

TOWNSHIP OF CRANBERRY

BUTLER COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2005

TOWNSHIP OF CRANBERRY

DECEMBER 31, 2005

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Township of Cranberry
Butler County, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Cranberry as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Cranberry's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Cranberry Public Library, Inc., which represents approximately 98 percent of the assets and net assets of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Cranberry Public Library, Inc., is based on the report of the other auditors.

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. The financial statements of Cranberry Public Library, Inc. referred to above were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Cranberry as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(1)

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2006, on our consideration of the Township of Cranberry's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 16 and page 58, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Cranberry's basic financial statements. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Togel & Associates

June 23, 2006



**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**

To the Board of Supervisors
Township of Cranberry
Butler County, Pennsylvania

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Cranberry as of and for the year ended December 31, 2005, which collectively comprise the Township of Cranberry's basic financial statements, and have issued our report thereon dated June 23, 2006. The report on the aggregate discretely presented component units was qualified because the financial statements of Cranberry Public Library, Inc. were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included for Cranberry Public Library, Inc., was based on the report of the other auditors. 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. The financial statements of Cranberry Public Library, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Cranberry's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Cranberry's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fogel & Associates

June 23, 2006

Management's Discussion and Analysis

As management of Cranberry Township, we offer readers of Cranberry Township's financial statements this narrative overview and analysis of the financial activities of Cranberry Township for the fiscal year ended December 31, 2005.

Financial Highlights

- The assets of Cranberry Township exceeded its liabilities at the close of the most recent fiscal year by \$59,361,031. Of this amount, \$21,854,040 may be used to meet the government's ongoing obligations to citizens and creditors.
- Cranberry township's net assets increased by \$17,646,407.
- As of the close of the current fiscal year, Cranberry Township's governmental funds reported combined ending fund balances of \$11,825,529. Approximately one third of this total amount is available for spending at the government's discretion. The remaining two thirds is held for specific capital projects.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,657,651.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to Cranberry Township's basic financial statements. Cranberry Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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 Cranberry Township's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of Cranberry Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Cranberry Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 Cranberry Township that are primarily supported by taxes and intergovernmental revenues (government 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 Cranberry Township include general government, public safety, health and welfare, highways, roads, and streets, culture and recreation, insurance and pension, miscellaneous, and interest on long-term debt. The business-type activities of Cranberry Township include water, sewer, solid waste, golf course, and swimming pool.

The government-wide financial statements include not only Cranberry Township itself (known as the primary government), but also a legally separate public library and a legally separate volunteer fire company for which Cranberry Township is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 17 and 18 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. Cranberry Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Cranberry Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Cranberry Township maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other eight funds is 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.

Cranberry Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 through 22 of this report.

Proprietary funds. Cranberry 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. Cranberry Township uses enterprise funds to account for its water, sewer, golf course, solid waste, and swimming pool operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, sewer, golf course, and solid waste operations. All four are considered to be major funds of Cranberry Township. The swimming pool fund is considered a non-major fund.

The basic proprietary fund financial statements can be found on pages 23 through 25 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 Cranberry 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 26 and 27 of this report.

Notes to the 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 the financial statements can be found on pages 28 through 57 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Cranberry 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 each major fund. Required supplementary information can be found on page 58 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required budgetary comparison supplementary information. Combining and individual fund statements and schedules can be found on pages 59 through 63 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial

position. In the case of Cranberry Township, assets exceeded liabilities by \$59,361,031 at the close of the most recent fiscal year. Of this amount, \$37,049,315 (or 62%) is accounted for by 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.

Cranberry Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Cranberry 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.

Cranberry Township's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	12,698,929	11,484,198	12,322,172	11,210,581	25,021,101	22,694,779
Capital assets (2004 restated)	34,805,941	33,970,124	49,474,222	50,213,421	84,280,163	84,183,545
Total assets	47,504,870	45,454,322	61,796,394	61,424,002	109,301,264	106,878,324
Current and other liabilities	678,827	605,376	1,601,225	1,856,643	2,280,052	2,462,019
Long term liabilities	14,672,809	15,435,215	32,987,372	33,751,786	47,660,181	49,187,001
Total liabilities	15,351,636	16,040,591	34,588,597	35,608,429	49,940,233	51,649,020
Net Assets:						
Invested in capital assets, net of related debt (2004 restated)	20,327,705	18,735,219	16,721,610	16,706,972	37,049,315	35,442,191
Restricted			457,676	452,768	457,676	452,768
Unrestricted	11,825,529	10,678,512	10,028,511	8,655,833	21,854,040	19,334,345
Total net assets	32,153,234	29,413,731	27,207,797	25,815,573	59,361,031	55,229,304

An additional portion of Cranberry Township's net assets (1 percent) represents resources that are

subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$21,854,040) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Cranberry Township's 2004 net assets were restated and increased by \$13,514,680. This is due to the inclusion of retroactive infrastructure (roads and storm water systems) in 2005.

Governmental activities. Governmental activities increased Cranberry Township's net assets by \$2,739,503. Business-type activities increased Cranberry Township's net assets by \$1,392,224. Key elements of these increases are as follows:

Cranberry Township's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	2,798,136	2,089,396	12,831,611	11,309,242	15,629,747	13,389,638
Operating grants	1,080,747	1,302,168			1,080,747	1,302,168
Capital grants	3,238,813	2,086,233	1,332,730	1,308,598	4,571,543	3,394,831
General revenues:						
Property taxes	4,422,125	4,628,436			4,422,125	4,628,436
Earned income taxes	4,089,404	3,784,073			4,089,404	3,784,073
Other taxes	1,641,136	1,823,527			1,641,136	1,823,527
Interest and rents	319,456	176,146	432,043	240,481	751,499	416,627
Other			79,817	227,161	79,817	227,161
Transfers	20,000	631,226	(20,000)	(631,226)		
Total revenues	17,609,817	16,521,205	14,656,201	12,454,256	32,266,018	28,975,461
	Governmental Activities		Business-type Activities		Total	

	2005	2004	2005	2004	2005	2004
Expenses:						
General government	4,044,776	3,273,014			4,044,776	3,273,014
Public safety	4,237,063	4,036,613			4,237,063	4,036,613
Health & Welfare	109,532	224,937			109,532	224,937
Roads, streets	4,021,009	4,792,196			4,021,009	4,792,196
Culture & recreation	1,424,956	1,355,187			1,424,956	1,355,187
Insurance & pension	471,438	550,720			471,438	550,720
Miscellaneous	23,759	23,762			23,759	23,762
Interest on long-term debt	537,781	558,343			537,781	558,343
Water			3,305,740	3,025,189	3,305,740	3,025,189
Sewer			5,779,011	5,784,185	5,779,011	5,784,185
Golf Course			2,123,163	2,117,662	2,123,163	2,117,662
Solid Waste			1,383,700		1,383,700	
Swimming Pool			672,363	857,246 (inc. SW)	672,363	857,246 (inc. SW)
Total Expenses	14,870,314	14,814,772	13,263,977	11,784,282	28,134,291	26,599,054
Change in net assets	2,739,503	1,706,433	1,392,224	669,974	4,131,727	2,376,407
Net assets - beginning - restated	29,413,731	14,192,618	25,815,573	25,145,599	55,229,304	39,338,217
Prior Period Adjustment		13,514,680				13,514,680
Net assets – ending	32,153,234	29,413,731	27,207,797	25,815,573	59,361,031	55,229,304

The following table depicts revenues by source for governmental activities:

Revenues by Source - Governmental Activities

Charges for services	16%
Operating grants	6%
Capital grants	19%
Property taxes	25%
Earned income taxes	23%
Other taxes	9%
Interest and rents	<u>2%</u>
Total	100%

Government-wide revenues were primarily derived from property tax collections at 25% and earned income tax collections at 23% of the total. Capital grants, at 19%, are the third largest source of revenue.

The following table depicts expenses by programs for governmental activities:

Expenses by Program - Governmental Activities

General government	29%
Public safety	1%
Health and welfare	27%
Roads, streets	9%
Culture and recreation	3%
Insurance and pension	<u>4%</u>
Interest on long-term debt	100%
Total	
27%	

Total expenses for all programs in 2005 were \$14,870,314. The expenses reflect the delivery of a wide range of services, with the largest being public safety at 29%. The second largest programs are general government and roads and streets, both at 27%. The program ranked third is culture and

recreation at 9%.

The following table depicts the net program expenses/revenues by function/program for the period ending December 31, 2005:

Net Program Expenses/Revenues

General government	(1,816,369)
	(2,709,620)
Public safety	(109,532)
Health and welfare	(1,695,061)
Roads, streets	(978,689)
Culture and recreation	(90,958)
Insurance and pension	185,392
Miscellaneous	(537,781)
Interest on long-term debt	(7,752,618)
Total	

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Public safety expenses required the most general fund revenue for support, needing \$2.7 million in 2005. Road and street expenses required almost \$1.7 million in general revenues for support. General government needed \$1.8 million in support and culture and recreation required \$978,689 for support.

Business-type activities. Business-type activities increased Cranberry Township's net assets by \$1,392,224.

- Cranberry Township's customer base for sewer and water, and solid waste continues to grow.
- 2005 was the first full year of solid waste operations.
- 91% of revenue comes from charges for services, 9% of revenue comes from capital grants and contributions.

Expenses and Program Revenues - Business-type Activities

Program	Operating Revenue	Operating Expenses*
Sewer	5,644,483	3,084,650
Water	3,640,346	2,917,066
Golf Course	1,819,556	1,292,626
Solid Waste	1,232,476	1,306,621
Swimming Pool	564,038	457,488

* depreciation removed

Financial Analysis of the Township's Funds

As noted earlier, Cranberry Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Cranberry Township's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing Cranberry Township's financing requirements. In particular, unreserved 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, Cranberry Township's governmental funds reported combined ending fund balances of \$11.82 million. As stated previously, approximately one third of this total amount is available for spending at the government's discretion. The remaining two thirds is held for specific capital projects.

The general fund is the chief operating fund of Cranberry Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,657,651. The fund balance for the general fund increased by \$718,673 during the current fiscal year.

Proprietary funds. Cranberry Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water fund at the end of the year amounted to \$3,470,105, the sewer fund \$6,866,355, the golf course fund \$93,405, and the swimming pool fund \$199,640. Other factors concerning the finances of these funds have already been addressed in the discussion of Cranberry Township's business-type activities.

General Fund Budgetary Highlights

The Board of Supervisors adopted Resolution No. 2005-57 making supplemental appropriations to the 2005 budget in the amount of \$700,000. Revenues exceeded budgetary estimates by 22%.

Increases in revenue can be seen in the Act 511 taxes, especially the business privilege/mercantile tax as well as a substantial increase in building permit fees. Expenditures were 0.2% over budget. There was no need to draw upon existing fund balance.

Capital Assets and Debt Administration

Capital assets. Cranberry Township's investment in capital assets for its governmental and business type activities as of December 31, 2005, amounts to \$83,979,141 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and infrastructure.

Summary of Cranberry Township's Capital Assets

	Governmental Activities 2005	Business-type Activities 2005	Total
Land	2,773,627	3,285,597	6,059,224
Total Non-Depreciable Assets	2,773,627	3,285,597	6,059,224
Buildings	14,211,753	17,553,137	31,764,890
Site Improvements	2,585,754	4,237,891	6,823,645
Machinery, Equipment, Vehicles	6,683,617	15,863,035	22,546,652
Infrastructure	19,046,718	28,694,778	47,741,496
Carts – in service		699,237	699,237
Carts – not in service		72,000	72,000
Total Depreciable Assets	42,527,842	67,120,078	109,647,920
Accumulated Depreciation	(10,495,528)	(21,232,475)	(31,728,003)
Total Depreciable Assets, Net	32,032,314	45,887,606	77,919,917
Total Capital Assets	34,805,941	49,173,200	83,979,141

More detailed information about Cranberry Township's capital assets can be found in Note 6 of the notes to financial statements.

Long-term debt. At the end of the current fiscal year, Cranberry Township had total debt outstanding of \$50,496,193. Cranberry Township maintains a bond rating of A1 from Moody's Investor Service.

Cranberry Township's Outstanding Debt

	Governmental Activities 2005	Business-type Activities 2005	Total

General Obligation Bonds	13,795,046	2,109,954	15,905,000
Taxable Notes	857,739		857,739
Promissory Notes	20,024	161,171	181,195
Revenue Bonds		33,540,000	33,540,000
Capital Leases		12,259	12,259
Total	14,672,809	35,823,384	50,496,193

More detailed information about Cranberry Township's long-term debt can be found in Note 5 of the notes to financial statements.

Economic Factors

Cranberry Township's population grew by more than 60% in the 1990s. The December 31, 2005 population of 27,854 estimated by Cranberry Township's Planning and Community Development Department reflects 18% growth over five years from the 2000 census figure. Commercial growth continues to occur along Rt. 228. Residential growth continues throughout the Township.

Employment opportunities are derived from within the Township as well as from the City of Pittsburgh (less than a half an hour from Cranberry). The Township's two largest employers are TRACO (window manufacturer) and Verizon Wireless (customer service center). In addition, the Pittsburgh area contains many corporate headquarters, colleges, universities, and major health care facilities. The demographics of Cranberry Township are skewed toward a younger, healthier, better educated, more prosperous population than in most of Western Pennsylvania.

2006 Budget Highlights

Amounts available for appropriation in the General fund budget are \$12,193,780, an increase of 4.73% over the final 2005 budget of \$11,649,992. The 2006 General Fund budget includes no property tax increase, a \$20 increase in the Emergency Municipal Services Tax, an increase in full-time, sworn police officers from 24 to 28, increased efforts in collection of Act 511 tax revenue, and investing in information technology to continue emphasis on operating efficiencies.

As for the Township's business-type activities, water rates will increase from \$3.15 per thousand gallons used to \$3.85 per thousand gallons, a 22% increase, to help offset water rate increases from the West View Water Authority. The sewer collection system rehabilitation program continues to be funded to reduce infiltration and inflow to reduce operating costs at the treatment facility and to extend the time for the planned facility expansion. Monthly solid waste charges will increase by 4.8%.

Requests for Information

This financial report is designed to provide a general overview of Cranberry 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 Librarian, Cranberry Public Library, 2525 Rochester Road, Suite 300, Cranberry Township, PA, 16066.

TOWNSHIP OF CRANBERRY
STATEMENT OF NET ASSETS

DECEMBER 31, 2005

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	Governmental Activities		Business-type Activities	Total	Cranberry Public Library
	Activities	Activities	Activities	Activities	Activities
ASSETS					
Cash and cash equivalents	\$ 831,317	\$ 1,132,667	\$ 1,963,984	\$ 157,927	\$ 16,208
Investments	8,938,191	8,695,489	17,633,680	268,619	-
Receivables:					
Taxes and fees	2,049,652	-	2,049,652	-	-
Customers - billed	-	816,609	816,609	-	-
Customers - unbilled	-	842,740	842,740	-	-
Other	-	89,403	89,403	-	-
Internal balances	(38,816)	38,816	-	-	-
Inventory	-	14,012	14,012	-	-
Restricted assets:					
Investment - debt service fund	-	451,087	451,087	-	-
Investment - sinking fund	-	6,589	6,589	-	-
Capital assets, net:					
Nondepreciable	2,773,627	3,586,619	6,360,246	-	-
Depreciable	32,032,314	45,887,603	77,919,917	293,253	4,749
Other assets, net:					
Advances to other funds	724,012	-	724,012	-	-
Unamortized bond issue costs and bond discounts	194,573	234,760	429,333	-	-
Total Assets	47,504,870	61,796,394	109,301,264	719,799	20,957
LIABILITIES					
Accounts payable and accrued expenses	461,663	491,558	953,221	-	-
Deferred revenue	64,959	293,378	358,337	-	6,297
Security deposits	-	79,580	79,580	-	-
Compensated absences	152,205	12,697	164,902	-	-
Advances from other funds	-	724,012	724,012	-	-
Long-term liabilities:					
Due within a year	1,281,102	1,069,752	2,350,854	-	-
Due in more than one year	13,391,707	31,917,620	45,309,327	-	-
Total Liabilities	15,351,636	34,588,597	49,940,233	-	6,297
NET ASSETS					
Invested in capital assets, net of related debt	20,327,705	16,721,610	37,049,315	293,253	4,749
Restricted	-	457,676	457,676	-	-
Unrestricted	11,825,529	10,028,511	21,854,040	426,546	9,911
Total Net Assets	\$ 32,153,234	\$ 27,207,797	\$ 59,361,031	\$ 719,799	\$ 14,660

TOWNSHIP OF CRANBERRY
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

Functions / Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
			Governmental Activities	Business-type Activities	Total	Cranberry Public Library	Other Component Units		
Primary Government:									
Governmental activities:									
General government	\$ 4,044,776	\$ 832,759	\$ 22,397	\$ 1,373,251	\$ (1,816,369)	\$ -	\$ (1,816,369)	\$ -	\$ -
Public safety	4,237,063	1,309,959	217,484	-	(2,709,620)	-	(2,709,620)	-	-
Health and welfare	109,532	-	-	-	(109,532)	-	(109,532)	-	-
Highways, roads, and streets	4,021,009	-	460,386	1,865,562	(1,695,061)	-	(1,695,061)	-	-
Culture and recreation	1,424,956	446,267	-	-	(978,689)	-	(978,689)	-	-
Insurance and pension	471,438	-	380,480	-	(90,958)	-	(90,958)	-	-
Miscellaneous	23,759	209,151	-	-	185,392	-	185,392	-	-
Interest on long-term debt	537,781	-	-	-	(537,781)	-	(537,781)	-	-
Total governmental activities	<u>14,870,314</u>	<u>2,798,136</u>	<u>1,080,747</u>	<u>3,238,813</u>	<u>(7,752,618)</u>	<u>-</u>	<u>(7,752,618)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water	3,305,740	3,612,492	-	393,208	-	699,960	699,960	-	-
Sewer	5,779,011	5,613,717	-	642,792	-	477,498	477,498	-	-
Golf course	2,123,163	1,819,556	-	-	-	(303,607)	(303,607)	-	-
Solid waste	1,383,700	1,223,087	-	296,730	-	136,117	136,117	-	-
Other	672,363	562,759	-	-	-	(109,604)	(109,604)	-	-
Total business-type activities	<u>13,263,977</u>	<u>12,831,611</u>	<u>-</u>	<u>1,332,730</u>	<u>-</u>	<u>900,364</u>	<u>900,364</u>	<u>-</u>	<u>-</u>
Total primary government	<u><u>\$ 28,134,291</u></u>	<u><u>\$ 15,629,747</u></u>	<u><u>\$ 1,080,747</u></u>	<u><u>\$ 4,571,543</u></u>	<u><u>(7,752,618)</u></u>	<u><u>900,364</u></u>	<u><u>(6,852,254)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Component Units:									
Cranberry Public Library, Inc.	\$ 637,826	\$ -	\$ 619,274	\$ -	-	-	-	(18,552)	-
Cranberry Volunteer Fire Department	83,126	2,925	71,364	-	-	-	-	-	(8,837)
Total component units	<u>\$ 720,952</u>	<u>\$ 2,925</u>	<u>\$ 690,638</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,552)</u>	<u>(8,837)</u>
General revenues:									
Taxes:									
Property taxes			4,422,125	-	4,422,125	-	-	-	-
Earned income taxes			4,089,404	-	4,089,404	-	-	-	-
Business privilege taxes			1,421,508	-	1,421,508	-	-	-	-
Occupational privilege taxes			219,628	-	219,628	-	-	-	-
Fines and forfeitures			-	-	-	-	34,997	-	-
Interest, rents, and royalties			319,456	432,043	751,499	14,508	18	-	-
Other			-	79,817	79,817	10,859	507	-	-
Transfers			20,000	(20,000)	-	-	-	-	-
Total general revenues and transfers			<u>10,492,121</u>	<u>491,860</u>	<u>10,983,981</u>	<u>60,364</u>	<u>525</u>		
Change in net assets			<u>2,739,503</u>	<u>1,392,224</u>	<u>4,131,727</u>	<u>41,812</u>	<u>(8,312)</u>		
Net assets at beginning of year - as previously stated			15,899,051	25,815,573	41,714,624	677,987	22,972		
Prior period adjustment			<u>13,514,680</u>	<u>-</u>	<u>13,514,680</u>	<u>-</u>	<u>-</u>		
Net assets at beginning of year - restated			29,413,731	25,815,573	55,229,304	677,987	22,972		
Change in net assets			<u>2,739,503</u>	<u>1,392,224</u>	<u>4,131,727</u>	<u>41,812</u>	<u>(8,312)</u>		
Net assets at end of year			<u><u>\$ 32,153,234</u></u>	<u><u>\$ 27,207,797</u></u>	<u><u>\$ 59,361,031</u></u>	<u><u>\$ 719,799</u></u>	<u><u>\$ 14,660</u></u>		

TOWNSHIP OF CRANBERRY
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 694,882	\$ 136,435	\$ 831,317
Investments	3,832,687	5,105,504	8,938,191
Taxes and fees receivable	2,043,023	6,629	2,049,652
Due from other funds	438,241	616,529	1,054,770
Advances to other funds	-	724,012	724,012
Total Assets	<u>\$ 7,008,833</u>	<u>\$ 6,589,109</u>	<u>\$ 13,597,942</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and accrued expenses	\$ 283,699	\$ 177,964	\$ 461,663
Due to other funds	850,319	243,267	1,093,586
Deferred revenue	64,959	-	64,959
Compensated absences	152,205	-	152,205
Total Liabilities	<u>1,351,182</u>	<u>421,231</u>	<u>1,772,413</u>
Fund Balance:			
Reserved	-	1,124,012	1,124,012
Unreserved	5,657,651	-	5,657,651
Unreserved, reported in non-major:			
Special revenue funds	-	582,757	582,757
Capital projects funds	-	4,461,109	4,461,109
Total Fund Balance	<u>5,657,651</u>	<u>6,167,878</u>	<u>11,825,529</u>
Total Liabilities and Fund Balance	<u>\$ 7,008,833</u>	<u>\$ 6,589,109</u>	<u>\$ 13,597,942</u>

TOWNSHIP OF CRANBERRY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

DECEMBER 31, 2005

Total Fund Balance - Governmental Funds	\$11,825,529
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,805,941
Bond issue costs and discounts to be amortized over the life of the debt are reported in the funds as expenditures when debt is first issued.	194,573
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(14,672,809)</u>
Net Assets - Governmental Activities	<u>\$32,153,234</u>

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

YEAR ENDED DECEMBER 31, 2005

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 9,341,648	\$ 811,017	\$ 10,152,665
Licenses, permits, and fees	156,224	189,800	346,024
Fines and forfeitures	115,581	-	115,581
Interest, rents, and royalties	148,738	170,719	319,457
Intergovernmental revenue	620,362	460,386	1,080,748
Developer contributions	380,600	992,651	1,373,251
Charges for services	2,127,380	-	2,127,380
Miscellaneous	151,794	57,344	209,138
 Total revenues	 13,042,327	 2,681,917	 15,724,244
EXPENDITURES			
Current:			
General government	2,628,348	-	2,628,348
Public safety	3,667,444	327,375	3,994,819
Health and welfare	109,532	-	109,532
Highways, roads and streets	1,935,965	1,010,757	2,946,722
Culture and recreation	1,168,186	238,881	1,407,067
Insurance and pension	471,438	-	471,438
Miscellaneous	22,107	-	22,107
Debt service:			
Principal retirement	812,244	350,162	1,162,406
Interest charges	333,960	196,275	530,235
Bond issuance costs	3,450	-	3,450
Capital outlay	-	1,321,103	1,321,103
 Total expenditures	 11,152,674	 3,444,553	 14,597,227
 Excess (deficiency) of revenues over expenditures	 1,889,653	 (762,636)	 1,127,017
OTHER FINANCING SOURCES (USES)			
Transfers in	170,000	1,259,567	1,429,567
Transfers out	(1,340,980)	(68,587)	(1,409,567)
 Total other financing sources (uses)	 (1,170,980)	 1,190,980	 20,000
NET CHANGES IN FUND BALANCE			
FUND BALANCE - JANUARY 1, 2005	718,673	428,344	1,147,017
FUND BALANCE - DECEMBER 31, 2005	\$ 5,657,651	\$ 6,167,878	\$ 11,825,529

TOWNSHIP OF CRANBERRY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

DECEMBER 31, 2005

Net Changes in Fund Balance - Total Governmental Funds \$ 1,147,017

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. 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 depreciation exceeded capital outlays in the current period.

(1,029,745)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

1,865,562

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

756,669

Change in Net Assets - Governmental Activities \$ 2,739,503

TOWNSHIP OF CRANBERRY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

DECEMBER 31, 2005

	MAJOR FUNDS				NON-MAJOR FUNDS	Total
	Water	Sewer	Golf Course	Solid Waste		
	ASSETS					
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,119,851	\$ -	\$ 12,501	\$ -	\$ 315	\$ 1,132,667
Investments	2,080,702	5,973,411	210,504	294,964	135,908	8,695,489
Accounts receivable:						
Customers - billed	257,224	426,190	-	127,223	5,972	816,609
Customers - unbilled	386,390	456,350	-	-	-	842,740
Other	89,403	-	-	-	-	89,403
Due from other funds	88,855	314,357	-	37,432	78,367	519,011
Inventory	-	-	14,012	-	-	14,012
Total current assets	<u>4,022,425</u>	<u>7,170,308</u>	<u>237,017</u>	<u>459,619</u>	<u>220,562</u>	<u>12,109,931</u>
Non-current assets:						
Restricted assets:						
Investment - debt service fund	-	1,087	450,000	-	-	451,087
Investment - bond sinking fund	-	-	6,589	-	-	6,589
Capital assets:						
Land	41,517	140,633	3,103,447	-	-	3,285,597
Construction in progress	79,227	221,795	-	-	-	301,022
Buildings	3,416,568	8,761,842	2,877,947	-	2,496,780	17,553,137
Site improvements	346,146	269,103	3,622,642	-	-	4,237,891
Machinery, equipment, and vehicles	873,671	14,248,325	714,795	-	26,244	15,863,035
Infrastructure	12,149,898	16,544,880	-	-	-	28,694,778
Carts - in service	-	-	-	699,237	-	699,237
Carts - not in service	-	-	-	72,000	-	72,000
Less: accumulated depreciation	(5,198,894)	(13,776,608)	(1,366,705)	(74,318)	(815,950)	(21,232,475)
Other assets:						
Unamortized bond issue costs	-	120,267	114,493	-	-	234,760
Total non-current assets	<u>11,708,133</u>	<u>26,531,324</u>	<u>9,523,208</u>	<u>696,919</u>	<u>1,707,074</u>	<u>50,166,658</u>
Total Assets	<u>\$ 15,730,558</u>	<u>\$ 33,701,632</u>	<u>\$ 9,760,225</u>	<u>\$ 1,156,538</u>	<u>\$ 1,927,636</u>	<u>\$ 62,276,589</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	\$ 167,205	\$ 185,273	\$ 32,416	\$ 104,932	\$ 1,732	\$ 491,558
Due to other funds	302,135	118,322	39,264	1,340	19,134	480,195
Deferred revenue	-	-	62,993	230,329	56	293,378
Security deposits	79,580	-	-	-	-	79,580
Compensated absences	3,400	358	8,939	-	-	12,697
Long-term debt - current portion	-	806,557	197,259	-	65,936	1,069,752
Total current liabilities	<u>552,320</u>	<u>1,110,510</u>	<u>340,871</u>	<u>336,601</u>	<u>86,858</u>	<u>2,427,160</u>
Non-current liabilities:						
Long-term debt - net of current maturities:						
General obligation bonds	-	-	-	-	2,044,018	2,044,018
Revenue bonds	-	23,650,000	8,965,000	-	-	32,615,000
Notes payable	-	94,614	-	-	-	94,614
Advances from other funds	-	-	-	724,012	-	724,012
Deferred loss on early retirement of debt	-	(2,286,747)	-	-	-	(2,286,747)
Unamortized bond discount	-	(393,295)	(83,172)	-	-	(476,467)
Unamortized underwriter's discount	-	-	(72,798)	-	-	(72,798)
Total non-current liabilities	<u>-</u>	<u>21,064,572</u>	<u>8,809,030</u>	<u>724,012</u>	<u>2,044,018</u>	<u>32,641,632</u>
Total Liabilities	<u>\$ 552,320</u>	<u>\$ 22,175,082</u>	<u>\$ 9,149,901</u>	<u>\$ 1,060,613</u>	<u>\$ 2,130,876</u>	<u>\$ 35,068,792</u>
NET ASSETS						
Invested in capital assets - net of related debt	\$ 11,708,133	\$ 4,659,108	\$ 60,330	\$ 696,919	\$ (402,880)	\$ 16,721,610
Restricted for debt retirement	-	1,087	456,589	-	-	457,676
Unrestricted	3,470,105	6,866,355	93,405	(600,994)	199,640	10,028,511
Total Net Assets	<u>\$ 15,178,238</u>	<u>\$ 11,526,550</u>	<u>\$ 610,324</u>	<u>\$ 95,925</u>	<u>\$ (203,240)</u>	<u>\$ 27,207,797</u>

TOWNSHIP OF CRANBERRY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2005

	MAJOR FUNDS				NON-MAJOR FUNDS	Total
	Water	Sewer	Golf Course	Solid Waste		
	 	 	 	 		
OPERATING REVENUES						
Charges for services	\$ 3,612,492	\$ 5,613,717	\$ 1,819,556	\$ 1,223,087	\$ 562,759	\$ 12,831,611
Penalties and interest	23,369	25,992	-	9,389	-	58,750
Miscellaneous revenues	4,485	4,774	-	-	1,279	10,538
 Total operating revenues	 3,640,346	 5,644,483	 1,819,556	 1,232,476	 564,038	 12,900,899
OPERATING EXPENSES						
Salaries and wages	562,675	1,021,949	508,988	539	228,750	2,322,901
Payroll taxes	44,311	80,222	39,771	1,074	17,216	182,594
Employee benefits	95,456	173,967	56,352	-	5,943	331,718
Depreciation	388,674	1,417,779	372,024	64,479	103,215	2,346,171
Insurance and pension	65,783	99,877	63,239	14	9,937	238,850
Advertising	-	-	4,217	3,449	631	8,297
Dues and subscriptions	799	281	3,626	-	-	4,706
Conferences and training	6,188	10,202	658	-	-	17,048
Postage and shipping	12,525	5,549	307	4,815	-	23,196
Printing and reproduction	8,238	3,752	1,541	3,639	-	17,170
Uniforms	2,951	10,171	3,506	-	8,030	24,658
Materials and supplies	54,984	141,722	46,005	-	14,790	257,501
Collection and disposal cost	-	-	-	1,246,749	-	1,246,749
Water purchase	1,759,310	-	-	-	-	1,759,310
Chemicals	-	312,042	121,831	-	18,693	452,566
Laboratory	14,060	50,776	-	-	-	64,836
Telephone and utilities	53,252	324,877	59,870	-	57,541	495,540
Repairs and maintenance	58,909	404,648	26,776	-	17,169	507,502
Minor equipment rental and purchase	23,382	43,647	65,782	1,650	12,360	146,821
Vehicle expense	17,533	25,321	-	-	-	42,854
Professional and other services	129,498	370,020	53,616	-	-	553,134
Concession and other products and services	-	-	206,379	-	71,841	278,220
Miscellaneous expenses	2,141	700	-	-	-	2,841
Administrative expenses	5,071	4,927	30,162	44,692	30,767	115,619
 Total operating expenses	 3,305,740	 4,502,429	 1,664,650	 1,371,100	 596,883	 11,440,802
 Operating Income (loss)	 334,606	 1,142,054	 154,906	 (138,624)	 (32,845)	 1,460,097
NON-OPERATING REVENUES (EXPENSES)						
Interest income	94,137	120,659	43,166	7,913	9,633	275,508
Rental income	97,785	-	-	-	-	97,785
Grant revenue	-	-	-	296,730	-	296,730
Other income	6,671	32,058	-	30,550	-	69,279
Interest expense and debt issuance costs	-	(1,276,582)	(458,513)	(12,600)	(75,480)	(1,823,175)
 Total non-operating revenues (expenses)	 198,593	 (1,123,865)	 (415,347)	 322,593	 (65,847)	 (1,083,873)
 Income (loss) before contributions and transfers	 533,199	 18,189	 (260,441)	 183,969	 (98,692)	 376,224
CAPITAL CONTRIBUTIONS						
TRANSFERS IN	393,208	642,792	-	-	-	1,036,000
TRANSFERS OUT	-	-	-	-	150,000	150,000
Change in net assets	(40,000)	(60,000)	-	(70,000)	-	(170,000)
 TOTAL NET ASSETS - JANUARY 1, 2005	 14,291,831	 10,925,569	 870,765	 (18,044)	 (254,548)	 25,815,573
 TOTAL NET ASSETS - DECEMBER 31, 2005	 \$ 15,178,238	 \$ 11,526,550	 \$ 610,324	 \$ 95,925	 \$ (203,240)	 \$ 27,207,797

TOWNSHIP OF CRANBERRY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2005

	MAJOR FUNDS				NON-MAJOR FUNDS	Total
	Water	Sewer	Golf Course	Solid Waste		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 3,607,849	\$ 5,697,849	\$ 1,829,292	\$ 1,267,602	\$ 556,787	\$ 12,959,379
Payments to suppliers	(2,332,114)	(1,950,577)	(778,595)	(1,267,174)	(264,187)	(6,592,647)
Payments to employees	(562,504)	(1,023,791)	(505,704)	(539)	(228,750)	(2,321,288)
Internal activity - net payments from (to) other funds	117,516	(186,262)	(540,319)	(140,280)	(177,922)	(927,267)
Other receipts (payments), net	(45,816)	4,774	-	-	1,279	(39,763)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	784,931	2,541,993	4,674	(140,391)	(112,793)	3,078,414
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating subsidies and transfers from (to) other funds, net	(40,000)	(60,000)	-	(70,000)	150,000	(20,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(40,000)	(60,000)	-	(70,000)	150,000	(20,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(130,689)	(372,925)	-	(67,357)	-	(570,971)
Principal paid on capital debt	-	(785,511)	(54,653)	-	(64,471)	(904,635)
Interest paid on capital debt	-	(1,136,567)	(447,731)	(12,600)	(75,480)	(1,672,378)
Grants	-	-	-	296,730	-	296,730
Other receipts (payments)	6,671	32,058	-	30,550	-	69,279
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(124,018)	(2,262,945)	(502,384)	247,323	(139,951)	(2,781,975)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	94,137	120,659	43,166	7,913	9,633	275,508
Rental income	97,785	-	-	-	-	97,785
Net sales (purchases) of investments	(98,601)	(339,707)	465,895	(44,846)	93,426	76,167
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	93,321	(219,048)	509,061	(36,933)	103,059	449,460
NET INCREASE (DECREASE) IN CASH	714,234	-	11,351	(1)	315	725,899
CASH AND CASH EQUIVALENTS - BEGINNING	405,617	-	1,150	1	-	406,768
CASH AND CASH EQUIVALENTS - ENDING	\$ 1,119,851	\$ -	\$ 12,501	\$ -	\$ 315	\$ 1,132,667
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 334,606	\$ 1,142,054	\$ 154,906	\$ (138,624)	\$ (32,845)	\$ 1,460,097
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	388,674	1,417,779	372,024	64,479	103,215	2,346,171
Change in assets and liabilities:						
Receivables, net	(28,012)	58,140	-	14,973	(5,972)	39,129
Due from other funds	(58,016)	(207,655)	-	(25,632)	(10,049)	(301,352)
Inventories	-	-	6,467	-	-	6,467
Due to other funds	175,532	21,393	(540,319)	1,340	(167,873)	(509,927)
Accounts payable and accrued expenses	22,277	112,124	(1,424)	38,908	731	172,616
Security deposits	(50,301)	-	-	-	-	(50,301)
Compensated absences	171	(1,842)	3,284	-	-	1,613
Advances from other funds	-	-	-	(115,988)	-	(115,988)
Deferred revenue	-	-	9,736	20,153	-	29,889
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 784,931	\$ 2,541,993	\$ 4,674	\$ (140,391)	\$ (112,793)	\$ 3,078,414

Supplementary Information:

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Infrastructure contributed by developers	\$ 393,208	\$ 642,792	\$ -	\$ -	\$ 1,036,000
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TOWNSHIP OF CRANBERRY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

DECEMBER 31, 2005

	<u>Police Pension Fund</u>	<u>Municipal Employees' Pension Fund</u>	<u>Township Deferred Compensation Fund</u>	<u>Total Pension (and other employee benefit) Trust Funds</u>
ASSETS				
Interest receivable	\$ 9,408	\$ 4,320	\$ -	\$ 13,728
Investments	5,368,010	2,021,800	3,546,536	10,936,346
Loans to participants	<u>-</u>	<u>-</u>	<u>50,764</u>	<u>50,764</u>
Total assets	<u>\$ 5,377,418</u>	<u>\$ 2,026,120</u>	<u>\$ 3,597,300</u>	<u>\$ 11,000,838</u>
NET ASSETS				
Held in trust for pension benefits and other purposes	<u>\$ 5,377,418</u>	<u>\$ 2,026,120</u>	<u>\$ 3,597,300</u>	<u>\$ 11,000,838</u>

TOWNSHIP OF CRANBERRY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2005

	<u>Police Pension Fund</u>	<u>Municipal Employees' Pension Fund</u>	<u>Township Deferred Compensation Fund</u>	<u>Total Pension (and other employee benefit)</u>	<u>Trust Funds</u>
ADDITIONS					
Contributions:					
Employer	\$ -	\$ -	\$ 173,823	\$ 173,823	
Plan members	72,460	-	354,212	426,672	
Plan member rollovers and transfers in	-	-	5,968	5,968	
Intergovernmental revenues	222,937	176,906	-	399,843	
Total contributions	<u>295,397</u>	<u>176,906</u>	<u>534,003</u>	<u>1,006,306</u>	
Investment earnings:					
Net increase (decrease) in fair value of investments	99,017	44,125	191,140	334,282	
Interest and dividends	108,124	37,848	-	145,972	
Total investment earnings	<u>207,141</u>	<u>81,973</u>	<u>191,140</u>	<u>480,254</u>	
Total additions	<u>502,538</u>	<u>258,879</u>	<u>725,143</u>	<u>1,486,560</u>	
DEDUCTIONS					
Benefits	120,645	42,573	55,327	218,545	
Other distributions and transfers out	-	-	-	-	
Administration and miscellaneous	46,732	7,843	793	55,368	
Total deductions	<u>167,377</u>	<u>50,416</u>	<u>56,120</u>	<u>273,913</u>	
Change in net assets	335,161	208,463	669,023	1,212,647	
NET ASSETS - BEGINNING OF THE YEAR	<u>5,042,257</u>	<u>1,817,657</u>	<u>2,928,277</u>	<u>9,788,191</u>	
NET ASSETS - END OF THE YEAR	<u>\$ 5,377,418</u>	<u>\$ 2,026,120</u>	<u>\$ 3,597,300</u>	<u>\$ 11,000,838</u>	

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Cranberry (the "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.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Township has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Township has chosen not to do so. The more significant accounting policies established in GAAP and used by the Township are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- a. For the first time the financial statements include:
 - 1) A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
 - 2) Financial statements prepared using full accrual accounting for all of the Township's activities, including infrastructure (roads, bridges, etc.).
- b. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Township implemented the general provisions of the Statement in the year ended December 31, 2003 and plans to retroactively report infrastructure (assets acquired prior to January 1, 2003) by the fiscal year ending December 31, 2007.

A. REPORTING ENTITY

These financial statements present the Township (the primary government) and its discretely presented component units - Cranberry Public Library, Inc. and Cranberry Volunteer Fire Department. As defined by GASB No. 14, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township.

Cranberry Public Library, Inc. was formed in 1973 to establish, operate, and maintain a library in the Township. The Library is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Although the Library is a legally separate entity, the Township's Board of Supervisors appoints a majority of the Library's board of directors. The Library issues separate audited financial statements, which are available at the Library's offices.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Cranberry Volunteer Fire Department (the "Fire Department") was formed in 1959 to provide emergency and fire protection services to the residents of the Township. The Fire Department is a not-for-profit corporation exempt from Federal income tax under Section 501(a) of the Internal Revenue Code. Although the Fire Department is a legally separate entity, the Township provides a significant amount of financial support to the Fire Department. The Fire Department issues separate audited financial statements.

B. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Township's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The Township's water and sewer services, swimming pool, and golf course are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts—invested in capital assets - net of related debt, restricted net assets, and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions and business-type activities. The functions are also supported by general government revenues (property, earned income, business privilege, and occupation taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, community services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (tax receipts, intergovernmental revenues, interest income, etc).

This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

C. BASIC FINANCIAL STATEMENTS—FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

- a. General fund** is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Township:

- a. Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

3. 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 assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

The Township's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 90 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

The Township has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. 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 three months of the date they are acquired.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value (quoted market price or the best available estimate).

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

3. Inventories:

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

4. Capital Assets:

Capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Township's threshold for capitalization of assets is as follows :

Land and land improvements	\$1
Building and building improvements	\$1
Construction in process	\$1
Machinery, equipment, and vehicles	\$5,000
Infrastructure	\$50,000
Improvements other than land and buildings	\$5,000

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

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

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

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

GASBS No. 34 required the Township to report and depreciate new infrastructure assets effective with the year ended December 31, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Township. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is effective for fiscal years beginning after June 15, 2006. The Township implemented the general provisions of GASBS No. 34 during the year ended December 31, 2003. During the year ended December 31, 2005, the Township elected to implement the retroactive infrastructure provisions solely with regards to roads. The Township will implement the retroactive infrastructure provisions for the remaining infrastructure assets no later than in the year ending December 31, 2007.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are billed and generally collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

6. Expenditures:

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated Absences:

The Township accrues accumulated unpaid vacation when earned (or estimated to be earned) by the employee. Since the liability calculated by the Township is insignificant, it is considered current for financial statement purposes.

8. Interfund Activity:

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers are permanent reallocations of resources between funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. For purposes of the statement of activities, all interfund transfers between individual governmental fund have been eliminated.

9. Encumbrances:

Encumbrance accounting is not used in the financial statements included in this report.

10. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

11. Restatement of Net Assets

The Township has restated its December 31, 2004 net assets as follows to capitalize certain governmental activity assets:

	<u>Governmental Activities</u>
Net assets as of December 31, 2004 (as previously reported)	\$ 15,899,051
Adjustments:	
Increase due to retroactive reporting of infrastructure assets (roads), net of accumulated depreciation	<u>13,514,680</u>
Net assets as of December 31, 2004 (as restated)	<u>\$ 29,413,731</u>

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

Annual budgets for the general and special revenue funds are adopted on a budgetary basis of accounting whereby revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The differences between the basis used and that which is consistent with generally accepted accounting principles is not significant. All annual appropriations lapse at fiscal year end.

Excess of expenditures over appropriations

For the year ended December 31, 2005, expenditures exceed appropriations in the general fund by \$23,322. These over-expenditures were funded by greater than anticipated revenues in that fund.

NOTE 3 - PROPERTY TAXES

The Township's elected tax collector bills and collects property taxes for the Township and County. Collections of property taxes are deposited to the tax collector's checking account and transferred to the Township no less than monthly and normally every week.

The millage for 2005 was 14.20 mills applied to an assessable base of \$234,439,214.

The Township apportions the millage and property taxes collected in the following manner:

General fund	10.70 mills
Fire protection fund	1.50 mills
Fire capital fund	1.00 mills
Library fund	1.00 mills

Delinquent taxes are considered fully collectible.

The Township's property tax calendar is as follows:

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

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

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable/payable balances as of December 31, 2005 are as follows:

	Interfund <u>Receivables</u>	Interfund <u>Payables</u>
Major Funds:		
General fund	\$ 438,241	\$ 850,319
Water	88,855	302,135
Sewer	314,356	118,322
Golf course	-	39,263
Solid waste	37,432	1,339
Non-major governmental funds	616,528	243,267
Non-major proprietary funds	<u>78,367</u>	<u>19,134</u>
	<u><u>\$ 1,573,779</u></u>	<u><u>\$ 1,573,779</u></u>

A summary of interfund transfers during the year ended December 31, 2005 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ 170,000	\$ 1,340,980
Water	-	40,000
Sewer	-	60,000
Solid waste	-	70,000
Non-major governmental funds	1,259,567	68,587
Non-major proprietary funds	<u>150,000</u>	<u>-</u>
	<u><u>\$ 1,579,567</u></u>	<u><u>\$ 1,579,567</u></u>

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 5 - LONG-TERM DEBT

A summary of long-term liability activity for the year ended December 31, 2005 is as follows. Additional detailed information is available on the following pages.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	Due within One Year
Governmental activities:					
General obligation bonds	\$ 14,720,575	\$ -	\$ (925,529)	\$ 13,795,046	\$ 944,064
Taxable notes	686,609	400,000	(228,870)	857,739	328,870
Promissory notes	<u>28,031</u>	<u>-</u>	<u>(8,007)</u>	<u>20,024</u>	<u>8,168</u>
	<u><u>\$ 15,435,215</u></u>	<u><u>\$ 400,000</u></u>	<u><u>\$ (1,162,406)</u></u>	<u><u>\$ 14,672,809</u></u>	<u><u>\$ 1,281,102</u></u>
Business-type activities:					
General obligation bonds	\$ 2,174,425	\$ -	\$ (64,471)	\$ 2,109,954	\$ 65,936
Revenue bonds	34,265,000	-	(725,000)	33,540,000	925,000
Promissory notes	226,682	-	(65,511)	161,171	66,557
Capital leases	<u>61,912</u>	<u>-</u>	<u>(49,653)</u>	<u>12,259</u>	<u>12,259</u>
	<u><u>\$ 36,728,019</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (904,635)</u></u>	<u><u>\$ 35,823,384</u></u>	<u><u>\$ 1,069,752</u></u>

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

General Obligation Bonds

General obligation bonds are backed by the full faith and credit of the Township. General obligation bonds issued in current and prior years and reported as liabilities of the Township's governmental activities and business-type activities are as follows:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>	
				<u>Governmental Activities</u>	<u>Business-type Activities</u>
2001C	\$ 6,060,000	2021	2.20-5.00%	\$ 5,185,000	\$ -
2003	3,420,000	2009	1.20-3.05%	2,090,000	-
2003A	7,885,000	2016	1.10-4.03%	5,090,046	2,109,954
2003B	1,535,000	2025	1.65-4.60%	<u>1,430,000</u>	<u>-</u>
				<u>\$ 13,795,046</u>	<u>\$ 2,109,954</u>
Amount due within one year				<u>\$ 944,064</u>	<u>\$ 65,936</u>

The future annual payments required to amortize general obligation bonds outstanding as of December 31, 2005 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 1,010,000	\$ 585,053	\$ 1,595,053
2007	1,040,000	561,090	1,601,090
2008	1,080,000	531,445	1,611,445
2009	1,115,000	498,723	1,613,723
2010	1,135,000	471,535	1,606,535
2011-2015	6,310,000	1,710,948	8,020,948
2016-2020	3,295,000	597,575	3,892,575
2021-2025	<u>920,000</u>	<u>88,770</u>	<u>1,008,770</u>
	<u>\$ 15,905,000</u>	<u>\$ 5,045,139</u>	<u>\$ 20,950,139</u>

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Revenue Bonds

Revenue bonds are secured by the receipts and revenues collected by the service or fund of benefit. Revenue bonds issued in prior years and reported as liabilities of the Township's business-type activities are as follows:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2001	\$ 9,165,000	2031	3.70-5.10%	\$ 9,150,000
2001B	28,255,000	2025	2.30-5.00%	<u>24,390,000</u>
				<u><u>\$ 33,540,000</u></u>
Amount due within one year				<u><u>\$ 925,000</u></u>

The future annual payments required to amortize revenue bonds outstanding as of December 31, 2005 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 925,000	\$ 1,551,605	\$ 2,476,605
2007	995,000	1,520,325	2,515,325
2008	1,030,000	1,484,725	2,514,725
2009	1,085,000	1,445,973	2,530,973
2010	1,145,000	1,404,183	2,549,183
2011-2015	6,490,000	6,273,708	12,763,708
2016-2020	8,155,000	4,652,620	12,807,620
2021-2025	10,465,000	2,403,030	12,868,030
2026-2030	2,635,000	506,303	3,141,303
2031	<u>615,000</u>	<u>15,683</u>	<u>630,683</u>
	<u><u>\$ 33,540,000</u></u>	<u><u>\$ 21,258,155</u></u>	<u><u>\$ 54,798,155</u></u>

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Taxable Notes

Taxable notes are secured by the full faith and credit of the Township. Taxable notes issued in current and prior years and reported as liabilities of the Township's governmental activities are as follows:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2003	\$ 915,479	2007	0.00%	\$ 457,739
2005	\$ 400,000	2009	0.00%	<u>400,000</u>
				<u>\$ 857,739</u>
Amount due within one year				<u>\$ 328,870</u>

The future annual payments required to amortize the taxable note outstanding as of December 31, 2005 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 328,870	\$ -	\$ 328,870
2007	328,869	-	328,869
2008	100,000	-	100,000
2009	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>\$ 857,739</u>	<u>\$ -</u>	<u>\$ 857,739</u>

Promissory Notes

Promissory notes are secured by the related equipment or other property. Promissory notes issued in prior years and reported as liabilities of the Township's governmental and business-type activities are as follows:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>	
					<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fire truck	1994	\$ 100,000	2008	2.00%	\$ 20,024	\$ -
Sewer	1989	677,103	2006	0.00%	-	39,830
Sewer	1990	444,000	2010	3.99%	<u>-</u>	<u>121,341</u>
					<u>\$ 20,024</u>	<u>\$ 161,171</u>
Amount due within one year					<u>\$ 8,168</u>	<u>\$ 66,557</u>

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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The future annual payments required to amortize promissory notes outstanding as of December 31, 2005 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 66,557	\$ 4,671	\$ 71,228
2007	27,816	3,452	31,268
2008	28,949	2,169	31,118
2009	30,128	965	31,093
2010	<u>7,721</u>	<u>52</u>	<u>7,773</u>
	<u><u>\$ 161,171</u></u>	<u><u>\$ 11,309</u></u>	<u><u>\$ 172,480</u></u>

Capital Leases

Capital leases are secured by the related equipment or other property. Capital leases issued in prior years and reported as liabilities of the Township's business-type activities are as follows:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end</u> <u>Balances</u>
Golf carts	2001	\$ 116,660	2005	5.00%	\$ -
Golf carts	2002	106,515	2006	5.70%	<u>12,259</u>
					<u><u>\$ 12,259</u></u>
	Amount due within one year				<u><u>\$ 12,259</u></u>

The future annual payments required to amortize capital leases outstanding as of December 31, 2005 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	<u><u>\$ 12,259</u></u>	<u><u>\$ 175</u></u>	<u><u>\$ 12,434</u></u>

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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Bond Refundings - Governmental Activities

In 1998, the Township issued 1998 Series General Obligation Bonds. The purpose of this issue was to defease the 1992 Series General Obligation Bonds. Proceeds of this issue in the amount of \$4,797,786 were deposited in a special and irrevocable escrow fund, the purpose of which is to liquidate the 1992 Series Bonds and related interest in accordance with the terms of the 1992 issue.

Also in 1998, the Township issued 1998 Series A General Obligation Bonds. The purpose of this issue was to defease the 1996 Series General Obligation Bonds and to repay an unsecured 1997 loan. With respect to the defeasing, proceeds of this issue in the amount of \$6,926,470 were deposited in a special and irrevocable escrow fund, the purpose of which is to liquidate the 1996 Series Bonds and related interest in accordance with the terms of the 1996 issue.

In 2003, the Township issued the Refunding Series of 2003 General Obligation Bonds, the proceeds of which were used to currently refund the 1998 Series General Obligation Bonds.

Also in 2003, the Township issued the Refunding Series A of 2003 General Obligation Bonds, the proceeds of which were used to currently refund the 1998 Series A General Obligation Bonds.

A portion of the 1998 Series A Bonds had been allocated to the Swimming Pool proprietary fund, and that portion was also refunded. This current refunding, as pertains to the Swimming Pool fund, reduced total debt service payments over the next 13 years by approximately \$316,000. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$240,000.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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Bond Refundings - Sewer Fund

On November 20, 1997, the Municipal Sewer and Water Authority of Cranberry Township issued \$30,615,000 of bonds to provide funds for additions and improvements to the Authority's Brush Creek Water Pollution Control Facility and other sewer system improvements; to advance refund the Authority's Sewer and Water Revenue Refunding Bonds, Series of 1993; to pay approximately 12 months of interest on the 1997 Bonds; to fund the 1997 Debt Service Reserve Fund; and to pay the costs of issuing and selling the 1997 Bonds, including the costs of insurance.

As a result of the deposits of the government obligations with the prior trustee under the Trust Agreement, the 1993 Bonds were defeased and shall no longer be outstanding under the Trust Indenture dated as of January 1, 1989, between the Authority and the prior Trustee, as amended and supplemented.

On November 15, 2001, and concurrent with the merger, the Township issued \$28,255,000 of general obligation bonds to advance refund the 1997 bonds and to pay the costs of issuing and insuring the 2001 Series B General Obligation Bonds. Proceeds of this issue in the amount of \$31,457,220 have been deposited in a special and irrevocable escrow fund, the purpose of which is to liquidate the 1997 Series Bonds and related interest in accordance with the terms of the 1997 issue.

The refunding of the 1997 bonds generated a loss on defeasance of \$2,744,097, which is deferred and is amortized over the amortization period of the 2001 bonds.

Prior Year Defeasance of Debt - Sewer Fund

In prior years, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements. As of December 31, 2005, the following bonds are considered defeased:

<u>Bond</u>	<u>Defeased</u>
<u>Series</u>	<u>Balance</u>
Series 1964	\$ 89,000
Series 1993	\$ 3,080,000
Series 1997	\$ 29,425,000

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 - CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended December 31, 2005 was as follows:

	January 1, 2005 (Restated)	Additions	Disposals	December 31, 2005
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 2,273,627	\$ 500,000	\$ -	\$ 2,773,627
Construction in process	-	-	-	-
Total non-depreciable capital assets	\$ 2,273,627	\$ 500,000	\$ -	\$ 2,773,627
Depreciable capital assets:				
Buildings	14,005,590	206,163	-	14,211,753
Site improvements	2,585,754	-	-	2,585,754
Machinery, equipment, and vehicles	6,324,647	480,737	121,767	6,683,617
Infrastructure	25,011,874	1,865,562	-	26,877,436
Total depreciable capital assets	47,927,865	2,552,462	121,767	50,358,560
Less accumulated depreciation for:				
Buildings	(3,248,663)	(467,640)	-	(3,716,303)
Site improvements	(1,193,121)	(145,295)	-	(1,338,416)
Machinery, equipment, and vehicles	(3,774,801)	(503,770)	(59,856)	(4,218,715)
Infrastructure	(8,014,783)	(1,038,029)	-	(9,052,812)
Total accumulated depreciation	(16,231,368)	(2,154,734)	(59,856)	(18,326,246)
Total depreciable capital assets, net	31,696,497	397,728	61,911	32,032,314
Total capital assets, net	\$ 33,970,124	\$ 897,728	\$ 61,911	\$ 34,805,941

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Business-type Activities:

Non-depreciable capital assets:

Land	\$ 3,285,597	\$ -	\$ -	\$ 3,285,597
Construction in process	<u>-</u>	301,022	<u>-</u>	301,022
Total non-depreciable capital assets	<u>\$ 3,285,597</u>	<u>\$ 301,022</u>	<u>\$ -</u>	<u>\$ 3,586,619</u>

Depreciable capital assets:

Buildings	17,553,137	-	-	17,553,137
Site improvements	4,237,891	-	-	4,237,891
Machinery, equipment, and vehicles	15,660,442	202,593	-	15,863,035
Carts - in service	590,336	108,901	-	699,237
Carts - not in service	113,544	-	41,544	72,000
Infrastructure	<u>27,658,778</u>	<u>1,036,000</u>	<u>-</u>	<u>28,694,778</u>
Total depreciable assets	<u>65,814,128</u>	<u>1,347,494</u>	<u>41,544</u>	<u>67,120,078</u>

Less accumulated depreciation for:

Buildings	(4,391,641)	(525,779)	-	(4,917,420)
Site improvements	(772,107)	(270,303)	-	(1,042,410)
Machinery, equipment, and vehicles	(5,822,870)	(987,750)	-	(6,810,620)
Carts - in service	(9,839)	(64,479)	-	(74,318)
Infrastructure	<u>(7,889,848)</u>	<u>(497,859)</u>	<u>-</u>	<u>(8,387,707)</u>
Total accumulated depreciation	<u>(18,886,305)</u>	<u>(2,346,170)</u>	<u>-</u>	<u>(21,232,475)</u>
Total depreciable capital assets, net	<u>46,927,823</u>	<u>(998,676)</u>	<u>41,544</u>	<u>45,887,603</u>
Total capital assets, net	<u>\$ 50,213,420</u>	<u>\$ (697,654)</u>	<u>\$ 41,544</u>	<u>\$ 49,474,222</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:

General government	\$ 856,572
Public safety	242,244
Culture and recreation	17,889
Highways, roads, and streets	<u>1,038,029</u>

Total Governmental Activities depreciation expense \$ 2,154,734

Business-type Activities:

Water	\$ 388,674
Sewer	1,417,779
Golf course	372,024
Solid waste	64,479
Swimming pool	<u>103,215</u>

Total Business-type Activities depreciation expense \$ 2,346,171

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 7 - COMMITMENTS AND CONTINGENCIES

A. Litigation

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 lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

Additionally, the former Municipal Sewer and Water Authority of Cranberry Township, which has been merged into the Township, is party to various legal proceedings which normally occur in Authority operations. These legal proceedings are not likely to have a material adverse impact on the Township.

B. Guarantee - Seneca Valley Junior Football Association

In 2000, the Township approved the addition of lights and grandstands at the Cranberry Community Park football field, to be constructed by the Seneca Valley Junior Football Association. The Township agreed to guarantee the financing for the project. The guarantee is in the amount of \$115,000 and extends for a period of ten years. The Junior Football Association structured the loan as a line of credit not to exceed \$115,000. During February 2003, the Township agreed to guarantee an additional \$55,000 in financing to be obtained by the Junior Football Association in the form of a commercial note. As of December 31, 2005, the remaining amount drawn against the line for the Junior Football Association and the Township's guarantee is \$44,138.

C. Commitments

The Township has entered into various commitments for construction projects in conjunction with the Pennsylvania Department of Transportation and the Pennsylvania Turnpike Commission. The Township's approximate liability under these agreements is \$2 million.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 8 - POLICE PENSION PLAN

The Police Pension Fund was established to provide retirement and death benefits to eligible police department employees under the provisions of the Township's Defined Benefit Pension Plan and Act 600 of the Commonwealth of Pennsylvania.

Plan Description

The Township of Cranberry Uniformed Employees' Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of the Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, P.L. 1005 no. 205, as amended, 53 P.S. 895.101, et seq. ("Act 205"), the Police Pension Fund Act of May 29, 1956, P.L. (195) 1804 no. 600, as amended, 53 P.S. 767, et. Seq. ("Act 600"), and the regulation there under. The plan is governed by the Township of Cranberry Board of Supervisors which has delegated the authority to manage certain plan assets to the Township Manager. A stand-alone financial report of the plan is available upon request in the Township's finance office.

Significant provisions of the pension plan are as follows:

A. Participation - Any individual employed by the Township on a regular, full-time basis as a member of the Township's police force is covered by the plan from the participant's date of hire.

B. Retirement Benefit - A participant is entitled to begin receiving retirement benefits after completing 25 years of service and attaining age 50 for employment that began prior to January 1, 1992. Those employees hired after January 1, 1992 are entitled to receive benefits after completing 25 years of service and attaining age 55. 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.

C. 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 final average monthly compensation. Payments will continue until the earliest of recovery, death, or normal retirement.

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

If a participant's death occurs in the line of duty before 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 100% of the pension the participant was receiving or entitled to receive on the date of death.

If a participant's death occurs in the line of duty 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.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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E. Funding - The Plan is funded on an annual basis pursuant to the provisions of the Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, P.L. 1005 no. 205, as amended, 53 P.S. 895.101, et.seq. ("Act 205"), the Police Pension Fund Act of May 29, 1956, P.L. (1955) 1804 no. 600, as amended, 53 P.S. 767, et.seq. ("Act 600"), and the regulations there under. The annual pension cost and the contribution for the period 2003 through 2005 is as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Normal Pension Cost	\$ 217,161	\$ 216,911	\$ 198,455
Contribution (Excluding Employee Mandatory)	\$ 222,937	\$ 198,203	\$ 126,120

In addition, participants are required to contribute 5% of their compensation.

A summary of the actuarial values as of the most recent valuation (January 1, 2005) follows:

Actuarial present value of future benefits	\$ 8,567,115
LESS: Actuarial present value of future normal costs	<u>(2,486,796)</u>
Actuarial accrued liability	6,080,319
LESS: Actuarial value of assets at January 1, 2005	<u>(5,013,312)</u>
Unfunded actuarial accrued liability (asset in excess of liability)	<u>\$ 1,067,007</u>
Market value of assets at January 1, 2005 (memorandum only)	<u>\$ 5,042,411</u>

F. Plan Assumptions

Actuarial Method:

Entry age normal actuarial cost method as described in Act 205 of 1984.

Method for Actuarial Valuation of Assets:

A smoothing formula which phases in actuarial gains and losses from investment sources over a four-year period.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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Economic Assumptions:

Investment rate of return	7.5% per annum
Projected salary increases	5.0% increase per annum
Underlying inflation rate	3.0% increase per annum

Amortization Method:

Level dollar, closed.

Required Supplementary Information

Historical trend information about the plan is presented herewith as required supplementary information. It is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The historical information required to be disclosed, beginning as of January 1, 2005, is as follows:

Schedule of Funding Progress:

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b)-(a)]/(c)
01/01/05	\$ 5,013,312	\$ 6,080,319	\$ 1,067,007	82%	\$ 1,635,327	65%
01/01/03	\$ 4,492,252	\$ 4,899,613	\$ 407,361	92%	\$ 1,337,279	30%
01/01/01	\$ 4,651,458	\$ 4,164,576	\$ (486,882)	112%	\$ 1,122,437	-43%

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor.

Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability, and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability (column 4) provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

TOWNSHIP OF CRANBERRY
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Trend information showing the progress of the plan in accumulating sufficient assets to pay benefits when due is presented in the plan's annual report, copies of which may be obtained from the Township administration.

NOTE 9 - NON-UNIFORM EMPLOYEES PENSION PLAN

Plan Description

The Township of Cranberry Non-Uniformed Employees' Pension Plan is a single-employer defined contribution pension plan controlled by the provisions of the Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, P.L. 1005, no. 205, as amended, 53 P.S. 895.101, et seq. ("Act 205"), and the regulations there under. The plan is governed by the Board of Supervisors of the Township of Cranberry which has delegated the authority to manage certain plan assets to the Township Manager. The plan provides for retirement, disability, and death benefits to plan members and their beneficiaries.

Significant provisions of the pension plan are as follows:

A. Funding Policy - Active members are not required to contribute to the plan. The Township is required to contribute through yearly contributions five percent (5%) of the participant's annual compensation into an account maintained for the participant. The Township contributes seven percent (7 %) to accounts of participants who are union members. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used to reduce or eliminate the required municipal contribution.

B. Valuation of Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages (if any) are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments (if any) is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value. As of December 31, 2005, there were no investments in mortgages or real estate.

C. Participation - Any non-uniformed full time employee of the Township is eligible for plan participation on the January 1 nearest their completing one year of service and attaining age 18.

D. 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 3	0%
3, but less than 4	20%
4, but less than 5	40%
5, but less than 6	60%
6, but less than 7	80%
7 or more	100%

TOWNSHIP OF CRANBERRY
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E. 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.

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

G. Contributions - The contribution in the amount of \$176,906 was made through an allocation of state aid from the General Municipal Pension System State Aid Program for the year ended December 31, 2005.

NOTE 10 - TOWNSHIP DEFERRED COMPENSATION PLAN

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

The deferred compensation plan is available to all employees of the Township. 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. The Township matches employee contributions, including those employees who are Teamster members, to a maximum of 5% of the employee's salary after a six month waiting period. For utility workers, the Township matches employee contributions to a maximum of 2% for 2005 and 3% for 2006. For uniformed employees, the Township matches employee contributions to a maximum of 0.5% for 2005, 1% for 2006, and 1.5% for 2007.

The deferred compensation plan is administered by an unrelated investment manager. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the investment manager, until paid or made available to the employees or beneficiaries, are the property of the Township subject only to the claims of the Township's general creditors. In addition, the participants in the plan have rights equal to their share of the fair market value of the plan assets. The Township believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator.

NOTE 11 - CASH BOND ESCROW

The Township requires developers to post bonds in the form of insurance, irrevocable letters of credit, or in cash in the form of an escrow account in accordance with Section 509 of the Pennsylvania Municipalities Planning Code. The purpose is to assure the completion of improvements which may be required. As of December 31, 2005, nine developers had posted cash bond escrows amounting to \$142,581 including accrued interest. These funds are deposited into escrow accounts which are not carried on the books of the Township because they are not owned by the Township.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 - DEPOSITS AND INVESTMENTS AND CONCENTRATION OF CREDIT RISK

Primary Government

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, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits. However, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the Township adheres to state statutes and sound business practices. Governmental funds are either maintained in various depository checking and savings accounts or are pooled for investment purposes in the Pennsylvania Local Government Investment Trust ("PLGIT"). These amounts are stated at fair value. The Township also sets up certain investment accounts for enterprise funds for the sole purpose of repayment of debt obligations (i.e., "restricted investments").

Deposits - The cash accounts maintained at PNC Bank and Mars National Bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$100,000. As of December 31, 2005, \$200,000 of the Township's \$1,480,871 bank balances was insured by the FDIC. The remaining bank balances of \$1,280,871 were exposed to custodial credit risk, which is collateralized in accordance with Pledge 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 \$1,963,984 as of December 31, 2005.

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

As of December 31, 2005, the Township's PLGIT investments totaled \$17,633,680.

The following is a description of the Township's investment risks:

Credit risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2005, investments in PLGIT have received an AAA rating from Standard & Poor's, and investments at PNC Bank have received an A+ rating.

TOWNSHIP OF CRANBERRY
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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. PNC Bank secures deposits of all "public bodies" with a pledge of collateral in accordance with Pennsylvania Pledge Act 72. PLGIT investments are invested directly in a portfolio of securities which are held by a third-party custodian in accordance with GASB requirements.

Concentration of credit risk - The Township places no limit on the amount it may invest in any one issuer. The Township's investment concentration includes 90.0% in PLGIT investments, 9.2% in PNC Bank investments, and 0.8% in Mars National Bank investments.

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.

Restricted Investments - Upon issuing bonds, the Township normally is required to establish sinking funds, which are segregated from all other funds of the Township. As principal and interest becomes due on the bonds, the Township is required to deposit amounts sufficient to provide for the payment of interest and principal. The funds are held in trust by a "sinking fund depository" and may be invested in such securities or held in such deposit accounts as are authorized by the Local Government Unit Debt Act of Pennsylvania. Such deposits and securities are held in the name of the Township but are subject to withdrawal or collection only by the sinking fund depository.

Pension Trust Funds

In addition to the investments authorized for 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. These investments are stated at fair value.

TOWNSHIP OF CRANBERRY
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As of December 31, 2005, the Township had the following cash and investments in its pension trust funds:

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2005			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
Fixed income funds	\$ 1,061,536	\$ _____ -	\$ 1,061,536	\$ _____ -	\$ _____ -
Total debt securities	\$ 1,061,536	\$ _____ -	\$ 1,061,536	\$ _____ -	\$ _____ -
Cash and cash equivalents	680,733				
Mutual funds	<u>9,194,077</u>				
Total cash and other investments	<u>9,874,810</u>				
Total investments reported on statement of fiduciary net assets	<u>\$ 10,936,346</u>				

The following is a description of the pension trust funds' deposit and investment risks:

Credit risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township has no formal investment policy covering its pension trust funds that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2005, investments in corporate bonds have received the following ratings from Standard and Poor's:

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

**Credit Quality Distribution for Securities with Credit Exposure as a
Percentage of Total Pension Trust Fund Cash and Investments**

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage of Total</u>
Corporate bonds	AAA	100%

Custodial credit risk - For deposits and investments, 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 its investments or collateral securities that are in the possession of an outside entity. 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 municipal employees' 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's pension trust funds place no limit on the amount they may invest in any one issuer. The Township's pension trust funds' investment concentration includes 84.1% in mutual funds, 9.7% in fixed income funds, and 6.2% in cash and cash equivalents.

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 increasing interest rates.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 13 - LEASES

Sprint Towers

During November 2000, the Township entered into a lease agreement with Sprint Spectrum LP for a parcel of land for use to install a telecommunications tower. The term of the lease is for 50 years. The rent shall consist of a base rent of \$200,000 of which \$100,000 was paid within one year after the execution of the lease agreement. The balance of \$100,000 was paid at the time of application for a building permit. The tenant has agreed to pay to the Township 30% of the gross rents collected from sub-rents collected by the tenant. Currently, the tenant has not yet secured any sub-tenants. Accordingly, there have been no additional payments made to the Township.

As a result of the merger of the Municipal Sewer and Water Authority into the Township in 2001, the Township was assigned a lease agreement between the Authority and Sprint Spectrum LP for a parcel of land for use to install a telecommunications tower. The initial term of the lease is for 5 years, and the lease is then automatically renewed for three additional terms of 5 years each. The tenant has agreed to pay the Township \$1,600 per month for the first 5 years, with possible increases in subsequent terms based upon changes in the consumer price index.

During August 2004, the Township entered into a lease agreement with Sprint Spectrum LP to install a telecommunications tower. The term of the lease is for 5 years with automatic renewal of the lease. The tenant has agreed to pay to the Township \$2,500 per month for the first five years, with possible increases in subsequent terms based upon changes in the consumer price index.

Verizon Wireless Tower

As a result of the merger of the Municipal Sewer and Water Authority into the Township in 2001, the Township was assigned a lease agreement dated in 2001 between the Authority and Verizon Wireless. The lease is for a parcel of property owned by the Township to be used for a telecommunication tower. The term of the lease is for an initial five year period. The lease provides for monthly rental of \$2,000 per month. The lease also provides for three additional five year extensions. The rent for each of the three extension years shall be the same as the initial year.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Cricket Tower

As a result of the merger of the Municipal Sewer and Water Authority into the Township in 2001, the Township was assigned a lease agreement dated in 2001 with Cricket Pennsylvania Property Company. The lease is for a parcel of property owned by the Township to be used for a telecommunications tower. The term of the lease is for an initial five year period with rents to be \$2,000 per month. The lease also provides for three additional five year extensions with a rent increase to 103% of the initial term rent or \$2,060 per month. Due to the bankruptcy of the lessee, the monthly lease payment was renegotiated to \$1,854 per month.

In May 2002, the Township leased eighty golf carts under a 5 ½ year operating lease ending on November 1, 2007. The lease requires monthly payments of \$9,680 from May 1 through October 1 each year. No payments were required in 2002. Future minimum lease payments as of December 31, 2005 are as follows:

2006	\$ 58,080
2007	<u>58,080</u>
	<u>\$ 116,160</u>

NOTE 14 - SUPPLEMENTARY CASH FLOW INFORMATION

The Golf Course Fund had non-cash capital and related financing transactions for 2005 relating to amortization of bond issuance costs and bond discounts charged to interest of \$10,783.

The Sewer Fund had non-cash capital and related financing transactions for 2005 relating to amortization of bond issuance costs charged to interest of \$140,015.

NOTE 15 - SIGNIFICANT COMPONENT UNIT TRANSACTIONS

The following schedule presents significant transactions between the primary government and its component units during the year ended December 31, 2005:

<u>Component Unit</u>	<u>Significant Transactions</u>
Cranberry Public Library, Inc.	The Township provided \$384,231 of support in the form of grants and contributions of facilities and services.
Cranberry Volunteer Fire Department	The Township provided \$50,489 of support in the form of contributions of goods and services.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 16 - CONCENTRATION

In 1997, the former Authority renewed its water purchase agreement with The Municipal Authority of the Borough of West View. This agreement became effective January 1, 1998 and expires December 31, 2017 and has been adopted by the Supervisors of the Township as part of the merger. For the year ended December 31, 2005, the Township purchased substantially all of its water needs from The Municipal Authority of the Borough of West View at a cost of \$1,759,310.

NOTE 17 - 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 fair value on the government wide statements and on the proprietary fund financial statements, as applicable. During the year ended December 31, 2005, infrastructure assets contributed by developers amounted to \$2,901,562.

NOTE 18 - SUBSEQUENT EVENTS

Bond Refunding - Golf Course Fund

During April 2006, the Township issued \$9,415,000 of Guaranteed Recreation Revenue Bonds, Refunding Series of 2006, ("2006 Series") to advance refund the Guaranteed Recreation Revenue Bonds, Series of 2001, ("2001 Series") and to pay the related costs of issuing and insuring the refunding bonds. Proceeds of this issue in the amount of \$9,241,996 have been deposited in a special and irrevocable escrow account, the purpose of which is to liquidate the 2001 Series bonds and related interest in accordance with the terms of the 2001 issue. Upon the issuance of the 2006 Series bonds, the 2001 Series bonds are considered defeased, and the Township will remove that liability from its accounts. The refunding of the 2001 Series bonds generated an estimated loss on defeasance of \$547,000, which will be deferred and amortized over the amortization period of the 2006 Series bonds.

TOWNSHIP OF CRANBERRY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED DECEMBER 31, 2005

GENERAL FUND				
	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 8,393,252	\$ 8,393,252	\$ 9,341,648	\$ 948,396
Licenses, permits and fees	171,750	171,750	156,224	(15,526)
Fines and forfeitures	110,100	110,100	115,581	5,481
Interest, rents and royalties	53,760	53,760	148,738	94,978
Intergovernmental revenue	601,063	601,063	620,362	19,299
Developer contributions	-	-	380,600	380,600
Charges for services	1,292,100	1,292,100	2,127,380	835,280
Miscellaneous revenues	<u>65,000</u>	<u>65,000</u>	<u>151,794</u>	<u>86,794</u>
Total revenues	<u>10,687,025</u>	<u>10,687,025</u>	<u>13,042,327</u>	<u>2,355,302</u>
EXPENDITURES				
General government	2,419,154	2,419,154	2,628,348	(209,194)
Public safety	3,819,330	3,819,330	3,667,444	151,886
Health and welfare	132,500	132,500	109,532	22,968
Highways, roads and streets	1,924,688	1,924,688	1,935,965	(11,277)
Culture and recreation	1,192,914	1,192,914	1,168,186	24,728
Insurance and pension	435,992	435,992	471,438	(35,446)
Miscellaneous	60,000	60,000	22,107	37,893
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	1,136,274	1,136,274	812,244	324,030
Interest charges	-	-	333,960	(333,960)
Bond issuance costs	<u>8,500</u>	<u>8,500</u>	<u>3,450</u>	<u>5,050</u>
Total expenditures	<u>11,129,352</u>	<u>11,129,352</u>	<u>11,152,674</u>	<u>(23,322)</u>
Excess (deficiency) of revenues over expenditures	(442,327)	(442,327)	1,889,653	2,331,980
OTHER FINANCING SOURCES (USES)				
Transfers in	170,000	170,000	170,000	-
Transfers out	<u>(500,000)</u>	<u>(1,200,000)</u>	<u>(1,340,980)</u>	<u>(140,980)</u>
Total other financing sources (uses)	<u>(330,000)</u>	<u>(1,030,000)</u>	<u>(1,170,980)</u>	<u>(140,980)</u>
Net change in fund balance	<u>\$ (772,327)</u>	<u>\$ (1,472,327)</u>	<u>718,673</u>	<u>\$ 2,191,000</u>
FUND BALANCE - JANUARY 1, 2005				<u>4,938,978</u>
FUND BALANCE- DECEMBER 31, 2005				<u>\$ 5,657,651</u>

TOWNSHIP OF CRANBERRY
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS					Total Other Governmental Funds
	Fire Protection Fund	Fire Capital Fund	Library Fund	Recreational Facilities Fund	Highway Aid Fund	Capital Projects Fund	Glen Eden Transportation Improvement Program Fund	Transportation Improvement Program Funds			
ASSETS											
Cash and cash equivalents	\$ 2,504	\$ 3,021	\$ 2,322	\$ -	\$ -	\$ -	\$ 64,294	\$ 64,294	\$ 136,435		
Taxes and fees receivable	2,841	1,894	1,894	-	-	-	-	-	-	6,629	
Investments	160,129	144,196	40,263	1,400	341,273	8,707	1,208,830	3,200,706	5,105,504		
Due from other funds	8,288	20,639	3,481	1,950	-	462,761	800	118,610	616,529		
Advances to other funds	-	-	-	-	-	-	362,006	362,006	724,012		
Total assets	\$ 173,762	\$ 169,750	\$ 47,960	\$ 3,350	\$ 341,273	\$ 471,468	\$ 1,635,930	\$ 3,745,616	\$ 6,589,109		
LIABILITIES AND FUND BALANCE											
Accounts payable and accrued expenses	\$ 15,422	\$ 2,323	\$ 1,543	\$ -	\$ -	\$ 88,426	\$ -	\$ 70,250	\$ 177,964		
Due to other funds	39,242	3,067	-	91,741	-	35,710	-	73,507	243,267		
Fund balance - reserved	-	-	-	-	-	400,000	362,006	362,006	1,124,012		
Fund balance - unreserved	119,098	164,360	46,417	(88,391)	341,273	(52,668)	1,273,924	3,239,853	5,043,866		
Total liabilities and fund balance	\$ 173,762	\$ 169,750	\$ 47,960	\$ 3,350	\$ 341,273	\$ 471,468	\$ 1,635,930	\$ 3,745,616	\$ 6,589,109		

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

YEAR ENDED DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS				Total Other Governmental Funds
	Fire Protection <u>Fund</u>	Fire Capital <u>Fund</u>	Library <u>Fund</u>	Recreational Facilities <u>Fund</u>	Highway Aid <u>Fund</u>	Capital Projects <u>Fund</u>	Glen Eden Transportation Improvement <u>Program Fund</u>	Transportation Improvement <u>Program Funds</u>		
	REVENUES									
Taxes	\$ 347,575	\$ 231,721	\$ 231,721	\$ -	\$ -	\$ -	\$ 42,741	\$ 76,231	\$ 811,017	
Interest	10,393	6,839	4,031	277	21,981	8,226	-	-	170,719	
Licenses, permits, and fees	-	-	-	189,800	-	-	-	-	189,800	
Developer contributions	-	-	-	-	-	-	32,920	959,731	992,651	
Intergovernmental revenues	-	-	-	-	460,386	-	-	-	460,386	
Miscellaneous	-	-	-	-	-	57,344	-	-	57,344	
 Total revenues	 357,968	 238,560	 235,752	 190,077	 482,367	 65,570	 75,661	 1,035,962	 2,681,917	
 EXPENDITURES										
Culture - recreation	-	-	238,881	-	-	-	-	-	238,881	
Public safety	317,801	9,574	-	-	-	-	-	-	327,375	
Highways, roads, and streets	-	-	-	647,619	-	-	-	363,138	1,010,757	
Capital outlay	17,659	92,275	-	-	-	1,006,873	204,296	-	1,321,103	
Debt service:										
Principal retirement	-	21,292	-	100,000	-	228,870	-	-	350,162	
Interest charges	-	97,202	-	99,073	-	-	-	-	196,275	
 Total expenditures	 335,460	 220,343	 238,881	 199,073	 647,619	 1,235,743	 204,296	 363,138	 3,444,553	
 Excess (deficiency) of revenues over expenditures	 22,508	 18,217	 (3,129)	 (8,996)	 (165,252)	 (1,170,173)	 (128,635)	 672,824	 (762,636)	
 OTHER FINANCING SOURCES (USES)										
Transfers out	(63,900)	-	-	-	-	(4,687)	-	-	(68,587)	
Transfers in	-	63,900	-	-	-	995,667	-	200,000	1,259,567	
 Total other financing sources (uses)	 (63,900)	 63,900	 -	 -	 -	 990,980	 -	 200,000	 1,190,980	
 NET CHANGES IN FUND BALANCE										
 FUND BALANCE - JANUARY 1, 2005	 160,490	 82,243	 49,546	 (79,395)	 506,525	 526,525	 1,764,565	 2,729,035	 5,739,534	
 FUND BALANCE - DECEMBER 31, 2005	 \$ 119,098	 \$ 164,360	 \$ 46,417	 \$ (88,391)	 \$ 341,273	 \$ 347,332	 \$ 1,635,930	 \$ 3,601,859	 \$ 6,167,878	

TOWNSHIP OF CRANBERRY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR PROPRIETARY FUNDS

DECEMBER 31, 2005

	<u>Swimming Pool Fund</u>	<u>Total Non-Major Proprietary Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 315	\$ 315
Investments	135,908	135,908
Accounts receivable:		
Customers - billed	5,972	5,972
Due from other funds	<u>78,367</u>	<u>78,367</u>
Total current assets	<u>220,562</u>	<u>220,562</u>
Non-current assets:		
Capital assets:		
Buildings	2,496,780	2,496,780
Machinery, equipment, and vehicles	26,244	26,244
Less: accumulated depreciation	<u>(815,950)</u>	<u>(815,950)</u>
Total non-current assets	<u>1,707,074</u>	<u>1,707,074</u>
Total Assets	<u>\$ 1,927,636</u>	<u>\$ 1,927,636</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,732	\$ 1,732
Due to other funds	19,134	19,134
Deferred revenue	56	56
Long-term debt - current portion	<u>65,936</u>	<u>65,936</u>
Total current liabilities	<u>86,858</u>	<u>86,858</u>
Non-current liabilities:		
Long-term debt - net of current maturities:		
General obligation bonds	<u>2,044,018</u>	<u>2,044,018</u>
Total non-current liabilities	<u>2,044,018</u>	<u>2,044,018</u>
Total Liabilities	<u>2,130,876</u>	<u>2,130,876</u>
NET ASSETS		
Invested in capital assets - net of related debt	(402,880)	(402,880)
Unrestricted	<u>199,640</u>	<u>199,640</u>
Total Net Assets	<u>\$ (203,240)</u>	<u>\$ (203,240)</u>

TOWNSHIP OF CRANBERRY
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
NON-MAJOR PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2005

	<u>Swimming Pool Fund</u>	<u>Total Non-Major Proprietary Funds</u>
OPERATING REVENUES		
Charges for services	\$ 562,759	\$ 562,759
Miscellaneous revenues	<u>1,279</u>	<u>1,279</u>
 Total operating revenues	 <u>564,038</u>	 <u>564,038</u>
OPERATING EXPENSES		
Salaries and wages	228,750	228,750
Payroll taxes	17,216	17,216
Employee benefits	5,943	5,943
Depreciation	103,215	103,215
Insurance and pension	9,937	9,937
Advertising	631	631
Uniforms	8,030	8,030
Materials and supplies	14,790	14,790
Chemicals	18,693	18,693
Telephone and utilities	57,541	57,541
Repairs and maintenance	17,169	17,169
Minor equipment rental and purchase	12,360	12,360
Concession and other products and services	71,841	71,841
Administrative expenses	<u>30,767</u>	<u>30,767</u>
 Total operating expenses	 <u>596,883</u>	 <u>596,883</u>
 Operating Income (loss)	 <u>(32,845)</u>	 <u>(32,845)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	9,633	9,633
Interest expense and debt issuance costs	<u>(75,480)</u>	<u>(75,480)</u>
 Total non-operating revenues (expenses)	 <u>(65,847)</u>	 <u>(65,847)</u>
 Income (loss) before contributions and transfers	 <u>(98,692)</u>	 <u>(98,692)</u>
TRANSFERS IN	<u>150,000</u>	<u>150,000</u>
 Change in net assets	 51,308	 51,308
TOTAL NET ASSETS - JANUARY 1, 2005	<u>(254,548)</u>	<u>(254,548)</u>
TOTAL NET ASSETS - DECEMBER 31, 2005	<u>\$ (203,240)</u>	<u>\$ (203,240)</u>

TOWNSHIP OF CRANBERRY
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2005

	<u>Swimming Pool Fund</u>	<u>Total Non-Major Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 556,787	\$ 556,787
Payments to suppliers	(264,187)	(264,187)
Payments to employees	(228,750)	(228,750)
Internal activity - net payments from (to) other funds	(177,922)	(177,922)
Other receipts (payments), net	<u>1,279</u>	<u>1,279</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(112,793)</u>	<u>(112,793)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers from (to) other funds, net	<u>150,000</u>	<u>150,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on capital debt	(64,471)	(64,471)
Interest paid on capital debt	<u>(75,480)</u>	<u>(75,480)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(139,951)</u>	<u>(139,951)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	9,633	9,633
Net sales (purchases) of investments	<u>93,426</u>	<u>93,426</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>103,059</u>	<u>103,059</u>
NET INCREASE (DECREASE) IN CASH	<u>315</u>	<u>315</u>
CASH AND CASH EQUIVALENTS - BEGINNING	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 315</u>	<u>\$ 315</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (32,845)	\$ (32,845)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	103,215	103,215
Change in assets and liabilities:		
Receivables, net	(5,972)	(5,972)
Due from other funds	(10,049)	(10,049)
Due to other funds	(167,873)	(167,873)
Accounts payable and accrued expenses	<u>731</u>	<u>731</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (112,793)</u>	<u>\$ (112,793)</u>