

TOWNSHIP OF CRANBERRY

BUTLER COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

TOWNSHIP OF CRANBERRY

DECEMBER 31, 2007

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Cranberry as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Cranberry's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Cranberry Public Library, Inc., which represents approximately 98 percent of the assets and net assets and 93 percent of the revenue of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Cranberry Public Library, Inc., is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Cranberry as of December 31, 2007, 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.

Jogle & Associates LLC

September 17, 2008

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, 2007.

Financial Highlights

- The assets of Cranberry Township exceeded its liabilities at the close of the most recent fiscal year by \$67,233,411. Of this amount, \$27,892,393 may be used to meet the government's on-going obligations to citizens and creditors.
- Cranberry Township's net assets increased by \$4,015,073.
- As of the close of the current fiscal year, Cranberry Township's governmental funds reported combined ending fund balances of \$16,904,576. Approximately two-thirds of this total amount is available for spending at the government's discretion. The remaining one-third is held for specific capital projects.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,482,321.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to Cranberry Township's basic financial statements. Cranberry Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide the readers with a broad overview of Cranberry Township's finances, in a manner similar to a private sector business.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Cranberry Township that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Cranberry Township include general government, public safety, health and welfare, highways, roads, and streets, culture and recreation, insurance and pension, miscellaneous, and interest on long-term debt. The business-type activities of Cranberry Township include water, sewer, solid waste, golf course, and swimming pool.

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

The government-wide financial statements can be found on pages 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 thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the transportation improvement program east fund, both 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 general fund and transportation improvement program east fund. A budgetary comparison statement has been provided for both funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 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 \$67,233,411 at the close of the most recent fiscal year. Of this amount, \$38,873,986 (or 58%) 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	
	2007	2006	2007	2006	2007	2006
Current and other assets	17,703,384	14,130,935	12,991,753	12,462,776	30,695,137	26,593,711
Capital assets	34,388,420	35,334,806	47,488,710	48,547,118	81,877,130	83,881,924
Total assets	52,091,804	49,465,741	60,480,463	61,009,894	112,572,267	110,475,635
Current and other liabilities	621,136	364,531	1,370,812	1,470,022	1,991,948	1,834,553
Long term liabilities	12,083,370	13,391,706	31,263,538	32,031,038	43,346,908	45,422,744
Total liabilities	12,704,506	13,756,237	32,634,350	33,501,060	45,338,856	47,257,297
Net Assets:						
Invested in capital assets, net of related debt	22,482,722	22,128,318	16,391,264	16,451,868	38,873,986	38,580,186
Restricted			467,032	463,501	467,032	463,501
Unrestricted	16,904,576	13,581,186	10,987,817	10,593,465	27,892,393	24,174,651
Total net assets	39,387,298	35,709,504	27,846,113	27,508,834	67,233,411	63,218,338

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 (\$27,892,393) 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 \$3,677,794. Business-type activities increased Cranberry Township's net assets by \$337,280. Key elements of these increases are as follows:

Cranberry Township's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	2,623,433	2,441,948	13,388,511	12,333,292	16,011,944	14,775,240
Operating grants	1,215,490	1,154,696			1,215,490	1,154,696
Capital grants	2,642,917	3,836,260	632,615	1,227,373	3,275,532	5,063,633
General revenues:						
Property taxes	4,885,481	4,765,896			4,885,481	4,765,896
Earned income taxes	4,762,022	4,289,550			4,762,022	4,289,550
Other taxes	2,504,534	2,151,752			2,504,534	2,151,752
Interest and rents	729,377	547,773	681,761	644,977	1,411,138	1,192,750
Other			56,377	56,258	56,377	56,258
Transfers	(165,000)	(96,682)	165,000	96,682		
Total revenues	19,198,254	19,091,193	14,924,264	14,358,582	34,122,518	33,449,775
Expenses:						
General government	3,756,053	4,053,884			3,756,053	4,053,884
Public safety	5,496,978	4,648,014			5,496,978	4,648,014
Health & Welfare	131,785	126,194			131,785	126,194

Highways, roads, and streets	3,848,186	4,439,850			3,848,186	4,439,850
Culture & recreation	1,541,863	1,498,968			1,541,863	1,498,968
Insurance & pension	239,541	234,098			239,541	234,098
Miscellaneous	6,533	8,707			6,533	8,707
Interest on long-term debt	499,521	525,208			499,521	525,208
Water			4,051,010	3,929,792	4,051,010	3,929,792
Sewer			5,950,336	5,818,097	5,950,336	5,818,097
Golf Course			2,229,184	2,032,704	2,229,184	2,032,704
Solid Waste			1,620,485	1,543,156	1,620,485	1,543,156
Swimming Pool			735,969	733,797	735,969	733,797
Total Expenses	15,520,460	15,534,923	14,586,984	14,057,546	30,107,444	29,592,469
Change in net assets	3,677,794	3,556,270	337,280	301,036	4,015,074	3,857,306
Net assets-beginning	35,709,504	32,153,234	27,508,833	27,207,797	63,218,337	59,361,031
Net assets-ending	39,387,298	35,709,504	27,846,113	27,508,833	67,233,411	63,218,337

The following table depicts revenues by source for governmental activities in 2007:

Revenues by Source - Governmental Activities

Charges for services	13%
Operating grants	6%
Capital grants	14%
Property taxes	25%
Earned income taxes	25%
Other taxes	13%
Interest and rents	4%
Total	100%

Government-wide revenues were primarily derived from property tax collections at 25% and earned income tax collections at 25% of the total. Capital grants, at 14%, are the third largest source of revenue.

The following table depicts expenses by programs for governmental activities in 2007:

Expenses by Program - Governmental Activities

General government	24%
Public safety	35%
Health and welfare	1%
Highways, roads and streets	25%
Culture and recreation	10%
Insurance and pension	2%
Interest on long-term debt	3%
Total	100%

Total expenses for all programs in 2007 were \$15,520,460. The expenses reflect the delivery of a wide range of services, with the largest being public safety at 35%. The second largest program is highways, roads, and streets at 25%. The program ranked third is general government at 24%.

The following table depicts the net program expenses/revenues by function/program for the period ending December 31, 2007:

Net Program Expenses/Revenues

General government	\$ (678,162)
Public safety	(4,784,762)
Health and welfare	(131,785)
Highways, roads, and streets	(2,416,821)
Culture and recreation	(1,092,458)
Insurance and pension	215,767
Miscellaneous	349,122
Interest on long-term debt	(499,521)
Total	\$(9,038,620)

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 \$4.8 million in 2007. Highways, roads, and streets expenses required approximately \$2.4 million in general revenues for support. Culture and recreation needed \$1.1 million.

Business-type activities. Business-type activities increased Cranberry Township’s net assets by \$337,280.

- Cranberry Township’s customer base for sewer and water and solid waste continues to grow.
- 90% of revenue comes from charges for services, 5% of revenue comes from interest and rent, and 4% from capital grants and contributions.

Expenses and Program Revenues - Business-type Activities

Program	Operating Revenue	Operating Expenses*
Sewer	5,508,142	3,245,251
Water	4,066,025	3,644,600
Golf Course	1,951,728	1,433,856
Solid Waste	1,453,540	1,538,775
Swimming Pool	536,870	560,084

* 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 \$16.9 million. As stated previously, approximately two-thirds of this total amount is available for spending at the government’s discretion. The remaining one-third is held for specific capital projects.

The general fund is the chief operating fund of Cranberry Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,482,321. The fund balance for the general fund increased by \$935,822 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 \$4,674,358, the sewer fund \$5,871,138, the golf course fund \$448,939, the solid waste fund \$(123,792) and the swimming pool fund \$117,174. Other factors concerning the finances of these funds have already been addressed in the discussion of Cranberry Township's business-type activities.

General Fund Budgetary Highlights

The Board of Supervisors adopted Resolution No. 2007-60 making supplemental appropriations to the 2007 budget in the amount of \$1,120,000 primarily for capital improvements. Revenues exceeded budgetary estimates by 16.3%. Increases in revenue can be seen in the Act 511 taxes as well as building permits. Expenditures were 7.5% below budget. There was no need to draw upon existing fund balance.

Capital Assets and Debt Administration

Capital assets. Cranberry Township's investment in capital assets for its governmental and business type activities as of December 31, 2007, amounts to \$81,877,130 (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 2007	Business-type Activities 2007	Total
Land	2,773,627	3,285,597	6,059,224
Construction in Progress	279,575	686,269	965,844
Total Non-Depreciable Assets	3,053,202	3,971,866	7,025,068
Buildings	14,559,588	17,569,954	32,129,542
Site Improvements	2,592,924	4,237,891	6,830,815
Machinery, Equipment, Vehicles	7,373,361	16,344,986	23,718,347
Infrastructure	29,599,621	30,582,134	60,181,755
Carts – in service		722,762	722,762
Carts – not in service		101,467	101,467
Total Depreciable Assets	54,125,494	69,559,194	123,684,688
Accumulated Depreciation	(22,790,276)	(26,042,350)	(48,832,626)
Total Depreciable Assets, Net	31,335,218	43,516,844	74,852,062
Total Capital Assets	34,388,420	47,488,710	81,877,130

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 \$46,360,319. Cranberry Township maintains a bond rating of A1 from Moody’s Investor Service.

Cranberry Township’s Outstanding Debt

	Governmental Activities 2007	Business-type Activities 2007	Total
General Obligation Bonds	11,879,849	1,975,151	13,855,000
Taxable Notes	200,000		200,000
Promissory Notes	3,521	66,798	70,319
Revenue Bonds		32,235,000	32,235,000
Total	12,083,370	34,276,949	46,360,319

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

Economic Factors

Cranberry Township’s population grew by more than 60% in the 1990’s. The December 31, 2006 population of 28,073 estimated by Cranberry Township’s Planning and Community Development Department reflects 19% growth over six years from the 2000 census figure. Commercial growth continues to occur along Rt. 228 and Rt. 19. Residential growth continues throughout the Township.

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

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

2008 Budget Highlights

The 2008 General Fund budget includes no property tax increase, increased efforts in collection of Act 511 tax revenue, and investing in information technology to continue emphasis on operating efficiencies. Increases in utility costs, road salt, fuel, and insurance premiums will be absorbed. The rate for the local services tax was increased from \$30 to \$52 which includes a \$12,000 exemption. It is projected that there will be a \$300,000 reduction in revenue in this category.

As for the Township's business-type activities, there are no increases for sewer or water rates. The sewer collection system rehabilitation program continues to be funded to reduce infiltration and inflow to reduce operating costs at the treatment facility and to extend the time for the planned facility expansion. Monthly solid waste charges will contractually increase by 3%.

Requests for Information

This financial report is designed to provide a general overview of Cranberry Township's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finance Department, 2525 Rochester Road, Suite 400, Cranberry Township, PA 16066

Questions regarding the Cranberry Public Library financial information should be directed to the Librarian, Cranberry Public Library, 2525 Rochester Road, Suite 300, Cranberry Township, PA 16066.

TOWNSHIP OF CRANBERRY
STATEMENT OF NET ASSETS

DECEMBER 31, 2007

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNITS</u>	
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Cranberry</u>	<u>Other</u>
	<u>Activities</u>	<u>Activities</u>		<u>Public</u>	<u>Component</u>
				<u>Library</u>	<u>Units</u>
ASSETS					
Cash and cash equivalents	\$ 988,164	\$ 1,581,866	\$ 2,570,030	\$ 153,027	\$ 1,146
Investments	15,502,424	6,903,779	22,406,203	376,352	-
Receivables:					
Taxes and fees	2,354,613	-	2,354,613	-	-
Customers - billed	-	896,410	896,410	-	-
Customers - unbilled	-	1,026,986	1,026,986	-	-
Other	-	39,611	39,611	424	-
Internal balances	(1,319,489)	1,319,489	-	-	-
Inventory	-	28,114	28,114	-	-
Restricted assets:					
Investment - debt service fund	-	457,264	457,264	-	-
Investment - sinking fund	-	9,768	9,768	-	-
Capital assets, net:					
Nondepreciable	3,053,202	3,971,866	7,025,068	-	-
Depreciable	31,335,218	43,516,844	74,852,062	276,575	10,510
Other assets, net:					
Unamortized bond issue costs and bond discounts	177,672	166,092	343,764	-	-
Total Assets	<u>52,091,804</u>	<u>59,918,089</u>	<u>112,009,893</u>	<u>806,378</u>	<u>11,656</u>
LIABILITIES					
Accounts payable and accrued expenses	458,989	381,171	840,160	-	-
Deferred revenue	48,477	329,008	377,485	-	-
Security deposits	-	22,835	22,835	-	-
Compensated absences	113,670	75,424	189,094	-	-
Long-term liabilities:					
Due within a year	1,113,190	1,164,281	2,277,471	-	-
Due in more than one year	10,970,180	30,099,257	41,069,437	-	-
Total Liabilities	<u>12,704,506</u>	<u>32,071,976</u>	<u>44,776,482</u>	<u>-</u>	<u>-</u>
NET ASSETS					
Invested in capital assets, net of related debt	22,482,722	16,391,264	38,873,986	276,575	10,510
Restricted	-	467,032	467,032	-	-
Unrestricted	16,904,576	10,987,817	27,892,393	529,803	1,146
Total Net Assets	<u>\$ 39,387,298</u>	<u>\$ 27,846,113</u>	<u>\$ 67,233,411</u>	<u>\$ 806,378</u>	<u>\$ 11,656</u>

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

TOWNSHIP OF CRANBERRY
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007

Functions / Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Cranberry Public Library	Other Component Units
Primary Government:									
Governmental activities:									
General government	\$ 3,756,053	\$ 1,285,831	\$ 24,230	\$ 1,767,830	\$ (678,162)	\$ -	\$ (678,162)	\$ -	\$ -
Public safety	5,496,978	492,820	219,396	-	(4,784,762)	-	(4,784,762)	-	-
Health and welfare	131,785	-	-	-	(131,785)	-	(131,785)	-	-
Highways, roads, and streets	3,848,186	39,722	516,556	875,087	(2,416,821)	-	(2,416,821)	-	-
Culture and recreation	1,541,863	449,405	-	-	(1,092,458)	-	(1,092,458)	-	-
Insurance and pension	239,541	-	455,308	-	215,767	-	215,767	-	-
Miscellaneous	6,533	355,655	-	-	349,122	-	349,122	-	-
Interest on long-term debt	499,521	-	-	-	(499,521)	-	(499,521)	-	-
Total governmental activities	<u>15,520,460</u>	<u>2,623,433</u>	<u>1,215,490</u>	<u>2,642,917</u>	<u>(9,038,620)</u>	<u>-</u>	<u>(9,038,620)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water	4,051,010	4,026,785	-	169,255	-	145,030	145,030	-	-
Sewer	5,950,336	5,470,491	-	279,132	-	(200,713)	(200,713)	-	-
Golf course	2,229,184	1,951,728	-	-	-	(277,456)	(277,456)	-	-
Solid waste	1,620,485	1,403,475	-	184,228	-	(32,782)	(32,782)	-	-
Other	735,969	536,032	-	-	-	(199,937)	(199,937)	-	-
Total business-type activities	<u>14,586,984</u>	<u>13,388,511</u>	<u>-</u>	<u>632,615</u>	<u>-</u>	<u>(565,858)</u>	<u>(565,858)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 30,107,444</u>	<u>\$ 16,011,944</u>	<u>\$ 1,215,490</u>	<u>\$ 3,275,532</u>	<u>(9,038,620)</u>	<u>(565,858)</u>	<u>(9,604,478)</u>	<u>-</u>	<u>-</u>
Component Units:									
Cranberry Public Library, Inc.	\$ 687,643	\$ -	\$ 653,894	\$ -	-	-	-	(33,749)	-
Cranberry Volunteer Fire Department	67,847	3,700	54,570	-	-	-	-	-	(9,577)
Total component units	<u>\$ 755,490</u>	<u>\$ 3,700</u>	<u>\$ 708,464</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,749)</u>	<u>(9,577)</u>
General revenues:									
Taxes:									
Property taxes					4,885,481	-	4,885,481	-	-
Earned income taxes					4,762,022	-	4,762,022	-	-
Business privilege taxes					1,721,250	-	1,721,250	-	-
Emergency and municipal services taxes					783,284	-	783,284	-	-
Fines and forfeitures					-	-	-	44,472	-
Interest, rents, and royalties					729,377	681,761	1,411,138	27,932	22
Other					-	56,377	56,377	5,937	-
Transfers					(165,000)	165,000	-	-	-
Total general revenues and transfers					<u>12,716,414</u>	<u>903,138</u>	<u>13,619,552</u>	<u>78,341</u>	<u>22</u>
Change in net assets					3,677,794	337,280	4,015,074	44,592	(9,555)
Net assets at beginning of year					<u>35,709,504</u>	<u>27,508,833</u>	<u>63,218,337</u>	<u>761,786</u>	<u>21,211</u>
Net assets at end of year					<u>\$ 39,387,298</u>	<u>\$ 27,846,113</u>	<u>\$ 67,233,411</u>	<u>\$ 806,378</u>	<u>\$ 11,656</u>

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

TOWNSHIP OF CRANBERRY
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2007

	General Fund	Transportation Improvement Program East Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 694,115	\$ 3,210	\$ 290,839	\$ 988,164
Investments	6,234,221	4,224,712	5,043,491	15,502,424
Taxes and fees receivable	2,351,684	-	2,929	2,354,613
Due from other funds	1,314,824	138,984	56,668	1,510,476
Advances to other funds	<u>-</u>	<u>281,187</u>	<u>281,187</u>	<u>562,374</u>
Total Assets	<u>\$ 10,594,844</u>	<u>\$ 4,648,093</u>	<u>\$ 5,675,114</u>	<u>\$ 20,918,051</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued expenses	\$ 397,236	\$ -	\$ 61,753	\$ 458,989
Due to other funds	2,553,140	646,446	192,753	3,392,339
Deferred revenue	48,477	-	-	48,477
Compensated absences	<u>113,670</u>	<u>-</u>	<u>-</u>	<u>113,670</u>
Total Liabilities	<u>3,112,523</u>	<u>646,446</u>	<u>254,506</u>	<u>4,013,475</u>
Fund Balance:				
Reserved	-	281,187	493,704	774,891
Unreserved	7,482,321	3,720,460	-	11,202,781
Unreserved, reported in non-major:				
Special revenue funds	-	-	3,190,499	3,190,499
Capital projects funds	<u>-</u>	<u>-</u>	<u>1,736,405</u>	<u>1,736,405</u>
Total Fund Balance	<u>7,482,321</u>	<u>4,001,647</u>	<u>5,420,608</u>	<u>16,904,576</u>
Total Liabilities and Fund Balance	<u>\$ 10,594,844</u>	<u>\$ 4,648,093</u>	<u>\$ 5,675,114</u>	<u>\$ 20,918,051</u>

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

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

DECEMBER 31, 2007

Total Fund Balance - Governmental Funds	\$16,904,576
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,388,420
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.	177,672
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(12,083,370)</u>
Net Assets - Governmental Activities	<u>\$39,387,298</u>

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

YEAR ENDED DECEMBER 31, 2007

	<u>General Fund</u>	<u>Transportation Improvement Program East Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 11,297,124	\$ -	\$ 854,913	\$ 12,152,037
Licenses, permits, and fees	299,030	-	58,550	357,580
Fines and forfeitures	128,772	-	-	128,772
Interest, rents, and royalties	353,701	186,368	189,308	729,377
Intergovernmental revenue	698,934	-	516,556	1,215,490
Developer contributions	-	339,066	1,428,764	1,767,830
Charges for services	1,781,426	-	-	1,781,426
Miscellaneous	225,163	-	130,492	355,655
	<u>14,784,150</u>	<u>525,434</u>	<u>3,178,583</u>	<u>18,488,167</u>
Total revenues				
EXPENDITURES				
Current:				
General government	2,115,004	-	-	2,115,004
Public safety	4,919,557	-	350,368	5,269,925
Health and welfare	131,785	-	-	131,785
Highways, roads and streets	1,764,958	2,400	937,598	2,704,956
Culture and recreation	1,296,590	-	242,768	1,539,358
Insurance and pension	239,541	-	-	239,541
Miscellaneous	6,531	-	-	6,531
Debt service:				
Principal retirement	924,329	-	375,798	1,300,127
Interest charges	423,783	-	71,552	495,335
Bond issuance costs	4,850	-	-	4,850
Capital outlay	-	-	1,192,363	1,192,363
	<u>11,826,928</u>	<u>2,400</u>	<u>3,170,447</u>	<u>14,999,775</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>2,957,222</u>	<u>523,034</u>	<u>8,136</u>	<u>3,488,392</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	80,000	-	1,856,400	1,936,400
Transfers out	(2,101,400)	-	-	(2,101,400)
	<u>(2,021,400)</u>	<u>-</u>	<u>1,856,400</u>	<u>(165,000)</u>
Total other financing sources (uses)				
NET CHANGES IN FUND BALANCE	935,822	523,034	1,864,536	3,323,392
FUND BALANCE - JANUARY 1, 2007	<u>6,546,499</u>	<u>3,478,613</u>	<u>3,556,072</u>	<u>13,581,184</u>
FUND BALANCE - DECEMBER 31, 2007	<u>\$ 7,482,321</u>	<u>\$ 4,001,647</u>	<u>\$ 5,420,608</u>	<u>\$ 16,904,576</u>

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

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

DECEMBER 31, 2007

Net Changes in Fund Balance - Total Governmental Funds \$ 3,323,392

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (1,821,476)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 875,087

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. 1,300,791

Change in Net Assets - Governmental Activities \$ 3,677,794

TOWNSHIP OF CRANBERRY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

DECEMBER 31, 2007

ASSETS	MAJOR FUNDS				NON-MAJOR FUNDS	Total
	Water	Sewer	Golf Course	Solid Waste		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,576,084	\$ -	\$ 5,782	\$ -	\$ -	\$ 1,581,866
Investments	2,144,723	3,562,324	674,549	382,653	139,530	6,903,779
Accounts receivable:						
Customers - billed	311,231	430,932	-	148,126	6,121	896,410
Customers - unbilled	428,629	598,357	-	-	-	1,026,986
Other	39,611	-	-	-	-	39,611
Due from other funds	893,606	1,742,512	2	305,722	8,053	2,949,895
Inventory	-	-	28,114	-	-	28,114
Total current assets	<u>5,393,884</u>	<u>6,334,125</u>	<u>708,447</u>	<u>836,501</u>	<u>153,704</u>	<u>13,426,661</u>
Non-current assets:						
Restricted assets:						
Investment - debt service fund	-	336	456,928	-	-	457,264
Investment - bond sinking fund	-	-	9,768	-	-	9,768
Capital assets:						
Land	41,517	140,633	3,103,447	-	-	3,285,597
Construction in progress	-	686,269	-	-	-	686,269
Buildings	3,416,568	8,761,842	2,877,947	-	2,513,597	17,569,954
Site improvements	346,146	269,103	3,622,642	-	-	4,237,891
Machinery, equipment, and vehicles	897,773	14,640,021	741,422	39,524	26,244	16,344,984
Infrastructure	12,770,542	17,811,593	-	-	-	30,582,135
Carts - in service	-	-	-	722,762	-	722,762
Carts - not in service	-	-	-	101,467	-	101,467
Less: accumulated depreciation	(6,004,228)	(16,706,693)	(2,106,193)	(204,366)	(1,020,869)	(26,042,349)
Other assets:						
Unamortized bond issue costs	-	108,240	57,852	-	-	166,092
Total non-current assets	<u>11,468,318</u>	<u>25,711,344</u>	<u>8,763,813</u>	<u>659,387</u>	<u>1,518,972</u>	<u>48,121,834</u>
Total Assets	<u>\$ 16,862,202</u>	<u>\$ 32,045,469</u>	<u>\$ 9,472,260</u>	<u>\$ 1,495,888</u>	<u>\$ 1,672,676</u>	<u>\$ 61,548,495</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	\$ 192,206	\$ 73,114	\$ 3,347	\$ 111,196	\$ 1,308	\$ 381,171
Due to other funds	475,134	361,333	161,725	36,039	33,801	1,068,032
Deferred revenue	-	-	84,623	244,385	-	329,008
Security deposits	22,835	-	-	-	-	22,835
Compensated absences	29,351	28,540	9,813	6,299	1,421	75,424
Long-term debt - current portion	-	858,949	235,000	-	70,332	1,164,281
Total current liabilities	<u>719,526</u>	<u>1,321,936</u>	<u>494,508</u>	<u>397,919</u>	<u>106,862</u>	<u>3,040,751</u>
Non-current liabilities:						
Long-term debt - net of current maturities:						
General obligation bonds	-	-	-	-	1,904,820	1,904,820
Revenue bonds	-	22,020,000	9,150,000	-	-	31,170,000
Notes payable	-	37,849	-	-	-	37,849
Advances from other funds	-	-	-	562,374	-	562,374
Deferred loss on early retirement of debt	-	(2,058,072)	(509,793)	-	-	(2,567,865)
Unamortized bond discount	-	(353,966)	(43,423)	-	-	(397,389)
Unamortized underwriter's discount	-	-	(48,158)	-	-	(48,158)
Total non-current liabilities	<u>-</u>	<u>19,645,811</u>	<u>8,548,626</u>	<u>562,374</u>	<u>1,904,820</u>	<u>30,661,631</u>
Total Liabilities	<u>\$ 719,526</u>	<u>\$ 20,967,747</u>	<u>\$ 9,043,134</u>	<u>\$ 960,293</u>	<u>\$ 2,011,682</u>	<u>\$ 33,702,382</u>
NET ASSETS						
Invested in capital assets - net of related debt	\$ 11,468,318	\$ 5,206,248	\$ (486,509)	\$ 659,387	\$ (456,180)	\$ 16,391,264
Restricted for debt retirement	-	336	466,696	-	-	467,032
Unrestricted	<u>4,674,358</u>	<u>5,871,138</u>	<u>448,939</u>	<u>(123,792)</u>	<u>117,174</u>	<u>10,987,817</u>
Total Net Assets	<u>\$ 16,142,676</u>	<u>\$ 11,077,722</u>	<u>\$ 429,126</u>	<u>\$ 535,595</u>	<u>\$ (339,006)</u>	<u>\$ 27,846,113</u>

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

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

YEAR ENDED DECEMBER 31, 2007

	MAJOR FUNDS				NON-MAJOR FUNDS	Total
	Water	Sewer	Golf Course	Solid Waste		
OPERATING REVENUES						
Charges for services	\$ 4,026,785	\$ 5,470,491	\$ 1,951,728	\$ 1,403,475	\$ 536,032	\$ 13,388,511
Penalties and interest	28,767	31,251	-	11,399	-	71,417
Miscellaneous revenues	10,473	6,400	-	38,666	838	56,377
	<u>4,066,025</u>	<u>5,508,142</u>	<u>1,951,728</u>	<u>1,453,540</u>	<u>536,870</u>	<u>13,516,305</u>
OPERATING EXPENSES						
Salaries and wages and related taxes	754,793	1,038,924	547,084	102,394	285,382	2,728,577
Employee benefits and related taxes	249,494	311,923	133,981	27,639	6,169	729,206
Depreciation	406,410	1,472,717	371,463	72,053	102,947	2,425,590
Insurance and pension	66,231	97,753	18,501	7,288	13,114	202,887
Advertising	-	-	-	7,740	472	8,212
Dues and subscriptions	218	-	199	3,313	-	3,730
Conferences and training	-	1,001	25	125	-	1,151
Postage and shipping	2,708	2,716	107	4,640	-	10,171
Printing and reproduction	1,269	1,269	-	9,950	-	12,488
Uniforms	1,847	2,659	641	-	-	5,147
Materials and supplies	78,290	106,035	97,911	5,564	18,051	305,851
Collection and disposal cost	-	-	-	1,338,921	-	1,338,921
Water purchase	2,117,685	-	-	-	-	2,117,685
Chemicals	-	417,614	126,589	-	27,231	571,434
Laboratory	-	55,530	-	-	-	55,530
Telephone and utilities	73,363	438,766	51,865	22	72,299	636,315
Repairs and maintenance	8,498	280,886	6,407	-	23,383	319,174
Minor equipment rental and purchase	20,371	31,088	70,993	30,510	16,188	169,150
Vehicle expense	19,975	17,094	-	-	-	37,069
Professional and other services	249,858	441,993	225,034	-	-	916,885
Concession and other products and services	-	-	154,181	-	62,718	216,899
Miscellaneous expenses	-	-	338	669	-	1,007
Administrative expenses	-	-	-	-	35,077	35,077
	<u>4,051,010</u>	<u>4,717,968</u>	<u>1,805,319</u>	<u>1,610,828</u>	<u>663,031</u>	<u>12,848,156</u>
Operating Income (loss)	<u>15,015</u>	<u>790,174</u>	<u>146,409</u>	<u>(157,288)</u>	<u>(126,161)</u>	<u>668,149</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest income	135,553	269,845	51,929	33,087	6,960	497,374
Rental income	112,970	-	-	-	-	112,970
Grant revenue	-	-	-	184,228	-	184,228
Other income	-	-	-	-	-	-
Interest expense and debt issuance costs	-	(1,232,368)	(423,865)	(9,657)	(72,938)	(1,738,828)
	<u>248,523</u>	<u>(962,523)</u>	<u>(371,936)</u>	<u>207,658</u>	<u>(65,978)</u>	<u>(944,256)</u>
Income (loss) before contributions and transfers	263,538	(172,349)	(225,527)	50,370	(192,139)	(276,107)
CAPITAL CONTRIBUTIONS	169,255	279,132	-	-	-	448,387
TRANSFERS IN	-	31,093	95,000	-	150,000	276,093
TRANSFERS OUT	(61,093)	(50,000)	-	-	-	(111,093)
Change in net assets	371,700	87,876	(130,527)	50,370	(42,139)	337,280
TOTAL NET ASSETS - JANUARY 1, 2007	<u>15,770,976</u>	<u>10,989,846</u>	<u>559,653</u>	<u>485,225</u>	<u>(296,867)</u>	<u>27,508,833</u>
TOTAL NET ASSETS - DECEMBER 31, 2007	<u>\$ 16,142,676</u>	<u>\$ 11,077,722</u>	<u>\$ 429,126</u>	<u>\$ 535,595</u>	<u>\$ (339,006)</u>	<u>\$ 27,846,113</u>

TOWNSHIP OF CRANBERRY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2007

	MAJOR FUNDS				NON-MAJOR FUNDS	Total
	Water	Sewer	Golf Course	Solid Waste		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 4,019,240	\$ 5,349,815	\$ 1,969,116	\$ 1,406,195	\$ 536,032	\$ 13,280,398
Payments to suppliers	(2,901,441)	(2,236,126)	(924,100)	(1,434,408)	(294,723)	(7,790,798)
Payments to employees	(733,900)	(1,012,043)	(532,540)	(101,193)	(264,782)	(2,644,458)
Internal activity - net payments from (to) other funds	(550,200)	(1,071,183)	155,076	(321,070)	36,425	(1,750,952)
Other receipts (payments), net	(21,493)	6,400	-	38,666	838	24,411
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(187,794)</u>	<u>1,036,863</u>	<u>667,552</u>	<u>(411,810)</u>	<u>13,790</u>	<u>1,118,601</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating subsidies and transfers from (to) other funds, net	(61,093)	(18,907)	95,000	-	150,000	165,000
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(61,093)</u>	<u>(18,907)</u>	<u>95,000</u>	<u>-</u>	<u>150,000</u>	<u>165,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	-	(836,269)	-	(82,526)	-	(918,795)
Principal paid on capital debt	-	(687,801)	(2,331)	-	(68,866)	(758,998)
Interest paid on capital debt	-	(1,232,368)	(423,865)	(9,657)	(72,938)	(1,738,828)
Proceeds from capital refunding debt	-	-	-	-	-	-
Grants	-	-	-	184,228	-	184,228
Other receipts (payments)	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(2,756,438)</u>	<u>(426,196)</u>	<u>92,045</u>	<u>(141,804)</u>	<u>(3,232,393)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	135,553	269,845	51,929	33,087	6,960	497,374
Rental income	112,970	-	-	-	-	112,970
Net sales (purchases) of investments	148,516	1,468,637	(386,999)	286,668	(29,035)	1,487,787
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>397,039</u>	<u>1,738,482</u>	<u>(335,070)</u>	<u>319,755</u>	<u>(22,075)</u>	<u>2,098,131</u>
NET INCREASE (DECREASE) IN CASH	148,152	-	1,286	(10)	(89)	149,339
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,427,932</u>	<u>-</u>	<u>4,496</u>	<u>10</u>	<u>89</u>	<u>1,432,527</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,576,084</u>	<u>\$ -</u>	<u>\$ 5,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,581,866</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 15,015	\$ 790,174	\$ 146,409	\$ (157,288)	\$ (126,161)	\$ 668,149
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	406,410	1,472,717	371,463	72,053	102,947	2,425,590
Change in assets and liabilities:						
Receivables, net	(36,312)	(151,927)	-	(10,171)	56	(198,354)
Due from other funds	(756,373)	(1,365,442)	(2)	(275,010)	2,624	(2,394,203)
Inventories	-	-	(8,042)	-	-	(8,042)
Due to other funds	206,173	294,259	155,078	35,361	33,801	724,672
Accounts payable and accrued expenses	4,617	(7,430)	(16,098)	1,973	58	(16,880)
Security deposits	(31,966)	-	-	-	-	(31,966)
Compensated absences	4,642	4,512	1,356	1,201	521	12,232
Advances from other funds	-	-	-	(81,421)	-	(81,421)
Deferred revenue	-	-	17,388	1,492	(56)	18,824
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (187,794)</u>	<u>\$ 1,036,863</u>	<u>\$ 667,552</u>	<u>\$ (411,810)</u>	<u>\$ 13,790</u>	<u>\$ 1,118,601</u>
Supplementary Information:						
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Infrastructure contributed by developers	<u>\$ 169,255</u>	<u>\$ 279,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 448,387</u>

TOWNSHIP OF CRANBERRY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

DECEMBER 31, 2007

	Police Pension Fund	Municipal Employees' Pension Fund	Township Deferred Compensation Fund	Total Pension (and other employee benefit) Trust Funds
ASSETS				
Interest receivable	\$ 36,491	\$ 14,562	\$ -	\$ 51,053
Investments	6,811,021	2,709,217	4,895,600	14,415,838
Loans to participants	<u>-</u>	<u>-</u>	<u>139,221</u>	<u>139,221</u>
Total assets	<u>\$ 6,847,512</u>	<u>\$ 2,723,779</u>	<u>\$ 5,034,821</u>	<u>\$ 14,606,112</u>
NET ASSETS				
Held in trust for pension benefits and other purposes	<u>\$ 6,847,512</u>	<u>\$ 2,723,779</u>	<u>\$ 5,034,821</u>	<u>\$ 14,606,112</u>

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

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

YEAR ENDED DECEMBER 31, 2007

	<u>Police Pension Fund</u>	<u>Municipal Employees' Pension Fund</u>	<u>Township Deferred Compensation Fund</u>	<u>Total Pension (and other employee benefit) Trust Funds</u>
ADDITIONS				
Contributions:				
Employer	\$ -	\$ -	\$ 259,560	\$ 259,560
Plan members	88,448	-	371,473	459,921
Plan member rollovers and transfers in	-	-	18,690	18,690
Intergovernmental revenues	<u>275,231</u>	<u>222,376</u>	<u>-</u>	<u>497,607</u>
Total contributions	<u>363,679</u>	<u>222,376</u>	<u>649,723</u>	<u>1,235,778</u>
Investment earnings:				
Net increase (decrease) in fair value of investments	265,148	106,183	286,567	657,898
Interest and dividends	<u>187,189</u>	<u>86,109</u>	<u>-</u>	<u>273,298</u>
Total investment earnings	<u>452,337</u>	<u>192,292</u>	<u>286,567</u>	<u>931,196</u>
 Total additions	 <u>816,016</u>	 <u>414,668</u>	 <u>936,290</u>	 <u>2,166,974</u>
DEDUCTIONS				
Benefits	129,190	144,154	337,569	610,913
Other distributions and transfers out	-	-	-	-
Administration and miscellaneous	<u>29,885</u>	<u>-</u>	<u>450</u>	<u>30,335</u>
 Total deductions	 <u>159,075</u>	 <u>144,154</u>	 <u>338,019</u>	 <u>641,248</u>
 Change in net assets	 656,941	 270,514	 598,271	 1,525,726
 NET ASSETS - BEGINNING OF THE YEAR	 <u>6,190,571</u>	 <u>2,453,265</u>	 <u>4,436,550</u>	 <u>13,080,386</u>
 NET ASSETS - END OF THE YEAR	 <u>\$ 6,847,512</u>	 <u>\$ 2,723,779</u>	 <u>\$ 5,034,821</u>	 <u>\$ 14,606,112</u>

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

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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 units - Cranberry Public Library, Inc. and Cranberry Volunteer Fire Department. As defined by GASBS No. 14, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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

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

B. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS

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

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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.

C. BASIC FINANCIAL STATEMENTS—FUND FINANCIAL STATEMENTS

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

The following fund types are used by the Township:

1. Governmental Funds:

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

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

2. Proprietary Funds:

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

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

3. Fiduciary Funds:

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

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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

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

D. BASIS OF ACCOUNTING

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

1. Accrual:

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

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 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 three months of the date they are acquired.

2. Investments:

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

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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, 2007

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.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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.

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.

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 2007 was 14.20 mills applied to an assessable base of \$246,119,532.

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, 2007

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable/payable balances as of December 31, 2007 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General fund	\$ 1,314,824	\$ 2,553,140
Transportation improvement program east fund	420,171	646,446
Water	893,606	475,134
Sewer	1,742,512	361,333
Golf course	2	161,725
Solid waste	305,722	598,413
Non-major governmental funds	337,855	192,753
Non-major proprietary funds	<u>8,053</u>	<u>33,801</u>
	<u>\$ 5,022,745</u>	<u>\$ 5,022,745</u>

A summary of interfund transfers during the year ended December 31, 2007 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ 80,000	\$ 2,101,400
Transportation improvement program east fund	-	-
Water	-	61,093
Sewer	31,093	50,000
Golf course	95,000	-
Solid waste	-	-
Non-major governmental funds	1,856,400	-
Non-major proprietary funds	<u>150,000</u>	<u>-</u>
	<u>\$ 2,212,493</u>	<u>\$ 2,212,493</u>

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 5 - LONG-TERM DEBT

A summary of long-term liability activity for the year ended December 31, 2007 is as follows. Additional detailed information is available on the following pages.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
General obligation bonds	\$ 12,850,982	\$ -	\$ (971,133)	\$ 11,879,849	\$ 1,009,668
Taxable notes	528,869	-	(328,869)	200,000	100,000
Promissory notes	<u>11,855</u>	<u>-</u>	<u>(8,334)</u>	<u>3,521</u>	<u>3,521</u>
	<u>\$ 13,391,706</u>	<u>\$ -</u>	<u>\$ (1,308,336)</u>	<u>\$ 12,083,370</u>	<u>\$ 1,113,189</u>
Business-type activities:					
General obligation bonds	\$ 2,044,018	\$ -	\$ (68,867)	\$ 1,975,151	\$ 70,332
Revenue bonds	33,065,000	-	(830,000)	32,235,000	1,065,000
Promissory notes	<u>94,614</u>	<u>-</u>	<u>(27,816)</u>	<u>66,798</u>	<u>28,949</u>
	<u>\$ 35,203,632</u>	<u>\$ -</u>	<u>\$ (926,683)</u>	<u>\$ 34,276,949</u>	<u>\$ 1,164,281</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%	\$ 4,705,000	\$ -
2003	3,420,000	2009	1.20-3.05%	1,080,000	-
2003A	7,885,000	2016	1.10-4.03%	4,764,849	1,975,151
2003B	1,535,000	2025	1.65-4.60%	<u>1,330,000</u>	<u>-</u>
				<u>\$ 11,879,849</u>	<u>\$ 1,975,151</u>
Amount due within one year				<u>\$ 1,009,668</u>	<u>\$ 70,332</u>

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

The future annual payments required to amortize general obligation bonds outstanding as of December 31, 2007 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,080,000	\$ 531,445	\$ 1,611,445
2009	1,115,000	498,723	1,613,723
2010	1,135,000	471,535	1,606,535
2011	1,175,000	432,485	1,607,485
2012	1,215,000	390,380	1,605,380
2013-2017	5,775,000	1,212,980	6,987,980
2018-2022	2,060,000	333,788	2,393,788
2023-2025	<u>300,000</u>	<u>27,660</u>	<u>327,660</u>
	<u>\$ 13,855,000</u>	<u>\$ 3,898,996</u>	<u>\$ 17,753,996</u>

Revenue Bonds

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

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2001B	\$ 28,255,000	2025	2.30-5.00%	\$ 22,850,000
2006	9,415,000	2031	3.50-4.45%	<u>9,385,000</u>
				<u>\$ 32,235,000</u>
Amount due within one year				<u>\$ 1,065,000</u>

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

The future annual payments required to amortize revenue bonds outstanding as of December 31, 2007 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,065,000	\$ 1,449,775	\$ 2,514,775
2009	1,120,000	1,410,868	2,530,868
2010	1,180,000	1,368,961	2,548,961
2011	1,230,000	1,323,793	2,553,793
2012	1,275,000	1,275,065	2,550,065
2013-2017	7,255,000	5,523,310	12,778,310
2018-2022	9,145,000	3,687,166	12,832,166
2023-2027	7,665,000	1,319,154	8,984,154
2028-2031	<u>2,300,000</u>	<u>210,485</u>	<u>2,510,485</u>
	<u>\$ 32,235,000</u>	<u>\$ 17,568,577</u>	<u>\$ 49,803,577</u>

Taxable Notes

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

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2003	\$ 915,479	2007	0.00%	\$ -
2005	400,000	2009	0.00%	<u>200,000</u>
				<u>\$ 200,000</u>
Amount due within one year				<u>\$ 100,000</u>

The future annual payments required to amortize the taxable note outstanding as of December 31, 2007 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 100,000	\$ -	\$ 100,000
2009	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>

TOWNSHIP OF CRANBERRY
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Promissory Notes

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

<u>Purpose</u>	<u>Year of Issue</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>	
					<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fire truck	1994	\$ 100,000	2008	2.00%	\$ 3,521	\$ -
Sewer	1990	444,000	2010	3.99%	-	66,798
					\$ 3,521	\$ 66,798
Amount due within one year					\$ 3,521	\$ 28,949

The future annual payments required to amortize promissory notes outstanding as of December 31, 2007 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 28,949	\$ 2,169	\$ 31,118
2009	30,128	965	31,093
2010	7,721	52	7,773
	\$ 66,798	\$ 3,186	\$ 69,984

Bond Refundings - Governmental Activities

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

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

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

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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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.

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

TOWNSHIP OF CRANBERRY
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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, 2007 was as follows:

	January 1, <u>2007</u>	<u>Additions</u>	<u>Disposals</u>	December 31, <u>2007</u>
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 2,773,627	\$ -	\$ -	\$ 2,773,627
Construction in process	<u>492,513</u>	<u>279,575</u>	<u>(492,513)</u>	<u>279,575</u>
Total non-depreciable capital assets	<u>\$ 3,266,140</u>	<u>\$ 279,575</u>	<u>\$ (492,513)</u>	<u>\$ 3,053,202</u>

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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Depreciable capital assets:

Buildings	14,216,985	342,603	-	14,559,588
Site improvements	2,592,924	-	-	2,592,924
Machinery, equipment, and vehicles	7,066,892	306,469	-	7,373,361
Infrastructure	<u>28,724,532</u>	<u>875,089</u>	-	<u>29,599,621</u>
Total depreciable capital assets	<u>52,601,333</u>	<u>1,524,161</u>	-	<u>54,125,494</u>

Less accumulated depreciation for:

Buildings	(4,164,418)	(500,300)	-	(4,664,718)
Site improvements	(1,499,554)	(108,775)	-	(1,608,329)
Machinery, equipment, and vehicles	(4,727,365)	(505,303)	-	(5,232,668)
Infrastructure	<u>(10,141,331)</u>	<u>(1,143,230)</u>	-	<u>(11,284,561)</u>
Total accumulated depreciation	<u>(20,532,668)</u>	<u>(2,257,608)</u>	-	<u>(22,790,276)</u>

Total depreciable capital assets, net	<u>32,068,665</u>	<u>(733,447)</u>	-	<u>31,335,218</u>
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Total capital assets, net	<u>\$ 35,334,805</u>	<u>\$ (453,872)</u>	<u>\$ (492,513)</u>	<u>\$ 34,388,420</u>
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Business-type Activities:

Non-depreciable capital assets:

Land	\$ 3,285,597	\$ -	\$ -	\$ 3,285,597
Construction in process	<u>-</u>	<u>686,269</u>	-	<u>686,269</u>
Total non-depreciable capital assets	<u>\$ 3,285,597</u>	<u>\$ 686,269</u>	<u>\$ -</u>	<u>\$ 3,971,866</u>

Depreciable capital assets:

Buildings	17,569,954	-	-	17,569,954
Site improvements	4,237,891	-	-	4,237,891
Machinery, equipment, and vehicles	16,155,460	189,526	-	16,344,986
Carts - in service	698,524	24,238	-	722,762
Carts - not in service	82,703	43,002	(24,238)	101,467
Infrastructure	<u>30,133,747</u>	<u>448,387</u>	-	<u>30,582,134</u>
Total depreciable assets	<u>68,878,279</u>	<u>705,153</u>	<u>(24,238)</u>	<u>69,559,194</u>

Less accumulated depreciation for:

Buildings	(5,443,619)	(412,170)	-	(5,855,789)
Site improvements	(1,311,138)	(268,728)	-	(1,579,866)
Machinery, equipment, and vehicles	(7,813,184)	(1,006,786)	-	(8,819,970)
Carts - in service	(132,313)	(71,065)	-	(203,378)
Infrastructure	<u>(8,916,506)</u>	<u>(666,841)</u>	-	<u>(9,583,347)</u>
Total accumulated depreciation	<u>(23,616,760)</u>	<u>(2,425,590)</u>	-	<u>(26,042,350)</u>

Total depreciable capital assets, net	<u>45,261,519</u>	<u>(1,720,437)</u>	<u>(24,238)</u>	<u>43,516,844</u>
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Total capital assets, net	<u>\$ 48,547,116</u>	<u>\$ (1,034,168)</u>	<u>\$ (24,238)</u>	<u>\$ 47,488,710</u>
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TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 884,820
Public safety	227,053
Culture and recreation	2,505
Highways, roads, and streets	<u>1,143,230</u>
 Total Governmental Activities depreciation expense	 <u>\$ 2,257,608</u>
 Business-type Activities:	
Water	\$ 406,410
Sewer	1,472,717
Golf course	371,463
Solid waste	72,053
Swimming pool	<u>102,947</u>
 Total Business-type Activities depreciation expense	 <u>\$ 2,425,590</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, 2007, the remaining amount drawn against the line for the Junior Football Association and the Township's guarantee is \$34,510.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - POLICE PENSION PLAN

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

Plan Description

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

Significant provisions of the pension plan are as follows:

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

- B. Retirement Benefit** - A participant is entitled to begin receiving retirement benefits after completing 25 years of service and attaining age 50 for employment that began prior to January 1, 1992. Those employees hired after January 1, 1992 are entitled to receive benefits after completing 25 years of service and attaining age 55. The scheduled monthly retirement benefit is 50% of the participant's final average monthly compensation earned during the last 36 months of employment, plus an additional monthly benefit of \$10 for each completed year of service in excess of 25 years, up to a maximum monthly increment of \$100.

- C. Disability Benefit** - If a participant becomes totally and permanently disabled as a result of accident or sickness occurring in the line of duty, the participant is entitled to receive a monthly disability benefit. The scheduled benefit is 50% of final average monthly compensation. Payments will continue until the earliest of recovery, death, or normal retirement.

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

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

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

E. Funding - The Plan is funded on an annual basis pursuant to the provisions of the Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, P.L. 1005 no. 205, as amended, 53 P.S. 895.101, et.seq. ("Act 205"), the Police Pension Fund Act of May 29, 1956, P.L. (1955) 1804 no. 600, as amended, 53 P.S. 767, et.seq. ("Act 600"), and the regulations there under. The annual pension cost and the contribution for the period 2004 through 2006 is as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Normal Pension Cost	\$ 228,640	\$ 217,161	\$ 216,911
Contribution (Excluding Employee Mandatory)	\$ 263,674	\$ 222,937	\$ 198,203

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, 2007) follows:

Actuarial present value of future benefits	\$ 9,976,214
LESS: Actuarial present value of future normal costs	<u>(2,989,033)</u>
Actuarial accrued liability	6,987,181
LESS: Actuarial value of assets at January 1, 2007	<u>(6,093,213)</u>
Unfunded actuarial accrued liability (asset in excess of liability)	<u>\$ 893,968</u>
Market value of assets at January 1, 2007 (memorandum only)	<u>\$ 6,187,131</u>

F. Plan Assumptions

Actuarial Method:

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

Method for Actuarial Valuation of Assets:

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

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
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Economic Assumptions:

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

Amortization Method:

Level dollar, closed.

Required Supplementary Information

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

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The historical information required to be disclosed, beginning as of January 1, 2007, is as follows:

Schedule of Funding Progress:

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Liability (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded (Assets in Excess of) Actuarial Liability as a % of Payroll [(b)-(a)]/(c)
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.

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

NOTE 9 - NON-UNIFORM EMPLOYEES PENSION PLAN

Plan Description

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

Significant provisions of the pension plan are as follows:

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

B. Valuation of Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages (if any) are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments (if any) is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value. As of December 31, 2007, there were no investments in mortgages or real estate.

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

TOWNSHIP OF CRANBERRY
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D. Vesting - Any account share attributable to the participants' voluntary contributions is always 100% vested. All other accounts will vest according to the cause of termination. In case of death, disability or retirement the vesting is 100%. In case of termination for any other reason, a participant will vest as follows:

<u>Years of Service</u>	<u>Vesting %</u>
Less than 3	0%
3, but less than 4	20%
4, but less than 5	40%
5, but less than 6	60%
6, but less than 7	80%
7 or more	100%

E. Benefits - In case of death, disability, retirement or any other employment termination, the participant or beneficiary will be entitled to the distribution of the participant's account balance based on the then-current value of their vested interest, plus 100% of the voluntary contributions made.

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

G. Contributions - The contribution in the amount of \$222,376 was made through an allocation of state aid from the General Municipal Pension System State Aid Program for the year ended December 31, 2007.

NOTE 10 - TOWNSHIP DEFERRED COMPENSATION PLAN

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

The deferred compensation plan is available to all employees of the Township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Township matches employee contributions, including those employees who are Teamster members, to a maximum of 5% of the employee's salary after a six month waiting period. For utility workers, the Township matches employee contributions to a maximum of 3% for 2007. For uniformed employees, the Township matches employee contributions to a maximum of 1.5% for 2007.

TOWNSHIP OF CRANBERRY
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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, 2007, four developers had posted cash bond escrows amounting to \$80,351 including accrued interest. These funds are deposited into escrow accounts which are not carried on the books of the Township because they are not owned by the Township.

NOTE 12 - DEPOSITS AND INVESTMENTS AND CONCENTRATION OF CREDIT RISK

Primary Government

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits. However, they do allow the pooling of governmental funds for investment purposes.

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

Deposits - The cash accounts maintained at PNC Bank and Mars National Bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$100,000. As of December 31, 2007, \$200,000 of the Township's \$1,576,813 bank balances was insured by the FDIC. The remaining bank balances of \$1,376,813 were exposed to custodial credit risk, which is collateralized in accordance with Pledge Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$1,218,113 as of December 31, 2007.

TOWNSHIP OF CRANBERRY
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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, 2007, the Township's PLGIT investments totaled \$23,756,170.

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, 2007, 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 95.1% in PLGIT investments, 4.1% in PNC Bank investments, and 0.8% in Mars National Bank investments.

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

Restricted 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
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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, 2007, 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, 2007			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
Fixed income funds	\$ 2,665,867	\$ -	\$ 2,665,867 *	\$ -	\$ -
Total debt securities	\$ 2,665,867	\$ -	\$ 2,665,867	\$ -	\$ -
Cash and cash equivalents	882,268			* Estimated	
Mutual funds	<u>10,867,705</u>				
Total cash and other investments	<u>11,749,973</u>				
Total investments reported on statement of fiduciary net assets	<u>\$ 14,415,840</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, 2007, 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, 2007

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 75.4% in mutual funds, 18.5% in fixed income funds, and 6.1% in cash and cash equivalents.

Interest rate risk - The pension trust funds do not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 13 - LEASES

Sprint Towers

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

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

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

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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 2007 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 2007 relating to amortization of bond issuance costs charged to interest of \$140,015.

NOTE 15 - SIGNIFICANT COMPONENT UNIT TRANSACTIONS

The following schedule presents significant transactions between the primary government and its component units during the year ended December 31, 2007:

<u>Component Unit</u>	<u>Significant Transactions</u>
Cranberry Public Library, Inc.	The Township provided \$462,864 of support in the form of grants and contributions of facilities, goods, and services.
Cranberry Volunteer Fire Department	The Township provided \$30,985 of support in the form of contributions of goods and services.

TOWNSHIP OF CRANBERRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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, 2007, the Township purchased substantially all of its water needs from The Municipal Authority of the Borough of West View at a cost of \$2,117,685.

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, 2007, infrastructure assets contributed by developers amounted to \$1,323,474.

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, 2007, a reservation of \$562,374 of total governmental fund balance has been made for this purpose.

Capital projects—to reflect management’s intent to expend certain funds solely for planned capital projects. As of December 31, 2007, a reservation of \$212,517 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, 2007 of (\$339,006). This deficit will be financed through future revenues of the fund and through transfers from other funds.

NOTE 20 - SUBSEQUENT EVENT

On May 15, 2008, the Township issued \$9,995,000 of general obligation bonds to provide the Township with the funds required for the acquisition of land and construction of park facilities and for Township infrastructure and facilities improvements.

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

YEAR ENDED DECEMBER 31, 2007

	GENERAL FUND				TRANSPORTATION IMPROVEMENT PROGRAM EAST FUND			
	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ 9,860,080	\$ 9,860,080	\$ 11,297,124	\$ 1,437,044	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	253,750	253,750	299,030	45,280	-	-	-	-
Fines and forfeitures	125,100	125,100	128,772	3,672	-	-	-	-
Interest, rents and royalties	129,650	129,650	353,701	224,051	40,000	40,000	186,368	146,368
Intergovernmental revenue	664,200	664,200	698,934	34,734	-	-	-	-
Developer contributions	-	-	-	-	400,000	400,000	339,066	(60,934)
Charges for services	1,624,450	1,624,450	1,781,426	156,976	-	-	-	-
Miscellaneous revenues	55,550	55,550	225,163	169,613	-	-	-	-
Total revenues	12,712,780	12,712,780	14,784,150	2,071,370	440,000	440,000	525,434	85,434
EXPENDITURES								
General government	2,311,856	2,311,856	2,115,004	196,852	-	-	-	-
Public safety	5,033,526	5,033,526	4,919,557	113,969	-	-	-	-
Health and welfare	133,500	133,500	131,785	1,715	-	-	-	-
Highways, roads and streets	2,312,623	2,312,623	1,764,958	547,665	1,500,000	1,500,000	2,400	1,497,600
Culture and recreation	1,352,237	1,352,237	1,296,590	55,647	-	-	-	-
Insurance and pension	232,450	232,450	239,541	(7,091)	-	-	-	-
Miscellaneous	60,000	60,000	6,531	53,469	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	1,341,092	1,341,092	924,329	416,763	-	-	-	-
Interest charges	-	-	423,783	(423,783)	-	-	-	-
Bond issuance costs	8,500	8,500	4,850	3,650	-	-	-	-
Total expenditures	12,785,784	12,785,784	11,826,928	958,856	1,500,000	1,500,000	2,400	1,497,600
Excess (deficiency) of revenues over expenditures	(73,004)	(73,004)	2,957,222	3,030,226	(1,060,000)	(1,060,000)	523,034	1,583,034
OTHER FINANCING SOURCES (USES)								
Transfers in	80,000	80,000	80,000	-	-	-	-	-
Transfers out	(2,101,400)	(2,101,400)	(2,101,400)	-	-	-	-	-
Total other financing sources (uses)	(2,021,400)	(2,021,400)	(2,021,400)	-	-	-	-	-
Net change in fund balance	\$ (2,094,404)	\$ (2,094,404)	935,822	\$ 3,030,226	\$ (1,060,000)	\$ (1,060,000)	523,034	\$ 1,583,034
FUND BALANCE - JANUARY 1, 2007			<u>6,546,499</u>				<u>3,478,613</u>	
FUND BALANCE- DECEMBER 31, 2007			<u>\$ 7,482,321</u>				<u>\$ 4,001,647</u>	

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

DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS FUNDS				Total Other Governmental Funds
	Fire Protection Fund	Library Fund	Recreational Facilities Fund	Transportation Improvement Program West Fund	Developers' Deposits Fund	Developers' Contributions Fund	Highway Aid Fund	Capital Improvement Fund	Capital Financing Fund	Fire Capital Fund	Township Transportation Improvement Program Fund	
ASSETS												
Cash and cash equivalents	\$ 1,467	\$ 2,049	\$ -	\$ -	\$ 44,003	\$ 1,666	\$ -	\$ -	\$ 212,517	\$ 1,454	\$ 27,683	\$ 290,839
Taxes and fees receivable	1,255	837	-	-	-	-	-	-	-	837	-	2,929
Investments	214,793	61,777	3,579	643,522	1,106,500	997,852	127,256	1,264,491	-	246,085	377,636	5,043,491
Due from other funds	5,482	3,655	12,350	8,302	-	23,225	-	-	-	3,654	-	56,668
Advances to other funds	-	-	-	-	-	281,187	-	-	-	-	-	281,187
Total assets	<u>\$ 222,997</u>	<u>\$ 68,318</u>	<u>\$ 15,929</u>	<u>\$ 651,824</u>	<u>\$ 1,150,503</u>	<u>\$ 1,303,930</u>	<u>\$ 127,256</u>	<u>\$ 1,264,491</u>	<u>\$ 212,517</u>	<u>\$ 252,030</u>	<u>\$ 405,319</u>	<u>\$ 5,675,114</u>
LIABILITIES AND FUND BALANCE												
Accounts payable and accrued expenses	\$ 2,420	\$ -	\$ -	\$ 5,439	\$ 12,761	\$ -	\$ -	\$ 41,133	\$ -	\$ -	\$ -	\$ 61,753
Due to other funds	38,791	5,600	-	-	3,767	293	-	104,302	-	40,000	-	192,753
Fund balance - reserved	-	-	-	-	-	281,187	-	-	212,517	-	-	493,704
Fund balance - unreserved	181,786	62,718	15,929	646,385	1,133,975	1,022,450	127,256	1,119,056	-	212,030	405,319	4,926,904
Total liabilities and fund balance	<u>\$ 222,997</u>	<u>\$ 68,318</u>	<u>\$ 15,929</u>	<u>\$ 651,824</u>	<u>\$ 1,150,503</u>	<u>\$ 1,303,930</u>	<u>\$ 127,256</u>	<u>\$ 1,264,491</u>	<u>\$ 212,517</u>	<u>\$ 252,030</u>	<u>\$ 405,319</u>	<u>\$ 5,675,114</u>

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

YEAR ENDED DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS FUNDS				Total Other Governmental Funds
	Fire Protection Fund	Library Fund	Recreational Facilities Fund	Transportation Improvement Program West Fund	Developers' Deposits Fund	Developers' Contributions Fund	Highway Aid Fund	Capital Improvement Fund	Capital Financing Fund	Fire Capital Fund	Township Transportation Improvement Program Fund	
REVENUES												
Taxes	\$ 366,387	\$ 244,263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,263	\$ -	\$ 854,913
Interest	15,792	8,201	2,364	16,937	26,540	49,718	20,012	27,569	-	11,354	10,821	189,308
Licenses, permits, and fees	-	-	58,550	-	-	-	-	-	-	-	-	58,550
Developer contributions	-	-	-	475,214	891,479	62,071	-	-	-	-	-	1,428,764
Intergovernmental revenues	-	-	-	-	-	-	516,556	-	-	-	-	516,556
Miscellaneous	-	-	-	-	-	-	-	130,492	-	-	-	130,492
Total revenues	382,179	252,464	60,914	492,151	918,019	111,789	536,568	158,061	-	255,617	10,821	3,178,583
EXPENDITURES												
Culture - recreation	-	242,768	-	-	-	-	-	-	-	-	-	242,768
Public safety	350,368	-	-	-	-	-	-	-	-	-	-	350,368
Highways, roads, and streets	-	-	-	108,981	261,148	1,626	565,843	-	-	-	-	937,598
Capital outlay	13,553	-	-	-	-	-	-	970,984	187,483	20,343	-	1,192,363
Debt service:												
Principal retirement	-	-	-	-	-	-	-	328,856	-	46,942	-	375,798
Interest charges	-	-	-	-	-	-	-	-	-	71,552	-	71,552
Total expenditures	363,921	242,768	-	108,981	261,148	1,626	565,843	1,299,840	187,483	138,837	-	3,170,447
Excess (deficiency) of revenues over expenditures	18,258	9,696	60,914	383,170	656,871	110,163	(29,275)	(1,141,779)	(187,483)	116,780	10,821	8,136
OTHER FINANCING SOURCES (USES)												
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	1,706,400	-	-	150,000	1,856,400
Total other financing sources (uses)	-	-	-	-	-	-	-	1,706,400	-	-	150,000	1,856,400
NET CHANGES IN FUND BALANCE	18,258	9,696	60,914	383,170	656,871	110,163	(29,275)	564,621	(187,483)	116,780	160,821	1,864,536
FUND BALANCE - JANUARY 1, 2007	163,528	53,022	(44,985)	263,215	477,104	1,193,474	156,531	554,435	400,000	95,250	244,498	3,556,072
FUND BALANCE - DECEMBER 31, 2007	\$ 181,786	\$ 62,718	\$ 15,929	\$ 646,385	\$ 1,133,975	\$ 1,303,637	\$ 127,256	\$ 1,119,056	\$ 212,517	\$ 212,030	\$ 405,319	\$ 5,420,608

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

DECEMBER 31, 2007

	Swimming Pool Fund	Total Non-Major Proprietary Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Investments	139,530	139,530
Accounts receivable:		
Customers - billed	6,121	6,121
Due from other funds	<u>8,053</u>	<u>8,053</u>
Total current assets	<u>153,704</u>	<u>153,704</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>(1,020,869)</u>	<u>(1,020,869)</u>
Total non-current assets	<u>1,518,972</u>	<u>1,518,972</u>
Total Assets	<u><u>\$ 1,672,676</u></u>	<u><u>\$ 1,672,676</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,308	\$ 1,308
Due to other funds	33,801	33,801
Deferred revenue	-	-
Compensated absences	1,421	1,421
Long-term debt - current portion	<u>70,332</u>	<u>70,332</u>
Total current liabilities	<u>106,862</u>	<u>106,862</u>
Non-current liabilities:		
Long-term debt - net of current maturities:		
General obligation bonds	<u>1,904,820</u>	<u>1,904,820</u>
Total non-current liabilities	<u>1,904,820</u>	<u>1,904,820</u>
Total Liabilities	<u>2,011,682</u>	<u>2,011,682</u>
NET ASSETS		
Invested in capital assets - net of related debt	(456,180)	(456,180)
Unrestricted	<u>117,174</u>	<u>117,174</u>
Total Net Assets	<u><u>\$ (339,006)</u></u>	<u><u>\$ (339,006)</u></u>

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

YEAR ENDED DECEMBER 31, 2007

	Swimming Pool Fund	Total Non-Major Proprietary Funds
OPERATING REVENUES		
Charges for services	\$ 536,032	\$ 536,032
Miscellaneous revenues	838	838
	<u>536,870</u>	<u>536,870</u>
OPERATING EXPENSES		
Salaries and wages and related taxes	285,382	285,382
Employee benefits	6,169	6,169
Depreciation	102,947	102,947
Insurance and pension	13,114	13,114
Advertising	472	472
Uniforms	-	-
Materials and supplies	18,051	18,051
Chemicals	27,231	27,231
Telephone and utilities	72,299	72,299
Repairs and maintenance	23,383	23,383
Minor equipment rental and purchase	16,188	16,188
Concession and other products and services	62,718	62,718
Administrative expenses	35,077	35,077
	<u>663,031</u>	<u>663,031</u>
Total operating expenses	<u>663,031</u>	<u>663,031</u>
Operating Income (loss)	<u>(126,161)</u>	<u>(126,161)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	6,960	6,960
Interest expense and debt issuance costs	(72,938)	(72,938)
	<u>(65,978)</u>	<u>(65,978)</u>
Total non-operating revenues (expenses)	<u>(65,978)</u>	<u>(65,978)</u>
Income (loss) before contributions and transfers	(192,139)	(192,139)
TRANSFERS IN	150,000	150,000
TRANSFERS OUT	<u>-</u>	<u>-</u>
Change in net assets	(42,139)	(42,139)
TOTAL NET ASSETS - JANUARY 1, 2007	<u>(296,867)</u>	<u>(296,867)</u>
TOTAL NET ASSETS - DECEMBER 31, 2007	<u>\$ (339,006)</u>	<u>\$ (339,006)</u>

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

YEAR ENDED DECEMBER 31, 2007

	Swimming Pool Fund	Total Non-Major Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 536,032	\$ 536,032
Payments to suppliers	(294,723)	(294,723)
Payments to employees	(264,782)	(264,782)
Internal activity - net payments from (to) other funds	36,425	36,425
Other receipts (payments), net	<u>838</u>	<u>838</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>13,790</u>	<u>13,790</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	(68,866)	(68,866)
Interest paid on capital debt	<u>(72,938)</u>	<u>(72,938)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(141,804)</u>	<u>(141,804)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	6,960	6,960
Net sales (purchases) of investments	<u>(29,035)</u>	<u>(29,035)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(22,075)</u>	<u>(22,075)</u>
NET INCREASE (DECREASE) IN CASH	(89)	(89)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>89</u>	<u>89</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)	\$ (126,161)	\$ (126,161)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	102,947	102,947
Change in assets and liabilities:		
Receivables, net	56	56
Due from other funds	2,624	2,624
Due to other funds	33,801	33,801
Compensated absences	521	521
Accounts payable and accrued expenses	58	58
Deferred revenue	<u>(56)</u>	<u>(56)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 13,790</u>	<u>\$ 13,790</u>