

The Accountancy Firm of

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CERTIFIED PUBLIC ACCOUNTANT

L L C

TOWNSHIP OF COOLBAUGH
MONROE COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2008

F o c u s e d a n d B a l a n c e d

THE ACCOUNTANCY FIRM OF
TODD J. BUSHTA, CPA
LLC

TOWNSHIP OF COOLBAUGH

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T h e A c c o u n t a n c y F i r m o f
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C E R T I F I E D P U B L I C A C C O U N T A N T
L L C

INDEPENDENT AUDITOR'S REPORT

TOWNSHIP OF COOLBAUGH

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Coolbaugh as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Coolbaugh's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with *U.S. generally accepted auditing standards* and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 provides a reasonable basis for our opinion.

As discussed in Note 1, The Township of Coolbaugh prepares its financial statements on a modified cash and cash basis of accounting, which are a comprehensive basis of accounting other than *U.S. generally accepted accounting principles*. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with *U.S. generally accepted accounting principles*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the respective changes in financial position, as of and for the year then ended December 31, 2008, in conformity with the other comprehensive basis of accounting referred to above.

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The management's discussion and analysis and budgetary comparison information, 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 supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2009 on our consideration of Township of Coolbaugh's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Coolbaugh's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Accounting firm of Tall J. Coates CPA LLC

STROUDSBURG, PENNSYLVANIA
MARCH 31, 2009

T h e A c c o u n t a n c y F i r m o f
T O D D J. B U S H T A
C E R T I F I E D P U B L I C A C C O U N T A N T
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

TOWNSHIP OF COOLBAUGH

We have audited the financial statements of the Township of Coolbaugh, as of and for the year ended December 31, 2008, and have issued our report thereon dated March 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Coolbaugh's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Coolbaugh's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Coolbaugh's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Coolbaugh's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Coolbaugh's financial statements that is more than inconsequential will not be prevented or detected by the Township of Coolbaugh's internal control. We consider the deficiencies in internal control described in the following paragraph to be significant deficiencies in internal control over financial reporting.

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Due to a relatively small staff, accounting, administrative and asset custody functions are not properly segregated consistent with appropriate control objectives, such that errors in financial reporting would be detected and corrected by employees in the normal conduct of their responsibilities.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Township of Coolbaugh's internal control. However, we believe that the significant deficiencies described above is a material weakness.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

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

Auditor Reporting and Other Communication Considerations

Township of Coolbaugh's response to the findings identified in our audit are as follows: Management believes that with the oversight of the Board of Supervisors and employing a Township Manager/Controller, the significant deficiency described above is sufficiently mitigated to a level acceptable by management. We did not audit Township of Coolbaugh's response and, accordingly, we express no opinion on it. This report is intended solely for the information and use of management and that of government oversight bodies and is not intended to be and should not be used by anyone other than these specified parties.

Accounting firm of Tall P. Coates CPA LLC

STROUDSBURG, PENNSYLVANIA
MARCH 31, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE ACCOUNTANCY FIRM OF
TODD J. BUSHTA, CPA
LLC

TOWNSHIP OF COOLBAUGH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008

The discussion and analysis of Township of Coolbaugh's financial performance provides an overall review of the Township's financial activities for the fiscal year ended December 31, 2008. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Township's financial performance.

Township of Coolbaugh was founded in 1794. The Township operates under an elected Board of Supervisors, and provides the following services to its residents: public safety, highways and streets, sanitation, culture-recreation, planning and zoning, and general administrative services.

FINANCIAL HIGHLIGHTS

Key government-wide financial highlights for 2008 are as follows:

- In total, net assets were \$15,990,813
- General revenues accounted for \$3,917,538 in revenue or 48% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,317,681 or 52% of total revenues of \$8,235,219.
- Total assets were \$23,258,344 of which \$300,106 represents unrestricted cash and investments. Fixed assets, net of accumulated depreciation were \$19,615,879.
- The Township had \$7,841,377 in expenses; only \$4,317,681 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$3,917,538 were adequate to provide for these programs.
- Expenses, after program revenue was \$3,523,696.
- Business Type activities (Public Sewer) received \$2,452,940 in grant revenue.

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

USING THIS GENERAL ACCEPTED ACCOUNTING PRINCIPALS REPORT (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Township of Coolbaugh as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Township's most significant funds with all other non-major funds. In the case of Township of Coolbaugh, the General Fund is by far the most significant fund.

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Township to provide programs and activities, the view of the Township as a whole looks at all financial transactions and asks the question, "How did we do financially during the year?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. The basis of accounting is that of modified cash. Which means, the financial information is reported on the cash basis and also include outstanding debt and fixed assets. These two statements report the Township's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Township as a whole, the financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the Township's property tax base, current property tax laws in Pennsylvania restricting revenue growth, facility condition, required public works and public safety activities, and other factors.

TOWNSHIP OF COOLBAUGH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 DECEMBER 31, 2008

REPORTING THE TOWNSHIP AS A WHOLE (CONTINUED)

Statement of Net Assets and the Statement of Activities

In the Statement of Net Assets and the Statement of Activities, the Township reports governmental activities. Governmental activities are the activities where most of the Township's programs and services are reported including, but not limited to, general government, public works, public safety, and recreation. The Township also engages in business-like activities, which includes the sewer fund. Recall that the Statement of Net Assets provides the perspective of the Township as a whole.

Table 1 provides a summary of the Township's net assets:

Table 1
Net Assets

| | 2008 | 2007 | 2006 | 2005 |
|-----------------------------|---------------------|---------------------|----------------------|---------------------|
| Assets | | | | |
| Current and Other Assets | \$3,642,465 | \$1,540,623 | \$ 2,216,748 | \$ 2,456,546 |
| Capital Assets | <u>19,615,879</u> | <u>17,077,128</u> | <u>16,681,350</u> | <u>17,135,585</u> |
| | <u>23,258,344</u> | <u>18,617,751</u> | <u>18,898,098</u> | <u>19,592,131</u> |
| Liabilities | | | | |
| Current Liabilities | 3,184,177 | 706,421 | 572,157 | 440,147 |
| Long-Term Liabilities | <u>4,083,354</u> | <u>2,314,359</u> | <u>1,686,566</u> | <u>2,078,849</u> |
| | <u>7,267,531</u> | <u>3,020,780</u> | <u>2,258,723</u> | <u>2,518,996</u> |
| Net Assets | | | | |
| Invested in Capital Assets, | | | | |
| Net of Debt | 12,626,411 | 14,784,315 | 15,066,853 | 15,112,106 |
| Restricted | 2,510,688 | 422,996 | 440,813 | 420,623 |
| Unrestricted | <u>853,714</u> | <u>389,660</u> | <u>1,131,709</u> | <u>1,540,406</u> |
| | <u>\$15,990,813</u> | <u>\$15,596,971</u> | <u>\$ 16,639,375</u> | <u>\$17,073,135</u> |

Unrestricted net assets is the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements.

TOWNSHIP OF COOLBAUGH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 DECEMBER 31, 2008

REPORTING THE TOWNSHIP AS A WHOLE (CONTINUED)

Statement of Net Assets and the Statement of Activities

Table 2 provides a summary of the Township's statement of activities:

Table 2
Statement of Activities

| | 2008 | 2007 | 2006 | 2005 |
|--|-------------------|-----------------------|---------------------|-------------------|
| <i>Program Revenues</i> | | | | |
| Charges for Services | \$ 815,077 | \$ 921,111 | \$ 771,043 | \$ 922,873 |
| Operating Grants and Contributions | 695,704 | 331,948 | 968,469 | 374,292 |
| Capital Grants and Contributions | 2,806,900 | 322,810 | 350,306 | 819,372 |
| <i>General Revenues</i> | | | | |
| Taxes | 3,845,390 | 4,097,755 | 4,484,927 | 4,641,741 |
| Investment Earnings | <u>72,148</u> | <u>64,340</u> | <u>71,399</u> | <u>77,605</u> |
| <i>Total Revenues</i> | <u>8,235,219</u> | <u>5,737,964</u> | <u>6,646,144</u> | <u>6,835,883</u> |
| <i>Program Expenses</i> | | | | |
| General Government | 479,973 | 460,087 | 421,914 | 500,649 |
| Public Safety | 2,936,02 | 2,602,217 | 2,868,289 | 2,494,290 |
| Public Works | 1,838,642 | 1,421,933 | 1,610,719 | 1,008,705 |
| Cultural and Recreation | 334,74 | 369,338 | 329,685 | 349,455 |
| Other | 540,073 | 440,807 | 405,541 | 420,723 |
| Interest on Long-Term Debt | 86,643 | 43,125 | 47,701 | 51,474 |
| Unallocated Depreciation and Amortization | 950,662 | 950,662 | 950,662 | 950,662 |
| Enterprise fund | <u>674,608</u> | <u>492,199</u> | <u>445,393</u> | <u>286,558</u> |
| <i>Total Expense</i> | <u>7,841,377</u> | <u>6,780,368</u> | <u>7,079,904</u> | <u>6,062,516</u> |
| <i>Increase (decrease) in Net Assets</i> | <u>\$ 393,842</u> | <u>\$ (1,042,404)</u> | <u>\$ (433,760)</u> | <u>\$ 773,367</u> |

TOWNSHIP OF COOLBAUGH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 DECEMBER 31, 2008

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue.

Table 3 Net Cost of Services

| | 2008 | 2007 | 2006 | 2005 |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Government | \$ (180,872) | \$ (45,545) | \$ (96,362) | \$ (126,461) |
| Public Safety | (2,635,123) | (2,306,992) | (2,532,065) | (2,157,336) |
| Public Works | (908,298) | (830,945) | (546,723) | (543,147) |
| Cultural and Recreation | (330,105) | (365,316) | (313,897) | 180,855 |
| Other | (378,102) | (288,584) | (247,291) | (279,243) |
| Interest on Long-Term Debt | (86,643) | (43,125) | (47,701) | (51,474) |
| Unallocated Depreciation | (950,662) | (950,622) | (950,662) | (950,662) |
| Enterprise | <u>1,946,109</u> | <u>(373,330)</u> | <u>(255,385)</u> | <u>(18,511)</u> |
| | <u>\$ (5,204,499)</u> | <u>\$ (5,204,499)</u> | <u>\$ (4,990,086)</u> | <u>\$ (3,945,979)</u> |

Defining the Classifications of Expenditure:

- General Government activities includes the activities of the legislative board of Supervisors, financial administration, legal counsel, insurance, and physical plant.
- Public safety activities includes police protection, code enforcement, fire protection, and planning.
- Public Works includes general services, servicing of streets and storm sewers, and snow and ice removal.
- Cultural and recreation includes the library and parks.
- Other includes insurance.
- Interest on long-term debt and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the Township.
- Enterprise fund involves the Townships activities in the public sewers operations.

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

The dependence upon real estate tax revenues is apparent. For all activities, general revenue support is 48%. The community, as a whole, is the primary support for the Township of Coolbaugh. The real estate taxes for the Township are collected from township residents. The tax on real estate, as levied by the Board, was 9.15 mills (\$9.15 per \$1,000 of assessed valuation) for fiscal 2008. Assessed valuations of property are determined by Monroe County and the collectors are responsible for collection. Taxable assessed valuation was \$254,090,890.

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the Township's major funds. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township's most significant funds. Most of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called cash basis, which measures cash receipts and disbursements. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The following are the Township's governmental funds:

General Fund (Major Fund)

The general fund is the operating fund of the Township and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of The Commonwealth.

Capital Projects Funds (Major Fund) account for financial resources to be used for the acquisition or construction of certain major capital facilities which are not financed by the Proprietary and General Funds.

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS (CONTINUED)

The following are the Township's governmental funds (continued):

Special Revenue Fund (Non-major Fund)

The Special Revenue Fund accounts for specific revenue sources which are legally restricted to expenditures for specified purposes. The Township accounts for the Library tax and Liquid fuels tax in this fund.

Debt Service Fund (Non-major Fund)

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term debt obligations.

The following are the Township's other funds:

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing services to the general public on a continuing basis are financed through user charges. The Public Sewer Fund is the sole Enterprise Fund of the Township.

Trust Funds are used to account for assets held by the Township in a trustee capacity. This includes the Pension Trust Fund. The Pension Trust Fund is used to account for the four retirement pension plans. The Pension Trust Fund is accounted for in essentially the same manner as the Proprietary Fund since capital maintenance is critical.

THE TOWNSHIP'S FUNDS

As indicated above, these funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,608,954 and expenditures of \$8,320,566. Other financing sources and uses include transfers between the funds. The net change in fund balance for the year was a decrease of \$4,475,344, which included debt proceeds.

GENERAL FUND BUDGETING HIGHLIGHTS

The Township's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

CAPITAL ASSETS

At the end of the fiscal year, the Township had the following invested in land, buildings, furniture and equipment, and vehicles:

Table 4 Capital Assets

Description of the years Capital Asset Activity:

| | Balance, Beginning | Additions | Deletions | Balance, Ending |
|---------------------------------|-----------------------|---------------------|-------------|---------------------|
| CAPITAL ASSETS | | | | |
| Land and Land Improvements | \$ 1,768,823 | \$ 213,333 | \$ | \$ 1,982,156 |
| Building & Improvements | 1,697,186 | 327,957 | | 2,025,143 |
| Roads and Bridges | 15,277,875 | 42,282 | | 15,320,157 |
| Sewer System | 3,580,396 | 2,886,921 | | 6,467,317 |
| Equipment | 3,711,912 | 10,887 | | 3,722,799 |
| | 26,036,192 | 3,481,380 | 0 | 29,517,572 |
| ACCUMULATED DEPRECIATION | (8,959,064) | (942,629) | 0 | (9,901,693) |
| | \$17,077,128 | \$ 2,538,751 | \$ 0 | \$19,615,879 |

- o Overall capital assets increased \$3,481,380 which included land acquisition, vehicles and heavy equipment, and also road reconstruction.
- o Depreciation for the year was \$942,629.

DEBT SERVICE

| | Balance, Beginning | Proceeds | Repayments | Balance, Ending |
|------------------------|-----------------------|---------------------|-------------------|---------------------|
| Series of 2008 Bonds | \$ 0 | \$ 2,675,000 | \$ | \$ 2,675,000 |
| Series of 2008 Notes | 0 | 384,114 | | 384,114 |
| Series of 2008 A Notes | 0 | 172,967 | | 172,967 |
| Series of 2007 Bonds | 1,062,508 | 1,433,014 | | 2,495,522 |
| Series of 2003 Bonds | 615,000 | | 305,000 | 310,000 |
| Series of 2001 Notes | 442,234 | | 20,473 | 421,761 |
| Series of 1998 Notes | 462,203 | | 73,618 | 388,585 |
| Series of 1997 Notes | 167,831 | | 19,616 | 148,215 |
| | \$ 2,749,776 | \$ 4,665,095 | \$ 418,707 | \$ 6,996,164 |

TOWNSHIP OF COOLBAUGH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2008

Governmental Debt :

Series 2008 General Obligation Bonds

Original issue of \$1,765,000 for various capital projects
With in the Township; principal and interest are due
Annually on December 1st, at rates ranging from
2.6.% to 3.85%, maturing in 2019. \$ 2,675,000

Series 2003 General Obligation Bonds

Original issue of \$1,765,000 for the refunding of bond
Series of 1998; principal and interest are due annually on
December 1st, at rates ranging from 1.00% to 2.65%,
maturing in 2010. \$ 310,000

Series 2001 General Obligation Notes

Original issues of \$2,000,000 of which the Township is
responsible for 26% or \$520,000 originally, for the
construction of a regional police building; due in
monthly installments of \$3,403 with interest at 4.9%
maturing 2022. \$ 421,761

*The Township does not retain any pro-rata share of the constructed asset as
ownership resides with the regional police department.*

Business-Type debt :

Series 2009 Guaranteed Sewer Revenue Bonds

Original issue of \$1,831,383 for the construction and
completion of the sewer treatment facility; and to repay
the Township's General Obligation Notes Series 2007.
The debt is payable in monthly installments of \$5,890,
including interest of 1%, maturing in 2039 . \$ 0

Series 2008 General Obligation Notes

Original issue of \$384,114 as interim financing for the
construction and completion of the sewer treatment facility;
The debt is payable in monthly installments of \$912.48,
including interest of 2% .
The PennVest debt is certified as self-liquidating. \$ 384,114

TOWNSHIP OF COOLBAUGH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2008

Business-Type debt (continued):

Series 2008A General Obligation Notes

Original issue of \$172,967 for the construction and completion of the sewer treatment facility; The debt is payable in monthly installments of \$ 912.48, including interest of 2% . The Note was through the "Penn Works" program, maturing in 2028.

\$ 172,967

Series 2007 General Obligation Notes

Original issue of \$2,500,000 for the construction and completion of the sewer treatment facility; Proceeds have been drawn on an as needed basis. The debt is payable in 2009 with interest only due quarterly at 4.3%. PennVest is expected to refinance this obligation in 2009.

\$ 2,495,522

Series of 1998 General Obligation Notes

Original issue of \$1,125,264 for the expansion of the Sewer treatment facility; Principal and interest is due monthly at a rate Of 1.0% maturing 2016.
The PennVest debt is certified as self-liquidating.

\$ 388,585

Series 1997 General Obligation Notes

Original issue of \$357,357 for the construction and completion of the sewer treatment facility; Principal and interest is due monthly at a rate Of 1.0% maturing 2014.
The PennVest debt is certified as self-liquidating.

\$ 148,215

CURRENT FINANCIAL ISSUES AND CONCERNS

The Township of Coolbaugh continues to be financially sound. The Township of Coolbaugh has committed itself to being fiscally responsible over the years and appropriately addressing Township needs. The Township plans to continue its sound fiscal management to meet the challenges of the future. This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township offices.

GOVERNMENT WIDE FINANCIAL STATEMENTS

THE ACCOUNTANCY FIRM OF
TODD J. BUSHTA, CPA
LLC

TOWNSHIP OF COOLBAUGH
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2008

| | Governmental Activities | Business-type Activities | Total | 2007 Memorandum Total |
|---|----------------------------|-----------------------------|----------------------|-----------------------------|
| ASSETS | | | | |
| <i>Current Assets</i> | | | | |
| Cash and Cash Equivalents | \$ 261,349 | \$ 38,757 | \$ 300,106 | \$ 1,107,626 |
| Internal Balances | 225,184 | | 225,184 | 225,184 |
| Investments | 2,756,303 | 341,120 | 3,097,423 | 152,311 |
| | <u>3,242,836</u> | <u>379,877</u> | <u>3,622,713</u> | <u>1,485,121</u> |
| <i>Non-current Assets</i> | | | | |
| General Fixed Assets | | | | |
| Land and Land Improvements | 1,960,357 | 21,799 | 1,982,156 | 1,768,823 |
| Building & Building Improvements | 1,867,924 | | 1,867,924 | 1,697,186 |
| Roads and Bridges | 15,488,263 | | 15,488,263 | 15,277,875 |
| Sewer System | | 6,467,317 | 6,467,317 | 3,580,396 |
| Equipment | 3,711,912 | | 3,711,912 | 3,711,912 |
| | <u>23,028,456</u> | <u>6,489,116</u> | <u>29,517,572</u> | <u>26,036,192</u> |
| Accumulated Depreciation | (9,489,316) | (412,377) | (9,901,693) | (8,959,064) |
| Net General Fixed Assets | 13,539,140 | 6,076,739 | 19,615,879 | 17,077,128 |
| Bond issuance cost, net of accum. amortization | 6,696 | | 6,696 | 14,729 |
| Restricted Cash and Cash Equivalents | 13,056 | | 13,056 | 40,773 |
| Restricted Investments | | | 0 | 0 |
| | <u>13,558,892</u> | <u>6,076,739</u> | <u>19,635,631</u> | <u>17,132,630</u> |
| | <u>16,801,728</u> | <u>6,456,616</u> | <u>23,258,344</u> | <u>18,617,751</u> |
| LIABILITIES | | | | |
| <i>Current Liabilities</i> | | | | |
| Payroll liabilities | 33,127 | | 33,127 | 25,175 |
| Internal Balances | | 225,184 | 225,184 | 225,184 |
| Escrow deposits | 13,056 | | 13,056 | 40,773 |
| Current Portion of LT Debt - bonds payable | 310,000 | | 310,000 | 305,000 |
| Current Portion of LT Debt - notes payable | 0 | 2,602,810 | 2,602,810 | 110,289 |
| | <u>356,183</u> | <u>2,827,994</u> | <u>3,184,177</u> | <u>706,421</u> |
| <i>Non-current Liabilities</i> | | | | |
| Bonds Payable - Long term | 0 | | 0 | 310,000 |
| Notes Payable - Long term | 3,096,764 | 986,590 | 4,083,354 | 2,004,359 |
| | <u>3,452,947</u> | <u>3,814,584</u> | <u>7,267,531</u> | <u>3,020,780</u> |
| NET ASSETS | | | | |
| Investment in Capital Assets, Net of Related Debt | 10,139,072 | 2,487,339 | 12,626,411 | 14,784,315 |
| Restricted for: | | | | |
| Capital Projects | 2,340,905 | | 2,340,905 | 103,344 |
| Specified use | 169,783 | | 169,783 | 319,652 |
| Unrestricted | 699,021 | 154,693 | 853,714 | 389,660 |
| | <u>\$ 13,348,781</u> | <u>\$ 2,642,032</u> | <u>\$ 15,990,813</u> | <u>\$ 15,596,971</u> |

TOWNSHIP OF COOLBAUGH
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2008

| Functions/Programs | Program Revenues | | | | | | Net (Expense) Revenue and Changes in Net Assets | | | 2007 Memorandum Total |
|---|---------------------|----------------------|------------------------------------|----------------------------------|----------------------------------|-------------------------|---|-----------------------|----|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | | |
| | | | Operating Grants and Contributions | Capital Grants and Contributions | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 479,973 | \$ 290,075 | \$ 9,026 | \$ | \$ | \$ (180,872) | \$ | \$ (180,872) | \$ | (45,545) |
| Public safety | 2,936,002 | 173,221 | 127,658 | | | (2,635,123) | | (2,635,123) | | (2,306,992) |
| Public works | 1,838,642 | 179,335 | 397,049 | 353,960 | | (908,298) | | (908,298) | | (830,945) |
| Recreation | 334,774 | 4,669 | | | | (330,105) | | (330,105) | | (365,316) |
| Other | 540,073 | | 161,971 | | | (378,102) | | (378,102) | | (288,584) |
| Interest on Long-Term debt | 86,643 | | | | | (86,643) | | (86,643) | | (43,125) |
| Unallocated Amortization | 8,033 | | | | | (8,033) | | (8,033) | | (8,033) |
| Unallocated Depreciation | 942,629 | | | | | (942,629) | | (942,629) | | (942,629) |
| | <u>7,166,769</u> | <u>647,300</u> | <u>695,704</u> | <u>353,960</u> | | <u>(5,469,805)</u> | <u>0</u> | <u>(5,469,805)</u> | | <u>(4,831,169)</u> |
| Business-type activities: | | | | | | | | | | |
| Public Sewer | 674,608 | 167,777 | | 2,452,940 | | | 1,946,109 | 1,946,109 | | (373,330) |
| | <u>\$ 7,841,377</u> | <u>\$ 815,077</u> | <u>\$ 695,704</u> | <u>\$ 2,806,900</u> | | <u>\$ (5,469,805)</u> | <u>\$ 1,946,109</u> | <u>\$ (3,523,696)</u> | | <u>\$ (5,204,499)</u> |
| General revenues: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Real Estate | | | | | | 2,110,287 | | 2,110,287 | | 2,222,042 |
| Real Estate Transfer | | | | | | 392,969 | | 392,969 | | 671,327 |
| Emergency and Municipal Services | | | | | | 54,151 | | 54,151 | | 47,401 |
| Earned income | | | | | | 1,287,983 | | 1,287,983 | | 1,156,985 |
| Internal Transfers | | | | | | 3,845,390 | 0 | 3,845,390 | | 4,097,755 |
| Interest Income | | | | | | 595,344 | (595,344) | 0 | | 0 |
| | | | | | | 66,600 | 5,548 | 72,148 | | 64,340 |
| | | | | | | 4,507,334 | (589,796) | 3,917,538 | | 4,162,095 |
| <i>Total general revenues, special items, and transfers</i> | | | | | | | | | | |
| Change in Net Assets | | | | | | | | | | |
| Net Assets—beginning | | | | | | (962,471) | 1,356,313 | 393,842 | | (1,042,404) |
| Net Assets—ending | | | | | | 14,311,252 | 1,285,719 | 15,596,971 | | 16,686,534 |
| | | | | | | <u>\$ 13,348,781</u> | <u>\$ 2,642,032</u> | <u>\$ 15,990,813</u> | | <u>\$ 15,644,130</u> |

TOWNSHIP OF COOLBAUGH

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2008

Total net change in fund balances - governmental funds (CASH BASIS) \$ 1,763,732

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

| | |
|-----------------------|-----------|
| <i>Depreciation</i> | (942,629) |
| <i>Capital Outlay</i> | 594,459 |

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

| | |
|-----------------------------------|-------------|
| <i>Proceeds from issuing debt</i> | (3,880,000) |
| <i>Bonds Payable</i> | 305,000 |
| <i>Notes Payable</i> | 1,205,000 |

Bond issuance costs are amortized over the life of the related debt. Bond issuance costs are expensed in the funds as an expenditure of a current resource. (8,033)

Change in net assets of governmental activities (MODIFIED CASH BASIS) \$ (962,471)

FUNDS FINANCIAL STATEMENTS

THE ACCOUNTANCY FIRM OF
TODD J. BUSHTA, CPA
LLC

TOWNSHIP OF COOLBAUGH
COMBINED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

| | Major Funds | | Total | Non-Major Funds | | Total Governmental Funds | 2007 Memorandum Total |
|-------------------------------------|-------------------|---------------------|---------------------|-------------------|-----------|--------------------------|-----------------------|
| | Capital | | | Special Revenue | | | |
| | General | Projects | | | | | |
| ASSETS | | | | | | | |
| Cash - unrestricted | \$ 91,566 | \$ | \$ 91,566 | \$ 169,783 | \$ | \$ 261,349 | \$ 1,093,999 |
| Cash - restricted | 13,056 | | 13,056 | | | 13,056 | 40,773 |
| Due from other funds | 225,184 | | 225,184 | | | 225,184 | 225,184 |
| Investments - unrestricted | 415,398 | 2,340,905 | 2,756,303 | | | 2,756,303 | 152,311 |
| | <u>\$ 745,204</u> | <u>\$ 2,340,905</u> | <u>\$ 3,086,109</u> | <u>\$ 169,783</u> | <u>\$</u> | <u>\$ 3,255,892</u> | <u>\$ 1,512,267</u> |
| LIABILITIES AND FUND BALANCE | | | | | | | |
| Liabilities | | | | | | | |
| Payroll liabilities | \$ 33,127 | \$ | \$ 33,127 | \$ | \$ | \$ 33,127 | 25,175 |
| Due to other funds | | | 0 | | | 0 | 0 |
| Escrow deposits | 13,056 | | 13,056 | | | 13,056 | 40,773 |
| | <u>46,183</u> | <u>0</u> | <u>46,183</u> | <u>0</u> | <u>0</u> | <u>46,183</u> | <u>65,948</u> |
| Fund balances: | | | | | | | |
| Reserved for specified projects | | 2,252,434 | 0 | | | 0 | 0 |
| Unreserved and undesignated | 699,021 | 88,471 | 787,492 | 169,783 | | 957,275 | 1,446,319 |
| | <u>699,021</u> | <u>2,340,905</u> | <u>3,039,926</u> | <u>169,783</u> | <u>0</u> | <u>3,209,709</u> | <u>1,446,319</u> |
| | <u>\$ 745,204</u> | <u>\$ 2,340,905</u> | <u>\$ 3,086,109</u> | <u>\$ 169,783</u> | <u>\$</u> | <u>\$ 3,255,892</u> | <u>\$ 1,512,267</u> |

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

TOWNSHIP OF COOLBAUGH
COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2008

| | Major Funds | | | Non-Major Funds | | | Total Governmental Funds | 2007 Memorandum Total | |
|---|--------------------|---------------------|---------------------|-------------------|------------------|-------------------|--------------------------|-----------------------|-------|
| | Capital | | Total | Special Revenue | Debt | | | | Total |
| | General | Projects | | | Service | | | | |
| REVENUES | | | | | | | | | |
| Taxes | \$ 3,593,057 | \$ | \$ 3,593,057 | \$ 252,333 | \$ | \$ 252,333 | \$ 3,845,390 | \$ 4,097,755 | |
| Licenses and permits | 158,503 | | 158,503 | | | 0 | 158,503 | 224,981 | |
| Fines and forfeitures | 63,482 | | 63,482 | | | 0 | 63,482 | 69,968 | |
| Interest income | 17,792 | 37,962 | 55,754 | 10,846 | | 10,846 | 66,600 | 61,851 | |
| Intergovernmental revenue | 695,704 | | 695,704 | 353,960 | | 353,960 | 1,049,664 | 654,758 | |
| Charges for services | 338,967 | | 338,967 | | | 0 | 338,967 | 444,527 | |
| Other | 61,348 | 25,000 | 61,348 | | | 0 | 61,348 | 62,766 | |
| | <u>4,928,853</u> | <u>62,962</u> | <u>4,991,815</u> | <u>617,139</u> | <u>0</u> | <u>617,139</u> | <u>5,608,954</u> | <u>5,616,606</u> | |
| EXPENDITURES | | | | | | | | | |
| Current | | | | | | | | | |
| General government | 479,973 | 170,738 | 650,711 | | | 0 | 650,711 | 484,697 | |
| Public safety | 2,936,002 | | 2,936,002 | | | 0 | 2,936,002 | 2,643,837 | |
| Public works | 1,323,969 | 210,388 | 1,534,357 | 514,673 | | 514,673 | 2,049,030 | 1,491,919 | |
| Recreation | 295,774 | | 295,774 | 252,333 | | 252,333 | 548,107 | 375,617 | |
| Other | 468,050 | | 468,050 | | | 0 | 468,050 | 440,807 | |
| Debt Service | | | | | | | | | |
| Fiscal charges | 6,250 | | 6,250 | | | 65,773 | 72,023 | 0 | |
| Principal | 1,205,000 | | 1,205,000 | | | 305,000 | 1,510,000 | 300,000 | |
| Interest | 35,245 | | 35,245 | | | 51,398 | 86,643 | 21,078 | |
| | <u>6,750,263</u> | <u>381,126</u> | <u>7,131,389</u> | <u>767,006</u> | <u>422,171</u> | <u>1,189,177</u> | <u>8,320,566</u> | <u>5,757,955</u> | |
| | <u>(1,821,410)</u> | <u>(318,164)</u> | <u>(2,139,574)</u> | <u>(149,867)</u> | <u>(422,171)</u> | <u>(572,038)</u> | <u>(2,711,612)</u> | <u>(141,349)</u> | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | | | | | | |
| | | | | | | | | | |
| OTHER FINANCING (USES) SOURCES | | | | | | | | | |
| Proceeds from issuing debt | 1,205,000 | 2,675,000 | 3,880,000 | | | | 3,880,000 | 0 | |
| Operating transfers in | 855,585 | 20,000 | 875,585 | | | 422,171 | 1,297,756 | 541,078 | |
| Operating transfers out | (563,478) | (138,934) | (702,412) | | | 0 | (702,412) | (759,078) | |
| | <u>1,497,107</u> | <u>2,556,066</u> | <u>4,053,173</u> | <u>0</u> | <u>422,171</u> | <u>422,171</u> | <u>4,475,344</u> | <u>(418,000)</u> | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) SOURCES | | | | | | | | | |
| | | | | | | | | | |
| | <u>(324,303)</u> | <u>2,237,902</u> | <u>1,913,599</u> | <u>(149,867)</u> | <u>0</u> | <u>(149,867)</u> | <u>1,763,732</u> | <u>(559,349)</u> | |
| FUND BALANCES, JANUARY 1 | <u>1,023,324</u> | <u>103,003</u> | <u>1,126,327</u> | <u>319,650</u> | <u>0</u> | <u>319,650</u> | <u>1,445,977</u> | <u>2,005,668</u> | |
| FUND BALANCES, DECEMBER 31 | <u>\$ 699,021</u> | <u>\$ 2,340,905</u> | <u>\$ 3,039,926</u> | <u>\$ 169,783</u> | <u>\$ 0</u> | <u>\$ 169,783</u> | <u>\$ 3,209,709</u> | <u>\$ 1,446,319</u> | |

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

TOWNSHIP OF COOLBAUGH
STATEMENT OF NET ASSETS - CASH BASIS
PROPRIETARY FUNDS - ENTERPRISE
DECEMBER 31, 2008

| | <u>Public Sewer</u> | |
|----------------------------|---------------------|---------------------|
| | <u>2008</u> | <u>2007</u> |
| ASSETS | | |
| Cash - unrestricted | \$ 38,757 | \$ 13,627 |
| Investments - unrestricted | 341,120 | 0 |
| | <u>379,877</u> | <u>13,627</u> |
| Capitall Assets : | | |
| Land and Land Improvements | 21,799 | 21,799 |
| Infrastructure | 6,467,317 | 3,580,396 |
| | <u>6,489,116</u> | <u>3,602,195</u> |
| Accumulated Depreciation | (412,377) | (412,377) |
| | <u>6,076,739</u> | <u>3,189,818</u> |
| | <u>6,456,616</u> | <u>3,203,445</u> |
| LIABILITIES AND | | |
| NET ASSETS | | |
| LIABILITIES | | |
| Due to other funds | 225,184 | 225,184 |
| Notes Payable | 3,589,400 | 1,692,542 |
| | <u>3,814,584</u> | <u>1,917,726</u> |
| NET ASSETS | | |
| Investment in fixed assets | 2,487,339 | 1,497,276 |
| Unrestricted | 154,693 | (164,398) |
| | <u>\$ 2,642,032</u> | <u>\$ 1,332,878</u> |

TOWNSHIP OF COOLBAUGH
STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS
PROPRIETARY FUNDS - ENTERPRISE
YEAR ENDED DECEMBER 31, 2008

| | <u>Public Sewer</u> | |
|--|---------------------|---------------------|
| | <u>2008</u> | <u>2007</u> |
| OPERATING REVENUES | | |
| Charges for service | \$ 116,160 | \$ 89,202 |
| Other | <u>51,617</u> | <u>29,667</u> |
| | <u>167,777</u> | <u>118,869</u> |
| OPERATING EXPENSES | | |
| Operating | 136,167 | 98,696 |
| Construction and Maintenance | 123,813 | 89,140 |
| Legal and Engineering | <u>322,325</u> | <u>266,055</u> |
| | <u>582,305</u> | <u>453,891</u> |
| Net income from operations | <u>(414,528)</u> | <u>(335,022)</u> |
| NON-OPERATING REVENUE / (EXPENSE) | | |
| Transfer (to) / from other funds | (595,344) | 418,000 |
| Grants | 2,452,940 | 0 |
| Interest income | 5,548 | 2,489 |
| Interest expense | (60,794) | (6,799) |
| Depreciation | <u>(31,509)</u> | <u>(31,509)</u> |
| | <u>1,770,841</u> | <u>382,181</u> |
| CHANGE IN NET ASSETS | 1,356,313 | 47,159 |
| NET ASSETS, JANUARY 1 | <u>1,285,719</u> | <u>1,238,560</u> |
| NET ASSETS, DECEMBER 31 | <u>\$ 2,642,032</u> | <u>\$ 1,285,719</u> |

TOWNSHIP OF COOLBAUGH
STATEMENT OF NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2008

| | <u>Pension Trust</u> | |
|---|----------------------|-------------------|
| | <u>2008</u> | <u>2007</u> |
| ASSETS | | |
| Investments - unrestricted | <u>\$ 792,748</u> | <u>\$ 758,856</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | <u>\$ 0</u> | <u>\$ 0</u> |
| NET ASSETS | | |
| Reserve for retirement benefits | <u>\$ 792,748</u> | <u>\$ 758,856</u> |

TOWNSHIP OF COOLBAUGH
STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2008

| | Pension Trust | |
|--|-------------------|-------------------|
| | 2008 | 2007 |
| ADDITIONS | | |
| Township Contributions | \$ 78,732 | \$ 84,137 |
| Employee Contributions | 7,051 | 7,169 |
| Interest, dividends, and net unrealized gains/losses | (166,473) | 29,229 |
| | <u>(80,690)</u> | <u>120,535</u> |
| DEDUCTIONS | | |
| Administrative fees | | 221 |
| Pension benefits | | 5,732 |
| | <u>0</u> | <u>5,953</u> |
| CHANGE IN NET ASSETS | (80,690) | 114,582 |
| NET ASSETS, JANUARY 1 | <u>873,438</u> | <u>758,856</u> |
| NET ASSETS, DECEMBER 31 | <u>\$ 792,748</u> | <u>\$ 873,438</u> |

NOTES TO THE FINANCIAL STATEMENTS

THE ACCOUNTANCY FIRM OF
TODD J. BOSHTA, CPA
LLC

TOWNSHIP OF COOLBAUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Township of Coolbaugh was founded in 1794. The Township operates under an elected Board of Supervisors, and provides the following services to its residents: public safety, highways and streets, sanitation, culture-recreation, planning and zoning, and general administrative services.

Principles Determining Scope of Reporting Entity

The financial statements of the Township consist only of the funds and account groups of the Township. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Basis of Accounting

The Township's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the modified cash basis of accounting. Governmental funds use the cash basis of accounting. Fiduciary funds also use the cash basis of accounting. Differences in the modified cash and the cash basis of accounting arise in the recognition fixed assets and related debt.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the Primary government, except for fiduciary funds. The statement of net assets presents the financial condition of the governmental activities of the Township at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Township.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting (continued)

FUND FINANCIAL STATEMENTS:

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported separately by type.

All funds of the Township are accounted for using the cash basis. As such, revenues are recognized when cash is received, and expenses are recognized when they are paid. The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenditures.

GOVERNMENTAL FUNDS:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following funds are used by the Township.

GOVERNMENTAL FUND TYPES

General Fund (Major Fund) is the general operating fund of the Township. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Capital Projects Funds (Major Fund) account for financial resources to be used for the acquisition or construction of certain major capital facilities which are not financed by the Proprietary and General Funds.

Special Revenue Funds (Non-major Fund) are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Included in these funds are State Liquid Fuels Highway Aid, and Library funds.

TOWNSHIP OF COOLBAUGH
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting (continued)

Debt Service Fund (Non-major Fund)

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term debt obligations.

PROPRIETARY FUND TYPES

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing services to the general public on a continuing basis are financed through user charges. The Public Sewer Fund is the sole Enterprise Fund of the Township.

FIDUCIARY FUND TYPES

Trust Fund is used to account for assets held by the Township in a trustee capacity. This includes the Pension Trust Fund. The Pension Trust Fund is used to account for the four retirement pension plans. The Pension Trust Fund is accounted for in essentially the same manner as the Proprietary Fund since capital maintenance is critical.

MEASUREMENT FOCUS:

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Township are included on the Statement of Net Assets.

Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The private purpose trust fund is reported using the economic resources measurement focus.

TOWNSHIP OF COOLBAUGH
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting (continued)

Cash and Investments

The Township maintains all its cash in checking and savings accounts which are covered by federal depository insurance or by collateral held by the Township's custodial bank. The Second Class Township Code authorizes the Township to invest its funds in savings accounts and certificates of deposit or time deposits provided that these deposits are insured or collateralized by a pledge or assignment of assets of the depository. In addition, the Township may invest its funds in obligations of the United States of America or the Commonwealth of Pennsylvania, including their agencies or instrumentalities, political subdivisions of the Commonwealth of Pennsylvania, and United States Treasury Bills.

Capital Assets

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction costs are reflected as expenditures in governmental funds. In the government wide financial statements, these assets are capitalized and depreciated using the straight-line method over the estimated useful life. Fixed assets in the Enterprise Fund are stated at cost. Depreciation of equipment in the Enterprise Fund is computed using the straight-line method over the estimated useful life of the equipment.

General Fixed Assets purchased are recorded as expenditures at the time of purchase. General Fixed Assets are stated at cost when determinable, or estimated historical cost based on appraisals or other acceptable methods when historical cost is not available. Donated fixed assets are stated at their fair market value as of the date of gift.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Transfers

Legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers. Transfers to the pension funds are quasi-external transactions and are not treated as operating transfers.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Budgets and Budgetary Accounting

The Township adopts annual budgets for all funds in accordance with the Second Class Township Code. All budgets are adopted on a cash basis, which is not consistent with U.S. generally accepted accounting principles. All budget amounts included in the accompanying financial statements and supplementary information are as originally adopted or as amended by the Board of Supervisors. Appropriations not expended lapse at the end of each fiscal year. The Township uses traditional, program and performance budgeting methods to develop the operating budget, which includes proposed expenditures and the means to finance them. The budget is adopted by ordinance and subject to change only by ordinance. The Township utilizes the cash basis of accounting for budgetary purposes. Once adopted, the budget is not revised or amended.

Debt and debt service

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt of the Township not accounted for in other funds.

Pension Plan

The Township has one defined contribution pension plan. Pension costs for the plan includes current service costs

Fund Equity

The unreserved fund balances for governmental funds represent the amounts available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distributions. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2008

NOTE 2 INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS

The Township, under the Pennsylvania Second Class Township Code Act of 1933, as amended, is authorized to invest in direct obligations of the United States government, obligations guaranteed by the United States government, obligations of the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth of Pennsylvania, savings or time deposits and time certificates of deposit. The deposit and investment policy of the Township adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Township. To the extent the Township's deposits with financial institutions are not insured by the Federal Deposit Insurance Corporation, assets have been pledged by the financial institutions. The fair market value of pledged assets exceeded the carrying amount of deposits in the pools at year end.

Credit risk The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The majority of the Township's investments are in U.S. Government Obligations and are therefore not exposed to this type of risk. Investments in PLGIT have received an AAAM rating from Standards & Poors.

Custodial credit risk –deposits In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At year end, the bank balance of the Township's deposits with financial institutions including cash equivalent investments was covered by FDIC insurance up to \$250,000 per bank. The remaining balances was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. The total amount of investments not secured by federal depository insurance was collateralized by securities pledged by the financial institution for such funds, but not in the Township's name.

Custodial credit risk investments For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pennsylvania Local Government Investment Trust were established as common law trusts organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The Township's deposits in these pooled funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are reflected as cash and cash equivalents on the balance sheet. The fair value of the Township's position in the external investment pools is the same as the value of the pool shares. All investments in an external investment pools that are not SEC registered are subject to oversight by the Commonwealth of Pennsylvania.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2008

NOTE 3 PROPERTY TAXES

Property taxes are levied on a calendar year basis, and are assessed on January 1st. The taxes are due June 30. A discount of 2% is available through April 30, and a penalty of 10% is charged on payments after June 30. The Township recognizes the taxes when collected. Assessed valuation is taxed at 9.15 Mills (5.43 for general, 1.72 for Debt and 2.0 electoral for Library) and is \$254,090,890.

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in the capital assets activities:

| | Balance, Beginning | Additions | Deletions | Balance, Ending |
|---------------------------------|-------------------------------|---------------------|------------------|----------------------------|
| CAPITAL ASSETS | | | | |
| Land and Land Improvements | \$ 1,768,823 | \$ 213,333 | \$ | \$ 1,982,156 |
| Building & Improvements | 1,697,186 | 327,957 | | 2,025,143 |
| Roads and Bridges | 15,277,875 | 42,282 | | 15,320,157 |
| Sewer System | 3,580,396 | 2,886,921 | | 6,467,317 |
| Equipment | 3,711,912 | 10,887 | | 3,722,799 |
| | <u>26,036,192</u> | <u>3,481,380</u> | 0 | <u>29,517,572</u> |
| ACCUMULATED DEPRECIATION | (8,959,064) | (942,629) | 0 | (9,901,693) |
| | <u>\$17,077,128</u> | <u>\$ 2,538,751</u> | <u>\$ 0</u> | <u>\$19,615,879</u> |

NOTE 5 DEBT AND DEBT SERVICE

The following is a summary of the Township's long-term debt activity for the year:

| | Balance, Beginning | Proceeds | Repayments | Balance, Ending |
|------------------------|-------------------------------|---------------------|-------------------|----------------------------|
| Series of 2008 Bonds | \$ 0 | \$ 2,675,000 | \$ | \$ 2,675,000 |
| Series of 2008 Notes | 0 | 384,114 | | 384,114 |
| Series of 2008 A Notes | 0 | 172,967 | | 172,967 |
| Series of 2007 Bonds | 1,062,508 | 1,433,014 | | 2,495,522 |
| Series of 2003 Bonds | 615,000 | | 305,000 | 310,000 |
| Series of 2001 Notes | 442,234 | | 20,473 | 421,761 |
| Series of 1998 Notes | 462,203 | | 73,618 | 388,585 |
| Series of 1997 Notes | 167,831 | | 19,616 | 148,215 |
| | <u>\$ 2,749,776</u> | <u>\$ 4,665,095</u> | <u>\$ 418,707</u> | <u>\$ 6,996,164</u> |

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2008

NOTE 5 DEBT AND DEBT SERVICE (CONTINUED)

Governmental Debt :

Series 2008 General Obligation Bonds

Original issue of \$1,765,000 for various capital projects
With in the Township; principal and interest are due
Annually on December 1st, at rates ranging from
2.6.% to 3.85%, maturing in 2019. \$ 2,675,000

Series 2003 General Obligation Bonds

Original issue of \$1,765,000 for the refunding of bond
Series of 1998; principal and interest are due annually on
December 1st, at rates ranging from 1.00% to 2.65%,
maturing in 2010. \$ 310,000

Series 2001 General Obligation Notes

Original issues of \$2,000,000 of which the Township is
responsible for 26% or \$520,000 originally, for the
construction of a regional police building; due in
monthly installments of \$3,403 with interest at 4.9%
maturing 2022. \$ 421,761

*The Township does not retain any pro-rata share of the constructed asset as
ownership resides with the regional police department.*

Business-Type debt :

Series 2009 Guaranteed Sewer Revenue Bonds

Original issue of \$1,831,383 for the construction and
completion of the sewer treatment facility; and to repay
the Township's General Obligation Notes Series 2007.
The debt is payable in monthly installments of \$5,890,
including interest of 1%, maturing in 2039 . \$ 0

Series 2008 General Obligation Notes

Original issue of \$384,114 as interim financing for the
construction and completion of the sewer treatment facility;
The debt is payable in monthly installments of \$912.48,
including interest of 2% .
The PennVest debt is certified as self-liquidating. \$ 384,114

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2008

NOTE 5 DEBT AND DEBT SERVICE (CONTINUED)

Business-Type debt (continued):

Series 2008A General Obligation Notes

Original issue of \$172,967 for the construction and completion of the sewer treatment facility; The debt is payable in monthly installments of \$ 912.48, including interest of 2% . The Note was through the "Penn Works" program, maturing in 2028.

\$ 172,967

Series 2007 General Obligation Notes

Original issue of \$2,500,000 for the construction and completion of the sewer treatment facility; Proceeds have been drawn on an as needed basis. The debt is payable in 2009 with interest only due quarterly at 4.3%. PennVest is expected to refinance this obligation in 2009.

\$ 2,495,522

Series of 1998 General Obligation Notes

Original issue of \$1,125,264 for the expansion of the Sewer treatment facility; Principal and interest is due monthly at a rate Of 1.0% maturing 2016.

The PennVest debt is certified as self-liquidating.

\$ 388,585

Series 1997 General Obligation Notes

Original issue of \$357,357 for the construction and completion of the sewer treatment facility; Principal and interest is due monthly at a rate Of 1.0% maturing 2014.

The PennVest debt is certified as self-liquidating.

\$ 148,215

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2008

NOTE 5 DEBT AND DEBT SERVICE (CONTINUED)

The Township's debt service to maturity is expected to be as follows:

| | Governmental Type | Business Type | Total |
|---------------------|------------------------------|--------------------------|--------------|
| 2009 | \$ 446,221 | \$ 2,687,040 | \$ 3,133,261 |
| 2010 | 359,951 | 133,290 | 493,241 |
| 2011 | 358,596 | 133,290 | 491,886 |
| 2012 | 361,546 | 133,290 | 494,836 |
| 2013 | 358,971 | 133,290 | 492,261 |
| 2014 | 361,104 | 65,144 | 426,248 |
| 2015 | 362,594 | 55,468 | 418,062 |
| 2016 | 363,281 | 39,568 | 402,849 |
| 2017 | 363,052 | 34,267 | 397,319 |
| 2018 | 361,949 | 34,267 | 396,216 |
| 2019 | 316,033 | 34,267 | 350,300 |
| 2020 | 40,836 | 34,267 | 75,103 |
| 2021 | 40,836 | 34,267 | 75,103 |
| 2022 | 13,691 | 34,267 | 47,958 |
| 2023 | | 34,267 | 34,267 |
| 2024 | | 34,267 | 34,267 |
| 2025 | | 34,267 | 34,267 |
| 2026 | | 34,267 | 34,267 |
| 2027 | | 34,267 | 34,267 |
| 2028 | | 34,267 | 34,267 |
| Total | 4,108,661 | 3,791,584 | 7,900,245 |
| Interest portion | 701,897 | 202,184 | 904,081 |
| Principle | \$ 3,406,764 | \$ 3,589,400 | \$ 6,996,164 |

NOTE 6 LITIGATION

The Township is a defendant in lawsuits concerning various matters. Although the outcome of the lawsuits is not presently determinable, in the opinion of Township legal counsel, resolution of these matters will not have a material adverse effect on the financial condition of the Township.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2008

NOTE 7 DEFINED CONTRIBUTION PENSION PLANS

General

The Coolbaugh Township Non-Uniformed Pension Plan is a single employer defined contribution pension plan controlled by the provisions of The Principal Financial Group Prototype Basic Defined Contribution Plan Document used with an adoption agreement approved on October 26, 1991. The plan is governed by the Board of Township Supervisors, which is responsible for the management of plan assets. The Board of Township Supervisors has delegated the authority to manage certain plan assets to The Principal Mutual Life Insurance Company.

Plan Membership

The plan has 17 active employees and 2 participants yet to receive benefits.

Eligibility Requirements

Normal Retirement -Attainment of age 65

Early Retirement -Attainment of age 55 with six years of vesting service

Vesting -100 percent after five years of vesting service

Retirement Benefit

An active member's benefit value becomes 100 percent vested upon meeting the early or normal retirement provisions and is available for distribution.

Survivor Benefit

An active member's benefit value becomes 100 percent vested upon death and is available to the surviving spouse or beneficiary.

Disability Benefit

An active member's benefit value becomes 100 percent vested upon meeting total and permanent disability provisions and is available for distribution.

Member's Contribution

Amount or Rate -Voluntary contributions allowed.

Funding Policy

Active members are not required to contribute to the plan. The municipality has chosen to contribute at a rate of ten percent (10%) of annual pay for each eligible plan member. The plan document provides for a discretionary funding provision. The specific funding percentage maybe found in the Township ordinance. The pension plan may also be eligible for an annual allocation from the General Municipal Pension System State Aid Program, which must be used to reduce or eliminate the required municipal contribution.

**DETAIL SCHEDULES OF REVENUE
AND EXPENDITURES**

THE ACCOUNTANCY FIRM OF
TODD J. BUSHTA, CPA
LLC

TOWNSHIP OF COOLBAUGH
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2008

| | Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------------|---------------------|---------------------|--|
| REVENUES: | | | |
| <i>TAXES</i> | | | |
| Real Estate | \$ 1,860,100 | \$ 1,857,954 | \$ (2,146) |
| Real Estate Transfer | 629,101 | 392,969 | (236,132) |
| Emergency & Municipal Services | 46,000 | 54,151 | 8,151 |
| Earned income | <u>1,165,000</u> | <u>1,287,983</u> | <u>122,983</u> |
| | <u>3,700,201</u> | <u>3,593,057</u> | <u>(107,144)</u> |
| <i>LICENSES AND PERMITS</i> | | | |
| Cable television licenses | 120,000 | 136,686 | 16,686 |
| Permits | <u>2,000</u> | <u>21,817</u> | <u>19,817</u> |
| | <u>122,000</u> | <u>158,503</u> | <u>36,503</u> |
| <i>FINES AND FORFEITURES</i> | | | |
| Fines and Code Violations | <u>50,000</u> | <u>63,482</u> | <u>13,482</u> |
| <i>INTEREST INCOME</i> | | | |
| Interest on investments | <u>35,000</u> | <u>17,792</u> | <u>(17,208)</u> |
| <i>INTERGOVERNMENTAL REVENUE</i> | | | |
| State public utility tax | 6,300 | 4,976 | (1,324) |
| Alcoholic beverage taxes | 4,000 | 4,050 | 50 |
| Foreign fire insurance premium tax | 125,000 | 127,658 | 2,658 |
| Pension fund state aid | 160,000 | 161,971 | 1,971 |
| Composting | 300,000 | 208,017 | (91,983) |
| Other federal grants | 0 | 0 | 0 |
| Other state grants | 104,000 | 189,032 | 85,032 |
| Other local grants | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>699,300</u> | <u>695,704</u> | <u>(3,596)</u> |
| <i>CHARGES FOR SERVICES</i> | | | |
| General Government | 181,200 | 45,224 | (135,976) |
| Public Works | 71,000 | 179,335 | 108,335 |
| Public Safety | 50,600 | 109,739 | 59,139 |
| Recreation | <u>850</u> | <u>4,669</u> | <u>3,819</u> |
| | <u>303,650</u> | <u>338,967</u> | <u>35,317</u> |
| <i>OTHER</i> | | | |
| Rents | <u>0</u> | <u>61,348</u> | <u>61,348</u> |
| | <u>0</u> | <u>61,348</u> | <u>61,348</u> |
| | <u>\$ 4,910,151</u> | <u>\$ 4,928,853</u> | <u>\$ 18,702</u> |

TOWNSHIP OF COOLBAUGH
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2008

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---------------------|---------------------|--|
| <i>EXPENDITURES:</i> | | | |
| <i>GENERAL GOVERNMENT</i> | | | |
| Legislative and Governing Body | \$ 247,025 | \$ 185,314 | \$ 61,711 |
| Executive | 55,000 | 25,847 | 29,153 |
| Financial services | 69,885 | 62,730 | 7,155 |
| Tax Collection | 58,400 | 55,656 | 2,744 |
| Legal and Solicitor | 31,000 | 29,959 | 1,041 |
| Other general government administration | 130,335 | 117,521 | 12,814 |
| Grants consulting | 5,000 | 0 | 5,000 |
| Engineering | 5,000 | 2,946 | 2,054 |
| | <u>601,645</u> | <u>479,973</u> | <u>121,672</u> |
| <i>PUBLIC SAFETY</i> | | | |
| Police | 2,213,619 | 2,214,337 | (718) |
| Fire | 327,850 | 310,138 | 17,712 |
| Ambulance and Rescue | 120,000 | 137,342 | (17,342) |
| Code enforcement | 115,856 | 111,169 | 4,687 |
| Protective Inspection | 93,510 | 95,458 | (1,948) |
| Control center | 77,000 | 37,261 | 39,739 |
| Planning and Zoning | 35,150 | 30,297 | 4,853 |
| | <u>2,982,985</u> | <u>2,936,002</u> | <u>46,983</u> |
| <i>PUBLIC WORKS</i> | | | |
| Highways, Streets and General services | 828,668 | 694,261 | 134,407 |
| Composting and recycling | 473,500 | 245,891 | 227,609 |
| Winter maintenance | 209,782 | 251,077 | (41,295) |
| Traffic control | 29,000 | 25,412 | 3,588 |
| Storm sewers | 18,500 | 25,589 | (7,089) |
| Repairs of tools and machinery | 40,000 | 56,242 | (16,242) |
| Road and bridge maintenance | 372,500 | 25,497 | 347,003 |
| | <u>1,971,950</u> | <u>1,323,969</u> | <u>647,981</u> |
| <i>RECREATION AND COMMUNITY</i> | | | |
| Recreation | 63,500 | 49,974 | 13,526 |
| Community services | 129,300 | 32,467 | 96,833 |
| Open Space | 0 | 213,333 | (213,333) |
| Parks | 0 | 0 | 0 |
| | <u>192,800</u> | <u>295,774</u> | <u>(102,974)</u> |
| <i>MISCELLANEOUS</i> | | | |
| Pension contributions | 88,000 | 85,294 | 2,706 |
| Workers compensation | 0 | 29,731 | (29,731) |
| Unemployment compensation | 7,000 | 5,768 | 1,232 |
| Employee Benefits | 217,500 | 197,294 | 20,206 |
| Insurance premiums | 98,000 | 77,730 | 20,270 |
| Social Security | 74,000 | 66,520 | 7,480 |
| Other | 13,890 | 5,713 | 8,177 |
| | <u>498,390</u> | <u>468,050</u> | <u>30,340</u> |
| | <u>\$ 6,247,770</u> | <u>\$ 5,503,768</u> | <u>\$ 744,002</u> |

COMBINING SCHEDULES

THE ACCOUNTANCY FIRM OF
TODD J. BUSHTA, CPA
LLC

TOWNSHIP OF COOLBAUGH
COMBINING STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCE - CASH BASIS
NON-MAJOR FUNDS - SPECIAL REVENUE FUNDS
DECEMBER 31, 2008

| | <u>Library</u> | <u>Highway Aid</u> | <u>Total</u> |
|-------------------------------------|----------------|--------------------|-------------------|
| ASSETS | | | |
| Cash - unrestricted | <u>\$ 0</u> | <u>\$ 169,783</u> | <u>\$ 169,783</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| FUND BALANCE | | | |
| Unreserved and undesignated | <u>0</u> | <u>169,783</u> | <u>169,783</u> |
| | <u>\$ 0</u> | <u>\$ 169,783</u> | <u>\$ 169,783</u> |

TOWNSHIP OF COOLBAUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - CASH BASIS
NON-MAJOR FUNDS - SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2008

| | <u>Library</u> | <u>Highway Aid</u> | <u>Total</u> |
|--|----------------|--------------------|-------------------|
| REVENUES | | | |
| Taxes | \$ 252,333 | \$ | \$ 252,333 |
| Interest income | | 10,846 | 10,846 |
| Intergovernmental revenue | | 353,960 | 353,960 |
| | <u>252,333</u> | <u>364,806</u> | <u>617,139</u> |
| EXPENDITURES | | | |
| Current | | | |
| Public works | | 514,673 | 514,673 |
| Recreation | 252,333 | | 252,333 |
| | <u>252,333</u> | <u>514,673</u> | <u>767,006</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 0 | (149,867) | (149,867) |
| FUND BALANCES, JANUARY 1 | <u>0</u> | <u>319,650</u> | <u>319,650</u> |
| FUND BALANCES, DECEMBER 31 | <u>\$ 0</u> | <u>\$ 169,783</u> | <u>\$ 169,783</u> |

TOWNSHIP OF COOLBAUGH

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE

CASH BASIS

MAJOR FUNDS - CAPITAL PROJECTS FUNDS

DECEMBER 31, 2008

| | Emergency Services | Capital Projects | Total |
|---|-----------------------|---------------------|---------------------|
| ASSETS | | | |
| Cash - unrestricted | \$ | \$ | \$ |
| Investment - unrestricted | 88,471 | 2,252,434 | 2,340,905 |
| Total Assets | <u>\$ 88,471</u> | <u>\$ 2,252,434</u> | <u>\$ 2,340,905</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Due to other funds | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| FUND BALANCE | | | |
| Reserved for specified projects | | 2,252,434 | 2,252,434 |
| Unreserved and undesignated | 88,471 | | 88,471 |
| | <u>\$ 88,471</u> | <u>\$ 2,252,434</u> | <u>\$ 2,340,905</u> |

TOWNSHIP OF COOLBAUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - CASH BASIS
MAJOR FUNDS - CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2008

| | Emergency Services | Capital Projects | Total |
|---|-------------------------|----------------------------|----------------------------|
| REVENUES | | | |
| Interest income | \$ 2,308 | \$ 35,654 | \$ 37,962 |
| Contributions | | 25,000 | 25,000 |
| | <u>2,308</u> | <u>60,654</u> | <u>62,962</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | | 170,738 | 170,738 |
| Public safety | | | 0 |
| Public works | | 210,388 | 210,388 |
| | <u>0</u> | <u>381,126</u> | <u>381,126</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>2,308</u> | <u>(320,472)</u> | <u>(318,164)</u> |
| OTHER FINANCING (USES) SOURCES | | | |
| Proceeds form issuing debt | | 2,675,000 | 2,675,000 |
| Operating transfers in | 20,000 | | 20,000 |
| Operating transfers out | (36,840) | (102,094) | (138,934) |
| | <u>(16,840)</u> | <u>2,572,906</u> | <u>(118,934)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) SOURCES | <u>(14,532)</u> | <u>2,252,434</u> | <u>2,237,902</u> |
| FUND BALANCES, JANUARY 1 | <u>103,003</u> | <u>0</u> | <u>103,003</u> |
| FUND BALANCES, DECEMBER 31 | <u><u>\$ 88,471</u></u> | <u><u>\$ 2,252,434</u></u> | <u><u>\$ 2,340,905</u></u> |

F o c u s e d a n d B a l a n c e d

THE ACCOUNTANCY FIRM OF
TODD J. BUSHTA, CPA
LLC