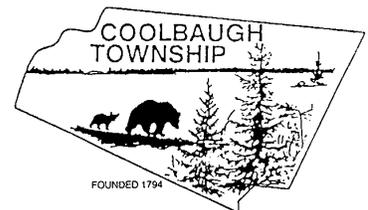
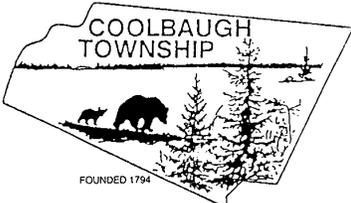


TOWNSHIP OF COOLBAUGH
MONROE COUNTY, PENNSYLVANIA

**FINANCIAL STATEMENTS
AND AUDITORS' REPORTS**

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2010





TOWNSHIP OF COOLBAUGH

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Gneiding, DeSanctis, Blizard & Company, LLP

Certified Public Accountants

Howard D. Gneiding, CPA
Vincent H. DeSanctis, CPA, CVA

Robert E. Blizard, Jr., CPA
Todd J. Bushta, CPA

INDEPENDENT AUDITORS' 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, 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2010, in conformity with the other comprehensive basis of accounting referred to above.

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, 2011 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on the internal control over financial reporting. 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.

Smeiling, De Santis, Blingard & Company, LLP

Gneiding, DeSanctis, Blizard & Company, LLP

Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TOWNSHIP OF COOLBAUGH

We have audited the financial statements of the Township of Coolbaugh, as of and for the year ended December 31, 2010, and have issued our report thereon dated March 31, 2011. 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 *deficiency in internal control* 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 *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial control that we consider to be material weakness as defined above.

However, we identified the following certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. *Due to a relatively small staff, accounting, administrative, and asset custody functions are not properly segregated consistent with appropriate control objectives. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.*

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 Standards*.

AUDITOR REPORTING AND OTHER COMMUNICATION CONSIDERATIONS

Township of Coolbaugh's response to the finding identified above is as follows: *Management believes that with the oversight of the Board of Supervisors, the significant deficiency described above is sufficiently mitigated to a level acceptable by management.*

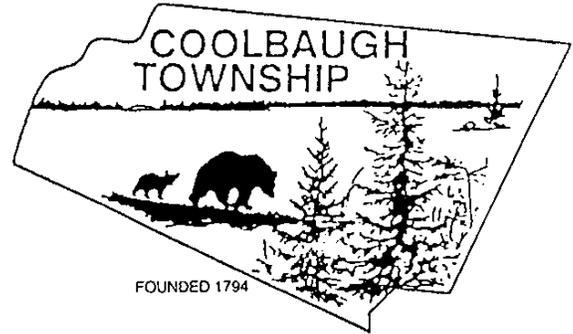
We did not audit Township of Coolbaugh's response and, accordingly, we express no opinion on it. This report is intended solely for the information and use of management and that of government oversight bodies and is not intended to be and should not be used by anyone other than these specified parties.

Greiner, DeArmitt, Blizard, & Company, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS



The discussion and analysis of Township of Coolbaugh's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2010. 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 2010 are as follows:

- In total, net assets were \$15,272,153.
- General revenues accounted for \$4,731,197 in revenue or 70% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,034,367 or 30% of total revenues of \$6,765,564.
- Total assets were \$20,291,425 of which \$1,148,725 represents unrestricted cash and investments. Fixed assets, net of accumulated depreciation were \$18,951,034.
- The Township had \$6,869,709 in expenses; only \$2,034,367 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$4,731,197 were adequate to provide for these programs.
- Expenses, after program revenue was \$4,835,342.
- In 2010, the Township began to receive gaming revenues recorded in the amount of \$298,606 recorded in the capital projects fund.

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2010

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, 2010

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

	2010	2009	2008	2007	2006
Assets					
Current and Other Assets	\$ 1,340,391	\$ 1,543,301	\$ 3,642,465	\$ 1,540,623	\$ 2,216,748
Capital Assets	<u>18,951,034</u>	<u>19,141,482</u>	<u>19,615,879</u>	<u>17,077,128</u>	<u>16,681,350</u>
	<u>20,291,425</u>	<u>20,684,783</u>	<u>23,258,344</u>	<u>18,617,751</u>	<u>18,898,098</u>
Liabilities					
Current Liabilities	618,772	498,207	3,184,177	706,421	572,157
Long-Term Liabilities	<u>4,400,500</u>	<u>4,810,278</u>	<u>3,699,240</u>	<u>2,314,359</u>	<u>1,686,566</u>
	<u>5,019,272</u>	<u>5,308,485</u>	<u>6,883,417</u>	<u>3,020,780</u>	<u>2,258,723</u>
Net Assets					
Invested in Capital Assets,					
Net of Debt	14,135,517	13,884,652	12,626,411	14,784,315	15,066,853
Restricted	1,079,146	1,351,375	2,510,688	422,996	440,813
Unrestricted	<u>57,490</u>	<u>140,271</u>	<u>1,237,828</u>	<u>389,660</u>	<u>1,131,709</u>
	<u>\$ 15,272,153</u>	<u>\$ 15,376,298</u>	<u>\$ 16,374,927</u>	<u>\$ 15,596,971</u>	<u>\$ 16,639,375</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, 2010

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

	2010	2009	2008	2007	2006
Program Revenues					
Charges for Services	\$ 696,034	\$ 1,012,637	\$ 815,077	\$ 921,111	\$ 771,043
Operating Grants and Contributions	1,014,727	367,784	695,704	331,948	968,469
Capital Grants and Contributions	323,606	340,935	2,806,900	322,810	350,306
General Revenues					
Taxes	4,728,730	4,390,131	3,845,390	4,097,755	4,484,927
Investment Earnings	<u>2,467</u>	<u>47,599</u>	<u>72,148</u>	<u>64,340</u>	<u>71,399</u>
<i>Total Revenues</i>	<u>6,765,564</u>	<u>6,159,086</u>	<u>8,235,219</u>	<u>5,737,964</u>	<u>6,646,144</u>
Program Expenses					
General Government	643,706	456,444	479,973	460,087	421,914
Public Safety	2,720,735	2,952,488	2,936,002	2,602,217	2,868,289
Public Works	959,142	1,147,646	1,838,642	1,421,933	1,610,719
Cultural and Recreation	553,966	546,181	334,774	369,338	329,685
Other	609,679	665,905	540,073	440,807	405,541
Interest on Long-Term Debt	118,409	28,668	86,643	43,125	47,701
Unallocated Depreciation	949,325	949,325	950,662	950,662	950,662
Enterprise fund	<u>314,747</u>	<u>411,058</u>	<u>674,608</u>	<u>492,199</u>	<u>445,393</u>
<i>Total Expense</i>	<u>6,869,709</u>	<u>7,157,715</u>	<u>7,841,377</u>	<u>6,780,368</u>	<u>7,079,904</u>
<i>Increase (decrease) in Net Assets</i>	<u>\$ (104,145)</u>	<u>\$ (998,629)</u>	<u>\$ 393,842</u>	<u>\$(1,042,404)</u>	<u>\$ (433,760)</u>

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2010

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

	2010	2009	2008	2007	2006
General Government	\$ (308,527)	\$ (169,589)	\$ (180,872)	\$ (45,545)	\$ (96,362)
Public Safety	(2,470,726)	(2,738,842)	(2,635,123)	(2,306,992)	(2,532,065)
Public Works	121,595	(666,542)	(908,298)	(830,945)	(546,723)
Cultural and Recreation	(553,966)	(545,516)	(330,105)	(365,316)	(313,897)
Other	(437,683)	(499,508)	(378,102)	(288,584)	(247,291)
Interest on Long-Term Debt	(118,409)	(28,668)	(86,643)	(43,125)	(47,701)
Unallocated Depreciation	(949,325)	(949,325)	(950,662)	(950,622)	(950,662)
Enterprise	<u>(118,301)</u>	<u>161,631</u>	<u>1,946,109</u>	<u>(373,330)</u>	<u>(255,385)</u>
	<u>\$ (4,835,342)</u>	<u>\$ (5,436,359)</u>	<u>\$ (3,523,696)</u>	<u>\$ (5,204,499)</u>	<u>\$ (4,990,086)</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, 2010

The dependence upon real estate tax revenues is apparent. For all activities, general revenue support is 70%. 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 11.15 mills (\$11.15 per \$1,000 of assessed valuation) for fiscal 2010. Assessed valuations of property are determined by Monroe County and the collectors are responsible for collection. Taxable assessed valuation was \$265,073,470. Tax mills were increased to 2.00 for 2010.

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, 2010

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 \$6,568,816 and expenditures of \$7,731,398. Other financing sources and uses include transfers between the funds. The net change in fund balance for the year was a decrease of \$(273,880).

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, 2010

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	\$ 1,982,156	\$	\$	\$ 1,982,156
Building & Improvements	2,289,806	92,715		2,382,521
Roads and Bridges	15,557,182	612,369		16,169,551
Sewer System	6,241,134			6,241,134
Equipment	3,947,035	85,302		4,032,337
	30,017,313	790,386	0	30,807,699
ACCUMULATED DEPRECIATION	\$(10,875,831)	\$ (980,834)	\$ 0	\$(11,856,665)

- Overall capital assets increased \$790,386 which included land acquisition, vehicles and heavy equipment, and also road reconstruction.
- Depreciation for the year was \$942,629.

DEBT SERVICE

	Balance, Beginning	Proceeds	Repayments	Balance, Ending
Series of 2008 Bonds	\$ 2,675,000	\$	\$ 235,000	\$ 2,440,000
Series of 2009 SR Bonds	1,576,883		47,406	1,529,477
Series of 2008 A Notes	167,307		7,673	159,634
Series of 2001 Notes	362,333		23,608	338,725
Series of 1998 Notes	315,057		75,771	239,286
Series of 1997 Notes	128,599		20,204	108,395
	\$ 5,225,179	\$ 0	\$ 409,662	\$ 4,815,517

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2010

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.

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. *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.

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.

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.

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.

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.

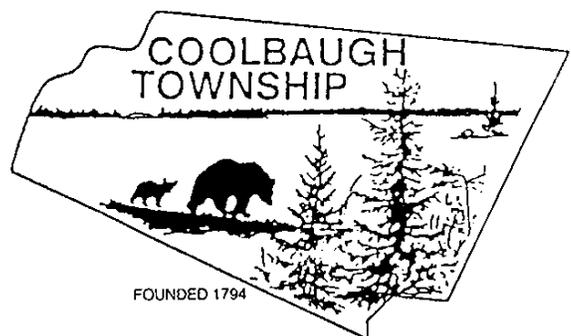
TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2009

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



TOWNSHIP OF COOLBAUGH
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2010

	Governmental Activities	Business-type Activities	Total	2009 Memorandum Total
<i>ASSETS</i>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 1,049,923	\$ 98,802	\$ 1,148,725	\$ 464,585
Internal Balances	101,000		101,000	0
Investments	0	9	9	1,034,853
	<u>1,150,923</u>	<u>98,811</u>	<u>1,249,734</u>	<u>1,499,438</u>
<i>Non-current Assets</i>				
General Fixed Assets				
Land and Land Improvements	1,960,357	21,799	1,982,156	1,982,156
Building & Building Improvements	2,382,521		2,382,521	2,289,806
Roads and Bridges	16,169,551		16,169,551	15,557,182
Sewer System		6,241,134	6,241,134	6,241,134
Equipment	4,032,337		4,032,337	3,947,035
	24,544,766	6,262,933	30,807,699	30,017,313
Accumulated Depreciation	(11,381,270)	(475,395)	(11,856,665)	(10,875,831)
Net General Fixed Assets	13,163,496	5,787,538	18,951,034	19,141,482
Bond issuance cost, net of accum. amortization	0		0	0
Restricted Cash and Cash Equivalents	90,657		90,657	43,863
Restricted Investments			0	0
	<u>13,254,153</u>	<u>5,787,538</u>	<u>19,041,691</u>	<u>19,185,345</u>
	<u>14,405,076</u>	<u>5,886,349</u>	<u>20,291,425</u>	<u>20,684,783</u>
<i>LIABILITIES</i>				
<i>Current Liabilities</i>				
Payroll liabilities	12,098		12,098	39,443
Internal Balances		101,000	101,000	0
Escrow deposits	90,657		90,657	43,863
Current Portion of LT Debt - bonds payable	240,000	47,406	287,406	288,097
Current Portion of LT Debt - notes payable	23,608	104,003	127,611	126,804
	366,363	252,409	618,772	498,207
<i>Non-current Liabilities</i>				
Bonds Payable - Long term	2,200,000	1,482,071	3,682,071	3,917,071
Notes Payable - Long term	323,648	394,781	718,429	893,207
	<u>2,890,011</u>	<u>2,129,261</u>	<u>5,019,272</u>	<u>5,308,485</u>
<i>NET ASSETS</i>				
Investment in Capital Assets, Net of Related Debt	10,376,240	3,759,277	14,135,517	13,884,652
Restricted for:				
Capital Projects	713,639		713,639	1,154,285
Specified use	365,507		365,507	197,090
Unrestricted	59,679	(2,189)	57,490	140,271
	<u>\$ 11,515,065</u>	<u>\$ 3,757,088</u>	<u>\$ 15,272,153</u>	<u>\$ 15,376,298</u>

TOWNSHIP OF COOLBAUGH
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			2009 Memorandum Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 643,706	\$ 323,743	\$ 11,436	\$	\$ (308,527)	\$ (308,527)	\$ (169,589)
Public safety	2,720,735	116,302	133,707		(2,470,726)	(2,470,726)	(2,738,842)
Public works	959,142	59,543	697,588	323,606	121,595	121,595	(666,542)
Recreation	553,966				(553,966)	(553,966)	(545,516)
Other	609,679		171,996		(437,683)	(437,683)	(499,508)
Interest on Long-Term debt	118,409				(118,409)	(118,409)	(28,668)
Unallocated Amortization	6,696				(6,696)	(6,696)	(6,696)
Unallocated Depreciation	942,629				(942,629)	(942,629)	(942,629)
	<u>6,554,962</u>	<u>499,588</u>	<u>1,014,727</u>	<u>323,606</u>	<u>(4,717,041)</u>	<u>0</u>	<u>(5,597,990)</u>
Business-type activities:							
Public Sewer	314,747	196,446				(118,301)	161,631
	<u>\$ 6,869,709</u>	<u>\$ 696,034</u>	<u>\$ 1,014,727</u>	<u>\$ 323,606</u>	<u>\$ (4,717,041)</u>	<u>\$ (118,301)</u>	<u>\$ (5,436,359)</u>
General revenues:							
Taxes:							
					2,925,615	2,925,615	2,376,397
					243,447	243,447	323,137
					381,142	381,142	264,404
					1,178,526	1,178,526	1,426,193
					4,728,730	0	4,390,131
Internal Transfers					(191,298)	191,298	0
Interest Income					2,165	302	47,599
					<u>4,539,597</u>	<u>191,600</u>	<u>4,437,730</u>
<i>Total general revenues, special items, and transfers</i>							
					(177,444)	73,299	(998,629)
					<u>11,692,509</u>	<u>3,683,789</u>	<u>16,374,927</u>
					<u>\$ 11,515,065</u>	<u>\$ 3,757,088</u>	<u>\$ 15,376,298</u>

TOWNSHIP OF COOLBAUGH
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2010

Total Fund Balances - Governmental Funds (CASH BASIS) \$ 1,138,825

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 as assets in governmental funds.

<i>General Fixed Assets</i>	24,544,766
<i>Accumulated Depreciation</i>	(11,381,270)

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

<i>Bonds Payable</i>	(2,440,000)
<i>Notes Payable</i>	(347,256)

Total Net Assets - Governmental Activities (MODIFIED CASH BASIS) \$ 11,515,065

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, 2010

Total net change in fund balances - governmental funds (CASH BASIS) \$ (273,880)

*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>	787,153

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 short term debt</i>	(1,080,000)
<i>Repayment of short term debt</i>	1,080,000
<i>Bonds Payable</i>	235,000
<i>Notes Payable</i>	23,608

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.

(6,696)

Change in net assets of governmental activities (MODIFIED CASH BASIS) \$ (177,444)

FUNDS FINANCIAL STATEMENTS



TOWNSHIP OF COOLBAUGH

COMBINED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS

GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	Major Funds			Non-Major	Total	2009
	General	Capital Projects	Total	Funds Special Revenue	Governmental Funds	Memorandum Total
ASSETS						
Cash - unrestricted	\$ 130,777	\$ 553,639	\$ 684,416	\$ 365,507	\$ 1,049,923	\$ 423,903
Cash - restricted	90,657		90,657		90,657	43,863
Due from other funds	101,000	160,000	261,000		261,000	0
Investments - unrestricted			0		0	1,028,245
	<u>\$ 322,434</u>	<u>\$ 713,639</u>	<u>\$ 1,036,073</u>	<u>\$ 365,507</u>	<u>\$ 1,401,580</u>	<u>\$ 1,496,011</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Payroll liabilities	\$ 12,098	\$	\$ 12,098	\$	\$ 12,098	39,443
Due to other funds	160,000		160,000		160,000	0
Escrow deposits	90,657		90,657		90,657	43,863
	<u>262,755</u>	<u>0</u>	<u>262,755</u>	<u>0</u>	<u>262,755</u>	<u>83,306</u>
Fund balances:						
Reserved for specified projects			0		0	930,311
Unreserved and undesignated	59,679	713,639	773,318	365,507	1,138,825	482,394
	<u>59,679</u>	<u>713,639</u>	<u>773,318</u>	<u>365,507</u>	<u>1,138,825</u>	<u>1,412,705</u>
	<u>\$ 322,434</u>	<u>\$ 713,639</u>	<u>\$ 1,036,073</u>	<u>\$ 365,507</u>	<u>\$ 1,401,580</u>	<u>\$ 1,496,011</u>

TOWNSHIP OF COOLBAUGH
COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	Major Funds			Non-Major Funds			Total	2009
	General	Capital Projects	Total	Special Revenue	Debt Service	Total	Governmental Funds	Memorandum Total
REVENUES								
Taxes	\$ 4,196,922	\$	\$ 4,196,922	\$ 531,808	\$	\$ 531,808	\$ 4,728,730	\$ 4,390,131
Licenses and permits	157,667		157,667			0	157,667	147,587
Fines and forfeitures	69,030		69,030			0	69,030	73,582
Interest income	338	1,311	1,649	516		516	2,165	47,444
Intergovernmental revenue	686,994		686,994	327,733		327,733	1,014,727	708,719
Charges for services	203,027		203,027			0	203,027	155,326
Other	69,864	323,606	393,470			0	393,470	63,453
	<u>5,383,842</u>	<u>324,917</u>	<u>5,708,759</u>	<u>860,057</u>	<u>0</u>	<u>860,057</u>	<u>6,568,816</u>	<u>5,586,242</u>
EXPENDITURES								
Current								
General government	613,686	103,090	716,776			0	716,776	878,326
Public safety	2,720,735		2,720,735			0	2,720,735	3,136,076
Public works	822,760	662,473	1,485,233	159,832		159,832	1,645,065	1,299,751
Recreation	50,318		50,318	531,808		531,808	582,126	546,181
Other	609,679		609,679			0	609,679	665,905
Debt Service								
Fiscal charges			0			0	0	0
Principal	1,080,000		1,080,000		258,608	258,608	1,338,608	532,482
Interest	17,065		17,065		101,344	101,344	118,409	28,668
	<u>5,914,243</u>	<u>765,563</u>	<u>6,679,806</u>	<u>691,640</u>	<u>359,952</u>	<u>1,051,592</u>	<u>7,731,398</u>	<u>7,087,389</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(530,401)</u>	<u>(440,646)</u>	<u>(971,047)</u>	<u>168,417</u>	<u>(359,952)</u>	<u>(191,535)</u>	<u>(1,162,582)</u>	<u>(1,501,147)</u>
OTHER FINANCING (USES) SOURCES								
Proceeds from issuing debt	1,080,000		1,080,000			0	1,080,000	200,000
Operating transfers in			0		359,952	359,952	359,952	1,016,701
Operating transfers out	(551,250)		(551,250)			0	(551,250)	(1,512,558)
	<u>528,750</u>	<u>0</u>	<u>528,750</u>	<u>0</u>	<u>359,952</u>	<u>359,952</u>	<u>888,702</u>	<u>(295,857)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) SOURCES	<u>(1,651)</u>	<u>(440,646)</u>	<u>(442,297)</u>	<u>168,417</u>	<u>0</u>	<u>168,417</u>	<u>(273,880)</u>	<u>(1,797,004)</u>
FUND BALANCES, JANUARY 1	<u>61,330</u>	<u>1,154,285</u>	<u>1,215,615</u>	<u>197,090</u>	<u>0</u>	<u>197,090</u>	<u>1,412,705</u>	<u>3,209,709</u>
FUND BALANCES, DECEMBER 31	<u>\$ 59,679</u>	<u>\$ 713,639</u>	<u>\$ 773,318</u>	<u>\$ 365,507</u>	<u>\$ 0</u>	<u>\$ 365,507</u>	<u>\$ 1,138,825</u>	<u>\$ 1,412,705</u>

TOWNSHIP OF COOLBAUGH
STATEMENT OF NET ASSETS - CASH BASIS
PROPRIETARY FUNDS - ENTERPRISE
DECEMBER 31, 2010

	Public Sewer	
	2010	2009
ASSETS		
Cash - unrestricted	\$ 98,802	\$ 40,682
Investments - unrestricted	9	6,608
	98,811	47,290
Capital Assets :		
Land and Land Improvements	21,799	21,799
Infrastructure	6,241,134	6,241,134
	6,262,933	6,262,933
Accumulated Depreciation	(475,395)	(443,886)
	5,787,538	5,819,047
	5,886,349	5,866,337
LIABILITIES AND		
NET ASSETS		
LIABILITIES		
Due to other funds	101,000	0
Bonds and Notes Payable	2,028,261	2,182,548
	2,129,261	2,182,548
NET ASSETS		
Investment in fixed assets	3,759,277	3,636,499
Unrestricted	(2,189)	47,290
	\$ 3,757,088	\$ 3,683,789

TOWNSHIP OF COOLBAUGH
STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS
PROPRIETARY FUNDS - ENTERPRISE
YEAR ENDED DECEMBER 31, 2010

	Public Sewer	
	2010	2009
OPERATING REVENUES		
Charges for service	\$ 144,909	\$ 113,060
User Reimbursements	0	400,000
Other	51,537	59,629
	<u>196,446</u>	<u>572,689</u>
OPERATING EXPENSES		
Operating	147,304	142,531
Construction and Maintenance	61,599	81,618
Legal and Engineering	49,799	129,541
	<u>258,702</u>	<u>353,690</u>
Net income from operations	<u>(62,256)</u>	<u>218,999</u>
NON-OPERATING REVENUE / (EXPENSE)		
Transfer (to) / from other funds	191,298	495,857
Grants	0	0
Interest income	302	155
Interest expense	(24,536)	(25,859)
Depreciation	(31,509)	(31,509)
	<u>135,555</u>	<u>438,644</u>
CHANGE IN NET ASSETS	73,299	657,643
NET ASSETS, JANUARY 1	<u>3,683,789</u>	<u>3,026,146</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 3,757,088</u></u>	<u><u>\$ 3,683,789</u></u>

TOWNSHIP OF COOLBAUGH
STATEMENT OF NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	Pension Trust	
	<u>2010</u>	<u>2009</u>
ASSETS		
Investments - unrestricted	<u>\$ 845,830</u>	<u>\$ 876,586</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES	<u>\$ 0</u>	<u>\$ 0</u>
NET ASSETS		
Reserve for retirement benefits	<u>\$ 845,830</u>	<u>\$ 876,586</u>

TOWNSHIP OF COOLBAUGH
STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Pension Trust	
	2010	2009
ADDITIONS		
Township Contributions	\$ 69,540	\$ 74,320
Employee Contributions	11,912	7,783
Interest, dividends, and net unrealized gains/losses	41,481	1,735
	<u>122,933</u>	<u>83,838</u>
DEDUCTIONS		
Administrative fees	2,250	0
Pension benefits	151,439	0
	<u>153,689</u>	<u>0</u>
CHANGE IN NET ASSETS	(30,756)	83,838
NET ASSETS, JANUARY 1	<u>876,586</u>	<u>792,748</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 845,830</u></u>	<u><u>\$ 876,586</u></u>

NOTES TO THE FINANCIAL STATEMENTS



TOWNSHIP OF COOLBAUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010

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, 2010

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, 2010

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, 2010

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, 2010

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 Standard & 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 was 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, 2010

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 11.15 Mills (7.43 for general, 1.72 for Debt and 2.0 electoral for Library) and is \$265,073,470.

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	\$ 1,982,156	\$	\$	\$ 1,982,156
Building & Improvements	2,289,806	92,715		2,382,521
Roads and Bridges	15,557,182	612,369		16,169,551
Sewer System	6,241,134			6,241,134
Equipment	3,947,035	85,302		4,032,337
	<u>30,017,313</u>	<u>790,386</u>	<u>0</u>	<u>30,807,699</u>
ACCUMULATED DEPRECIATION	<u>\$(10,875,831)</u>	<u>\$ (980,834)</u>	<u>\$ 0</u>	<u>\$(11,856,665)</u>

NOTE 5 DEBT AND DEBT SERVICE

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.

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

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 5 DEBT AND DEBT SERVICE (CONTINUED)

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.

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.

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.

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.

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

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	\$ 2,675,000	\$	\$ 235,000	\$ 2,440,000
Series of 2009 SR Bonds	1,576,883		47,406	1,529,477
Series of 2008 A Notes	167,307		7,673	159,634
Series of 2001 Notes	362,333		23,608	338,725
Series of 1998 Notes	315,057		75,771	239,286
Series of 1997 Notes	128,599		20,204	108,395
	<u>\$ 5,225,179</u>	<u>\$ 0</u>	<u>\$ 409,662</u>	<u>\$ 4,815,517</u>

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 5 DEBT AND DEBT SERVICE (CONTINUED)

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

	Governmental Type	Business Type
2011	358,596	203,799
2012	361,546	203,799
2013	358,971	203,799
2014	361,104	135,644
2015	362,594	125,968
2016	363,281	110,068
2017	363,052	104,767
2018	361,949	104,767
2019	316,033	104,767
2020	40,836	104,767
2021	40,836	104,767
2022	13,691	104,767
Thereafter		919,710
Total	<u>3,302,489</u>	<u>2,531,389</u>
Interest	<u>523,764</u>	<u>494,597</u>
Principle	<u>\$ 2,778,725</u>	<u>\$ 2,036,792</u>

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, 2010

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.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 8 EMERGING ACCOUNTING PRONOUNCEMENTS

GASB 51, Accounting and Financial Reporting for Intangible Assets

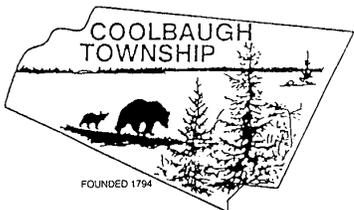
Governments possess many different types of assets that may be considered intangible assets, including right-of-way easements, water rights, land or property use rights, and computer software (purchased, licensed, or internally generated). Although GASB Statement 34 included intangible assets within the scope of the term capital assets, such reference had created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes.

GASB 51 clarifies the accounting and financial reporting requirements for intangible assets in order to reduce these inconsistencies. When implementing GASB 51, the Township will determine whether it has made any significant expenditures to purchase something that will provide value to your citizens over an extended period of time. Even if the underlying asset is not owned by the government (roads, for example, which may be partially paid for by a Township). ***Exceptions to the retroactive capitalization requirement are governments classified as phase 3 implementers under GASB 34***, any internally generated computer software, and intangibles with indefinite useful lives. This pronouncement is effective **beginning with June 30, 2010** fiscal year-ends. **The Township is a phase 3 implementer.**

GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions

GASB 54 is intended to improve the usefulness of the amounts reported in fund balance by providing more structured classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. It moves the Township from the current standard of reporting three main classifications of fund balance (*reserved, designated, and unreserved/undesignated*) to five new fund balance classifications (*nonspendable, restricted, committed, assigned, and unassigned*). The statement also modifies the definition of existing governmental fund types. The changes to the general fund, debt service fund, and capital project fund definitions are minor and, in most cases, will not result in any changes to the fund types utilized. On the contrary, the changes to the special revenue fund definition included additional guidance on when resources should be reported in this fund type. It is expected in some cases to result in existing special revenue funds no longer meeting the criteria and therefore, resulting in fund reclassifications. Specifically, any fund that does not have an external revenue source as its foundation will likely no longer meet the definition of a special revenue fund. GASB 54 is required to be implemented for financial statements for periods **beginning after June 15, 2010**. Retroactive restatement are required for all periods presented

**DETAIL SCHEDULES OF REVENUE
AND EXPENDITURES**



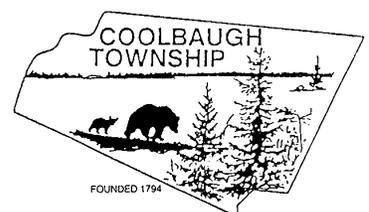
TOWNSHIP OF COOLBAUGH
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
<i>REVENUES:</i>			
<i>TAXES</i>			
Real Estate	\$ 2,396,392	\$ 2,393,807	\$ (2,585)
Real Estate Transfer	325,000	243,447	(81,553)
Local Services Tax	350,000	381,142	31,142
Earned income	<u>1,400,000</u>	<u>1,178,526</u>	<u>(221,474)</u>
	<u>4,471,392</u>	<u>4,196,922</u>	<u>(274,470)</u>
<i>LICENSES AND PERMITS</i>			
Cable television licenses	175,000	156,267	(18,733)
Permits	<u>2,000</u>	<u>1,400</u>	<u>(600)</u>
	<u>177,000</u>	<u>157,667</u>	<u>(19,333)</u>
<i>FINES AND FORFEITURES</i>			
Fines and Code Violations	<u>67,000</u>	<u>69,030</u>	<u>2,030</u>
<i>INTEREST INCOME</i>			
Interest on investments	<u>3,250</u>	<u>338</u>	<u>(2,912)</u>
<i>INTERGOVERNMENTAL REVENUE</i>			
State public utility tax	5,000	6,295	1,295
Alcoholic beverage taxes	4,000	2,650	(1,350)
Foreign fire insurance premium tax	117,851	133,707	15,856
Pension fund state aid	0	171,996	171,996
Recycling	0	314,047	314,047
Other government grants	196,000	29,032	(166,968)
Sewer Enforcement	0	26,776	26,776
Other local grants	<u>1,000</u>	<u>2,491</u>	<u>1,491</u>
	<u>323,851</u>	<u>686,994</u>	<u>363,143</u>
<i>CHARGES FOR SERVICES</i>			
General Government	104,000	96,212	(7,788)
Public Works	51,500	59,543	8,043
Public Safety	37,600	47,272	9,672
Recreation	<u>0</u>	<u>0</u>	<u>0</u>
	<u>193,100</u>	<u>203,027</u>	<u>9,927</u>
<i>OTHER</i>			
Rents	<u>78,452</u>	<u>69,864</u>	<u>(8,588)</u>
	<u>78,452</u>	<u>69,864</u>	<u>(8,588)</u>
	<u>\$ 5,314,045</u>	<u>\$ 5,383,842</u>	<u>\$ 69,797</u>

TOWNSHIP OF COOLBAUGH
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
<i>EXPENDITURES:</i>			
<i>GENERAL GOVERNMENT</i>			
Legislative and Governing Body	\$ 91,319	\$ 85,274	\$ 6,045
Executive	61,350	63,152	(1,802)
Financial services	62,457	65,632	(3,175)
Tax Collection	62,785	59,137	3,648
Legal and Solicitor	28,900	24,673	4,227
Other general government administration	113,743	100,051	13,692
Physical Plant	256,369	215,006	41,363
Grants consulting	0	0	0
Engineering	1,000	761	239
	<u>677,923</u>	<u>613,686</u>	<u>64,237</u>
<i>PUBLIC SAFETY</i>			
Police	2,133,130	2,132,967	163
Fire	319,221	332,346	(13,125)
Ambulance and Rescue	118,000	100,000	18,000
Code enforcement	100,300	108,993	(8,693)
Protective Inspection	44,871	39,921	4,950
Control center	34,702	26,680	8,022
Planning and Zoning	24,130	20,665	3,465
	<u>2,774,354</u>	<u>2,761,572</u>	<u>12,782</u>
<i>PUBLIC WORKS</i>			
Highways, Streets and General services	298,500	538,772	(240,272)
Composting and recycling	91,000	128,109	(37,109)
Winter maintenance	76,282	86,107	(9,825)
Traffic control	22,300	21,609	691
Storm sewers	0	0	0
Repairs of tools and machinery	54,500	48,163	6,337
Road and bridge maintenance	0	0	0
	<u>542,582</u>	<u>822,760</u>	<u>(280,178)</u>
<i>RECREATION AND COMMUNITY</i>			
Recreation	7,300	7,000	300
Community services	7,700	7,700	0
Open Space	0	0	0
Parks	32,350	35,618	(3,268)
	<u>47,350</u>	<u>50,318</u>	<u>(2,968)</u>
<i>MISCELLANEOUS</i>			
Pension contributions	265,356	268,242	(2,886)
Workers compensation	46,000	31,270	14,730
Unemployment compensation	7,000	6,607	393
Employee Benefits	202,139	188,756	13,383
Insurance premiums	57,380	51,015	6,365
Social Security	74,000	57,787	16,213
Other	5,470	6,002	(532)
	<u>657,345</u>	<u>609,679</u>	<u>47,666</u>
	<u>\$ 4,699,554</u>	<u>\$ 4,858,015</u>	<u>\$ (158,461)</u>

COMBINING SCHEDULES



TOWNSHIP OF COOLBAUGH
COMBINING STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCE - CASH BASIS
NON-MAJOR FUNDS - SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	<u>Library</u>	<u>Highway Aid</u>	<u>Total</u>
ASSETS			
Cash - unrestricted	\$ 0	\$ 365,507	\$ 365,507
	<u>0</u>	<u>365,507</u>	<u>365,507</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
	\$ 0	\$ 0	\$ 0
FUND BALANCE			
Unreserved and undesignated	0	365,507	365,507
	<u>0</u>	<u>365,507</u>	<u>365,507</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, 2010

	Library	Highway Aid	Total
REVENUES			
Taxes	\$ 531,808	\$	\$ 531,808
Interest income		516	516
Intergovernmental revenue		327,733	327,733
	<u>531,808</u>	<u>328,249</u>	<u>860,057</u>
EXPENDITURES			
Current			
Public works		159,832	159,832
Recreation	531,808		531,808
	<u>531,808</u>	<u>159,832</u>	<u>691,640</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	168,417	168,417
FUND BALANCES, JANUARY 1	<u>0</u>	<u>197,090</u>	<u>197,090</u>
FUND BALANCES, DECEMBER 31	<u>\$ 0</u>	<u>\$ 365,507</u>	<u>\$ 365,507</u>

TOWNSHIP OF COOLBAUGH

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE

CASH BASIS

MAJOR FUNDS - CAPITAL PROJECTS FUNDS

DECEMBER 31, 2010

	Emergency Services	Capital Projects	Total
ASSETS			
Cash - unrestricted	\$ 64,000	\$ 489,639	\$ 553,639
Due from other funds	<u>160,000</u>	<u> </u>	<u>160,000</u>
Total Assets	<u>\$ 224,000</u>	<u>\$ 489,639</u>	<u>\$ 713,639</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			0
Unreserved and undesignated	<u>224,000</u>	<u>489,639</u>	<u>713,639</u>
	<u>\$ 224,000</u>	<u>\$ 489,639</u>	<u>\$ 713,639</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, 2010

	Emergency Services	Capital Projects	Total
REVENUES			
Interest income	\$ 26	\$ 1,285	\$ 1,311
Contributions		323,606	323,606
	<u>26</u>	<u>324,891</u>	<u>324,917</u>
EXPENDITURES			
Current			
General government		103,090	103,090
Public safety			0
Public works		662,473	662,473
	<u>0</u>	<u>765,563</u>	<u>765,563</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>26</u>	<u>(440,672)</u>	<u>(440,646)</u>
OTHER FINANCING (USES) SOURCES			
Proceeds form issuing debt			0
Operating transfers in			0
Operating transfers out			0
	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) SOURCES			
	26	(440,672)	(440,646)
FUND BALANCES, JANUARY 1	<u>223,974</u>	<u>930,311</u>	<u>1,154,285</u>
FUND BALANCES, DECEMBER 31	<u>\$ 224,000</u>	<u>\$ 489,639</u>	<u>\$ 713,639</u>

