

Township of Cranberry

Single Audit

Year Ended December 31, 2020

MaherDuessel

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TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2020

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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, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2020, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part

200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
June 23, 2021

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, 2020.

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 \$120,518,703.
- The Township's net position increased by \$13,434,093.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$40,761,365.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,080,025.

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 fifteen 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 twelve 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, swimming pool, and General Authority 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 and General Authority Funds are considered other enterprise funds.

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 \$120,518,703 at the close of the most recent fiscal year. Of this amount, \$69,414,143 (or 57.6%) 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$45,640,052	\$39,173,116	\$17,166,635	\$13,466,223	\$62,806,687	\$101,979,803
Capital assets	62,986,098	57,365,682	87,130,722	89,783,591	150,116,820	147,149,273
Total assets	108,626,150	96,538,798	104,297,357	103,249,814	212,923,507	249,129,076
Deferred Outflows of Resources	370,881	1,892,751	65,081	987,326	435,962	2,880,077
Current and other liabilities	2,695,762	2,191,849	1,669,554	2,225,172	4,365,316	4,417,021
Long-term liabilities	26,014,422	23,400,184	61,002,261	65,587,620	87,016,683	88,987,804
Total liabilities	28,710,184	25,592,033	62,671,815	67,812,792	91,381,999	93,404,825
Deferred Inflows of Resources	1,458,767	2,179,254	-	-	1,458,767	2,179,254
Net Position:						
Net investment in capital assets	43,079,433	41,995,886	26,334,710	26,010,953	69,414,143	68,006,839
Restricted	17,073,997	17,563,198	-	-	17,073,997	17,563,198
Unrestricted	18,674,650	11,101,178	15,355,913	10,413,395	34,030,563	21,514,573
Total net position	\$78,828,080	\$70,660,262	\$41,690,623	\$36,424,348	\$120,518,703	\$107,084,610

The balance of unrestricted net position, \$34,030,563, 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 \$8,167,818. Business-type activities increased the Township's net position by \$5,266,275. Key elements of the increases are as follows:

Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 3,632,779	\$ 3,435,107	\$ 26,607,575	\$ 23,931,558	\$ 30,240,354	\$ 27,366,665
Operating grants	4,132,807	1,734,783	-	198,761	4,132,807	1,933,544
Capital grants	3,716,391	5,317,723	-	-	3,716,391	5,317,723
General revenues:						
Property taxes	5,603,063	5,540,775	-	-	5,603,063	5,540,775
Earned income taxes	8,214,262	8,444,682	-	-	8,214,262	8,444,682
Other taxes	6,382,221	6,162,562	-	-	6,382,221	6,162,562
Interest and rents	489,353	839,438	341,787	1,042,774	831,140	1,882,212
Other	370,063	218,504	-	(2,664)	370,063	215,840
Transfers	(457,735)	(50,227)	457,735	50,227	-	-
Total revenues	\$ 32,083,204	\$ 31,643,347	\$ 27,407,097	\$ 25,220,656	\$ 59,490,301	\$ 56,864,003

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Expenses						
General government	\$5,627,059	\$5,103,339	\$ -	\$ -	\$5,627,059	\$5,103,339
Public safety	6,778,796	7,352,615	-	-	6,778,796	7,352,615
Highways, roads, and streets	7,134,200	9,683,728	-	-	7,134,200	9,683,728
Culture and recreation	2,720,078	3,390,630	-	-	2,720,078	3,390,630
Community development	1,034,580	1,243,346	-	-	1,034,580	1,243,346
Long-term debt	620,873	481,017	-	-	620,873	481,017
Water	-	-	7,649,306	7,740,408	7,649,306	7,740,408
Sewer	-	-	8,808,636	8,085,365	8,808,636	8,085,365
Golf course	-	-	2,140,575	2,487,463	2,140,575	2,487,463
Solid waste	-	-	2,713,465	2,651,940	2,713,465	2,651,940
Swimming	-	-	828,840	816,019	828,840	816,019
Total Expenses	23,915,586	27,254,675	22,140,822	21,781,195	46,056,408	49,035,870
Change in net position	8,167,818	4,388,672	5,266,275	3,439,461	13,434,093	7,828,133
Net position - beginning	70,660,262	66,271,590	36,424,348	32,984,887	107,084,610	99,256,477
Net position - ending	\$ 78,828,080	\$ 70,660,262	\$ 41,690,623	\$ 36,424,348	\$ 120,518,703	\$ 107,084,610

The following table depicts revenues by source for governmental activities in 2020:

Revenues by Source - Governmental Activities

Charges for services	11%
Operating grants	13%
Capital grants	11%
Property taxes	17%
Earned income taxes	26%
Other taxes	20%
Other revenues	2%
Total	100%

Government-wide revenues were primarily derived from earned income taxes at 26%, other taxes at 20%, and property taxes at 17%.

The following table depicts expenses by programs for governmental activities in 2020:

Expenses by Program - Governmental Activities

General government	24%
Public safety	28%
Highways, roads, and streets	30%
Culture and recreation	11%
Community development	4%
Interest on long-term debt	3%
Total	100%

Total expenses for all programs in 2020 were \$23,915,586. The expenses reflect the delivery of a wide range of services, with the largest being highways, roads, and streets at 30%. The second largest program is public safety at 28%. The program ranked third is general government at 24%.

The following table depicts the net program expenses/revenues by function/program for governmental activities for the period ending December 31, 2020:

Net Program Expenses/Revenues

General government	\$(4,708,641)
Public safety	(3,167,937)
Highways, roads, and streets	(4,232,658)
Culture and recreation	(765,870)
Community development	1,062,370
Interest on long-term debt	(620,873)
Total	\$(12,433,609)

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. General Government expenses required the most General Fund revenue for support, needing approximately \$4.7 million in 2020. Highways, roads, and streets expenses required approximately \$4.2 million in general revenues for support.

Business-type Activities. Business-type activities increased the Township's net position by \$5,266,275. The Township's customer base for sewer and water and solid waste continues to grow.

- 97% of revenues come from charges for services and 3% from general revenues.

Expenses and Program Revenues - Business-type Activities

Program	Program Revenues	Expenses*
Sewer	\$11,901,739	\$6,293,654
Water	8,666,894	6,997,865
Golf Course	2,166,673	1,839,685
Solid Waste	2,646,238	2,658,289
Other	1,226,031	653,577

* 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 \$40.8 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 \$16,080,025.

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 \$7,348,444 the Sewer Fund \$5,235,927, the Golf Course Fund \$1,305,070, the Solid Waste Fund \$154,226, and the Other Enterprise Funds \$1,312,246. 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 22%. This positive variance in revenue can be seen mainly in the intergovernmental line item. Actual expenditures exceeded revenues by \$3,259,847, due to refunded debt service. After including other financing and uses, actual general fund balance increased \$7,460,598.

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 \$69,414,143 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and improvements, equipment, and infrastructure.

Summary of the Township's Capital Assets

	Governmental Activities 2020	Business-type Activities 2020	Total
Land	\$ 14,630,750.00	\$ 3,366,304.00	\$ 17,997,054.00
Construction in Progress	6,340,856	-	6,340,856
Total Non-Depreciable Assets	20,971,606	3,366,304	24,337,910
Buildings	28,551,290	76,294,634	104,845,924
Site Improvements	6,683,109	4,334,735	11,017,844
Machinery, Equipment, Vehicles	16,135,052	20,699,019	36,834,071
Infrastructure	50,759,536	39,787,763	90,547,299
Carts – in service	-	1,170,993	1,170,993
Carts – not in service	-	74,853	74,853
Total Depreciable Assets	102,128,987	142,361,997	244,490,984
Accumulated Depreciation	(60,287,151)	(58,597,579)	(118,884,730)
Total Depreciable Assets, Net	41,841,836	83,764,418	125,606,254
Total Capital Assets	\$ 62,813,442	\$ 87,130,722	\$ 149,944,164

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

Long-Term Debt. At the end of the current fiscal year, the Township had total debt outstanding of \$79,391,636. The Township's bond rating is Aaa by Moody's Investor Service.

Township's Outstanding Debt

	Governmental Activities 2020	Business-type Activities 2020	Total
General Obligation Bonds	\$12,974,831	\$53,054,498	\$66,029,329
Promissory Note	12,612,341	749,966	13,362,307
Total	\$25,587,172	\$53,804,464	\$79,391,636

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. The Township is awaiting the United States Census count for 2020. Strong commercial growth continues to occur along Rt. 228 and Rt. 19. 132 non-residential permits were issued in 2020. Residential growth continues throughout the Township. In 2020, 193 new housing units were built as well as 276 apartment units.

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 three largest employers are Westinghouse Electric (corporate and research headquarters), MSA Safety Inc. (corporate/research headquarters and manufacturing) 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.

The coronavirus global pandemic of 2020 certainly impacted the operations of the Township. Strong fiscal management in the preceding years allowed the Township to be able to manage through financial concerns raised by the pandemic without diminishing core services. The Township did take additional operational steps in 2020 to manage potential fiscal impacts of the pandemic, including furloughs and delayed capital purchases, and have exited 2020 in strong financial position. Core services are back to pre-pandemic levels.

2021 Budget Highlights

The 2021 General Fund budget represents approximately a 3% decrease 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 pick up where it left off in 2020 when all efforts shifted towards focusing on the global pandemic, the Township will continue to focus on its most valued asset, its employees by enhancing training, advancement opportunities, collaborative workspace and mobility opportunities. We will focus on bringing core services back to normal pre-pandemic levels and providing for the exceptional services the community has come to expect. Also, the Township will continue to 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 including large corridor projects on Freedom Road and Rt. 228, technology enhancements and recreation improvements. There will also be a renewed focus on long term capital planning and asset management. 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 continue to aggressively pursue all state and federal funding opportunities to enhance those initiatives. The Township will continue the implementation of the Cranberry Plan.

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cranberry Public Library
Assets				
Cash and cash equivalents	\$ 3,349,605	\$ 2,315,226	\$ 5,664,831	\$ 496,501
Investments	37,217,386	12,331,782	49,549,168	195,020
Receivable:				
Taxes	4,151,343	-	4,151,343	-
Customers - billed	-	177,759	177,759	-
Customers - unbilled	-	1,450,925	1,450,925	-
Other	995,613	95,792	1,091,405	2,000
Internal balances	(702,294)	702,294	-	-
Inventory	83,089	92,857	175,946	-
Prepaid expenses	545,310	-	545,310	-
Restricted assets:				
Beneficial interest in net position of community foundation	-	-	-	607,141
Net pension asset	172,656	-	172,656	-
Capital assets, net:				
Non-depreciable	20,971,606	3,366,304	24,337,910	-
Depreciable	41,841,836	83,764,418	125,606,254	277,254
Total Assets	108,626,150	104,297,357	212,923,507	1,577,916
Deferred Outflows of Resources				
Deferred charge on refunding	-	65,081	65,081	-
Related to pensions	370,881	-	370,881	-
Total Deferred Outflows of Resources	370,881	65,081	435,962	-
Liabilities				
Accounts payable	900,397	1,029,580	1,929,977	36,954
Accrued payroll and related expenses	467,623	-	467,623	-
Accrued interest payable	62,245	418,249	480,494	-
Unearned revenue	167,600	88,844	256,444	-
Developer deposit liability	1,097,897	-	1,097,897	-
Security deposits	-	132,881	132,881	-
Compensated absences	427,250	141,168	568,418	-
Intermunicipal service agreement	-	7,056,629	7,056,629	-
Long-term debt, current portion	2,814,532	3,871,517	6,686,049	-
Long-term debt, long-term portion, net	22,772,640	49,932,947	72,705,587	-
Total Liabilities	28,710,184	62,671,815	91,381,999	36,954
Deferred Inflows of Resources				
Related to pensions	1,458,767	-	1,458,767	-
Net Position				
Net investment in capital assets	43,079,433	26,334,710	69,414,143	277,254
Restricted, expendable	17,073,997	-	17,073,997	-
Restricted for Cranberry Legacy Fund, nonexpendable	-	-	-	607,141
Unrestricted	18,674,650	15,355,913	34,030,563	656,567
Total Net Position	\$ 78,828,080	\$ 41,690,623	\$ 120,518,703	\$ 1,540,962

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

TOWNSHIP OF CRANBERRY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

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	\$ 5,627,059	\$ 589,355	\$ 329,004	\$ 59	\$ (4,708,641)	\$ -	\$ (4,708,641)	\$ -
Public safety	6,778,796	357,776	3,253,083	-	(3,167,937)	-	(3,167,937)	-
Highways, roads, and streets	7,134,200	65,807	-	2,835,735	(4,232,658)	-	(4,232,658)	-
Culture and recreation	2,720,078	522,891	550,720	880,597	(765,870)	-	(765,870)	-
Community development	1,034,580	2,096,950	-	-	1,062,370	-	1,062,370	-
Interest on long-term debt	620,873	-	-	-	(620,873)	-	(620,873)	-
Total governmental activities	23,915,586	3,632,779	4,132,807	3,716,391	(12,433,609)	-	(12,433,609)	-
Business-type activities:								
Water	7,649,306	8,666,894	-	-	-	1,017,588	1,017,588	-
Sewer	8,808,636	11,901,739	-	-	-	3,093,103	3,093,103	-
Golf course	2,140,575	2,166,673	-	-	-	26,098	26,098	-
Solid waste	2,713,465	2,646,238	-	-	-	(67,227)	(67,227)	-
Other	828,840	1,226,031	-	-	-	397,191	397,191	-
Total business-type activities	22,140,822	26,607,575	-	-	-	4,466,753	4,466,753	-
Total primary government	\$ 46,056,408	\$ 30,240,354	\$ 4,132,807	\$ 3,716,391	(12,433,609)	4,466,753	(7,966,856)	-
Component Unit:								
Cranberry Public Library	\$ 976,730	\$ 10,711	\$ 1,208,110	\$ -				242,091
General revenues:								
Taxes:								
Property					5,603,063	-	5,603,063	-
Earned income					8,214,262	-	8,214,262	-
Business privilege					2,555,597	-	2,555,597	-
Local service					1,222,127	-	1,222,127	-
Real estate transfer					2,604,697	-	2,604,697	-
Interest, rents, and royalties					489,353	341,787	831,140	-
Gain (loss) on disposal of capital assets					(1,742)	-	(1,742)	-
Other					371,805	-	371,805	-
Transfers - internal activities					(457,735)	457,735	-	-
Total general revenues and transfers					20,601,427	799,522	21,400,949	-
Change in Net Position					8,167,818	5,266,275	13,434,093	242,091
Net position - beginning of year					70,660,262	36,424,348	107,084,610	1,298,871
Net position - end of year					\$ 78,828,080	\$ 41,690,623	\$ 120,518,703	\$ 1,540,962

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

TOWNSHIP OF CRANBERRY

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	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	\$ 3,260,792	\$ 13,962	\$ -	\$ 74,851	\$ 3,349,605
Investments	11,370,666	7,291,060	8,344,090	10,211,570	37,217,386
Taxes receivable	4,151,343	-	-	-	4,151,343
Other receivables	896,613	99,000	-	-	995,613
Prepaid expenditures	545,310	-	-	-	545,310
Due from other funds	852,325	1,660	1,894	50,241	906,120
Inventory	83,089	-	-	-	83,089
Total Assets	\$ 21,160,138	\$ 7,405,682	\$ 8,345,984	\$ 10,336,662	\$ 47,248,466
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable and accrued expenses	\$ 350,502	\$ 417,013	\$ -	\$ 132,882	\$ 900,397
Accrued payroll and related expenses	467,623	-	-	-	467,623
Due to other funds	1,220,819	9,725	172,019	205,851	1,608,414
Unearned revenue	167,600	-	-	-	167,600
Developer deposit liability	-	-	-	1,097,897	1,097,897
Total Liabilities	2,206,544	426,738	172,019	1,436,630	4,241,931
Deferred Inflows of Resources:					
Unavailable revenue - taxes	2,245,170	-	-	-	2,245,170
Fund Balance:					
Nonspendable:					
Inventory and prepaid expenditures	628,399	-	-	-	628,399
Restricted:					
Transportation improvement	-	-	-	4,906,339	4,906,339
Highways and streets	-	-	-	1,241,278	1,241,278
Recreation	-	-	-	1,283,019	1,283,019
Library	-	-	-	147,057	147,057
Fire protection	-	-	-	871,738	871,738
Infrastructure improvement	-	-	8,173,965	-	8,173,965
Storm water maintenance	-	-	-	31,896	31,896
Public building improvements	-	-	-	418,705	418,705
Assigned:					
Capital improvements	-	6,978,944	-	-	6,978,944
Unassigned	16,080,025	-	-	-	16,080,025
Total Fund Balance	16,708,424	6,978,944	8,173,965	8,900,032	40,761,365
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 21,160,138	\$ 7,405,682	\$ 8,345,984	\$ 10,336,662	\$ 47,248,466

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, 2020

Total Fund Balance - Governmental Funds	\$ 40,761,365
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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.	62,813,442
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Certain taxes are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	2,245,170
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The net pension asset, and deferred inflows and outflows of resources for pensions are not recorded on the fund financial statements.	(915,230)
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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.	(62,245)
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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>(26,014,422)</u>
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Total Net Position - Governmental Activities	<u><u>\$ 78,828,080</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2020

	General Fund	Capital Projects Fund Capital Improvement Fund	Special Revenue Fund Developers' Contributions Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 3,422,483	\$ -	\$ -	\$ 2,180,580	\$ 5,603,063
Earned income	8,363,353	-	-	-	8,363,353
Business privilege	2,555,597	-	-	-	2,555,597
Local service	1,222,127	-	-	-	1,222,127
Real estate transfer	2,604,697	-	-	-	2,604,697
Licenses, permits, and fees	2,710,628	-	-	-	2,710,628
Fines and forfeitures	80,880	-	-	-	80,880
Interest, rents, and royalties	260,747	67,119	56,871	104,616	489,353
Intergovernmental	3,577,025	722,371	161,780	1,173,538	5,634,714
Contributions and donations	2,756	880,597	425,757	877,874	2,186,984
Charges for services	843,271	-	-	-	843,271
Miscellaneous	292,410	-	77,637	1,758	371,805
Total revenues	25,935,974	1,670,087	722,045	4,338,366	32,666,472
Expenditures:					
Current:					
General government	3,806,424	-	-	-	3,806,424
Public safety	6,347,957	-	-	500,993	6,848,950
Highways, roads, and streets	3,316,520	-	342,798	1,363,820	5,023,138
Culture and recreation	2,061,954	-	-	449,074	2,511,028
Community development	1,034,580	-	-	-	1,034,580
Debt service:					
Principal retirement	12,029,491	-	-	1,427,469	13,456,960
Interest charges	553,117	-	66,717	222,902	842,736
Capital outlay	16,791	2,592,541	5,504,039	1,656,800	9,770,171
Total expenditures	29,166,834	2,592,541	5,913,554	5,621,058	43,293,987
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,230,860)	(922,454)	(5,191,509)	(1,282,692)	(10,627,515)
Other Financing Sources (Uses):					
Proceeds from long-term debt	9,567,245	-	5,000,000	1,200,000	15,767,245
Bond premium	1,327,586	-	-	-	1,327,586
Proceeds from sale of capital assets	1,165	-	-	-	1,165
Transfers in	316,912	-	-	273,383	590,295
Transfers out	(521,450)	(38,197)	-	(488,383)	(1,048,030)
Total other financing sources (uses)	10,691,458	(38,197)	5,000,000	985,000	16,638,261
Net Change in Fund Balance	7,460,598	(960,651)	(191,509)	(297,692)	6,010,746
Fund Balance:					
Beginning of year	9,247,826	7,939,595	8,365,474	9,197,724	34,750,619
End of year	\$ 16,708,424	\$ 6,978,944	\$ 8,173,965	\$ 8,900,032	\$ 40,761,365

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, 2020

Net Change in Fund Balance - Governmental Funds

\$ 6,010,746

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	\$	9,173,513	
Capital contributions		25,500	
Depreciation expense		<u>(3,748,346)</u>	
			5,450,667

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.

(2,907)

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.

359,055

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.

(149,091)

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.

(84,644)

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.

101,368

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	13,541,297		
Proceeds from the issuance of long-term debt		(15,767,245)	
Amortization of bond discounts/premiums		(1,233,519)	
Amortization of deferred charge on refunding		<u>(57,909)</u>	
			(3,517,376)

Change in Net Position of Governmental Activities

\$ 8,167,818

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

TOWNSHIP OF CRANBERRY

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2020

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Funds	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,492,889	\$ -	\$ 54,610	\$ 1,080	\$ 766,647	\$ 2,315,226
Investments	7,045,147	2,908,110	1,026,047	1,069,461	283,017	12,331,782
Accounts receivable:					-	
Customers - billed	52,042	83,524	-	11,399	30,794	177,759
Customers - unbilled	606,185	844,740	-	-	-	1,450,925
Other	26,971	-	64,336	-	4,485	95,792
Due from other funds	652,149	2,682,415	250,000	112,452	262,893	3,959,909
Inventory	-	-	92,857	-	-	92,857
Total current assets	9,875,383	6,518,789	1,487,850	1,194,392	1,347,836	20,424,250
Non-current assets:						
Capital assets:						
Land	91,517	171,340	3,103,447	-	-	3,366,304
Construction in progress	-	-	-	-	-	-
Buildings	7,102,726	61,773,175	3,080,722	-	4,666,580	76,623,203
Site improvements	386,565	269,103	3,679,067	-	-	4,334,735
Machinery, equipment, and vehicles	1,715,136	16,769,806	1,906,813	165,288	122,147	20,679,190
Infrastructure	14,917,205	24,561,885	-	-	-	39,479,090
Carts - in-service	-	-	-	1,075,393	-	1,075,393
Carts - not in-service	-	-	-	74,853	-	74,853
Less: accumulated depreciation	(12,873,504)	(35,407,407)	(6,544,691)	(1,040,711)	(2,635,733)	(58,502,046)
Total non-current assets	11,339,645	68,137,902	5,225,358	274,823	2,152,994	87,130,722
Total Assets	21,215,028	74,656,691	6,713,208	1,469,215	3,500,830	107,554,972
Deferred Outflows of Resources						
Deferred charge on refunding	-	-	65,081	-	-	65,081
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	469,245	270,781	51,117	230,429	8,008	1,029,580
Accrued interest payable	-	381,782	23,382	-	13,085	418,249
Due to other funds	1,874,281	576,013	3,825	799,518	3,978	3,257,615
Unearned revenue	-	-	83,754	-	5,090	88,844
Security deposits	132,881	-	-	-	-	132,881
Long-term debt - current portion	-	3,238,495	633,022	-	-	3,871,517
Total current liabilities	2,476,407	4,467,071	795,100	1,029,947	30,161	8,798,686
Non-current liabilities:						
Compensated absences	50,532	54,286	20,702	10,219	5,429	141,168
Intermunicipal service agreement	-	7,056,629	-	-	-	7,056,629
Long-term debt - net of current maturities:						
General obligation bonds	-	41,619,094	3,807,110	-	-	45,426,204
Unamortized bond premium	-	3,890,614	616,129	-	-	4,506,743
Total non-current liabilities	50,532	52,620,623	4,443,941	10,219	5,429	57,130,744
Total Liabilities	2,526,939	57,087,694	5,239,041	1,040,166	35,590	65,929,430
Net Position						
Net investment in capital assets	11,339,645	12,333,070	234,178	274,823	2,152,994	26,334,710
Unrestricted	7,348,444	5,235,927	1,305,070	154,226	1,312,246	15,355,913
Total Net Position	\$ 18,688,089	\$ 17,568,997	\$ 1,539,248	\$ 429,049	\$ 3,465,240	\$ 41,690,623

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, 2020

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Funds	Total
Operating Revenues:						
Charges for services	\$ 8,423,141	\$ 11,818,288	\$ 2,166,673	\$ 2,590,936	\$ 1,223,131	\$ 26,222,169
Penalties and interest	50,430	37,088	-	12,157	-	99,675
Miscellaneous revenues	16,555	46,363	-	43,145	234	106,297
Total operating revenues	8,490,126	11,901,739	2,166,673	2,646,238	1,223,365	26,428,141
Operating Expenses:						
Wages, benefits, and related taxes	1,224,046	1,709,130	760,578	172,722	305,002	4,171,478
Employee insurance	285,062	404,035	123,652	48,198	22,935	883,882
Pension	114,552	160,222	41,738	14,490	1,756	332,758
Administrative expenses	75,988	110,629	43,038	18,064	10,874	258,593
Materials and supplies	289,078	147,361	102,649	2,876	11,947	553,911
Collection and disposal cost	-	-	-	2,311,939	-	2,311,939
Water purchase	4,633,919	2,364	-	-	-	4,636,283
Chemicals	-	511,536	136,164	-	14,640	662,340
Laboratory	-	48,836	-	-	-	48,836
Telephone and utilities	60,067	640,346	49,261	-	48,288	797,962
Repairs and maintenance	90,433	230,901	3,629	-	6,287	331,250
Minor equipment rental and purchase	30,741	56,483	800	-	1,676	89,700
Vehicle expense	11,973	11,589	10,682	-	-	34,244
Professional and other services	272,006	686,476	246,404	90,000	199,111	1,493,997
Concession and other products and services	-	-	140,592	-	31,061	171,653
Depreciation	561,441	2,514,982	300,890	55,176	175,263	3,607,752
Total operating expenses	7,649,306	7,234,890	1,960,077	2,713,465	828,840	20,386,578
Operating Income (Loss)	840,820	4,666,849	206,596	(67,227)	394,525	6,041,563
Non-Operating Revenues (Expenses):						
Investment income (loss)	43,532	41,159	4,604	2,969	3,465	95,729
Rental income	176,768	-	246,058	-	2,666	425,492
Note closing costs	-	(89,172)	-	-	-	(89,172)
Interest expense	-	(1,484,574)	(180,498)	-	-	(1,665,072)
Total non-operating revenues (expenses)	220,300	(1,532,587)	70,164	2,969	6,131	(1,233,023)
Income (loss) before transfers	1,061,120	3,134,262	276,760	(64,258)	400,656	4,808,540
Transfers in	-	-	516,450	-	258,197	774,647
Transfers out	(166,912)	(150,000)	-	-	-	(316,912)
Total transfers	(166,912)	(150,000)	516,450	-	258,197	457,735
Change in Net Position	894,208	2,984,262	793,210	(64,258)	658,853	5,266,275
Net Position:						
Beginning of year	17,793,881	14,584,735	746,038	493,307	2,806,387	36,424,348
End of year	\$ 18,688,089	\$ 17,568,997	\$ 1,539,248	\$ 429,049	\$ 3,465,240	\$ 41,690,623

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

TOWNSHIP OF CRANBERRY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2020

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Funds	Total
Cash Flows From Operating Activities:						
Receipts from customers	\$ 8,394,403	\$ 11,839,135	\$ 2,166,673	\$ 2,591,694	\$ 1,192,337	\$ 26,184,242
Payments to suppliers	(5,590,658)	(2,837,993)	(801,056)	(2,418,242)	(324,274)	(11,972,223)
Payments to employees	(1,497,019)	(2,097,649)	(883,702)	(218,685)	(326,580)	(5,023,635)
Other receipts (payments), net	23,235	46,363	-	43,145	234	112,977
Net cash provided by (used in) operating activities	1,329,961	6,949,856	481,915	(2,088)	541,717	9,301,361
Cash Flows From Non-Capital Financing Activities:						
Transfers from (to) other funds, net	(784,708)	124,657	264,620	734,687	(39,105)	300,151
Net cash provided by (used in) non-capital financing activities	(784,708)	124,657	264,620	734,687	(39,105)	300,151
Cash Flows From Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(253,232)	(438,684)	(51,728)	(95,600)	(38,197)	(877,441)
Proceeds from capital debt	-	10,717,623	4,440,132	-	-	15,157,755
Principal paid on capital debt	-	(14,961,406)	(4,744,233)	-	-	(19,705,639)
Interest paid on capital debt	-	(790,041)	(258,349)	-	-	(1,048,390)
Payment of note closing costs	-	(89,172)	-	-	-	(89,172)
Sale of capacity under the intermunicipal service agreement	-	(144,013)	-	-	-	(144,013)
Transfers from (to) other funds, net	-	-	-	-	38,197	38,197
Net cash provided by (used in) capital and related financing activities	(253,232)	(5,705,693)	(614,178)	(95,600)	-	(6,668,703)
Cash Flows From Investing Activities:						
Interest income	43,532	41,159	4,604	2,969	3,465	95,729
Rental income	176,768	-	254,682	-	2,666	434,116
Net sales (purchases) of investments	(591,817)	(1,409,979)	(344,380)	(638,888)	257,904	(2,727,160)
Net cash provided by (used in) investing activities	(371,517)	(1,368,820)	(85,094)	(635,919)	264,035	(2,197,315)
Net Increase (Decrease) in Cash and Cash Equivalents	(79,496)	-	47,263	1,080	766,647	735,494
Cash and Cash Equivalents:						
Beginning of year	1,572,385	-	7,347	-	-	1,579,732
End of year	<u>\$ 1,492,889</u>	<u>\$ -</u>	<u>\$ 54,610</u>	<u>\$ 1,080</u>	<u>\$ 766,647</u>	<u>\$ 2,315,226</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Operating income (loss)	\$ 840,820	\$ 4,666,849	\$ 206,596	\$ (67,227)	\$ 394,525	\$ 6,041,563
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	561,441	2,514,982	300,890	55,176	175,263	3,607,752
Change in:						
Receivables	(79,168)	(16,241)	-	(11,399)	(30,794)	(137,602)
Accounts payable and accrued expenses	(11,901)	(231,250)	(26,099)	19,127	1,366	(248,757)
Security deposits	6,680	-	-	-	-	6,680
Compensated absences	12,089	15,516	528	2,235	1,357	31,725
Total adjustments	489,141	2,283,007	275,319	65,139	147,192	3,259,798
Net cash provided by (used in) operating activities	<u>\$ 1,329,961</u>	<u>\$ 6,949,856</u>	<u>\$ 481,915</u>	<u>\$ (2,088)</u>	<u>\$ 541,717</u>	<u>\$ 9,301,361</u>
Supplementary Information:						
Amortization of premiums and deferred refunding loss charged to interest	\$ -	\$ 26,874	\$ 257,408	\$ -	\$ -	\$ 284,282

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

TOWNSHIP OF CRANBERRY

STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2020

Assets	
Cash and cash equivalents	\$ 290,782
Contributions receivable	53,102
Investments:	
Mutual funds	<u>29,115,772</u>
Total Assets	<u>29,459,656</u>
 Net Position Restricted For Pension Benefits	 <u><u>\$ 29,459,656</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, 2020

Additions:

Employer contributions	\$ 1,033,872
Employee contributions	<u>153,505</u>
Total contributions	<u>1,187,377</u>
Investment gain (loss):	
Net appreciation (depreciation) in fair value of investments	2,714,964
Interest and dividends	<u>461,901</u>
Total investment gain (loss)	<u>3,176,865</u>
Total additions	<u>4,364,242</u>

Deductions:

Benefits	1,144,150
Administrative expense	<u>47,797</u>
Total deductions	<u>1,191,947</u>

Change in Plan Net Position	3,172,295
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Net Position:

Beginning of year	<u>26,287,361</u>
End of year	<u><u>\$ 29,459,656</u></u>

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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 units and discretely presented component unit, as described below.

The blended component units, although legally separate entities, are in substance, part of the government's operations, so data from the blended component units are 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.

Cranberry Township General Authority

The Cranberry Township General Authority (Authority) formed in 2014 to undertake capital projects on behalf of the Township. Effective January 1, 2020, the Authority imposed a stormwater utility rate on all developed real-estate in the Township. The Township is considered to be financially accountable for the Authority because the Township appoints the Authority's governing body, has the ability to impose its will on the Authority, and the Authority is fiscally dependent on the Township. Furthermore, the Township obtains management responsibility of the Authority. This blended component

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

unit is reported as the General Authority Fund within the Township's financial statements.

The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

Cranberry Public Library

The Cranberry Public Library (Library) was created in 1973 to establish, maintain, and encourage the use of a library by the general public in the Township. The Library is considered a special purpose government in that it is engaged in a single governmental program and does not provide the multitude of basic governmental services such as general government services, public safety, parks, and recreation, etc. The Internal Revenue Service considers the Library exempt from federal income tax as defined in Section 501(c)(3) of the Internal Revenue Code. The Library is primarily funded through a dedicated real estate tax millage from the Township, the Butler County Federated 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)

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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.

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 funds information:

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

The *General Authority Fund* accounts for transactions related to stormwater handling of all real estate within the Township.

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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Interfund Activity

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

Revenue Classification of Proprietary Funds

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

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value. 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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.

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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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

Compensated Absences

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

Long-Term Obligations

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

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

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

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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, 2020.
- 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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:

Amount	Restriction
\$ 871,738	Fire protection
147,057	Library
1,283,019	Recreation
4,906,339	Transportation improvement
8,173,965	Infrastructure improvement
1,241,278	Highways and streets
31,896	Storm water maintenance
418,705	Public building improvements
<u>\$ 17,073,997</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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Adopted Pronouncements

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

GASB Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance,"* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The provisions of this statement have been adopted.

GASB Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,"* paragraph 4 and 5 (remaining paragraphs are effective in later years) provides additional guidance for certain component unit criteria. The provisions of this statement have been adopted.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 87 (Leases), 89 (Accounting for Interest Cost), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 93 (Interbank Offered Rates), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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

- The Township's staff begins preparation of the annual budget in mid-September of each year.
- Budget requests from departments (revenue and expenses) must be submitted to the Township Manager by the second week of October.
- The Township Manager, in consult with Assistant Managers and the Director of Finance, prepare a tentative budget for presentation to the Board.
- Meetings regarding the budget with the Board take place the second and third weeks of November. The Board 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, 2020, 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 2020 was 13.25 mills applied to an assessed valuation of \$428,313,954. 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Public Building Fund	1.00 mills
Road Equipment Fund	0.85 mills

The Township's property tax calendar is as follows:

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

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

Tax Abatements

The Township's tax abatement program is authorized by Board 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 2020, 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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

Deposits

Custodial Credit Risk – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the Township’s deposits may not be returned to it. The Township does not have a formal deposit policy for custodial credit risk. As of December 31, 2020, \$1,988,000 of the Township’s \$7,072,507 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). These deposits have carrying amounts of \$7,152,831 of December 31, 2020. Included within these amounts are \$1,488,000 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-

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

day holding period and a penalty for more than two withdrawals in a calendar month. For PLGIT/TERM accounts, there is a 60-day holding period for deposits and a penalty for early withdrawals. For PLGIT/ARM accounts, there is a one-day holding period and a penalty for early withdrawals. For PLGIT-CD accounts, there is a 60-day holding period for deposits. PLGIT is audited annually by independent auditors. PLGIT operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. PLGIT uses amortized cost to report net assets to compute share prices. PLGIT maintains a net asset value of \$1 per share. Accordingly, the fair value of the position of PLGIT is the same as the value of PLGIT shares.

Deposits in PLGIT as of December 31, 2020 are as follows:

Investments:	
PLGIT - CLASS	\$ 4,056,261
PLGIT/PLUS - CLASS	100
PLGIT PRIME	<u>44,004,807</u>
Total Investments	48,061,168
Cash and Cash Equivalents:	
PLGIT CD Program	<u>1,488,000</u>
Total PLGIT	<u><u>\$ 49,549,168</u></u>

As of December 31, 2020, the entire fair value of the investments in PLGIT of \$48,061,168 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 \$49,549,168 as of December 31, 2020.

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, 2020, 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, 2020

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, 2020, the Township had the following cash, cash equivalents, and investments in its Pension Trust Funds:

<u>Cash or Investment Type</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 290,782
Mutual Funds:	
Fixed Income	9,936,219
Large Cap Equity	15,331,838
Mid Cap Equity	<u>3,847,715</u>
Total Mutual Funds	<u>29,115,772</u>
Total cash, cash equivalents, and investments reported on statement of fiduciary net position	<u>\$ 29,406,554</u>

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

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Pension Trust Funds have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. The Township's investments in mutual funds are unrated.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Pension Trust Funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The Pension Trust Funds' money market cash funds (which are included in cash and cash equivalents on the statement of fiduciary net position) and investments in mutual

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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, 2020, the carrying amount of the Library's cash and deposits was \$496,501 and the related bank balance totaled \$540,079. As of December 31, 2020, \$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 mutual funds of \$136,654 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).

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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 \$55,378 for the year ended December 31, 2020. At December 31, 2020, the fair value of the underlying investments was \$607,141. The investments are valued using significant unobservable inputs (Level 3 inputs).

	<u>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 136,654	\$ 136,654	\$ -	\$ -
Investment held by others	607,141	-	-	607,141
Total investments by fair value level	<u>743,795</u>	<u>\$ 136,654</u>	<u>\$ -</u>	<u>\$ 607,141</u>
Cash and cash equivalents	11,451			
Investment in life insurance policy	<u>46,915</u>			
Total investments	<u>\$ 802,161</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, 2020, 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 \$46,915 and, as such, an asset of \$46,915 and a liability for the portion due to CTCC of \$23,458 have been recorded.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

5. Capital Assets

A summary of capital asset activity during 2020 was as follows:

	Balance at January 1, 2020	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2020
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 14,630,750	\$ -	\$ -	\$ 14,630,750
Construction in progress	622,531	6,340,856	(622,531)	6,340,856
Total non-depreciable capital assets	15,253,281	6,340,856	(622,531)	20,971,606
Depreciable capital assets:				
Buildings	27,292,097	1,259,193	-	28,551,290
Site improvements	6,634,491	48,618	-	6,683,109
Machinery, equipment, and vehicles	14,439,152	1,770,257	(74,357)	16,135,052
Infrastructure	50,356,916	402,620	-	50,759,536
Total depreciable capital assets	98,722,656	3,480,688	(74,357)	102,128,987
Less accumulated depreciation for:				
Buildings	(12,733,138)	(847,841)	-	(13,580,979)
Site improvements	(4,266,258)	(269,525)	-	(4,535,783)
Machinery, equipment, and vehicles	(9,592,979)	(738,442)	71,450	(10,259,971)
Infrastructure	(30,017,880)	(1,892,538)	-	(31,910,418)
Total accumulated depreciation	(56,610,255)	(3,748,346)	71,450	(60,287,151)
Total depreciable capital assets, net	42,112,401	\$ (267,658)	\$ (2,907)	41,841,836
Governmental activities, capital assets, net	\$ 57,365,682			\$ 62,813,442

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

	Balance at January 1, 2020	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2020
Business-type Activities:				
Non-depreciable capital assets:				
Land	\$ 3,366,304	\$ -	\$ -	\$ 3,366,304
Construction in progress	52,554,311	-	(52,554,311)	-
Total non-depreciable capital assets	55,920,615	-	(52,554,311)	3,366,304
Depreciable capital assets:				
Buildings	23,264,851	53,029,783	-	76,294,634
Site improvements	4,334,735	-	-	4,334,735
Machinery, equipment, and vehicles	20,568,441	130,578	-	20,699,019
Carts - in-service	1,075,393	95,600	-	1,170,993
Carts - not in-service	74,853	-	-	74,853
Infrastructure	39,534,530	253,233	-	39,787,763
Total depreciable capital assets	88,852,803	53,509,194	-	142,361,997
Less accumulated depreciation for:				
Buildings	(12,952,449)	(1,939,539)	-	(14,891,988)
Site improvements	(4,188,765)	(28,304)	-	(4,217,069)
Machinery, equipment, and vehicles	(18,454,100)	(328,448)	-	(18,782,548)
Carts - in-service	(1,001,605)	(99,033)	-	(1,100,638)
Infrastructure	(18,392,908)	(1,212,428)	-	(19,605,336)
Total accumulated depreciation	(54,989,827)	(3,607,752)	-	(58,597,579)
Total depreciable capital assets, net	33,862,976	\$ 49,901,442	\$ -	83,764,418
Business-type activities, capital assets, net	\$ 89,783,591			\$ 87,130,722

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

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

Governmental activities:	
General government	\$ 1,156,096
Public safety	272,138
Culture and recreation	209,050
Highways, roads, and streets	<u>2,111,062</u>
Total depreciation expense - governmental activities	<u><u>\$ 3,748,346</u></u>
Business-type activities:	
Water	\$ 561,441
Sewer	2,514,982
Golf course	300,890
Solid waste	55,176
Other enterprise fund	<u>175,263</u>
Total depreciation expense - business-type activities	<u><u>\$ 3,607,752</u></u>

Infrastructure Assets Contributed by Developers

A significant portion of infrastructure assets related to governmental activities and business-type activities is built by developers and contributed to the Township. Once the Township has valid title to the property, the related capital assets are recorded at acquisition value on the government-wide financial statements and on the proprietary fund's financial statements, as applicable. During the year ended December 31, 2020, approximately \$25,500 of infrastructure assets were contributed by developers.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

6. Interfund Receivables, Payables, and Transfers

Interfund receivables, payables, and transfers as of and for the year ended December 31, 2020 are summarized below:

Fund	Interfund Receivable	Interfund Payable
Major Governmental Funds:		
General Fund	\$ 852,325	\$ 1,220,819
Capital Improvement Fund	1,660	9,725
Developers' Contributions Fund	1,894	172,019
Major Enterprise Funds:		
Water Fund	652,149	1,874,281
Sewer Fund	2,682,415	576,013
Golf Course Fund	250,000	3,825
Solid Waste Fund	112,452	799,518
Other Enterprise Fund	262,893	3,978
Other Governmental Funds	50,241	205,851
Total	<u>\$ 4,866,029</u>	<u>\$ 4,866,029</u>

Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 316,912	\$ 521,450
Capital Improvement Fund	-	38,197
Major Enterprise Funds:		
Water Fund	-	166,912
Sewer Fund	-	150,000
Golf Course Fund	516,450	-
Other Governmental Funds	273,383	488,383
Other Enterprise Funds	258,197	-
Total	<u>\$ 1,364,942</u>	<u>\$ 1,364,942</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

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The amounts due to/from the General, Water, Sewer, and Solid Waste funds 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%
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%
2020	24,725,000	2031	3.00-5.00%

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 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.

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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

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In 2020, the Township issued \$24,725,000 of General Obligation Bonds (2020 Bonds). The proceeds of the 2020 bonds were used to currently refund the Series 2011 and Series 2012 bonds.

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	2020	\$ 1,200,000	2032	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 Notes

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. During 2020, the General Obligation Note was refinanced, along with accrued interest and issue costs, increasing the amount due to \$7,665,000. This note bears interest at a rate of .560%, with annual principal payments and semiannual interest payments payable through December 2028. 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.

In 2020, the Township obtained a General Obligation Note from the Pennsylvania Department of Transportation (PennDOT) in the amount of \$5,000,000 to be used for a road system project connecting to interstate 79 North. The Note bears interest at a rate of 2.50% with annual principal and interest payments payable through June 2030. Upon the occurrence of any event of default of the General Obligation Note, the entire unpaid principal sum plus all interest accrued will become due and payable immediately.

TOWNSHIP OF CRANBERRY

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YEAR ENDED DECEMBER 31, 2020

A detail of long-term liability activity for governmental activities for the year ended December 31, 2020 is as follows:

	Balance at January 1, 2020	Additions	Amortization and Retirements	Balance at December 31, 2020	Due Within One Year
General obligation bonds:					
Series of 2010	\$ 885,000	\$ -	\$ (435,000)	\$ 450,000	\$ 450,000
Series of 2011, net of unamortized premium	4,706,500 284,118	- -	(4,706,500) (284,118)	- -	- -
Series of 2012, net of unamortized premium	7,395,000 343,491	- -	(7,395,000) (343,491)	- -	- -
Series B of 2017	1,760,000	-	(130,000)	1,630,000	135,000
Series 2020, net of unamortized premium	- -	9,567,245 1,327,586	- -	9,567,245 1,327,586	1,363,985 -
	<u>15,374,109</u>	<u>10,894,831</u>	<u>(13,294,109)</u>	<u>12,974,831</u>	<u>1,948,985</u>
Direct Borrowings:					
Promissory note payable - 2015	285,213	-	(285,213)	-	-
Promissory note payable - 2020	-	1,200,000	(48,900)	1,151,100	85,842
General obligation note - 2019	6,700,000	-	(238,759)	6,461,241	779,705
General obligation note - 2020	-	5,000,000	-	5,000,000	-
Compensated absences	342,606	84,644	-	427,250	-
	<u>\$ 22,701,928</u>	<u>\$ 17,179,475</u>	<u>\$ (13,866,981)</u>	<u>\$ 26,014,422</u>	<u>\$ 2,814,532</u>

A detail of long-term liability activity for business-type activities for the year ended December 31, 2020 is as follows:

	Balance at January 1, 2020	Additions	Amortization and Retirements	Balance at December 31, 2020	Due Within One Year
General obligation bonds:					
Series of 2011, net of unamortized premium	\$ 18,643,500 1,347,016	\$ - -	\$ (18,643,500) (1,347,016)	\$ - -	\$ - -
Series of 2015, net of unamortized premium	27,670,000 2,569,147	- -	(1,220,000) (165,750)	26,450,000 2,403,397	1,280,000
Series A of 2017	7,270,000	-	(330,000)	6,940,000	340,000
Series of 2020, net of unamortized premium	- -	15,157,755 2,103,346	- -	15,157,755 2,103,346	2,161,015 -
	<u>57,499,663</u>	<u>17,261,101</u>	<u>(21,706,266)</u>	<u>53,054,498</u>	<u>3,781,015</u>
Direct Borrowings:					
General obligation note - 2019	777,872	-	(27,906)	749,966	90,502
Compensated absences	109,443	31,725	-	141,168	-
	<u>\$ 58,386,978</u>	<u>\$ 17,292,826</u>	<u>\$ (21,734,172)</u>	<u>\$ 53,945,632</u>	<u>\$ 3,871,517</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Future Maturities

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

Governmental and Business-type Activities			
	Principal	Interest	Total
2021	\$ 5,730,000	\$ 1,623,748	\$ 7,353,748
2022	5,815,000	2,223,936	8,038,936
2023	5,885,000	2,014,386	7,899,386
2024	5,200,000	1,775,036	6,975,036
2025	4,440,000	1,562,486	6,002,486
2026-2030	18,525,000	4,881,814	23,406,814
2030-2034	13,615,000	1,811,182	15,426,182
2035-2037	985,000	44,550	1,029,550
	<u>\$ 60,195,000</u>	<u>\$ 15,937,138</u>	<u>\$ 76,132,138</u>

The future scheduled payments required to amortize direct borrowings (promissory note and general obligation note) outstanding as of December 31, 2020 are as follows:

Governmental and Business-type Activities			
	Principal	Interest	Total
2021	\$ 956,049	\$ 458,359	\$ 1,414,408
2022	978,453	191,258	1,169,711
2023	1,560,480	183,583	1,744,063
2024	1,580,561	161,479	1,742,040
2025	1,603,084	138,917	1,742,001
2026-2030	6,518,552	343,989	6,862,541
2031-2032	165,128	209,012	374,140
	<u>\$ 13,362,307</u>	<u>\$ 1,686,597</u>	<u>\$ 15,048,904</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

TOWNSHIP OF CRANBERRY

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approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. The Plan did not have any investment transactions with related parties during the year.

Plan Description

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

At December 31, 2020, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>31</u>
Total plan members	<u><u>50</u></u>

Benefits Provided

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

Retirement Benefit - The scheduled monthly retirement benefit is 50% of the participant's final average monthly compensation earned during the last 36 months of employment, plus an additional monthly benefit of \$10 for each completed year of service in excess of 25 years, up to a maximum monthly increment of \$100.

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

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

TOWNSHIP OF CRANBERRY

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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, 2020 participating employees were required to contribute 5% of their compensation. During the year, the Township paid in \$578,717 and a contribution of \$53,102 was due to the plan as of December 31, 2020, to meet the total contribution based on the MMO and accrued interest.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the Township for the year ended December 31, 2020 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2019	\$ 17,452,480	\$ 16,754,224	\$ 698,256
Changes for the year:			
Service cost	612,506	-	612,506
Interest	1,287,189	-	1,287,189
Differences between expected and actual	-	-	-
Change in assumptions	-	-	-
Contributions - employer	-	631,819	(631,819)
Contributions - employee	-	153,505	(153,505)
Net investment income	-	2,033,080	(2,033,080)
Benefit payments, including refunds	(627,848)	(627,848)	-
Administrative expense	-	(47,797)	47,797
Net changes	1,271,847	2,142,759	(870,912)
Balances at December 31, 2020	<u>\$ 18,724,327</u>	<u>\$ 18,896,983</u>	<u>\$ (172,656)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)			<u>100.92%</u>

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed on January 1, 2019, and rolled forward to December 31, 2020, 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.	

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

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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, 2020:

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

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2020, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 12.21%.

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 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the Plan, calculated using the discount rates described above, as well as what the Plan's net pension liabilities (assets) 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%)
<u>\$ 2,428,020</u>	<u>\$ (172,656)</u>	<u>\$ (2,324,852)</u>

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

For the year ended December 31, 2020, the Township recognized pension expense of approximately \$273,000. At December 31, 2020, 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	\$ 34,725	\$ 297,784
Changes in assumptions	336,156	-
Net difference between projected and actual earnings on pension plan investments	-	1,160,983
	<u>\$ 370,881</u>	<u>\$ 1,458,767</u>

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

<u>Year Ending December 31,</u>	
2021	\$ (293,281)
2022	(116,447)
2023	(497,564)
2024	(147,529)
2025	(10,667)
Thereafter	<u>(22,398)</u>
	<u>\$ (1,087,886)</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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 annual compensation into an account maintained for the participant. 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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 \$402,053 were made by the Township to the Plan during year ended December 31, 2020.

10. Deferred Compensation Plans

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

The plan is available to all full-time employees of the Township. As part of its fiduciary role, the Township has an obligation of due care in selecting the third-party administrator. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. During 2020, employees contributed approximately \$740,000 to the plan.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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 2020, the Township contributed approximately \$452,000 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 \$7,056,629 at December 31, 2020.

12. Commitments and Contingencies

The Township is the defendant in a number of lawsuits arising principally from the normal course of operation. In the opinion of the administration, the outcome of these claims and lawsuits will not have a material adverse effect on the accompanying financial statements.

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant changes in insurance coverage since the prior year. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. During November 2014, the Township entered into an agreement to participate in the Delaware Valley Health Insurance Trust (Trust) effective January 1, 2015. 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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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, 2020. The total amount of commitments on these contracts is approximately \$6 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 2020, the total revenue under these lease agreements was approximately \$177,000. 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 revenue was fully recognized as of December 31, 2020. Additionally, the Township received royalties of \$265,289 during 2020.

14. Significant Component Unit Transactions

During 2020, the Township provided approximately \$852,000 of support to the Library in the form of dedicated real estate tax revenues and contributions of facilities and equipment.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

15. Related Party Transactions

The Township provides support to the Cranberry Township Volunteer Fire Company Relief Association (Association). During 2020, the Township provided approximately \$237,000 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. Risks and Uncertainties

The coronavirus pandemic remains a rapidly evolving situation. The extent of the impact of the coronavirus on the Township's business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Township operates, the related impact on the federal budget, and the state of Pennsylvania's budget, all of which are highly uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2020

	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	\$ 3,367,855	\$ 3,367,855	\$ 3,422,483	\$ 54,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earned income	7,450,000	7,450,000	8,363,353	913,353	-	-	-	-	-	-	-	-
Business privilege	2,650,000	2,650,000	2,555,597	(94,403)	-	-	-	-	-	-	-	-
Local service	1,250,000	1,250,000	1,222,127	(27,873)	-	-	-	-	-	-	-	-
Real estate transfer	1,390,000	1,390,000	2,604,697	1,214,697	-	-	-	-	-	-	-	-
Licenses, permits, and fees	1,819,900	1,819,900	2,710,628	890,728	-	-	-	-	-	-	-	-
Fines and forfeitures	101,000	101,000	80,880	(20,120)	-	-	-	-	-	-	-	-
Interest, rents, and royalties	318,120	318,120	260,747	(57,373)	60,000	60,000	67,119	7,119	25,000	25,000	56,871	31,871
Intergovernmental	1,334,500	1,334,500	3,577,025	2,242,525	-	-	722,371	722,371	-	-	161,780	161,780
Contributions and donations	5,000	5,000	2,756	(2,244)	750,000	750,000	880,597	130,597	6,700	6,700	425,757	419,057
Charges for services	1,425,014	1,425,014	843,271	(581,743)	-	-	-	-	-	-	-	-
Miscellaneous	163,000	163,000	292,410	129,410	-	-	-	-	5,500,000	5,500,000	77,637	(5,422,363)
Total revenues	21,274,389	21,274,389	25,935,974	4,661,585	810,000	810,000	1,670,087	860,087	5,531,700	5,531,700	722,045	(4,809,655)
Expenditures:												
Current:												
General government	3,854,891	3,854,891	3,806,424	48,467	-	-	-	-	-	-	-	-
Public safety	7,053,463	7,053,463	6,347,957	705,506	-	-	-	-	-	-	-	-
Highways, roads, and streets	4,754,551	4,754,551	3,316,520	1,438,031	-	-	-	-	-	-	342,798	342,798
Culture and recreation	2,641,214	2,641,214	2,061,954	579,260	-	-	-	-	-	-	-	-
Community development	1,268,519	1,268,519	1,034,580	233,939	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	1,672,764	1,672,764	12,582,608	(10,909,844)	-	-	-	-	-	-	66,717	66,717
Capital outlay	-	-	16,791	(16,791)	4,710,000	4,710,000	2,592,541	2,117,459	15,000,000	15,000,000	5,504,039	(9,495,961)
Total expenditures	21,245,402	21,245,402	29,166,834	(7,921,432)	4,710,000	4,710,000	2,592,541	2,117,459	15,000,000	15,000,000	5,913,554	(9,086,446)
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,987	28,987	(3,230,860)	(3,259,847)	(3,900,000)	(3,900,000)	(922,454)	(1,257,372)	(9,468,300)	(9,468,300)	(5,191,509)	4,276,791
Other Financing Sources (Uses):												
Proceeds from long-term debt	-	-	9,567,245	9,567,245	-	-	-	-	9,500,000	9,500,000	5,000,000	(4,500,000)
Bond premium	-	-	1,327,586	1,327,586	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	1,165	1,165	-	-	-	-	-	-	-	-
Transfers in	250,000	250,000	316,912	66,912	1,000,000	1,000,000	-	(1,000,000)	-	-	-	-
Transfers out	(1,000,000)	(1,470,000)	(521,450)	948,550	-	-	(38,197)	(38,197)	-	-	-	-
Total other financing sources (uses)	(750,000)	(1,220,000)	10,691,458	1,016,627	1,000,000	1,000,000	(38,197)	(1,038,197)	-	-	5,000,000	5,000,000
Net Change in Fund Balance	<u>\$ (721,013)</u>	<u>\$ (1,191,013)</u>	<u>7,460,598</u>	<u>\$ (2,243,220)</u>	<u>\$ (2,900,000)</u>	<u>\$ (2,900,000)</u>	<u>(960,651)</u>	<u>\$ (2,295,569)</u>	<u>\$ (9,468,300)</u>	<u>\$ (9,468,300)</u>	<u>(191,509)</u>	<u>\$ 9,276,791</u>
Fund Balance:												
Beginning of year			9,247,826				7,939,595				8,365,474	
End of year			<u>\$ 16,708,424</u>				<u>\$ 6,978,944</u>				<u>\$ 8,173,965</u>	

TOWNSHIP OF CRANBERRY

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

POLICE PENSION PLAN

YEARS ENDED DECEMBER 31

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service cost	\$ 612,506	\$ 580,125	\$ 478,974	\$ 454,004	\$ 418,491	\$ 396,674	\$ 391,984
Interest	1,287,189	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	(627,848)	(631,128)	(611,119)	(626,877)	(538,906)	(454,197)	(416,741)
Net Changes in Total Pension Liability	1,271,847	1,057,827	1,001,495	1,123,781	911,751	995,057	856,174
Total Pension Liability - Beginning	17,452,480	16,394,653	15,393,158	14,269,377	13,357,626	12,362,569	11,506,395
Total Pension Liability - Ending (a)	\$ 18,724,327	\$ 17,452,480	\$ 16,394,653	\$ 15,393,158	\$ 14,269,377	\$ 13,357,626	\$ 12,362,569
Plan Fiduciary Net Position:							
Contributions - employer	\$ 631,819	\$ 618,008	\$ 569,355	\$ 505,263	\$ 505,824	\$ 533,510	\$ 519,984
Contributions - employee	153,505	145,124	136,376	126,082	114,994	116,006	118,194
Net investment income	2,033,080	2,797,200	(838,964)	1,808,714	1,006,728	(84,237)	684,473
Benefit payments, including refunds of member contributions	(627,848)	(631,128)	(611,119)	(626,877)	(538,906)	(454,197)	(416,741)
Administrative expense	(47,797)	(45,367)	(44,719)	(42,595)	(39,915)	(39,673)	(38,553)
Net Change in Plan Fiduciary Net Position	2,142,759	2,883,837	(789,071)	1,770,587	1,048,725	71,409	867,357
Plan Fiduciary Net Position - Beginning	16,754,224	13,870,387	14,659,458	12,888,871	11,840,146	11,768,737	10,901,380
Plan Fiduciary Net Position - Ending (b)	\$ 18,896,983	\$ 16,754,224	\$ 13,870,387	\$ 14,659,458	\$ 12,888,871	\$ 11,840,146	\$ 11,768,737
Net Pension Liability (Asset) - Ending (a-b)	\$ (172,656)	\$ 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	100.92%	96.00%	84.60%	95.23%	90.33%	88.64%	95.20%
Covered Employee Payroll	\$ 3,408,803	\$ 3,296,938	\$ 3,158,802	\$ 2,758,713	\$ 2,455,939	\$ 2,615,697	\$ 2,686,125
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-5.07%	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

	2020	2019	2018	2017	2016	2015	2014
Schedule of Contributions							
Actuarially determined contribution	\$ 628,116	\$ 618,008	\$ 569,355	\$ 485,049	\$ 505,824	\$ 524,928	\$ 519,984
Contributions in relation to the actuarially determined contribution	631,819 *	618,008	569,355	505,263	505,824	524,928	519,984
Contribution deficiency (excess)	<u>\$ (3,703)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,214)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 3,408,803</u>	<u>\$ 3,296,938</u>	<u>\$ 3,158,802</u>	<u>\$ 2,758,713</u>	<u>\$ 2,455,939</u>	<u>\$ 2,615,697</u>	<u>\$ 2,686,125</u>
Contributions as a percentage of covered payroll	18.53%	18.74%	18.02%	18.32%	20.60%	20.07%	19.36%
Investment Returns							
Annual money-weighted rate of return, net of investment expense	12.21%	20.38%	-5.78%	14.20%	8.41%	-0.69%	6.32%

* Contributions of \$53,102 were accrued and paid into the Plan subsequent to December 31, 2020.

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, 2020

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

Actuarial valuation date	1/1/2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	8 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

12/31/20 – No significant changes were made to the actuarial assumptions since the previous actuarial valuation.

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

TOWNSHIP OF CRANBERRY

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – POLICE PENSION PLAN

YEAR ENDED DECEMBER 31, 2020

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

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, 2020

	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	\$ 3,674	\$ 42,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,340
Investments	793,539	273,257	1,274,843	4,157,531	732,217	1,099,798	39,212	25,556
Due from other funds	24,379	3,383	8,176	4,830	-	-	-	-
Total Assets	\$ 821,592	\$ 318,675	\$ 1,283,019	4,162,361	\$ 732,217	\$ 1,099,798	\$ 39,212	\$ 31,896
Liabilities and Fund Balance								
Liabilities:								
Accounts payable and accrued expenses	\$ 84,789	\$ 33,569	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Developer deposit liability	-	-	-	-	-	1,097,897	-	-
Due to other funds	9,138	138,049	-	-	-	1,901	-	-
Total Liabilities	93,927	171,618	-	-	10,000	1,099,798	-	-
Fund Balance:								
Restricted	727,665	147,057	1,283,019	4,162,361	722,217	-	39,212	31,896
Total Liabilities and Fund Balance	\$ 821,592	\$ 318,675	\$ 1,283,019	\$ 4,162,361	\$ 732,217	\$ 1,099,798	\$ 39,212	\$ 31,896

(Continued)

TOWNSHIP OF CRANBERRY

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2020
(Continued)

	Capital Projects Funds					Total Capital Projects Funds	Total Other Governmental Funds
	Total Special Revenue Funds	Fire Capital Fund	Township Transportation Improvement Program Fund	Road Equipment Fund	Public Building Fund		
Assets							
Cash and cash equivalents	\$ 52,049	\$ 7,870	\$ -	\$ 4,555	\$ 10,377	\$ 22,802	\$ 74,851
Investments	8,395,953	194,145	21,761	1,194,695	405,016	1,815,617	10,211,570
Due from other funds	40,768	3,214	-	2,876	3,383	9,473	50,241
Total Assets	\$ 8,488,770	\$ 205,229	\$ 21,761	\$ 1,202,126	\$ 418,776	\$ 1,847,892	\$ 10,336,662
Liabilities and Fund Balance							
Liabilities:							
Accounts payable and accrued expenses	\$ 128,358	\$ 4,393	\$ -	\$ 60	\$ 71	\$ 4,524	\$ 132,882
Developer deposit liability	1,097,897	-	-	-	-	-	1,097,897
Due to other funds	149,088	56,763	-	-	-	56,763	205,851
Total Liabilities	1,375,343	61,156	-	60	71	61,287	1,436,630
Fund Balance:							
Restricted	7,113,427	144,073	21,761	1,202,066	418,705	1,786,605	8,900,032
Total Liabilities and Fund Balance	\$ 8,488,770	\$ 205,229	\$ 21,761	\$ 1,202,126	\$ 418,776	\$ 1,847,892	\$ 10,336,662

(Concluded)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2020

	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	\$ 582,734	\$ 417,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, rents, and royalties	6,357	2,153	7,540	67,077	4,859	-	3,993	121
Intergovernmental	-	-	-	195,300	19,274	-	958,964	-
Contributions and donations	-	-	551,085	172,710	154,079	-	-	-
Miscellaneous	1,758	-	-	-	-	-	-	-
Total revenues	590,849	419,888	558,625	435,087	178,212	-	962,957	121
Expenditures:								
Public safety	500,993	-	-	-	-	-	-	-
Highways, roads, and streets	-	-	-	-	155,932	-	1,207,888	-
Culture and recreation	-	449,074	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	270,000	238,759	-	-	-	-
Interest charges	-	-	-	194,396	-	-	-	-
Capital outlay	-	-	-	192,309	-	-	-	-
Total expenditures	500,993	449,074	270,000	625,464	155,932	-	1,207,888	-
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	89,856	(29,186)	288,625	(190,377)	22,280	-	(244,931)	121
Other Financing Sources (Uses):								
Proceeds from note payable	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(273,383)	-	(100,000)	-	-	-	-	-
Total other financing sources (uses)	(273,383)	-	(100,000)	-	-	-	-	-
Net Change in Fund Balance	(183,527)	(29,186)	188,625	(190,377)	22,280	-	(244,931)	121
Fund Balance:								
Beginning of year	911,192	176,243	1,094,394	4,352,738	699,937	-	284,143	31,775
End of year	\$ 727,665	\$ 147,057	\$ 1,283,019	\$ 4,162,361	\$ 722,217	\$ -	\$ 39,212	\$ 31,896

(Continued)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2020

(Continued)

	Capital Projects Funds						
	Total Special Revenue Funds	Fire Capital Fund	Township Transportation Improvement Program Fund	Road Equipment Fund	Public Building Fund	Total Capital Projects Funds	Total Other Governmental Funds
Revenues:							
Taxes	\$ 1,000,469	\$ 407,299	\$ -	\$ 355,077	\$ 417,735	\$ 1,180,111	\$ 2,180,580
Interest, rents, and royalties	92,100	2,197	103	7,309	2,907	12,516	104,616
Intergovernmental	1,173,538	-	-	-	-	-	1,173,538
Contributions and donations	877,874	-	-	-	-	-	877,874
Miscellaneous	1,758	-	-	-	-	-	1,758
Total revenues	3,145,739	409,496	103	362,386	420,642	1,192,627	4,338,366
Expenditures:							
Public safety	500,993	-	-	-	-	-	500,993
Highways, roads, and streets	1,363,820	-	-	-	-	-	1,363,820
Culture and recreation	449,074	-	-	-	-	-	449,074
Debt service:							
Principal retirement	508,759	673,710	-	-	245,000	918,710	1,427,469
Interest charges	194,396	28,506	-	-	-	28,506	222,902
Capital outlay	192,309	1,252,456	-	212,035	-	1,464,491	1,656,800
Total expenditures	3,209,351	1,954,672	-	212,035	245,000	2,411,707	5,621,058
Excess (Deficiency) of Revenues Over (Under)							
Expenditures	(63,612)	(1,545,176)	103	150,351	175,642	(1,219,080)	(1,282,692)
Other Financing Sources (Uses):							
Proceeds from note payable	-	1,200,000	-	-	-	1,200,000	1,200,000
Transfers in	-	273,383	-	-	-	273,383	273,383
Transfers out	(373,383)	-	-	-	(115,000)	(115,000)	(488,383)
Total other financing sources (uses)	(373,383)	1,473,383	-	-	(115,000)	1,358,383	985,000
Net Change in Fund Balance	(436,995)	(71,793)	103	150,351	60,642	139,303	(297,692)
Fund Balance:							
Beginning of year	7,550,422	215,866	21,658	1,051,715	358,063	1,647,302	9,197,724
End of year	\$ 7,113,427	\$ 144,073	\$ 21,761	\$ 1,202,066	\$ 418,705	\$ 1,786,605	\$ 8,900,032

(Concluded)

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2020

Assets	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Cash and cash equivalents	\$ 290,782	\$ -	\$ 290,782
Contributions receivable	53,102	-	53,102
Investments:			
Mutual funds	18,553,099	10,562,673	29,115,772
Total Assets	18,896,983	10,562,673	29,459,656
Net Position Restricted For Pension Benefits	\$ 18,896,983	\$ 10,562,673	\$ 29,459,656

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2020

	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Additions:			
Employer contributions	\$ 631,819	\$ 402,053	\$ 1,033,872
Employee contributions	153,505	-	153,505
Total contributions	785,324	402,053	1,187,377
Investment gain (loss):			
Net appreciation (depreciation) in fair value of investments	1,736,781	978,183	2,714,964
Interest and dividends	296,299	165,602	461,901
Total investment gain (loss)	2,033,080	1,143,785	3,176,865
Total additions	2,818,404	1,545,838	4,364,242
Deductions:			
Benefits	627,848	516,302	1,144,150
Administrative expense	47,797	-	47,797
Total deductions	675,645	516,302	1,191,947
Change in Plan Net Position	2,142,759	1,029,536	3,172,295
Net Position:			
Beginning of year	16,754,224	9,533,137	26,287,361
End of year	\$ 18,896,983	\$ 10,562,673	\$ 29,459,656

TOWNSHIP OF CRANBERRY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2020

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Treasury</u>				
Passed Through the County of Butler: COVID-19 Coronavirus Relief Fund	21.019	N/A	\$ 2,080,676	\$ -
<u>U.S. Department of Homeland Security</u>				
Passed Through the Pennsylvania Emergency Management Agency COVID-19 Disaster Grants - Public Assistance	97.036	8760200790	44,640	-
Total Expenditures of Federal Awards			<u>\$ 2,125,316</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards.

TOWNSHIP OF CRANBERRY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Township of Cranberry (Township) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Township.

2. Summary of Significant Accounting Policies

The accompanying Schedule is presented using the modified accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance. The Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Township of Cranberry

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2020

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

**Board of Supervisors
Township of Cranberry**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 23, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Board of Supervisors
Township of Cranberry
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Township's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
June 23, 2021

Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**Board of Supervisors
Township of Cranberry**

Report on Compliance for the Major Federal Program

We have audited the Township of Cranberry's (Township) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2020. The Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Township's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Township's compliance.

Board of Supervisors
Township of Cranberry
Independent Auditor's Report on Compliance for the
Major Program and on Internal Control over Compliance

Opinion on the Major Federal Program

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Supervisors
Township of Cranberry
Independent Auditor's Report on Compliance for the
Major Program and on Internal Control over Compliance

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mahe Duessel

Pittsburgh, Pennsylvania
June 23, 2021

TOWNSHIP OF CRANBERRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2020

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiencies identified that are not considered to be material weakness(es)?
☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)?
☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☐ yes ☒ no

7. Major Programs:

CFDA Number(s)
21.019

Name of Federal Program or Cluster
Coronavirus Relief Fund

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? ☐ yes ☒ no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

FINDING: 2020-001 Financial Reporting System

Statement of Condition: During the audit process, several significant audit adjustments were made to the Township of Cranberry's (Township) records related to year-end closing as well as accruing accounts payable, accounts receivable, debt activity, and capital asset activity.

TOWNSHIP OF CRANBERRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2020

Criteria: The Township should have procedures in place to identify any significant adjustments necessary to their external financial statements, including the posting of all adjustments necessary to present financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Effect: Audit adjustments were required to be recorded to ensure that the financial statements were prepared in accordance with GAAP.

Cause: Adequate internal controls were not in place to ensure proper recording of transactions in accordance with GAAP. In addition, governmental accounting standards and the financial reporting process continue to become more complex each year. At the same time, the Township is subject to significant financial constraints.

Recommendation: We recommend that the Township consider the most efficient and effective method to address the above issues.

The Township should undertake an evaluation as to what measures can be taken by management to reduce the number of adjustments made as part of the audit process. This decision should be made in conjunction with the evaluation of potential internal control improvements (both over day-to-day processes, and the year-end financial reporting process) within the finance department.

Views of responsible officials and planned corrective action: Management agrees with the finding. See attached corrective action plan.

III. Findings and questioned costs for federal awards

No matters were reported.

TOWNSHIP OF CRANBERRY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2020

NO SINGLE AUDIT REQUIRED IN PRIOR YEAR