

# **Township of Cranberry**

## **Financial Statements and Required Supplementary and Supplementary Information**

**Year Ended December 31, 2021  
with Independent Auditor's Report**

**MaherDuessel**

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# TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2021

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YEAR ENDED DECEMBER 31, 2021

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## **Independent Auditor's Report**

**Board of Supervisors  
Township of Cranberry**

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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, 2021, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### Supplementary 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 supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maher Duessel*

Pittsburgh, Pennsylvania  
June 24, 2022

## **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, 2021.

### **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 \$135,782,044.
- The Township's net position increased by \$15,263,341.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$44,441,804.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,266,701.

### **Overview of Financial Statements**

This Management's Discussion and Analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide the readers with a broad overview of the Township's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except fiduciary funds. Net Position – the difference between the Township's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the Township's financial health or position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees

and charges (business-type activities). The governmental activities of the Township include general government, public safety, highways, roads, and streets, culture and recreation, community development, and interest on long-term debt. The business-type activities of the Township include water, sewer, golf course, solid waste, and swimming pool operations.

The government-wide financial statements include not only the Township itself (known as the primary government), but also a legally separate public library. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvement Fund, and the Developers' Contributions Fund as these funds are considered to be major funds. Data from the other thirteen funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report and are described in more detail in Note 1 to the financial statements.

The basic governmental fund financial statements can be found on pages 3 through 6 of this report.



*Proprietary funds.* The Township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its water, sewer, golf course, solid waste, 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, and golf course operations, all three of which are considered to be major funds of the Township. The Solid Waste, 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 \$135,782,044 at the close of the most recent fiscal year. Of this amount, \$71,809,220 (or 52.9%) 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$51,511,253	\$45,812,708	\$20,798,173	\$17,166,635	\$72,309,426	\$62,979,343
Capital assets	66,739,736	62,813,442	84,140,080	87,130,722	150,879,816	149,944,164
<b>Total assets</b>	<b>118,250,989</b>	<b>108,626,150</b>	<b>104,938,253</b>	<b>104,297,357</b>	<b>223,189,242</b>	<b>212,923,507</b>
<b>Deferred Outflows of Resources</b>	<b>1,222,651</b>	<b>370,881</b>	<b>59,165</b>	<b>65,081</b>	<b>1,281,816</b>	<b>435,962</b>
Current and other liabilities	4,043,326	2,695,762	1,796,202	1,669,554	5,839,528	4,365,316
Long-term liabilities	23,029,682	26,014,422	57,254,783	61,002,261	80,284,465	87,016,683
<b>Total liabilities</b>	<b>27,073,008</b>	<b>28,710,184</b>	<b>59,050,985</b>	<b>62,671,815</b>	<b>86,123,993</b>	<b>91,381,999</b>
<b>Deferred Inflows of Resources</b>	<b>2,565,021</b>	<b>1,458,767</b>	-	-	<b>2,565,021</b>	<b>1,458,767</b>
Net Position:						
Net investment in capital assets	44,726,574	43,079,433	27,082,646	26,334,710	71,809,220	69,414,143
Restricted	12,073,364	17,073,997	-	-	12,073,364	17,073,997
Unrestricted	33,035,673	18,674,650	18,863,787	15,355,913	51,899,460	34,030,563
<b>Total net position</b>	<b>\$89,835,611</b>	<b>\$78,828,080</b>	<b>\$45,946,433</b>	<b>\$41,690,623</b>	<b>\$135,782,044</b>	<b>\$120,518,703</b>

The balance of unrestricted net position, \$51,899,460, 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 \$11,007,531. Business-type activities increased the Township's net position by \$4,255,810. Key elements of the increases are as follows:

**Township's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,346,697	\$ 3,632,779	\$ 27,290,890	\$ 26,607,575	\$ 30,637,587	\$ 30,240,354
Operating grants	1,751,053	4,132,807	200,095	-	1,951,148	4,132,807
Capital grants	8,379,641	3,716,391	-	-	8,379,641	3,716,391
General revenues:						
Property taxes	5,752,087	5,603,063	-	-	5,752,087	5,603,063
Earned income taxes	8,900,206	8,214,262	-	-	8,900,206	8,214,262
Other taxes	6,462,793	6,382,221	-	-	6,462,793	6,382,221
Interest and rents	267,392	489,353	689,788	341,787	957,180	831,140
Other	202,210	370,063	-	-	202,210	370,063
Transfers	294,165	(457,735)	(294,165)	457,735	-	-
<b>Total revenues</b>	<b>\$ 35,356,244</b>	<b>\$ 32,083,204</b>	<b>\$ 27,886,608</b>	<b>\$ 27,407,097</b>	<b>\$ 63,242,852</b>	<b>\$ 59,490,301</b>

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Expenses</b>						
General government	\$4,979,274	\$5,627,059	\$ -	\$ -	\$4,979,274	\$5,627,059
Public safety	7,090,215	6,778,796	-	-	7,090,215	6,778,796
Highways, roads, and streets	7,756,385	7,134,200	-	-	7,756,385	7,134,200
Culture and recreation	3,129,986	2,720,078	-	-	3,129,986	2,720,078
Community development	980,455	1,034,580	-	-	980,455	1,034,580
Long-term debt	412,398	620,873	-	-	412,398	620,873
Water	-	-	8,587,077	7,649,306	8,587,077	7,649,306
Sewer	-	-	11,435,772	8,808,636	11,435,772	8,808,636
Golf course	-	-	2,444,404	2,140,575	2,444,404	2,140,575
Other	-	-	3,837,810	3,542,305	3,837,810	3,542,305
<b>Total Expenses</b>	<b>\$24,348,713</b>	<b>\$23,915,586</b>	<b>26,305,063</b>	<b>22,140,822</b>	<b>\$50,653,776</b>	<b>\$46,056,408</b>
Change in net position	11,007,531	8,167,818	4,255,810	5,266,275	15,263,341	13,434,093
Net position - beginning	78,828,080	70,660,262	41,690,623	36,424,348	120,518,703	107,084,610
Net position - ending	\$ 89,835,611	\$ 78,828,080	\$ 45,946,433	\$ 41,690,623	\$ 135,782,044	\$ 120,518,703

The following table depicts revenues by source for governmental activities in 2021:

**Revenues by Source - Governmental Activities**

Charges for services	10%
Operating grants	5%
Capital grants	24%
Property taxes	16%
Earned income taxes	25%
Other taxes	18%
Other revenues	2%
Total	100%

Government-wide revenues were primarily derived from earned income taxes at 25%, capital grants 24%, other taxes at 18%, and property taxes at 16%.

The following table depicts expenses by programs for governmental activities in 2021:

**Expenses by Program - Governmental Activities**

General government	20%
Public safety	29%
Highways, roads, and streets	32%
Culture and recreation	13%
Community development	4%
Interest on long-term debt	2%
Total	100%

Total expenses for all programs in 2021 were \$24,348,713. The expenses reflect the delivery of a wide range of services, with the largest being highways, roads, and streets at 32%. The second largest program is public safety at 29%. The program ranked third is general government at 20%.

The following table depicts the net program expenses/revenues by function/program for governmental activities for the period ending December 31, 2021:

**Net Program Expenses/Revenues**

General government	\$(3,984,679)
Public safety	(5,539,013)
Highways, roads, and streets	(1,707,928)
Culture and recreation	509,755
Community development	262,941
Interest on long-term debt	(412,398)
Total	\$(10,871,322)

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Public Safety expenses required the most General Fund revenue for support, needing approximately \$5.5 million in 2021. General Government expenses required approximately \$4.0 million in general revenues for support.

**Business-type Activities.** Business-type activities increased the Township's net position by \$4,255,810. The Township's customer base for sewer and water and solid waste continues to grow.

- 97% of revenues come from charges for services, 1% from operating grants and 2% from general revenues.

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

Program	Program Revenues	Expenses*
Sewer	\$11,435,772	\$6,573,158
Water	8,587,077	7,706,320
Golf Course	2,444,404	2,141,811
Other	5,023,732	3,605,044

\* 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 \$51.4 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 \$17,266,701.

*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 \$7,999,808, the Sewer Fund \$6,443,252, the Golf Course Fund \$2,137,462, and the Other Enterprise Funds \$2,283,265. 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 17%. This positive variance in revenue can be seen mainly in the Earned Income Tax line item. Actual revenues exceeded expenditures by \$6,129,295, due to increases in tax revenues. After including other financing and uses, actual general fund balance increased \$1,109,028.

## **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, 2021, amounts to \$71,809,220 (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 2021	Business-type Activities 2021	Total
Land	\$ 14,630,750.00	\$ 3,366,304.00	\$ 17,997,054.00
Construction in Progress	12,431,982	-	12,431,982
<b>Total Non-Depreciable Assets</b>	<b>27,062,732</b>	<b>3,366,304</b>	<b>30,429,036</b>
Buildings	28,551,290	76,418,730	104,970,020
Site Improvements	7,252,144	4,334,735	11,586,879
Machinery, Equipment, Vehicles	16,512,843	21,013,479	37,526,322
Infrastructure	51,514,036	39,787,763	91,301,799
Carts – in service	-	1,221,113	1,221,113
<b>Total Depreciable Assets</b>	<b>103,830,313</b>	<b>142,775,820</b>	<b>246,606,133</b>
Accumulated Depreciation	(64,153,309)	(62,202,044)	(126,355,353)
Total Depreciable Assets, Net	39,677,004	80,573,776	120,250,780
<b>Total Capital Assets</b>	<b>\$ 66,739,736</b>	<b>\$ 83,940,080</b>	<b>\$ 150,679,816</b>

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



**Long-Term Debt.** At the end of the current fiscal year, the Township had total debt outstanding of \$72,227,933. The Township's bond rating is Aaa by Moody's Investor Service.

#### **Township's Outstanding Debt**

	<b>Governmental Activities 2020</b>	<b>Business-type Activities 2020</b>	<b>Total</b>
General Obligation Bonds	\$10,905,156	\$48,916,519	\$59,821,675
Promissory Note	11,746,794	659,464	12,406,258
<b>Total</b>	<b>\$22,651,950</b>	<b>\$49,575,983</b>	<b>\$72,227,933</b>

More detailed information about the Township's long-term debt can be found in Note 7 of the notes to financial statements.

#### **Economic Factors**

The Township's population grew by more than 17% from 2010 to 2020. This continued growth was highlighted by the recent decennial census which estimated a total Township population of 33,096 in 2020. On average, the population has increased by 4,736 residents per decade over the last 20 years.

This population growth is also reflected by the current development numbers. In 2021, 177 new housing units were built in the Township with an estimated construction value of over \$64 million. In addition, 104 non-residential building permits were issued for commercial, retail, and industrial land uses. Combined, these projects were estimated to have a construction value of \$104 million and represent the scale of private annual investment in the community.

Employment trends continue to be impacted by the pandemic and shifting workplace routines. However, the Township has remained home to three of the top ten employers in Butler County. The Township's five largest employers include Westinghouse Electric (corporate and research headquarters), Walmart (retail), MSA Safety Inc. (corporate/research headquarters manufacturing), Kawneer Commercial Windows (manufacturing), and Omnicell (autonomous pharmaceutical development).

Overall, the demographics of the Township are skewed towards a younger, healthier, better educated, and more prosperous population than in most of Western Pennsylvania. Over 25,000 people are estimated to work in the Township with 62% of the surrounding labor force living in Cranberry.

## **2022 Budget Highlights**

The 2022 General Fund budget represents approximately a 2% increase in operating expenses and provides for a responsible fiscal approach to address the public service and capital investment needs of the Township. This approach maintains the Township's financial stewardship practices that have earned and will continue to maintain 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. Core services are back to pre-pandemic levels providing the exceptional services the community has come to expect. The Township continues to focus on operational efficiency efforts across all departments including the realignment of the customer service department. We will implement a formal professional development program by the end of the year focusing on our most important assets, our employees. The Township will continue to make investments in infrastructure and assets including sewer, water, roads, and recreational amenities. Specific projects will include transportation projects including the Freedom Road corridor and Ehrman & Rt. 19 intersection; stormwater infrastructure improvements including the Sun Valley plan project, and Chadborne culvert; Sewer and water projects to be completed including the Franklin Acres Lift station, waterline replacement projects, and planning for the next phase of upgrades to the Brush Creek Water Pollution Control Facility; Recreational improvements including a Kids Castle refresh and municipal center grounds improvements to make way for the future Great Lawn project. We will continue the effort to focus on long-term capital planning and asset management. The Township will also continue to implement strategies to contain health care costs. Planning efforts are in place for a sustainable future. The Township will also continue to aggressively pursue all state and federal funding opportunities to enhance those initiatives.

## **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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cranberry Public Library
<b>Assets</b>				
Cash and cash equivalents	\$ 4,045,725	\$ 2,977,884	\$ 7,023,609	\$ 413,785
Investments	42,302,897	15,083,579	57,386,476	209,420
Receivable:				
Taxes	3,898,674	-	3,898,674	-
Customers - billed	-	350,173	350,173	-
Customers - unbilled	-	1,544,387	1,544,387	-
Other	249,180	287,487	536,667	2,000
Internal balances	(489,729)	489,729	-	-
Inventory	72,660	64,934	137,594	-
Prepaid expenses	478,091	-	478,091	-
Restricted assets:				
Beneficial interest in net position of community foundation	-	-	-	728,932
Net pension asset	953,755	-	953,755	-
Capital assets, net:				
Non-depreciable	27,062,732	3,566,304	30,629,036	-
Depreciable	39,677,004	80,573,776	120,250,780	268,035
<b>Total Assets</b>	<b>118,250,989</b>	<b>104,938,253</b>	<b>223,189,242</b>	<b>1,622,172</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	59,165	59,165	-
Related to pensions	1,222,651	-	1,222,651	-
<b>Total Deferred Outflows of Resources</b>	<b>1,222,651</b>	<b>59,165</b>	<b>1,281,816</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	639,566	1,091,479	1,731,045	81,952
Accrued payroll and related expenses	339,996	-	339,996	-
Accrued interest payable	100,083	468,986	569,069	-
Unearned revenue	1,939,938	97,376	2,037,314	-
Developer deposit liability	1,023,743	-	1,023,743	-
Security deposits	-	138,361	138,361	-
Compensated absences	377,732	138,184	515,916	-
Intermunicipal service agreement	-	7,540,616	7,540,616	-
Long-term debt, current portion	2,544,462	4,136,085	6,680,547	-
Long-term debt, long-term portion, net	20,107,488	45,439,898	65,547,386	-
<b>Total Liabilities</b>	<b>27,073,008</b>	<b>59,050,985</b>	<b>86,123,993</b>	<b>81,952</b>
<b>Deferred Inflows of Resources</b>				
Related to pensions	2,565,021	-	2,565,021	-
<b>Net Position</b>				
Net investment in capital assets	44,726,574	27,082,646	71,809,220	268,035
Restricted for pension	953,755	-	953,755	-
Restricted, expendable	11,119,609	-	11,119,609	-
Restricted for Cranberry Legacy Fund, nonexpendable	-	-	-	728,932
Unrestricted	33,035,673	18,863,787	51,899,460	543,253
<b>Total Net Position</b>	<b>\$ 89,835,611</b>	<b>\$ 45,946,433</b>	<b>\$ 135,782,044</b>	<b>\$ 1,540,220</b>

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

# TOWNSHIP OF CRANBERRY

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Cranberry Public Library
<b>Primary Government:</b>								
Governmental activities:								
General government	\$ 4,979,274	\$ 789,733	\$ 153,112	\$ 51,750	\$ (3,984,679)	\$ -	\$ (3,984,679)	\$ -
Public safety	7,090,215	429,402	1,121,800	-	(5,539,013)	-	(5,539,013)	-
Highways, roads, and streets	7,756,385	75,973	-	5,972,484	(1,707,928)	-	(1,707,928)	-
Culture and recreation	3,129,986	808,193	476,141	2,355,407	509,755	-	509,755	-
Community development	980,455	1,243,396	-	-	262,941	-	262,941	-
Interest on long-term debt	412,398	-	-	-	(412,398)	-	(412,398)	-
Total governmental activities	24,348,713	3,346,697	1,751,053	8,379,641	(10,871,322)	-	(10,871,322)	-
Business-type activities:								
Water	8,235,515	8,587,077	-	-	-	351,562	351,562	-
Sewer	9,115,350	11,435,772	-	-	-	2,320,422	2,320,422	-
Golf course	2,442,123	2,444,404	-	-	-	2,281	2,281	-
Other	3,837,810	4,823,637	200,095	-	-	1,185,922	1,185,922	-
Total business-type activities	23,630,798	27,290,890	200,095	-	-	3,860,187	3,860,187	-
Total primary government	\$ 47,979,511	\$ 30,637,587	\$ 1,951,148	\$ 8,379,641	(10,871,322)	3,860,187	(7,011,135)	-
<b>Component Unit:</b>								
Cranberry Public Library	\$ 1,126,863	\$ 15,022	\$ 1,111,099	\$ -				(742)
General revenues:								
Taxes:								
Property					5,752,087	-	5,752,087	-
Earned income					8,900,206	-	8,900,206	-
Business privilege					2,858,230	-	2,858,230	-
Local service					1,230,559	-	1,230,559	-
Real estate transfer					2,374,004	-	2,374,004	-
Interest, rents, and royalties					267,392	689,788	957,180	-
Gain (loss) on disposal of capital assets					1,248	-	1,248	-
Other					200,962	-	200,962	-
Transfers - internal activities					294,165	(294,165)	-	-
Total general revenues and transfers					21,878,853	395,623	22,274,476	-
<b>Change in Net Position</b>					11,007,531	4,255,810	15,263,341	(742)
Net position - beginning of year					78,828,080	41,690,623	120,518,703	1,540,962
Net position - end of year					\$ 89,835,611	\$ 45,946,433	\$ 135,782,044	\$ 1,540,220

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

# TOWNSHIP OF CRANBERRY

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	General Fund	Capital Projects Fund Capital Improvement Fund	Special Revenue Fund Developers' Contributions Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,367,311	\$ 2,000	\$ (1,000)	\$ 1,677,414	\$ 4,045,725
Investments	14,384,757	15,561,722	3,266,039	9,090,379	42,302,897
Taxes receivable	3,898,674	-	-	-	3,898,674
Other receivables	249,180	-	-	-	249,180
Prepaid expenditures	478,091	-	-	-	478,091
Due from other funds	274,139	49,252	4,735	24,685	352,811
Inventory	72,660	-	-	-	72,660
<b>Total Assets</b>	<b>\$ 21,724,812</b>	<b>\$ 15,612,974</b>	<b>\$ 3,269,774</b>	<b>\$ 10,792,478</b>	<b>\$ 51,400,038</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 385,059	\$ 63,167	\$ 45,553	\$ 145,787	\$ 639,566
Accrued payroll and related expenses	339,996	-	-	-	339,996
Due to other funds	725,364	45,064	-	72,112	842,540
Unearned revenue	284,490	-	-	1,655,448	1,939,938
Developer deposit liability	-	-	-	1,023,743	1,023,743
<b>Total Liabilities</b>	<b>1,734,909</b>	<b>108,231</b>	<b>45,553</b>	<b>2,897,090</b>	<b>4,785,783</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - taxes	2,172,451	-	-	-	2,172,451
<b>Fund Balance:</b>					
Nonspendable:					
Inventory and prepaid expenditures	550,751	-	-	-	550,751
Restricted:					
Transportation improvement	-	-	-	3,296,127	3,296,127
Highways and streets	-	-	-	1,562,821	1,562,821
Recreation	-	-	-	1,522,809	1,522,809
Library	-	-	-	112,853	112,853
Fire protection	-	-	-	882,227	882,227
Infrastructure improvement	-	-	3,224,221	-	3,224,221
Storm water maintenance	-	-	-	31,900	31,900
Public building improvements	-	-	-	486,651	486,651
Assigned:					
Capital improvements	-	15,504,743	-	-	15,504,743
Unassigned	17,266,701	-	-	-	17,266,701
<b>Total Fund Balance</b>	<b>17,817,452</b>	<b>15,504,743</b>	<b>3,224,221</b>	<b>7,895,388</b>	<b>44,441,804</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 21,724,812</b>	<b>\$ 15,612,974</b>	<b>\$ 3,269,774</b>	<b>\$ 10,792,478</b>	<b>\$ 51,400,038</b>

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

# TOWNSHIP OF CRANBERRY

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2021

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 44,441,804</b>
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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.	66,739,736
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Certain taxes are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	2,172,451
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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.	(388,615)
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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.	(100,083)
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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>(23,029,682)</u>
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<b>Total Net Position - Governmental Activities</b>	<b><u>\$ 89,835,611</u></b>
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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, 2021

	General Fund	Capital Projects Fund Capital Improvement Fund	Special Revenue Fund Developers' Contributions Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes:					
Property	\$ 3,516,792	\$ -	\$ -	\$ 2,235,295	\$ 5,752,087
Earned income	8,972,925	-	-	-	8,972,925
Business privilege	2,858,230	-	-	-	2,858,230
Local service	1,230,559	-	-	-	1,230,559
Real estate transfer	2,374,004	-	-	-	2,374,004
Licenses, permits, and fees	1,834,339	-	-	-	1,834,339
Fines and forfeitures	98,407	-	-	-	98,407
Interest, rents, and royalties	245,880	12,606	3,411	5,495	267,392
Intergovernmental	1,512,064	3,773,693	-	899,518	6,185,275
Contributions and donations	14,598	2,355,407	261,220	759,694	3,390,919
Charges for services	1,213,951	-	-	-	1,213,951
Miscellaneous	196,736	-	-	4,226	200,962
Total revenues	24,068,485	6,141,706	264,631	3,904,228	34,379,050
<b>Expenditures:</b>					
Current:					
General government	3,754,325	-	-	-	3,754,325
Public safety	6,730,492	-	-	558,739	7,289,231
Highways, roads, and streets	3,974,866	-	537,903	1,042,185	5,554,954
Culture and recreation	2,457,053	-	-	462,649	2,919,702
Community development	980,455	-	-	-	980,455
Miscellaneous	-	-	-	540	540
Debt service:					
Principal retirement	1,137,024	-	-	1,678,744	2,815,768
Interest charges	335,655	-	-	158,359	494,014
Capital outlay	-	1,615,907	4,676,472	892,656	7,185,035
Total expenditures	19,369,870	1,615,907	5,214,375	4,793,872	30,994,024
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	4,698,615	4,525,799	(4,949,744)	(889,644)	3,385,026
<b>Other Financing Sources (Uses):</b>					
Proceeds from sale of capital assets	1,248	-	-	-	1,248
Transfers in	300,000	4,000,000	-	-	4,300,000
Transfers out	(3,890,835)	-	-	(115,000)	(4,005,835)
Total other financing sources (uses)	(3,589,587)	4,000,000	-	(115,000)	295,413
<b>Net Change in Fund Balance</b>	1,109,028	8,525,799	(4,949,744)	(1,004,644)	3,680,439
<b>Fund Balance:</b>					
Beginning of year	16,708,424	6,978,944	8,173,965	8,900,032	40,761,365
End of year	\$ 17,817,452	\$ 15,504,743	\$ 3,224,221	\$ 7,895,388	\$ 44,441,804

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, 2021

**Net Change in Fund Balance - Governmental Funds**

\$ 3,680,439

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	\$	7,037,952	
Capital contributions		754,500	
Depreciation expense		<u>(3,866,158)</u>	
			3,926,294

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.

526,615

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.

(72,719)

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.

49,518

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.

(37,838)

The issuance of long-term obligations (e.g., bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.

Principal payments		2,814,532	
Amortization of bond discounts/premiums		<u>120,690</u>	
			<u>2,935,222</u>

**Change in Net Position of Governmental Activities**

\$ 11,007,531

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



# TOWNSHIP OF CRANBERRY

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2021

	Water	Sewer	Golf Course	Other Enterprise Funds	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 2,094,300	\$ (606,364)	\$ 102,991	\$ 1,386,957	\$ 2,977,884
Investments	7,455,829	3,991,474	2,036,568	1,599,708	15,083,579
Accounts receivable:					
Customers - billed	112,680	218,931	-	18,562	350,173
Customers - unbilled	649,149	895,238	-	-	1,544,387
Other	26,971	-	154,080	106,436	287,487
Due from other funds	621,196	2,748,815	-	148,221	3,518,232
Inventory	-	-	64,934	-	64,934
Total current assets	10,960,125	7,248,094	2,358,573	3,259,884	23,826,676
Non-current assets:					
Capital assets:					
Land	91,517	171,340	3,103,447	200,000	3,566,304
Buildings	7,102,726	61,897,271	3,080,722	4,686,327	76,767,046
Site improvements	386,565	269,103	3,679,067	-	4,334,735
Machinery, equipment, and vehicles	1,796,510	16,880,680	2,029,025	317,808	21,024,023
Infrastructure	14,917,205	24,561,885	-	-	39,479,090
Carts	-	-	-	1,075,393	1,075,393
Less: accumulated depreciation	(13,402,699)	(37,949,599)	(6,845,003)	(3,909,210)	(62,106,511)
Total non-current assets	10,891,824	65,830,680	5,047,258	2,370,318	84,140,080
<b>Total Assets</b>	21,851,949	73,078,774	7,405,831	5,630,202	107,966,756
<b>Deferred Outflows of Resources</b>					
Deferred charge on refunding	-	-	59,165	-	59,165
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued expenses	449,593	247,586	47,069	347,231	1,091,479
Accrued interest payable	-	413,358	42,543	13,085	468,986
Due to other funds	1,928,664	490,928	9,402	599,509	3,028,503
Unearned revenue	-	-	92,286	5,090	97,376
Security deposits	138,361	-	-	-	138,361
Long-term debt - current portion	-	3,419,558	716,527	-	4,136,085
Total current liabilities	2,516,618	4,571,430	907,827	964,915	8,960,790
Non-current liabilities:					
Compensated absences	45,920	50,749	29,811	11,704	138,184
Intermunicipal service agreement	-	7,540,616	-	-	7,540,616
Long-term debt - net of current maturities:					
General obligation bonds	-	38,199,536	3,090,583	-	41,290,119
Unamortized bond premium	-	3,589,662	560,117	-	4,149,779
Total non-current liabilities	45,920	49,380,563	3,680,511	11,704	53,118,698
<b>Total Liabilities</b>	2,562,538	53,951,993	4,588,338	976,619	62,079,488
<b>Net Position</b>					
Net investment in capital assets	10,891,824	13,081,308	739,196	2,370,318	27,082,646
Unrestricted	7,999,808	6,443,252	2,137,462	2,283,265	18,863,787
<b>Total Net Position</b>	\$ 18,891,632	\$ 19,524,560	\$ 2,876,658	\$ 4,653,583	\$ 45,946,433

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, 2021

	Water	Sewer	Golf Course	Other Enterprise Funds	Total
<b>Operating Revenues:</b>					
Charges for services	\$ 8,297,253	\$ 11,287,919	\$ 2,444,404	\$ 4,738,823	\$ 26,768,399
Penalties and interest	77,154	52,763	-	17,069	146,986
Miscellaneous revenues	23,177	95,090	-	51,295	169,562
Total operating revenues	8,397,584	11,435,772	2,444,404	4,807,187	27,084,947
<b>Operating Expenses:</b>					
Wages, benefits, and related taxes	1,430,522	2,037,711	869,518	509,696	4,847,447
Employee insurance	284,551	437,305	142,498	57,005	921,359
Pension	140,846	188,642	46,838	17,610	393,936
Administrative expenses	71,362	105,876	48,320	38,279	263,837
Materials and supplies	334,662	172,976	124,670	21,370	653,678
Collection and disposal cost	-	-	-	2,462,340	2,462,340
Water purchase	4,854,524	-	-	-	4,854,524
Chemicals	-	502,673	132,239	16,218	651,130
Laboratory	-	36,427	-	-	36,427
Telephone and utilities	64,903	553,778	54,307	48,001	720,989
Repairs and maintenance	56,457	380,953	39,340	213,744	690,494
Minor equipment rental and purchase	26,552	15,704	1,309	1,803	45,368
Vehicle expense	19,030	18,106	20,004	-	57,140
Professional and other services	422,911	760,651	327,726	150,026	1,661,314
Concession and other products and services	-	-	234,127	68,952	303,079
Depreciation	529,195	2,542,192	300,312	232,766	3,604,465
Total operating expenses	8,235,515	7,752,994	2,341,208	3,837,810	22,167,527
<b>Operating Income (Loss)</b>	162,069	3,682,778	103,196	969,377	4,917,420
<b>Non-Operating Revenues (Expenses):</b>					
Investment income (loss)	1,981	2,245	759	617	5,602
Rental income	189,493	-	684,186	16,450	890,129
Grant revenue	-	-	-	200,095	200,095
Interest expense	-	(1,362,356)	(100,915)	-	(1,463,271)
Total non-operating revenues (expenses)	191,474	(1,360,111)	584,030	217,162	(367,445)
Income (loss) before transfers	353,543	2,322,667	687,226	1,186,539	4,549,975
Transfers in	-	-	650,184	-	650,184
Transfers out	(150,000)	(367,104)	-	(427,245)	(944,349)
Total transfers	(150,000)	(367,104)	650,184	(427,245)	(294,165)
<b>Change in Net Position</b>	203,543	1,955,563	1,337,410	759,294	4,255,810
<b>Net Position:</b>					
Beginning of year	18,688,089	17,568,997	1,539,248	3,894,289	41,690,623
End of year	\$ 18,891,632	\$ 19,524,560	\$ 2,876,658	\$ 4,653,583	\$ 45,946,433

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

# TOWNSHIP OF CRANBERRY

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2021

	Water	Sewer	Golf Course	Other Enterprise Funds	Total
<b>Cash Flows From Operating Activities:</b>					
Receipts from customers	\$ 8,270,805	\$ 11,638,764	\$ 2,444,404	\$ 4,677,572	\$ 27,031,545
Payments to suppliers	(6,010,899)	(2,758,981)	(1,005,005)	(2,854,696)	(12,629,581)
Payments to employees	(1,719,685)	(2,478,553)	(1,002,907)	(570,645)	(5,771,790)
Other receipts (payments), net	28,657	95,090	-	51,295	175,042
Net cash provided by (used in) operating activities	568,878	6,496,320	436,492	1,303,526	8,805,216
<b>Cash Flows From Non-Capital Financing Activities:</b>					
Transfers from (to) other funds, net	(64,664)	(518,589)	905,761	(404,108)	(81,600)
Net cash provided by (used in) non-capital financing activities	(64,664)	(518,589)	905,761	(404,108)	(81,600)
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	(81,374)	(234,970)	(122,212)	(250,120)	(688,676)
Principal paid on capital debt	-	(3,238,495)	(683,118)	-	(3,921,613)
Interest paid on capital debt	-	(1,631,732)	(81,754)	-	(1,713,486)
Grants	-	-	-	200,095	200,095
Net cash provided by (used in) capital and related financing activities	(81,374)	(5,105,197)	(887,084)	(50,025)	(6,123,680)
<b>Cash Flows From Investing Activities:</b>					
Interest receipts	1,981	2,245	759	617	5,602
Rental receipts	189,493	-	602,974	16,450	808,917
Net sales (purchases) of investments	(410,682)	(1,083,364)	(1,010,521)	(247,230)	(2,751,797)
Net cash provided by (used in) investing activities	(219,208)	(1,081,119)	(406,788)	(230,163)	(1,937,278)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	203,632	(208,585)	48,381	619,230	662,658
<b>Cash and Cash Equivalents:</b>					
Beginning of year	1,492,889	-	54,610	767,727	2,315,226
End of year	\$ 1,696,521	\$ (208,585)	\$ 102,991	\$ 1,386,957	\$ 2,977,884
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>					
Operating income (loss)	\$ 162,069	\$ 3,682,778	\$ 103,196	\$ 969,377	\$ 4,917,420
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	529,195	2,542,192	300,312	232,766	3,604,465
Loss on disposal of capital assets	-	-	-	74,853	74,853
Change in:					
Receivables	(103,602)	(185,905)	-	(78,320)	(367,827)
Inventory	-	-	27,923	-	27,923
Accounts payable and accrued expenses	(19,652)	(23,195)	(4,048)	108,794	61,899
Security deposits	5,480	-	-	-	5,480
Compensated absences	(4,612)	(3,537)	9,109	(3,944)	(2,984)
Intermunicipal service agreement	-	483,987	-	-	483,987
Total adjustments	406,809	2,813,542	333,296	334,149	3,887,796
Net cash provided by (used in) operating activities	\$ 568,878	\$ 6,496,320	\$ 436,492	\$ 1,303,526	\$ 8,805,216
<b>Supplementary Information:</b>					
Amortization of premiums and deferred refunding loss charged to interest	\$ -	\$ 26,874	\$ 5,916	\$ -	\$ 32,790

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

# TOWNSHIP OF CRANBERRY

## STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2021

<b>Assets</b>	
Cash and cash equivalents	\$ 352,661
Investments:	
Mutual funds	<u>32,803,469</u>
<b>Total Assets</b>	<u>33,156,130</u>
<b>Net Position Restricted For Pension Benefits</b>	<u><u>\$ 33,156,130</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, 2021

### **Additions:**

Employer contributions	\$ 1,078,255
Employee contributions	<u>159,126</u>
Total contributions	<u>1,237,381</u>
Investment gain (loss):	
Net appreciation (depreciation) in fair value of investments	3,290,901
Interest and dividends	<u>455,314</u>
Total investment gain (loss)	<u>3,746,215</u>
Total additions	<u>4,983,596</u>

### **Deductions:**

Benefits	1,230,981
Administrative expense	<u>56,141</u>
Total deductions	<u>1,287,122</u>

<b>Change in Plan Net Position</b>	<b>3,696,474</b>
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### **Net Position:**

Beginning of year	<u>29,459,656</u>
End of year	<u><u>\$ 33,156,130</u></u>

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

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### 1. Summary of Significant Accounting Policies

The Township of Cranberry (Township) is a second-class township organized under laws of the Commonwealth of Pennsylvania. The Township operates under a supervisors-manager form of government and provides the following services: public safety, highways and streets, health and welfare, recreation, public improvements, planning and zoning, and general administrative services.

#### Reporting Entity

These financial statements present the Township (the primary government) and the Township's blended component 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, 2021

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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, 2021

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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, 2021

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### 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*, *Storm Water Maintenance Fund*, and the *American Rescue Plan 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

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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those financed by proprietary funds). The Township uses the following non-major Capital Projects Funds: *Fire Capital Fund*, *Township Transportation Improvement Program Fund*, *Road Equipment Fund*, and the *Public Building Fund*.

### Proprietary Funds

The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Township reports the following major proprietary funds:

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

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.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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The *Police Pension Fund* and *Non-Uniform Pension Fund* account for assets held by the Township in a trustee capacity for the future payment of retirement benefits to employees.

### Interfund Activity

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

### Revenue Classification of Proprietary Funds

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

### Cash and Cash Equivalents

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

### Investments

Investments are reported at fair value. 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

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

### Inventories

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

### Capital Assets

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

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

Land and land improvements	\$5,000
Buildings	\$5,000
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. 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, 2021

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### 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, 2021

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### Fund Balance

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

- Nonspendable – This category represents funds that are not in spendable form.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via formal action by the Board and must be made prior to the end of the year. A commitment can only be modified or removed by the same formal action. There was no committed fund balance at December 31, 2021.
- 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, 2021

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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
\$ 882,227	Fire protection
112,853	Library
1,522,809	Recreation
3,296,127	Transportation improvement
3,224,221	Infrastructure improvement
1,562,821	Highways and streets
31,900	Storm water maintenance
486,651	Public building improvements
<u>\$ 11,119,609</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, 2021

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### Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 87 (Leases), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 97 (Deferred Compensation Plans), 98 (The Annual Comprehensive Financial Report), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). 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, Capital Improvement, and Special Revenue Funds are adopted on a budgetary basis of accounting whereby revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The differences between the basis used and that which is consistent with generally accepted accounting principles is not material. All annual appropriations lapse at fiscal year-end.

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

- The Township's staff begins preparation of the annual budget in mid-September of each year.
- Budget requests from departments (revenue and expenses) must be submitted to the Township Manager by the second week of October.
- The Township Manager, in consult with Assistant Managers and the Director of Finance, prepare a tentative budget for presentation to the Board.
- Meetings regarding the budget with the Board take place the second and third weeks of November. The Board adopts the tentative budget the fourth week of November.



# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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- 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.

### 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 2021 was 13.25 mills applied to an assessed valuation of \$434,903,621. The Township apportions the millage and property taxes collected in the following manner:

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

The Township's property tax calendar is as follows:

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

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

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### 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 2021, real estate taxes abated were approximately \$177,000.

## **4. Cash, Deposits, and Investments**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes.

The deposit and investment policy of the Township and the Library adheres to state statutes. Deposits of the governmental funds, proprietary funds, and the Library are either 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, 2021, \$3,498,000

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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of the Township's \$10,806,839 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining balance was exposed to custodial credit risk but is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$10,021,609 of December 31, 2021. Included within these amounts are \$2,998,000 of certificates of deposit (bank and book balance), which are considered investments for presentation on the statement of net position and governmental funds balance sheet.

### Investments

The investments in PLGIT are "pooled" with other local governments and school districts in an effort to maximize return and minimize costs associated with investing. PLGIT invests in two basic types of federal securities: obligations backed by the full faith and credit of the United States Government and short-term obligations of the United States Government or its agencies or instrumentalities (which may or may not be backed by the full faith and credit of the United States Government). The PLGIT Trust may also invest in full faith and credit obligations of the Commonwealth of Pennsylvania and its agencies and may also have repurchase agreements. Finally, the trust is also authorized to invest in certificates of deposit which are insured by the FDIC or which are collateralized as provided by law. PLGIT investments are subject to oversight by the Commonwealth of Pennsylvania.

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

The Township can withdraw funds from the external investment pools. However, there are certain limitations placed on these withdrawals. For PLGIT-Class accounts, there is a one-day holding period. For PLGIT/PLUS-Class accounts, there is a 30-day holding period for each deposit and a penalty for early withdrawals. For PLGIT PRIME accounts, there is a one-day holding period and a penalty for more than two withdrawals in a calendar month. For PLGIT/TERM accounts, there is a 60-day holding period for deposits and a penalty for early 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

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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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, 2021 are as follows:

Investments:	
PLGIT - CLASS	\$ 2,316,235
PLGIT/PLUS - CLASS	99
PLGIT TERM	21,800,000
PLGIT PRIME	<u>30,272,142</u>
Total Investments	54,388,476
Cash and Cash Equivalents:	
PLGIT CD Program	<u>2,998,000</u>
Total PLGIT	<u>\$ 57,386,476</u>

As of December 31, 2021, the entire fair value of the investments in PLGIT of \$54,388,476 is considered to be investments for presentation on the statement of net position and governmental funds balance sheet. These deposits have a carrying amount of \$54,388,476 as of December 31, 2021.

*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, 2021, investments in PLGIT received an AAA rating.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Township does not have a formal investment policy for custodial credit risk. The Township's investments in PLGIT cannot be classified by risk category because the investment is not evidenced by securities that exist in physical or book entry form.

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

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### 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, 2021, 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	\$ 352,661
Mutual Funds:	
Fixed Income	11,050,362
Equity	<u>21,753,107</u>
Total Mutual Funds	<u>32,803,469</u>
<b>Total cash, cash equivalents, and investments reported on statement of fiduciary net position</b>	<b><u>\$ 33,156,130</u></b>

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

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

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

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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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, 2021, the carrying amount of the Library's cash and deposits was \$413,785 and the related bank balance totaled \$423,676. As of December 31, 2021, \$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 \$162,337 are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. In addition, the restricted investment described below is also exposed to custodial credit risk, as it is held by another entity, and not collateralized. The equities and mutual funds are valued using quoted market prices (Level 1 inputs).

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

*Restricted Investments.* During December 2010, the Library liquidated and transferred its total investment portfolio to the Cranberry Township Community Chest (CTCC) to invest in

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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 \$121,791 for the year ended December 31, 2021. At December 31, 2021, the fair value of the underlying investments was \$728,932. The investments are valued using significant unobservable inputs (Level 3 inputs).

	<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 150,084	\$ 150,084	\$ -	\$ -
Equities	1,004	1,004	-	-
Investment held by others	728,932	-	-	728,932
Total investments by fair value level	880,020	\$ 151,088	\$ -	\$ 728,932
Cash and cash equivalents	11,249			
Investment in life insurance policy	47,083			
Total investments	<u>\$ 938,352</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, 2021, 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 \$47,083 and, as such, an asset of \$47,083 and a liability for the portion due to CTCC of \$23,542 have been recorded.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### 5. Capital Assets

A summary of capital asset activity during 2021 was as follows:

	Balance at January 1, 2021	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2021
<b>Governmental Activities:</b>				
Non-depreciable capital assets:				
Land	\$ 14,630,750	\$ -	\$ -	\$ 14,630,750
Construction in progress	6,340,856	6,569,850	(478,724)	12,431,982
Total non-depreciable capital assets	20,971,606	6,569,850	(478,724)	27,062,732
Depreciable capital assets:				
Buildings	28,551,290	-	-	28,551,290
Site improvements	6,683,109	90,311	478,724	7,252,144
Machinery, equipment, and vehicles	16,135,052	377,791	-	16,512,843
Infrastructure	50,759,536	754,500	-	51,514,036
Total depreciable capital assets	102,128,987	1,222,602	478,724	103,830,313
Less accumulated depreciation for:				
Buildings	(13,580,979)	(886,262)	-	(14,467,241)
Site improvements	(4,535,783)	(276,657)	-	(4,812,440)
Machinery, equipment, and vehicles	(10,259,971)	(826,666)	-	(11,086,637)
Infrastructure	(31,910,418)	(1,876,573)	-	(33,786,991)
Total accumulated depreciation	(60,287,151)	(3,866,158)	-	(64,153,309)
Total depreciable capital assets, net	41,841,836	\$ (2,643,556)	\$ 478,724	39,677,004
Governmental activities, capital assets, net	\$ 62,813,442			\$ 66,739,736



# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

	Balance at January 1, 2021	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2021
<b>Business-type Activities:</b>				
Non-depreciable capital assets:				
Land	\$ 3,566,304	\$ -	\$ -	\$ 3,566,304
Construction in progress	-	-	-	-
Total non-depreciable capital assets	3,566,304	-	-	3,566,304
Depreciable capital assets:				
Buildings	76,294,634	124,096	-	76,418,730
Site improvements	4,334,735	-	-	4,334,735
Machinery, equipment, and vehicles	20,699,019	314,460	-	21,013,479
Carts - in-service	1,170,993	50,120	-	1,221,113
Carts - not in-service	74,853	-	(74,853)	-
Infrastructure	39,787,763	-	-	39,787,763
Total depreciable capital assets	142,361,997	488,676	(74,853)	142,775,820
Less accumulated depreciation for:				
Buildings	(14,891,988)	(1,940,502)	-	(16,832,490)
Site improvements	(4,217,069)	(25,188)	-	(4,242,257)
Machinery, equipment, and vehicles	(18,782,548)	(339,187)	-	(19,121,735)
Carts - in-service	(1,100,638)	(56,580)	-	(1,157,218)
Infrastructure	(19,605,336)	(1,243,008)	-	(20,848,344)
Total accumulated depreciation	(58,597,579)	(3,604,465)	-	(62,202,044)
Total depreciable capital assets, net	83,764,418	\$ (3,115,789)	\$ (74,853)	80,573,776
Business-type activities, capital assets, net	\$ 87,330,722			\$ 84,140,080

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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

Governmental activities:	
General government	\$ 1,140,546
Public safety	313,897
Culture and recreation	210,284
Highways, roads, and streets	<u>2,201,431</u>
Total depreciation expense - governmental activities	<u>\$ 3,866,158</u>
Business-type activities:	
Water	\$ 529,195
Sewer	2,542,192
Golf course	300,312
Other enterprise fund	<u>232,766</u>
Total depreciation expense - business-type activities	<u>\$ 3,604,465</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, 2021, approximately \$754,500 of infrastructure assets were contributed by developers.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### 6. Interfund Receivables, Payables, and Transfers

Interfund receivables, payables, and transfers as of and for the year ended December 31, 2021 are summarized below:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Funds:		
General Fund	\$ 274,139	\$ 725,364
Capital Improvement Fund	49,252	45,064
Developers' Contributions Fund	4,735	-
Major Enterprise Funds:		
Water Fund	621,196	1,928,664
Sewer Fund	2,748,815	490,928
Golf Course Fund	-	9,402
Other Enterprise Fund	148,221	599,509
Other Governmental Funds	<u>24,685</u>	<u>72,112</u>
Total	<u>\$ 3,871,043</u>	<u>\$ 3,871,043</u>
<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 300,000	\$ 3,890,835
Capital Improvement Fund	4,000,000	-
Major Enterprise Funds:		
Water Fund	-	150,000
Sewer Fund	-	367,104
Golf Course Fund	650,184	-
Other Governmental Funds	-	115,000
Other Enterprise Funds	<u>-</u>	<u>427,245</u>
Total	<u>\$ 4,950,184</u>	<u>\$ 4,950,184</u>

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

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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The amounts due to/from the General, Water, Sewer, and Other Enterprise 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

YEAR ENDED DECEMBER 31, 2021

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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

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

A detail of long-term liability activity for governmental activities for the year ended December 31, 2021 is as follows:

	Balance at January 1, 2021	Additions	Amortization and Retirements	Balance at December 31, 2021	Due Within One Year
General obligation bonds:					
Series of 2010	\$ 450,000	\$ -	\$ (450,000)	\$ -	\$ -
Series B of 2017	1,630,000	-	(135,000)	1,495,000	135,000
Series 2020, net of unamortized premium	9,567,245	-	(1,363,985)	8,203,260	1,543,915
	1,327,586	-	(120,690)	1,206,896	-
	<u>12,974,831</u>	<u>-</u>	<u>(2,069,675)</u>	<u>10,905,156</u>	<u>1,678,915</u>
Direct Borrowings:					
Promissory note payable - 2020	1,151,100	-	(85,842)	1,065,258	85,842
General obligation note - 2019	6,461,241	-	(779,705)	5,681,536	779,705
General obligation note - 2020	5,000,000	-	-	5,000,000	-
Compensated absences	427,250	-	(49,518)	377,732	-
	<u>\$ 26,014,422</u>	<u>\$ -</u>	<u>\$ (2,984,740)</u>	<u>\$ 23,029,682</u>	<u>\$ 2,544,462</u>

A detail of long-term liability activity for business-type activities for the year ended December 31, 2021 is as follows:

	Balance at January 1, 2021	Additions	Amortization and Retirements	Balance at December 31, 2021	Due Within One Year
General obligation bonds:					
Series of 2015, net of unamortized premium	\$ 26,450,000	\$ -	\$ (1,280,000)	\$ 25,170,000	\$ 1,345,000
	2,403,397	-	(165,750)	2,237,647	-
Series A of 2017	6,940,000	-	(340,000)	6,600,000	345,000
Series of 2020, net of unamortized premium	15,157,755	-	(2,161,015)	12,996,740	2,446,085
	2,103,346	-	(191,214)	1,912,132	-
	<u>53,054,498</u>	<u>-</u>	<u>(4,137,979)</u>	<u>48,916,519</u>	<u>4,136,085</u>
Direct Borrowings:					
General obligation note - 2019	749,966	-	(90,502)	659,464	90,502
Compensated absences	141,168	-	(2,984)	138,184	-
	<u>\$ 53,945,632</u>	<u>\$ -</u>	<u>\$ (4,231,465)</u>	<u>\$ 49,714,167</u>	<u>\$ 4,226,587</u>

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### Future Maturities

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

	Governmental and Business-type Activities		
	Principal	Interest	Total
2022	\$ 5,815,000	\$ 2,144,136	\$ 7,959,136
2023	5,885,000	1,934,286	7,819,286
2024	5,200,000	1,710,136	6,910,136
2025	4,440,000	1,502,361	5,942,361
2026	4,555,000	1,295,161	5,850,161
2027-2031	17,105,000	3,954,222	21,059,222
2032-2036	10,965,000	1,284,288	12,249,288
2037	500,000	15,000	515,000
	<u>\$ 54,465,000</u>	<u>\$ 13,839,590</u>	<u>\$ 68,304,590</u>

The future scheduled payments required to amortize direct borrowings (promissory note and general obligation note) outstanding as of December 31, 2021 are as follows:

	Governmental and Business-type Activities		
	Principal	Interest	Total
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	1,627,060	115,873	1,742,933
2027-2031	5,007,323	312,479	5,319,802
2032	49,297	157,387	206,684
	<u>\$ 12,406,258</u>	<u>\$ 1,260,976</u>	<u>\$ 13,667,234</u>

## 8. Police Pension Plan

### Summary of Significant Accounting Policies

Financial information of the Township's plan is presented on the accrual basis of accounting. Employer contributions to the Plan are recognized when due as required by Act 205 of the Commonwealth of Pennsylvania (the Act). Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments of the Plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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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, 2021, 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.



# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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

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

*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, 2021 participating employees were required to contribute 5% of their compensation. During the year, the Township paid in \$696,414 which includes the 2021 MMO of \$642,669 and \$53,745 due to the Plan as of 2020, including accrued interest.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the Township for the year ended December 31, 2021 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2020	\$ 18,724,327	\$ 18,896,983	\$ (172,656)
Changes for the year:			
Service cost	639,694	-	639,694
Interest	1,356,634	-	1,356,634
Differences between expected and actual experience	(314,204)	-	(314,204)
Change in assumptions	649,802	-	649,802
Contributions - employer	-	643,357	(643,357)
Contributions - employee	-	159,126	(159,126)
Net investment income	-	2,366,683	(2,366,683)
Benefit payments, including refunds	(646,066)	(646,066)	-
Administrative expense	-	(56,141)	56,141
Net changes	1,685,860	2,466,959	(781,099)
Balances at December 31, 2021	\$ 20,410,187	\$ 21,363,942	\$ (953,755)
Plan fiduciary net position as a percentage of the total pension liability (asset)			104.67%

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed on January 1, 2021, and rolled forward to December 31, 2021, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	7.00%
Projected salary increases	5.25%
Underlying inflation rate	2.50%

Cost-of-living adjustments 100% change in CPI-W

PubS-2010 tables with mortality improvement projected from the year 2015 with rates derived from the Long-Range Demographic Assumptions for the 2020 SSA's Trustee Report.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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*Changes in Actuarial Assumptions* – Inflation assumption lowered from 2.75% to 2.50% per year; interest rate lowered from 7.25% to 7.00% per year; salary increase reduced from 5.50% to 5.25% per year; mortality updated from PR-2014 with 50% Blue-Collar adjustment and improvement based on 2014 SSA assumptions to PubS-2010 with improvement projected from 2015 based on the 2020 SSA assumptions; disability updated from the ultimate rates of disability incidence in the SSA's 2010 report to the SSA's 2020.

*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, 2021:

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, 2021, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 12.63%.

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

*Discount Rate* - The discount rate used to measure the total pension liability for the Plan was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Township's contributions will be made based on the yearly MMO calculation. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability (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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 1,915,714	\$ (953,755)	\$ (3,324,154)

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

For the year ended December 31, 2021, the Township recognized pension expense of approximately \$116,000. At December 31, 2021, 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	\$ 22,322	\$ 507,018
Changes in assumptions	821,696	-
Net difference between projected and actual earnings on pension plan investments	378,633	2,058,003
	<u>\$ 1,222,651</u>	<u>\$ 2,565,021</u>

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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

<u>Year Ending December 31,</u>	
2022	\$ (285,499)
2023	(666,616)
2024	(316,581)
2025	(179,719)
2026	30,764
Thereafter	<u>75,281</u>
	<u>\$ (1,342,370)</u>

### 9. Non-Uniform Pension Plan

#### Plan Description

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

#### Summary of Significant Accounting Policies

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

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

*Funding Policy* - Active members are not permitted to contribute to the Plan. The Township is required to contribute through yearly contributions five percent (5%) of the participant's annual compensation into an account maintained for the participant. The Plan may also be

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used to reduce or eliminate the required municipal contribution.

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

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

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

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

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

*Contributions* - Contributions in the amount of \$434,898 were made by the Township to the Plan during year ended December 31, 2021.

### 10. Deferred Compensation Plans

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

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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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 2021, employees contributed approximately \$807,000 to the plan.

During August of 2012, the Township established two 401(a) plans. The plans are available to the Township Manager and administrative employees. The plans were created to allow the Township Manager and other non-uniformed full-time employees greater opportunity to maximize their deferred compensation contribution to the deferred compensation plan. The Township contributes 5% of the employees' salary. During 2021, the Township contributed approximately \$441,000 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. During 2021, the agreement was amended to include additional estimated future capacity, and therefore an additional \$628,000 was paid by the Authority to the Township. 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 \$7,540,616 at December 31, 2021.

### **12. Commitments and Contingencies**

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

# TOWNSHIP OF CRANBERRY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant changes in insurance coverage since the prior year. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. During November 2014, the Township entered into an agreement to participate in the Delaware Valley Health Insurance Trust (Trust) effective January 1, 2015. The Trust operates as a risk sharing pool, operated and controlled by units of local government in southeastern Pennsylvania. The Trust offers contribution credits through a rate stabilization fund. Members have the option to use all or some of the credits allocated to reduce premium contributions or to roll the balance forward to future years.

The Township has signed various contracts related to capital projects that are still outstanding as of December 31, 2021. The total amount of commitments on these contracts is approximately \$1 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 2021, 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 approximately \$684,000 during 2021.



# **TOWNSHIP OF CRANBERRY**

## **NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2021

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### **14. Significant Component Unit Transactions**

During 2021, the Township provided approximately \$841,000 of support to the Library in the form of dedicated real estate tax revenues and contributions of facilities and equipment.

### **15. Related Party Transactions**

The Township provides support to the Cranberry Township Volunteer Fire Company Relief Association (Association). During 2021, the Township provided approximately \$215,000 of foreign fire insurance tax distributions to the Association. The Township receives the foreign fire insurance tax distributions directly from the Commonwealth of Pennsylvania under Act 205.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2021

	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		
<b>Revenues:</b>												
Taxes:												
Property	\$ 3,443,653	\$ 3,443,653	\$ 3,516,792	\$ 73,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earned income	7,450,000	7,450,000	8,972,925	1,522,925	-	-	-	-	-	-	-	-
Business privilege	2,000,000	2,000,000	2,858,230	858,230	-	-	-	-	-	-	-	-
Local service	870,000	870,000	1,230,559	360,559	-	-	-	-	-	-	-	-
Real estate transfer	1,390,000	1,390,000	2,374,004	984,004	-	-	-	-	-	-	-	-
Licenses, permits, and fees	1,815,400	1,815,400	1,834,339	18,939	-	-	-	-	-	-	-	-
Fines and forfeitures	102,500	102,500	98,407	(4,093)	-	-	-	-	-	-	-	-
Interest, rents, and royalties	262,028	262,028	245,880	(16,148)	2,500	2,500	12,606	10,106	2,500	2,500	3,411	911
Intergovernmental	1,739,500	1,739,500	1,512,064	(227,436)	-	-	3,773,693	3,773,693	-	-	-	-
Contributions and donations	41,500	41,500	14,598	(26,902)	750,000	750,000	2,355,407	1,605,407	6,700	6,700	261,220	254,520
Charges for services	1,346,564	1,346,564	1,213,951	(132,613)	-	-	-	-	-	-	-	-
Miscellaneous	60,700	60,700	196,736	136,036	-	-	-	-	-	-	-	-
Total revenues	20,521,845	20,521,845	24,068,485	3,546,640	752,500	752,500	6,141,706	5,389,206	9,200	9,200	264,631	255,431
<b>Expenditures:</b>												
Current:												
General government	4,431,198	4,431,198	3,754,325	676,873	-	-	-	-	-	-	-	-
Public safety	7,287,704	7,287,704	6,730,492	557,212	-	-	-	-	-	-	-	-
Highways, roads, and streets	4,669,239	4,669,239	3,974,866	694,373	-	-	-	-	-	-	537,903	(537,903)
Culture and recreation	2,633,919	2,633,919	2,457,053	176,866	-	-	-	-	-	-	-	-
Community development	1,251,611	1,251,611	980,455	271,156	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	1,666,854	1,666,854	1,472,679	194,175	-	-	-	-	-	-	-	-
Capital outlay	12,000	12,000	-	12,000	2,650,000	2,650,000	1,615,907	1,034,093	5,453,103	5,453,103	4,676,472	776,631
Total expenditures	21,952,525	21,952,525	19,369,870	2,582,655	2,650,000	2,650,000	1,615,907	1,034,093	5,453,103	5,453,103	5,214,375	(238,728)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,430,680)</b>	<b>(1,430,680)</b>	<b>4,698,615</b>	<b>6,129,295</b>	<b>(1,897,500)</b>	<b>(1,897,500)</b>	<b>4,525,799</b>	<b>4,355,113</b>	<b>(5,443,903)</b>	<b>(5,443,903)</b>	<b>(4,949,744)</b>	<b>494,159</b>
<b>Other Financing Sources (Uses):</b>												
Proceeds from long-term debt	-	-	-	-	-	-	-	-	5,000,000	5,000,000	-	(5,000,000)
Proceeds from sale of capital assets	-	-	1,248	1,248	-	-	-	-	-	-	-	-
Transfers in	300,000	300,000	300,000	-	4,000,000	4,000,000	4,000,000	-	-	-	-	-
Transfers out	(3,652,212)	(3,652,212)	(3,890,835)	(238,623)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(3,352,212)	(3,352,212)	(3,589,587)	(237,375)	4,000,000	4,000,000	4,000,000	-	-	-	-	-
<b>Net Change in Fund Balance</b>	<b>\$ (4,782,892)</b>	<b>\$ (4,782,892)</b>	<b>1,109,028</b>	<b>\$ 5,891,920</b>	<b>\$ 2,102,500</b>	<b>\$ 2,102,500</b>	<b>8,525,799</b>	<b>\$ 4,355,113</b>	<b>\$ (5,443,903)</b>	<b>\$ (5,443,903)</b>	<b>(4,949,744)</b>	<b>\$ 494,159</b>
<b>Fund Balance:</b>												
Beginning of year			16,708,424				6,978,944				8,173,965	
End of year			<u>\$ 17,817,452</u>				<u>\$ 15,504,743</u>				<u>\$ 3,224,221</u>	

# TOWNSHIP OF CRANBERRY

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

### POLICE PENSION PLAN

YEARS ENDED DECEMBER 31

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>								
Service cost	\$ 639,694	\$ 612,506	\$ 580,125	\$ 478,974	\$ 454,004	\$ 418,491	\$ 396,674	\$ 391,984
Interest	1,356,634	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	(314,204)	-	(97,067)	-	(444,099)	-	109,143	-
Changes of assumptions	649,802	-	-	-	672,316	-	-	-
Benefit payments, including refunds of member contributions	(646,066)	(627,848)	(631,128)	(611,119)	(626,877)	(538,906)	(454,197)	(416,741)
<b>Net Changes in Total Pension Liability</b>	<b>1,685,860</b>	<b>1,271,847</b>	<b>1,057,827</b>	<b>1,001,495</b>	<b>1,123,781</b>	<b>911,751</b>	<b>995,057</b>	<b>856,174</b>
<b>Total Pension Liability - Beginning</b>	<b>18,724,327</b>	<b>17,452,480</b>	<b>16,394,653</b>	<b>15,393,158</b>	<b>14,269,377</b>	<b>13,357,626</b>	<b>12,362,569</b>	<b>11,506,395</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 20,410,187</b>	<b>\$ 18,724,327</b>	<b>\$ 17,452,480</b>	<b>\$ 16,394,653</b>	<b>\$ 15,393,158</b>	<b>\$ 14,269,377</b>	<b>\$ 13,357,626</b>	<b>\$ 12,362,569</b>
<b>Plan Fiduciary Net Position:</b>								
Contributions - employer	\$ 643,357	\$ 631,819	\$ 618,008	\$ 569,355	\$ 505,263	\$ 505,824	\$ 533,510	\$ 519,984
Contributions - employee	159,126	153,505	145,124	136,376	126,082	114,994	116,006	118,194
Net investment income	2,366,683	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	(646,066)	(627,848)	(631,128)	(611,119)	(626,877)	(538,906)	(454,197)	(416,741)
Administrative expense	(56,141)	(47,797)	(45,367)	(44,719)	(42,595)	(39,915)	(39,673)	(38,553)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>2,466,959</b>	<b>2,142,759</b>	<b>2,883,837</b>	<b>(789,071)</b>	<b>1,770,587</b>	<b>1,048,725</b>	<b>71,409</b>	<b>867,357</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>18,896,983</b>	<b>16,754,224</b>	<b>13,870,387</b>	<b>14,659,458</b>	<b>12,888,871</b>	<b>11,840,146</b>	<b>11,768,737</b>	<b>10,901,380</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 21,363,942</b>	<b>\$ 18,896,983</b>	<b>\$ 16,754,224</b>	<b>\$ 13,870,387</b>	<b>\$ 14,659,458</b>	<b>\$ 12,888,871</b>	<b>\$ 11,840,146</b>	<b>\$ 11,768,737</b>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<b>\$ (953,755)</b>	<b>\$ (172,656)</b>	<b>\$ 698,256</b>	<b>\$ 2,524,266</b>	<b>\$ 733,700</b>	<b>\$ 1,380,506</b>	<b>\$ 1,517,480</b>	<b>\$ 593,832</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>104.67%</b>	<b>100.92%</b>	<b>96.00%</b>	<b>84.60%</b>	<b>95.23%</b>	<b>90.33%</b>	<b>88.64%</b>	<b>95.20%</b>
<b>Covered Employee Payroll</b>	<b>\$ 3,526,302</b>	<b>\$ 3,408,803</b>	<b>\$ 3,296,938</b>	<b>\$ 3,158,802</b>	<b>\$ 2,758,713</b>	<b>\$ 2,455,939</b>	<b>\$ 2,615,697</b>	<b>\$ 2,686,125</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>-27.05%</b>	<b>-5.07%</b>	<b>21.18%</b>	<b>79.91%</b>	<b>26.60%</b>	<b>56.21%</b>	<b>58.01%</b>	<b>22.11%</b>

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

# TOWNSHIP OF CRANBERRY

## SCHEDULES OF CONTRIBUTIONS AND INVESTMENT RETURNS

### POLICE PENSION PLAN

YEARS ENDED DECEMBER 31

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Schedule of Contributions</b>								
Actuarially determined contribution	\$ 642,669	\$ 628,116	\$ 618,008	\$ 569,355	\$ 485,049	\$ 505,824	\$ 524,928	\$ 519,984
Contributions in relation to the actuarially determined contribution	643,357	631,819 *	618,008	569,355	505,263	505,824	524,928	519,984
Contribution deficiency (excess)	\$ (688)	\$ (3,703)	\$ -	\$ -	\$ (20,214)	\$ -	\$ -	\$ -
Covered payroll	\$ 3,526,302	\$ 3,408,803	\$ 3,296,938	\$ 3,158,802	\$ 2,758,713	\$ 2,455,939	\$ 2,615,697	\$ 2,686,125
Contributions as a percentage of covered payroll	18.24%	18.53%	18.74%	18.02%	18.32%	20.60%	20.07%	19.36%
<b>Investment Returns</b>								
Annual money-weighted rate of return, net of investment expense	12.63%	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, 2021

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### 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

12/31/21 – Inflation assumption lowered from 2.75% to 2.50% per year; interest rate lowered from 7.25% to 7.00% per year; salary increase reduced from 5.50% to 5.25% per year; mortality updated from PR-2014 with 50% Blue-Collar adjustment and improvement based on 2014 SSA assumptions to Pubs-2010 with improvement projected from 2015 based on the 2020 SSA assumptions; disability updated from the ultimate rates of disability incidence in the SSA's 2010 report to the SSA's 2020.

# **TOWNSHIP OF CRANBERRY**

## **NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – POLICE PENSION PLAN**

YEAR ENDED DECEMBER 31, 2021

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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.

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, 2021

	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	American Rescue Plan Fund
<b>Assets</b>									
Cash and cash equivalents	\$ 4,176	\$ 2,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,340	\$ 1,655,448
Investments	790,406	170,173	1,517,699	3,279,024	59,116	1,023,743	122,523	25,560	-
Due from other funds	19,575	-	5,110	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 814,157</b>	<b>\$ 173,166</b>	<b>\$ 1,522,809</b>	<b>3,279,024</b>	<b>\$ 59,116</b>	<b>\$ 1,023,743</b>	<b>\$ 122,523</b>	<b>\$ 31,900</b>	<b>\$ 1,655,448</b>
<b>Liabilities and Fund Balance</b>									
<b>Liabilities:</b>									
Accounts payable and accrued expenses	\$ 38,885	\$ 38,801	\$ -	\$ 2,500	\$ 61,277	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	1,655,448
Developer deposit liability	-	-	-	-	-	1,023,743	-	-	-
Due to other funds	3,770	21,512	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>42,655</b>	<b>60,313</b>	<b>-</b>	<b>2,500</b>	<b>61,277</b>	<b>1,023,743</b>	<b>-</b>	<b>-</b>	<b>1,655,448</b>
<b>Fund Balance:</b>									
Restricted	771,502	112,853	1,522,809	3,276,524	(2,161)	-	122,523	31,900	-
<b>Total Liabilities and Fund Balance</b>	<b>\$ 814,157</b>	<b>\$ 173,166</b>	<b>\$ 1,522,809</b>	<b>\$ 3,279,024</b>	<b>\$ 59,116</b>	<b>\$ 1,023,743</b>	<b>\$ 122,523</b>	<b>\$ 31,900</b>	<b>\$ 1,655,448</b>

(Continued)

# TOWNSHIP OF CRANBERRY

## COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2021  
(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		
<b>Assets</b>							
Cash and cash equivalents	\$ 1,668,957	\$ 2,919	\$ -	\$ 2,545	\$ 2,993	\$ 8,457	\$ 1,677,414
Investments	6,988,244	158,960	21,764	1,437,753	483,658	2,102,135	9,090,379
Due from other funds	24,685	-	-	-	-	-	24,685
<b>Total Assets</b>	<b>\$ 8,681,886</b>	<b>\$ 161,879</b>	<b>\$ 21,764</b>	<b>\$ 1,440,298</b>	<b>\$ 486,651</b>	<b>\$ 2,110,592</b>	<b>\$ 10,792,478</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable and accrued expenses	\$ 141,463	\$ 4,324	\$ -	\$ -	\$ -	\$ 4,324	\$ 145,787
Unearned revenue	1,655,448	-	-	-	-	-	1,655,448
Developer deposit liability	1,023,743	-	-	-	-	-	1,023,743
Due to other funds	25,282	46,830	-	-	-	46,830	72,112
<b>Total Liabilities</b>	<b>2,845,936</b>	<b>51,154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,154</b>	<b>2,897,090</b>
<b>Fund Balance:</b>							
Restricted	5,835,950	110,725	21,764	1,440,298	486,651	2,059,438	7,895,388
<b>Total Liabilities and Fund Balance</b>	<b>\$ 8,681,886</b>	<b>\$ 161,879</b>	<b>\$ 21,764</b>	<b>\$ 1,440,298</b>	<b>\$ 486,651</b>	<b>\$ 2,110,592</b>	<b>\$ 10,792,478</b>

(Concluded)

# TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2021

	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	American Rescue Plan Fund
<b>Revenues:</b>									
Taxes	\$ 597,354	\$ 428,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, rents, and royalties	469	227	549	2,081	298	-	807	4	-
Intergovernmental	-	-	-	-	-	-	899,518	-	-
Contributions and donations	-	-	476,141	78,560	204,993	-	-	-	-
Miscellaneous	4,226	-	-	-	-	-	-	-	-
Total revenues	602,049	428,445	476,690	80,641	205,291	-	900,325	4	-
<b>Expenditures:</b>									
Public safety	558,212	-	-	-	-	-	-	-	-
Highways, roads, and streets	-	-	-	15,000	210,171	-	817,014	-	-
Culture and recreation	-	462,649	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	236,900	779,705	-	-	-	-	-
Interest charges	-	-	-	125,000	-	-	-	-	-
Capital outlay	-	-	-	46,773	719,498	-	-	-	-
Total expenditures	558,212	462,649	236,900	966,478	929,669	-	817,014	-	-
<b>Excess (Deficiency) of Revenues Over (Under)</b>									
<b>Expenditures</b>	43,837	(34,204)	239,790	(885,837)	(724,378)	-	83,311	4	-
<b>Other Financing Sources (Uses):</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
<b>Net Change in Fund Balance</b>	43,837	(34,204)	239,790	(885,837)	(724,378)	-	83,311	4	-
<b>Fund Balance:</b>									
Beginning of year	727,665	147,057	1,283,019	4,162,361	722,217	-	39,212	31,896	-
End of year	\$ 771,502	\$ 112,853	\$ 1,522,809	\$ 3,276,524	\$ (2,161)	\$ -	\$ 122,523	\$ 31,900	\$ -

(Continued)

# TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2021

(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
<b>Revenues:</b>							
Taxes	\$ 1,025,572	\$ 417,519	\$ -	\$ 363,986	\$ 428,218	\$ 1,209,723	\$ 2,235,295
Interest, rents, and royalties	4,435	158	3	631	268	1,060	5,495
Intergovernmental	899,518	-	-	-	-	-	899,518
Contributions and donations	759,694	-	-	-	-	-	759,694
Miscellaneous	4,226	-	-	-	-	-	4,226
Total revenues	<u>2,693,445</u>	<u>417,677</u>	<u>3</u>	<u>364,617</u>	<u>428,486</u>	<u>1,210,783</u>	<u>3,904,228</u>
<b>Expenditures:</b>							
Public safety	558,212	527	-	-	-	527	558,739
Highways, roads, and streets	1,042,185	-	-	-	-	-	1,042,185
Culture and recreation	462,649	-	-	-	-	-	462,649
Miscellaneous	-	-	-	-	540	540	540
Debt service:							
Principal retirement	1,016,605	417,139	-	-	245,000	662,139	1,678,744
Interest charges	125,000	33,359	-	-	-	33,359	158,359
Capital outlay	766,271	-	-	126,385	-	126,385	892,656
Total expenditures	<u>3,970,922</u>	<u>451,025</u>	<u>-</u>	<u>126,385</u>	<u>245,540</u>	<u>822,950</u>	<u>4,793,872</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,277,477)</u>	<u>(33,348)</u>	<u>3</u>	<u>238,232</u>	<u>182,946</u>	<u>387,833</u>	<u>(889,644)</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(115,000)	(115,000)	(115,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115,000)</u>	<u>(115,000)</u>	<u>(115,000)</u>
<b>Net Change in Fund Balance</b>	<u>(1,277,477)</u>	<u>(33,348)</u>	<u>3</u>	<u>238,232</u>	<u>67,946</u>	<u>272,833</u>	<u>(1,004,644)</u>
<b>Fund Balance:</b>							
Beginning of year	<u>7,113,427</u>	<u>144,073</u>	<u>21,761</u>	<u>1,202,066</u>	<u>418,705</u>	<u>1,786,605</u>	<u>8,900,032</u>
End of year	<u>\$ 5,835,950</u>	<u>\$ 110,725</u>	<u>\$ 21,764</u>	<u>\$ 1,440,298</u>	<u>\$ 486,651</u>	<u>\$ 2,059,438</u>	<u>\$ 7,895,388</u>

(Concluded)

# TOWNSHIP OF CRANBERRY

## COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2021

<b>Assets</b>	<b>Police Pension Fund</b>	<b>Non-Uniform Pension Fund</b>	<b>Total Pension Trust Funds</b>
Cash and cash equivalents	\$ 333,023	\$ 19,638	\$ 352,661
Investments:			
Mutual funds	21,030,919	11,772,550	32,803,469
<b>Total Assets</b>	<b>21,363,942</b>	<b>11,792,188</b>	<b>33,156,130</b>
<b>Net Position Restricted For Pension Benefits</b>	<b>\$ 21,363,942</b>	<b>\$ 11,792,188</b>	<b>\$ 33,156,130</b>

# TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2021

	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
<b>Additions:</b>			
Employer contributions	\$ 643,357	\$ 434,898	\$ 1,078,255
Employee contributions	159,126	-	159,126
Total contributions	802,483	434,898	1,237,381
Investment gain (loss):			
Net appreciation (depreciation) in fair value of investments	2,074,446	1,216,455	3,290,901
Interest and dividends	292,237	163,077	455,314
Total investment gain (loss)	2,366,683	1,379,532	3,746,215
Total additions	3,169,166	1,814,430	4,983,596
<b>Deductions:</b>			
Benefits	646,066	584,915	1,230,981
Administrative expense	56,141	-	56,141
Total deductions	702,207	584,915	1,287,122
<b>Change in Plan Net Position</b>	2,466,959	1,229,515	3,696,474
<b>Net Position:</b>			
Beginning of year	18,896,983	10,562,673	29,459,656
End of year	\$ 21,363,942	\$ 11,792,188	\$ 33,156,130