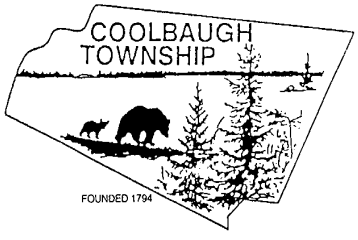
TOWNSHIP OF COOLBAUGH

MONROE COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS AND AUDITORS' REPORTS

AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2013


COOLBAUGH
TOWNSHIP
FOUNDED 1794

TOWNSHIP OF COOLBAUGH
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Accountancy Firm of Bushta & Company
B &Co

TODD J. BUSHTA, CPA

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

TOWNSHIP OF COOLBAUGH

REPORT ON THE FINANCIAL STATEMENTS

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 the **Township of Coolbaugh, Monroe County, Pennsylvania**, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the Township's 2012 financial statements and in our report dated March 31, 2013, we expressed unmodified (Modified Cash Basis) opinions.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

EMPHASIS OF MATTER

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.

OPINIONS

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 of the Township, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles described in the previous paragraph..

OTHER MATTERS

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township'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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2014, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

Bushta & Company

BETHLEHEM, PENNSYLVANIA

MARCH 31, 2014

INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Township of Coolbaugh, Northampton County, Pennsylvania** as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Township's basic financial statements and have issued our report thereon dated March 31, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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 and correct misstatements on a timely basis. A ***material weakness*** is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A ***significant deficiency*** is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Township'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.

PURPOSE OF THIS REPORT

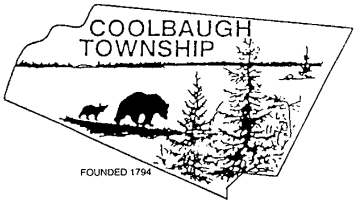
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bushta & Company

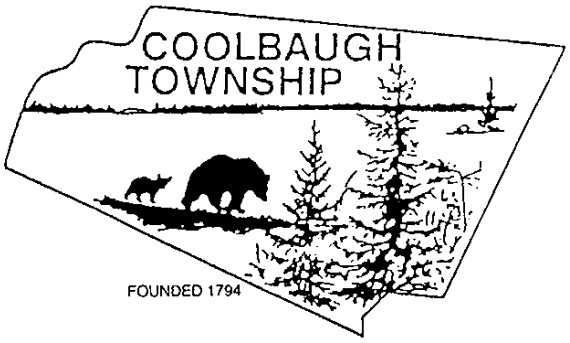
BETHLEHEM, PENNSYLVANIA

MARCH 31, 2014

M A N A G E M E N T ' S D I S C U S S I O N A N D A N A L Y S I S



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, 2013. 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 2013 are as follows:

- In total, Net Position were $15,761,751.
- General revenues accounted for $6,069,192 in revenue or approximately 80% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $1,165,640 or approximately 20% of total revenues of $7,725,832.
- Total assets were $19,346,521 of which $1,561,166 represents unrestricted cash and investments. Fixed assets, net of accumulated depreciation were $17,942,862.
- The Township had $7,637,240 in expenses; only $1,165,640 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of $6,069,192 were adequate to provide for these programs.
- Expenses, after program revenue was $5,980,600.

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 Position 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 Position 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 Position 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 Position and changes in those assets. This change in Net Position 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.

REPORTING THE TOWNSHIP AS A WHOLE (CONTINUED)

Statement of Net Position and the Statement of Activities

In the Statement of Net Position 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 Position provides the perspective of the Township as a whole.

Table 1 provides a summary of the Township's Net Position:

Table 1

Net Position

	2013	2012	2011	2010	2009
Assets					
Current and Other Assets	$ 1,703,659	$ 1,546,676	$ 1,890,945	$ 1,340,391	$ 1,543,301
Capital Assets	17,642,862	18,141,934	18,229,912	18,951,034	19,141,482
	19,346,521	19,688,610	20,120,857	20,291,425	20,684,783
Liabilities					
Current Liabilities	405,764	434,756	580,156	618,772	498,207
Long-Term Liabilities	3,179,006	3,580,695	3,959,780	4,400,500	4,810,278
	3,584,770	4,015,451	4,539,936	5,019,272	5,308,485
Net Position					
Invested in Capital Assets, Net of Debt	14,058,092	14,174,953	13,834,755	14,135,517	13,884,652
Restricted	431,294	614,124	1,008,779	1,079,146	1,351,375
Unrestricted	1,272,365	884,082	737,387	57,490	140,271
	$ 15,761,751	$ 15,673,159	$ 15,580,921	$ 15,272,153	$ 15,376,298

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

REPORTING THE TOWNSHIP AS A WHOLE (CONTINUED)

Statement of Net Position and the Statement of Activities

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

Table 2

Statement of Activities

	2013	2012	2011	2010	2009
Program Revenues					
Charges for Services	$ 792,199	$ 705,954	$ 765,015	$ 696,034	$ 1,012,637
Operating Grants and Contributions	864,441	799,368	939,636	1,014,727	367,784
Capital Grants and Contributions	0	0	0	323,606	340,935
General Revenues					
Taxes	6,057,025	5,505,613	5,804,380	4,728,730	4,390,131
Investment Earnings	12,167	1,236	694	2,467	47,599
Total Revenues	7,725,832	7,012,171	7,509,725	6,765,564	6,159,086
Program Expenses					
General Government	578,258	631,092	566,118	643,706	456,444
Public Safety	3,008,171	2,687,320	3,072,807	2,720,735	2,952,488
Public Works	1,526,090	814,239	1,073,220	959,142	1,147,646
Cultural and Recreation	597,808	677,683	592,526	553,966	546,181
Other	727,358	849,392	497,587	609,679	665,905
Interest on Long-Term Debt	11,780	79,559	110,864	118,409	28,668
Unallocated Depreciation	871,582	871,582	954,324	949,325	949,325
Enterprise fund	316,193	309,066	333,520	314,747	411,058
Total Expense	7,637,240	6,919,933	7,200,966	6,869,709	7,157,715
Increase (decrease) in Net Position	$ 88,592	$ 92,238	$ 308,768	$ (104,145)	$ (998,629)

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

	2013	2012	2011	2010	2009
General Government	$ (203,837)	$ (223,149)	$ (158,013)	$ (308,527)	$ (169,589)
Public Safety	(2,759,096)	(2,433,295)	(2,713,053)	(2,470,726)	(2,738,842)
Public Works	(969,118)	(335,792)	(561,541)	121,595	(666,542)
Cultural and Recreation	(597,808)	(677,683)	(591,723)	(553,966)	(545,516)
Other	(536,287)	(667,851)	(287,248)	(437,683)	(499,508)
Interest on Long-Term Debt	(11,780)	(79,559)	(110,864)	(118,409)	(28,668)
Unallocated Depreciation	(871,582)	(871,582)	(954,324)	(949,325)	(949,325)
Enterprise	(31,092)	(125,700)	(119,540)	(118,301)	161,631
	$(5,980,600)	$(5,414,611)	$(5,496,306)	$(4,835,342)	$(5,436,359)

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.

The dependence upon real estate tax revenues is apparent. For all activities, general revenue support is 80%. 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 14.00 mills ($14.00 per $1,000 of assessed valuation) for fiscal 2013 Assessed valuations of property are determined by Monroe County and the collectors are responsible for collection. Taxable assessed valuation was $268,674,100. Tax mills did not increase for 2013.

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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The following are the Township's governmental funds:

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 $7,440,350 and expenditures of $9,127,503 which includes debt refundings of $1,950,000. Other financing sources and uses include transfers between the funds netted to $1,900,000. The net change in fund balance for the year was a increase of $212,847.

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS (CONTINUED)

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

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.

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.

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 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.

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS (CONTINUED)

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.

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.

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	$ 2,041,619	$		$2,041,619.00
Building & Improvements	2,472,802			2,472,802
Roads and Bridges	16,692,423	200,000		16,892,423
Sewer System	6,371,563			6,371,563
Equipment	4,312,356	205,639		4,517,995
	31,890,763	405,639	0	30,254,783
ACCUMULATED DEPRECIATION	$(13,748,829)	$ (904,711)	$ 0	$(14,653,540)

- Overall capital assets increased $405,639 which included vehicles and heavy equipment, and also road reconstruction.
- Depreciation for the year was $904,711.

DEBT SERVICE

	Balance, Beginning	Proceeds	Repayments	Balance, Ending
Series of 2008 Bonds	$ 1,950,000	$	$ 1,950,000	$ 0
Series of 2013 Bonds	0	2,045,000	295,000	1,750,000
Series of 2009 SR Bonds	1,423,925		48,369	1,375,556
Series of 2008 A Notes	150,651		8,519	142,132
Series of 2001 Notes	285,671		27,399	258,272
Series of 1998 Notes	91,624		77,306	14,318
Series of 1997 Notes	65,110		20,618	44,492
	$ 3,966,981	$ 2,045,000	$ 2,427,211	$ 3,584,770

- Early in 2013, The Township issued the General Obligation Bonds of 2013, for $2,045,000 to currently refund the Series 2008 Bonds.

Governmental Debt :

Series 2013 General Obligation Bonds – Governmental Type Debt

Original issue of $2,045,000 to refund Series 2008 and to pay the cost of issuance; principal and interest are due annually on March and September 15th, at rates ranging from 1.00% to 1.50%, 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 0f 1.0% maturing 2016. The PennVest debt is certified as self-liquidating.

Series 1997 General Obligation Notes

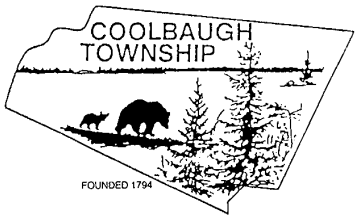
Original issue of $357,357 for the construction and completion of the sewer treatment facility; Principal and interest is due monthly at a rate 0f 1.0% maturing 2014. The PennVest debt is certified as self-liquidating.

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.

G O V E R N M E N T W I D E F I N A N C I A L S T A T E M E N T S



TOWNSHIP OF COOLBAUGH
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2013

	Governmental Activities	Business-type Activities	Total	2012 Memorandum Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 584,795	$ 60,509	$ 645,304	$ 1,510,106
Internal Balances			0	0
Investments	915,843	19	915,862	12
	1,500,638	60,528	1,561,166	1,510,118
Non-current Assets				
General Fixed Assets				
Land and Land Improvments	2,019,820	21,799	2,041,619	2,041,619
Building & Building Improvements	2,472,802		2,472,802	2,472,802
Roads and Bridges	16,892,423		16,892,423	16,692,423
Sewer System		6,371,563	6,371,563	6,371,563
Equipment	4,517,995		4,517,995	4,312,356
	25,903,040	6,393,362	32,296,402	31,890,763
Accumulated Depreciation	(14,078,758)	(574,782)	(14,653,540)	(13,748,829)
Net General Fixed Assets	11,824,282	5,818,580	17,642,862	18,141,934
Bond issuance cost, net of accum. amortization	0		0	0
Restricted Cash and Cash Equivalents	142,493		142,493	36,558
Restricted Investments			0	0
	11,966,775	5,818,580	17,785,355	18,178,492
	13,467,413	5,879,108	19,346,521	19,688,610
LIABILITIES				
Current Liabilities				
Payroll liabilities	$	$	$ 0	11,912
Internal Balances			0	0
Escrow deposits			0	36,558
Current Portion of LT Debt - bonds payable	290,000		290,000	265,280
Current Portion of LT Debt - notes payable	28,708	87,056	115,764	121,006
	318,708	87,056	405,764	434,756
Non-current Liabilities				
Bonds Payable - Long term	1,460,000	0	1,460,000	3,108,645
Notes Payable - Long term	238,095	1,480,911	1,719,006	472,050
	2,016,803	1,567,967	3,584,770	4,015,451
NET POSITION				
Investment in Capital Assets, Net of Related Debt	9,807,479	4,250,613	14,058,092	14,174,953
Restricted for:				
Capital Projects	224,800		224,800	307,682
Specified use	206,494		206,494	306,442
Unrestricted	1,211,837	60,528	1,272,365	884,082
	$ 11,450,610	$ 4,311,141	$ 15,761,751	$ 15,673,159

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

TOWNSHIP OF COOLBAUGH

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total	2012 Memorandum Total
Governmental activities:								
General government	$ 578,258	$ 366,089	$ 8,332	$	$ (203,837)	$	$ (203,837)	$ (223,149)
Public safety	3,008,171	95,862	153,213		(2,759,096)		(2,759,096)	(2,433,295)
Public works	1,526,090	45,147	511,825		(969,118)		(969,118)	(335,792)
Recreation	597,808				(597,808)		(597,808)	(677,683)
Other	727,358		191,071		(536,287)		(536,287)	(667,851)
Interest on Long-Term debt	11,780				(11,780)		(11,780)	(79,559)
Unallocated Amortization	0				0		0	0
Unallocated Depreciation	871,582				(871,582)		(871,582)	(871,582)
	7,321,047	507,098	864,441	0	(5,949,508)	0	(5,949,508)	(5,288,911)
Business-type activities:								
Public Sewer	316,193	285,101				(31,092)	(31,092)	(125,700)
	$ 7,637,240	$ 792,199	$ 864,441	$ 0	$ (5,949,508)	$ (31,092)	$ (5,980,600)	$ (5,414,611)
General revenues:								
Taxes:								
Real Estate					3,971,286		3,971,286	3,652,502
Real Estate Transfer					250,291		250,291	224,704
Emergency and Municipal Services					413,223		413,223	338,987
Earned income					1,422,225		1,422,225	1,289,420
					6,057,025	0	6,057,025	5,505,613
Internal Transfers					(145,000)	145,000	0	0
Interest Income					11,786	381	12,167	1,236
Total general revenues, special items, and transfers					5,923,811	145,381	6,069,192	5,506,849
Change in Net Position					(25,697)	114,289	88,592	92,238
Net Position—beginning					11,476,307	4,196,852	15,673,159	15,580,921
Net Position—ending					$ 11,450,610	$ 4,311,141	$ 15,761,751	$ 15,673,159

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

TOWNSHIP OF COOLBAUGH

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2013

Total Fund Balances - Governmental Funds (CASH BASIS)		$ 1,643,131
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.		
	General Fixed Assets	25,903,040
	Accumulated Depreciation	(14,078,758)
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:		
	Bonds Payable	(1,750,000)
	Notes Payable	(266,803)
Total Net Position - Governmental Activities (MODIFIED CASH BASIS)		$ 11,450,610

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

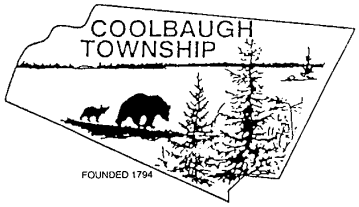
TOWNSHIP OF COOLBAUGH

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Total net change in fund balances - governmental funds (CASH BASIS)		$ 212,847
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.		
	Depreciation	(871,582)
	Capital Outlay	405,639
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.		
	Proceeds from issuing debt	(2,045,000)
	Repayment of short term debt	0
	Bonds Payable	2,245,000
	Notes Payable	27,399
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.		0
Change in net assets of governmental activities (MODIFIED CASH BASIS)		$ (25,697)

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

F U N D F I N A N C I A L S T A T E M E N T S



TOWNSHIP OF COOLBAUGH

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

GOVERNMENTAL FUNDS

DECEMBER 31, 2013

	Major Funds			Non-Major Funds	Total	2012
	General	Capital Projects	Total	Special Revenue	Governmental Funds	Memorandum Total
ASSETS						
Cash - unrestricted	$ 153,501	$ 224,800	$ 378,301	$ 206,494	$ 584,795	$ 1,442,196
Cash - restricted	142,493		142,493		142,493	36,558
Due from other funds			0		0	40,000
Investments - unrestricted	915,843		915,843		0	0
	$ 1,211,837	$ 224,800	$ 1,436,637	$ 206,494	$ 1,643,131	$ 1,518,754
LIABILITIES AND FUND BALANCE						
Liabilities						
Payroll liabilities	$	$	$ 0	$	$ 0	$ 11,912
Due to other funds			0		0	40,000
Escrow deposits			0		0	36,558
	0	0	0	0	0	88,470
Fund balances:						
Assigned			0		0	0
Unassigned	1,211,837	224,800	1,436,637	206,494	1,643,131	1,430,284
	1,211,837	224,800	1,436,637	206,494	1,643,131	1,430,284
	$ 1,211,837	$ 224,800	$ 1,436,637	$ 206,494	$ 1,643,131	$ 1,518,754

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, 2013

	Major Funds			Non-Major Funds			Total	2012
	General	Capital Projects	Total	Special Revenue	Debt Service	Total	Governmental Funds	Memorandum Total
REVENUES								
Taxes	$ 5,556,199	$	$ 5,556,199	$ 500,826	$	$ 500,826	$ 6,057,025	$ 5,505,613
Licenses and permits	168,437		168,437			0	168,437	164,605
Fines and forfeitures	41,072		41,072			0	41,072	51,969
Interest income	11,494	166	11,660	126		126	11,786	1,234
Intergovernmental revenue	462,451		462,451	401,990		401,990	864,441	799,368
Charges for services	158,522		158,522			0	158,522	215,242
Other	139,067		139,067			0	139,067	90,772
	6,537,242	166	6,537,408	902,942	0	902,942	7,440,350	6,828,803
EXPENDITURES								
Current								
General government	578,258		578,258			0	578,258	631,092
Public safety	3,035,570		3,035,570			0	3,035,570	2,715,082
Public works	1,396,973	43,048	1,440,021	491,708		491,708	1,931,729	1,441,080
Recreation	86,626		86,626	511,182		511,182	597,808	737,146
Other	727,358		727,358			0	727,358	849,392
Debt Service								
Fiscal charges			0			0	0	0
Principal			0		2,245,000	2,245,000	2,245,000	950,500
Interest			0		11,780	11,780	11,780	79,559
	5,824,785	43,048	5,867,833	1,002,890	2,256,780	3,259,670	9,127,503	7,403,851
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	712,457	(42,882)	669,575	(99,948)	(2,256,780)	(2,356,728)	(1,687,153)	(575,048)
OTHER FINANCING (USES) SOURCES								
Proceeds from issuing debt	2,045,000		2,045,000			0	2,045,000	700,000
Operating transfers in	40,000		40,000		2,256,780	2,256,780	2,296,780	321,210
Operating transfers out	(2,401,780)	(40,000)	(2,441,780)			0	(2,441,780)	(852,210)
	(316,780)	(40,000)	(356,780)	0	2,256,780	2,256,780	1,900,000	169,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) SOURCES	395,677	(82,882)	312,795	(99,948)	0	(99,948)	212,847	(406,048)
FUND BALANCES, JANUARY 1	816,160	307,682	1,123,842	306,442	0	306,442	1,430,284	1,836,332
FUND BALANCES, DECEMBER 31	$ 1,211,837	$ 224,800	$ 1,436,637	$ 206,494	$ 0	$ 206,494	$ 1,643,131	$ 1,430,284

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, 2013

	Public Sewer	
	2013	2012
ASSETS		
Cash - unrestricted	$ 60,509	$ 67,910
Investments - unrestricted	19	12
	60,528	67,922
Capital Assets :		
Land and Land Improvements	21,799	21,799
Infrastructure	6,371,563	6,371,563
	6,393,362	6,393,362
Accumulated Depreciation	(574,782)	(541,653)
	5,818,580	5,851,709
	5,879,108	5,919,631
LIABILITIES AND NET ASSETS		
LIABILITIES		
Due to other funds	0	0
Bonds and Notes Payable	1,567,967	1,722,779
	1,567,967	1,722,779
NET ASSETS		
Investment in fixed assets	4,250,613	4,128,930
Unrestricted	60,528	67,922
	$ 4,311,141	$ 4,196,852

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

TOWNSHIP OF COOLBAUGH
STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS
PROPRIETARY FUNDS - ENTERPRISE
YEAR ENDED DECEMBER 31, 2013

	Public Sewer	
	2013	2012
OPERATING REVENUES		
Charges for service	$ 185,101	$ 151,478
User Reimbursements		
Other	100,000	31,888
	285,101	183,366
OPERATING EXPENSES		
Operating	138,805	138,114
Construction and Maintenance	58,502	48,199
Legal and Engineering	67,474	70,683
	264,781	256,996
Net income from operations	20,320	(73,630)
NON-OPERATING REVENUE / (EXPENSE)		
Transfer (to) / from other funds	145,000	531,000
Grants	0	0
Interest income	381	2
Interest expense	(18,283)	(18,941)
Depreciation	(33,129)	(33,129)
	93,969	478,932
CHANGE IN NET ASSETS	114,289	405,302
NET ASSETS, JANUARY 1	4,196,852	3,791,550
NET ASSETS, DECEMBER 31	$ 4,311,141	$ 4,196,852

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

TOWNSHIP OF COOLBAUGH
STATEMENT OF NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Pension Trust	
	2013	2012
ASSETS		
Investments - unrestricted	$ 1,197,822	$ 1,061,048
LIABILITIES AND NET ASSETS		
LIABILITIES	$ 0	$ 0
NET ASSETS		
Reserve for retirement benefits	$ 1,197,822	$ 1,061,048

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

TOWNSHIP OF COOLBAUGH

STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS

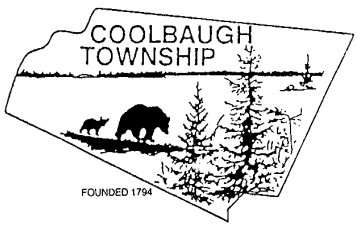
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Pension Trust	
	2013	2012
ADDITIONS		
Township Contributions	$ 68,416	$ 63,479
Employee Contributions	13,818	20,420
Interest, dividends, and net unrealized gains/losses	68,595	48,236
	150,829	132,135
DEDUCTIONS		
Administrative fees	1,799	1,812
Pension benefits	12,256	0
	14,055	1,812
CHANGE IN NET ASSETS	136,774	130,323
NET ASSETS, JANUARY 1	1,061,048	930,725
NET ASSETS, DECEMBER 31	$ 1,197,822	$ 1,061,048

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

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S



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 Position 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.

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.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Fund Balances

The hierarchy of five possible classifications of fund balance is:

Nonspendable Fund Balance

- Amounts that cannot be spent due to form; for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned.
- Amounts that must be maintained intact legally or contractually.

Restricted Fund Balance

- Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed Fund Balance

- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources.
- Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned Fund Balance

- For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed.
- For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned Fund Balance

- For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

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

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 collatera1 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.

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 14.00 Mills (9.11 for general, 2.89 for Debt and 2.0 electoral for Library) and is $268,674,100.

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.

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	$ 2,041,619	$	$	$ 2,041,619
Building & Improvements	2,472,802			2,472,802
Roads and Bridges	16,692,423	200,000		16,892,423
Sewer System	6,371,563			6,371,563
Equipment	4,312,356	205,639		4,517,995
	31,890,763	405,639	0	32,296,402
ACCUMULATED DEPRECIATION	$(13,748,829)	$ (904,711)	$ 0	$(14,653,540)

NOTE 5 DEBT AND DEBT SERVICE (CONTINUED)

Series 2013 General Obligation Bonds – Governmental Type Debt

Original issue of $2,045,000 to refund Series 2008 and to pay the cost of issuance; principal and interest are due annually on March and September 15th, at rates ranging from 1.00% to 1.50%, maturing in 2019.

Series 2001 General Obligation Notes – Governmental Type Debt

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.*

Series 2009 Guaranteed Sewer Revenue Bonds – Business Type Debt

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 – Business Type Debt

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 – Business Type Debt

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 – Business Type Debt

Original issue of $1,125,264 for the expansion of the Sewer treatment facility; Principal and interest is due monthly at a rate 0f 1.0% maturing 2016. The PennVest debt is certified as self-liquidating.

Series 1997 General Obligation Notes – Business Type Debt

Original issue of $357,357 for the construction and completion of the sewer treatment facility; Principal and interest is due monthly at a rate 0f 1.0% maturing 2014. The PennVest debt is certified as self-liquidating

NOTE 5 DEBT AND DEBT SERVICE (CONTINUED)

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	$ 1,950,000	$	$ 1,950,000	$ 0
Series of 2013 Bonds	0	2,045,000	295,000	1,750,000
Series of 2009 SR Bonds	1,423,925		48,369	1,375,556
Series of 2008 A Notes	150,651		8,519	142,132
Series of 2001 Notes	285,671		27,399	258,272
Series of 1998 Notes	91,624		77,306	14,318
Series of 1997 Notes	65,110		20,618	44,492
	$ 3,966,981	$ 2,045,000	$ 2,427,211	$ 3,584,770

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

	Governmental Type	Business Type
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	0	715,911

- Early in 2013, The Township issued the General Obligation Bonds of 2013, for $2,045,000 to currently refund the Series 2008 Bonds. Series 2008 General Obligation Bonds – Governmental Type Debt 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.

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.

NOTE 8 NEWLY IMPLEMENTED ACCOUNTING STANDARDS

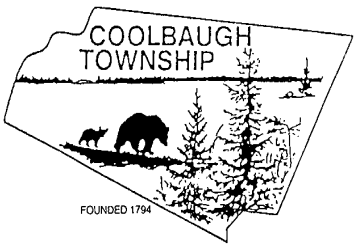
During the current year, the Township implemented **GASB Statement No. 61**, The Financial Reporting Entity: Omnibus. This new guidance affects the treatment of component units within the financial statements. The implementation of this new statement did not have an effect on the Township's current financial statements.

The Township has implemented the provisions of **GASB Statement No. 62**, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which revises the hierarchy of applying accounting standards to certain defined transactions, and the provisions of **GASB statement No. 63**, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

The District has also early implemented the provisions of **GASB Statement No. 65**, Items Previously Reported as Assets and Liabilities. The objective of this statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenue).

The Township has early implemented **GASB Statement No. 66**, Technical Corrections, an Amendment of GASB Statements No.10 and 62. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

D E T A I L S C H E D U L E S O F R E V E N U E
A N D E X P E N D I T U R E S



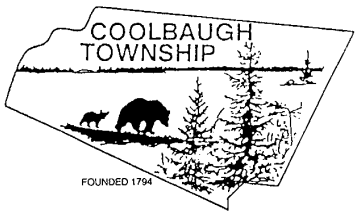
TOWNSHIP OF COOLBAUGH
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
TAXES			
Real Estate	$ 3,457,410	$ 3,470,460	$ 13,050
Real Estate Transfer	240,000	250,291	10,291
Local Services Tax	400,000	413,223	13,223
Earned income	1,250,000	1,422,225	172,225
	5,347,410	5,556,199	208,789
LICENSES AND PERMITS			
Cable television licenses	160,000	166,637	6,637
Permits	1,500	1,800	300
	161,500	168,437	6,937
FINES AND FORFEITURES			
Fines and Code Violations	67,000	41,072	(25,928)
INTEREST INCOME			
Interest on investments	750	11,494	10,744
INTERGOVERNMENTAL REVENUE			
State public utility tax	6,500	6,282	(218)
Alcoholic beverage taxes	3,000	2,050	(950)
Foreign fire insurance premium tax	140,000	153,213	13,213
Pension fund state aid	266,017	191,071	(74,946)
Recycling	3,000	3,000	0
Other government grants	104,000	29,032	(74,968)
Sewer Enforcement	65,000	77,803	12,803
Other local grants	0	0	0
	587,517	462,451	(125,066)
CHARGES FOR SERVICES			
General Government	61,600	58,585	(3,015)
Public Works	17,750	45,147	27,397
Public Safety	59,070	54,790	(4,280)
Recreation	0	0	0
	138,420	158,522	20,102
OTHER			
Sale of fixed assets	40,000	51,210	11,210
Rents	77,854	87,857	10,003
	117,854	139,067	21,213
	$ 6,420,451	$ 6,537,242	$ 116,791

TOWNSHIP OF COOLBAUGH
SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
GENERAL GOVERNMENT			
Legislative and Governing Body	$ 138,669	$ 117,410	$ 21,259
Executive	62,190	62,071	119
Financial services	70,547	61,906	8,641
Tax Collection	48,785	41,054	7,731
Legal and Solicitor	31,400	31,392	8
Other general government administration	72,511	72,562	(51)
Physical Plant	220,336	190,656	29,680
Grants consulting			0
Engineering	7,500	1,207	6,293
	651,938	578,258	73,680
PUBLIC SAFETY			
Police	2,044,796	2,062,106	(17,310)
Fire	642,478	497,628	144,850
Ambulance and Rescue	135,000	137,147	(2,147)
Code enforcement	80,540	78,081	2,459
Protective Inspection	26,100	31,050	(4,950)
Control center	37,428	203,163	(165,735)
Planning and Zoning	24,229	26,395	(2,166)
	2,990,571	3,035,570	(44,999)
PUBLIC WORKS			
Highways, Streets and General services	505,778	527,343	(21,565)
Composting and recycling	109,150	83,259	25,891
Winter maintenance	178,640	227,803	(49,163)
Traffic control	34,300	40,717	(6,417)
Storm sewers	17,500	292	17,208
Repairs of tools and machinery	50,000	70,713	(20,713)
Road and bridge construction	215,000	200,000	15,000
Road and bridge maintenance	301,000	246,846	54,154
	1,411,368	1,396,973	14,395
RECREATION AND COMMUNITY			
Library			0
Community services	17,700	14,200	3,500
Open Space			0
Parks	79,300	72,426	6,874
	97,000	86,626	10,374
MISCELLANEOUS			
Pension contributions	341,820	290,520	51,300
Workers compensation	46,000	41,083	4,917
Unemployment compensation	18,000	16,773	1,227
Employee Benefits	178,531	247,581	(69,050)
Insurance premiums	55,000	60,811	(5,811)
Social Security	60,000	57,251	2,749
Other	7,000	13,339	(6,339)
	706,351	727,358	(21,007)
	$ 5,857,228	$ 5,824,785	$ 32,443

C O M B I N I N G S C H E D U L E S



TOWNSHIP OF COOLBAUGH

COMBINING STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCE - CASH BASIS
NON-MAJOR FUNDS - SPECIAL REVENUE FUNDS
DECEMBER 31, 2013

	Library	Highway Aid	Total
ASSETS			
Cash - unrestricted	0	$ 206,494	$ 206,494
LIABILITIES AND FUND BALANCE			
LIABILITIES	$ 0	$ 0	$ 0
FUND BALANCE			
Unassigned		206,494	206,494
	0	$ 206,494	$ 206,494

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, 2013

	Library	Highway Aid	Total
REVENUES			
Taxes	$ 500,826	$	$ 500,826
Interest income		126	126
Intergovernmental revenue		401,990	401,990
	500,826	402,116	902,942
EXPENDITURES			
Current			
Public works		491,708	491,708
Culture and recreation	511,182		511,182
	511,182	491,708	1,002,890
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,356)	(89,592)	(99,948)
FUND BALANCES, JANUARY 1	10,356	296,086	306,442
FUND BALANCES, DECEMBER 31	$ 0	$ 206,494	$ 206,494

TOWNSHIP OF COOLBAUGH

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
CASH BASIS
MAJOR FUNDS - CAPITAL PROJECTS FUNDS
DECEMBER 31, 2013

	Emergency Services	Capital Projects	Total
ASSETS			
Cash - unrestricted	$ 184,756	$ 40,044	$ 224,800
Due from other funds			0
Total Assets	$ 184,756	$ 40,044	$ 224,800
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other funds	$ 0	$ 0	$ 0
FUND BALANCE			
Assigned			0
Unassigned	184,756	40,044	224,800
	$ 184,756	$ 40,044	$ 224,800

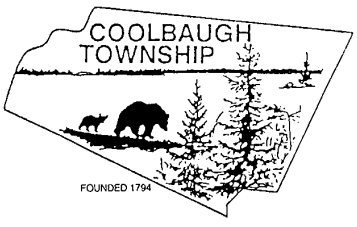
TOWNSHIP OF COOLBAUGH

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS

MAJOR FUNDS - CAPITAL PROJECTS FUNDS

YEAR ENDED DECEMBER 31, 2013

	Emergency Services	Capital Projects	Total
REVENUES			
Interest income	$ 150	$ 16	$ 166
Intergovernmental revenues			0
Contributions			0
	150	16	166
EXPENDITURES			
Current			
General government			0
Public safety			0
Public works		43,048	43,048
Culture and recreation			0
	0	43,048	43,048
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	150	(43,032)	(42,882)
OTHER FINANCING (USES) SOURCES			
Proceeds form issuing debt			0
Operating transfers in			0
Operating transfers out	(40,000)		(40,000)
	(40,000)	0	(40,000)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) SOURCES	(39,850)	(43,032)	(82,882)
FUND BALANCES, JANUARY 1	224,606	83,076	307,682
FUND BALANCES, DECEMBER 31	$ 184,756	$ 40,044	$ 224,800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