

Township of Cranberry

Financial Statements and Required Supplementary and Supplementary Information

**Year Ended December 31, 2022
with Independent Auditor's Report**

MaherDuessel

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TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2022

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TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2022

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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, 2022, 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, 2022, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 87, "*Leases*," which requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Our opinion is not modified with respect to this matter.

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 29, 2023

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, 2022.

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 \$149,006,002.
- The Township's net position increased by \$13,223,958.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$43,564,072.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,328,101.

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 and the Capital Improvement Fund as these funds are considered to be major funds. Data from the other fourteen funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report and are described in more detail in Note 1 to the financial statements.

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

Proprietary funds. The Township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its water, sewer, golf course, solid waste, swimming pool, and General Authority operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for water, sewer, golf course, and solid waste operations, all four of which are considered to be major funds of the Township. The Swimming Pool and General Authority Funds are considered other enterprise funds.

The basic proprietary fund financial statements can be found on pages 7 through 9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 10 and 11 of this report.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 12 through 48 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 49 through 53 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 54 through 59 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 \$149,006,002 at the close of the most recent fiscal year. Of this amount, \$77,942,649 (or 52%) 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$57,211,839	\$51,511,253	\$23,740,545	\$20,798,173	\$80,952,384	\$72,309,426
Capital assets	68,669,570	66,739,736	84,041,217	84,140,080	152,710,787	150,879,816
Total assets	125,881,409	118,250,989	107,781,762	104,938,253	233,663,171	223,189,242
Deferred Outflows of Resources	3,924,421	1,222,651	53,249	59,165	3,977,670	1,281,816
Current and other liabilities	6,533,889	4,043,326	1,861,366	1,796,202	8,395,255	5,839,528
Long-term liabilities	22,778,490	23,029,682	52,525,507	57,254,783	75,303,997	80,284,465
Total liabilities	29,312,379	27,073,008	54,386,873	59,050,985	83,699,252	86,123,993
Deferred Inflows of Resources	2,138,273	2,565,021	2,797,314.00	-	4,935,587	2,565,021
Net Position:						
Net investment in capital assets	49,222,077	44,726,574	28,720,572	27,082,646	77,942,649	71,809,220
Restricted	12,133,519	12,073,364	-	-	12,133,519	12,073,364
Unrestricted	36,999,582	33,035,673	21,930,252	18,863,787	58,929,834	51,899,460
Total net position	\$98,355,178	\$89,835,611	\$50,650,824	\$45,946,433	\$149,006,002	\$135,782,044

The balance of unrestricted net position, \$58,929,834, may be used to meet the Township's ongoing obligations to citizens and creditors.

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

Governmental Activities. Governmental activities increased the Township's net position by \$8,519,567. Business-type activities increased the Township's net position by \$4,704,391. Key elements of the increases are as follows:

Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 3,860,881	\$ 3,346,697	\$ 28,153,009	\$ 27,290,890	\$ 32,013,890	\$ 30,637,587
Operating grants	1,595,079	1,751,053	10,709	200,095	1,605,788	1,951,148
Capital grants	7,023,742	8,379,641	-	-	7,023,742	8,379,641
General revenues:						
Property taxes	5,958,537	5,752,087	-	-	5,958,537	5,752,087
Earned income taxes	10,086,678	8,900,206	-	-	10,086,678	8,900,206
Other taxes	6,880,115	6,462,793	-	-	6,880,115	6,462,793
Interest and rents	558,547	267,392	1,151,626	689,788	1,710,173	957,180
Other	178,417	202,210	-	-	178,417	202,210
Transfers	(19,398)	294,165	19,398	(294,165)	-	-
Total revenues	\$ 36,122,598	\$ 35,356,244	\$ 29,334,742	\$ 27,886,608	\$ 65,457,340	\$ 63,242,852

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Expenses						
General government	\$4,662,115	\$4,979,274	\$ -	\$ -	\$4,662,115	\$4,979,274
Public safety	8,216,423	7,090,215	-	-	8,216,423	7,090,215
Highways, roads, and streets	9,970,639	7,756,385	-	-	9,970,639	7,756,385
Culture and recreation	3,245,411	3,129,986	-	-	3,245,411	3,129,986
Community development	1,092,794	980,455	-	-	1,092,794	980,455
Long-term debt	415,649	412,398	-	-	415,649	412,398
Water	-	-	8,435,181	8,587,077	8,435,181	8,587,077
Sewer	-	-	9,673,770	11,435,772	9,673,770	11,435,772
Golf course	-	-	2,634,758	2,444,404	2,634,758	2,444,404
Solid waste	-	-	2,963,628	3,006,482	2,963,628	3,006,482
Other	-	-	923,014	831,328	923,014	831,328
Total Expenses	\$27,603,031	\$24,348,713	24,630,351	26,305,063	\$52,233,382	\$50,653,776
Change in net position	8,519,567	11,007,531	4,704,391	4,255,810	13,223,958	15,263,341
Net position - beginning	89,835,611	78,828,080	45,946,433	41,690,623	135,782,044	120,518,703
Net position - ending	\$ 98,355,178	\$ 89,835,611	\$ 50,650,824	\$ 45,946,433	\$ 149,006,002	\$ 135,782,044

The following table depicts revenues by source for governmental activities in 2022:

Revenues by Source - Governmental Activities

Charges for services	11%
Operating grants	4%
Capital grants	19%
Property taxes	17%
Earned income taxes	28%
Other taxes	19%
Other revenues	2%
Total	100%

Government-wide revenues were primarily derived from earned income taxes at 28%, Capital grants at 19%, other taxes at 19%, and property taxes at 17%.

The following table depicts expenses by programs for governmental activities in 2022:

Expenses by Program - Governmental Activities

General government	17%
Public safety	30%
Highways, roads, and streets	36%
Culture and recreation	11%
Community development	4%
Interest on long-term debt	2%
Total	100%

Total expenses for all programs in 2022 were \$27,603,031. The expenses reflect the delivery of a wide range of services, with the largest being highways, roads, and streets at 36%. The second largest program is public safety at 30%. The program ranked third is general government at 17%.

The following table depicts the net program expenses/revenues by function/program for governmental activities for the period ending December 31, 2022:

Net Program Expenses/Revenues

General government	\$(3,714,025)
Public safety	(6,608,441)
Highways, roads, and streets	(3,310,802)
Culture and recreation	(1,507,595)
Community development	433,183
Interest on long-term debt	(415,649)
Total	\$(15,123,329)

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 \$6.6 million in 2022. General Government expenses required approximately \$3.7 million, and highway, roads, and streets expenses required approximately \$3.3 million in general revenues for support.

Business-type Activities. Business-type activities increased the Township's net position by \$4,704,391. The Township's customer base for sewer and water and solid waste continues to grow.

- 96% of revenues come from charges for services, less than 1% from operating grants and 4% from general revenues.

Expenses and Program Revenues - Business-type Activities

Program	Program Revenues	Expenses*
Sewer	\$11,410,368	\$7,180,872
Water	8,485,672	7,908,586
Golf Course	2,574,831	2,337,518
Solid Waste	2,995,557	2,910,284
Other	2,697,290	746,828

* 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 \$43.6 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 \$18,328,101.

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 \$8,369,664, the Sewer Fund \$6,200,426, the Golf Course Fund \$3,612,999, the Solid Waste Fund \$372,578 and the Other Enterprise Funds \$3,374,585. 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 \$6,304,882, due to increases in tax revenues. After including other financing and uses, actual General Fund balance increased \$850,147.

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, 2022, amounts to \$77,942,649 (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 2022	Business-type Activities 2022	Total
Land	\$ 14,630,750	\$ 3,566,304	\$ 18,197,054
Construction in Progress	4,723,342	-	4,723,342
Total Non-Depreciable Assets	19,354,092	3,566,304	22,920,396
Buildings	28,570,008	76,418,730	104,988,738
Site Improvements	7,252,144	4,334,735	11,586,879
Machinery, Equipment, Vehicles	16,842,523	21,175,242	38,017,765
Infrastructure	64,993,519	40,073,400	105,066,919
Carts – in service	-	1,221,113	1,221,113
Total Depreciable Assets	117,658,194	143,223,220	260,881,414
Accumulated Depreciation	(68,342,716)	(65,748,307)	(134,091,023)
Total Depreciable Assets, Net	49,315,478	77,474,913	126,790,391
Total Capital Assets	\$ 68,669,570	\$ 81,041,217	\$ 149,710,787

More detailed information about the Township's capital assets can be found in Note 7 of the notes to financial statements.

Long-Term Debt. At the end of the current fiscal year, the Township had total debt outstanding of \$64,437,867. The Township's bond rating is Aaa by Moody's Investor Service.

Township's Outstanding Debt

	Governmental Activities 2022	Business-type Activities 2022	Total
General Obligation Bonds	\$9,105,551	\$44,423,470	\$53,529,021
Promissory Note	10,341,942	566,904	10,908,846
Total	\$19,447,493	\$44,990,374	\$64,437,867

More detailed information about the Township's long-term debt can be found in Note 9 of the notes to financial statements.

Economic Factors

The Township's population continues to grow. The latest population estimates from the U.S. Census's American Community Survey suggests that the Township added 1,233 residents from 2020 to 2021. This annual increase has outpaced recent trends. On average, the Township has maintained an annual population increase of 1.6% over the last decade.

This population growth is also reflected in the current development numbers. In 2022, 342 new housing units were permitted in the Township with an estimated construction value of over \$102 million. In addition, 104 non-residential building permits were issued for commercial, retail, and industrial land uses. These numbers reveal continued investment in residential development, particularly in multifamily construction.

The Township also continues to be the home to several of the top-ten employers in Butler County. In 2021, the Township's five largest employers included Westinghouse Electric (corporate and research headquarters), MSA Safety Inc. (corporate/research headquarters manufacturing), Walmart (retail), Kawneer Commercial Windows (manufacturing), and Omnicell Inc. (autonomous pharmaceutical development).

Overall, the Township's employment and commuting balance has remained very favorable. An estimated 89.75% of all jobs are filled by outside workers commuting to the Township. Therefore, at a ratio of 2 to 1, more outside workers travel to the Township than residents leave for employment. This suggests that the Township is continuing to emerge as a regional hub.

2023 Budget Highlights

The 2023 General Fund budget represents approximately a 6% 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 continue with the implementation of our formal professional development program, focusing on our most important assets, our employees.

The Township continues to make investments in infrastructure and assets including sewer, water, roads, stormwater, and recreational amenities. Specific transportation projects include the widening of the Freedom Road corridor and the improvement of the Rt. 19 and Progress Avenue intersection. Stormwater infrastructure improvements includes the upgrade of neighborhood culverts and the MS4 mitigation of stream banks in the Brush Creek watershed. Ongoing sewer and water projects include the Franklin Acres Lift station and engineering for the next phase of upgrades to the Brush Creek Water Pollution Control Facility.

Finally, the Township will continue to pursue all funding opportunities and long-term capital planning efforts. Ongoing projects such as the Comprehensive Recreation, Parks and Open Space Plan, the Golf Course Master Plan, as well as the design of the Great Lawn project at the Municipal Center demonstrate the Township's commitment to a sustainable future and continued asset management.

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cranberry Public Library
Assets				
Cash and cash equivalents	\$ 2,618,377	\$ 3,731,097	\$ 6,349,474	\$ 319,111
Investments	45,991,101	17,288,338	63,279,439	190,116
Receivable:				
Taxes	4,353,910	-	4,353,910	-
Customers - billed	-	349,490	349,490	-
Customers - unbilled	-	1,592,838	1,592,838	-
Contributions	4,089,924	-	4,089,924	-
Leases	415,859	2,831,490	3,247,349	-
Other	186,203	98,648	284,851	2,000
Internal balances	(783,033)	783,033	-	-
Inventory	73,726	65,611	139,337	-
Prepaid expenses	265,772	-	265,772	-
Restricted assets:				
Beneficial interest in net position of community foundation	-	-	-	663,449
Capital assets, net:				
Non-depreciable	19,354,092	3,566,304	22,920,396	-
Depreciable	49,315,478	77,474,913	126,790,391	249,274
Total Assets	125,881,409	107,781,762	233,663,171	1,423,950
Deferred Outflows of Resources				
Deferred charge on refunding	-	53,249	53,249	-
Related to pensions	3,924,421	-	3,924,421	-
Total Deferred Outflows of Resources	3,924,421	53,249	3,977,670	-
Liabilities				
Accounts payable	1,373,468	1,122,446	2,495,914	54,012
Accrued payroll and related expenses	324,702	-	324,702	-
Accrued interest payable	83,969	505,259	589,228	-
Unearned revenue	3,691,152	91,480	3,782,632	-
Developer deposit liability	1,060,598	-	1,060,598	-
Security deposits	-	142,181	142,181	-
Compensated absences	389,202	151,613	540,815	-
Net pension liability	2,941,795	-	2,941,795	-
Intermunicipal service agreement	-	7,383,520	7,383,520	-
Long-term debt, current portion	3,169,887	4,288,568	7,458,455	-
Long-term debt, long-term portion, net	16,277,606	40,701,806	56,979,412	-
Total Liabilities	29,312,379	54,386,873	83,699,252	54,012
Deferred Inflows of Resources				
Related to pensions	1,724,224	-	1,724,224	-
Related to leases	414,049	2,797,314	3,211,363	-
Total Deferred Inflows of Resources	2,138,273	2,797,314	4,935,587	-
Net Position				
Net investment in capital assets	49,222,077	28,720,572	77,942,649	249,274
Restricted, expendable	12,133,519	-	12,133,519	-
Restricted for Cranberry Legacy Fund, nonexpendable	-	-	-	663,449
Unrestricted	36,999,582	21,930,252	58,929,834	457,215
Total Net Position	\$ 98,355,178	\$ 50,650,824	\$ 149,006,002	\$ 1,369,938

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

TOWNSHIP OF CRANBERRY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Cranberry Public Library	
					Governmental Activities	Business-Type Activities		Total
Primary Government:								
Governmental activities:								
General government	\$ 4,662,115	\$ 672,080	\$ 255,584	\$ 20,426	\$ (3,714,025)	\$ -	\$ (3,714,025)	\$ -
Public safety	8,216,423	391,225	1,216,757	-	(6,608,441)	-	(6,608,441)	-
Highways, roads, and streets	9,970,639	75,065	-	6,584,772	(3,310,802)	-	(3,310,802)	-
Culture and recreation	3,245,411	1,196,534	122,738	418,544	(1,507,595)	-	(1,507,595)	-
Community development	1,092,794	1,525,977	-	-	433,183	-	433,183	-
Interest on long-term debt	415,649	-	-	-	(415,649)	-	(415,649)	-
Total governmental activities	27,603,031	3,860,881	1,595,079	7,023,742	(15,123,329)	-	(15,123,329)	-
Business-type activities:								
Water	8,435,181	8,485,672	-	-	-	50,491	50,491	-
Sewer	9,673,770	11,410,368	-	-	-	1,736,598	1,736,598	-
Golf course	2,634,758	2,574,831	-	-	-	(59,927)	(59,927)	-
Solid waste	2,963,628	2,984,848	10,709	-	-	31,929	31,929	-
Other	923,014	2,697,290	-	-	-	1,774,276	1,774,276	-
Total business-type activities	24,630,351	28,153,009	10,709	-	-	3,533,367	3,533,367	-
Total primary government	\$ 52,233,382	\$ 32,013,890	\$ 1,605,788	\$ 7,023,742	(15,123,329)	3,533,367	(11,589,962)	-
Component Unit:								
Cranberry Public Library	\$ 1,112,794	\$ 22,730	\$ 919,782	\$ -				(170,282)
General revenues:								
Taxes:								
Property					5,958,537	-	5,958,537	-
Earned income					10,086,678	-	10,086,678	-
Business privilege					3,376,371	-	3,376,371	-
Local service					1,329,632	-	1,329,632	-
Real estate transfer					2,174,112	-	2,174,112	-
Interest, rents, and royalties					558,547	1,151,626	1,710,173	-
Gain (loss) on disposal of capital assets					6,131	-	6,131	-
Other					172,286	-	172,286	-
Transfers - internal activities					(19,398)	19,398	-	-
Total general revenues and transfers					23,642,896	1,171,024	24,813,920	-
Change in Net Position					8,519,567	4,704,391	13,223,958	(170,282)
Net position - beginning of year					89,835,611	45,946,433	135,782,044	1,540,220
Net position - end of year					\$ 98,355,178	\$ 50,650,824	\$ 149,006,002	\$ 1,369,938

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

TOWNSHIP OF CRANBERRY

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2022

	General Fund	Special Revenue Fund Transportation Improvement Program East Fund	Capital Projects Fund Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,275,980	\$ -	\$ 1,850	\$ 340,547	\$ 2,618,377
Investments	15,843,170	6,205,839	13,625,144	10,316,948	45,991,101
Taxes receivable	4,353,910	-	-	-	4,353,910
Contributions receivable	-	4,089,924	-	-	4,089,924
Lease receivable	415,859	-	-	-	415,859
Other receivables	186,203	-	-	-	186,203
Prepaid expenditures	265,772	-	-	-	265,772
Due from other funds	314,968	-	774	40,615	356,357
Inventory	73,726	-	-	-	73,726
Total Assets	\$ 23,729,588	\$ 10,295,763	\$ 13,627,768	\$ 10,698,110	\$ 58,351,229
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable and accrued expenses	\$ 344,690	\$ 2,500	\$ 872,212	\$ 154,066	\$ 1,373,468
Accrued payroll and related expenses	324,702	-	-	-	324,702
Due to other funds	914,887	-	-	224,503	1,139,390
Unearned revenue	369,787	-	-	3,321,365	3,691,152
Developer deposit liability	-	-	-	1,060,598	1,060,598
Total Liabilities	1,954,066	2,500	872,212	4,760,532	7,589,310
Deferred Inflows of Resources:					
Unavailable revenue - taxes	2,693,874	-	-	-	2,693,874
Unavailable revenue - contributions Related to leases	- 414,049	4,089,924 -	- -	- -	4,089,924 414,049
Total Deferred Inflows of Resources	3,107,923	4,089,924	-	-	7,197,847
Fund Balance:					
Nonspendable:					
Inventory and prepaid expenditures	339,498	-	-	-	339,498
Restricted:					
Transportation improvement	-	6,203,339	-	122,665	6,326,004
Highways and streets	-	-	-	2,061,258	2,061,258
Recreation	-	-	-	1,263,652	1,263,652
Library	-	-	-	59,444	59,444
Fire protection	-	-	-	754,633	754,633
Infrastructure improvement	-	-	-	818,777	818,777
Storm water maintenance	-	-	-	35,716	35,716
Public building improvements	-	-	-	814,035	814,035
Assigned:					
Capital improvements	-	-	12,755,556	-	12,755,556
Unassigned	18,328,101	-	-	7,398	18,335,499
Total Fund Balance	18,667,599	6,203,339	12,755,556	5,937,578	43,564,072
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 23,729,588	\$ 10,295,763	\$ 13,627,768	\$ 10,698,110	\$ 58,351,229

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, 2022

Total Fund Balance - Governmental Funds	\$ 43,564,072
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.	68,669,570
Certain taxes and contributions are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	6,783,798
The net pension asset/liability, and deferred inflows and outflows of resources for pensions are not recorded on the fund financial statements.	(741,598)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(83,969)
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>(19,836,695)</u>
Total Net Position - Governmental Activities	<u>\$ 98,355,178</u>

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

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2022

	General Fund	Special Revenue Fund Transportation Improvement Program East Fund	Capital Projects Fund Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 3,637,136	\$ -	\$ -	\$ 2,321,401	\$ 5,958,537
Earned income	9,565,255	-	-	-	9,565,255
Business privilege	3,376,371	-	-	-	3,376,371
Local service	1,329,632	-	-	-	1,329,632
Real estate transfer	2,174,112	-	-	-	2,174,112
Licenses, permits, and fees	2,116,350	-	-	-	2,116,350
Fines and forfeitures	73,379	-	-	-	73,379
Interest, rents, and royalties	325,062	20,797	89,479	123,209	558,547
Intergovernmental	1,573,017	-	747,673	981,516	3,302,206
Contributions and donations	18,873	188,545	418,544	240,852	866,814
Charges for services	1,572,029	-	-	-	1,572,029
Miscellaneous	162,020	-	-	10,266	172,286
Total revenues	25,923,236	209,342	1,255,696	3,677,244	31,065,518
Expenditures:					
Current:					
General government	3,663,325		-	-	3,663,325
Public safety	6,794,476		-	745,866	7,540,342
Highways, roads, and streets	4,563,284	30,000	-	1,084,224	5,677,508
Culture and recreation	2,526,392		-	508,301	3,034,693
Community development	1,092,794		-	-	1,092,794
Miscellaneous	-		-	2,600	2,600
Debt service:					
Principal retirement	1,073,915	797,440	-	1,212,413	3,083,768
Interest charges	293,265	151,436	-	107,751	552,452
Capital outlay	29,304	303,651	4,279,788	2,669,758	7,282,501
Total expenditures	20,036,755	1,282,527	4,279,788	6,330,913	31,929,983
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,886,481	(1,073,185)	(3,024,092)	(2,653,669)	(864,465)
Other Financing Sources (Uses):					
Proceeds from sale of capital assets	6,131	-	-	-	6,131
Transfers in	636,457	4,000,000	4,274,905	878,922	9,790,284
Transfers out	(5,678,922)	-	(4,000,000)	(130,760)	(9,809,682)
Total other financing sources (uses)	(5,036,334)	4,000,000	274,905	748,162	(13,267)
Net Change in Fund Balance	850,147	2,926,815	(2,749,187)	(1,905,507)	(877,732)
Fund Balance:					
Beginning of year	17,817,452	3,276,524	15,504,743	7,843,085	44,441,804
End of year	\$ 18,667,599	\$ 6,203,339	\$ 12,755,556	\$ 5,937,578	\$ 43,564,072

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, 2022

Net Change in Fund Balance - Governmental Funds	\$	(877,732)
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	\$ 5,660,241
	Capital contributions	459,000
	Depreciation expense	<u>(4,189,407)</u>
		1,929,834
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.		
		(352,983)
Collection of long-term receivables is not reflected in the statement of activities, whereas in governmental funds it is reported as revenue.		
		4,089,924
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.		
		521,423
In the statement of activities, accumulated employee benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		
		(11,470)
Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.		
		16,114
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	3,083,768
	Amortization of bond discounts/premiums	<u>120,689</u>
		3,204,457
Change in Net Position of Governmental Activities	\$	<u>8,519,567</u>

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

TOWNSHIP OF CRANBERRY

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2022

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Funds	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 2,317,913	\$ (823,740)	\$ 8,790	\$ -	\$ 2,228,134	\$ 3,731,097
Investments	6,757,228	3,735,048	3,695,702	1,993,128	1,107,232	17,288,338
Accounts receivable:						-
Customers - billed	92,494	229,692	-	-	27,304	349,490
Customers - unbilled	651,929	940,909	-	-	-	1,592,838
Leases	2,831,490	-	-	-	-	2,831,490
Other	26,971	-	67,192	-	4,485	98,648
Due from other funds	303,412	2,979,643	-	138,561	50,655	3,472,271
Inventory	-	-	65,611	-	-	65,611
Total current assets	12,981,437	7,061,552	3,837,295	2,131,689	3,417,810	29,429,783
Non-current assets:						
Capital assets:						
Land	91,517	171,340	3,103,447	-	200,000	3,566,304
Buildings	7,388,363	61,263,318	3,080,722	-	4,686,327	76,418,730
Site improvements	386,565	269,103	3,679,067	-	-	4,334,735
Machinery, equipment, and vehicles	1,796,510	17,145,074	2,061,570	69,688	102,400	21,175,242
Infrastructure	14,917,205	25,156,195	-	-	-	40,073,400
Carts	-	-	-	1,221,113	-	1,221,113
Less: accumulated depreciation	(13,929,293)	(40,538,031)	(7,142,243)	(1,150,635)	(2,988,105)	(65,748,307)
Total non-current assets	10,650,867	63,466,999	4,782,563	140,166	2,000,622	81,041,217
Total Assets	23,632,304	70,528,551	8,619,858	2,271,855	5,418,432	110,471,000
Deferred Outflows of Resources						
Deferred charge on refunding	-	-	53,249	-	-	53,249
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	504,800	305,833	47,710	250,128	13,975	1,122,446
Accrued interest payable	-	442,466	49,708	-	13,085	505,259
Due to other funds	1,118,860	61,226	9,122	1,499,957	73	2,689,238
Unearned revenue	-	-	86,390	-	5,090	91,480
Security deposits	142,181	-	-	-	-	142,181
Long-term debt - current portion	-	3,569,347	719,221	-	-	4,288,568
Total current liabilities	1,765,841	4,378,872	912,151	1,750,085	32,223	8,839,172
Non-current liabilities:						
Compensated absences	48,618	51,601	31,366	9,026	11,002	151,613
Intermunicipal service agreement	-	7,383,520	-	-	-	7,383,520
Long-term debt - net of current maturities:						
General obligation bonds	-	34,537,629	2,371,362	-	-	36,908,991
Unamortized bond premium	-	3,288,710	504,105	-	-	3,792,815
Total non-current liabilities	48,618	45,261,460	2,906,833	9,026	11,002	48,236,939
Total Liabilities	1,814,459	49,640,332	3,818,984	1,759,111	43,225	57,076,111
Deferred Inflows of Resources						
Lease related	2,797,314	-	-	-	-	2,797,314
Net Position						
Net investment in capital assets	10,650,867	14,687,793	1,241,124	140,166	2,000,622	28,720,572
Unrestricted	8,369,664	6,200,426	3,612,999	372,578	3,374,585	21,930,252
Total Net Position	\$ 19,020,531	\$ 20,888,219	\$ 4,854,123	\$ 512,744	\$ 5,375,207	\$ 50,650,824

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, 2022

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Funds	Total
Operating Revenues:						
Charges for services	\$ 8,158,862	\$ 11,228,874	\$ 2,574,831	\$ 2,913,587	\$ 2,660,426	\$ 27,536,580
Penalties and interest	91,210	60,640	-	19,619	-	171,469
Miscellaneous revenues	24,829	120,854	-	51,642	12,275	209,600
Total operating revenues	8,274,901	11,410,368	2,574,831	2,984,848	2,672,701	27,917,649
Operating Expenses:						
Wages, benefits, and related taxes	1,506,710	2,016,167	938,491	172,365	412,595	5,046,328
Employee insurance	307,849	475,308	140,313	42,165	19,740	985,375
Retirement contribution	138,851	186,539	50,263	14,056	1,858	391,567
Administrative expenses	76,602	108,245	47,897	19,149	26,416	278,309
Materials and supplies	258,024	127,378	131,616	3,336	19,054	539,408
Collection and disposal cost	-	-	-	2,561,882	-	2,561,882
Water purchase	4,957,180	-	-	-	-	4,957,180
Chemicals	-	761,335	135,655	-	32,483	929,473
Laboratory	-	63,631	-	-	-	63,631
Telephone and utilities	70,016	824,074	56,774	170	53,219	1,004,253
Repairs and maintenance	93,863	309,218	74,958	6,836	24,700	509,575
Minor equipment rental and purchase	82,845	8,254	-	-	4,913	96,012
Vehicle expense	32,656	31,767	29,986	325	-	94,734
Professional and other services	383,990	918,265	403,976	90,000	73,770	1,870,001
Concession and other products and services	-	-	211,912	-	78,080	289,992
Depreciation	526,595	2,492,898	297,240	53,344	176,186	3,546,263
Total operating expenses	8,435,181	8,323,079	2,519,081	2,963,628	923,014	23,163,983
Operating Income (Loss)	(160,280)	3,087,289	55,750	21,220	1,749,687	4,753,666
Non-Operating Revenues (Expenses):						
Investment income (loss)	78,408	91,196	40,271	21,550	17,975	249,400
Rental income	210,771	-	902,226	-	24,589	1,137,586
Grant revenue	-	-	-	10,709	-	10,709
Interest expense	-	(1,350,691)	(115,677)	-	-	(1,466,368)
Total non-operating revenues (expenses)	289,179	(1,259,495)	826,820	32,259	42,564	(68,673)
Income (loss) before transfers	128,899	1,827,794	882,570	53,479	1,792,251	4,684,993
Transfers in	-	-	1,094,895	-	300,000	1,394,895
Transfers out	-	(464,135)	-	-	(911,362)	(1,375,497)
Total transfers	-	(464,135)	1,094,895	-	(611,362)	19,398
Change in Net Position	128,899	1,363,659	1,977,465	53,479	1,180,889	4,704,391
Net Position:						
Beginning of year	18,891,632	19,524,560	2,876,658	459,265	4,194,318	45,946,433
End of year	\$ 19,020,531	\$ 20,888,219	\$ 4,854,123	\$ 512,744	\$ 5,375,207	\$ 50,650,824

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

TOWNSHIP OF CRANBERRY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2022

	Water	Sewer	Golf Course	Soild Waste	Other Enterprise Funds	Total
Cash Flows From Operating Activities:						
Receipts from customers	\$ 8,267,478	\$ 11,075,986	\$ 2,574,831	\$ 3,035,157	\$ 2,651,684	\$ 27,605,136
Payments to suppliers	(6,038,820)	(3,280,459)	(1,143,073)	(2,714,374)	(379,001)	(13,555,727)
Payments to employees	(1,811,861)	(2,490,623)	(1,077,249)	(212,542)	(425,999)	(6,018,274)
Other receipts (payments), net	28,649	120,854	-	51,642	12,275	213,420
Net cash provided by (used in) operating activities	445,446	5,425,758	354,509	159,883	1,858,959	8,244,555
Cash Flows From Non-Capital Financing Activities:						
Transfers from (to) other funds, net	(889,799)	(726,886)	1,094,615	878,447	(630,283)	(273,906)
Net cash provided by (used in) non-capital financing activities	(889,799)	(726,886)	1,094,615	878,447	(630,283)	(273,906)
Cash Flows From Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(285,637)	(129,217)	(32,545)	-	-	(447,399)
Principal paid on capital debt	-	(3,512,118)	(766,623)	-	-	(4,278,741)
Interest paid on capital debt	-	(1,622,535)	(108,512)	-	-	(1,731,047)
Grants	-	-	-	10,709	-	10,709
Net cash provided by (used in) capital and related financing activities	(285,637)	(5,263,870)	(907,680)	10,709	-	(6,446,478)
Cash Flows From Investing Activities:						
Interest receipts	44,231	91,196	40,271	21,550	17,975	215,223
Rental receipts	210,771	-	983,218	-	24,589	1,218,578
Net sales (purchases) of investments	698,601	256,426	(1,659,134)	(1,071,089)	(429,563)	(2,204,759)
Net cash provided by (used in) investing activities	953,603	347,622	(635,645)	(1,049,539)	(386,999)	(770,958)
Net Increase (Decrease) in Cash and Cash Equivalents	223,613	(217,376)	(94,201)	(500)	841,677	753,213
Cash and Cash Equivalents:						
Beginning of year	2,094,300	(606,364)	102,991	500	1,386,457	2,977,884
End of year	\$ 2,317,913	\$ (823,740)	\$ 8,790	\$ -	\$ 2,228,134	\$ 3,731,097
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Operating income (loss)	\$ (160,280)	\$ 3,087,289	\$ 55,750	\$ 21,220	\$ 1,749,687	\$ 4,753,666
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	526,595	2,492,898	297,240	53,344	176,186	3,546,263
Loss on disposal of capital assets	-	-	-	-	-	-
Change in:						
Receivables	17,406	(56,432)	-	101,951	(8,742)	54,183
Inventory	-	-	(677)	-	-	(677)
Accounts payable and accrued expenses	55,207	58,247	641	(18,620)	(64,508)	30,967
Security deposits	3,820	-	-	-	-	3,820
Compensated absences	2,698	852	1,555	1,988	6,336	13,429
Intermunicipal service agreement	-	(157,096)	-	-	-	(157,096)
Total adjustments	605,726	2,338,469	298,759	138,663	109,272	3,490,889
Net cash provided by (used in) operating activities	\$ 445,446	\$ 5,425,758	\$ 354,509	\$ 159,883	\$ 1,858,959	\$ 8,244,555
Supplementary Information:						
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, 2022

Assets	
Cash and cash equivalents	\$ 493,593
Investments:	
Mutual funds	<u>28,531,170</u>
Total Assets	<u>29,024,763</u>
 Net Position Restricted For Pension Benefits	 <u><u>\$ 29,024,763</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, 2022

Additions:

Employer contributions	\$ 1,119,446
Employee contributions	163,680
	<hr/>
Total contributions	1,283,126
	<hr/>
Investment gain (loss):	
Net appreciation (depreciation) in fair value of investments	(4,583,585)
Interest and dividends	525,318
	<hr/>
Total investment gain (loss)	(4,058,267)
	<hr/>
Total additions	(2,775,141)
	<hr/>

Deductions:

Benefits	1,284,828
Administrative expense	71,398
	<hr/>
Total deductions	1,356,226
	<hr/>

Change in Plan Net Position	(4,131,367)
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Net Position:

Beginning of year	33,156,130
	<hr/>
End of year	\$ 29,024,763
	<hr/> <hr/>

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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) 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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.

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,

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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 *Transportation Improvement Program East Fund*, a Special Revenue Fund, accounts for expenses relating to transportation improvement projects in the eastern part of the Township.

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

Additionally, the Township reports the following other governmental funds:

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

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes (other than major capital projects). The Township uses the following non-major Special Revenue Funds: *Fire Protection Fund, Library Fund, Recreational Facilities Fund, Transportation Improvement Program West Fund, Developers' Deposits Fund, Developers' Contributions Fund, Highway Aid Fund, 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 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*.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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.

The *Solid Waste Fund* accounts for transactions related to providing solid waste services to Township residents.

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

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

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

Fiduciary Funds

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

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Interfund Activity

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

Revenue Classification of Proprietary Funds

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

Cash and Cash Equivalents

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

Investments

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Inventories

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

Leases

The Township is a lessor for various noncancellable leases of Township property. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow or resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow or resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Township uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows and inflows of resources. These separate financial statement elements represent a consumption (outflows) or addition (inflow) of net position/fund balance that applies to a future period and so will not be recognized as an outflow (expense) or inflow (revenue) of resources until then.

Compensated Absences

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Long-Term Obligations

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

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

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

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

Fund Balance

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

- Nonspendable – This category represents funds that are not in spendable form.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via formal action by the Board and must be made prior to the end of the year. A commitment can only be modified or removed by the same formal action. There was no committed fund balance at December 31, 2022.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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

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

Net Position

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

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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
\$ 754,633	Fire protection
59,444	Library
1,263,652	Recreation
6,326,004	Transportation improvement
818,777	Infrastructure improvement
2,061,258	Highways and streets
35,716	Storm water maintenance
814,035	Public building improvements
<u>\$ 12,133,519</u>	

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

When both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates

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

Adopted Pronouncements

GASB Statement No. 87, “Leases,” requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. As a result of this implementation, lease receivables and deferred inflow of resources have been reflected for the year ended December 31, 2022. As the lease receivables approximated the deferred inflow of resources as of December 31, 2021, there was no restatement to net position of the General or Water Funds.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The following GASB Statements were also adopted for the year ended December 31, 2022: Statement Nos. 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 97 (Deferred Compensation Plans), and 99 (Omnibus 2022 – paragraphs 26 through 32). These statements had no significant impact on the Township's financial statements for the year ended December 31, 2022.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 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, 2022

- 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 2022 was 13.25 mills applied to an assessed valuation of \$458,840,097. 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, 2022

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, 2022, \$3,500,000 of the Township's \$10,547,210 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 \$9,349,474 of December 31, 2022. Included within these amounts are \$3,000,000 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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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 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, 2022 are as follows:

Investments:	
PLGIT - CLASS	\$ 4,482,605
PLGIT/PLUS - CLASS	102
PLGIT TERM	30,050,000
PLGIT PRIME	<u>25,746,732</u>
Total Investments	60,279,439
Cash and Cash Equivalents:	
PLGIT CD Program	<u>3,000,000</u>
Total PLGIT	<u>\$ 63,279,439</u>

As of December 31, 2022, the entire fair value of the investments in PLGIT of \$60,279,439 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 \$60,279,439 as of December 31, 2022.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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, 2022, investments in PLGIT received an AAA rating.

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

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

Pension Trust Funds

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

As of December 31, 2022, the Township had the following cash, cash equivalents, and investments in its Pension Trust Funds:

Cash or Investment Type	Fair Value
Cash and Cash Equivalents	\$ 493,593
Mutual Funds:	
Fixed Income	9,686,825
Equity	<u>18,844,345</u>
Total Mutual Funds	<u>28,531,170</u>
Total cash, cash equivalents, and investments reported on statement of fiduciary net position	<u><u>\$ 29,024,763</u></u>

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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

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

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

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

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

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

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, 2022, the carrying amount of the Library's cash and deposits was \$319,111 and the related bank balance totaled \$421,264. As of December 31, 2022, \$250,000 of the Library's bank balance was insured by the FDIC. The remaining balance was exposed to credit risk.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Custodial Credit Risk – Investments. The Library’s investments in mutual funds of \$142,746 are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. In addition, the restricted investment described below is also exposed to custodial credit risk, as it is held by another entity, and not collateralized. The equities and mutual funds are valued using quoted market prices (Level 1 inputs).

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

Restricted Investments. During December 2010, the Library liquidated and transferred its total investment portfolio to the Cranberry Township Community Chest (CTCC) to invest in their established endowment fund, The Cranberry Legacy Fund. The Library relinquished control of the investments at the time of the transfer. The Library earns its respective portion of investment income earned by The Cranberry Legacy Fund and is entitled to a distribution each year of approximately five percent of the 36-month average asset value of its portfolio. There were no contributions and an investment loss of \$65,483 for the year ended December 31, 2022. At December 31, 2022, the fair value of the underlying investments was \$663,449. The investments are valued using significant unobservable inputs (Level 3 inputs).

	2022	Level 1	Level 2	Level 3
Mutual funds	\$ 129,908	\$ 129,908	\$ -	\$ -
Equities	871	871	-	-
Investment held by others	663,449	-	-	663,449
Total investments by fair value level	794,228	\$ 130,779	\$ -	\$ 663,449
Cash and cash equivalents	11,967			
Investment in life insurance policy	47,370			
Total investments	\$ 853,565			

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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

As of December 31, 2022, 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 \$47,370 and, as such, an asset of \$47,370 and a liability for the portion due to CTCC of \$23,686 have been recorded.

5. Contribution Receivable

On August 10, 2022, the Township entered into a joint development agreement to implement a cooperative approach to developing a portion of the Northeast Quadrant of the Township. Under this agreement the Township received a contribution of approximately \$120,000 upon execution of the agreement and is anticipated to receive contributions of approximately \$708,000 per year for the next 7 years.

The contribution receivable of \$4,946,392 is recorded at its estimated net realizable value, with a discount of \$856,468. The carrying value of this receivable at December 31, 2022 is \$4,089,924 and is recorded in the Transportation Improvement Project East Fund. The receivable is due within the specified timeframe outlined in the agreement with the developer.

Management periodically assesses the collectability of the contribution receivable and makes appropriate adjustments. Any changes in estimates or significant developments in the collection status are recognized in the period they are identified.

The ultimate realization of the contribution receivable may be subject to various risks and uncertainties, including changes in economic conditions, project delays, or disputes with developers. The Township monitors these factors and maintains ongoing communication with the developers to ensure timely collection.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

6. Leases

Governmental activities

The Township is the lessor of a non-cancelable lease for a field located at a Township owned park. The lease includes the following:

Lease Term	Discount Rate	Lease Receivable	Deferred Inflow of Resources	Lease Revenue	Lease Interest
1/1/2022-12/1/2028	1.34%	\$ 415,859	\$ 414,049	\$ 69,008	\$ 5,585

Business-type activities

The Township is the lessor of non-cancelable leases for space utilized to house cell tower equipment at Township owned water towers. The leases include the following:

Lease Term	Discount Rate	Lease Receivable	Deferred Inflow of Resources	Lease Revenue	Lease Interest
1/1/2022-10/31/2026	1.10%	\$ 213,503	\$ 212,512	\$ 55,438	\$ 2,069
1/1/2022-7/19/2034	0.80%	382,557	377,509	32,677	2,950
1/1/2022-9/10/2034	0.80%	539,082	537,080	45,926	4,141
1/1/2022-10/31/2041	1.10%	915,260	900,178	47,797	9,883
1/1/2022-9/25/2045	0.95%	781,088	770,035	33,868	7,308
		\$ 2,831,490	\$ 2,797,314	\$ 215,706	\$ 26,351

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

7. Capital Assets

A summary of capital asset activity during 2022 was as follows:

	Balance at January 1, 2022	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2022
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 14,630,750	\$ -	\$ -	\$ 14,630,750
Construction in progress	12,431,982	3,367,867	(11,076,507)	4,723,342
Total non-depreciable capital assets	27,062,732	3,367,867	(11,076,507)	19,354,092
Depreciable capital assets:				
Buildings	28,551,290	18,718	-	28,570,008
Site improvements	7,252,144	-	-	7,252,144
Machinery, equipment, and vehicles	16,512,843	329,680	-	16,842,523
Infrastructure	51,514,036	13,479,483	-	64,993,519
Total depreciable capital assets	103,830,313	13,827,881	-	117,658,194
Less accumulated depreciation for:				
Buildings	(14,467,241)	(885,915)	-	(15,353,156)
Site improvements	(4,812,440)	(279,126)	-	(5,091,566)
Machinery, equipment, and vehicles	(11,086,637)	(680,231)	-	(11,766,868)
Infrastructure	(33,786,991)	(2,344,135)	-	(36,131,126)
Total accumulated depreciation	(64,153,309)	(4,189,407)	-	(68,342,716)
Total depreciable capital assets, net	39,677,004	\$ 9,638,474	\$ -	49,315,478
Governmental activities, capital assets, net	\$ 66,739,736			\$ 68,669,570

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

	Balance at January 1, 2022	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2022
Business-type Activities:				
Non-depreciable capital assets:				
Land	\$ 3,566,304	\$ -	\$ -	\$ 3,566,304
Construction in progress	-	-	-	-
Total non-depreciable capital assets	<u>3,566,304</u>	<u>-</u>	<u>-</u>	<u>3,566,304</u>
Depreciable capital assets:				
Buildings	76,418,730	-	-	76,418,730
Site improvements	4,334,735	-	-	4,334,735
Machinery, equipment, and vehicles	21,013,479	161,763	-	21,175,242
Carts - in-service	1,221,113	-	-	1,221,113
Infrastructure	<u>39,787,763</u>	<u>285,637</u>	<u>-</u>	<u>40,073,400</u>
Total depreciable capital assets	<u>142,775,820</u>	<u>447,400</u>	<u>-</u>	<u>143,223,220</u>
Less accumulated depreciation for:				
Buildings	(16,832,490)	(1,940,502)	-	(18,772,992)
Site improvements	(4,242,257)	(20,058)	-	(4,262,315)
Machinery, equipment, and vehicles	(19,121,735)	(326,134)	-	(19,447,869)
Carts - in-service	(1,157,218)	(53,344)	-	(1,210,562)
Infrastructure	<u>(20,848,344)</u>	<u>(1,206,225)</u>	<u>-</u>	<u>(22,054,569)</u>
Total accumulated depreciation	<u>(62,202,044)</u>	<u>(3,546,263)</u>	<u>-</u>	<u>(65,748,307)</u>
Total depreciable capital assets, net	<u>80,573,776</u>	<u>\$ (3,098,863)</u>	<u>\$ -</u>	<u>77,474,913</u>
Business-type activities, capital assets, net	<u>\$ 84,140,080</u>			<u>\$ 81,041,217</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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

Governmental activities:	
General government	\$ 986,571
Public safety	321,247
Culture and recreation	210,718
Highways, roads, and streets	<u>2,670,871</u>
Total depreciation expense - governmental activities	<u>\$ 4,189,407</u>
Business-type activities:	
Water	\$ 526,594
Sewer	2,492,899
Golf course	297,240
Other enterprise fund	<u>229,530</u>
Total depreciation expense - business-type activities	<u>\$ 3,546,263</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, 2022, \$459,000 of infrastructure assets were contributed by developers.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

8. Interfund Receivables, Payables, and Transfers

Interfund receivables, payables, and transfers as of and for the year ended December 31, 2022 are summarized below:

Fund	Interfund Receivable	Interfund Payable
Major Governmental Funds:		
General Fund	\$ 314,968	\$ 914,887
Transportation Improvement Program East Fund	-	-
Capital Improvement Fund	774	-
Major Enterprise Funds:		
Water Fund	303,412	1,118,860
Sewer Fund	2,979,643	61,226
Golf Course Fund	-	9,122
Solid Waste Fund	138,561	1,499,957
Other Enterprise Fund	50,655	73
Other Governmental Funds	40,615	224,503
Total	<u>\$ 3,828,628</u>	<u>\$ 3,828,628</u>
Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 636,457	\$ 5,678,922
Transportation Improvement Program East Fund	4,000,000	-
Capital Improvement Fund	4,274,905	4,000,000
Major Enterprise Funds:		
Water Fund	-	-
Sewer Fund	-	464,135
Golf Course Fund	1,094,895	-
Solid Waste Fund	-	-
Other Enterprise Funds	300,000	911,362
Other Governmental Funds	878,922	130,760
Total	<u>\$ 11,185,179</u>	<u>\$ 11,185,179</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, 2022

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 through the Capital Improvement Fund to other governmental funds represents amounts set aside for capital projects.

9. 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>
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 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.

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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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, 2022

A detail of long-term liability activity for governmental activities for the year ended December 31, 2022 is as follows:

	Balance at January 1, 2022	Additions	Amortization and Retirements	Balance at December 31, 2022	Due Within One Year
General obligation bonds:					
Series B of 2017	\$ 1,495,000	\$ -	\$ (135,000)	\$ 1,360,000	\$ 140,000
Series 2020, net of unamortized premium	8,203,260	-	(1,543,915)	6,659,345	1,549,720
	1,206,896	-	(120,690)	1,086,206	-
	<u>10,905,156</u>	<u>-</u>	<u>(1,799,605)</u>	<u>9,105,551</u>	<u>1,689,720</u>
Direct Borrowings:					
Promissory note payable - 2020	1,065,258	-	(88,452)	976,806	91,144
General obligation note - 2019	5,681,536	-	(797,440)	4,884,096	803,712
General obligation note - 2020	5,000,000	-	(518,960)	4,481,040	585,311
Compensated absences	377,732	11,470	-	389,202	-
	<u>\$ 23,029,682</u>	<u>\$ 11,470</u>	<u>\$ (3,204,457)</u>	<u>\$ 19,836,695</u>	<u>\$ 3,169,887</u>

A detail of long-term liability activity for business-type activities for the year ended December 31, 2022 is as follows:

	Balance at January 1, 2022	Additions	Amortization and Retirements	Balance at December 31, 2022	Due Within One Year
General obligation bonds:					
Series of 2015, net of unamortized premium	\$ 25,170,000	\$ -	\$ (1,345,000)	\$ 23,825,000	\$ 1,385,000
Series A of 2017	2,237,647	-	(165,751)	2,071,896	-
Series of 2020, net of unamortized premium	6,600,000	-	(345,000)	6,255,000	355,000
	12,996,740	-	(2,446,085)	10,550,655	2,455,280
	1,912,132	-	(191,213)	1,720,919	-
	<u>48,916,519</u>	<u>-</u>	<u>(4,493,049)</u>	<u>44,423,470</u>	<u>4,195,280</u>
Direct Borrowings:					
General obligation note - 2019	659,464	-	(92,560)	566,904	93,288
Compensated absences	138,184	13,429	-	151,613	-
	<u>\$ 49,714,167</u>	<u>\$ 13,429</u>	<u>\$ (4,585,609)</u>	<u>\$ 45,141,987</u>	<u>\$ 4,288,568</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Future Maturities

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

	Governmental and Business-type Activities		
	Principal	Interest	Total
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	4,755,000	1,079,630	5,834,630
2028-2032	14,840,000	3,321,430	18,161,430
2033-2037	8,975,000	852,450	9,827,450
	<u>\$ 48,650,000</u>	<u>\$ 11,695,454</u>	<u>\$ 60,345,454</u>

The future scheduled payments required to amortize direct borrowings (promissory note and general obligation note) outstanding as of December 31, 2022 are as follows:

	Governmental and Business-type Activities		
	Principal	Interest	Total
2023	\$ 1,573,455	\$ 170,609	\$ 1,744,064
2024	1,593,859	148,181	1,742,040
2025	1,616,714	125,286	1,742,000
2026	1,641,032	101,901	1,742,933
2027	1,664,823	78,008	1,742,831
2028-2032	2,818,963	209,840	3,028,803
	<u>\$ 10,908,846</u>	<u>\$ 833,825</u>	<u>\$ 11,742,671</u>

10. Police Pension Plan

Summary of Significant Accounting Policies

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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	31
Total plan members	<u>50</u>

Benefits Provided

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

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

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

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

TOWNSHIP OF CRANBERRY

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YEAR ENDED DECEMBER 31, 2022

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, 2022 participating employees were required to contribute 5% of their compensation. During the year, the Township paid in \$681,558 based upon the MMO.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the Township for the year ended December 31, 2022 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2021	\$ 20,410,187	\$ 21,363,942	\$ (953,755)
Changes for the year:			
Service cost	647,666	-	647,666
Interest	1,450,841	-	1,450,841
Differences between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Contributions - employer	-	681,558	(681,558)
Contributions - employee	-	163,685	(163,685)
Net investment income	-	(2,587,588)	2,587,588
Benefit payments, including refunds	(675,014)	(675,014)	-
Administrative expense	-	(54,698)	54,698
Net changes	1,423,493	(2,472,057)	3,895,550
Balances at December 31, 2022	\$ 21,833,680	\$ 18,891,885	\$ 2,941,795
Plan fiduciary net position as a percentage of the total pension liability (asset)			86.53%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed on January 1, 2021, and rolled forward to December 31, 2022, 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.

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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, 2022:

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, 2022, the annual money-weighted rate of return on the Plan investments, net of investment expense, was (12.20%).

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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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%)
\$ 5,963,664	\$ 2,941,795	\$ 443,013

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

For the year ended December 31, 2022, the Township recognized pension expense of approximately \$1,035,000. At December 31, 2022, 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	\$ 9,919	\$ 402,048
Changes in assumptions	657,434	-
Net difference between projected and actual earnings on pension plan investments	3,257,068	1,322,176
	<u>\$ 3,924,421</u>	<u>\$ 1,724,224</u>

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

Year Ending December 31,	
2023	\$ 147,651
2024	497,686
2025	634,548
2026	845,031
2027	30,764
Thereafter	<u>44,517</u>
	<u>\$ 2,200,197</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

11. Non-Uniform Pension Plan

Plan Description

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

Summary of Significant Accounting Policies

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

Significant Provisions of the Non-Uniform Pension Plan

Funding Policy - Active members are not permitted to contribute to the Plan. The Township is required to contribute through yearly contributions five percent (5%) of the participant's annual compensation into an account maintained for the participant. The Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used to reduce or eliminate the required municipal contribution.

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

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:

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

<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 \$437,888 were made by the Township to the Plan during the year ended December 31, 2022.

12. Deferred Compensation Plans

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

The plan is available to all full-time employees of the Township. As part of its fiduciary role, the Township has an obligation of due care in selecting the third-party administrator. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. During 2022, employees contributed approximately \$905,000 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 2022, the Township contributed approximately \$447,000 to the 401(a) plans.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

13. 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 \$7,383,520 at December 31, 2022.

14. Commitments and Contingencies

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

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant changes in insurance coverage since the prior year. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. During November 2014, the Township entered into an agreement to participate in the Delaware Valley Health Insurance Trust (Trust) effective January 1, 2015. The Trust operates as a risk sharing pool, operated and controlled by units of local government in southeastern Pennsylvania. The Trust offers contribution credits through a rate stabilization fund. 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, 2022. The total amount of commitments on these contracts is approximately \$1.4 million.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

15. Significant Component Unit Transactions

During 2022, the Township provided approximately \$878,000 of support to the Library in the form of dedicated real estate tax revenues and contributions of facilities and equipment.

16. Related Party Transactions

The Township provides support to the Cranberry Township Volunteer Fire Company Relief Association (Association). During 2022, the Township provided approximately \$288,000 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 AND CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2022

	General Fund				Transportation Improvement Program East Fund				Capital Improvement Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final			Original	Final		
Revenues:												
Taxes:												
Property	\$ 3,572,468	\$ 3,572,468	\$ 3,637,136	\$ 64,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earned income	7,700,000	7,700,000	9,565,255	1,865,255	-	-	-	-	-	-	-	-
Business privilege	2,500,000	2,500,000	3,376,371	876,371	-	-	-	-	-	-	-	-
Local service	1,090,000	1,090,000	1,329,632	239,632	-	-	-	-	-	-	-	-
Real estate transfer	1,500,000	1,500,000	2,174,112	674,112	-	-	-	-	-	-	-	-
Licenses, permits, and fees	1,755,250	1,755,250	2,116,350	361,100	-	-	-	-	-	-	-	-
Fines and forfeitures	85,000	85,000	73,379	(11,621)	-	-	-	-	-	-	-	-
Interest, rents, and royalties	269,470	269,470	325,062	55,592	2,000	2,000	20,797	18,797	2,500	2,500	89,479	86,979
Intergovernmental	2,046,000	2,046,000	1,573,017	(472,983)	-	-	-	-	-	-	747,673	747,673
Contributions and donations	63,000	63,000	18,873	(44,127)	56,898	56,898	188,545	131,647	-	-	418,544	418,544
Charges for services	1,421,924	1,421,924	1,572,029	150,105	-	-	-	-	-	-	-	-
Miscellaneous	86,200	86,200	162,020	75,820	-	-	-	-	-	-	-	-
Total revenues	22,089,312	22,089,312	25,923,236	3,833,924	58,898	58,898	209,342	150,444	2,500	2,500	1,255,696	1,253,196
Expenditures:												
Current:												
General government	4,524,512	4,524,512	3,663,325	861,187	-	-	-	-	-	-	-	-
Public safety	7,479,381	7,479,381	6,794,476	684,905	-	-	-	-	-	-	-	-
Highways, roads, and streets	4,909,160	4,909,160	4,563,284	345,876	-	-	30,000	(30,000)	-	-	-	-
Culture and recreation	2,719,864	2,719,864	2,526,392	193,472	-	-	948,876	(948,876)	-	-	-	-
Community development	1,230,396	1,230,396	1,092,794	137,602	-	-	-	-	-	-	-	-
Debt service	1,606,400	1,606,400	1,367,180	239,220	-	-	-	-	-	-	-	-
Capital outlay	38,000	38,000	29,304	8,696	1,082,950	1,082,950	303,651	779,299	4,150,000	4,150,000	4,279,788	(129,788)
Total expenditures	22,507,713	22,507,713	20,036,755	2,470,958	1,082,950	1,082,950	1,282,527	(199,577)	4,150,000	4,150,000	4,279,788	(129,788)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(418,401)	(418,401)	5,886,481	6,304,882	(1,024,052)	(1,024,052)	(1,073,185)	(49,133)	(4,147,500)	(4,147,500)	(3,024,092)	1,382,984
Other Financing Sources (Uses):												
Proceeds from sale of capital assets	(2,000)	(2,000)	6,131	8,131	-	-	-	-	-	-	-	-
Transfers in	300,000	300,000	636,457	336,457	-	-	4,000,000	4,000,000	-	-	4,274,905	4,274,905
Transfers out	(4,800,000)	(4,800,000)	(5,678,922)	(878,922)	-	-	-	-	-	-	(4,000,000)	(4,000,000)
Total other financing sources (uses)	(4,502,000)	(4,502,000)	(5,036,334)	(534,334)	-	-	4,000,000	4,000,000	-	-	274,905	274,905
Net Change in Fund Balance	\$ (4,920,401)	\$ (4,920,401)	850,147	\$ 5,770,548	\$ (1,024,052)	\$ (1,024,052)	2,926,815	\$ 3,950,867	\$ (4,147,500)	\$ (4,147,500)	(2,749,187)	\$ 1,657,889
Fund Balance:												
Beginning of year			17,817,452				3,276,524				15,504,743	
End of year			\$ 18,667,599				\$ 6,203,339				\$ 12,755,556	

TOWNSHIP OF CRANBERRY

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

POLICE PENSION PLAN

YEARS ENDED DECEMBER 31

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service cost	\$ 647,666	\$ 639,694	\$ 612,506	\$ 580,125	\$ 478,974	\$ 454,004	\$ 418,491	\$ 396,674	\$ 391,984
Interest	1,450,841	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	(675,014)	(646,066)	(627,848)	(631,128)	(611,119)	(626,877)	(538,906)	(454,197)	(416,741)
Net Changes in Total Pension Liability	1,423,493	1,685,860	1,271,847	1,057,827	1,001,495	1,123,781	911,751	995,057	856,174
Total Pension Liability - Beginning	20,410,187	18,724,327	17,452,480	16,394,653	15,393,158	14,269,377	13,357,626	12,362,569	11,506,395
Total Pension Liability - Ending (a)	\$ 21,833,680	\$ 20,410,187	\$ 18,724,327	\$ 17,452,480	\$ 16,394,653	\$ 15,393,158	\$ 14,269,377	\$ 13,357,626	\$ 12,362,569
Plan Fiduciary Net Position:									
Contributions - employer	\$ 681,558	\$ 643,357	\$ 631,819	\$ 618,008	\$ 569,355	\$ 505,263	\$ 505,824	\$ 533,510	\$ 519,984
Contributions - employee	163,685	159,126	153,505	145,124	136,376	126,082	114,994	116,006	118,194
Net investment income	(2,587,588)	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	(675,014)	(646,066)	(627,848)	(631,128)	(611,119)	(626,877)	(538,906)	(454,197)	(416,741)
Administrative expense	(54,698)	(56,141)	(47,797)	(45,367)	(44,719)	(42,595)	(39,915)	(39,673)	(38,553)
Net Change in Plan Fiduciary Net Position	(2,472,057)	2,466,959	2,142,759	2,883,837	(789,071)	1,770,587	1,048,725	71,409	867,357
Plan Fiduciary Net Position - Beginning	21,363,942	18,896,983	16,754,224	13,870,387	14,659,458	12,888,871	11,840,146	11,768,737	10,901,380
Plan Fiduciary Net Position - Ending (b)	\$ 18,891,885	\$ 21,363,942	\$ 18,896,983	\$ 16,754,224	\$ 13,870,387	\$ 14,659,458	\$ 12,888,871	\$ 11,840,146	\$ 11,768,737
Net Pension Liability (Asset) - Ending (a-b)	\$ 2,941,795	\$ (953,755)	\$ (172,656)	\$ 698,256	\$ 2,524,266	\$ 733,700	\$ 1,380,506	\$ 1,517,480	\$ 593,832
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.53%	104.67%	100.92%	96.00%	84.60%	95.23%	90.33%	88.64%	95.20%
Covered Employee Payroll	\$ 3,467,943	\$ 3,526,302	\$ 3,408,803	\$ 3,296,938	\$ 3,158,802	\$ 2,758,713	\$ 2,455,939	\$ 2,615,697	\$ 2,686,125
Net Pension Liability (Asset) as a Percentage of Covered Payroll	84.83%	-27.05%	-5.07%	21.18%	79.91%	26.60%	56.21%	58.01%	22.11%

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

TOWNSHIP OF CRANBERRY

SCHEDULES OF CONTRIBUTIONS AND INVESTMENT RETURNS

POLICE PENSION PLAN

YEARS ENDED DECEMBER 31

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Schedule of Contributions									
Actuarially determined contribution	\$ 681,558	\$ 642,669	\$ 628,116	\$ 618,008	\$ 569,355	\$ 485,049	\$ 505,824	\$ 524,928	\$ 519,984
Contributions in relation to the actuarially determined contribution	681,558	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	\$ 3,467,943	\$ 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	19.65%	18.24%	18.53%	18.74%	18.02%	18.32%	20.60%	20.07%	19.36%
Investment Returns									
Annual money-weighted rate of return, net of investment expense	-12.20%	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, 2022

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

Actuarial valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	9 years
Asset valuation method	4 year smoothing
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	5.25%
Underlying inflation rate	2.50%
Mortality Table	2010 Public Retirement Plan - Public Safety mortality tables (PubS-2010). Mortality Improvement rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.

Change in Actuarial Assumptions

12/31/22 – Mortality updated from RP-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.

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.

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

TOWNSHIP OF CRANBERRY

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – POLICE PENSION PLAN

YEAR ENDED DECEMBER 31, 2022

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, 2022

	Special Revenue Funds								
	Fire Protection Fund	Library Fund	Recreational Facilities Fund	Transportation Improvement Program West Fund	Developers' Deposits Fund	Developers' Contributions Fund	Highway Aid Fund	Storm Water Maintenance Fund	American Rescue Plan Fund
Assets									
Cash and cash equivalents	\$ 2,510	\$ 1,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,787	\$ 321,365
Investments	806,627	124,374	1,257,520	123,313	1,062,164	873,266	249,869	25,929	3,007,398
Due from other funds	28,801	-	6,132	-	-	5,682	-	-	-
Total Assets	\$ 837,938	\$ 126,174	\$ 1,263,652	\$ 123,313	\$ 1,062,164	\$ 878,948	\$ 249,869	\$ 35,716	\$ 3,328,763
Liabilities and Fund Balance									
Liabilities:									
Accounts payable and accrued expenses	\$ 22,344	\$ 44,501	\$ -	\$ 22,726	\$ -	\$ 60,171	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	3,321,365
Developer deposit liability	-	-	-	-	1,060,598	-	-	-	-
Due to other funds	153,878	22,229	-	-	1,566	-	-	-	-
Total Liabilities	176,222	66,730	-	22,726	1,062,164	60,171	-	-	3,321,365
Fund Balance:									
Restricted	661,716	59,444	1,263,652	100,587	-	818,777	249,869	35,716	-
Unassigned	-	-	-	-	-	-	-	-	7,398
Total Fund Balance	661,716	59,444	1,263,652	100,587	-	818,777	249,869	35,716	7,398
Total Liabilities and Fund Balance	\$ 837,938	\$ 126,174	\$ 1,263,652	\$ 123,313	\$ 1,062,164	\$ 878,948	\$ 249,869	\$ 35,716	\$ 3,328,763

(Continued)

TOWNSHIP OF CRANBERRY

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2022
(Continued)

	Total Special Revenue Funds	Capital Projects Funds				Total Capital Projects Funds	Total Other Governmental Funds
		Fire Capital Fund	Township Transportation Improvement Program Fund	Road Equipment Fund	Public Building Fund		
Assets							
Cash and cash equivalents	\$ 335,462	\$ 1,755	\$ -	\$ 1,530	\$ 1,800	\$ 5,085	\$ 340,547
Investments	7,530,460	142,316	22,078	1,809,859	812,235	2,786,488	10,316,948
Due from other funds	40,615	-	-	-	-	-	40,615
Total Assets	\$ 7,906,537	\$ 144,071	\$ 22,078	\$ 1,811,389	\$ 814,035	\$ 2,791,573	\$ 10,698,110
Liabilities and Fund Balance							
Liabilities:							
Accounts payable and accrued expenses	\$ 149,742	\$ 4,324	\$ -	\$ -	\$ -	\$ 4,324	\$ 154,066
Unearned revenue	3,321,365	-	-	-	-	-	3,321,365
Developer deposit liability	1,060,598	-	-	-	-	-	1,060,598
Due to other funds	177,673	46,830	-	-	-	46,830	224,503
Total Liabilities	4,709,378	51,154	-	-	-	51,154	4,760,532
Fund Balance:							
Restricted	3,189,761	92,917	22,078	1,811,389	814,035	2,740,419	5,930,180
Unassigned	7,398	-	-	-	-	-	7,398
Total Fund Balance	3,197,159	92,917	22,078	1,811,389	814,035	2,740,419	5,937,578
Total Liabilities and Fund Balance	\$ 7,906,537	\$ 144,071	\$ 22,078	\$ 1,811,389	\$ 814,035	\$ 2,791,573	\$ 10,698,110

(Concluded)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds								
	Fire Protection Fund	Library Fund	Recreational Facilities Fund	Transportation Improvement Program West Fund	Developers' Deposits Fund	Developers' Contributions Fund	Highway Aid Fund	Storm Water Maintenance Fund	American Rescue Plan Fund
Revenues:									
Taxes	\$ 620,366	\$ 444,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, rents, and royalties	4,898	10,179	20,811	931	-	14,113	12,425	369	7,398
Intergovernmental	-	-	-	-	-	-	981,516	-	-
Contributions and donations	-	-	122,738	63,265	-	51,402	-	3,447	-
Miscellaneous	10,266	-	-	-	-	-	-	-	-
Total revenues	635,530	454,892	143,549	64,196	-	65,515	993,941	3,816	7,398
Expenditures:									
Public safety	745,316	-	-	-	-	-	-	-	-
Highways, roads, and streets	-	-	-	210,456	-	7,173	866,595	-	-
Culture and recreation	-	508,301	-	-	-	-	-	-	-
Miscellaneous	-	-	1,186	-	-	850	-	-	-
Debt service:									
Principal retirement	-	-	370,000	-	-	518,960	-	-	-
Interest charges	-	-	31,520	-	-	-	-	-	-
Capital outlay	-	-	-	629,914	-	1,943,976	-	-	-
Total expenditures	745,316	508,301	402,706	840,370	-	2,470,959	866,595	-	-
Excess (Deficiency) of Revenues Over (Under)									
Expenditures	(109,786)	(53,409)	(259,157)	(776,174)	-	(2,405,444)	127,346	3,816	7,398
Other Financing Sources (Uses):									
Transfers in	-	-	-	878,922	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	878,922	-	-	-	-	-
Net Change in Fund Balance	(109,786)	(53,409)	(259,157)	102,748	-	(2,405,444)	127,346	3,816	-
Fund Balance:									
Beginning of year	771,502	112,853	1,522,809	(2,161)	-	3,224,221	122,523	31,900	-
End of year	\$ 661,716	\$ 59,444	\$ 1,263,652	\$ 100,587	\$ -	\$ 818,777	\$ 249,869	\$ 35,716	\$ 7,398

(Continued)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2022

(Continued)

	Total Special Revenue Funds	Capital Projects Funds				Total Capital Projects Funds	Total Other Governmental Funds
		Fire Capital Fund	Township Transportation Improvement Program Fund	Road Equipment Fund	Public Building Fund		
Revenues:							
Taxes	\$ 1,065,079	\$ 433,602	\$ -	\$ 378,007	\$ 444,713	\$ 1,256,322	\$ 2,321,401
Interest, rents, and royalties	71,124	6,747	314	31,029	13,995	52,085	123,209
Intergovernmental	981,516	-	-	-	-	-	981,516
Contributions and donations	240,852	-	-	-	-	-	240,852
Miscellaneous	10,266	-	-	-	-	-	10,266
Total revenues	2,368,837	440,349	314	409,036	458,708	1,308,407	3,677,244
Expenditures:							
Public safety	745,316	550	-	-	-	550	745,866
Highways, roads, and streets	1,084,224	-	-	-	-	-	1,084,224
Culture and recreation	508,301	-	-	-	-	-	508,301
Miscellaneous	2,036	-	-	-	564	564	2,600
Debt service:							
Principal retirement	888,960	323,453	-	-	-	323,453	1,212,413
Interest charges	31,520	76,231	-	-	-	76,231	107,751
Capital outlay	2,573,890	57,923	-	37,945	-	95,868	2,669,758
Total expenditures	5,834,247	458,157	-	37,945	564	496,666	6,330,913
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,465,410)	(17,808)	314	371,091	458,144	811,741	(2,653,669)
Other Financing Sources (Uses):							
Transfers in	878,922	-	-	-	-	-	878,922
Transfers out	-	-	-	-	(130,760)	(130,760)	(130,760)
Total other financing sources (uses)	878,922	-	-	-	(130,760)	(130,760)	748,162
Net Change in Fund Balance	(2,586,488)	(17,808)	314	371,091	327,384	680,981	(1,905,507)
Fund Balance:							
Beginning of year	5,783,647	110,725	21,764	1,440,298	486,651	2,059,438	7,843,085
End of year	\$ 3,197,159	\$ 92,917	\$ 22,078	\$ 1,811,389	\$ 814,035	\$ 2,740,419	\$ 5,937,578

(Concluded)

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2022

Assets	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Cash and cash equivalents	\$ 485,437	\$ 8,156	\$ 493,593
Investments:			
Mutual funds	18,406,443	10,124,727	28,531,170
Total Assets	18,891,880	10,132,883	29,024,763
Net Position Restricted For Pension Benefits	\$ 18,891,880	\$ 10,132,883	\$ 29,024,763

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2022

	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Additions:			
Employer contributions	\$ 681,558	\$ 437,888	\$ 1,119,446
Employee contributions	163,680	-	163,680
Total contributions	845,238	437,888	1,283,126
Investment gain (loss):			
Net appreciation (depreciation) in fair value of investments	(2,927,703)	(1,655,882)	(4,583,585)
Interest and dividends	340,115	185,203	525,318
Total investment gain (loss)	(2,587,588)	(1,470,679)	(4,058,267)
Total additions	(1,742,350)	(1,032,791)	(2,775,141)
Deductions:			
Benefits	675,014	609,814	1,284,828
Administrative expense	54,698	16,700	71,398
Total deductions	729,712	626,514	1,356,226
Change in Plan Net Position	(2,472,062)	(1,659,305)	(4,131,367)
Net Position:			
Beginning of year	21,363,942	11,792,188	33,156,130
End of year	\$ 18,891,880	\$ 10,132,883	\$ 29,024,763