

# **TOWNSHIP OF CRANBERRY**

**BUTLER COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2006**

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# TOWNSHIP OF CRANBERRY

DECEMBER 31, 2006

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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, 2006, 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.

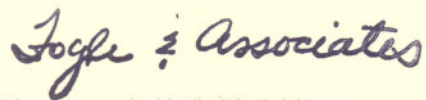
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Cranberry as of December 31, 2006, 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.



In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2007, 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 15 and page 54, 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.



June 1, 2007





**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, 2006, which collectively comprise the Township of Cranberry's basic financial statements, and have issued our report thereon dated June 1, 2007. 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**

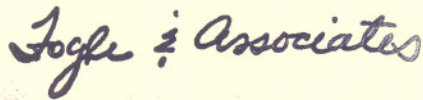
In planning and performing our audit, we considered the Township of Cranberry's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial 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.

A handwritten signature in dark ink that reads "Fogel & Associates". The signature is written in a cursive, flowing style.

June 1, 2007

## 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, 2006.

### Financial Highlights

- The assets of Cranberry Township exceeded its liabilities at the close of the most recent fiscal year by \$63,218,338. Of this amount, \$24,174,651 may be used to meet the government's on-going obligations to citizens and creditors.
- Cranberry Township's net assets increased by \$3,832,178.
- As of the close of the current fiscal year, Cranberry Township's governmental funds reported combined ending fund balances of \$13,581,185. Approximately three-fourths of this total amount is available for spending at the government's discretion. The remaining one-fourth is held for specific capital projects.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,023,603.

### Overview of Financial Statements

This discussion and analysis are 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 (governmental activities) from

other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of 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 16 and 17 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 and the transportation improvement program funds, both of which are considered to be major funds. Data from the other seven funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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



The basic governmental fund financial statements can be found on pages 18 through 21 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 22 through 24 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 statement 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 25 and 26 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 27 through 53 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 the general fund and each major special revenue fund. Required supplementary information can be found on page 54 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 55 through 59 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 \$63,218,338 at the close of the most recent fiscal year. Of this amount, \$38,580,186 (or 61%) 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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>
Current and other assets	12,698,929	14,130,935	12,322,172	12,462,776	25,021,101	26,593,711
Capital assets	34,805,941	35,334,806	49,474,222	48,547,118	84,280,163	83,881,924
<b>Total assets</b>	<b>47,504,870</b>	<b>49,465,741</b>	<b>61,796,394</b>	<b>61,009,894</b>	<b>109,301,264</b>	<b>110,475,635</b>
Current and other liabilities	678,827	364,531	1,601,225	1,470,022	2,280,052	1,834,553
Long term liabilities	14,672,809	13,391,706	32,987,372	32,031,038	47,660,181	45,422,744
<b>Total liabilities</b>	<b>15,351,636</b>	<b>13,756,237</b>	<b>34,588,597</b>	<b>33,501,060</b>	<b>49,940,233</b>	<b>47,257,297</b>
Net Assets:						
Invested in capital assets, net of related debt	20,327,705	22,128,318	16,721,610	16,451,868	37,049,315	38,580,186
Restricted			457,676	463,501	457,676	463,501
Unrestricted	11,825,529	13,581,186	10,028,511	10,593,465	21,854,040	24,174,651
<b>Total net assets</b>	<b>32,153,234</b>	<b>35,709,504</b>	<b>27,207,797</b>	<b>27,508,834</b>	<b>59,361,031</b>	<b>63,218,338</b>

A 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 (\$24,174,651) 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.

**Governmental activities.** Governmental activities increased Cranberry Township's net assets by \$3,556,270. Business-type activities increased Cranberry Township's net assets by \$301,037. Key elements of these increases are as follows:

### Cranberry Township's Changes in Net Assets

	<b>Governmental Activities</b>		<b>Business- type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>
<b>Revenues</b>						
Program revenues:						
Charges for services	2,798,136	2,441,948	12,831,611	12,333,292	15,629,747	14,775,240
Operating grants	1,080,747	1,154,696			1,080,747	1,154,696
Capital grants	3,238,813	3,836,260	1,332,730	1,227,373	4,571,543	5,063,633
General revenues:						
Property taxes	4,422,125	4,765,896			4,422,125	4,765,896
Earned income taxes	4,089,404	4,289,550			4,089,404	4,289,550
Other taxes	1,641,136	2,151,752			1,641,136	2,151,752
Interest and rents	319,456	547,773	432,043	644,977	751,499	1,192,750
Other			79,817	56,258	79,817	56,258
Transfers	20,000	(96,682)	(20,000)	96,682		
<b>Total revenues</b>	<b>17,609,817</b>	<b>19,091,193</b>	<b>14,656,201</b>	<b>14,358,582</b>	<b>32,266,018</b>	<b>33,449,775</b>
<b>Expenses:</b>						
General government	4,044,776	4,053,884			4,044,776	4,053,884
Public safety	4,237,063	4,648,014			4,237,063	4,648,014
Health & Welfare	109,532	126,194			109,532	126,194
Roads, streets	4,021,009	4,439,850			4,021,009	4,439,850
Culture & recreation	1,424,956	1,498,968			1,424,956	1,498,968
Insurance & pension	471,438	234,098			471,438	234,098
Miscellaneous	23,759	8,707			23,759	8,707
Interest on long-	537,781	525,208			537,781	525,208



term debt						
Water			3,305,740	3,929,792	3,305,740	3,929,792
Sewer			5,779,011	5,818,096	5,779,011	5,818,096
Golf Course			2,123,163	2,032,704	2,123,163	2,032,704
Solid Waste			1,383,700	1,543,156	1,383,700	1,543,156
Swimming Pool			672,363	733,797	672,363	733,797
<b>Total Expenses</b>	<b>14,870,314</b>	<b>15,534,923</b>	<b>13,263,977</b>	<b>14,057,545</b>	<b>28,134,291</b>	<b>29,592,468</b>
Change in net assets	2,739,503	3,556,270	1,392,224	301,037	4,131,727	3,857,307
Net assets-beginning	29,413,731	32,153,234	25,815,573	27,207,797	55,229,304	59,361,031
Net assets-ending	32,153,234	35,709,504	27,207,797	27,508,834	59,361,031	63,218,338

The following table depicts revenues by source for governmental activities in 2006:

#### Revenues by Source - Governmental Activities

Charges for services	13%
Operating grants	6%
Capital grants	20%
Property taxes	25%
Earned income taxes	22%
Other taxes	11%
Interest and rents	3%
Total	100%

Government-wide revenues were primarily derived from property tax collections at 25% and earned income tax collections at 22% of the total. Capital grants, at 20%, are the third largest source of revenue.

The following table depicts expenses by programs for governmental activities in 2006:

#### Expenses by Program - Governmental Activities

General government	25%
Public safety	30%
Health and welfare	1%
Roads and streets	29%
Culture and recreation	10%
Insurance and pension	2%

Interest on long-term debt	3%
Total	100%

Total expenses for all programs in 2006 were \$15,534,923. The expenses reflect the delivery of a wide range of services, with the largest being public safety at 30%. The second largest program is roads and streets at 29%. The program ranked third is general government at 25%.

The following table depicts the net program expenses/revenues by function/program for the period ending December 31, 2006:

**Net Program (Expenses)/Revenues**

General government	\$(1,727,568)
Public safety	(3,289,504)
Health and welfare	(126,194)
Roads, streets	(2,096,202)
Culture and recreation	(767,129)
Insurance and pension	179,764
Miscellaneous	250,022
Interest on long-term debt	(525,208)
<b>Total</b>	<b>(8,102,019)</b>

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Public safety expenses required the most general fund revenue for support, needing approximately \$3.2 million in 2006. Road and street expenses required approximately \$2.1 million in general revenues for support. General government expenses required \$1.7 million in support, and culture and recreation required \$767,129.

**Business-type activities.** Business-type activities increased Cranberry Township's net assets by \$301,037.

- Cranberry Township's customer base for sewer, water, and solid waste continues to grow.
- 86% 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	4,798,871	3,123,900
Water	3,906,044	3,530,869
Golf Course	1,832,180	1,288,144
Solid Waste	1,319,069	1,462,393
Swimming Pool	545,029	557,925

\* 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 \$13.58 million. As stated previously, approximately three-fourths of this total amount is available for spending at the government's discretion. The remaining one-fourth 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 \$7,023,603. The fund balance for the general fund increased by \$1,365,952 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 \$4,065,504, the sewer fund \$6,352,153, the golf course fund \$214,264, the solid waste fund \$(163,689), and the swimming pool fund \$125,233. 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. 2006-72 making supplemental appropriations to the 2006 budget in the amount of \$970,000 primarily for capital improvements. Revenues exceeded budgetary estimates by 22.6%. Increases in revenue can be seen in the Act 511 taxes as well as building permits. Expenditures were 4.6% below 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, 2006, amounts to \$83,881,921 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, and infrastructure.

### Summary of Cranberry Township's Capital Assets

	<b>Governmental Activities 2006</b>	<b>Business-type Activities 2006</b>	<b>Total</b>
Land	2,773,627	3,285,597	6,059,224
Construction in Progress	492,513		492,513
<b>Total Non-Depreciable Assets</b>	<b>3,266,140</b>	<b>3,285,597</b>	<b>6,551,737</b>
Buildings	14,216,985	17,569,954	31,786,939
Site Improvements	2,592,924	4,237,891	6,830,815
Machinery, Equipment, Vehicles	7,066,892	16,155,460	23,222,352
Infrastructure	28,724,532	30,133,747	58,858,279
Carts – in service		698,524	698,524
Carts – not in service		82,703	82,703
<b>Total Depreciable Assets</b>	<b>52,601,333</b>	<b>68,878,279</b>	<b>121,479,612</b>
Accumulated Depreciation	(20,532,668)	(23,616,760)	(44,149,428)
Total Depreciable Assets, Net	32,068,665	45,261,519	77,330,184
<b>Total Capital Assets</b>	<b>35,334,805</b>	<b>48,547,116</b>	<b>83,881,921</b>

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 \$48,595,338. Cranberry Township maintains a bond rating of A1 from Moody's Investor Service.

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

	<b>Governmental Activities 2006</b>	<b>Business-type Activities 2006</b>	<b>Total</b>
General Obligation Bonds	12,850,982	2,044,018	14,895,000
Taxable Notes	528,869		528,869
Promissory Notes	11,855	94,614	106,469
Revenue Bonds		33,065,000	33,065,000
<b>Total</b>	<b>13,391,706</b>	<b>35,203,632</b>	<b>48,595,338</b>

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 1990's. The December 31, 2006 population of 28,073 estimated by Cranberry Township's Planning and Community Development Department reflects 19% growth over six years from the 2000 census figure. Commercial growth continues to occur along Rt. 228 and Rt. 19. 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.

A major announcement by the Westinghouse Electric Company was made in late 2006 moving their corporate and research headquarters to Cranberry Township. It is anticipated that nearly 3,000 new family sustainable jobs will be added to the southwest Butler County area. The spin off of this relocation will also result in significant economic benefits.

## **2007 Budget Highlights**

Amounts available for appropriation in the General Fund budget are \$13,697,584, an increase of \$1.5 million over the final 2006 budget of \$12,193,780. The 2007 General Fund budget includes no property tax increase, increased efforts in collection of Act 511 tax revenue, and investing in information technology to continue emphasis on operating efficiencies. Increases in electricity costs, road salt, and insurance premiums will be absorbed.

As for the Township's business-type activities, sewer base rates will increase 20%. 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 5%.

## **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, 2006**

	<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT UNITS</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Cranberry Public Library</b>	<b>Other Component Units</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 715,562	\$ 1,432,528	\$ 2,148,090	\$ 141,080	\$ 14,585
Investments	10,679,686	8,395,097	19,074,783	354,087	-
Receivables:					
Taxes and fees	2,119,006	-	2,119,006	-	-
Customers - billed	-	829,503	829,503	-	-
Customers - unbilled	-	873,051	873,051	-	-
Other	-	62,099	62,099	-	-
Internal balances	(212,331)	212,331	-	-	-
Inventory	-	20,072	20,072	-	-
Restricted assets:					
Investment - debt service fund	-	463,347	463,347	-	-
Investment - sinking fund	-	154	154	-	-
Capital assets, net:					
Nondepreciable	3,266,140	3,285,597	6,551,737	-	-
Depreciable	32,068,666	45,261,521	77,330,187	266,619	6,626
Other assets, net:					
Advances to other funds	643,794	-	643,794	-	-
Unamortized bond issue costs and bond discounts	185,218	174,594	359,812	-	-
<b>Total Assets</b>	<u>49,465,741</u>	<u>61,009,894</u>	<u>110,475,635</u>	<u>761,786</u>	<u>21,211</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	222,280	398,051	620,331	-	-
Deferred revenue	44,520	310,183	354,703	-	-
Security deposits	-	54,801	54,801	-	-
Compensated absences	97,731	63,192	160,923	-	-
Advances from other funds	-	643,795	643,795	-	-
Long-term liabilities:					
Due within a year	1,308,336	926,683	2,235,019	-	-
Due in more than one year	12,083,370	31,104,355	43,187,725	-	-
<b>Total Liabilities</b>	<u>13,756,237</u>	<u>33,501,060</u>	<u>47,257,297</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	22,128,318	16,451,868	38,580,186	266,619	6,626
Restricted	-	463,501	463,501	-	-
Unrestricted	13,581,186	10,593,465	24,174,651	495,167	14,585
<b>Total Net Assets</b>	<u>\$ 35,709,504</u>	<u>\$ 27,508,834</u>	<u>\$ 63,218,338</u>	<u>\$ 761,786</u>	<u>\$ 21,211</u>

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

**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2006

Program Revenues					Net (Expenses) Revenue and Changes in Net Assets				
Functions / Programs	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	\$ 4,053,884	\$ 525,255	\$ 23,761	\$ 1,777,300	\$ (1,727,568)	\$ -	\$ (1,727,568)	\$ -	\$ -
Public safety	4,648,014	1,126,125	220,521	11,864	(3,289,504)	-	(3,289,504)	-	-
Health and welfare	126,194	-	-	-	(126,194)	-	(126,194)	-	-
Highways, roads, and streets	4,439,850	-	496,552	1,847,096	(2,096,202)	-	(2,096,202)	-	-
Culture and recreation	1,498,968	531,839	-	200,000	(767,129)	-	(767,129)	-	-
Insurance and pension	234,098	-	413,862	-	179,764	-	179,764	-	-
Miscellaneous	8,707	258,729	-	-	250,022	-	250,022	-	-
Interest on long-term debt	525,208	-	-	-	(525,208)	-	(525,208)	-	-
Total governmental activities	15,534,923	2,441,948	1,154,696	3,836,260	(8,102,019)	-	(8,102,019)	-	-
Business-type activities:									
Water	3,929,792	3,878,399	-	372,161	-	320,768	320,768	-	-
Sewer	5,818,096	4,769,003	-	312,172	-	(736,921)	(736,921)	-	-
Golf course	2,032,704	1,832,180	-	-	-	(200,524)	(200,524)	-	-
Solid waste	1,543,156	1,309,125	-	543,040	-	309,009	309,009	-	-
Other	733,797	544,585	-	-	-	(189,212)	(189,212)	-	-
Total business-type activities	14,057,545	12,333,292	-	1,227,373	-	(496,880)	(496,880)	-	-
Total primary government	\$ 29,592,468	\$ 14,775,240	\$ 1,154,696	\$ 5,063,633	(8,102,019)	(496,880)	(8,598,899)	-	-
Component Units:									
Cranberry Public Library, Inc.	\$ 662,673	\$ -	\$ 605,228	\$ -	-	-	-	(57,445)	-
Cranberry Volunteer Fire Department	77,554	3,825	73,614	-	-	-	-	-	(115)
Total component units	\$ 740,227	\$ 3,825	\$ 678,842	\$ -	-	-	-	(57,445)	(115)
General revenues:									
Taxes:									
Property taxes					4,765,896	-	4,765,896	-	-
Earned income taxes					4,289,550	-	4,289,550	-	-
Business privilege taxes					1,546,303	-	1,546,303	-	-
Emergency and municipal services taxes					605,449	-	605,449	-	-
Fines and forfeitures					-	-	-	44,498	-
Interest, rents, and royalties					547,773	644,977	1,192,750	49,254	18
Other					-	56,258	56,258	5,680	351
Transfers					(96,682)	96,682	-	-	-
Total general revenues and transfers					11,658,289	797,917	12,456,206	99,432	369
Change in net assets					3,556,270	301,037	3,857,307	41,987	254
Net assets at beginning of year					32,153,234	27,207,797	59,361,031	719,799	20,957
Net assets at end of year					\$ 35,709,504	\$ 27,508,834	\$ 63,218,338	\$ 761,786	\$ 21,211

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

**TOWNSHIP OF CRANBERRY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**DECEMBER 31, 2006**

	<b><u>General Fund</u></b>	<b><u>Transportation Improvement Program Funds</u></b>	<b><u>Other Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 675,087	\$ 30,995	\$ 9,480	\$ 715,562
Investments	5,083,223	3,639,577	1,956,886	10,679,686
Taxes and fees receivable	2,116,812	-	2,194	2,119,006
Due from other funds	229,054	2,376	411,263	642,693
Advances to other funds	<u>-</u>	<u>321,897</u>	<u>321,897</u>	<u>643,794</u>
<b>Total Assets</b>	<b><u>\$ 8,104,176</u></b>	<b><u>\$ 3,994,845</u></b>	<b><u>\$ 2,701,720</u></b>	<b><u>\$ 14,800,741</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 191,169	\$ 8,520	\$ 22,591	\$ 222,280
Due to other funds	747,153	-	107,872	855,025
Deferred revenue	44,520	-	-	44,520
Compensated absences	<u>97,731</u>	<u>-</u>	<u>-</u>	<u>97,731</u>
<b>Total Liabilities</b>	<b><u>1,080,573</u></b>	<b><u>8,520</u></b>	<b><u>130,463</u></b>	<b><u>1,219,556</u></b>
Fund Balance:				
Reserved	-	321,897	721,897	1,043,794
Unreserved	7,023,603	3,664,428	-	10,688,031
Unreserved, reported in non-major:				
Special revenue funds	-	-	423,348	423,348
Capital projects funds	<u>-</u>	<u>-</u>	<u>1,426,012</u>	<u>1,426,012</u>
<b>Total Fund Balance</b>	<b><u>7,023,603</u></b>	<b><u>3,986,325</u></b>	<b><u>2,571,257</u></b>	<b><u>13,581,185</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 8,104,176</u></b>	<b><u>\$ 3,994,845</u></b>	<b><u>\$ 2,701,720</u></b>	<b><u>\$ 14,800,741</u></b>

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

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

**DECEMBER 31, 2006**

<b>Total Fund Balance - Governmental Funds</b>	\$13,581,185
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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.	35,334,807
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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.	185,218
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(13,391,706)</u>
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<b>Net Assets - Governmental Activities</b>	<u><u>\$35,709,504</u></u>
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**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE**  
**GOVERNMENTAL FUNDS**

**YEAR ENDED DECEMBER 31, 2006**

	<b>General Fund</b>	<b>Transportation Improvement Program Funds</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 10,365,857	\$ -	\$ 841,341	\$ 11,207,198
Licenses, permits, and fees	257,629	-	55,000	312,629
Fines and forfeitures	115,767	-	-	115,767
Interest, rents, and royalties	270,476	147,337	129,960	547,773
Intergovernmental revenue	658,144	-	708,416	1,366,560
Developer contributions	362,649	922,114	492,537	1,777,300
Charges for services	1,754,823	-	-	1,754,823
Miscellaneous	<u>131,908</u>	<u>27,683</u>	<u>99,138</u>	<u>258,729</u>
Total revenues	<u>13,917,253</u>	<u>1,097,134</u>	<u>2,326,392</u>	<u>17,340,779</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,201,660	-	-	2,201,660
Public safety	4,094,801	-	331,668	4,426,469
Health and welfare	126,194	-	-	126,194
Highways, roads and streets	1,783,653	862,668	705,010	3,351,331
Culture and recreation	1,245,743	-	243,411	1,489,154
Insurance and pension	234,098	-	-	234,098
Miscellaneous	8,707	-	-	8,707
Debt service:				
Principal retirement	801,849	-	479,254	1,281,103
Interest charges	461,936	-	48,067	510,003
Bond issuance costs	7,660	-	-	7,660
Capital outlay	<u>-</u>	<u>-</u>	<u>1,852,062</u>	<u>1,852,062</u>
Total expenditures	<u>10,966,301</u>	<u>862,668</u>	<u>3,659,472</u>	<u>15,488,441</u>
Excess (deficiency) of revenues over expenditures	<u>2,950,952</u>	<u>234,466</u>	<u>(1,333,080)</u>	<u>1,852,338</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	80,000	150,000	1,338,318	1,568,318
Transfers out	<u>(1,665,000)</u>	<u>-</u>	<u>-</u>	<u>(1,665,000)</u>
Total other financing sources (uses)	<u>(1,585,000)</u>	<u>150,000</u>	<u>1,338,318</u>	<u>(96,682)</u>
<b>NET CHANGES IN FUND BALANCE</b>	1,365,952	384,466	5,238	1,755,656
<b>FUND BALANCE - JANUARY 1, 2006</b>	<u>5,657,651</u>	<u>3,601,859</u>	<u>2,566,019</u>	<u>11,825,529</u>
<b>FUND BALANCE - DECEMBER 31, 2006</b>	<u>\$ 7,023,603</u>	<u>\$ 3,986,325</u>	<u>\$ 2,571,257</u>	<u>\$ 13,581,185</u>

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

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

**DECEMBER 31, 2006**

<b>Net Changes in Fund Balance - Total Governmental Funds</b>	\$ 1,755,656
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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.	(1,320,039)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,847,096
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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.	<u>1,273,557</u>
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<b>Change in Net Assets - Governmental Activities</b>	<u><u>\$ 3,556,270</u></u>
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**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**

**DECEMBER 31, 2006**

	<b>MAJOR FUNDS</b>				<b>NON-MAJOR FUNDS</b>	<b>Total</b>
	<u>Water</u>	<u>Sewer</u>	<u>Golf Course</u>	<u>Solid Waste</u>		
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,427,933	\$ -	\$ 4,496	\$ 10	\$ 89	\$ 1,432,528
Investments	2,293,239	5,030,562	291,480	669,321	110,495	8,395,097
Accounts receivable:						
Customers - billed	293,678	391,693	-	137,955	6,177	829,503
Customers - unbilled	387,382	485,669	-	-	-	873,051
Other	62,099	-	-	-	-	62,099
Due from other funds	137,233	377,070	-	30,712	10,677	555,692
Inventory	-	-	20,072	-	-	20,072
	<u>4,601,564</u>	<u>6,284,994</u>	<u>316,048</u>	<u>837,998</u>	<u>127,438</u>	<u>12,168,042</u>
Total current assets						
Non-current assets:						
Restricted assets:						
Investment - debt service fund	-	735	462,612	-	-	463,347
Investment - bond sinking fund	-	-	154	-	-	154
Capital assets:						
Land	41,517	140,633	3,103,447	-	-	3,285,597
Construction in progress	-	-	-	-	-	-
Buildings	3,416,568	8,761,842	2,877,947	-	2,513,597	17,569,954
Site improvements	346,146	269,103	3,622,642	-	-	4,237,891
Machinery, equipment, and vehicles	897,773	14,490,021	741,422	-	26,244	16,155,460
Infrastructure	12,601,287	17,532,461	-	-	-	30,133,748
Carts - in service	-	-	-	698,524	-	698,524
Carts - not in service	-	-	-	82,703	-	82,703
Less: accumulated depreciation	(5,597,818)	(15,233,976)	(1,734,730)	(132,313)	(917,922)	(23,616,759)
Other assets:						
Unamortized bond issue costs	-	114,253	60,341	-	-	174,594
	<u>11,705,473</u>	<u>26,075,072</u>	<u>9,133,835</u>	<u>648,914</u>	<u>1,621,919</u>	<u>49,185,213</u>
Total non-current assets						
	<u>\$ 16,307,037</u>	<u>\$ 32,360,066</u>	<u>\$ 9,449,883</u>	<u>\$ 1,486,912</u>	<u>\$ 1,749,357</u>	<u>\$ 61,353,255</u>
Total Assets						
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued expenses	\$ 187,589	\$ 80,544	\$ 19,445	\$ 109,223	\$ 1,250	\$ 398,051
Due to other funds	268,961	67,074	6,647	679	-	343,361
Deferred revenue	-	-	67,235	242,892	56	310,183
Security deposits	54,801	-	-	-	-	54,801
Compensated absences	24,709	24,028	8,457	5,098	900	63,192
Long-term debt - current portion	-	827,816	30,000	-	68,867	926,683
	<u>536,060</u>	<u>999,462</u>	<u>131,784</u>	<u>357,892</u>	<u>71,073</u>	<u>2,096,271</u>
Total current liabilities						
Non-current liabilities:						
Long-term debt - net of current maturities:						
General obligation bonds	-	-	-	-	1,975,151	1,975,151
Revenue bonds	-	22,822,184	9,385,000	-	-	32,207,184
Notes payable	-	94,614	-	-	-	94,614
Advances from other funds	-	-	-	643,795	-	643,795
Deferred loss on early retirement of debt	-	(2,172,410)	(531,034)	-	-	(2,703,444)
Unamortized bond discount	-	(373,630)	(45,291)	-	-	(418,921)
Unamortized underwriter's discount	-	-	(50,229)	-	-	(50,229)
	<u>-</u>	<u>20,370,758</u>	<u>8,758,446</u>	<u>643,795</u>	<u>1,975,151</u>	<u>31,748,150</u>
Total non-current liabilities						
	<u>\$ 536,060</u>	<u>\$ 21,370,220</u>	<u>\$ 8,890,230</u>	<u>\$ 1,001,687</u>	<u>\$ 2,046,224</u>	<u>\$ 33,844,421</u>
Total Liabilities						
<b>NET ASSETS</b>						
Invested in capital assets - net of related debt	\$ 11,705,473	\$ 4,636,958	\$ (117,377)	\$ 648,914	\$ (422,100)	\$ 16,451,868
Restricted for debt retirement	-	735	462,766	-	-	463,501
Unrestricted	4,065,504	6,352,153	214,264	(163,689)	125,233	10,593,465
	<u>\$ 15,770,977</u>	<u>\$ 10,989,846</u>	<u>\$ 559,653</u>	<u>\$ 485,225</u>	<u>\$ (296,867)</u>	<u>\$ 27,508,834</u>
Total Net Assets						

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

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

**YEAR ENDED DECEMBER 31, 2006**

	<b>MAJOR FUNDS</b>				<b>NON-MAJOR FUNDS</b>	<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Golf Course</b>	<b>Solid Waste</b>		
<b>OPERATING REVENUES</b>						
Charges for services	\$ 3,878,399	\$ 4,769,003	\$ 1,832,180	\$ 1,309,125	\$ 544,585	\$ 12,333,292
Penalties and interest	25,100	29,868	-	9,944	-	64,912
Miscellaneous revenues	2,545	-	-	-	444	2,989
Total operating revenues	3,906,044	4,798,871	1,832,180	1,319,069	545,029	12,401,193
<b>OPERATING EXPENSES</b>						
Salaries and wages	756,204	984,507	482,691	96,635	238,691	2,558,728
Payroll taxes	-	-	-	-	18,151	18,151
Employee benefits and related taxes	286,570	355,895	92,405	22,019	6,124	763,013
Depreciation	398,923	1,457,368	368,025	69,903	101,972	2,396,191
Insurance and pension	34,857	57,066	74,669	7,331	12,730	186,653
Advertising	-	-	3,263	3,254	3,114	9,631
Dues and subscriptions	-	-	3,024	95	-	3,119
Conferences and training	-	-	305	399	-	704
Postage and shipping	-	-	177	8,452	-	8,629
Printing and reproduction	-	-	333	8,811	-	9,144
Uniforms	-	-	2,605	-	2,672	5,277
Materials and supplies	71,576	144,876	43,638	-	12,192	272,282
Collection and disposal cost	-	-	-	1,278,376	-	1,278,376
Water purchase	2,024,940	-	-	-	-	2,024,940
Chemicals	-	360,793	117,444	-	23,200	501,437
Laboratory	-	40,929	-	-	-	40,929
Telephone and utilities	61,026	326,435	56,896	-	62,409	506,766
Repairs and maintenance	9,357	96,340	26,826	-	70,281	202,804
Minor equipment rental and purchase	3,948	22,759	64,082	22,127	8,738	121,654
Vehicle expense	24,844	26,027	-	-	-	50,871
Professional and other services	241,465	708,273	66,138	9,994	-	1,025,870
Concession and other products and services	-	-	222,011	-	62,387	284,398
Miscellaneous expenses	16,082	-	-	-	-	16,082
Administrative expenses	-	-	31,637	4,900	37,236	73,773
Total operating expenses	3,929,792	4,581,268	1,656,169	1,532,296	659,897	12,359,422
Operating Income (loss)	(23,748)	217,603	176,011	(213,227)	(114,868)	41,771
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest income	167,052	215,218	54,853	33,731	13,459	484,313
Rental income	95,752	-	-	-	-	95,752
Grant revenue	-	-	-	543,040	-	543,040
Other income	11,522	5,131	-	36,616	-	53,269
Interest expense and debt issuance costs	-	(1,236,828)	(376,535)	(10,860)	(73,900)	(1,698,123)
Total non-operating revenues (expenses)	274,326	(1,016,479)	(321,682)	602,527	(60,441)	(521,749)
Income (loss) before contributions and transfers	250,578	(798,876)	(145,671)	389,300	(175,309)	(479,978)
<b>CAPITAL CONTRIBUTIONS</b>	372,161	312,172	-	-	-	684,333
<b>TRANSFERS IN</b>	-	-	95,000	-	150,000	245,000
<b>TRANSFERS OUT</b>	(30,000)	(50,000)	-	-	(68,318)	(148,318)
Change in net assets	592,739	(536,704)	(50,671)	389,300	(93,627)	301,037
<b>TOTAL NET ASSETS - JANUARY 1, 2006</b>	15,178,238	11,526,550	610,324	95,925	(203,240)	27,207,797
<b>TOTAL NET ASSETS - DECEMBER 31, 2006</b>	\$ 15,770,977	\$ 10,989,846	\$ 559,653	\$ 485,225	\$ (296,867)	\$ 27,508,834

**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

**YEAR ENDED DECEMBER 31, 2006**

	<b>MAJOR FUNDS</b>				<b>NON-MAJOR FUNDS</b>	<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Golf Course</b>	<b>Solid Waste</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 3,893,357	\$ 4,804,049	\$ 1,836,422	\$ 1,320,900	\$ 544,380	\$ 12,399,108
Payments to suppliers	(2,754,281)	(2,244,122)	(824,484)	(1,361,467)	(319,716)	(7,504,070)
Payments to employees	(734,895)	(960,837)	(483,173)	(91,537)	(237,791)	(2,508,233)
Internal activity - net payments from (to) other funds	(81,552)	(113,961)	(32,617)	(74,158)	48,556	(253,732)
Other receipts (payments), net	(22,234)	-	-	-	444	(21,790)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>300,395</u>	<u>1,485,129</u>	<u>496,148</u>	<u>(206,262)</u>	<u>35,873</u>	<u>2,111,283</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Operating subsidies and transfers from (to) other funds, net	(30,000)	(50,000)	95,000	-	81,682	96,682
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(30,000)</u>	<u>(50,000)</u>	<u>95,000</u>	<u>-</u>	<u>81,682</u>	<u>96,682</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(24,102)	(695,310)	(26,627)	(21,898)	(16,817)	(784,754)
Principal paid on capital debt	-	(806,557)	(9,162,259)	-	(65,936)	(10,034,752)
Interest paid on capital debt	-	(1,096,812)	(792,967)	(10,860)	(73,900)	(1,974,539)
Proceeds from capital refunding debt	-	-	9,415,000	-	-	9,415,000
Grants	-	-	-	543,040	-	543,040
Other receipts (payments)	11,522	5,131	-	36,616	-	53,269
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(12,580)</u>	<u>(2,593,548)</u>	<u>(566,853)</u>	<u>546,898</u>	<u>(156,653)</u>	<u>(2,782,736)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income	167,052	215,218	54,853	33,731	13,459	484,313
Rental income	95,752	-	-	-	-	95,752
Net sales (purchases) of investments	(212,537)	943,201	(87,153)	(374,357)	25,413	294,567
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>50,267</u>	<u>1,158,419</u>	<u>(32,300)</u>	<u>(340,626)</u>	<u>38,872</u>	<u>874,632</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>308,082</u>	<u>-</u>	<u>(8,005)</u>	<u>10</u>	<u>(226)</u>	<u>299,861</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>1,119,851</u>	<u>-</u>	<u>12,501</u>	<u>-</u>	<u>315</u>	<u>1,132,667</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 1,427,933</u>	<u>\$ -</u>	<u>\$ 4,496</u>	<u>\$ 10</u>	<u>\$ 89</u>	<u>\$ 1,432,528</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (23,748)	\$ 217,603	\$ 176,011	\$ (213,227)	\$ (114,868)	\$ 41,771
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	398,923	1,457,368	368,025	69,903	101,972	2,396,191
Change in assets and liabilities:						
Receivables, net	(10,142)	5,178	-	(10,732)	(205)	(15,901)
Due from other funds	(48,378)	(62,713)	-	6,720	67,690	(36,681)
Inventories	-	-	(6,060)	-	-	(6,060)
Due to other funds	(33,174)	(51,248)	(32,617)	(661)	(19,134)	(136,834)
Accounts payable and accrued expenses	20,384	(104,729)	(12,971)	4,291	(482)	(93,507)
Security deposits	(24,779)	-	-	-	-	(24,779)
Compensated absences	21,309	23,670	(482)	5,098	900	50,495
Advances from other funds	-	-	-	(80,217)	-	(80,217)
Deferred revenue	-	-	4,242	12,563	-	16,805
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 300,395</u>	<u>\$ 1,485,129</u>	<u>\$ 496,148</u>	<u>\$ (206,262)</u>	<u>\$ 35,873</u>	<u>\$ 2,111,283</u>
<b>Supplementary Information:</b>						
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Infrastructure contributed by developers	<u>\$ 372,161</u>	<u>\$ 312,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684,333</u>

**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

**DECEMBER 31, 2006**

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	<b><u>Police Pension Fund</u></b>	<b><u>Municipal Employees' Pension Fund</u></b>	<b><u>Township Deferred Compensation Fund</u></b>	<b><u>Total Pension (and other employee benefit) Trust Funds</u></b>
<b>ASSETS</b>				
Interest receivable	\$ 11,982	\$ 5,431	\$ -	\$ 17,413
Investments	6,178,589	2,447,834	4,388,506	13,014,929
Loans to participants	<u>-</u>	<u>-</u>	<u>48,044</u>	<u>48,044</u>
Total assets	<u>\$ 6,190,571</u>	<u>\$ 2,453,265</u>	<u>\$ 4,436,550</u>	<u>\$ 13,080,386</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits and other purposes	<u>\$ 6,190,571</u>	<u>\$ 2,453,265</u>	<u>\$ 4,436,550</u>	<u>\$ 13,080,386</u>

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

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

**YEAR ENDED DECEMBER 31, 2006**

	<b>Police Pension <u>Fund</u></b>	<b>Municipal Employees' Pension <u>Fund</u></b>	<b>Township Deferred Compensation <u>Fund</u></b>	<b>Total Pension (and other employee benefit) <u>Trust Funds</u></b>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ -	\$ -	\$ 198,556	\$ 198,556
Plan members	77,714	-	368,812	446,526
Plan member rollovers and transfers in	-	-	13,558	13,558
Intergovernmental revenues	<u>263,674</u>	<u>221,552</u>	<u>-</u>	<u>485,226</u>
Total contributions	<u>341,388</u>	<u>221,552</u>	<u>580,926</u>	<u>1,143,866</u>
Investment earnings:				
Net increase (decrease) in fair value of investments	488,826	192,760	455,355	1,136,941
Interest and dividends	<u>141,118</u>	<u>55,814</u>	<u>-</u>	<u>196,932</u>
Total investment earnings	<u>629,944</u>	<u>248,574</u>	<u>455,355</u>	<u>1,333,873</u>
Total additions	<u>971,332</u>	<u>470,126</u>	<u>1,036,281</u>	<u>2,477,739</u>
<b>DEDUCTIONS</b>				
Benefits	123,968	40,654	196,881	361,503
Other distributions and transfers out	-	-	-	-
Administration and miscellaneous	<u>34,211</u>	<u>2,327</u>	<u>150</u>	<u>36,688</u>
Total deductions	<u>158,179</u>	<u>42,981</u>	<u>197,031</u>	<u>398,191</u>
Change in net assets	813,153	427,145	839,250	2,079,548
<b>NET ASSETS - BEGINNING OF THE YEAR</b>	<u>5,377,418</u>	<u>2,026,120</u>	<u>3,597,300</u>	<u>11,000,838</u>
<b>NET ASSETS - END OF THE YEAR</b>	<u><u>\$ 6,190,571</u></u>	<u><u>\$ 2,453,265</u></u>	<u><u>\$ 4,436,550</u></u>	<u><u>\$ 13,080,386</u></u>

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

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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**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 GASBS 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.



# **TOWNSHIP OF CRANBERRY**

## **NOTES TO FINANCIAL STATEMENTS**

### **DECEMBER 31, 2006**

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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.

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, 2006**

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**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.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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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.

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, 2006**

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**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, 2006**

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**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, 2006**

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**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.

**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 2006 was 14.20 mills applied to an assessable base of \$241,555,768.

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:

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



**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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**NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Individual fund receivable/payable balances as of December 31, 2006 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General fund	\$ 229,054	\$ 747,153
Transportation improvement program funds	2,376	-
Water	137,233	268,961
Sewer	377,070	67,073
Golf course	-	6,646
Solid waste	30,712	679
Non-major governmental funds	411,263	107,873
Non-major proprietary funds	<u>10,677</u>	<u>-</u>
	<u>\$ 1,198,385</u>	<u>\$ 1,198,385</u>

A summary of interfund transfers during the year ended December 31, 2006 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ 80,000	\$ 1,665,000
Transportation improvement program funds	150,000	-
Water	-	30,000
Sewer	-	50,000
Golf course	95,000	-
Solid waste	-	-
Non-major governmental funds	1,338,318	-
Non-major proprietary funds	<u>150,000</u>	<u>68,318</u>
	<u>\$ 1,813,318</u>	<u>\$ 1,813,318</u>

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

**NOTE 5 - LONG-TERM DEBT**

A summary of long-term liability activity for the year ended December 31, 2006 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>	<u>Due within One Year</u>
Governmental activities:					
General obligation bonds	\$ 13,795,046	\$ -	\$ (944,064)	\$ 12,850,982	\$ 971,133
Taxable notes	857,739	-	(328,870)	528,869	328,870
Promissory notes	<u>20,024</u>	<u>-</u>	<u>(8,169)</u>	<u>11,855</u>	<u>8,333</u>
	<u>\$ 14,672,809</u>	<u>\$ -</u>	<u>\$ (1,281,103)</u>	<u>\$ 13,391,706</u>	<u>\$ 1,308,336</u>
Business-type activities:					
General obligation bonds	\$ 2,109,954	\$ -	\$ (65,936)	\$ 2,044,018	\$ 68,867
Revenue bonds	33,540,000	9,415,000	(9,890,000)	33,065,000	830,000
Promissory notes	161,171	-	(66,557)	94,614	27,816
Capital leases	<u>12,259</u>	<u>-</u>	<u>(12,259)</u>	<u>-</u>	<u>-</u>
	<u>\$ 35,823,384</u>	<u>\$ 9,415,000</u>	<u>\$ (10,034,752)</u>	<u>\$ 35,203,632</u>	<u>\$ 926,683</u>

**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>Year-end Balances</u>					
-					
<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2001C	\$ 6,060,000	2021	2.20-5.00%	\$ 4,950,000	\$ -
2003	3,420,000	2009	1.20-3.05%	1,590,000	-
2003A	7,885,000	2016	1.10-4.03%	4,930,982	2,044,018
2003B	1,535,000	2025	1.65-4.60%	<u>1,380,000</u>	<u>-</u>
				<u>\$ 12,850,982</u>	<u>\$ 2,044,018</u>
Amount due within one year				<u>\$ 971,133</u>	<u>\$ 68,867</u>

**TOWNSHIP OF CRANBERRY**  
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The future annual payments required to amortize general obligation bonds outstanding as of December 31, 2006 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,175,000	432,485	1,607,485
2012-2016	6,550,000	1,470,030	8,020,030
2017-2021	2,410,000	449,558	2,859,558
2022-2025	<u>390,000</u>	<u>45,220</u>	<u>435,220</u>
	<u>\$ 14,895,000</u>	<u>\$ 4,460,086</u>	<u>\$ 19,355,086</u>

**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%	\$ -
2001B	28,255,000	2025	2.30-5.00%	23,650,000
2006	9,415,000	2031	3.50-4.45%	<u>9,415,000</u>
				<u>\$ 33,065,000</u>
Amount due within one year				<u>\$ 830,000</u>

**TOWNSHIP OF CRANBERRY**  
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The future annual payments required to amortize revenue bonds outstanding as of December 31, 2006 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 830,000	\$ 1,482,071	\$ 2,312,071
2008	1,065,000	1,449,775	2,514,775
2009	1,120,000	1,410,868	2,530,868
2010	1,180,000	1,368,961	2,548,961
2011	1,230,000	1,323,793	2,553,793
2012-2016	6,945,000	5,821,076	12,766,076
2017-2021	8,715,000	4,104,316	12,819,316
2022-2026	9,165,000	1,765,623	10,930,623
2027-2031	<u>2,815,000</u>	<u>324,165</u>	<u>3,139,165</u>
	<u>\$ 33,065,000</u>	<u>\$ 19,050,648</u>	<u>\$ 52,115,648</u>

**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%	\$ 228,870
2005	400,000	2009	0.00%	<u>300,000</u>
				<u>\$ 528,870</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, 2006 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 328,870	\$ -	\$ 328,870
2008	100,000	-	100,000
2009	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>\$ 528,870</u>	<u>\$ -</u>	<u>\$ 528,870</u>

**TOWNSHIP OF CRANBERRY**  
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**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%	\$ 11,855	\$ -
Sewer	1989	677,103	2006	0.00%	-	-
Sewer	1990	444,000	2010	3.99%	-	94,614
					<u>\$ 11,855</u>	<u>\$ 94,614</u>
Amount due within one year					<u>\$ 8,333</u>	<u>\$ 27,816</u>

The future annual payments required to amortize promissory notes outstanding as of December 31, 2006 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 94,614</u>	<u>\$ 6,638</u>	<u>\$ 101,252</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 Balances</u>
Golf carts	2002	\$ 106,515	2006	5.70%	\$ -
					<u>\$ -</u>
Amount due within one year					<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.

**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.



**TOWNSHIP OF CRANBERRY**  
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**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, 2006, the following bonds are considered defeased:

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

**Bond Refunding - Golf Course Fund**

On May 1, 2006, the Township issued \$9,415,000 of Guaranteed Recreation Revenue Bonds, Refunding Series of 2006, to advance refund the Township's Guaranteed Recreation Revenue Bonds, Series of 2001, 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 fund, the purpose of which is to liquidate the 2001 Series bonds and related interest in accordance with the terms of the 2006 issue. Upon the issuance of the 2006 Series bonds, the 2001 Series bonds were considered defeased, and the Township removed that liability from its accounts. The refunding of the 2001 Series bonds generated a loss on defeasance of \$547,458, which is deferred and is amortized over the amortization period of the 2006 Series bonds. This advance refunding reduced total debt service payments over the next 25 years by approximately \$293,000 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$284,000.

**NOTE 6 - CAPITAL ASSETS**

**Primary Government**

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>January 1, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2006</u>
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 2,773,627	\$ -	\$ -	\$ 2,773,627
Construction in process	-	492,513	-	492,513
Total non-depreciable capital assets	<u>\$ 2,773,627</u>	<u>\$ 492,513</u>	<u>\$ -</u>	<u>\$ 3,266,140</u>

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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Depreciable capital assets:

Buildings	14,211,753	5,232	-	14,216,985
Site improvements	2,585,754	7,170	-	2,592,924
Machinery, equipment, and vehicles	6,683,617	383,275	-	7,066,892
Infrastructure	<u>26,877,436</u>	<u>1,847,096</u>	<u>-</u>	<u>28,724,532</u>
Total depreciable capital assets	<u>50,358,560</u>	<u>2,242,773</u>	<u>-</u>	<u>52,601,333</u>

Less accumulated depreciation for:

Buildings	(3,716,303)	(448,115)	-	(4,164,418)
Site improvements	(1,338,416)	(161,138)	-	(1,499,554)
Machinery, equipment, and vehicles	(4,218,715)	(508,650)	-	(4,727,365)
Infrastructure	<u>(9,052,812)</u>	<u>(1,088,519)</u>	<u>-</u>	<u>(10,141,331)</u>
Total accumulated depreciation	<u>(18,326,246)</u>	<u>(2,206,422)</u>	<u>-</u>	<u>(20,532,668)</u>

Total depreciable capital assets, net	<u>32,032,314</u>	<u>36,351</u>	<u>-</u>	<u>32,068,665</u>
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Total capital assets, net	<u>\$ 34,805,941</u>	<u>\$ 528,864</u>	<u>\$ -</u>	<u>\$35,334,805</u>
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Business-type Activities:

Non-depreciable capital assets:

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

Depreciable capital assets:

Buildings	17,553,137	16,817	-	17,569,954
Site improvements	4,237,891	-	-	4,237,891
Machinery, equipment, and vehicles	15,863,035	292,425	-	16,155,460
Carts - in service	699,237	113,544	(114,257)	698,524
Carts - not in service	72,000	20,713	(10,010)	82,703
Infrastructure	<u>28,694,778</u>	<u>1,438,969</u>	<u>-</u>	<u>30,133,747</u>
Total depreciable assets	<u>67,120,078</u>	<u>1,882,468</u>	<u>(124,267)</u>	<u>68,878,279</u>

Less accumulated depreciation for:

Buildings	(4,917,420)	(526,199)	-	(5,443,619)
Site improvements	(1,042,410)	(268,728)	-	(1,311,138)
Machinery, equipment, and vehicles	(6,810,620)	(1,002,564)	-	(7,813,184)
Carts - in service	(74,318)	(69,903)	11,908	(132,313)
Infrastructure	<u>(8,387,707)</u>	<u>(528,799)</u>	<u>-</u>	<u>(8,916,506)</u>
Total accumulated depreciation	<u>(21,232,475)</u>	<u>(2,396,193)</u>	<u>11,908</u>	<u>(23,616,760)</u>

Total depreciable capital assets, net	<u>45,887,603</u>	<u>(513,725)</u>	<u>(112,359)</u>	<u>45,261,519</u>
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Total capital assets, net	<u>\$ 49,474,222</u>	<u>\$ (513,725)</u>	<u>\$ (413,381)</u>	<u>\$48,547,116</u>
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**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 886,544
Public safety	221,545
Culture and recreation	9,814
Highways, roads, and streets	<u>1,088,519</u>
Total Governmental Activities depreciation expense	<u>\$ 2,206,422</u>
Business-type Activities:	
Water	\$ 398,923
Sewer	1,457,368
Golf course	368,025
Solid waste	69,903
Swimming pool	<u>101,972</u>
Total Business-type Activities depreciation expense	<u>\$ 2,396,191</u>

**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, 2006, the remaining amount drawn against the line for the Junior Football Association and the Township's guarantee is \$39,573.

**TOWNSHIP OF CRANBERRY**  
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**C. Commitments**

The Township has entered into purchase commitments with a vendor for new financial and utility billing software. The estimated cost of \$472,500 is expected to be paid upon project completion in 2007.

**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.

**TOWNSHIP OF CRANBERRY**  
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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.

**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.

**TOWNSHIP OF CRANBERRY**  
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Method for Actuarial Valuation of Assets:

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

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.

**TOWNSHIP OF CRANBERRY**  
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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.

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, 2006, 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.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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**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%

**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 \$221,552 was made through an allocation of state aid from the General Municipal Pension System State Aid Program for the year ended December 31, 2006.

**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 3% for 2006. For uniformed employees, the Township matches employee contributions to a maximum of 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.



**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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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, 2006, four developers had posted cash bond escrows amounting to \$79,198 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.

**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 \$1,513,714 bank balances was insured by the FDIC. The remaining bank balances of \$1,313,714 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 \$966,540 as of December 31, 2006.

**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, 2006, the Township's PLGIT investments totaled \$20,270,603.

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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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, 2006, investments in PLGIT have received an AAA rating from Standard & Poor's, and investments at PNC Bank have received an A+ rating.

*Custodial credit risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Township does not have a formal investment policy for custodial credit risk. 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 94.7% in PLGIT investments, 4.5% 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

As of December 31, 2006, 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, 2006			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
Fixed income funds	\$ 1,342,670	\$ -	\$ 1,342,670 *	\$ -	\$ -
Total debt securities	\$ 1,342,670	\$ -	\$ 1,342,670	\$ -	\$ -
Cash and cash equivalents	1,953,479			* Estimated	
Mutual funds	9,718,780				
Total cash and other investments	11,672,259				
Total investments reported on statement of fiduciary net assets	\$ 13,014,929				

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, 2006, investments in corporate bonds have received the following ratings from Standard and Poor's:

**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%

**TOWNSHIP OF CRANBERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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*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 74.7% in mutual funds, 10.3% in fixed income funds, and 15.0% 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.

**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, 2006**

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**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.

**Golf Carts**

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, 2006 are as follows:

2007	\$ 58,080
	<u>\$ 58,080</u>

**NOTE 14 - SUPPLEMENTARY CASH FLOW INFORMATION**

The Golf Course Fund had non-cash capital and related financing transactions for 2006 relating to amortization of bond issuance costs and bond discounts charged to interest of \$21,244.

The Sewer Fund had non-cash capital and related financing transactions for 2006 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, 2006:

<u>Component Unit</u>	<u>Significant Transactions</u>
Cranberry Public Library, Inc.	The Township provided \$388,761 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, 2006**

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**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, 2006, the Township purchased substantially all of its water needs from The Municipal Authority of the Borough of West View at a cost of \$2,024,940.

**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, 2006, infrastructure assets contributed by developers amounted to \$2,531,429.

**TOWNSHIP OF CRANBERRY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND AND TRANSPORTATION IMPROVEMENT PROGRAM FUNDS**

YEAR ENDED DECEMBER 31, 2006

	GENERAL FUND				TRANSPORTATION IMPROVEMENT PROGRAM FUNDS			
				Variance with Final Budget - Favorable				Variance with Final Budget - Favorable
	Budgeted Amounts		Actual	(Unfavorable)	Budgeted Amounts		Actual	(Unfavorable)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Taxes	\$ 8,956,495	\$ 8,956,495	\$ 10,365,857	\$ 1,409,362	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	176,750	176,750	257,629	80,879	-	-	-	-
Fines and forfeitures	105,100	105,100	115,767	10,667	-	-	-	-
Interest, rents and royalties	77,002	77,002	270,476	193,474	37,500	37,500	147,337	109,837
Intergovernmental revenue	611,900	611,900	658,144	46,244	-	-	-	-
Developer contributions	-	-	362,649	362,649	1,250,000	1,250,000	922,114	(327,886)
Charges for services	1,368,400	1,368,400	1,754,823	386,423	-	-	-	-
Miscellaneous revenues	55,000	55,000	131,908	76,908	-	-	27,683	27,683
Total revenues	11,350,647	11,350,647	13,917,253	2,566,606	1,287,500	1,287,500	1,097,134	(190,366)
<b>EXPENDITURES</b>								
General government	2,196,559	2,196,559	2,201,660	(5,101)	-	-	-	-
Public safety	4,271,517	4,271,517	4,094,801	176,716	-	-	-	-
Health and welfare	132,500	132,500	126,194	6,306	-	-	-	-
Highways, roads and streets	2,141,472	2,141,472	1,783,653	357,819	2,200,000	2,212,689	862,668	1,350,021
Culture and recreation	1,233,578	1,233,578	1,245,743	(12,165)	-	-	-	-
Insurance and pension	249,600	249,600	234,098	15,502	-	-	-	-
Miscellaneous	60,000	60,000	8,707	51,293	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	1,205,054	1,205,054	801,849	403,205	-	-	-	-
Interest charges	-	-	461,936	(461,936)	-	-	-	-
Bond issuance costs	8,500	8,500	7,660	840	-	-	-	-
Total expenditures	11,498,780	11,498,780	10,966,301	532,479	2,200,000	2,212,689	862,668	1,350,021
Excess (deficiency) of revenues over expenditures	(148,133)	(148,133)	2,950,952	3,099,085	(912,500)	(925,189)	234,466	1,159,655
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	80,000	80,000	80,000	-	150,000	150,000	150,000	-
Transfers out	(695,000)	(1,665,000)	(1,665,000)	-	-	-	-	-
Total other financing sources (uses)	(615,000)	(1,585,000)	(1,585,000)	-	150,000	150,000	150,000	-
Net change in fund balance	\$ (763,133)	\$ (1,733,133)	1,365,952	\$ 3,099,085	\$ (762,500)	\$ (775,189)	384,466	\$ 1,159,655
<b>FUND BALANCE - JANUARY 1, 2006</b>			5,657,651				3,601,859	
<b>FUND BALANCE- DECEMBER 31, 2006</b>			\$ 7,023,603				\$ 3,986,325	

**TOWNSHIP OF CRANBERRY**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**

**DECEMBER 31, 2006**

	<u>SPECIAL REVENUE FUNDS</u>					<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Fire Protection Fund</u>	<u>Fire Capital Fund</u>	<u>Library Fund</u>	<u>Recreational Facilities Fund</u>	<u>Highway Aid Fund</u>	<u>Capital Projects Fund</u>	<u>Glen Eden Transportation Improvement Program Fund</u>	<u>Total Other Governmental Funds</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 4,063	\$ 2,709	\$ 2,708	\$ -	\$ -	\$ -	\$ -	\$ 9,480
Taxes and fees receivable	940	627	627	-	-	-	-	2,194
Investments	164,811	89,034	48,238	57,789	156,531	568,906	871,577	1,956,886
Due from other funds	4,201	2,881	2,881	1,300	-	400,000	-	411,263
Advances to other funds	-	-	-	-	-	-	321,897	321,897
Total assets	<u>\$ 174,015</u>	<u>\$ 95,251</u>	<u>\$ 54,454</u>	<u>\$ 59,089</u>	<u>\$ 156,531</u>	<u>\$ 968,906</u>	<u>\$ 1,193,474</u>	<u>\$ 2,701,720</u>
<b>LIABILITIES AND FUND BALANCE</b>								
Accounts payable and accrued expenses	\$ 8,100	\$ -	\$ 20	\$ -	\$ -	\$ 14,471	\$ -	\$ 22,591
Due to other funds	2,387	-	1,412	104,073	-	-	-	107,872
Fund balance - reserved	-	-	-	-	-	400,000	321,897	721,897
Fund balance - unreserved	<u>163,528</u>	<u>95,251</u>	<u>53,022</u>	<u>(44,984)</u>	<u>156,531</u>	<u>554,435</u>	<u>871,577</u>	<u>1,849,360</u>
Total liabilities and fund balance	<u>\$ 174,015</u>	<u>\$ 95,251</u>	<u>\$ 54,454</u>	<u>\$ 59,089</u>	<u>\$ 156,531</u>	<u>\$ 968,906</u>	<u>\$ 1,193,474</u>	<u>\$ 2,701,720</u>



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

**YEAR ENDED DECEMBER 31, 2006**

	<u>SPECIAL REVENUE FUNDS</u>					<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Fire Protection Fund</u>	<u>Fire Capital Fund</u>	<u>Library Fund</u>	<u>Recreational Facilities Fund</u>	<u>Highway Aid Fund</u>	<u>Capital Projects Fund</u>	<u>Glen Eden Transportation Improvement Program Fund</u>	<u>Total Other Governmental Funds</u>
<b>REVENUES</b>								
Taxes	\$ 360,559	\$ 240,391	\$ 240,391	\$ -	\$ -	\$ -	\$ -	\$ 841,341
Interest	15,539	14,983	9,625	89	23,716	11,240	54,768	129,960
Licenses, permits, and fees	-	-	-	55,000	-	-	-	55,000
Developer contributions	-	-	-	-	-	-	492,537	492,537
Intergovernmental revenues	-	11,864	-	-	496,552	200,000	-	708,416
Miscellaneous	-	-	-	-	-	99,138	-	99,138
Total revenues	<u>376,098</u>	<u>267,238</u>	<u>250,016</u>	<u>55,089</u>	<u>520,268</u>	<u>310,378</u>	<u>547,305</u>	<u>2,326,392</u>
<b>EXPENDITURES</b>								
Culture - recreation	-	-	243,411	-	-	-	-	243,411
Public safety	331,668	-	-	-	-	-	-	331,668
Highways, roads, and streets	-	-	-	-	705,010	-	-	705,010
Capital outlay	-	337,896	-	-	-	524,405	989,761	1,852,062
Debt service:								
Principal retirement	-	70,384	-	80,000	-	328,870	-	479,254
Interest charges	-	48,067	-	-	-	-	-	48,067
Total expenditures	<u>331,668</u>	<u>456,347</u>	<u>243,411</u>	<u>80,000</u>	<u>705,010</u>	<u>853,275</u>	<u>989,761</u>	<u>3,659,472</u>
Excess (deficiency) of revenues over expenditures	44,430	(189,109)	6,605	(24,911)	(184,742)	(542,897)	(442,456)	(1,333,080)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	-	-	-	-	-	-	-	-
Transfers in	-	120,000	-	68,318	-	1,150,000	-	1,338,318
Total other financing sources (uses)	-	120,000	-	68,318	-	1,150,000	-	1,338,318
<b>NET CHANGES IN FUND BALANCE</b>	44,430	(69,109)	6,605	43,407	(184,742)	607,103	(442,456)	5,238
<b>FUND BALANCE - JANUARY 1, 2006</b>	<u>119,098</u>	<u>164,360</u>	<u>46,417</u>	<u>(88,391)</u>	<u>341,273</u>	<u>347,332</u>	<u>1,635,930</u>	<u>2,566,019</u>
<b>FUND BALANCE - DECEMBER 31, 2006</b>	<u>\$ 163,528</u>	<u>\$ 95,251</u>	<u>\$ 53,022</u>	<u>\$ (44,984)</u>	<u>\$ 156,531</u>	<u>\$ 954,435</u>	<u>\$ 1,193,474</u>	<u>\$ 2,571,257</u>

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

**DECEMBER 31, 2006**

	<b>Swimming Pool <u>Fund</u></b>	<b>Total Non-Major Proprietary <u>Funds</u></b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 89	\$ 89
Investments	110,495	110,495
Accounts receivable:		
Customers - billed	6,177	6,177
Due from other funds	<u>10,677</u>	<u>10,677</u>
Total current assets	<u>127,438</u>	<u>127,438</u>
Non-current assets:		
Capital assets:		
Buildings	2,513,597	2,513,597
Machinery, equipment, and vehicles	26,244	26,244
Less: accumulated depreciation	<u>(917,922)</u>	<u>(917,922)</u>
Total non-current assets	<u>1,621,919</u>	<u>1,621,919</u>
<b>Total Assets</b>	<b><u>\$ 1,749,357</u></b>	<b><u>\$ 1,749,357</u></b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,250	\$ 1,250
Due to other funds	-	-
Deferred revenue	56	56
Compensated absences	900	900
Long-term debt - current portion	<u>68,867</u>	<u>68,867</u>
Total current liabilities	<u>71,073</u>	<u>71,073</u>
Non-current liabilities:		
Long-term debt - net of current maturities:		
General obligation bonds	<u>1,975,151</u>	<u>1,975,151</u>
Total non-current liabilities	<u>1,975,151</u>	<u>1,975,151</u>
<b>Total Liabilities</b>	<b><u>2,046,224</u></b>	<b><u>2,046,224</u></b>
<b>NET ASSETS</b>		
Invested in capital assets - net of related debt	(422,100)	(422,100)
Unrestricted	<u>125,233</u>	<u>125,233</u>
<b>Total Net Assets</b>	<b><u>\$ (296,867)</u></b>	<b><u>\$ (296,867)</u></b>

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

**YEAR ENDED DECEMBER 31, 2006**

	<b>Swimming Pool Fund</b>	<b>Total Non-Major Proprietary Funds</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 544,585	\$ 544,585
Miscellaneous revenues	<u>444</u>	<u>444</u>
Total operating revenues	<u>545,029</u>	<u>545,029</u>
<b>OPERATING EXPENSES</b>		
Salaries and wages	238,691	238,691
Payroll taxes	18,151	18,151
Employee benefits	6,124	6,124
Depreciation	101,972	101,972
Insurance and pension	12,730	12,730
Advertising	3,114	3,114
Uniforms	2,672	2,672
Materials and supplies	12,192	12,192
Chemicals	23,200	23,200
Telephone and utilities	62,409	62,409
Repairs and maintenance	70,281	70,281
Minor equipment rental and purchase	8,738	8,738
Concession and other products and services	62,387	62,387
Administrative expenses	<u>37,236</u>	<u>37,236</u>
Total operating expenses	<u>659,897</u>	<u>659,897</u>
Operating Income (loss)	<u>(114,868)</u>	<u>(114,868)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	13,459	13,459
Interest expense and debt issuance costs	<u>(73,900)</u>	<u>(73,900)</u>
Total non-operating revenues (expenses)	<u>(60,441)</u>	<u>(60,441)</u>
Income (loss) before contributions and transfers	(175,309)	(175,309)
<b>TRANSFERS IN</b>	150,000	150,000
<b>TRANSFERS OUT</b>	<u>(68,318)</u>	<u>(68,318)</u>
Change in net assets	(93,627)	(93,627)
<b>TOTAL NET ASSETS - JANUARY 1, 2006</b>	<u>(203,240)</u>	<u>(203,240)</u>
<b>TOTAL NET ASSETS - DECEMBER 31, 2006</b>	<u><u>\$ (296,867)</u></u>	<u><u>\$ (296,867)</u></u>

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

**YEAR ENDED DECEMBER 31, 2006**

	<b>Swimming Pool Fund</b>	<b>Total Non-Major Proprietary Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 544,380	\$ 544,380
Payments to suppliers	(319,716)	(319,716)
Payments to employees	(237,791)	(237,791)
Internal activity - net payments from (to) other funds	48,556	48,556
Other receipts (payments), net	<u>444</u>	<u>444</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>35,873</u>	<u>35,873</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating subsidies and transfers from (to) other funds, net	<u>81,682</u>	<u>81,682</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(16,817)	(16,817)
Principal paid on capital debt	(65,936)	(65,936)
Interest paid on capital debt	<u>(73,900)</u>	<u>(73,900)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(156,653)</u>	<u>(156,653)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	13,459	13,459
Net sales (purchases) of investments	<u>25,413</u>	<u>25,413</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>38,872</u>	<u>38,872</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(226)	(226)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>315</u>	<u>315</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u><u>\$ 89</u></u>	<u><u>\$ 89</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (114,868)	\$ (114,868)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	101,972	101,972
Change in assets and liabilities:		
Receivables, net	(205)	(205)
Due from other funds	67,690	67,690
Due to other funds	(19,134)	(19,134)
Compensated absences	900	900
Accounts payable and accrued expenses	<u>(482)</u>	<u>(482)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 35,873</u></u>	<u><u>\$ 35,873</u></u>