

Township of Cranberry

Single Audit

December 31, 2023

MaherDuessel

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TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS

Independent Auditor's Report

Required Supplementary Information:

Management's Discussion and Analysis	i
--------------------------------------	---

Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	1
---------------------------	---

Statement of Activities	2
-------------------------	---

Fund Financial Statements:

Balance Sheet – Governmental Funds	3
------------------------------------	---

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
---	---

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	5
---	---

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
---	---

Statement of Net Position – Proprietary Funds	7
---	---

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	8
--	---

Statement of Cash Flows – Proprietary Funds	9
---	---

TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS

(Continued)

Statement of Fiduciary Net Position – Pension Trust Funds	10
Statement of Changes in Fiduciary Net Position – Pension Trust Funds	11
Notes to Financial Statements	12

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund, Capital Improvement Fund	49
Police Pension Plan:	
Schedule of Changes in the Net Pension Liability and Related Ratios	50
Schedule of Contributions and Investment Returns	51
Notes to Schedules of Required Supplementary Information – Police Pension Plan	52

Supplementary Information:

Combining Balance Sheet – Other Governmental Funds	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Other Governmental Funds	56
Combining Statement of Net Position – Other Proprietary Funds	58
Combining Statement of Revenues, Expenses, and Changes in Net Position – Other Proprietary Funds	59
Combining Statement of Fiduciary Net Position – Pension Trust Funds	60

TOWNSHIP OF CRANBERRY

YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS

(Continued)

Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds	61
Schedule of Expenditures of Federal Awards	62
Notes to Schedule of Expenditures of Federal Awards	63

Independent Auditor's Reports Required by Uniform Guidance:

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	66
Schedule of Findings and Questioned Costs	69
Summary Schedule of Prior Audit Findings	71

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, 2023, 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, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 generally accepted auditing standards and *Government Auditing Standards*, 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 and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
June 27, 2024

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, 2023.

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 \$170,308,219.
- The Township's net position increased by \$21,302,217.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$53,822,919.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,920,951.

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.

The blended component units, although legally separate entities, are in substance, part of the government's operations, therefore, data from the blended component units are combined with data of the Township. The Cranberry Township Volunteer Fire Company is included within the government funds and the Cranberry Township General Authority is included within proprietary funds.

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

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

The Township maintains seventeen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Transportation Improvement Program East 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 61 of this report.

The schedule of federal award expenditures, required for single audit, is presented on page 62.

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 \$170,308,219 at the close of the most recent fiscal year. Of this amount, \$87,849,364 (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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 62,951,108	57,211,839	27,647,052	23,740,545	90,598,160	80,952,384
Capital assets	71,050,575	68,669,570	80,479,637	84,041,217	151,530,212	152,710,787
Total Assets	134,001,683	125,881,409	108,126,689	107,781,762	242,128,372	233,663,171
Deferred Outflows of Resources	1,316,504	3,924,421	47,333	53,249	1,363,837	3,977,670
Current and other liabilities	2,110,146	6,533,889	2,027,094	1,861,366	4,137,240	8,395,255
Long-term liabilities	17,581,218	22,778,490	47,708,744	52,525,507	65,289,962	75,303,997
Total Liabilities	19,691,364	29,312,379	49,735,838	54,386,873	69,427,202	83,699,252
Deferred Inflows of Resources	1,217,290	2,138,273	2,539,498	2,797,314	3,756,788	4,935,587
Net Position:						
Net investment in capital assets	54,893,659	49,222,077	32,955,705	28,720,572	87,849,364	77,942,649
Restricted	13,941,625	12,133,519	-		13,941,625	12,133,519
Unrestricted	45,574,249	36,999,582	22,942,981	21,930,252	68,517,230	58,929,834
Total net position	\$ 114,409,533	98,355,178	55,898,686	50,650,824	170,308,219	149,006,002

The balance of unrestricted net position, \$68,517,230, 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 \$16,054,355. Business-type activities increased the Township's net position by \$5,247,862. Key elements of the increases are as follows:

Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue:						
Program Revenue:						
Charges for services	\$ 5,071,281	3,860,881	31,405,496	28,153,009	36,476,777	32,013,890
Operating grants	5,083,377	1,595,079	477,828	10,709	5,561,205	1,605,788
Capital grants	6,165,286	7,023,742	-	-	6,165,286	7,023,742
General revenue:						
Property taxes	6,035,716	5,958,537	-	-	6,035,716	5,958,537
Earned income tax	10,381,024	10,086,678	-	-	10,381,024	10,086,678
Other taxes	6,639,690	6,880,115	-	-	6,639,690	6,880,115
Interest and rents	2,563,675	558,547	1,215,320	1,151,626	3,778,995	1,710,173
Other	304,772	178,417	-	-	304,772	178,417
Transfers	1,245,966	(19,398)	(1,245,966)	19,398	-	-
Total revenue	\$ 43,490,787	36,122,598	31,852,678	29,334,742	75,343,465	65,457,340

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Expenses						
General government	\$ 5,569,483	4,662,115	-	-	5,569,483	4,662,115
Public safety	8,019,388	8,216,423	-	-	8,019,388	8,216,423
Highways, roads and streets	9,138,766	9,970,639	-	-	9,138,766	9,970,639
Culture and recreation	3,354,301	3,245,411	-	-	3,354,301	3,245,411
Community development	1,017,485	1,092,794	-	-	1,017,485	1,092,794
Long-term debt	337,009	415,649	-	-	337,009	415,649
Water	-	-	8,992,935	8,435,181	8,992,935	8,435,181
Sewer	-	-	9,501,192	9,673,770	9,501,192	9,673,770
Golf course	-	-	2,775,822	2,634,758	2,775,822	2,634,758
Solid waste	-	-	3,190,375	2,963,628	3,190,375	2,963,628
Other	-	-	2,144,492	923,014	2,144,492	923,014
Total Expenses	27,436,432	27,603,031	26,604,816	24,630,351	54,041,248	52,233,382
Change in net position	16,054,355	8,519,567	5,247,862	4,704,391	21,302,217	13,223,958
Net position - beginning	98,355,178	89,835,611	50,650,824	45,946,433	149,006,002	135,782,044
Net position - ending	\$ 114,409,533	98,355,178	55,898,686	50,650,824	170,308,219	149,006,002

The following table depicts revenues by source for governmental activities in 2023:

Revenues by Source - Governmental Activities

Charges for services	12%
Operating grants	12%
Capital grants	14%
Property taxes	14%
Earned income taxes	24%
Other taxes	15%
Other revenues	9%
Total	100%

Government-wide revenues were primarily derived from earned income taxes at 24%, other taxes at 15%, capital grants at 14%, and property taxes at 14%. Interest income accounted for 6% of the 9% of other revenue.

The following table depicts expenses by programs for governmental activities in 2023:

Expenses by Program - Governmental Activities

General government	20%
Public safety	29%
Highways, roads, and streets	33%
Culture and recreation	12%
Community development	4%
Interest on long-term debt	2%
Total	100%

Total expenses for all programs in 2023 were \$27,436,432. The expenses reflect the delivery of a wide range of services, with the largest being highways, roads, and streets at 33%. The second largest program is public safety at 29%. The program ranked third is general government at 20%.

The following table depicts the net program expenses/revenues by function/program for governmental activities for the period ending December 31, 2023:

Net Program Expenses/Revenues

General government	\$1,270,147
Public safety	(5,955,146)
Highways, roads, and streets	(6,512,686)
Culture and recreation	1,982,760
Community development	975,740
Interest on long-term debt	(337,009)
Total	\$11,116,488)

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Highway, roads, and streets expenses required the most General Fund revenue for support, needing approximately \$6.5 million in 2023. Public safety expenses required approximately \$6.0 million and general government required approximately \$1.3 million in general revenue support.

Business-type Activities. Business-type activities increased the Township's net position by \$5,247,862. The Township's customer base for sewer and water and solid waste continues to grow.

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

Expenses and Program Revenues - Business-type Activities

Program	Program Revenues	Expenses*
Sewer	\$13,382,352	\$6,981,569
Water	9,362,585	8,474,348
Golf Course	2,898,920	2,484,634
Solid Waste	3,544,715	3,105,399
Other	2,694,754	1,996,569

* 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 \$53.8 million.

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$16,920,951.

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 \$8,422,786, the Sewer Fund \$7,055,765, the Golf Course Fund \$3,899,051, the Solid Waste Fund \$546,449, and the Other Enterprise Funds \$3,018,930. 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 23%. This positive variance in revenue can be seen mainly in the Earned Income Tax line item. Actual revenues exceeded expenditures by \$8,063,383, due to increases in tax revenues. After including other financing and uses, actual General Fund balance decrease of \$1,233,987.

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, 2023, amounts to \$87,849,364 (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 2023	Business-type Activities 2023	Total
Land	\$ 14,948,395	3,566,304	18,514,699
Construction in progress	3,698,973	749,974	4,448,947
Total Non-Depreciable Assets	18,647,368	4,316,278	22,963,646
Buildings	31,741,703	76,418,730	108,160,433
Site Improvements	9,693,794	4,334,735	14,028,529
Machinery, Equipment, Vehicles	17,289,700	21,462,364	38,752,064
Infrastructure	66,110,546	41,111,806	107,222,352
Carts - In Service	-	1,115,272	1,115,272
Total Depreciable Assets	124,835,743	144,442,907	269,278,650
Accumulated Depreciation	(72,432,536)	(68,279,548)	(140,712,084)
Total Depreciable Assets, net	52,403,207	76,163,359	128,566,566
Total Capital Assets	\$ 71,050,575	80,479,637	151,530,212

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

Township's Outstanding Debt

Long-Term Debt. At the end of the current fiscal year, the Township had total debt outstanding of \$56,501,757. The Township's bond rating is Aaa by Moody's Investor Service.

	Governmental Activities 2023	Business-type Activities 2023	Total
General Obligation Bonds	\$ 7,295,142	39,871,226	47,166,368
Promissory Note	8,861,774	473,615	9,335,389
Total	\$ 16,156,916	40,344,841	56,501,757

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 570 residents from 2021 to 2022. On average, the Township has maintained an annual population increase of 1.7% over the last decade.

This population growth is also reflected in the current development numbers. In 2023, 334 new housing units were permitted in the Township with an estimated construction value of over \$117 million. In addition, 110 non-residential building permits were issued for commercial, retail, and industrial land uses. These numbers reveal continued investment in residential development with a renewed emphasis on single-family construction.

The Township also continues to be the home to several of the top-ten employers in Butler County. In 2022, the Township's five largest employers included Westinghouse Electric (corporate and research headquarters), MSA Safety Inc. (corporate/research headquarters manufacturing), Crews Control LLC (Traffic Control Services), Walmart (retail), and NAES Power Contractors (power-generation services).

Overall, the Township's employment and commuting balance has remained very favorable. In 2021, an estimated 22,161 commuters traveled to the Township for employment. In comparison, 11,129 residents commuted outside the Township for employment. 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.

2024 Budget Highlights

The 2024 budget represents approximately a 1.4% increase in operating expenses and reflects our obligation to balanced stewardship. We continue to uphold our duty to create value for our residents and a thriving business community. It is firmly grounded in our dedication to responsible fiscal management, enhancement of community assets, and advancement of essential infrastructure.

It is not a matter of chance that our Township maintains a robust financial standing, one of only a dozen communities with a Aaa bond rating in Pennsylvania and remains a preferred destination for residents and businesses alike. Great communities do not emerge by chance; they are the product of a guided vision and sustained strategies.

The Board of Supervisors has set five strategic priorities for the Township aligning them with the budget process. These strategic priorities include a prosperous future, efficient and effective government, quality lifestyle, infrastructure integrity, and a safe and healthy community. Serving as a clear roadmap for responsible governance, these priorities ensure the community's resources are allocated in accordance with the collective vision of the Board. By establishing strategic priorities, the Township identifies and concentrates on the most critical factors for a bright future.

Our 2024 priorities include the finalization of the Great Lawn and the creation of master plans for the Community Park North, Powell Farm, Golf Course as well as the advancement of a feasibility study for an Arts, Culture, and Recreation Center. We will continue the employee leadership and 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. Stormwater infrastructure improvements include the replacement of the Pinehurst Culvert and the MS4 stream restoration projects. Ongoing sewer and water projects include the Franklin Acres Lift station and the advancement of the next phase of upgrades to the Brush Creek Water Pollution Control Facility.

Finally, the Township will continue to assess factors influencing real estate values and their relation to controllable factors. We are committed to pursue all funding opportunities and long-term capital planning efforts.

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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cranberry Public Library
Assets				
Cash and cash equivalents	\$ 2,186,758	\$ 3,905,519	\$ 6,092,277	\$ 337,151
Investments	51,119,435	18,531,178	69,650,613	204,991
Receivable:				
Taxes	4,904,780	-	4,904,780	-
Customers - billed	-	356,909	356,909	-
Customers - unbilled	-	1,669,333	1,669,333	-
Contributions	3,586,420	-	3,586,420	-
Leases	348,840	2,599,480	2,948,320	-
Other	354,397	464,320	818,717	2,065
Internal balances	(62,183)	62,183	-	-
Inventory	97,235	58,130	155,365	-
Prepaid expenses	415,426	-	415,426	-
Restricted assets:				
Beneficial interest in net position of community foundation	-	-	-	715,676
Capital assets, net:				
Non-depreciable	18,647,368	4,316,278	22,963,646	-
Depreciable	52,403,207	76,163,359	128,566,566	212,835
Total Assets	134,001,683	108,126,689	242,128,372	1,472,718
Deferred Outflows of Resources				
Deferred charge on refunding	-	47,333	47,333	-
Related to pensions	1,316,504	-	1,316,504	-
Total Deferred Outflows of Resources	1,316,504	47,333	1,363,837	-
Liabilities				
Accounts payable	426,031	1,269,887	1,695,918	48,613
Accrued payroll and related expenses	357,906	-	357,906	-
Accrued interest payable	67,772	520,185	587,957	-
Unearned revenue	247,878	88,456	336,334	-
Developer deposit liability	1,010,559	-	1,010,559	-
Security deposits	-	148,566	148,566	-
Compensated absences	394,839	137,479	532,318	-
Net pension liability	1,029,463	-	1,029,463	-
Intermunicipal service agreement	-	7,226,424	7,226,424	-
Long-term debt, current portion	2,895,899	3,897,960	6,793,859	-
Long-term debt, long-term portion, net	13,261,017	36,446,881	49,707,898	-
Total Liabilities	19,691,364	49,735,838	69,427,202	48,613
Deferred Inflows of Resources				
Related to pensions	872,249	-	872,249	-
Related to leases	345,041	2,539,498	2,884,539	-
Total Deferred Inflows of Resources	1,217,290	2,539,498	3,756,788	-
Net Position				
Net investment in capital assets	54,893,659	32,955,705	87,849,364	212,835
Restricted, expendable	13,941,625	-	13,941,625	30,000
Restricted for Cranberry Legacy Fund, nonexpendable	-	-	-	715,676
Unrestricted	45,574,249	22,942,981	68,517,230	465,594
Total Net Position	\$ 114,409,533	\$ 55,898,686	\$ 170,308,219	\$ 1,424,105

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

TOWNSHIP OF CRANBERRY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position										Component Unit Cranberry Public Library	
	Program Revenues			Primary Government								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total					
Primary Government:												
Governmental activities:												
General government	\$ 5,569,483	\$ 544,075	\$ 3,700,180	\$ 55,081	\$ (1,270,147)	\$ -	\$ (1,270,147)	\$ -	\$ (5,955,146)	\$ -		
Public safety	8,019,388	681,045	1,383,197	-	(5,955,146)	-	(5,955,146)	-	-	-		
Highways, roads, and streets	9,138,766	85,087	-	2,540,993	(6,512,686)	-	(6,512,686)	-	-	-		
Culture and recreation	3,354,301	1,767,849	-	3,569,212	1,982,760	-	1,982,760	-	-	-		
Community development	1,017,485	1,993,225	-	-	975,740	-	975,740	-	-	-		
Interest on long-term debt	337,009	-	-	-	(337,009)	-	(337,009)	-	-	-		
Total governmental activities	<u>27,436,432</u>	<u>5,071,281</u>	<u>5,083,377</u>	<u>6,165,286</u>	<u>(11,116,488)</u>	<u>-</u>	<u>(11,116,488)</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Business-type activities:												
Water	8,992,935	9,362,585	-	-	-	369,650	369,650	-	-	-		
Sewer	9,501,192	13,382,352	-	-	-	3,881,160	3,881,160	-	-	-		
Golf course	2,775,822	2,898,920	-	-	-	123,098	123,098	-	-	-		
Solid waste	3,190,375	3,066,885	477,828	-	-	354,338	354,338	-	-	-		
Other	2,144,492	2,694,754	-	-	-	550,262	550,262	-	-	-		
Total business-type activities	<u>26,604,816</u>	<u>31,405,496</u>	<u>477,828</u>	<u>-</u>	<u>-</u>	<u>5,278,508</u>	<u>5,278,508</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Total primary government	<u>\$ 54,041,248</u>	<u>\$ 36,476,777</u>	<u>\$ 5,561,205</u>	<u>\$ 6,165,286</u>	<u>\$ (11,116,488)</u>	<u>\$ 5,278,508</u>	<u>\$ (5,837,980)</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Component Unit:												
Cranberry Public Library	<u>\$ 1,148,395</u>	<u>\$ 29,278</u>	<u>\$ 1,173,284</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>54,167</u>	<u>-</u>	<u>-</u>	<u>-</u>		
General revenues:												
Taxes:												
Property					6,035,716	-	6,035,716	-	-	-		
Earned income					10,381,024	-	10,381,024	-	-	-		
Business privilege					3,462,944	-	3,462,944	-	-	-		
Local service					1,605,311	-	1,605,311	-	-	-		
Real estate transfer					1,571,435	-	1,571,435	-	-	-		
Interest, rents, and royalties					2,563,675	1,215,320	3,778,995	-	-	-		
Gain (loss) on disposal of capital assets					37,785	-	37,785	-	-	-		
Other					266,987	-	266,987	-	-	-		
Transfers - internal activities					1,245,966	(1,245,966)	-	-	-	-		
Total general revenues and transfers					<u>27,170,843</u>	<u>(30,646)</u>	<u>27,140,197</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Change in Net Position												
Net position - beginning of year					<u>16,054,355</u>	<u>5,247,862</u>	<u>21,302,217</u>	<u>54,167</u>	<u>-</u>	<u>-</u>		
Net position - end of year					<u>98,355,178</u>	<u>50,650,824</u>	<u>149,006,002</u>	<u>1,369,938</u>	<u>-</u>	<u>-</u>		
					<u>\$ 114,409,533</u>	<u>\$ 55,898,686</u>	<u>\$ 170,308,219</u>	<u>\$ 1,424,105</u>	<u>-</u>	<u>-</u>		

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

TOWNSHIP OF CRANBERRY

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	Special Revenue Fund		Capital Projects Fund		Total Governmental Funds
	Transportation Improvement Program East Fund		Capital Improvement Fund	Other Governmental Funds	
	General Fund				
Assets					
Cash and cash equivalents	\$ 2,127,484	\$ -	\$ 1,750	\$ 57,524	\$ 2,186,758
Investments	12,259,682	6,463,675	23,650,463	8,745,615	51,119,435
Taxes receivable	4,904,780	-	-	-	4,904,780
Contributions receivable	-	3,586,420	-	-	3,586,420
Lease receivable	348,840	-	-	-	348,840
Other receivables	184,005	-	168,666	1,726	354,397
Prepaid expenditures	415,426	-	-	-	415,426
Due from other funds	2,712,395	1,560	93,857	20,597	2,828,409
Inventory	97,235	-	-	-	97,235
Total Assets	\$ 23,049,847	\$ 10,051,655	\$ 23,914,736	\$ 8,825,462	\$ 65,841,700
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable and accrued expenses	\$ 271,953	\$ -	\$ 68,903	\$ 85,175	\$ 426,031
Accrued payroll and related expenses	357,906	-	-	-	357,906
Due to other funds	1,239,103	-	79,283	1,572,206	2,890,592
Unearned revenue	247,878	-	-	-	247,878
Developer deposit liability	-	-	-	1,010,559	1,010,559
Total Liabilities	2,116,840	-	148,186	2,667,940	4,932,966
Deferred Inflows of Resources:					
Unavailable revenue - taxes	3,154,354	-	-	-	3,154,354
Unavailable revenue - contributions	-	3,586,420	-	-	3,586,420
Related to leases	345,041	-	-	-	345,041
Total Deferred Inflows of Resources	3,499,395	3,586,420	-	-	7,085,815
Fund Balance:					
Nonspendable:					
Inventory and prepaid expenditures	512,661	-	-	-	512,661
Restricted:					
Transportation improvement	-	6,465,235	-	23,175	6,488,410
Highways and streets	-	-	-	2,587,033	2,587,033
Recreation	-	-	-	1,187,323	1,187,323
Library	-	-	-	153,844	153,844
Fire protection	-	-	-	832,521	832,521
Infrastructure improvement	-	-	-	848,118	848,118
Storm water maintenance	-	-	-	38,925	38,925
Public building improvements	-	-	-	920,840	920,840
Farming	-	-	-	884,611	884,611
Assigned:					
Capital improvements	-	-	23,766,550	-	23,766,550
Unassigned	16,920,951	-	-	(1,318,868)	15,602,083
Total Fund Balance	17,433,612	6,465,235	23,766,550	6,157,522	53,822,919
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 23,049,847	\$ 10,051,655	\$ 23,914,736	\$ 8,825,462	\$ 65,841,700

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, 2023

Total Fund Balance - Governmental Funds	\$ 53,822,919
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.	71,050,575
Certain taxes and contributions are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	6,740,774
The net pension asset/liability, and deferred inflows and outflows of resources for pensions are not recorded on the fund financial statements.	(585,208)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(67,772)
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>(16,551,755)</u>
Total Net Position - Governmental Activities	<u>\$ 114,409,533</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, 2023

	Special Revenue Fund		Capital Projects Fund		Other Governmental Funds	Total Governmental Funds		
	Transportation							
	General Fund	Improvement Program East Fund	Capital Improvement Fund					
Revenues:								
Taxes:								
Property	\$ 3,683,116	\$ -	\$ -	\$ 2,352,600	\$ 6,035,716			
Earned income	9,920,544	-	-	-	9,920,544			
Business privilege	3,462,944	-	-	-	3,462,944			
Local service	1,605,311	-	-	-	1,605,311			
Real estate transfer	1,571,435	-	-	-	1,571,435			
Licenses, permits, and fees	2,534,596	-	-	-	2,534,596			
Fines and forfeitures	69,511	-	-	-	69,511			
Interest, rents, and royalties	1,064,601	300,812	713,221	485,041	2,563,675			
Intergovernmental	1,721,635	-	233,483	4,337,128	6,292,246			
Contributions and donations	95,458	1,515,251	620,184	2,949,028	5,179,921			
Charges for services	2,467,174	-	-	-	2,467,174			
Miscellaneous	263,502	-	-	3,485	266,987			
Total revenues	<u>28,459,827</u>	<u>1,816,063</u>	<u>1,566,888</u>	<u>10,127,282</u>	<u>41,970,060</u>			
Expenditures:								
Current:								
General government	4,264,309			-	-	4,264,309		
Public safety	7,168,416			-	666,503	7,834,919		
Highways, roads, and streets	3,740,266	25,480	-	1,172,385	4,938,131			
Culture and recreation	2,856,415			-	382,103	3,238,518		
Community development	1,017,485			-	-	1,017,485		
Miscellaneous	-			-	1,672	1,672		
Debt service:								
Principal retirement	1,109,720	1,389,023	-	671,144	3,169,887			
Interest charges	196,793	139,664	-	137,439	473,896			
Capital outlay	<u>43,040</u>	<u>-</u>	<u>4,994,759</u>	<u>3,018,348</u>	<u>8,056,147</u>			
Total expenditures	<u>20,396,444</u>	<u>1,554,167</u>	<u>4,994,759</u>	<u>6,049,594</u>	<u>32,994,964</u>			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,063,383</u>	<u>261,896</u>	<u>(3,427,871)</u>	<u>4,077,688</u>	<u>8,975,096</u>			
Other Financing Sources (Uses):								
Proceeds from sale of capital assets	5,214	-	-	32,571	37,785			
Transfers in	4,348,364	-	14,438,865	-	18,787,229			
Transfers out	<u>(13,650,948)</u>	<u>-</u>	<u>-</u>	<u>(3,890,315)</u>	<u>(17,541,263)</u>			
Total other financing sources (uses)	<u>(9,297,370)</u>	<u>-</u>	<u>14,438,865</u>	<u>(3,857,744)</u>	<u>1,283,751</u>			
Net Change in Fund Balance								
Fund Balance:								
Beginning of year	18,667,599	6,203,339	12,755,556	5,937,578	43,564,072			
End of year	<u>\$ 17,433,612</u>	<u>\$ 6,465,235</u>	<u>\$ 23,766,550</u>	<u>\$ 6,157,522</u>	<u>\$ 53,822,919</u>			

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, 2023

Net Change in Fund Balance - Governmental Funds	\$ 10,258,847
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures and contributions of capital assets are not reported. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and contributions exceeded depreciation in the current period.

Capital outlays	\$ 6,310,688
Capital contributions	280,000
Depreciation expense	<u>(4,209,683)</u>
	2,381,005

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.

156,390

Collection of long-term receivables is not reflected in the statement of activities, whereas in governmental funds it is reported as revenue.

(503,504)

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.

460,480

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.

(5,637)

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.

16,197

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	3,169,887
Amortization of bond discounts/premiums	<u>120,690</u>
	3,290,577
Change in Net Position of Governmental Activities	<u>\$ 16,054,355</u>

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

TOWNSHIP OF CRANBERRY

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2023

Assets	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Funds	Total
Current assets:						
Cash and cash equivalents	\$ 2,569,629	\$ (1,082,924)	\$ 14,554	\$ -	\$ 2,404,260	\$ 3,905,519
Investments	4,964,349	4,838,332	4,135,754	3,570,855	1,021,888	18,531,178
Accounts receivable:						
Customers - billed	90,885	233,738	-	-	32,286	356,909
Customers - unbilled	652,672	1,016,661	-	-	-	1,669,333
Leases	2,599,480	-	-	-	-	2,599,480
Other	26,971	-	43,975	388,889	4,485	464,320
Due from other funds	764,915	3,143,188	-	127,586	321,195	4,356,884
Inventory	-	-	58,130	-	-	58,130
Total current assets	11,668,901	8,148,995	4,252,413	4,087,330	3,784,114	31,941,753
Non-current assets:						
Capital assets:						
Land	91,517	171,340	3,103,447	-	200,000	3,566,304
Construction in progress	-	749,974	-	-	-	749,974
Total non-depreciable capital assets	91,517	921,314	3,103,447	-	200,000	4,316,278
Buildings	6,849,493	61,897,271	3,168,767	-	4,686,327	76,601,858
Site improvements	386,565	269,103	3,679,067	-	-	4,334,735
Machinery, equipment, and vehicles	1,871,068	17,203,345	1,992,641	69,687	102,400	21,239,141
Infrastructure	16,057,823	24,998,543	-	-	-	41,056,366
Carts	-	-	-	1,115,273	-	1,115,273
Less: accumulated depreciation	(14,447,880)	(42,962,121)	(6,889,455)	(748,530)	(3,136,028)	(68,184,014)
Total depreciable capital assets	10,717,069	61,406,141	1,951,020	436,430	1,652,699	76,163,359
Total non-current assets	10,808,586	62,327,455	5,054,467	436,430	1,852,699	80,479,637
Total Assets	22,477,487	70,476,450	9,306,880	4,523,760	5,636,813	112,421,390
Deferred Outflows of Resources						
Deferred charge on refunding	-	-	47,333	-	-	47,333
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	513,078	282,895	174,179	267,184	32,551	1,269,887
Accrued interest payable	-	478,915	28,185	-	13,085	520,185
Due to other funds	-	281,804	36,786	3,266,506	709,605	4,294,701
Unearned revenue	-	-	83,366	-	5,090	88,456
Security deposits	148,566	-	-	-	-	148,566
Long-term debt - current portion	-	3,315,220	582,740	-	-	3,897,960
Total current liabilities	661,644	4,358,834	905,256	3,533,690	760,331	10,219,755
Non-current liabilities:						
Compensated absences	44,973	49,616	30,846	7,191	4,853	137,479
Intermunicipal service agreement	-	7,226,424	-	-	-	7,226,424
Long-term debt - net of current maturities:						
General obligation bonds	-	31,222,408	1,788,622	-	-	33,011,030
Unamortized bond premium	-	2,987,758	448,093	-	-	3,435,851
Total non-current liabilities	44,973	41,486,206	2,267,561	7,191	4,853	43,810,784
Total Liabilities	706,617	45,845,040	3,172,817	3,540,881	765,184	54,030,539
Deferred Inflows of Resources						
Lease related	2,539,498	-	-	-	-	2,539,498
Net Position						
Net investment in capital assets	10,808,586	17,575,645	2,282,345	436,430	1,852,699	32,955,705
Unrestricted	8,422,786	7,055,765	3,899,051	546,449	3,018,930	22,942,981
Total Net Position	\$ 19,231,372	\$ 24,631,410	\$ 6,181,396	\$ 982,879	\$ 4,871,629	\$ 55,898,686

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, 2023

	Water	Sewer	Golf Course	Solid Waste	Other Enterprise Funds	Total
Operating Revenues:						
Charges for services	\$ 9,005,754	\$ 13,115,679	\$ 2,883,520	\$ 2,994,347	\$ 2,661,657	\$ 30,660,957
Penalties and interest	98,018	67,573	-	19,640	-	185,231
Miscellaneous revenues	45,140	199,100	15,400	52,898	13,087	325,625
Total operating revenues	9,148,912	13,382,352	2,898,920	3,066,885	2,674,744	31,171,813
Operating Expenses:						
Wages, benefits, and related taxes	1,504,286	2,100,691	965,710	212,183	756,951	5,539,821
Employee insurance	280,661	473,710	132,077	40,778	30,301	957,527
Retirement contribution	139,510	193,946	47,594	18,557	2,008	401,615
Administrative expenses	98,749	108,269	64,272	26,055	28,723	326,068
Materials and supplies	380,425	111,683	128,743	868	29,299	651,018
Collection and disposal cost	-	-	-	2,678,862	-	2,678,862
Water purchase	5,077,100	-	-	-	-	5,077,100
Chemicals	-	909,045	164,560	-	35,733	1,109,338
Laboratory	-	49,309	-	-	-	49,309
Telephone and utilities	71,625	855,653	65,593	1,020	134,113	1,128,004
Repairs and maintenance	29,541	302,249	46,122	33,797	765,019	1,176,728
Minor equipment rental and purchase	32,652	24,911	-	-	23,246	80,809
Vehicle expense	21,186	14,818	25,019	1,279	-	62,302
Professional and other services	838,613	692,796	465,454	92,000	102,959	2,191,822
Concession and other products and services	-	-	232,970	-	88,217	321,187
Depreciation	518,587	2,519,623	291,188	84,976	147,923	3,562,297
Total operating expenses	8,992,935	8,356,703	2,629,302	3,190,375	2,144,492	25,313,807
Operating Income (Loss)	155,977	5,025,649	269,618	(123,490)	530,252	5,858,006
Non-Operating Revenues (Expenses):						
Investment income (loss)	191,191	289,657	239,981	115,797	37,091	873,717
Rental income	213,673	-	341,603	-	20,010	575,286
Grant revenue	-	-	-	477,828	-	477,828
Interest expense	-	(1,144,489)	(146,520)	-	-	(1,291,009)
Total non-operating revenues (expenses)	404,864	(854,832)	435,064	593,625	57,101	635,822
Income (loss) before transfers	560,841	4,170,817	704,682	470,135	587,353	6,493,828
Transfers in	-	-	622,591	-	-	622,591
Transfers out	(350,000)	(427,626)	-	-	(1,090,931)	(1,868,557)
Total transfers	(350,000)	(427,626)	622,591	-	(1,090,931)	(1,245,966)
Change in Net Position	210,841	3,743,191	1,327,273	470,135	(503,578)	5,247,862
Net Position:						
Beginning of year	19,020,531	20,888,219	4,854,123	512,744	5,375,207	50,650,824
End of year	\$ 19,231,372	\$ 24,631,410	\$ 6,181,396	\$ 982,879	\$ 4,871,629	\$ 55,898,686

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

TOWNSHIP OF CRANBERRY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2023

	Water	Sewer	Golf Course	Soild Waste	Other Enterprise Funds	Total
Cash Flows From Operating Activities:						
Receipts from customers	\$ 9,104,638	\$ 12,946,358	\$ 2,883,520	\$ 2,625,098	\$ 2,656,675	\$ 30,216,289
Payments to suppliers	(6,681,123)	(3,285,617)	(1,106,377)	(2,835,380)	(1,190,741)	(15,099,238)
Payments to employees	(1,788,592)	(2,576,386)	(1,098,307)	(254,796)	(793,401)	(6,511,482)
Other receipts (payments), net	51,525	199,100	15,400	52,898	13,087	332,010
Net cash provided by (used in) operating activities	686,448	7,283,455	694,236	(412,180)	685,620	8,937,579
Cash Flows From Non-Capital Financing Activities:						
Transfers from (to) other funds, net	(1,930,363)	(370,593)	650,255	1,777,524	(651,939)	(525,116)
Net cash provided by (used in) non-capital financing activities	(1,930,363)	(370,593)	650,255	1,777,524	(651,939)	(525,116)
Cash Flows From Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(676,306)	(1,380,080)	(563,092)	(381,239)	-	(3,000,717)
Principal paid on capital debt	-	(3,569,347)	(769,317)	-	-	(4,338,664)
Interest paid on capital debt	-	(1,408,992)	(168,043)	-	-	(1,577,035)
Grants	-	-	-	477,828	-	477,828
Net cash provided by (used in) capital and related financing activities	(676,306)	(6,358,419)	(1,500,452)	96,589	-	(8,438,588)
Cash Flows From Investing Activities:						
Interest receipts	165,385	-	239,981	115,797	37,091	558,254
Rental receipts	213,673	-	361,796	-	20,010	595,479
Net sales (purchases) of investments	1,792,879	(813,627)	(440,052)	(1,577,730)	85,344	(953,186)
Net cash provided by (used in) investing activities	2,171,937	(813,627)	161,725	(1,461,933)	142,445	200,547
Net Increase (Decrease) in Cash and Cash Equivalents	251,716	(259,184)	5,764	-	176,126	174,422
Cash and Cash Equivalents:						
Beginning of year	2,317,913	(823,740)	8,790	-	2,228,134	3,731,097
End of year	\$ 2,569,629	\$ (1,082,924)	\$ 14,554	\$ -	\$ 2,404,260	\$ 3,905,519
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Operating income (loss)	\$ 155,977	\$ 5,025,649	\$ 269,618	\$ (123,490)	\$ 530,252	\$ 5,858,006
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	518,587	2,519,623	291,188	84,976	147,923	3,562,297
Change in:						
Receivables	866	(79,798)	-	(388,889)	(4,982)	(472,803)
Inventory	-	-	7,481	-	-	7,481
Accounts payable and accrued expenses	8,278	(22,938)	126,469	17,058	18,576	147,443
Security deposits	6,385	-	-	-	-	6,385
Compensated absences	(3,645)	(1,985)	(520)	(1,835)	(6,149)	(14,134)
Intermunicipal service agreement	-	(157,096)	-	-	-	(157,096)
Total adjustments	530,471	2,257,806	424,618	(288,690)	155,368	3,079,573
Net cash provided by (used in) operating activities	\$ 686,448	\$ 7,283,455	\$ 694,236	\$ (412,180)	\$ 685,620	\$ 8,937,579
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, 2023

Assets	
Cash and cash equivalents	\$ 358,531
Investments:	
Corporate bonds	10,829,511
Mutual funds	<u>21,825,166</u>
Total Assets	<u>33,013,208</u>
 Net Position Restricted For Pension Benefits	 <u>\$ 33,013,208</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, 2023

Additions:

Employer contributions	\$ 1,151,032
Employee contributions	<u>161,182</u>
Total contributions	<u>1,312,214</u>
Investment gain (loss):	
Net appreciation (depreciation) in fair value of investments	3,411,571
Interest and dividends	<u>712,603</u>
Total investment gain (loss)	<u>4,124,174</u>
Total additions	<u>5,436,388</u>

Deductions:

Benefits	1,369,766
Administrative expense	<u>78,177</u>
Total deductions	<u>1,447,943</u>

Change in Plan Net Position	3,988,445
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Net Position:

Beginning of year	<u>29,024,763</u>
End of year	<u>\$ 33,013,208</u>

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023

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, 2023

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, 2023

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, American Rescue Plan Fund*, and the *Powell Farm 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, 2023

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 the handling of stormwater for 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, 2023

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, 2023

Inventories

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

Leases

The Township is a lessor for various noncancelable 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 noncancelable 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, 2023

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, 2023

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, 2023.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

- 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, 2023

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
\$ 832,521	Fire protection
153,844	Library
1,187,323	Recreation
6,488,410	Transportation improvement
848,118	Infrastructure improvement
2,587,033	Highways and streets
38,925	Storm water maintenance
884,611	Farming
920,840	Public building improvements
<hr/> <u>\$ 13,941,625</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. 96, "*Subscription-Based Information Technology Arrangements*," provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users and requires recognition of certain subscription assets and liabilities based on the contract provisions. This statement had no significant impact on the Township's financial statements for the year ended December 31, 2023.

GASB Statement No. 94 (Public-Private and Public-Public Partnerships and Availability Payment Arrangements) was also adopted for the year ended December 31, 2023. This

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

statement had no significant impact on the Township's financial statements for the year ended December 31, 2023.

Pending Pronouncements

GASB has issued statements that will become effective in future years including 100 (Accounting Changes and Error Corrections), 101 (Compensated Absences), 102 (Certain Risk Disclosures), and 103 (Financial Reporting Model Improvements). 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, 2023

- 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 2023 was 13.25 mills applied to an assessed valuation of \$462,288,117. 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, 2023

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, 2023, \$3,500,000 of the Township's \$11,117,559 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 \$9,092,277 of December 31, 2023. 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, 2023

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, 2023 are as follows:

Investments:	
PLGIT - CLASS	\$ 6,495,050
PLGIT TERM	26,300,000
PLGIT PRIME	<u>33,855,563</u>
Total Investments	66,650,613
Cash and Cash Equivalents:	
PLGIT CD Program	<u>3,000,000</u>
Total PLGIT	<u>\$ 69,650,613</u>

As of December 31, 2023, the entire fair value of the investments in PLGIT of \$69,650,613 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 \$69,650,613 as of December 31, 2023.

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2023, 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, 2023, 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	\$ 358,531
Mutual Funds:	
Fixed Income	10,829,511
Equity	21,825,166
Total Mutual Funds	<u>32,654,677</u>
Total cash, cash equivalents, and investments reported on statement of fiduciary net position	<u>\$ 33,013,208</u>

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023, the carrying amount of the Library's cash and deposits was \$337,151 and the related bank balance totaled \$341,870. As of December 31, 2023, \$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, 2023

Custodial Credit Risk – Investments. The Library's investments of \$157,621 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 gain of \$52,227 for the year ended December 31, 2023. At December 31, 2023, the fair value of the underlying investments was \$715,676. The investments are valued using significant unobservable inputs (Level 3 inputs).

	2023	Level 1	Level 2	Level 3
Mutual funds	\$ 144,412	\$ 144,412	\$ -	\$ -
Equities	489	489	-	-
Investment held by others	715,676	-	-	715,676
Investment in life insurance policy	47,370	-	47,370	-
Total investments by fair value level	<u>907,947</u>	<u>\$ 144,901</u>	<u>\$ 47,370</u>	<u>\$ 715,676</u>
Cash and cash equivalents	<u>12,720</u>			
Total investments	<u><u>\$ 920,667</u></u>			

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

As of December 31, 2023, 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 carrying value of this receivable at December 31, 2023 is \$3,586,420 (\$4,238,392 recorded at its estimated net realizable value, with a discount of \$651,972) 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, 2023

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%	\$ 348,840	\$ 345,041	\$ 69,008	\$ 4,685

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%	\$ 120,870	\$ 119,655	\$ 42,231	\$ 1,115
1/1/2022-7/19/2034	0.80%	313,820	311,427	29,511	2,400
1/1/2022-9/10/2034	0.80%	524,092	519,869	48,611	4,011
1/1/2022-10/31/2041	1.10%	882,003	852,380	47,797	9,511
1/1/2022-9/25/2045	0.95%	758,695	736,167	33,868	7,094
		\$ 2,599,480	\$ 2,539,498	\$ 202,018	\$ 24,131

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

7. Capital Assets

A summary of capital asset activity during 2023 was as follows:

	Balance at January 1, 2023	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2023
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 14,630,750	\$ 317,645	\$ -	\$ 14,948,395
Construction in progress	<u>4,723,342</u>	<u>1,713,584</u>	<u>(2,737,953)</u>	<u>3,698,973</u>
Total non-depreciable capital assets	<u>19,354,092</u>	<u>2,031,229</u>	<u>(2,737,953)</u>	<u>18,647,368</u>
Depreciable capital assets:				
Buildings	28,570,008	3,171,695	-	31,741,703
Site improvements	7,252,144	2,441,650	-	9,693,794
Machinery, equipment, and vehicles	16,842,523	567,040	(119,863)	17,289,700
Infrastructure	<u>64,993,519</u>	<u>1,117,027</u>	<u>-</u>	<u>66,110,546</u>
Total depreciable capital assets	<u>117,658,194</u>	<u>7,297,412</u>	<u>(119,863)</u>	<u>124,835,743</u>
Less accumulated depreciation for:				
Buildings	(15,353,156)	(903,613)	-	(16,256,769)
Site improvements	(5,091,566)	(313,167)	-	(5,404,733)
Machinery, equipment, and vehicles	(11,766,868)	(790,263)	119,863	(12,437,268)
Infrastructure	<u>(36,131,126)</u>	<u>(2,202,640)</u>	<u>-</u>	<u>(38,333,766)</u>
Total accumulated depreciation	<u>(68,342,716)</u>	<u>(4,209,683)</u>	<u>119,863</u>	<u>(72,432,536)</u>
Total depreciable capital assets, net	<u>49,315,478</u>	<u>\$ 3,087,729</u>	<u>\$ -</u>	<u>52,403,207</u>
Governmental activities, capital assets, net	<u><u>\$ 68,669,570</u></u>			<u><u>\$ 71,050,575</u></u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

	Balance at January 1, 2023	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2023
Business-type Activities:				
Non-depreciable capital assets:				
Land	\$ 3,566,304	\$ -	\$ -	\$ 3,566,304
Construction in progress	- <hr/>	749,974 <hr/>	- <hr/>	749,974 <hr/>
Total non-depreciable capital assets	<hr/> 3,566,304	<hr/> 749,974	<hr/> - <hr/>	<hr/> 4,316,278
Depreciable capital assets:				
Buildings	76,418,730	-	-	76,418,730
Site improvements	4,334,735	-	-	4,334,735
Machinery, equipment, and vehicles	21,175,242	831,098	(543,976)	21,462,364
Carts - in-service	1,221,113	381,239	(487,080)	1,115,272
Infrastructure	40,073,400	1,038,406	-	41,111,806
Total depreciable capital assets	<hr/> 143,223,220	<hr/> 2,250,743	<hr/> (1,031,056) <hr/>	<hr/> 144,442,907
Less accumulated depreciation for:				
Buildings	(18,772,992)	(1,888,545)	-	(20,661,537)
Site improvements	(4,262,315)	(9,302)	-	(4,271,617)
Machinery, equipment, and vehicles	(19,447,869)	(350,874)	543,976	(19,254,767)
Carts - in-service	(1,210,562)	(82,998)	487,080	(806,480)
Infrastructure	(22,054,569)	(1,230,578)	-	(23,285,147)
Total accumulated depreciation	<hr/> (65,748,307)	<hr/> (3,562,297)	<hr/> 1,031,056 <hr/>	<hr/> (68,279,548)
Total depreciable capital assets, net	<hr/> 77,474,913	<hr/> \$ (1,311,554)	<hr/> \$ - <hr/>	<hr/> 76,163,359
Business-type activities, capital assets, net	<hr/> \$ 81,041,217			<hr/> \$ 80,479,637

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

Governmental activities:

General government	\$ 1,288,915
Public safety	349,809
Culture and recreation	115,783
Highways, roads, and streets	<u>2,455,176</u>
Total depreciation expense - governmental activities	<u>\$ 4,209,683</u>

Business-type activities:

Water	\$ 518,587
Sewer	2,519,623
Golf course	291,188
Solid waste	84,976
Other enterprise fund	<u>147,923</u>
Total depreciation expense - business-type activities	<u>\$ 3,562,297</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, 2023, \$280,000 of infrastructure assets were contributed by developers.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

8. Interfund Receivables, Payables, and Transfers

Interfund receivables, payables, and transfers as of and for the year ended December 31, 2023 are summarized below:

Fund	Interfund Receivable	Interfund Payable
Major Governmental Funds:		
General Fund	\$ 2,712,395	\$ 1,239,103
Transportation Improvement Program East Fund	1,560	-
Capital Improvement Fund	93,857	79,283
Major Enterprise Funds:		
Water Fund	764,915	-
Sewer Fund	3,143,188	281,804
Golf Course Fund	-	36,786
Solid Waste Fund	127,586	3,266,506
Other Enterprise Fund	321,195	709,605
Other Governmental Funds	<u>20,597</u>	<u>1,572,206</u>
Total	<u><u>\$ 7,185,293</u></u>	<u><u>\$ 7,185,293</u></u>
Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 4,348,364	\$ 13,650,948
Transportation Improvement Program East Fund	-	-
Capital Improvement Fund	14,438,865	-
Major Enterprise Funds:		
Water Fund	-	350,000
Sewer Fund	-	427,626
Golf Course Fund	622,591	-
Solid Waste Fund	-	-
Other Enterprise Funds	-	1,090,931
Other Governmental Funds	<u>-</u>	<u>3,890,315</u>
Total	<u><u>\$ 19,409,820</u></u>	<u><u>\$ 19,409,820</u></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, 2023

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. The transfer from the other governmental fund to the general fund includes reimbursement for expenses paid by the General Fund.

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:

Series	Issue Amount	Maturity Date	Interest Rate
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.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

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

Direct Borrowing – Promissory Note

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

Purpose	Year of Issue	Issue Amount	Maturity Date	Interest Rate
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, 2023

A detail of long-term liability activity for governmental activities for the year ended December 31, 2023 is as follows:

	Balance at January 1 2023	Additions	Amortization and Retirements	Balance at December 31 2023	Due Within One Year
General obligation bonds:					
Series B of 2017	\$ 1,360,000	\$ -	\$ (140,000)	\$ 1,220,000	\$ 140,000
Series 2020, net of unamortized premium	6,659,345	-	(1,549,720)	5,109,625	1,255,640
	<u>1,086,207</u>	<u>-</u>	<u>(120,690)</u>	<u>965,517</u>	<u>-</u>
	<u>9,105,552</u>	<u>-</u>	<u>(1,810,410)</u>	<u>7,295,142</u>	<u>1,395,640</u>
Direct Borrowings:					
Promissory note payable - 2020	976,805	-	(91,144)	885,661	93,916
General obligation note - 2019	4,884,096	-	(803,712)	4,080,384	806,400
General obligation note - 2020	4,481,040	-	(585,311)	3,895,729	599,943
Compensated absences	<u>389,202</u>	<u>5,637</u>	<u>-</u>	<u>394,839</u>	<u>-</u>
	<u>\$ 19,836,695</u>	<u>\$ 5,637</u>	<u>\$ (3,290,577)</u>	<u>\$ 16,551,755</u>	<u>\$ 2,895,899</u>

A detail of long-term liability activity for business-type activities for the year ended December 31, 2023 is as follows:

	Balance at January 1 2023	Additions	Amortization and Retirements	Balance at December 31 2023	Due Within One Year
General obligation bonds:					
Series of 2015, net of unamortized premium	\$ 23,825,000	\$ -	\$ (1,385,000)	\$ 22,440,000	\$ 1,455,000
	<u>2,071,896</u>	<u>-</u>	<u>(165,751)</u>	<u>1,906,145</u>	<u>-</u>
Series A of 2017	6,255,000	-	(355,000)	5,900,000	360,000
Series of 2020, net of unamortized premium	10,550,655	-	(2,455,280)	8,095,375	1,989,360
	<u>1,720,919</u>	<u>-</u>	<u>(191,213)</u>	<u>1,529,706</u>	<u>-</u>
	<u>44,423,470</u>	<u>-</u>	<u>(4,552,244)</u>	<u>39,871,226</u>	<u>3,804,360</u>
Direct Borrowings:					
General obligation note - 2019	566,904	-	(93,289)	473,615	93,600
Compensated absences	<u>151,613</u>	<u>-</u>	<u>(14,134)</u>	<u>137,479</u>	<u>-</u>
	<u>\$ 45,141,987</u>	<u>\$ -</u>	<u>\$ (4,659,667)</u>	<u>\$ 40,482,320</u>	<u>\$ 3,897,960</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Future Maturities

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

	Governmental and Business-type Activities		
	Principal	Interest	Total
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	3,295,000	895,993	4,190,993
2029-2033	14,110,000	2,792,437	16,902,437
2034-2037	6,410,000	485,450	6,895,450
	<u>\$ 42,765,000</u>	<u>\$ 9,761,168</u>	<u>\$ 52,526,168</u>

The future scheduled payments required to amortize direct borrowings (promissory note and general obligation note) outstanding as of December 31, 2023 are as follows:

	Governmental and Business-type Activities		
	Principal	Interest	Total
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	1,690,099	53,602	1,743,701
2029-2032	1,128,862	156,238	1,285,100
	<u>\$ 9,335,389</u>	<u>\$ 663,216</u>	<u>\$ 9,998,605</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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

Plan Description

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

At December 31, 2023, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>30</u>
Total plan members	<u><u>50</u></u>

Benefits Provided

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

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

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

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

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

Post-Retirement Adjustments – Effective on each anniversary of retirement, a retiree will receive an increase in the monthly benefit equal to the percentage increases in the Consumer Price Index. The total of all increases may not exceed 75% of the average monthly salary used to calculate the original benefit.

Vesting Benefit – Accrued at the date of termination payable monthly starting at the normal retirement date.

Contributions

The Plan is funded by the Township on an annual basis pursuant to the provisions of Act 205. Act 205 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). Employees are not required to contribute under Act 205; such contributions are subject to collective bargaining. For the year ended December 31, 2023 participating employees were required to contribute 5% of their compensation. During the year, the Township paid in \$700,270 based upon the MMO.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the Township for the year ended December 31, 2023 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2022	\$ 21,833,680	\$ 18,891,885	\$ 2,941,795
Changes for the year:			
Service cost	663,004	-	663,004
Interest	1,510,119	-	1,510,119
Differences between expected and actual experience	(667,940)	-	(667,940)
Change in assumptions	84,447	-	84,447
Contributions - employer	-	700,270	(700,270)
Contributions - employee	-	160,970	(160,970)
Net investment income	-	2,696,490	(2,696,490)
Benefit payments, including refunds	(692,084)	(692,084)	-
Administrative expense	-	(55,768)	55,768
Net changes	<u>897,546</u>	<u>2,809,878</u>	<u>(1,912,332)</u>
Balances at December 31, 2023	<u>\$ 22,731,226</u>	<u>\$ 21,701,763</u>	<u>\$ 1,029,463</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)			<u>95.47%</u>

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed on January 1, 2023, and rolled forward to December 31, 2023, 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 2.75%

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

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Changes in Actuarial Assumptions – the inflation assumption was increased from 2.50% to 2.75% per year since the previous actuarial valuation.

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

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

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2023:

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, 2023, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 14.39%.

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the Plan, calculated using the discount rates described above, as well as what the Plan's net pension liabilities (assets) would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 4,128,792	\$ 1,029,463	\$ (1,537,610)

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

For the year ended December 31, 2023, the Township recognized pension expense of approximately \$1,035,000. At December 31, 2023, 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	\$ -	\$ 872,249
Changes in assumptions	565,890	-
Net difference between projected and actual earnings on pension plan investments	750,614	-
	<u>\$ 1,316,504</u>	<u>\$ 872,249</u>

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

<u>Year Ending December 31,</u>	
2024	\$ 140,187
2025	277,049
2026	487,532
2027	(326,737)
2028	(40,673)
Thereafter	<u>(93,103)</u>
	<u>\$ 444,255</u>

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

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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:

<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 \$450,762 were made by the Township to the Plan during the year ended December 31, 2023.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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 2023, employees contributed approximately \$1,324,000 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 2023, the Township contributed approximately \$341,000 to the 401(a) plans.

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 \$7,226,424 at December 31, 2023.

TOWNSHIP OF CRANBERRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023. The total amount of commitments on these contracts is approximately \$10.3 million.

15. Significant Component Unit Transactions

During 2023, the Township provided approximately \$891,000 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 2023, the Township provided approximately \$297,000 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, 2023

	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	\$ 3,647,620	\$ 3,647,620	\$ 3,683,116	\$ 35,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earned income	8,000,000	8,000,000	9,920,544	1,920,544	-	-	-	-	-	-	-	-
Business privilege	2,500,000	2,500,000	3,462,944	962,944	-	-	-	-	-	-	-	-
Local service	1,090,000	1,090,000	1,605,311	515,311	-	-	-	-	-	-	-	-
Real estate transfer	1,500,000	1,500,000	1,571,435	71,435	-	-	-	-	-	-	-	-
Licenses, permits, and fees	1,850,700	1,850,700	2,534,596	683,896	-	-	-	-	-	-	-	-
Fines and forfeitures	77,000	77,000	69,511	(7,489)	-	-	-	-	-	-	-	-
Interest, rents, and royalties	282,770	282,770	1,064,601	781,831	4,000	4,000	300,812	296,812	15,000	15,000	713,221	698,221
Intergovernmental	2,191,000	2,191,000	1,721,635	(469,365)	-	-	-	-	-	-	233,483	233,483
Contributions and donations	32,000	32,000	95,458	63,458	1,054,047	1,054,047	1,515,251	461,204	1,525,000	1,525,000	620,184	(904,816)
Charges for services	1,780,932	1,780,932	2,467,174	686,242	-	-	-	-	-	-	-	-
Miscellaneous	86,200	86,200	263,502	177,302	-	-	-	-	-	-	-	-
Total revenues	23,038,222	23,038,222	28,459,827	5,421,605	1,058,047	1,058,047	1,816,063	758,016	1,540,000	1,540,000	1,566,888	26,888
Expenditures:												
Current:												
General government	4,796,805	4,796,805	4,264,309	(532,496)	-	-	-	-	-	-	-	-
Public safety	7,874,638	7,874,638	7,168,416	(706,222)	-	-	-	-	-	-	-	-
Highways, roads, and streets	5,105,670	5,105,670	3,740,266	(1,365,404)	-	-	-	-	-	-	-	-
Culture and recreation	2,970,528	2,970,528	2,856,415	(114,113)	-	-	-	-	-	-	-	-
Community development	1,265,048	1,265,048	1,017,485	(247,563)	-	-	-	-	-	-	-	-
Debt service	1,503,886	1,503,886	1,306,513	(197,373)	-	-	-	-	-	-	-	-
Capital outlay	80,000	80,000	43,040	(36,960)	850,000	850,000	1,554,167	704,167	8,496,176	8,496,176	4,994,759	(3,501,417)
Total expenditures	23,596,575	23,596,575	20,396,444	(3,200,131)	850,000	850,000	1,554,167	704,167	8,496,176	8,496,176	4,994,759	(3,501,417)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(558,353)	(558,353)	8,063,383	2,221,474	208,047	208,047	261,896	1,462,183	(6,956,176)	(6,956,176)	(3,427,871)	3,528,305
Other Financing Sources (Uses):												
Proceeds from sale of capital assets	(2,000)	(2,000)	5,214	7,214	-	-	-	-	-	-	-	-
Transfers in	3,790,000	3,790,000	4,348,364	558,364	-	-	-	-	5,390,000	5,390,000	14,438,865	9,048,865
Transfers out	(10,390,000)	(10,390,000)	(13,650,948)	(3,260,948)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(6,602,000)	(6,602,000)	(9,297,370)	(2,695,370)	-	-	-	-	5,390,000	5,390,000	14,438,865	9,048,865
Net Change in Fund Balance	\$ (7,160,353)	\$ (7,160,353)	(1,233,987)	\$ (473,896)	\$ 208,047	\$ 208,047	261,896	\$ 1,462,183	\$ (1,566,176)	\$ (1,566,176)	11,010,994	\$ 12,577,170
Fund Balance:												
Beginning of year				18,667,599				6,203,339				12,755,556
End of year				\$ 17,433,612				\$ 6,465,235				\$ 23,766,550

TOWNSHIP OF CRANBERRY
**SCHEDULE OF CHANGES IN THE NET
 PENSION LIABILITY (ASSET) AND RELATED RATIOS**

POLICE PENSION PLAN

YEARS ENDED DECEMBER 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	\$ 663,215	\$ 647,661	\$ 639,694	\$ 612,506	\$ 580,125	\$ 478,974	\$ 454,004	\$ 418,491	\$ 396,674	\$ 391,984
Interest	1,510,119	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	(667,940)	-	(314,204)	-	(97,067)	-	(444,099)	-	109,143	-
Changes of assumptions	84,447	-	649,802	-	-	-	672,316	-	-	-
Benefit payments, including refunds of member contributions	(692,334)	(675,014)	(646,066)	(627,848)	(631,128)	(611,119)	(626,877)	(538,906)	(454,197)	(416,741)
Net Changes in Total Pension Liability	897,507	1,423,488	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	21,833,675	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)	\$ 22,731,182	\$ 21,833,675	\$ 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	\$ 700,270	\$ 681,558	\$ 643,357	\$ 631,819	\$ 618,008	\$ 569,355	\$ 505,263	\$ 505,824	\$ 533,510	\$ 519,984
Contributions - employee	161,182	163,680	159,126	153,505	145,124	136,376	126,082	114,994	116,006	118,194
Net investment income	2,696,489	(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	(692,334)	(675,014)	(646,066)	(627,848)	(631,128)	(611,119)	(626,877)	(538,906)	(454,197)	(416,741)
Administrative expense	(55,768)	(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	2,809,839	(2,472,062)	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	18,891,880	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)	\$ 21,701,719	\$ 18,891,880	\$ 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)	\$ 1,029,463	\$ 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	95.47%	86.53%	104.67%	100.92%	96.00%	84.60%	95.23%	90.33%	88.64%	95.20%
Covered Employee Payroll	\$ 3,621,211	\$ 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	28.43%	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

Schedule of Contributions	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 700,270	\$ 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	<u>700,270</u>	<u>681,558</u>	<u>643,357</u>	<u>631,819</u> *	<u>618,008</u>	<u>569,355</u>	<u>505,263</u>	<u>505,824</u>	<u>524,928</u>	<u>519,984</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (688)</u>	<u>\$ (3,703)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,214)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 3,621,211</u>	<u>\$ 3,467,943</u>	<u>\$ 3,526,302</u>	<u>\$ 3,408,803</u>	<u>\$ 3,296,938</u>	<u>\$ 3,158,802</u>	<u>\$ 2,758,713</u>	<u>\$ 2,455,939</u>	<u>\$ 2,615,697</u>	<u>\$ 2,686,125</u>
Contributions as a percentage of covered payroll	19.34%	19.65%	18.24%	18.53%	18.74%	18.02%	18.32%	20.60%	20.07%	19.36%

Investment Returns	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	14.39%	-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, 2023

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

12/31/21 – 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.

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.

TOWNSHIP OF CRANBERRY

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – POLICE PENSION PLAN

YEAR ENDED DECEMBER 31, 2023

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, 2023

	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	Powell Farm Fund
Assets										
Cash and cash equivalents	\$ -	\$ 42,324	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,711	\$ -	\$ -
Investments	743,677	183,076	1,186,301	153,281	1,034,230	848,118	359,236	27,214	-	884,611
Other receivables	1,726	-	-	-	-	-	-	-	-	-
Due from other funds	19,575	-	1,022	-	-	-	-	-	-	-
Total Assets	\$ 764,978	\$ 225,400	\$ 1,187,323	\$ 153,281	\$ 1,034,230	\$ 848,118	\$ 359,236	\$ 38,925	\$ -	\$ 884,611
Liabilities and Fund Balance										
Liabilities:										
Accounts payable and accrued expenses	\$ 12,672	\$ 49,540	\$ -	\$ 19,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Developer deposit liability	-	-	-	-	1,010,559	-	-	-	-	-
Due to other funds	26,920	22,016	-	1,452,540	23,671	-	-	-	-	-
Total Liabilities	39,592	71,556	-	1,472,149	1,034,230	-	-	-	-	-
Fund Balance:										
Restricted	725,386	153,844	1,187,323	-	-	848,118	359,236	38,925	-	884,611
Unassigned	-	-	-	(1,318,868)	-	-	-	-	-	-
Total Fund Balance	725,386	153,844	1,187,323	(1,318,868)	-	848,118	359,236	38,925	-	884,611
Total Liabilities and Fund Balance	\$ 764,978	\$ 225,400	\$ 1,187,323	\$ 153,281	\$ 1,034,230	\$ 848,118	\$ 359,236	\$ 38,925	\$ -	\$ 884,611

(Continued)

TOWNSHIP OF CRANBERRY

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2023

(Continued)

	Capital Projects Funds					Total Capital Projects Funds	Total Other Governmental Funds		
	Total Special Revenue Funds	Township Transportation Improvement Program Fund							
		Fire Capital Fund	Road Equipment Fund	Public Building Fund					
Assets									
Cash and cash equivalents	\$ 54,035	\$ 1,204	\$ -	\$ 1,050	\$ 1,235	\$ 3,489	\$ 57,524		
Investments	5,419,744	156,186	23,175	2,226,824	919,686	3,325,871	8,745,615		
Other receivables	1,726	-	-	-	-	-	1,726		
Due from other funds	20,597	-	-	-	-	-	20,597		
Total Assets	\$ 5,496,102	\$ 157,390	\$ 23,175	\$ 2,227,874	\$ 920,921	\$ 3,329,360	\$ 8,825,462		
Liabilities and Fund Balance									
Liabilities:									
Accounts payable and accrued expenses	\$ 81,821	\$ 3,354	\$ -	\$ -	\$ -	\$ 3,354	\$ 85,175		
Unearned revenue	-	-	-	-	-	-	-		
Developer deposit liability	1,010,559	-	-	-	-	-	1,010,559		
Due to other funds	1,525,147	46,901	-	77	81	47,059	1,572,206		
Total Liabilities	2,617,527	50,255	-	77	81	50,413	2,667,940		
Fund Balance:									
Restricted	4,197,443	107,135	23,175	2,227,797	920,840	3,278,947	7,476,390		
Unassigned	(1,318,868)	-	-	-	-	-	(1,318,868)		
Total Fund Balance	2,878,575	107,135	23,175	2,227,797	920,840	3,278,947	6,157,522		
Total Liabilities and Fund Balance	\$ 5,496,102	\$ 157,390	\$ 23,175	\$ 2,227,874	\$ 920,921	\$ 3,329,360	\$ 8,825,462		

(Concluded)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2023

	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	Powell Farm Fund
Revenues:										
Taxes	\$ 628,911	\$ 450,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, rents, and royalties	53,709	26,022	22,452	6,208		44,261	57,679	1,285	169,386	404
Intergovernmental	-	-	-	-		-	1,015,763	-	3,321,365	-
Contributions and donations	-	-	278,251	23,760		75,742	-	1,924	-	2,569,351
Miscellaneous	3,485	-	-	-		-	-	-	-	-
Total revenues	686,105	476,503	300,703	29,968		120,003	1,073,442	3,209	3,490,751	2,569,755
Expenditures:										
Public safety	655,006	-	-	-		-	-	-	-	-
Highways, roads, and streets	-	-	-	189,380		18,930	964,075	-	-	-
Culture and recreation	-	382,103	-	-		-	-	-	-	-
Miscellaneous	-	-	-	-		-	-	-	-	-
Debt service:										
Principal retirement	-	-	320,000	-		-	-	-	-	-
Interest charges	-	-	57,032	-		-	-	-	-	-
Capital outlay	-	-	-	1,260,043		71,732	-	-	-	1,685,144
Total expenditures	655,006	382,103	377,032	1,449,423		90,662	964,075	-	-	1,685,144
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,099	94,400	(76,329)	(1,419,455)		29,341	109,367	3,209	3,490,751	884,611
Other Financing Sources (Uses):										
Proceeds from sale of capital assets	32,571	-	-	-		-	-	-	-	-
Transfers in	-	-	-	-		-	-	-	-	-
Transfers out	-	-	-	-		-	-	-	(3,498,149)	-
Total other financing sources (uses)	32,571	-	-	-		-	-	-	(3,498,149)	-
Net Change in Fund Balance	63,670	94,400	(76,329)	(1,419,455)		29,341	109,367	3,209	(7,398)	884,611
Fund Balance:										
Beginning of year	661,716	59,444	1,263,652	100,587		818,777	249,869	35,716	7,398	-
End of year	\$ 725,386	\$ 153,844	\$ 1,187,323	\$ (1,318,868)		\$ 848,118	\$ 359,236	\$ 38,925	\$ -	\$ 884,611

(Continued)

TOWNSHIP OF CRANBERRY

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

YEAR ENDED DECEMBER 31, 2023

(Continued)

	Capital Projects Funds							Total Other Governmental Funds	
	Township								
	Total Special Revenue Funds	Fire Capital Fund	Transportation Improvement Program Fund	Road Equipment Fund	Public Building Fund	Total Capital Projects Funds			
Revenues:									
Taxes	\$ 1,079,392	\$ 439,431	\$ -	\$ 383,088	\$ 450,689	\$ 1,273,208	\$ 2,352,600		
Interest, rents, and royalties	381,406	17,835	1,097	34,749	49,954	103,635	485,041		
Intergovernmental	4,337,128	-	-	-	-	-	4,337,128		
Contributions and donations	2,949,028	-	-	-	-	-	2,949,028		
Miscellaneous	3,485	-	-	-	-	-	3,485		
Total revenues	8,750,439	457,266	1,097	417,837	500,643	1,376,843	10,127,282		
Expenditures:									
Public safety	655,006	11,497	-	-	-	11,497	666,503		
Highways, roads, and streets	1,172,385	-	-	-	-	-	1,172,385		
Culture and recreation	382,103	-	-	-	-	-	382,103		
Miscellaneous	-	-	-	-	1,672	1,672	1,672		
Debt service:									
Principal retirement	320,000	351,144	-	-	-	351,144	671,144		
Interest charges	57,032	80,407	-	-	-	80,407	137,439		
Capital outlay	3,016,919	-	-	1,429	-	1,429	3,018,348		
Total expenditures	5,603,445	443,048	-	1,429	1,672	446,149	6,049,594		
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,146,994	14,218	1,097	416,408	498,971	930,694	4,077,688		
Other Financing Sources (Uses):									
Proceeds from sale of capital assets	32,571	-	-	-	-	-	32,571		
Transfers in	-	-	-	-	-	-	-		
Transfers out	(3,498,149)	-	-	-	(392,166)	(392,166)	(3,890,315)		
Total other financing sources (uses)	(3,465,578)	-	-	-	(392,166)	(392,166)	(3,857,744)		
Net Change in Fund Balance	(318,584)	14,218	1,097	416,408	106,805	538,528	219,944		
Fund Balance:									
Beginning of year	3,197,159	92,917	22,078	1,811,389	814,035	2,740,419	5,937,578		
End of year	\$ 2,878,575	\$ 107,135	\$ 23,175	\$ 2,227,797	\$ 920,840	\$ 3,278,947	\$ 6,157,522		

(Concluded)

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF NET POSITION OTHER PROPRIETARY FUNDS

DECEMBER 31, 2023

Assets	Pool	General Authority	Other Enterprise Funds
Current assets:			
Cash and cash equivalents	\$ -	\$ 2,404,260	\$ 2,404,260
Investments	1,021,888	-	1,021,888
Accounts receivable:			
Customers - billed	- -	32,286	32,286
Other	4,485	- -	4,485
Due from other funds	- -	321,195	321,195
Total current assets	1,026,373	2,757,741	3,784,114
Non-current assets:			
Capital assets:			
Land	- -	200,000	200,000
Buildings	4,686,327	- -	4,686,327
Machinery, equipment, and vehicles	102,400	- -	102,400
Less: accumulated depreciation	(3,136,028)	- -	(3,136,028)
Total non-current assets	1,652,699	200,000	1,852,699
Total Assets	2,679,072	2,957,741	5,636,813
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	27,645	4,906	32,551
Accrued interest payable	13,085	- -	13,085
Due to other funds	16,001	693,604	709,605
Unearned revenue	5,090	- -	5,090
Total current liabilities	61,821	698,510	760,331
Non-current liabilities:			
Compensated absences	4,853	- -	4,853
Total Liabilities	66,674	698,510	765,184
Net Position			
Net investment in capital assets	1,652,699	200,000	1,852,699
Unrestricted	959,699	2,059,231	3,018,930
Total Net Position	\$ 2,612,398	\$ 2,259,231	\$ 4,871,629

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION OTHER PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2023

	Pool	General Authority	Other Enterprise Funds
Operating Revenues:			
Charges for services	\$ 756,855	\$ 1,904,802	\$ 2,661,657
Miscellaneous revenues	265	12,822	13,087
Total operating revenues	<u>757,120</u>	<u>1,917,624</u>	<u>2,674,744</u>
Operating Expenses:			
Wages, benefits, and related taxes	453,200	303,751	756,951
Employee insurance	30,301	-	30,301
Retirement contribution	2,008	-	2,008
Administrative expenses	13,565	15,158	28,723
Materials and supplies	26,436	2,863	29,299
Chemicals	35,733	-	35,733
Telephone and utilities	134,113	-	134,113
Repairs and maintenance	42,201	722,818	765,019
Minor equipment rental and purchase	23,246	-	23,246
Professional and other services	78,287	24,672	102,959
Concession and other products and services	88,217	-	88,217
Depreciation	147,923	-	147,923
Total operating expenses	<u>1,075,230</u>	<u>1,069,262</u>	<u>2,144,492</u>
Operating Income (Loss)	<u>(318,110)</u>	<u>848,362</u>	<u>530,252</u>
Non-Operating Revenues (Expenses):			
Investment income (loss)	37,091	-	37,091
Rental income	20,010	-	20,010
Total non-operating revenues (expenses)	<u>57,101</u>	<u>-</u>	<u>57,101</u>
Income (loss) before transfers	<u>(261,009)</u>	<u>848,362</u>	<u>587,353</u>
Transfers in	-	-	-
Transfers out	-	(1,090,931)	(1,090,931)
Total transfers	<u>-</u>	<u>(1,090,931)</u>	<u>(1,090,931)</u>
Change in Net Position	<u>(261,009)</u>	<u>(242,569)</u>	<u>(503,578)</u>
Net Position:			
Beginning of year	<u>2,873,407</u>	<u>2,501,800</u>	<u>5,375,207</u>
End of year	<u>\$ 2,612,398</u>	<u>\$ 2,259,231</u>	<u>\$ 4,871,629</u>

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2023

Assets	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Cash and cash equivalents	\$ 358,531	\$ -	\$ 358,531
Investments:			
Fixed income	7,049,032	3,780,479	10,829,511
Mutual funds	<u>14,294,156</u>	<u>7,531,010</u>	<u>21,825,166</u>
Total Assets	<u>21,701,719</u>	<u>11,311,489</u>	<u>33,013,208</u>
Net Position Restricted For Pension Benefits	<u><u>\$ 21,701,719</u></u>	<u><u>\$ 11,311,489</u></u>	<u><u>\$ 33,013,208</u></u>

TOWNSHIP OF CRANBERRY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2023

	Police Pension Fund	Non-Uniform Pension Fund	Total Pension Trust Funds
Additions:			
Employer contributions	\$ 700,270	\$ 450,762	\$ 1,151,032
Employee contributions	161,182	-	161,182
Total contributions	<u>861,452</u>	<u>450,762</u>	<u>1,312,214</u>
Investment gain (loss):			
Net appreciation (depreciation) in fair value of investments	2,230,281	1,181,290	3,411,571
Interest and dividends	466,208	246,395	712,603
Total investment gain (loss)	<u>2,696,489</u>	<u>1,427,685</u>	<u>4,124,174</u>
Total additions	<u>3,557,941</u>	<u>1,878,447</u>	<u>5,436,388</u>
Deductions:			
Benefits	692,334	677,432	1,369,766
Administrative expense	55,768	22,409	78,177
Total deductions	<u>748,102</u>	<u>699,841</u>	<u>1,447,943</u>
Change in Plan Net Position	2,809,839	1,178,606	3,988,445
Net Position:			
Beginning of year	<u>18,891,880</u>	<u>10,132,883</u>	<u>29,024,763</u>
End of year	<u>\$ 21,701,719</u>	<u>\$ 11,311,489</u>	<u>\$ 33,013,208</u>

TOWNSHIP OF CRANBERRY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023

<u>Federal Grantor / Program Title</u>	<u>ALN</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Treasury</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 3,310,897	\$ -
<u>U.S. Department of Homeland Security</u>				
Passed Through the Pennsylvania Emergency Management Agency:				
COVID-19 Disaster Grants - Public Assistance	97.036	8760200790	17,712	-
Total Expenditures of Federal Awards			\$ 3,328,609	\$ -

See accompanying notes to schedule of expenditures of federal awards.

TOWNSHIP OF CRANBERRY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Township of Cranberry (Township) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Township.

2. Summary of Significant Accounting Policies

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

Township of Cranberry

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2023

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

**Board of Supervisors
Township of Cranberry**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Township of Cranberry (Township), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 27, 2024. The financial statements of the Cranberry Public Library were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal

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

control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Maher Duessel

Pittsburgh, Pennsylvania
June 27, 2024

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

**Board of Supervisors
Township of Cranberry**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Township of Cranberry (Township)'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Township's major federal programs for the year ended June 27, 2024. The Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 27, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township and to meet our other ethical responsibilities in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Township's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over*

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

compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Maher Duessel

Pittsburgh, Pennsylvania
June 27, 2024

TOWNSHIP OF CRANBERRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2023

I. Summary of Audit Results

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

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

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

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

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

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

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

7. Major Programs:

<u>ALN(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Recovery Funds

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

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

TOWNSHIP OF CRANBERRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2023

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

FINDING: 2023-001 Financial Reporting System

Statement of Condition: Several adjustments were necessary as part of the audit process that should ideally be identified by the Township of Cranberry's (Township) year-end closing process. These include adjustments related to year-end closing as well as accruing receivables, debt activity, capital asset activity, and interfund activity.

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

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

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

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

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

Views of responsible officials and planned corrective action: Management agrees with the finding. We will look for enhancements that will provide adequate time for analysis of financial records before information is presented for audit. We will also review our procedures and strengthen them to ensure that proper internal control procedures are in place to identify any significant adjustments necessary to their external financial statements, including the posting of all adjustments necessary to present financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

- III. Findings and questioned costs for federal awards

No matters were reported.

TOWNSHIP OF CRANBERRY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2023

NO SINGLE AUDIT REQUIRED IN PRIOR YEAR