and Fund Balance	\$ 938,171	\$ 213,528	\$ 1,094,394	\$ 4,366,201	\$ 709,138	\$ 1,044,859	\$ 284,143	\$ 31,775

(Continued)

TOWNSHIP OF CRANBERRY

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2019
(Continued)

Capital Projects Funds

	Total Special Revenue Funds	Fire Capital Fund	Township Transportation Improvement Program Fund	Road Equipment Fund	Public Building Fund	2017 Bond Fund	Total Capital Projects Funds	Total Other Governmental Funds
Assets								
Cash and cash equivalents	\$ 44,199	\$ 2,575	\$ -	\$ 2,245	\$ 2,641	\$ -	\$ 7,461	\$ 51,660
Investments	8,610,110	258,820	21,658	1,046,594	352,039	-	1,679,111	10,289,221
Due from other funds	27,900	3,214	-	2,876	3,383	-	9,473	37,373
Total Assets	\$ 8,682,209	\$ 264,609	\$ 21,658	\$ 1,051,715	\$ 358,063	\$ -	\$ 1,696,045	\$ 10,378,254
Liabilities and Fund Balance								
Liabilities:								
Accounts payable and accrued expenses	\$ 74,542	\$ 4,324	\$ -	\$ -	\$ -	\$ -	\$ 4,324	\$ 78,866
Developer deposit liability	1,044,859	-	-	-	-	-	-	1,044,859
Due to other funds	12,386	44,419	-	-	-	-	44,419	56,805
Total Liabilities	1,131,787	48,743	-	-	-	-	48,743	1,180,530
Fund Balance:								
Restricted	7,550,422	215,866	21,658	1,051,715	358,063	-	1,647,302	9,197,724
Total Liabilities and Fund Balance	\$ 8,682,209	\$ 264,609	\$ 21,658	\$ 1,051,715	\$ 358,063	\$ -	\$ 1,696,045	\$ 10,378,254

(Concluded)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds							
	Fire Protection Fund	Library Fund	Recreational Facilities Fund	Transportation Improvement Program East Fund	Transportation Improvement Program West Fund	Developers' Deposits Fund	Highway Aid Fund	Storm Water Maintenance Fund
Revenues:								
Taxes	\$ 580,036	\$ 415,741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, rents, and royalties	24,482	9,574	28,407	128,152	16,544	-	23,566	514
Intergovernmental	-	-	-	-	-	-	985,355	-
Contributions and donations	-	-	286,632	168,801	275,698	-	-	300
Miscellaneous	130	-	-	-	-	-	-	-
Total revenues	604,648	425,315	315,039	296,953	292,242	-	1,008,921	814
Expenditures:								
Public safety	452,384	-	-	-	-	-	-	-
Highways, roads, and streets	-	-	-	99,521	94,753	-	909,529	-
Culture and recreation	-	404,989	-	-	-	-	-	-
Debt service:				-				
Principal retirement	-	-	270,000	-	-	-	-	-
Interest charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	272,977	8,916	-	-	-
Total expenditures	452,384	404,989	270,000	372,498	103,669	-	909,529	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	152,264	20,326	45,039	(75,545)	188,573	-	99,392	814
Other Financing Sources (Uses):								
Proceeds from note payable	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(100,000)	-	-	-	-	-
Total other financing sources (uses)	-	-	(100,000)	-	-	-	-	-
Net Change in Fund Balance	152,264	20,326	(54,961)	(75,545)	188,573	-	99,392	814
Fund Balance:								
Beginning of year	758,928	155,917	1,149,355	4,428,283	511,364	-	184,751	30,961
End of year	\$ 911,192	\$ 176,243	\$ 1,094,394	\$ 4,352,738	\$ 699,937	\$ -	\$ 284,143	\$ 31,775

(Continued)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2019

(Continued)

	Capital Projects Funds							
	Total Special Revenue Funds	Fire Capital Fund	Township Transportation Improvement Program Fund	Road Equipment Fund	Public Building Fund	2017 Bond Fund	Total Capital Projects Funds	Total Other Governmental Funds
Revenues:								
Taxes	\$ 995,777	\$ 405,272	\$ -	\$ 353,383	\$ 415,741	\$ -	\$ 1,174,396	\$ 2,170,173
Interest, rents, and royalties	231,239	20,341	438	25,479	12,324	3,180	61,762	293,001
Intergovernmental	985,355	-	-	-	-	-	-	985,355
Contributions and donations	731,431	-	-	-	-	-	-	731,431
Miscellaneous	130	-	-	-	-	-	-	130
Total revenues	<u>2,943,932</u>	<u>425,613</u>	<u>438</u>	<u>378,862</u>	<u>428,065</u>	<u>3,180</u>	<u>1,236,158</u>	<u>4,180,090</u>
Expenditures:								
Public safety	452,384	-	-	-	-	-	-	452,384
Highways, roads, and streets	1,103,803	-	-	-	-	-	-	1,103,803
Culture and recreation	404,989	-	-	-	-	-	-	404,989
Debt service:								
Principal retirement	270,000	370,150	-	-	245,000	-	615,150	885,150
Interest charges	-	9,350	-	-	-	-	9,350	9,350
Capital outlay	281,893	360,517	-	231,378	-	789,691	1,381,586	1,663,479
Total expenditures	<u>2,513,069</u>	<u>740,017</u>	<u>-</u>	<u>231,378</u>	<u>245,000</u>	<u>789,691</u>	<u>2,006,086</u>	<u>4,519,155</u>
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	<u>430,863</u>	<u>(314,404)</u>	<u>438</u>	<u>147,484</u>	<u>183,065</u>	<u>(786,511)</u>	<u>(769,928)</u>	<u>(339,065)</u>
Other Financing Sources (Uses):								
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115,000)</u>	<u>-</u>	<u>(115,000)</u>	<u>(215,000)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115,000)</u>	<u>-</u>	<u>(115,000)</u>	<u>(215,000)</u>
Net Change in Fund Balance	<u>330,863</u>	<u>(314,404)</u>	<u>438</u>	<u>147,484</u>	<u>68,065</u>	<u>(786,511)</u>	<u>(884,928)</u>	<u>(554,065)</u>
Fund Balance:								
Beginning of year	<u>7,219,559</u>	<u>530,270</u>	<u>21,220</u>	<u>904,231</u>	<u>289,998</u>	<u>786,511</u>	<u>2,532,230</u>	<u>9,751,789</u>
End of year	<u>\$ 7,550,422</u>	<u>\$ 215,866</u>	<u>\$ 21,658</u>	<u>\$ 1,051,715</u>	<u>\$ 358,063</u>	<u>\$ -</u>	<u>\$ 1,647,302</u>	<u>\$ 9,197,724</u>

(Concluded)

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2019

Assets	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Cash and cash equivalents	\$ 115,420	\$ 3,174	\$ 118,594
Investments:			
Mutual funds	16,638,804	9,529,963	26,168,767
Total Assets	16,754,224	9,533,137	26,287,361
Net Position Restricted For Pension Benefits	\$ 16,754,224	\$ 9,533,137	\$ 26,287,361

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2019

	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Additions:			
Employer contributions	\$ 618,008	\$ 409,923	\$ 1,027,931
Employee contributions	145,124	-	145,124
Total contributions	763,132	409,923	1,173,055
Investment gain (loss):			
Net appreciation (depreciation) in fair value of investments	2,464,304	1,463,908	3,928,212
Interest and dividends	332,896	188,778	521,674
Total investment gain (loss)	2,797,200	1,652,686	4,449,886
Total additions	3,560,332	2,062,609	5,622,941
Deductions:			
Benefits	631,128	379,711	1,010,839
Administrative expense	45,367	-	45,367
Total deductions	676,495	379,711	1,056,206
Change in Plan Net Position	2,883,837	1,682,898	4,566,735
Net Position:			
Beginning of year	13,870,387	7,850,239	21,720,626
End of year	\$ 16,754,224	\$ 9,533,137	\$ 26,287,361