

TOWNSHIP OF CRANBERRY

BUTLER COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

TOWNSHIP OF CRANBERRY

DECEMBER 31, 2009

TABLE OF CONTENTS

| | PAGE |
|--|------|
| Independent Auditor's Report | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) | 3 |
| BASIC FINANCIAL STATEMENTS: | |
| <u>Government-Wide Financial Statements:</u> | |
| Statement of Net Assets | 14 |
| Statement of Activities | 15 |
| <u>Fund Financial Statements:</u> | |
| Balance Sheet - Governmental Funds | 16 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets | 17 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds | 18 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities | 19 |
| Statement of Net Assets - Proprietary Funds | 20 |
| Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds | 21 |
| Statement of Cash Flows - Proprietary Funds | 22 |
| Statement of Fiduciary Net Assets - Fiduciary Funds | 23 |
| Statement of Changes in Fiduciary Net Assets - Fiduciary Funds | 24 |
| NOTES TO THE FINANCIAL STATEMENTS | 25 |
| REQUIRED SUPPLEMENTARY INFORMATION: | |
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund and Transportation Improvement Program Funds | 52 |
| COMBINING STATEMENTS: | |
| Combining Balance Sheet - Other Governmental Funds | 53 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Other Governmental Funds | 54 |
| Combining Statement of Net Assets - Non-Major Proprietary Funds | 55 |
| Combining Statement of Revenues, Expenses, and Changes in Net Assets - Non-Major Proprietary Funds | 56 |
| Combining Statement of Cash Flows - Non-Major Proprietary Funds | 57 |



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 unit, each major fund, and the aggregate remaining fund information of the Township of Cranberry as of and for the year ended December 31, 2009, 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. 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, 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. 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 unit, each major fund, and the aggregate remaining fund information of the Township of Cranberry as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 13 and page 52, 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, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Fogle & Associates, LLC

September 29, 2010

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, 2009.

Financial Highlights

- The assets of Cranberry Township exceeded its liabilities at the close of the most recent fiscal year by \$70,055,779. Of this amount, \$31,607,592 may be used to meet the government's on-going obligations to citizens and creditors.
- Cranberry Township's net assets decreased by \$1,167,256.
- As of the close of the current fiscal year, Cranberry Township's governmental funds reported combined ending fund balances of \$21,207,619. 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 \$9,969,451.

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. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 and 15 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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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 fourteen 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, the transportation improvement program east fund, and the 2008 bond fund, all of which are considered to be major funds. Data from the other eleven 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 major funds – general fund, transportation improvement program east fund, and 2008 bond fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 through 19 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 of which 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 20 through 22 of this report.

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

The basic fiduciary fund financial statements can be found on pages 23 and 24 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 25 through 51 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 52 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 53 through 57 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 \$70,055,779 at the close of the most recent fiscal year. Of this amount, \$37,997,928 (or 55%) is accounted for by capital assets (e.g., land, buildings, and equipment), which includes some infrastructure and construction in progress, less any related debt used to acquire those assets that is still outstanding.

Cranberry Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Cranberry Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Cranberry Township's Net Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|---|--------------------------------|-------------------|---------------------------------|-------------------|--------------------|--------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current and other assets | 22,418,073 | 22,294,936 | 12,139,527 | 13,230,827 | 34,557,600 | 35,525,763 |
| Capital assets | 42,994,074 | 42,809,201 | 43,982,398 | 46,323,332 | 86,976,472 | 89,132,533 |
| Total assets | 65,412,147 | 65,104,137 | 56,121,925 | 59,554,159 | 121,534,072 | 124,658,296 |
| Current and other liabilities | 941,534 | 728,198 | 1,140,206 | 1,048,514 | 2,081,740 | 1,776,712 |
| Long term liabilities | 20,200,856 | 21,400,110 | 29,195,697 | 30,258,439 | 49,396,553 | 51,658,549 |
| Total liabilities | 21,142,390 | 22,128,308 | 30,335,903 | 31,306,953 | 51,478,293 | 53,435,261 |
| Net Assets: | | | | | | |
| Invested in capital assets, net of related debt | 23,062,138 | 21,762,159 | 14,935,790 | 16,222,485 | 37,997,928 | 37,984,644 |
| Restricted | | | 450,259 | 457,780 | 450,259 | 457,780 |
| Unrestricted | 21,207,619 | 21,213,670 | 10,399,973 | 11,566,941 | 31,607,592 | 32,780,611 |
| Total net assets | 44,269,757 | 42,975,829 | 25,786,022 | 28,247,206 | 70,055,779 | 71,223,035 |

A portion of Cranberry Township's net assets (less than 1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$31,607,592) 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, 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 \$1,293,928. Business-type activities decreased Cranberry Township's net assets by \$2,461,184, primarily due to depreciation and interest expenses. Key elements of these increases/decreases are as follows:

Cranberry Township's Changes in Net Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|-------------------|-------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | 2,583,723 | 3,724,493 | 12,339,165 | 13,896,903 | 14,922,888 | 17,621,396 |
| Operating grants | 1,336,818 | 1,282,588 | | | 1,336,818 | 1,282,588 |
| Capital grants | 2,128,183 | 4,209,222 | 222,166 | 279,638 | 2,350,349 | 4,488,860 |
| General revenues: | | | | | | |
| Property taxes | 5,032,183 | 4,690,206 | | | 5,032,183 | 4,690,206 |
| Earned income taxes | 4,760,424 | 4,649,969 | | | 4,760,424 | 4,649,969 |
| Other taxes | 3,291,232 | 2,520,991 | | | 3,291,232 | 2,520,991 |
| Interest and rents | 294,686 | 670,545 | 276,374 | 423,081 | 571,060 | 1,093,626 |
| Other | 122,653 | 128,919 | 78,335 | 108,944 | 200,988 | 237,863 |
| Transfers | (150,000) | (635,938) | 150,000 | 635,938 | | |
| Total revenues | 19,399,902 | 21,240,995 | 13,066,040 | 15,344,504 | 32,465,942 | 36,585,499 |
| Expenses: | | | | | | |
| General government | 3,562,308 | 4,201,102 | | | 3,562,308 | 4,201,102 |
| Public safety | 5,656,879 | 5,752,256 | | | 5,656,879 | 5,752,256 |
| Health & Welfare | 201,347 | 160,367 | | | 201,347 | 160,367 |
| Highways, roads, and streets | 4,588,212 | 4,885,250 | | | 4,588,212 | 4,885,250 |
| Culture & recreation | 2,897,488 | 1,652,582 | | | 2,897,488 | 1,652,582 |
| Insurance & | 206,176 | 203,285 | | | 206,176 | 203,285 |

| | | | | | | |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| pension | | | | | | |
| Miscellaneous | 91,719 | 89,884 | | | 91,719 | 89,884 |
| Interest on long-term debt | 901,845 | 707,738 | | | 901,845 | 707,738 |
| Water | | | 4,343,506 | 4,214,513 | 4,343,506 | 4,214,513 |
| Sewer | | | 6,542,688 | 6,034,370 | 6,542,688 | 6,034,370 |
| Golf Course | | | 2,356,791 | 2,330,166 | 2,356,791 | 2,330,166 |
| Solid Waste | | | 1,639,139 | 1,663,178 | 1,639,139 | 1,663,178 |
| Swimming Pool | | | 645,100 | 701,184 | 645,100 | 701,184 |
| Total Expenses | 18,105,974 | 17,652,464 | 15,527,224 | 14,943,411 | 33,633,198 | 32,595,875 |
| Change in net assets | 1,293,928 | 3,588,531 | (2,461,184) | 401,093 | (1,167,256) | 3,989,624 |
| Net assets-beginning | 42,975,829 | 39,387,298 | 28,247,206 | 27,846,113 | 71,223,035 | 67,233,411 |
| Net assets-ending | 44,269,757 | 42,975,829 | 25,786,022 | 28,247,206 | 70,055,779 | 71,223,035 |

The following table depicts revenues by source for governmental activities in 2009:

Revenues by Source - Governmental Activities

| | |
|----------------------|-------------|
| Charges for services | 13% |
| Operating grants | 6% |
| Capital grants | 11% |
| Property taxes | 26% |
| Earned income taxes | 24% |
| Other taxes | 17% |
| Interest and rents | 2% |
| Other | 1% |
| Total | 100% |

Government-wide revenues were primarily derived from property tax collections at 26% and earned income tax collections at 24% of the total. Other taxes (business privilege/mercantile tax and local services tax), at 17%, is the third largest source of revenue.

The following table depicts expenses by programs for governmental activities in 2009:

Expenses by Program - Governmental Activities

| | |
|-----------------------------|------|
| General government | 20% |
| Public safety | 31% |
| Health and welfare | 1% |
| Highways, roads and streets | 25% |
| Culture and recreation | 16% |
| Insurance and pension | 1% |
| Interest on long-term debt | 5% |
| Miscellaneous | 1% |
| Total | 100% |

Total expenses for all programs in 2009 were \$18,105,974. The expenses reflect the delivery of a wide range of services, with the largest being public safety at 31%. The second largest program is highways, roads, and streets at 25%. The program ranked third is general government at 20%.

The following table depicts the net program expenses/revenues by function/program for governmental activities for the period ending December 31, 2009:

Net Program Expenses/Revenues

| | |
|------------------------------|----------------|
| General government | \$ (906,124) |
| Public safety | (5,028,957) |
| Health and welfare | (201,347) |
| Highways, roads, and streets | (4,003,842) |
| Culture and recreation | (1,370,891) |
| Insurance and pension | 266,154 |
| Miscellaneous | 89,602 |
| Interest on long-term debt | (901,845) |
| Total | \$(12,057,250) |

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Public safety expenses required the most general fund revenue for support, needing approximately \$5 million in 2009. Highways, roads, and streets expenses required approximately \$4 million in general revenues for support. Interest on long-term debt needed \$901,845.

Business-type activities. Business-type activities decreased Cranberry Township's net assets by \$2,461,184. This was primarily due to depreciation and interest expense.

- Cranberry Township's customer base for sewer and water and solid waste continues to grow.
- 96% of revenue comes from charges for services, 2% of revenue comes from interest and rent, and 2% from capital grants and contributions.

Expenses and Program Revenues - Business-type Activities

| Program | Operating Revenue | Operating Expenses* |
|----------------|--------------------------|----------------------------|
| Sewer | 4,769,779 | 3,809,895 |
| Water | 3,724,553 | 3,890,787 |
| Golf Course | 1,878,974 | 1,493,354 |
| Solid Waste | 1,643,768 | 1,553,810 |
| Swimming Pool | 473,089 | 473,763 |

* 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 spendable 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 \$21.2 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 \$9,969,451. The fund balance for the general fund increased by \$1,542,707 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 \$4,459,427, the sewer fund \$5,266,990, the golf course fund \$221,123, the solid waste fund \$337,894 and the swimming pool fund \$114,539. 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

Revenues exceeded budgetary estimates by 20%. Increases in revenue can be seen in the Act 511 taxes as well as building permits. Expenditures were .5% over budget. There was no need to draw upon existing fund balance.

Capital Assets and Debt Administration

Capital assets. Cranberry Township's investment in capital assets for its governmental and business type activities as of December 31, 2009, amounts to \$86,976,472 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and infrastructure.

Summary of Cranberry Township's Capital Assets

| | Governmental Activities 2009 | Business-type Activities 2009 | Total |
|-------------------------------------|-------------------------------------|--------------------------------------|--------------------|
| Land | 9,409,596 | 3,335,597 | 12,745,193 |
| Construction in Progress | -0- | -0- | -0- |
| Total Non-Depreciable Assets | 9,409,596 | 3,335,597 | 12,745,193 |
| Buildings | 16,956,888 | 18,095,338 | 35,052,226 |
| Site Improvements | 3,128,580 | 4,237,891 | 7,366,471 |
| Machinery, Equipment, Vehicles | 9,046,598 | 17,931,689 | 26,978,287 |
| Infrastructure | 31,925,238 | 30,764,554 | 62,689,792 |
| Carts – in service | | 765,434 | 765,434 |
| Carts – not in service | | 74,853 | 74,853 |
| Total Depreciable Assets | 61,057,304 | 71,869,759 | 132,927,063 |
| Accumulated Depreciation | (27,472,826) | (31,222,958) | (58,695,784) |
| Total Depreciable Assets, Net | 33,584,478 | 40,646,801 | 74,231,279 |
| Total Capital Assets | 42,994,074 | 43,982,398 | 86,976,472 |

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 \$52,091,600. Cranberry Township's bond rating is Aa3 by Moody's Investor Service.

Cranberry Township's Outstanding Debt

| | Governmental Activities 2009 | Business-type Activities 2009 | Total |
|--------------------------|-------------------------------------|--------------------------------------|-------------------|
| General Obligation Bonds | 19,801,977 | 1,833,023 | 21,635,000 |
| Taxable Notes | -0- | -0- | -0- |
| Promissory Notes | 398,879 | 7,721 | 406,600 |
| Revenue Bonds | -0- | 30,050,000 | 30,050,000 |
| Total | 20,200,856 | 31,890,744 | 52,091,600 |

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, 2009 population of 28,980 estimated by Cranberry Township's Community Development Department reflects 23% growth over nine years from the 2000 census figure. Commercial growth continues to occur along Rt. 228 and Rt. 19. Residential growth continues throughout the Township. In 2009, 108 new housing units were built.

Employment opportunities are derived from within the Township as well as from the City of Pittsburgh (less than a half an hour from Cranberry). Cranberry Township is home to five of the top ten employers in Butler County. Almost 20,000 people work in Cranberry Township. The Township's two largest employers are Westinghouse Electric (corporate and research headquarters) 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.

2010 Budget Highlights

The 2010 General Fund budget continues to emphasize cost containment. Although the budget provides for expanding services to an ever increasing residential and non-residential base, the increases in expenses has been held to 2.1% over 2009 expenses. That is impressive in that the 2010 Budget assumes a 12% increase in insurance costs, a 20% increase in pension costs, and wage increases negotiated through collective bargaining. The 2010 Budget includes no property tax increase. All activities funded by the Township General Fund budget will focus on four core values, Efficiency, Employee Safety and Wellness, Communications, both externally and internally, as well as Customer Service. Specific activities will include continuing transportation improvements, technology enhancements, asset management, and infrastructure maintenance. The Township will also aggressively pursue all state and federal funding opportunities to enhance those initiatives.

As for the Township's business-type activities, the Township hired an independent contractor to conduct a rate study. Following the results of the study the Township put together a two year plan for increases to both sewer and water rates. Rates will increase in 2010 as well as 2011. There is no rate increase for monthly solid waste collection. 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.

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 Library Director, Cranberry Public Library, 2525 Rochester Road, Suite 300, Cranberry Township, PA 16066.

TOWNSHIP OF CRANBERRY
STATEMENT OF NET ASSETS

DECEMBER 31, 2009

| | PRIMARY GOVERNMENT | | | COMPONENT UNIT | |
|---|-------------------------|----------------------|--------------------------|-------------------|----------------|
| | Governmental Activities | | Business-type Activities | Total | Cranberry |
| | Activities | Activities | | | Public Library |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 855,622 | \$ 1,639,883 | \$ 2,495,505 | \$ 233,917 | |
| Investments | 18,616,434 | 7,705,224 | 26,321,658 | 328,681 | |
| Receivables: | | | | | |
| Taxes and fees | 2,658,421 | - | 2,658,421 | - | |
| Customers - billed | - | 909,766 | 909,766 | - | |
| Customers - unbilled | - | 1,150,124 | 1,150,124 | - | |
| Other | - | 26,971 | 26,971 | 5,648 | |
| Internal balances | (61,040) | 61,040 | - | - | |
| Prepaid expenses | 79,716 | - | 79,716 | - | |
| Inventory | - | 47,171 | 47,171 | - | |
| Restricted assets: | | | | | |
| Investment - debt service fund | - | 450,004 | 450,004 | - | |
| Investment - sinking fund | - | 255 | 255 | - | |
| Capital assets, net: | | | | | |
| Nondepreciable | 9,409,596 | 3,335,597 | 12,745,193 | - | |
| Depreciable | 33,584,478 | 40,646,801 | 74,231,279 | 208,403 | |
| Other assets, net: | | | | | |
| Unamortized bond issue costs and bond discounts | 268,920 | 149,089 | 418,009 | - | |
| Total Assets | 65,412,147 | 56,121,925 | 121,534,072 | 776,649 | |
| LIABILITIES | | | | | |
| Accounts payable and accrued expenses | 723,715 | 498,200 | 1,221,915 | 9,256 | |
| Deferred revenue | 52,341 | 434,992 | 487,333 | - | |
| Security deposits | - | 124,379 | 124,379 | - | |
| Compensated absences | 165,478 | 82,635 | 248,113 | - | |
| Long-term liabilities: | | | | | |
| Due within a year | 949,571 | 1,423,625 | 2,373,196 | - | |
| Due in more than one year | 19,251,285 | 27,772,072 | 47,023,357 | - | |
| Total Liabilities | 21,142,390 | 30,335,903 | 51,478,293 | 9,256 | |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 23,062,138 | 14,935,790 | 37,997,928 | 208,403 | |
| Restricted | - | 450,259 | 450,259 | - | |
| Unrestricted | 21,207,619 | 10,399,973 | 31,607,592 | 558,990 | |
| Total Net Assets | \$ 44,269,757 | \$ 25,786,022 | \$ 70,055,779 | \$ 767,393 | |

TOWNSHIP OF CRANBERRY
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

| Functions / Programs | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Assets | | | | Component Unit Cranberry Public Library | |
|--------------------------------------|-------------------------|------------------------------------|---|---|---|----------------------|---------------------|--------------------|---|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | | | |
| | | Governmental Activities | Business-type Activities | Total | | | | | | |
| Primary Government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 3,562,308 | \$ 1,374,231 | \$ 89,856 | \$ 1,192,097 | \$ (906,124) | \$ - | \$ (906,124) | \$ - | | |
| Public safety | 5,656,879 | 416,114 | 211,808 | - | (5,028,957) | - | (5,028,957) | - | | |
| Health and welfare | 201,347 | - | - | - | (201,347) | - | (201,347) | - | | |
| Highways, roads, and streets | 4,588,212 | 21,546 | 562,824 | | (4,003,842) | - | (4,003,842) | - | | |
| Culture and recreation | 2,897,488 | 590,511 | - | 936,086 | (1,370,891) | - | (1,370,891) | - | | |
| Insurance and pension | 206,176 | - | 472,330 | - | 266,154 | - | 266,154 | - | | |
| Miscellaneous | 91,719 | 181,321 | - | - | 89,602 | - | 89,602 | - | | |
| Interest on long-term debt | 901,845 | - | - | - | (901,845) | - | (901,845) | - | | |
| Total governmental activities | <u>18,105,974</u> | <u>2,583,723</u> | <u>1,336,818</u> | <u>2,128,183</u> | <u>(12,057,250)</u> | <u>-</u> | <u>(12,057,250)</u> | <u>-</u> | | |
| Business-type activities: | | | | | | | | | | |
| Water | 4,343,506 | 3,675,970 | - | - | - | (667,536) | (667,536) | - | | |
| Sewer | 6,542,688 | 4,712,556 | - | - | - | (1,830,132) | (1,830,132) | - | | |
| Golf course | 2,356,791 | 1,878,974 | - | - | - | (477,817) | (477,817) | - | | |
| Solid waste | 1,639,139 | 1,598,770 | - | 222,166 | - | 181,797 | 181,797 | - | | |
| Other | 645,100 | 472,895 | - | - | - | (172,205) | (172,205) | - | | |
| Total business-type activities | <u>15,527,224</u> | <u>12,339,165</u> | <u>-</u> | <u>222,166</u> | <u>-</u> | <u>(2,965,893)</u> | <u>(2,965,893)</u> | <u>-</u> | | |
| Total primary government | <u>\$ 33,633,198</u> | <u>\$ 14,922,888</u> | <u>\$ 1,336,818</u> | <u>\$ 2,350,349</u> | <u>(12,057,250)</u> | <u>(2,965,893)</u> | <u>(15,023,143)</u> | <u>-</u> | | |
| Component Unit: | | | | | | | | | | |
| Cranberry Public Library | <u>\$ 676,548</u> | <u>\$ -</u> | <u>\$ 628,870</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (47,678)</u> | | |
| General revenues: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | | | | 5,032,183 | - | 5,032,183 | - | | | |
| Earned income taxes | | | | 4,760,424 | - | 4,760,424 | - | | | |
| Business privilege taxes | | | | 2,071,369 | - | 2,071,369 | - | | | |
| Local services taxes | | | | 1,219,863 | - | 1,219,863 | - | | | |
| Fines and forfeitures | | | | 122,653 | - | 122,653 | 41,392 | | | |
| Interest, rents, and royalties | | | | 294,686 | 276,374 | 571,060 | 72,195 | | | |
| Other | | | | - | 78,335 | 78,335 | 3,145 | | | |
| Transfers | | | | (150,000) | 150,000 | - | - | | | |
| Total general revenues and transfers | | | | <u>13,351,178</u> | <u>504,709</u> | <u>13,855,887</u> | <u>116,732</u> | | | |
| Change in net assets | | | | 1,293,928 | (2,461,184) | (1,167,256) | 69,054 | | | |
| Net assets at beginning of year | | | | <u>42,975,829</u> | <u>28,247,206</u> | <u>71,223,035</u> | <u>698,339</u> | | | |
| Net assets at end of year | | | | <u>\$ 44,269,757</u> | <u>\$ 25,786,022</u> | <u>\$ 70,055,779</u> | <u>\$ 767,393</u> | | | |

TOWNSHIP OF CRANBERRY
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2009

| | Transportation Improvement Program General Fund | East Fund | 2008 Bond Fund | Other Governmental Funds | Total Governmental Funds |
|---|--|----------------------------|-------------------------------|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 797,180 | \$ - | \$ - | \$ 58,442 | \$ 855,622 |
| Investments | 7,757,927 | 5,539,901 | 77,402 | 5,241,204 | 18,616,434 |
| Taxes and fees receivable | 2,656,507 | - | - | 1,914 | 2,658,421 |
| Due from other funds | 75,820 | - | - | 20,402 | 96,222 |
| Prepaid expenses | 75,392 | - | - | 4,324 | 79,716 |
| Advances to other funds | <u>-</u> | <u>197,925</u> | <u>-</u> | <u>197,925</u> | <u>395,850</u> |
| Total Assets | <u>\$ 11,362,826</u> | <u>\$ 5,737,826</u> | <u>\$ 77,402</u> | <u>\$ 5,524,211</u> | <u>\$ 22,702,265</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued expenses | \$ 655,941 | \$ 32,040 | \$ - | \$ 35,733 | \$ 723,714 |
| Due to other funds | 519,615 | - | - | 33,498 | 553,113 |
| Deferred revenue | 52,341 | - | - | - | 52,341 |
| Compensated absences | <u>165,478</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>165,478</u> |
| Total Liabilities | <u>1,393,375</u> | <u>32,040</u> | <u>-</u> | <u>69,231</u> | <u>1,494,646</u> |
| Fund Balance: | | | | | |
| Reserved | - | 197,925 | - | 197,925 | 395,850 |
| Unreserved | 9,969,451 | 5,507,861 | 77,402 | - | 15,554,714 |
| Unreserved, reported in non-major: | | | | | |
| Special revenue funds | - | - | - | 4,136,450 | 4,136,450 |
| Capital projects funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,120,605</u> | <u>1,120,605</u> |
| Total Fund Balance | <u>9,969,451</u> | <u>5,705,786</u> | <u>77,402</u> | <u>5,454,980</u> | <u>21,207,619</u> |
| Total Liabilities and Fund Balance | <u>\$ 11,362,826</u> | <u>\$ 5,737,826</u> | <u>\$ 77,402</u> | <u>\$ 5,524,211</u> | <u>\$ 22,702,265</u> |

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

DECEMBER 31, 2009

| | |
|---|---------------------|
| Total Fund Balance - Governmental Funds | \$21,207,619 |
| 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. | 42,994,074 |
| 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. | 268,920 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(20,200,856)</u> |
| Net Assets - Governmental Activities | <u>\$44,269,757</u> |

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

YEAR ENDED DECEMBER 31, 2009

| | Transportation Improvement Program | 2008 Bond Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|-------------------------------|---|---|
| | General Fund | East Fund | Governmental Funds | Governmental Funds |
| REVENUES | | | | |
| Taxes | \$ 12,199,270 | \$ - | \$ 884,569 | \$ 13,083,839 |
| Licenses, permits, and fees | 348,406 | - | 87,047 | 435,453 |
| Fines and forfeitures | 122,653 | - | - | 122,653 |
| Interest, rents, and royalties | 149,431 | 92,049 | 12,869 | 294,686 |
| Intergovernmental revenue | 694,293 | - | - | 562,824 |
| Contributions and grants | 1,054,886 | 446,677 | - | 2,207,884 |
| Charges for services | 1,966,949 | - | - | 1,966,949 |
| Miscellaneous | 115,876 | - | 65,445 | 181,321 |
| Total revenues | 16,651,764 | 538,726 | 12,869 | 2,346,543 |
| | | | | 19,549,902 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 2,516,049 | - | - | 2,516,049 |
| Public safety | 5,137,202 | - | 357,106 | 5,494,308 |
| Health and welfare | 201,347 | - | - | 201,347 |
| Highways, roads and streets | 2,368,449 | 153,407 | 868,732 | 3,390,588 |
| Culture and recreation | 1,758,774 | - | 258,677 | 2,017,451 |
| Insurance and pension | 206,176 | - | - | 206,176 |
| Miscellaneous | 17,288 | - | 74,568 | 91,856 |
| Debt service: | | | | |
| Principal retirement | 953,203 | - | 245,917 | 1,199,120 |
| Interest charges | 799,282 | - | 11,512 | 810,794 |
| Bond issuance costs | 6,900 | - | - | 6,900 |
| Capital outlay | - | 325,083 | 2,391,871 | 754,410 |
| Total expenditures | 13,964,670 | 478,490 | 2,391,871 | 2,570,922 |
| | | | | 19,405,953 |
| Excess (deficiency) of revenues over expenditures | 2,687,094 | 60,236 | (2,379,002) | (224,379) |
| | | | | 143,949 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from general obligation debt | - | - | - | - |
| Discounts on general obligation debt | - | - | - | - |
| Transfers in | 95,000 | - | 994,387 | 1,089,387 |
| Transfers out | (1,239,387) | - | - | (1,239,387) |
| Total other financing sources (uses) | (1,144,387) | - | - | 994,387 |
| | | | | (150,000) |
| NET CHANGES IN FUND BALANCE | 1,542,707 | 60,236 | (2,379,002) | 770,008 |
| FUND BALANCE - JANUARY 1, 2009 | 8,426,744 | 5,645,550 | 2,456,404 | 4,684,972 |
| FUND BALANCE - DECEMBER 31, 2009 | \$ 9,969,451 | \$ 5,705,786 | \$ 77,402 | \$ 5,454,980 |
| | | | | \$ 21,207,619 |

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

DECEMBER 31, 2009

Net Changes in Fund Balance - Total Governmental Funds \$ (6,051)

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.

184,873

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

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.

1,115,106

Change in Net Assets - Governmental Activities \$ 1,293,928

TOWNSHIP OF CRANBERRY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

DECEMBER 31, 2009

| | MAJOR FUNDS | | | | NON-MAJOR FUNDS | Total |
|--|-----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|
| | Water | Sewer | Golf Course | Solid Waste | | |
| | ASSETS | | | | | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 1,636,679 | \$ - | \$ 3,125 | \$ 79 | \$ - | \$ 1,639,883 |
| Investments | 2,027,694 | 4,283,591 | 309,356 | 916,268 | 168,315 | 7,705,224 |
| Accounts receivable: | | | | | | |
| Customers - billed | 317,752 | 427,234 | - | 164,780 | - | 909,766 |
| Customers - unbilled | 604,234 | 545,890 | - | - | - | 1,150,124 |
| Other | 26,971 | - | - | - | - | 26,971 |
| Due from other funds | 240,289 | 189,081 | - | 48,828 | 8,794 | 486,992 |
| Inventory | - | - | 47,171 | - | - | 47,171 |
| Total current assets | <u>4,853,619</u> | <u>5,445,796</u> | <u>359,652</u> | <u>1,129,955</u> | <u>177,109</u> | <u>11,966,131</u> |
| Non-current assets: | | | | | | |
| Restricted assets: | | | | | | |
| Investment - debt service fund | - | 4 | 450,000 | - | - | 450,004 |
| Investment - bond sinking fund | - | - | 255 | - | - | 255 |
| Capital assets: | | | | | | |
| Land | 91,517 | 140,633 | 3,103,447 | - | - | 3,335,597 |
| Construction in progress | - | - | - | - | - | - |
| Buildings | 3,856,814 | 8,761,842 | 2,963,085 | - | 2,513,597 | 18,095,338 |
| Site improvements | 346,146 | 269,103 | 3,622,642 | - | - | 4,237,891 |
| Machinery, equipment, and vehicles | 1,113,321 | 15,600,149 | 1,127,222 | 64,753 | 26,244 | 17,931,689 |
| Infrastructure | 12,770,541 | 17,994,013 | - | - | - | 30,764,554 |
| Carts - in service | - | - | - | 765,434 | - | 765,434 |
| Carts - not in service | - | - | - | 74,853 | - | 74,853 |
| Less: accumulated depreciation | (6,887,834) | (19,785,280) | (2,971,245) | (354,384) | (1,224,215) | (31,222,958) |
| Other assets: | | | | | | |
| Unamortized bond issue costs | - | 96,213 | 52,876 | - | - | 149,089 |
| Total non-current assets | <u>11,290,505</u> | <u>23,076,677</u> | <u>8,348,282</u> | <u>550,656</u> | <u>1,315,626</u> | <u>44,581,746</u> |
| Total Assets | <u>\$ 16,144,124</u> | <u>\$ 28,522,473</u> | <u>\$ 8,707,934</u> | <u>\$ 1,680,611</u> | <u>\$ 1,492,735</u> | <u>\$ 56,547,877</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$ 221,307 | \$ 148,102 | \$ 11,428 | \$ 115,899 | \$ 1,464 | \$ 498,200 |
| Due to other funds | 14,804 | - | 12,264 | 1,880 | 1,153 | 30,101 |
| Deferred revenue | - | - | 101,503 | 275,264 | 58,225 | 434,992 |
| Security deposits | 124,379 | - | - | - | - | 124,379 |
| Compensated absences | 33,702 | 30,704 | 13,334 | 3,167 | 1,728 | 82,635 |
| Long-term debt - current portion | - | 932,721 | 255,000 | - | 235,904 | 1,423,625 |
| Total current liabilities | <u>394,192</u> | <u>1,111,527</u> | <u>393,529</u> | <u>396,210</u> | <u>298,474</u> | <u>2,593,932</u> |
| Non-current liabilities: | | | | | | |
| Long-term debt - net of current maturities: | | | | | | |
| General obligation bonds | - | - | - | - | 1,597,119 | 1,597,119 |
| Revenue bonds | - | 20,220,000 | 8,650,000 | - | - | 28,870,000 |
| Notes payable | - | - | - | - | - | - |
| Advances from other funds | - | - | - | 395,851 | - | 395,851 |
| Deferred loss on early retirement of debt | - | (1,829,398) | (467,310) | - | - | (2,296,708) |
| Unamortized bond discount | - | (314,636) | (39,688) | - | - | (354,324) |
| Unamortized underwriter's discount | - | - | (44,015) | - | - | (44,015) |
| Total non-current liabilities | <u>-</u> | <u>18,075,966</u> | <u>8,098,987</u> | <u>395,851</u> | <u>1,597,119</u> | <u>28,167,923</u> |
| Total Liabilities | <u>\$ 394,192</u> | <u>\$ 19,187,493</u> | <u>\$ 8,492,516</u> | <u>\$ 792,061</u> | <u>\$ 1,895,593</u> | <u>\$ 30,761,855</u> |
| NET ASSETS | | | | | | |
| Invested in capital assets - net of related debt | \$ 11,290,505 | \$ 4,067,986 | \$ (455,960) | \$ 550,656 | \$ (517,397) | \$ 14,935,790 |
| Restricted for debt retirement | - | 4 | 450,255 | - | - | 450,259 |
| Unrestricted | 4,459,427 | 5,266,990 | 221,123 | 337,894 | 114,539 | 10,399,973 |
| Total Net Assets | <u>\$ 15,749,932</u> | <u>\$ 9,334,980</u> | <u>\$ 215,418</u> | <u>\$ 888,550</u> | <u>\$ (402,858)</u> | <u>\$ 25,786,022</u> |

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

YEAR ENDED DECEMBER 31, 2009

| | MAJOR FUNDS | | | | NON-MAJOR FUNDS | Total |
|--|----------------------|---------------------|--------------------|--------------------|------------------------|----------------------|
| | Water | Sewer | Golf Course | Solid Waste | | |
| | Water | Sewer | Golf Course | Solid Waste | | |
| OPERATING REVENUES | | | | | | |
| Charges for services | \$ 3,675,970 | \$ 4,712,556 | \$ 1,878,974 | \$ 1,598,770 | \$ 472,895 | \$ 12,339,165 |
| Penalties and interest | 27,529 | 31,589 | - | 13,545 | - | 72,663 |
| Miscellaneous revenues | 21,054 | 25,634 | - | 31,453 | 194 | 78,335 |
| Total operating revenues | <u>3,724,553</u> | <u>4,769,779</u> | <u>1,878,974</u> | <u>1,643,768</u> | <u>473,089</u> | <u>12,490,163</u> |
| OPERATING EXPENSES | | | | | | |
| Salaries and wages and related taxes | 838,962 | 1,211,421 | 654,230 | 96,780 | 216,096 | 3,017,489 |
| Employee benefits and related taxes | 160,664 | 212,599 | 69,862 | 20,032 | 7,295 | 470,452 |
| Depreciation | 452,719 | 1,563,832 | 452,880 | 78,438 | 101,928 | 2,649,797 |
| Insurance and pension | 134,479 | 201,889 | 87,271 | 8,525 | 15,665 | 447,829 |
| Advertising | - | - | 4,539 | 2,024 | - | 6,563 |
| Dues and subscriptions | 320 | - | 3,458 | 125 | - | 3,903 |
| Conferences and training | - | 288 | - | 846 | - | 1,134 |
| Postage and shipping | 9,416 | 9,415 | 254 | 7,093 | 298 | 26,476 |
| Printing and reproduction | 2,153 | 2,153 | - | 17,606 | 1,327 | 23,239 |
| Uniforms | 2,770 | 8,349 | 3,390 | - | - | 14,509 |
| Materials and supplies | 54,696 | 137,029 | 118,806 | 4,094 | 22,649 | 337,274 |
| Collection and disposal cost | - | - | - | 1,385,665 | - | 1,385,665 |
| Water purchase | 2,072,932 | - | - | - | - | 2,072,932 |
| Chemicals | - | 622,074 | 126,364 | - | 20,555 | 768,993 |
| Laboratory | - | 36,171 | - | - | - | 36,171 |
| Telephone and utilities | 68,719 | 582,644 | 41,351 | - | 69,012 | 761,726 |
| Repairs and maintenance | 13,792 | 157,630 | 4,168 | - | 1,994 | 177,584 |
| Minor equipment rental and purchase | 317,117 | 125,731 | 2,203 | - | 8,816 | 453,867 |
| Vehicle expense | 23,399 | 24,470 | - | - | - | 47,869 |
| Professional and other services | 187,921 | 478,032 | 206,146 | - | 42,196 | 914,295 |
| Concession and other products and services | - | - | 171,312 | - | 36,995 | 208,307 |
| Miscellaneous expenses | 3,447 | - | - | 11,020 | - | 14,467 |
| Administrative expenses | - | - | - | - | 30,865 | 30,865 |
| Total operating expenses | <u>4,343,506</u> | <u>5,373,727</u> | <u>1,946,234</u> | <u>1,632,248</u> | <u>575,691</u> | <u>13,871,406</u> |
| Operating Income (loss) | <u>(618,953)</u> | <u>(603,948)</u> | <u>(67,260)</u> | <u>11,520</u> | <u>(102,602)</u> | <u>(1,381,243)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | |
| Interest income | 21,039 | 54,084 | 4,539 | 4,068 | 697 | 84,427 |
| Rental income | 119,284 | - | - | - | - | 119,284 |
| Grant revenue | - | - | - | 222,166 | - | 222,166 |
| Other income | - | - | - | - | - | - |
| Interest expense and debt issuance costs | - | (1,168,961) | (410,557) | (6,891) | (69,409) | (1,655,818) |
| Total non-operating revenues (expenses) | <u>140,323</u> | <u>(1,114,877)</u> | <u>(406,018)</u> | <u>219,343</u> | <u>(68,712)</u> | <u>(1,229,941)</u> |
| Income (loss) before contributions and transfers | <u>(478,630)</u> | <u>(1,718,825)</u> | <u>(473,278)</u> | <u>230,863</u> | <u>(171,314)</u> | <u>(2,611,184)</u> |
| CAPITAL CONTRIBUTIONS | | | | | | |
| TRANSFERS IN | | | | | | |
| TRANSFERS OUT | | | | | | |
| Change in net assets | (516,630) | (1,775,825) | (378,278) | 230,863 | (21,314) | (2,461,184) |
| TOTAL NET ASSETS - JANUARY 1, 2009 | <u>16,266,562</u> | <u>11,110,805</u> | <u>593,696</u> | <u>657,687</u> | <u>(381,544)</u> | <u>28,247,206</u> |
| TOTAL NET ASSETS - DECEMBER 31, 2009 | <u>\$ 15,749,932</u> | <u>\$ 9,334,980</u> | <u>\$ 215,418</u> | <u>\$ 888,550</u> | <u>\$ (402,858)</u> | <u>\$ 25,786,022</u> |

TOWNSHIP OF CRANBERRY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2009

| | MAJOR FUNDS | | | | NON-MAJOR FUNDS | Total |
|---|---------------------|---------------------|-------------------|--------------------|------------------|---------------------|
| | Water | Sewer | Golf Course | Solid Waste | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from customers | \$ 3,914,382 | \$ 5,236,400 | \$ 1,891,234 | \$ 1,637,425 | \$ 531,120 | \$ 13,210,561 |
| Payments to suppliers | (3,105,933) | (2,641,962) | (890,310) | (1,466,217) | (272,869) | (8,377,291) |
| Payments to employees | (771,874) | (1,111,198) | (602,728) | (91,851) | (200,707) | (2,778,358) |
| Internal activity - net payments from (to) other funds | (284,482) | 465,558 | (25,870) | (173,067) | (4,906) | (22,767) |
| Other receipts (payments), net | (46,557) | 25,634 | - | 31,453 | 194 | 10,724 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (294,464) | 1,974,432 | 372,326 | (62,257) | 52,832 | 2,042,869 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Operating subsidies and transfers from (to) other funds, net | (38,000) | (57,000) | 95,000 | - | 150,000 | 150,000 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | (38,000) | (57,000) | 95,000 | - | 150,000 | 150,000 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Acquisition and construction of capital assets | (12,698) | (296,165) | - | - | - | (308,863) |
| Principal paid on capital debt | - | (905,128) | (245,000) | - | (71,797) | (1,221,925) |
| Interest paid on capital debt | - | (1,028,945) | (382,887) | (6,891) | (69,409) | (1,488,132) |
| Proceeds from capital refunding debt | - | - | - | - | - | - |
| Grants | - | - | - | 222,166 | - | 222,166 |
| Other receipts (payments) | - | - | - | - | - | - |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (12,698) | (2,230,238) | (627,887) | 215,275 | (141,206) | (2,796,754) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Interest income | 21,039 | 54,084 | 4,539 | 4,068 | 697 | 84,427 |
| Rental income | 119,284 | - | - | - | - | 119,284 |
| Net sales (purchases) of investments | 135,510 | 258,722 | 148,491 | (157,503) | (62,609) | 322,611 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 275,833 | 312,806 | 153,030 | (153,435) | (61,912) | 526,322 |
| NET INCREASE (DECREASE) IN CASH | (69,329) | - | (7,531) | (417) | (286) | (77,563) |
| CASH AND CASH EQUIVALENTS - BEGINNING | 1,706,008 | - | 10,656 | 496 | 286 | 1,717,446 |
| CASH AND CASH EQUIVALENTS - ENDING | \$ 1,636,679 | \$ - | \$ 3,125 | \$ 79 | \$ - | \$ 1,639,883 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | | |
| Operating income (loss) | \$ (618,953) | \$ (603,948) | \$ (67,260) | \$ 11,520 | \$ (102,602) | \$ (1,381,243) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Depreciation expense | 452,719 | 1,563,832 | 452,880 | 78,438 | 101,928 | 2,649,797 |
| Change in assets and liabilities: | | | | | | |
| Receivables, net | 210,883 | 492,255 | - | 11,646 | - | 714,784 |
| Due from other funds | (227,702) | 514,606 | 2 | (30,364) | 7,322 | 263,864 |
| Inventories | - | - | (9,394) | - | - | (9,394) |
| Due to other funds | (56,780) | (49,048) | (25,872) | (58,822) | (12,228) | (202,750) |
| Accounts payable and accrued expenses | 12,191 | 57,743 | 8,413 | (211) | 46 | 78,182 |
| Security deposits | (67,611) | - | - | - | - | (67,611) |
| Compensated absences | 789 | (1,008) | 1,297 | (4,047) | 141 | (2,828) |
| Advances from other funds | - | - | - | (83,881) | - | (83,881) |
| Deferred revenue | - | - | 12,260 | 13,464 | 58,225 | 83,949 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ (294,464) | \$ 1,974,432 | \$ 372,326 | \$ (62,257) | \$ 52,832 | \$ 2,042,869 |

Supplementary Information:

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Infrastructure contributed by developers \$ _____ - \$ _____ - \$ _____ - \$ _____ - \$ _____ - \$ _____ -

TOWNSHIP OF CRANBERRY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

DECEMBER 31, 2009

| | <u>Police Pension Fund</u> | <u>Municipal Employees' Pension Fund</u> | <u>Township Deferred Compensation Fund</u> | Total Pension (and other employee benefit) <u>Trust Funds</u> |
|---|------------------------------------|--|--|--|
| ASSETS | | | | |
| Interest receivable | \$ 18,319 | \$ 6,414 | \$ - | \$ 24,733 |
| Investments | 6,600,391 | 2,879,320 | 5,474,012 | 14,953,723 |
| Loans to participants | <u>-</u> | <u>-</u> | <u>175,491</u> | <u>175,491</u> |
| Total assets | <u>\$ 6,618,710</u> | <u>\$ 2,885,734</u> | <u>\$ 5,649,503</u> | <u>\$ 15,153,947</u> |
| NET ASSETS | | | | |
| Held in trust for pension benefits and other purposes | <u>\$ 6,618,710</u> | <u>\$ 2,885,734</u> | <u>\$ 5,649,503</u> | <u>\$ 15,153,947</u> |

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

YEAR ENDED DECEMBER 31, 2009

| | <u>Police Pension Fund</u> | <u>Municipal Employees' Pension Fund</u> | <u>Township Deferred Compensation Fund</u> | <u>Total Pension (and other employee benefit)</u> | <u>Trust Funds</u> |
|---|------------------------------------|--|--|---|--------------------|
| ADDITIONS | | | | | |
| Contributions: | | | | | |
| Employer | \$ - | \$ - | \$ 218,596 | \$ 218,596 | |
| Plan members | 97,884 | - | 395,285 | 493,169 | |
| Plan member rollovers and transfers in | - | - | 3,195 | 3,195 | |
| Intergovernmental revenues | <u>274,389</u> | <u>268,577</u> | - | 542,966 | |
| Total contributions | <u>372,273</u> | <u>268,577</u> | <u>617,076</u> | <u>1,257,926</u> | |
| Investment earnings: | | | | | |
| Net increase in fair value of investments | 1,172,932 | 495,346 | 1,112,057 | 2,780,335 | |
| Interest and dividends | <u>151,133</u> | <u>59,753</u> | <u>9,041</u> | <u>219,927</u> | |
| Total investment earnings | <u>1,324,065</u> | <u>555,099</u> | <u>1,121,098</u> | <u>3,000,262</u> | |
| Total additions | <u>1,696,338</u> | <u>823,676</u> | <u>1,738,174</u> | <u>4,258,188</u> | |
| DEDUCTIONS | | | | | |
| Net decrease in fair value of investments | - | - | - | - | |
| Benefits | 241,372 | 25,424 | 9,601 | 276,397 | |
| Other distributions and transfers out | - | - | - | - | |
| Administration and miscellaneous | <u>27,382</u> | <u>-</u> | <u>2,625</u> | <u>30,007</u> | |
| Total deductions | <u>268,754</u> | <u>25,424</u> | <u>12,226</u> | <u>306,404</u> | |
| Change in net assets | 1,427,584 | 798,252 | 1,725,948 | 3,951,784 | |
| NET ASSETS - BEGINNING OF THE YEAR | <u>5,191,126</u> | <u>2,087,482</u> | <u>3,923,555</u> | <u>11,202,163</u> | |
| NET ASSETS - END OF THE YEAR | <u>\$ 6,618,710</u> | <u>\$ 2,885,734</u> | <u>\$ 5,649,503</u> | <u>\$ 15,153,947</u> | |

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 retroactively reported all infrastructure (assets acquired prior to January 1, 2003) by the fiscal year ended December 31, 2007.

A. REPORTING ENTITY

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

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

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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, golf course, and solid waste services 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.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

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. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. 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, 2009

C. BASIC FINANCIAL STATEMENTS—FUND FINANCIAL STATEMENTS

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

The following fund types are used by the Township:

1. Governmental Funds:

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

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

2. Proprietary Funds:

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

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

3. Fiduciary Funds:

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

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

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 60 days after year end. However, for certain revenues such as taxes, accruals are estimated based on prior collection history. 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 90 days 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, 2009

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 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 has since implemented the retroactive infrastructure provisions for the remaining infrastructure assets.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

6. Expenditures/Expenses:

Expenditures/expenses 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. Operating expenses in proprietary funds are those expenses that are essential to the primary operations of the fund. All other proprietary fund expenses are reported as non-operating expenses.

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 funds 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, 2009

11. Reclassifications:

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

12. Pending Pronouncements:

The Governmental Accounting Standards Board has issued Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”, effective for periods beginning after June 15, 2010. This statement provides clearer, more structured fund balance classifications and clarifies the definitions of existing governmental fund types. The effect of implementation of this statement has not yet been determined by the Township.

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 2009 was 14.20 mills applied to an assessable base of \$343,532,902.

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 December 31

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable/payable balances as of December 31, 2009 are as follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|--|----------------------------------|-------------------------------|
| Major Funds: | | |
| General fund | \$ 75,820 | \$ 519,615 |
| Transportation improvement program east fund | - | - |
| 2008 Bond Fund | - | - |
| Water | 240,289 | 14,804 |
| Sewer | 189,081 | - |
| Golf course | - | 12,264 |
| Solid waste | 48,828 | 1,880 |
| Non-major governmental funds | 20,402 | 33,498 |
| Non-major proprietary funds | <u>8,794</u> | <u>1,153</u> |
| | <u><u>\$ 583,214</u></u> | <u><u>\$ 583,214</u></u> |

A summary of interfund transfers during the year ended December 31, 2009 is as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------------|----------------------------|----------------------------|
| Major Funds: | | |
| General fund | \$ 95,000 | \$ 1,239,387 |
| 2008 Bond Fund | - | - |
| Water | - | 38,000 |
| Sewer | - | 57,000 |
| Golf course | 95,000 | - |
| Non-major governmental funds | 994,387 | - |
| Non-major proprietary funds | <u>150,000</u> | <u>-</u> |
| | <u><u>\$ 1,334,387</u></u> | <u><u>\$ 1,334,387</u></u> |

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 5 - LONG-TERM DEBT

A summary of long-term liability activity for the year ended December 31, 2009 is as follows. Additional detailed information is available on the following pages.

| | Beginning Balance | Increases | Decreases | Ending Balance | Due within One Year |
|----------------------------------|----------------------|---------------|-----------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 20,865,180 | \$ - | \$ (1,063,203) | \$ 19,801,977 | \$ 909,096 |
| Taxable notes | 100,000 | - - | (100,000) | - | - |
| Promissory notes | 434,930 | - - | (36,051) | 398,879 | 40,475 |
| | <u>\$ 21,400,110</u> | <u>\$ - -</u> | <u>\$ (1,199,254)</u> | <u>\$ 20,200,856</u> | <u>\$ 949,571</u> |
| Business-type activities: | | | | | |
| General obligation bonds | \$ 1,904,820 | \$ - - | \$ (71,797) | \$ 1,833,023 | \$ 235,904 |
| Revenue bonds | 31,170,000 | - - | (1,120,000) | 30,050,000 | 1,180,000 |
| Promissory notes | 37,849 | - - | (30,128) | 7,721 | 7,721 |
| | <u>\$ 33,112,669</u> | <u>\$ - -</u> | <u>\$ (1,221,925)</u> | <u>\$ 31,890,744</u> | <u>\$ 1,423,625</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>Series</u> | <u>Issue Amount</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Year-end Balances</u> | |
|----------------------------|---------------------|----------------------|----------------------|--------------------------------|---------------------------------|
| | | | | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
| 2001C | \$ 6,060,000 | 2021 | 2.20-5.00% | \$ 4,185,000 | \$ - - |
| 2003 | 3,420,000 | 2009 | 1.20-3.05% | - - | - - |
| 2003A | 7,885,000 | 2016 | 1.10-4.03% | 4,421,977 | 1,833,023 |
| 2003B | 1,535,000 | 2025 | 1.65-4.60% | 1,220,000 | - - |
| 2008 | 9,995,000 | 2024 | 3.00-4.00% | <u>9,975,000</u> | <u>- -</u> |
| | | | | <u>\$ 19,801,977</u> | <u>\$ 1,833,023</u> |
| Amount due within one year | | | | <u>\$ 909,096</u> | <u>\$ 235,904</u> |

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

The future annual payments required to amortize general obligation bonds outstanding as of December 31, 2009 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-----------------------------|----------------------------|-----------------------------|
| 2010 | \$ 1,145,000 | \$ 857,016 | \$ 2,002,016 |
| 2011 | 1,180,000 | 817,667 | 1,997,667 |
| 2012 | 1,225,000 | 775,412 | 2,000,412 |
| 2013 | 1,265,000 | 729,837 | 1,994,837 |
| 2014 | 1,315,000 | 681,512 | 1,996,512 |
| 2015-2019 | 7,370,000 | 2,581,225 | 9,951,225 |
| 2020-2024 | 8,030,000 | 957,567 | 8,987,567 |
| 2025 | <u>105,000</u> | <u>4,777</u> | <u>109,777</u> |
| | <u><u>\$ 21,635,000</u></u> | <u><u>\$ 7,405,013</u></u> | <u><u>\$ 29,040,013</u></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</u> <u>Balances</u> |
|----------------------------|---------------------|----------------------|----------------------|------------------------------------|
| 2001B | \$ 28,255,000 | 2025 | 2.30-5.00% | \$ 21,145,000 |
| 2006 | 9,415,000 | 2031 | 3.50-4.45% | <u>8,905,000</u> |
| | | | | <u><u>\$ 30,050,000</u></u> |
| Amount due within one year | | | | <u><u>\$ 1,180,000</u></u> |

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

The future annual payments required to amortize revenue bonds outstanding as of December 31, 2009 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|--------------------------|--------------------------|--------------------------|
| 2010 | \$ 1,180,000 | \$ 1,368,962 | \$ 2,548,962 |
| 2011 | 1,230,000 | 1,323,793 | 2,553,793 |
| 2012 | 1,275,000 | 1,275,065 | 2,550,065 |
| 2013 | 1,330,000 | 1,223,318 | 2,553,318 |
| 2014 | 1,385,000 | 1,168,080 | 2,553,080 |
| 2015-2019 | 7,935,000 | 4,863,172 | 12,798,172 |
| 2020-2024 | 10,080,000 | 2,775,659 | 12,855,659 |
| 2025-2029 | 4,435,000 | 656,619 | 5,091,619 |
| 2030-2031 | <u>1,200,000</u> | <u>54,067</u> | <u>1,254,067</u> |
| | <u>\$ 30,050,000</u> | <u>\$ 14,708,735</u> | <u>\$ 44,758,735</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</u> <u>Balances</u> |
|----------------------------|---------------------|----------------------|----------------------|------------------------------------|
| 2005 | 400,000 | 2009 | 0.00% | <u>\$ _____ -</u> |
| Amount due within one year | | | | <u>\$ _____ -</u> |

The future annual payments required to amortize the taxable note outstanding as of December 31, 2009 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|-------------------|-------------------|-------------------|
| 2010 | <u>\$ _____ -</u> | <u>\$ _____ -</u> | <u>\$ _____ -</u> |

**TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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> | Year-end Balances | |
|----------------------------|----------------------|---------------------|----------------------|----------------------|---|--|
| | | | | | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
| Fire truck | 2008 | \$ 447,796 | 2018 | 3.00% | \$ 398,879 | \$ - |
| Sewer | 1990 | 444,000 | 2010 | 3.99% | <u> </u> - <u> </u> | <u> </u> 7,721 <u> </u> |
| | | | | | <u> </u> \$ 398,879 | <u> </u> \$ 7,721 <u> </u> |
| Amount due within one year | | | | | \$ 40,475 | \$ 7,721 |

The future annual payments required to amortize promissory notes outstanding as of December 31, 2009 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|-------------------|------------------|-------------------|
| 2010 | \$ 48,195 | \$ 11,465 | \$ 59,660 |
| 2011 | 41,705 | 10,182 | 51,887 |
| 2012 | 42,974 | 8,913 | 51,887 |
| 2013 | 44,281 | 7,606 | 51,887 |
| 2014 | 45,628 | 6,259 | 51,887 |
| 2015 | 47,016 | 4,871 | 51,887 |
| 2016 | 48,446 | 3,441 | 51,887 |
| 2017 | 49,919 | 1,968 | 51,887 |
| 2018 | <u>38,436</u> | <u>482</u> | <u>38,918</u> |
| | <u>\$ 406,600</u> | <u>\$ 55,187</u> | <u>\$ 461,787</u> |

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.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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, 2009 was as follows:

| | <u>January 1, 2009</u> | <u>Additions</u> | <u>Disposals</u> | <u>December 31, 2009</u> |
|--------------------------------------|----------------------------|---------------------|-----------------------|------------------------------|
| Governmental Activities: | | | | |
| Non-depreciable capital assets: | | | | |
| Land | \$ 2,773,627 | \$ 6,635,969 | \$ - | \$ 9,409,596 |
| Construction in process | <u>8,411,783</u> | <u>-</u> | <u>(8,411,783)</u> | <u>-</u> |
| Total non-depreciable capital assets | <u>\$ 11,185,410</u> | <u>\$ 6,635,969</u> | <u>\$ (8,411,783)</u> | <u>\$ 9,409,596</u> |

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

| | | | | |
|---------------------------------------|----------------------|-----------------------|-----------------------|----------------------|
| Depreciable capital assets: | | | | |
| Buildings | 14,585,863 | 2,371,025 | - | 16,956,888 |
| Site improvements | 2,592,924 | 535,656 | - | 3,128,580 |
| Machinery, equipment, and vehicles | 8,558,777 | 487,821 | - | 9,046,598 |
| Infrastructure | <u>30,950,094</u> | <u>975,144</u> | <u>-</u> | <u>31,925,238</u> |
| Total depreciable capital assets | <u>56,687,658</u> | <u>4,369,646</u> | <u>-</u> | <u>61,057,304</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (5,145,275) | (517,503) | - | (5,662,778) |
| Site improvements | (1,740,276) | (154,143) | - | (1,894,419) |
| Machinery, equipment, and vehicles | (5,740,106) | (539,689) | - | (6,279,795) |
| Infrastructure | <u>(12,438,210)</u> | <u>(1,197,624)</u> | <u>-</u> | <u>(13,635,834)</u> |
| Total accumulated depreciation | <u>(25,063,867)</u> | <u>(2,408,959)</u> | <u>-</u> | <u>(27,472,826)</u> |
| Total depreciable capital assets, net | <u>31,623,791</u> | <u>1,960,687</u> | <u>-</u> | <u>33,584,478</u> |
| Total capital assets, net | <u>\$ 42,809,201</u> | <u>\$ 8,596,656</u> | <u>\$ (8,411,783)</u> | <u>\$ 42,994,074</u> |
| Business-type Activities: | | | | |
| Non-depreciable capital assets: | | | | |
| Land | \$ 3,335,597 | \$ - | \$ - | \$ 3,335,597 |
| Construction in process | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total non-depreciable capital assets | <u>\$ 3,335,597</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,335,597</u> |
| Depreciable capital assets: | | | | |
| Buildings | 18,095,338 | - | - | 18,095,338 |
| Site improvements | 4,237,891 | - | - | 4,237,891 |
| Machinery, equipment, and vehicles | 17,792,445 | 139,244 | - | 17,931,689 |
| Carts - in service | 713,317 | 52,117 | - | 765,434 |
| Carts - not in service | 126,970 | - | (52,117) | 74,853 |
| Infrastructure | <u>30,594,935</u> | <u>169,619</u> | <u>-</u> | <u>30,764,554</u> |
| Total depreciable assets | <u>71,560,896</u> | <u>360,980</u> | <u>(52,117)</u> | <u>71,869,759</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (6,395,543) | (541,526) | - | (6,937,069) |
| Site improvements | (1,848,594) | (268,728) | - | (2,117,322) |
| Machinery, equipment, and vehicles | (9,915,799) | (1,205,166) | - | (11,120,965) |
| Carts - in service | (271,721) | (73,939) | - | (345,660) |
| Infrastructure | <u>(10,141,504)</u> | <u>(560,438)</u> | <u>-</u> | <u>(10,701,942)</u> |
| Total accumulated depreciation | <u>(28,573,161)</u> | <u>(2,649,797)</u> | <u>-</u> | <u>(31,222,958)</u> |
| Total depreciable capital assets, net | <u>42,987,735</u> | <u>(2,288,817)</u> | <u>(52,117)</u> | <u>40,646,801</u> |
| Total capital assets, net | <u>\$ 46,323,332</u> | <u>\$ (2,288,817)</u> | <u>\$ (52,117)</u> | <u>\$ 43,982,398</u> |

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

Depreciation expense was charged to functions as follows:

| | |
|---|-------------------------|
| Governmental Activities: | |
| General government | \$ 1,046,259 |
| Public safety | 162,571 |
| Culture and recreation | 2,505 |
| Highways, roads, and streets | <u>1,197,624</u> |
| Total Governmental Activities depreciation expense | <u>\$ 2,408,959</u> |
| Business-type Activities: | |
| Water | \$ 452,719 |
| Sewer | 1,563,832 |
| Golf course | 452,880 |
| Solid waste | 78,438 |
| Swimming pool | <u>101,928</u> |
| Total Business-type Activities depreciation expense | <u>\$ 2,649,797</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, 2009, the remaining amount drawn against the line for the Junior Football Association and the Township's guarantee is \$21,563.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 the participant's salary at the time the disability was incurred, offset by Social Security disability benefits for the same injury. Payments will continue until the earliest of recovery, death, or normal retirement.

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

If a participant's death occurs in the line of duty and the participant is survived by an eligible spouse or dependent children, a monthly benefit is payable until the latest of the spouse's death, spouse's remarriage, or the youngest dependent attaining age 18 (age 23 if attending college). The benefit payable is 100% of the participant's salary at the time of death.

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

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 2006 through 2008 is as follows:

| | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---|-------------|-------------|-------------|
| Normal Pension Cost | \$ 240,078 | \$ 228,646 | \$ 202,776 |
| Contribution (Excluding Employee Mandatory) | \$ 271,197 | \$ 275,231 | \$ 263,674 |

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, 2009) follows:

| | |
|---|---------------------|
| Actuarial present value of future benefits | \$ 11,475,563 |
| LESS: Actuarial present value of future normal costs | <u>(3,637,061)</u> |
| Actuarial accrued liability | 7,838,502 |
| LESS: Actuarial value of assets at January 1, 2009 | <u>(6,227,017)</u> |
| Unfunded actuarial accrued liability (asset in excess of liability) | <u>\$ 1,611,485</u> |
| Market value of assets at January 1, 2009 (memorandum only) | <u>\$ 5,189,181</u> |

F. Plan Assumptions

Actuarial Method:

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

Method for Actuarial Valuation of Assets:

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

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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, 2009, 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) |
| 01/01/09 | \$ 6,227,017 | \$ 7,838,502 | \$ 1,611,485 | 79% | \$ 2,133,755 | 76% |
| 01/01/07 | \$ 6,093,213 | \$ 6,987,181 | \$ 893,968 | 87% | \$ 1,929,340 | 46% |
| 01/01/05 | \$ 5,013,312 | \$ 6,080,319 | \$ 1,067,007 | 82% | \$ 1,635,327 | 65% |
| 01/01/03 | \$ 4,651,458 | \$ 4,164,576 | \$ (486,882) | 112% | \$ 1,122,437 | -43% |

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

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

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.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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, 2009, there were no investments in mortgages or real estate.

C. Participation - The plan covers all full-time employees of the Township who are not members of the Township's police force. Employees who have worked 1,000 hours or more during the year are entitled to a contribution allocation for that year.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 \$268,577 was made through an allocation of state aid from the General Municipal Pension System State Aid Program for the year ended December 31, 2009.

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 full-time 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 contributes 5% of employees' salary, after a six-month waiting period, to the plan on behalf of all full-time administrative employees and Teamster members. For utility workers, the Township matches employee contributions to a maximum of 3% for 2009.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

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

NOTE 11 - CASH BOND ESCROW

The Township requires developers to post bonds in the form of insurance, irrevocable letters of credit, or in cash in the form of an escrow account in accordance with Section 509 of the Pennsylvania Municipalities Planning Code. The purpose is to assure the completion of improvements which may be required. As of December 31, 2009, four developers had posted cash bond escrows amounting to \$20,383 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 deposit accounts maintained at PNC Bank, Mars National Bank, and various other banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per bank. As of December 31, 2009, \$9,427,886 of the Township's \$10,318,876 in deposit balances was insured by the FDIC. The remaining deposit balances of \$890,990 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 \$9,875,290 as of December 31, 2009.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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, 2009, the Township's PLGIT investments totaled \$18,939,923.

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, 2009, 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 65.2% in PLGIT investments, 3.9% in PNC Bank deposits, 0.1% in Mars National Bank deposits, and 30.8% in certificates of deposit at other banks.

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 Assets - 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.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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.

As of December 31, 2009, 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, 2009 | | | | |
|--|----------------------|--|---------------------------|---------------|-----------------------|-------------|
| | | Less than 1 year | 1-5 Years | 6-10 Years | More than 10 Years | |
| Fixed income funds | \$ 2,978,545 | \$ _____ - | \$ 2,978,545 * \$ _____ - | \$ _____ - | \$ _____ - | |
| Total debt securities | \$ 2,978,545 | \$ _____ - | \$ 2,978,545 | \$ _____ - | \$ _____ - | |
| Cash and cash equivalents | | 971,105 | | | | * Estimated |
| Mutual funds | | <u>11,004,073</u> | | | | |
| Total cash and other investments | | <u>11,975,178</u> | | | | |
| Total investments reported on statement of fiduciary net assets | | <u>\$ 14,953,723</u> | | | | |

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

Credit risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township has no formal investment policy covering its pension trust funds that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2009, 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% |

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

Custodial credit risk - For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the bank or counterparty, the pension trust funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The pension trust funds do not have a formal deposit or investment policy for custodial credit risk. However, to reduce investment risks, the investment policy guidelines for the police pension fund and the municipal employees' pension fund identify range allocations for all investments. The total plan range allocations are as follows:

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

Concentration of credit risk - The Township's pension trust funds place no limit on the amount they may invest in any one issuer. The Township's pension trust funds' investment concentration includes 73.6% in mutual funds, 19.9% in fixed income funds, and 6.5% 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. During 2009, the tenant sub-leased a portion of the property to Verizon Wireless.

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.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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.

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.

NOTE 14 - SUPPLEMENTARY CASH FLOW INFORMATION

The Golf Course Fund had non-cash capital and related financing transactions for 2009 relating to amortization of bond issuance costs and bond discounts charged to interest of \$27,669.

The Sewer Fund had non-cash capital and related financing transactions for 2009 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 unit during the year ended December 31, 2009:

| <u>Component Unit</u> | <u>Significant Transactions</u> |
|--------------------------|--|
| Cranberry Public Library | The Township provided \$442,457 of support in the form of grants and contributions of facilities, goods, and services. |

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, 2009, the Township purchased substantially all of its water needs from The Municipal Authority of the Borough of West View at a cost of \$2,072,932.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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, 2009, infrastructure assets contributed by developers amounted to \$0.

NOTE 18 - RESERVATIONS OF FUND BALANCE

Reservations of fund balance in governmental funds are described below:

Advances to other funds—to reflect the amount due from other funds that are long-term in nature. Such amounts do not represent available spendable resources. As of December 31, 2009, a reservation of \$395,850 of total governmental fund balance has been made for this purpose.

NOTE 19 - DEFICIT NET ASSETS BALANCE

The Swimming Pool Fund had a deficit net assets balance at December 31, 2009 of (\$402,858). This deficit will be financed through future revenues of the fund and through transfers from other funds.

TOWNSHIP OF CRANBERRY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND, TRANSPORTATION IMPROVEMENT PROGRAM EAST, AND 2008 BOND FUNDS

YEAR ENDED DECEMBER 31, 2009

| | GENERAL FUND | | | | 2008 BOND FUND | | | | TRANSPORTATION IMPROVEMENT PROGRAM EAST FUND | | | | Variance with Final Budget - Favorable (Unfavorable) | |
|---|--------------------|--------------------|---------------------|--|------------------|----------|------------------|--|--|----------------|----------------|---------------------|--|--|
| | Budgeted Amounts | | Actual | Variance with Final Budget - Favorable (Unfavorable) | Budgeted Amounts | | Actual | Variance with Final Budget - Favorable (Unfavorable) | Budgeted Amounts | | Actual | | | |
| | Original | Final | | | Original | Final | | | Original | Final | | | | |
| REVENUES | | | | | | | | | | | | | | |
| Taxes | \$ 10,532,488 | \$ 10,532,488 | \$ 12,199,270 | \$ 1,666,782 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Licenses, permits and fees | 305,500 | 305,500 | 348,406 | 42,906 | - | - | - | - | - | - | - | - | - | |
| Fines and forfeitures | 126,000 | 126,000 | 122,653 | (3,347) | - | - | - | - | - | - | - | - | - | |
| Interest, rents and royalties | 228,526 | 228,526 | 149,431 | (79,095) | - | - | 12,869 | 12,869 | 80,000 | 80,000 | 92,049 | 92,049 | 12,049 | |
| Intergovernmental revenue | 698,300 | 698,300 | 694,293 | (4,007) | - | - | - | - | - | - | - | - | - | |
| Contributions and grants | - | - | 1,054,886 | 1,054,886 | - | - | - | - | 200,000 | 200,000 | 446,677 | 446,677 | 246,677 | |
| Charges for services | 1,546,700 | 1,546,700 | 1,966,949 | 420,249 | - | - | - | - | - | - | - | - | - | |
| Miscellaneous revenues | 447,550 | 447,550 | 115,876 | (331,674) | - | - | - | - | - | - | - | - | - | |
| Total revenues | <u>13,885,064</u> | <u>13,885,064</u> | <u>16,651,764</u> | <u>2,766,700</u> | <u>-</u> | <u>-</u> | <u>12,869</u> | <u>12,869</u> | <u>280,000</u> | <u>280,000</u> | <u>538,726</u> | <u>538,726</u> | <u>258,726</u> | |
| EXPENDITURES | | | | | | | | | | | | | | |
| General government | 2,567,144 | 2,567,144 | 2,516,049 | 51,095 | - | - | - | - | - | - | - | - | - | |
| Public safety | 5,166,686 | 5,166,686 | 5,137,202 | 29,484 | - | - | - | - | - | - | - | - | - | |
| Health and welfare | 218,450 | 218,450 | 201,347 | 17,103 | - | - | - | - | - | - | - | - | - | |
| Highways, roads and streets | 2,402,772 | 2,402,772 | 2,368,449 | 34,323 | - | - | - | - | - | - | 153,407 | 153,407 | (153,407) | |
| Culture and recreation | 1,476,784 | 1,476,784 | 1,758,774 | (281,990) | - | - | - | - | - | - | - | - | - | |
| Insurance and pension | 257,000 | 257,000 | 206,176 | 50,824 | - | - | - | - | - | - | - | - | - | |
| Miscellaneous | 27,900 | 27,900 | 17,288 | 10,612 | - | - | - | - | - | - | - | - | - | |
| Capital outlay | - | - | - | - | - | - | 2,391,871 | (2,391,871) | 600,000 | 600,000 | 325,083 | 325,083 | 274,917 | |
| Debt service: | | | | | | | | | | | | | | |
| Principal retirement | 1,759,806 | 1,759,806 | 953,203 | 806,603 | - | - | - | - | - | - | - | - | - | |
| Interest charges | - | - | 799,282 | (799,282) | - | - | - | - | - | - | - | - | - | |
| Bond issuance costs | 8,500 | 8,500 | 6,900 | 1,600 | - | - | - | - | - | - | - | - | - | |
| Total expenditures | <u>13,885,042</u> | <u>13,885,042</u> | <u>13,964,670</u> | <u>(79,628)</u> | <u>-</u> | <u>-</u> | <u>2,391,871</u> | <u>(2,391,871)</u> | <u>600,000</u> | <u>600,000</u> | <u>478,490</u> | <u>478,490</u> | <u>121,510</u> | |
| Excess (deficiency) of revenues over expenditures | 22 | 22 | 2,687,094 | 2,687,072 | - | - | (2,379,002) | (2,379,002) | (320,000) | (320,000) | 60,236 | 60,236 | 380,236 | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | | | |
| Proceeds from general obligation debt | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Discounts on general obligation debt | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfers in | 95,000 | 95,000 | 95,000 | - | - | - | - | - | - | - | - | - | - | |
| Transfers out | (1,225,000) | (1,225,000) | (1,239,387) | (14,387) | - | - | - | - | - | - | - | - | - | |
| Total other financing sources (uses) | <u>(1,130,000)</u> | <u>(1,130,000)</u> | <u>(1,144,387)</u> | <u>(14,387)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| Net change in fund balance | \$ (1,129,978) | \$ (1,129,978) | 1,542,707 | \$ 2,672,685 | \$ - | \$ - | (2,379,002) | \$ (2,379,002) | \$ (320,000) | \$ (320,000) | 60,236 | \$ 380,236 | \$ 380,236 | |
| FUND BALANCE - JANUARY 1, 2009 | | | <u>8,426,744</u> | | | | <u>2,456,404</u> | | | | | <u>5,645,550</u> | | |
| FUND BALANCE- DECEMBER 31, 2009 | | | <u>\$ 9,969,451</u> | | | | <u>\$ 77,402</u> | | | | | <u>\$ 5,705,786</u> | | |

TOWNSHIP OF CRANBERRY
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2009

| | SPECIAL REVENUE FUNDS | | | | | | | CAPITAL PROJECTS FUNDS | | | | | Total Other Governmental Funds | |
|---------------------------------------|-----------------------------------|------------------------|---|--------------------------------|--|---|-------------------------------|--------------------------------|------------------------------|-------------------------|--|--------------|---|--|
| | Transportation Improvement | | | | | | | Capital Improvement Fund | Capital Financing Fund | Fire Capital Fund | Township Transportation Improvement Program Fund | | | |
| | Fire Protection <u>Fund</u> | Library <u>Fund</u> | Recreational Facilities <u>Fund</u> | Program West <u>Fund</u> | Developers' Deposits <u>Fund</u> | Developers' Contributions <u>Fund</u> | Highway Aid <u>Fund</u> | | | | | | | |
| ASSETS | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 2,216 | \$ 27,059 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,484 | \$ 27,683 | \$ 58,442 | | |
| Taxes and fees receivable | 820 | 547 | - | - | - | - | - | - | - | 547 | - | 1,914 | | |
| Investments | 215,806 | 30,450 | 270,729 | 820,796 | 1,344,320 | 1,428,949 | 31,983 | 454,607 | - | 363,374 | 280,190 | 5,241,204 | | |
| Due from other funds | 8,055 | 5,370 | 1,050 | - | - | 557 | - | - | - | 5,370 | - | 20,402 | | |
| Prepaid expenses | - | - | - | - | - | - | - | - | - | 4,324 | - | 4,324 | | |
| Advances to other funds | - | - | - | - | - | 197,925 | - | - | - | - | - | 197,925 | | |
| Total assets | \$ 226,897 | \$ 63,426 | \$ 271,779 | \$ 820,796 | \$ 1,344,320 | \$ 1,627,431 | \$ 31,983 | \$ 454,607 | \$ - | \$ 375,099 | \$ 307,873 | \$ 5,524,211 | | |
| LIABILITIES AND FUND BALANCE | | | | | | | | | | | | | | |
| Accounts payable and accrued expenses | \$ 5,805 | \$ 197 | \$ - | \$ 10,829 | \$ 17,228 | \$ - | \$ - | \$ 1,674 | \$ - | \$ - | \$ - | \$ 35,733 | | |
| Due to other funds | 1,852 | 16,346 | - | - | - | - | - | 15,300 | - | - | - | 33,498 | | |
| Fund balance - reserved | - | - | - | - | - | 197,925 | - | - | - | - | - | 197,925 | | |
| Fund balance - unreserved | 219,240 | 46,883 | 271,779 | 809,967 | 1,327,092 | 1,429,506 | 31,983 | 437,633 | - | 375,099 | 307,873 | 5,257,055 | | |
| Total liabilities and fund balance | \$ 226,897 | \$ 63,426 | \$ 271,779 | \$ 820,796 | \$ 1,344,320 | \$ 1,627,431 | \$ 31,983 | \$ 454,607 | \$ - | \$ 375,099 | \$ 307,873 | \$ 5,524,211 | | |

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

YEAR ENDED DECEMBER 31, 2009

| | SPECIAL REVENUE FUNDS | | | | | | | | CAPITAL PROJECTS FUNDS | | | | | Total Other Governmental Funds | |
|---|-----------------------------------|------------------------|---|--------------------------------|--|---|-------------------------------|---------------------------------------|-------------------------------------|--------------------------------|-------------------------------------|-------------------------------|--|---|--|
| | Transportation Improvement | | | | Highway Aid | | | | Capital Improvement Fund | | Capital Financing Fund | | Township Transportation Improvement Program Fund | | |
| | Fire Protection <u>Fund</u> | Library <u>Fund</u> | Recreational Facilities <u>Fund</u> | Program West <u>Fund</u> | Developers' Deposits <u>Fund</u> | Developers' Contributions <u>Fund</u> | Highway Aid <u>Fund</u> | Capital Improvement <u>Fund</u> | Capital Financing <u>Fund</u> | Fire Capital <u>Fund</u> | Capital Financing <u>Fund</u> | Highway Aid <u>Fund</u> | Capital Financing <u>Fund</u> | Highway Aid <u>Fund</u> | |
| REVENUES | | | | | | | | | | | | | | | |
| Taxes | \$ 378,145 | \$ 253,212 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 253,212 | \$ - | \$ - | \$ - | \$ 884,569 | |
| Interest | 1,654 | 1,143 | 734 | 3,073 | 6,413 | 21,565 | 1,237 | 1,126 | - | 1,922 | - | 1,470 | - | 40,337 | |
| Licenses, permits, and fees | - | - | 87,047 | - | - | - | - | - | - | - | - | - | - | 87,047 | |
| Contributions | - | - | - | 332,255 | 276,314 | 97,752 | - | - | - | - | - | - | - | 706,321 | |
| Intergovernmental revenues | - | - | - | - | - | - | 562,824 | - | - | - | - | - | - | 562,824 | |
| Miscellaneous | - | - | - | - | 50 | - | - | 15,090 | 3,305 | 47,000 | - | - | - | 65,445 | |
| Total revenues | <u>379,799</u> | <u>254,355</u> | <u>87,781</u> | <u>335,328</u> | <u>282,777</u> | <u>119,317</u> | <u>564,061</u> | <u>16,216</u> | <u>3,305</u> | <u>302,134</u> | <u>1,470</u> | <u>-</u> | <u>-</u> | <u>2,346,543</u> | |
| EXPENDITURES | | | | | | | | | | | | | | | |
| Culture - recreation | - | 258,677 | - | - | - | - | - | - | - | - | - | - | - | 258,677 | |
| Public safety | 357,106 | - | - | - | - | - | - | - | - | - | - | - | - | 357,106 | |
| Highways, roads, and streets | - | - | 166,812 | 147,737 | - | 554,183 | - | - | - | - | - | - | - | 868,732 | |
| Capital outlay | - | 9,000 | - | 4,167 | - | 1,077 | - | 710,845 | - | 29,321 | - | - | - | 754,410 | |
| Miscellaneous | 952 | 635 | - | 72,346 | - | - | - | - | - | - | 635 | - | - | 74,568 | |
| Debt service: | | | | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | 99,866 | - | 146,051 | - | - | - | 245,917 | |
| Interest charges | - | - | - | - | - | - | - | - | - | 11,512 | - | - | - | 11,512 | |
| Total expenditures | <u>358,058</u> | <u>268,312</u> | <u>-</u> | <u>243,325</u> | <u>147,737</u> | <u>1,077</u> | <u>554,183</u> | <u>810,711</u> | <u>-</u> | <u>187,519</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,570,922</u> | |
| Excess (deficiency) of revenues over expenditures | 21,741 | (13,957) | 87,781 | 92,003 | 135,040 | 118,240 | 9,878 | (794,495) | 3,305 | 114,615 | 1,470 | - | - | (224,379) | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | | | | |
| Proceeds from general obligation debt | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfers out | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfers in | - | - | - | - | - | - | - | 980,000 | 14,387 | - | - | - | - | 994,387 | |
| Total other financing sources (uses) | - | - | - | - | - | - | - | 980,000 | 14,387 | - | - | - | - | 994,387 | |
| NET CHANGES IN FUND BALANCE | <u>21,741</u> | <u>(13,957)</u> | <u>87,781</u> | <u>92,003</u> | <u>135,040</u> | <u>118,240</u> | <u>9,878</u> | <u>185,505</u> | <u>17,692</u> | <u>114,615</u> | <u>1,470</u> | <u>-</u> | <u>-</u> | <u>770,008</u> | |
| FUND BALANCE - JANUARY 1, 2009 | <u>197,499</u> | <u>60,840</u> | <u>183,998</u> | <u>717,964</u> | <u>1,192,052</u> | <u>1,509,191</u> | <u>22,105</u> | <u>252,128</u> | <u>(17,692)</u> | <u>260,484</u> | <u>306,403</u> | <u>-</u> | <u>-</u> | <u>4,684,972</u> | |
| FUND BALANCE - DECEMBER 31, 2009 | <u>\$ 219,240</u> | <u>\$ 46,883</u> | <u>\$ 271,779</u> | <u>\$ 809,967</u> | <u>\$ 1,327,092</u> | <u>\$ 1,627,431</u> | <u>\$ 31,983</u> | <u>\$ 437,633</u> | <u>\$ -</u> | <u>\$ 375,099</u> | <u>\$ 307,873</u> | <u>\$ -</u> | <u>-</u> | <u>\$ 5,454,980</u> | |

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

DECEMBER 31, 2009

| | <u>Swimming Pool Fund</u> | <u>Total Non-Major Proprietary Funds</u> |
|--|-----------------------------------|--|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ - | \$ - |
| Investments | 168,315 | 168,315 |
| Accounts receivable: | | |
| Customers - billed | - | - |
| Due from other funds | <u>8,794</u> | <u>8,794</u> |
| Total current assets | <u>177,109</u> | <u>177,109</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>(1,224,215)</u> | <u>(1,224,215)</u> |
| Total non-current assets | <u>1,315,626</u> | <u>1,315,626</u> |
| Total Assets | <u>\$ 1,492,735</u> | <u>\$ 1,492,735</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 1,464 | \$ 1,464 |
| Due to other funds | 1,153 | 1,153 |
| Deferred revenue | 58,225 | 58,225 |
| Compensated absences | 1,728 | 1,728 |
| Long-term debt - current portion | <u>235,904</u> | <u>235,904</u> |
| Total current liabilities | <u>298,474</u> | <u>298,474</u> |
| Non-current liabilities: | | |
| Long-term debt - net of current maturities: | | |
| General obligation bonds | <u>1,597,119</u> | <u>1,597,119</u> |
| Total non-current liabilities | <u>1,597,119</u> | <u>1,597,119</u> |
| Total Liabilities | <u>1,895,593</u> | <u>1,895,593</u> |
| NET ASSETS | | |
| Invested in capital assets - net of related debt | (517,397) | (517,397) |
| Unrestricted | <u>114,539</u> | <u>114,539</u> |
| Total Net Assets | <u>\$ (402,858)</u> | <u>\$ (402,858)</u> |

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

YEAR ENDED DECEMBER 31, 2009

| | <u>Swimming Pool Fund</u> | <u>Total Non-Major Proprietary Funds</u> |
|--|-----------------------------------|--|
| OPERATING REVENUES | | |
| Charges for services | \$ 472,895 | \$ 472,895 |
| Miscellaneous revenues | <u>194</u> | <u>194</u> |
| | | |
| Total operating revenues | <u>473,089</u> | <u>473,089</u> |
| OPERATING EXPENSES | | |
| Salaries and wages and related taxes | 216,096 | 216,096 |
| Employee benefits | 7,295 | 7,295 |
| Depreciation | 101,928 | 101,928 |
| Insurance and pension | 15,665 | 15,665 |
| Advertising | - | - |
| Postage and shipping | 298 | 298 |
| Printing and reproduction | 1,327 | 1,327 |
| Uniforms | - | - |
| Materials and supplies | 22,649 | 22,649 |
| Chemicals | 20,555 | 20,555 |
| Telephone and utilities | 69,012 | 69,012 |
| Repairs and maintenance | 1,994 | 1,994 |
| Minor equipment rental and purchase | 8,816 | 8,816 |
| Professional and other services | 42,196 | 42,196 |
| Concession and other products and services | 36,995 | 36,995 |
| Administrative expenses | <u>30,865</u> | <u>30,865</u> |
| | | |
| Total operating expenses | <u>575,691</u> | <u>575,691</u> |
| | | |
| Operating Income (loss) | <u>(102,602)</u> | <u>(102,602)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Interest income | 697 | 697 |
| Interest expense and debt issuance costs | <u>(69,409)</u> | <u>(69,409)</u> |
| | | |
| Total non-operating revenues (expenses) | <u>(68,712)</u> | <u>(68,712)</u> |
| | | |
| Income (loss) before contributions and transfers | <u>(171,314)</u> | <u>(171,314)</u> |
| TRANSFERS IN | | |
| TRANSFERS OUT | | |
| | | |
| Change in net assets | (21,314) | (21,314) |
| | | |
| TOTAL NET ASSETS - JANUARY 1, 2009 | <u>(381,544)</u> | <u>(381,544)</u> |
| | | |
| TOTAL NET ASSETS - DECEMBER 31, 2009 | <u>\$ (402,858)</u> | <u>\$ (402,858)</u> |

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

YEAR ENDED DECEMBER 31, 2009

| | <u>Swimming</u> <u>Pool</u> <u>Fund</u> | <u>Total</u> <u>Non-Major</u> <u>Proprietary</u> <u>Funds</u> |
|---|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 531,120 | \$ 531,120 |
| Payments to suppliers | (272,869) | (272,869) |
| Payments to employees | (200,707) | (200,707) |
| Internal activity - net payments from (to) other funds | (4,906) | (4,906) |
| Other receipts (payments), net | <u>194</u> | <u>194</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>52,832</u> | <u>52,832</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Operating subsidies and transfers from (to) other funds, net | <u>150,000</u> | <u>150,000</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | - | - |
| Principal paid on capital debt | (71,797) | (71,797) |
| Interest paid on capital debt | <u>(69,409)</u> | <u>(69,409)</u> |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(141,206)</u> | <u>(141,206)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | 697 | 697 |
| Net sales (purchases) of investments | <u>(62,609)</u> | <u>(62,609)</u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>(61,912)</u> | <u>(61,912)</u> |
| NET INCREASE (DECREASE) IN CASH | (286) | (286) |
| CASH AND CASH EQUIVALENTS - BEGINNING | <u>286</u> | <u>286</u> |
| CASH AND CASH EQUIVALENTS - ENDING | <u>\$ -</u> | <u>\$ -</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ (102,602) | \$ (102,602) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 101,928 | 101,928 |
| Change in assets and liabilities: | | |
| Receivables, net | - | - |
| Due from other funds | 7,322 | 7,322 |
| Due to other funds | (12,228) | (12,228) |
| Compensated absences | 141 | 141 |
| Accounts payable and accrued expenses | 46 | 46 |
| Deferred revenue | <u>58,225</u> | <u>58,225</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u><u>52,832</u></u> | <u><u>52,832</u></u> |