

**TOWNSHIP OF COOLBAUGH**  
MONROE COUNTY, PENNSYLVANIA

**FINANCIAL STATEMENTS  
AND AUDITORS' REPORTS**

AS OF AND FOR THE YEAR ENDED  
**DECEMBER 31, 2015**

## TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	<u>PAGE</u>
Independent Auditor's Report	1-2
Internal Control Deficiencies Letter	3-4
Management's Discussion and Analysis	5-16
Government-Wide Statement of Net Position	18
Government-Wide Statement of Activities	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	20
Reconciliation of the Stmt. of Revenues, Expenditures and Changes in Fund Bal. to the Governmental Stmt. of Activities	21
Combined Statements Of Assets, Liabilities and Fund Balance -Governmental Funds	23
Combined Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds	24
Statement of Changes in Net Assets – Proprietary Fund	25-26
Statement of Changes in Fiduciary Net Assets	27-28
Notes to Financial Statements	30-41
 <u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Budgetary Comparison Schedule - General Fund	43-44

TABLE OF CONTENTS (CONTINUED)

<u>REQUIRED SUPPLEMENTAL INFORMATION</u>	<u>PAGE</u>
Combining Statement of Assets, Liabilities and Fund Balance -Special Revenue Funds	46-47
Combining Statement of Assets, Liabilities and Fund Balance -Capital Project Funds	48-49



## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Coolbaugh Township

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coolbaugh Township, Pennsylvania as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### **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.

### **Auditor's 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. 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 business-type activities, the general fund, and the other governmental funds of the Township as of December 31, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion 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.

*Frey & Co. CPAs, LLC*

Frey & Co. CPAs, LLC  
Walnutport, Pennsylvania  
June 30, 2016

INTERNAL CONTROL DEFICIENCIES LETTER

To the Board of Supervisors  
Coolbaugh Township, Pennsylvania

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Coolbaugh Township as of and for the year ended December 31, 2015 in accordance with auditing standards generally accepted in the United States of America, we considered Coolbaugh Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coolbaugh Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Butler Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls..

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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.

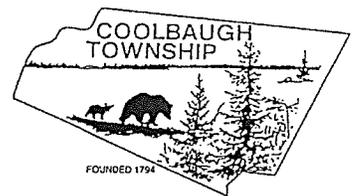


This communication is intended solely for the information and use of management, the Board of Supervisors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Frey & Co. CPAs, LLC*

Frey & Co. CPAs, LLC  
Walnutport, Pennsylvania  
June 30, 2016

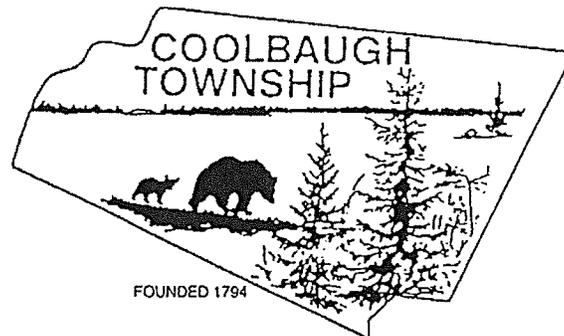
## MANAGEMENT'S DISCUSSION AND ANALYSIS



**TOWNSHIP OF COOLBAUGH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015

---

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, 2015. 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 2015 are as follows:*

- In total, Net Position were \$15,738,672.
- General revenues accounted for \$6,406,163 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 \$1,420,410 or approximately 20% of total revenues of \$7,826,573.
- Total assets were \$19,051,328 of which \$1,232,859 represents unrestricted cash and investments. Fixed assets, net of accumulated depreciation was \$16,700,865.
- The Township had \$7,322,579 in expenses; only \$1,420,410 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$6,406,163 were adequate to provide for these programs.
- Expenses, after program revenue was \$5,902,169.

# TOWNSHIP OF COOLBAUGH

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

---

### **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.

**TOWNSHIP OF COOLBAUGH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
 DECEMBER 31, 2015

**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:*

	2015	2014	2013	2012	2011
<b>Assets</b>					
Current and Other Assets	\$ 2,159,319	\$ 2,037,300	\$ 1,703,659	\$ 1,546,676	\$ 1,890,945
Capital Assets, net	16,700,865	16,960,542	17,642,862	18,141,934	18,229,912
Non-current Assets	191,144	-	-	-	-
	<u>19,051,328</u>	<u>18,997,842</u>	<u>19,346,521</u>	<u>19,688,610</u>	<u>20,120,857</u>
<b>Liabilities</b>					
Current Liabilities	\$ 895,575	956,583	405,764	434,756	580,156
Long-Term Liabilities	2,417,081	2,768,684	3,179,006	3,580,695	3,959,780
	<u>3,312,656</u>	<u>3,725,267</u>	<u>3,584,770</u>	<u>4,015,451</u>	<u>4,539,936</u>
<b>Net Position</b>					
Invested in Capital Assets, net of related debt	\$ 13,891,801	13,781,315	14,058,092	14,174,953	13,834,755
Restricted	222,264	197,500	431,294	614,124	1,008,779
Unrestricted	1,624,607	1,293,760	1,272,365	884,082	737,387
	<u>\$ 15,738,672</u>	<u>\$ 15,272,575</u>	<u>\$ 15,761,751</u>	<u>\$ 15,673,159</u>	<u>\$ 15,580,921</u>

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.

**TOWNSHIP OF COOLBAUGH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
 DECEMBER 31, 2015

**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**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Program Revenues</b>					
Charges for Services					
Operating Grants and Contributions	\$ 542,721	\$ 772,522	\$ 792,199	\$ 705,954	\$ 765,015
Capital Grants and Contributions	877,689	1,007,644	864,441	799,368	939,636
<b>General Revenues</b>					
Taxes	6,389,540	5,862,099	6,057,025	5,505,613	5,804,380
Investment Earnings	16,623	12,027	12,167	1,236	694
<b>Total Revenues</b>	<u>7,826,573</u>	<u>7,654,292</u>	<u>7,725,832</u>	<u>7,012,171</u>	<u>7,509,725</u>
<b>Program Expenses</b>					
General Government	649,454	724,025	578,258	631,092	566,118
Public Safety	2,933,053	2,833,176	3,008,171	2,687,320	3,072,807
Public Works	1,047,540	1,777,568	1,526,090	814,239	1,073,220
Cultural and Recreation	688,202	611,499	597,808	677,683	592,526
Other	777,804	966,379	727,358	849,392	497,587
Interest on Long-Term Debt	27,315	32,421	11,780	79,559	110,864
Unallocated Depreciation	773,603	871,582	871,582	871,582	954,324
Enterprise Fund	425,608	326,818	316,193	309,066	333,520
<b>Total Expense</b>	<u>7,322,579</u>	<u>8,143,468</u>	<u>7,637,240</u>	<u>6,919,933</u>	<u>7,200,966</u>
<b>Increase (decrease) in Net Position</b>	<u>\$ 503,994</u>	<u>\$ (489,176)</u>	<u>\$ 88,592</u>	<u>\$ 92,238</u>	<u>\$ 308,759</u>

**TOWNSHIP OF COOLBAUGH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

DECEMBER 31, 2014

***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**

	<b>Net Cost of Services</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
General government	\$ (368,477)	\$ (374,089)	\$ (203,837)	\$ (223,149)	\$ (158,013)
Public safety	(2,780,322)	(2,597,577)	(2,759,096)	(2,433,295)	(2,713,053)
Public works	(424,523)	(848,553)	(969,118)	(335,792)	(561,541)
Cultural and Recreation	(687,827)	(611,499)	(597,808)	(677,683)	(591,723)
Other	(571,618)	(842,926)	(536,287)	(667,851)	(287,248)
Interest on Long-Term Debt	(27,315)	(32,421)	(11,780)	(79,559)	(110,864)
Unallocated depreciation	(773,603)	(871,582)	(871,582)	(871,582)	(954,324)
Enterprise	(268,484)	(184,655)	(31,092)	(125,700)	(119,540)
	<u>\$ (5,902,169)</u>	<u>\$ (6,363,302)</u>	<u>\$ (5,980,600)</u>	<u>\$ (5,414,611)</u>	<u>\$ (5,496,306)</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 include 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, 2015

---

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 2015. Assessed valuations of property are determined by Monroe County and the collectors are responsible for collection.

### **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 TOWNSHIP'S FUNDS**

The following are the Township's governmental funds:

As indicated above, these funds are accounted for using the modified cash basis of accounting. All governmental funds had total revenues of \$7,669,319 and expenditures of \$7,113,903. Other financing sources and uses include transfers between the funds netted to \$195,455. The net change in fund balance for the year was an increase of \$359,961.

# **TOWNSHIP OF COOLBAUGH**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

DECEMBER 31, 2015

---

### **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.

#### **Capital Projects Funds (Major Fund)**

The Capital Projects Fund accounts 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.

# TOWNSHIP OF COOLBAUGH

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

---

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.

# TOWNSHIP OF COOLBAUGH

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

### 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**

	Balance, Beginning 1/1/2015	Additions	Disposals	Balance, Ending 12/31/2015
<b>Governmental Activities:</b>				
<b>Capital Assets</b>				
Land & Land Improvements	\$ 2,019,819	\$ -	\$ -	\$ 2,019,819
Buildings & Improvements	2,471,791	6,966	-	2,478,757
Roads & Bridges	17,053,048	592,937	-	17,645,985
Machinery & Equipment	4,020,299	63,171	(18,389)	4,065,081
Total Capital Assets	25,564,957	663,074	(18,389)	26,209,642
<b>Accumulated Depreciation</b>				
Land & Land Improvements	(716,515)	(22,175)	-	(738,690)
Buildings & Improvements	(942,349)	(4,315)	-	(946,664)
Roads & Bridges	(8,991,100)	(497,057)	-	(9,488,157)
Machinery & Equipment	(2,971,546)	(250,056)	18,389	(3,203,213)
Total Accumulated Depreciation	(13,621,511)	(773,603)	18,389	(14,376,725)
<b>Total Governmental Capital Assets, net</b>	<b>\$ 11,943,446</b>	<b>\$ (110,530)</b>	<b>\$ -</b>	<b>\$ 11,832,917</b>
	Balance, Beginning 1/1/2015	Additions	Disposals	Balance, Ending 12/31/2015
<b>Business-Type Activities:</b>				
<b>Capital Assets</b>				
Land & Land Improvements	\$ 21,799	\$ -	\$ -	\$ 21,799
Sewer System	6,371,563	-	-	6,371,563
Total Capital Assets	6,393,362	-	-	6,393,362
<b>Accumulated Depreciation</b>				
Land & Land Improvements	(13,659)	-	-	(13,659)
Sewer System	(1,384,324)	(127,431)	-	(1,511,755)
Total Accumulated Depreciation	(1,397,983)	(127,431)	-	(1,525,414)
<b>Total Business-Type Capital Assets, net</b>	<b>\$ 4,995,379</b>	<b>\$ (127,431)</b>	<b>\$ -</b>	<b>\$ 4,867,948</b>

- Overall capital assets increased \$644,685 which included vehicles and heavy equipment, and also road reconstruction.
- Depreciation for the year was \$901,034.

# TOWNSHIP OF COOLBAUGH

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

### DEBT SERVICE

	<b>Balance, Beginning 1/1/2015</b>	<b>Additions</b>	<b>Repayments</b>	<b>Balance, Ending 12/31/2015</b>
<b>Governmental Activities</b>				
Series of 2013 Bonds	\$ 1,460,000	\$ -	\$ 295,000	\$ 1,165,000
Series of 2001 Notes	255,476	-	32,461	223,015
	<u>1,715,476</u>	<u>-</u>	<u>327,461</u>	<u>1,388,015</u>
<b>Business-Type Activities</b>				
Series of 2009 SR Bonds	1,336,954	-	49,346	1,287,608
Series of 2008 A Notes	138,506	-	10,357	128,149
Series of 1997 Notes	26,327	-	21,035	5,292
	<u>1,501,787</u>	<u>-</u>	<u>80,738</u>	<u>1,421,049</u>
<b>Total Government-Wide Debt</b>	<u>\$ 3,217,263</u>	<u>\$ -</u>	<u>\$ 408,199</u>	<u>\$ 2,809,064</u>

#### 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 \$3,178 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 is through the "Penn Works" program, maturing in 2028.

##### **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 2016. The PennVest debt is certified as self-liquidating.

# TOWNSHIP OF COOLBAUGH

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2015

---

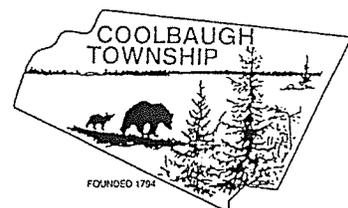
### CURRENT FINANCIAL ISSUES AND CONCERNS

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 POSITION - MODIFIED CASH BASIS**  
December 31, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>2015</u> <u>Total</u>	<u>2014</u> <u>Memorandum</u> <u>Total</u>
<b><u>ASSETS</u></b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 299,772	\$ 12,750	\$ 312,522	\$ 300,256
Investments	919,772	-	919,772	915,243
Receivables	565	-	565	-
	<u>1,220,109</u>	<u>12,750</u>	<u>1,232,859</u>	<u>1,215,499</u>
<b>Non-current Assets</b>				
Library Receivable	191,144	-	191,144	-
<b>General Fixed Assets</b>				
Land & Land Improvements	2,019,819	21,799	2,041,618	2,041,619
Buildings & Improvements	2,478,757	-	2,478,757	2,472,802
Roads & Bridges	17,645,985	-	17,645,985	17,053,048
Sewer System	-	6,371,563	6,371,563	6,371,563
Machinery & Equipment	4,065,081	-	4,065,081	4,579,761
	<u>26,209,642</u>	<u>6,393,362</u>	<u>32,603,004</u>	<u>32,518,793</u>
Accumulated Depreciation	(14,376,725)	(1,525,414)	(15,902,139)	(15,558,251)
Net General Fixed Assets	<u>11,832,917</u>	<u>4,867,948</u>	<u>16,700,865</u>	<u>16,960,542</u>
Restricted Cash and Cash Equivalents	926,460		926,460	821,801
Restricted Investments	-	-	-	-
	<u>12,950,521</u>	<u>4,867,948</u>	<u>17,818,469</u>	<u>17,782,343</u>
	<u>\$ 14,170,630</u>	<u>\$ 4,880,698</u>	<u>\$ 19,051,328</u>	<u>\$ 18,997,842</u>
<b><u>LIABILITIES</u></b>				
<b>Current Liabilities</b>				
Escrow Deposits	\$ 503,592	\$ -	\$ 503,592	\$ 546,040
Bonds Payable, current	300,000	-	300,000	295,000
Notes Payable, current	27,803	64,180	91,983	115,543
	<u>831,395</u>	<u>64,180</u>	<u>895,575</u>	<u>956,583</u>
<b>Non-current Liabilities</b>				
Bonds Payable	865,000	-	865,000	1,165,000
Notes Payable	195,212	1,356,869	1,552,081	1,603,684
	<u>1,891,607</u>	<u>1,421,049</u>	<u>3,312,656</u>	<u>3,725,267</u>
<b><u>NET POSITION</u></b>				
Investment in Capital Assets, Net of Related Debt	10,444,902	3,446,899	13,891,801	13,781,315
Restricted for:				
Capital Projects	180,059	-	180,059	179,293
Specified use	42,205	-	42,205	18,207
Unrestricted	<u>1,611,857</u>	<u>12,750</u>	<u>1,624,607</u>	<u>1,293,760</u>
	<u>\$ 12,279,023</u>	<u>\$ 3,459,649</u>	<u>\$ 15,738,672</u>	<u>\$ 15,272,575</u>

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

**TOWNSHIP OF COOLBAUGH**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
December 31, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Assets			2014 Memorandum Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Governmental activities:</b>							
General Government	649,454	271,965	9,012	(368,477)	-	(368,477)	(374,089)
Public Safety	2,933,053	18,037	134,694	(2,780,322)	-	(2,780,322)	(2,597,577)
Public Works	1,047,540	14,113	608,904	(424,523)	-	(424,523)	(848,553)
Recreation	688,202	375	-	(687,827)	-	(687,827)	(611,499)
Other	777,804	81,107	125,079	(571,618)	-	(571,618)	(842,926)
Interest on Long-Term Debt	27,315	-	-	(27,315)	-	(27,315)	(32,421)
Unallocated Depreciation	773,603	-	-	(773,603)	-	(773,603)	(871,582)
	6,896,971	385,597	877,689	(5,633,685)	-	(5,633,685)	(6,178,647)
<b>Business-type activities:</b>							
Public Sewer	425,608	157,124	-	-	(268,484)	(268,484)	(184,655)
Total Government	\$ 7,322,579	\$ 542,721	\$ 877,689	\$ (5,633,685)	\$ (268,484)	\$ (5,902,169)	\$ (6,363,302)
<b>General Revenues:</b>							
Taxes:							
Real Estate				\$ 4,224,063	\$ -	\$ 4,224,063	\$ 3,949,908
Real Estate Transfer				389,244	-	389,244	248,291
Emergency and Municipal Services				318,647	-	318,647	340,853
Earned Income				1,457,586	-	1,457,586	1,323,047
Internal Transfers				6,389,540	-	6,389,540	5,862,099
Interest Income				(195,455)	195,455	-	-
Total General Revenue, Special Items, and Transfers				16,493	130	16,623	12,027
<b>Change in Net Position</b>				6,210,578	195,585	6,406,163	5,874,126
Net Position - Beginning				576,893	(72,899)	503,994	(489,176)
Net Position - Ending				11,702,130	3,532,548	15,234,678	15,761,751
				\$ 12,279,023	\$ 3,459,649	\$ 15,738,672	\$ 15,272,575

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, 2015

---

**Total Fund Balances - Governmental Funds (CASH BASIS)** \$ 1,834,121

Amounts reported for governmental activities in the statement of net assets are different due to:

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital Assets	26,209,642
Accumulated Depreciation	(14,376,725)

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	(1,165,000)
Note Payable	(223,015)

**Total Net Position - Governmental Activities (MODIFIED CASH BASIS)** \$ 12,279,023



# FUND FINANCIAL STATEMENTS



**TOWNSHIP OF COOLBAUGH**  
**COMBINED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS**  
**GOVERNMENTAL FUNDS DECEMBER 31, 2015**

	Major Funds			Non-Major Funds		Total Governmental Funds	2014 Memorandum Total
	General	Capital Projects	Total	Special Revenue			
<b>ASSETS</b>							
Cash - unrestricted	\$ 77,508	\$ 180,059	\$ 257,567	\$ 42,205	\$ 299,772	\$ 283,156	
Cash - restricted	926,460	-	926,460	-	926,460	821,801	
Investments - unrestricted	919,772	-	919,772	-	919,772	915,243	
Receivables	191,709	-	191,709	-	191,709	-	
Total Assets	<u>\$ 2,115,449</u>	<u>\$ 180,059</u>	<u>\$ 2,295,508</u>	<u>\$ 42,205</u>	<u>\$ 2,337,713</u>	<u>\$ 2,020,200</u>	
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities:</b>							
Escrow Deposits	\$ 503,592	-	\$ 503,592	\$ -	\$ 503,592	546,040	
	503,592	-	503,592	-	503,592	546,040	
<b>Fund balances:</b>							
Unassigned	1,611,857	180,059	\$ 1,791,916	42,205	\$ 1,834,121	1,474,160	
	<u>1,611,857</u>	<u>180,059</u>	<u>1,791,916</u>	<u>42,205</u>	<u>1,834,121</u>	<u>1,474,160</u>	
Total Liabilities and Fund Balance	<u>\$ 2,115,449</u>	<u>\$ 180,059</u>	<u>\$ 2,295,508</u>	<u>\$ 42,205</u>	<u>\$ 2,337,713</u>	<u>\$ 2,020,200</u>	

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

**TOWNSHIP OF COOLBAUGH**  
**COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	Major Funds			Non-Major Funds			Total Governmental Funds	2014 Memorandum Total
	General	Capital Projects	Total	Special Revenue	Debt Service	Total		
<b>REVENUE</b>								
Taxes	\$ 5,850,676	\$ -	\$ 5,850,676	\$ 538,864	\$ -	\$ 538,864	\$ 6,389,540	\$ 5,862,099
Licenses and permits	177,598	-	177,598	-	-	-	177,598	169,707
Fines and forfeitures	30,325	-	30,325	-	-	-	30,325	34,378
Interest Income	15,321	1,084	16,405	88	-	88	16,493	11,868
Intergovernmental revenue	382,699	-	382,699	476,423	-	476,423	859,122	1,007,644
Charges for services	96,567	-	96,567	-	-	-	96,567	302,838
Other	81,107	-	81,107	18,567	-	18,567	99,674	123,436
	<u>6,634,293</u>	<u>1,084</u>	<u>6,635,377</u>	<u>1,033,942</u>	<u>-</u>	<u>1,033,942</u>	<u>7,669,319</u>	<u>7,511,970</u>
<b>EXPENDITURES</b>								
Current								
General government	649,136	318	649,454	-	-	-	649,454	748,357
Public safety	2,933,053	-	2,933,053	-	-	-	2,933,053	2,870,610
Public works	1,247,654	-	1,247,654	462,960	-	462,960	1,710,614	1,938,193
Recreation	141,218	-	141,218	546,984	-	546,984	688,202	611,499
Other	777,804	-	777,804	-	-	-	777,804	966,379
Debt Service	-	-	-	-	327,461	327,461	327,461	317,508
Principal	-	-	-	-	27,315	27,315	27,315	32,421
Interest	-	-	-	-	354,776	354,776	354,776	7,484,967
	<u>5,748,865</u>	<u>318</u>	<u>5,749,183</u>	<u>1,009,944</u>	<u>354,776</u>	<u>1,364,720</u>	<u>7,113,903</u>	<u>7,484,967</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>885,428</u>	<u>766</u>	<u>886,194</u>	<u>23,998</u>	<u>(354,776)</u>	<u>(330,778)</u>	<u>555,416</u>	<u>27,003</u>
<b>OTHER FINANCING (USES) SOURCES</b>								
Operating transfers in	-	-	-	-	354,776	354,776	354,776	349,929
Operating transfers out	(550,231)	-	(550,231)	-	-	-	(550,231)	(545,903)
	<u>(550,231)</u>	<u>-</u>	<u>(550,231)</u>	<u>-</u>	<u>354,776</u>	<u>354,776</u>	<u>(195,455)</u>	<u>(195,974)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES) SOURCES</b>	<u>335,197</u>	<u>766</u>	<u>335,963</u>	<u>23,998</u>	<u>-</u>	<u>23,998</u>	<u>359,961</u>	<u>(168,971)</u>
FUND BALANCE, JANUARY 1	1,276,660	179,293	1,455,953	18,207	-	18,207	1,474,160	1,643,131
FUND BALANCE, DECEMBER 31	<u>\$ 1,611,857</u>	<u>\$ 180,059</u>	<u>\$ 1,791,916</u>	<u>\$ 42,205</u>	<u>\$ -</u>	<u>\$ 42,205</u>	<u>\$ 1,834,121</u>	<u>\$ 1,474,160</u>

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, 2015**

---

	<b>Public Sewer</b>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash - unrestricted	\$ 12,750	\$ 17,100
	<u>12,750</u>	<u>17,100</u>
Capital Assets:		
Land and Land Improvements	21,799	21,799
Infrastructure	6,371,563	6,371,563
	<u>6,393,362</u>	<u>6,393,362</u>
Accumulated Depreciation	(1,525,414)	(607,911)
	<u>4,867,948</u>	<u>5,785,451</u>
Total Assets	<u>4,880,698</u>	<u>\$ 5,802,551</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Bonds and Notes Payables	\$ 1,421,049	\$ 1,479,932
Total Liabilities	<u>1,421,049</u>	<u>1,479,932</u>
<b>NET ASSETS</b>		
Investment in fixed assets	3,446,899	4,305,519
Unrestricted	12,750	17,100
Total Net Assets	<u>3,459,649</u>	<u>4,322,619</u>
Total Liabilities and Net Assets	<u>\$ 4,880,698</u>	<u>\$ 5,802,551</u>

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, 2015**

---

	<b>Public Sewer</b>	
	<b>2015</b>	<b>2014</b>
<b>OPERATING REVENUES</b>		
Charges for service	\$ 157,124	\$ 142,163
Other	-	-
	<u>157,124</u>	<u>142,163</u>
<b>OPERATING EXPENSES</b>		
Operating	162,482	165,552
Construction and Maintenance	28,251	53,884
Legal and Engineering	77,556	57,341
	<u>268,289</u>	<u>276,777</u>
Net income from operations	<u>(111,165)</u>	<u>(134,614)</u>
 <b>NON-OPERATING REVENUE (EXPENSE)</b>		
Transfer from (to) other funds	195,455	195,974
Interest income	130	159
Interest expense	(29,888)	(16,912)
Depreciation	(127,431)	(33,129)
	<u>38,266</u>	<u>146,092</u>
 <b>CHANGE IN NET ASSETS</b>	 (72,899)	 11,478
 <b>NET ASSETS, JANUARY 1</b>	 <u>3,532,548</u>	 <u>4,311,141</u>
<b>NET ASSETS, DECEMBER 31</b>	<u><u>\$ 3,459,649</u></u>	<u><u>\$ 4,322,619</u></u>

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, 2015**

---

	<u>Pension Trust</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Investments - unrestricted	<u>\$ 1,122,665</u>	<u>\$ 1,284,724</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>
<b>NET ASSETS</b>	<u>\$ 1,122,665</u>	<u>\$ 1,284,724</u>

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

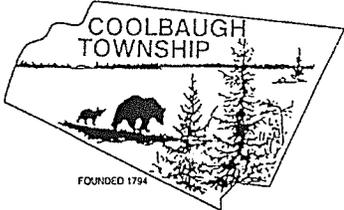
**TOWNSHIP OF COOLBAUGH**  
**STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

---

	<b>Pension Trust</b>	
	<b>2015</b>	<b>2014</b>
<b>ADDITIONS</b>		
Township Contributions	\$ 67,863	\$ 71,721
Employee Contributions	10,036	18,389
Interest, dividends, and net unrealized gains/losses	6,788	34,668
	<u>84,687</u>	<u>124,778</u>
<b>DEDUCTIONS</b>		
Administrative fees	3,524	477
Pension benefits	243,222	37,399
	<u>246,746</u>	<u>37,876</u>
<b>CHANGE IN NET ASSETS</b>	(162,059)	86,902
<b>NET ASSETS, JANUARY 1</b>	<u>1,284,724</u>	<u>1,197,822</u>
<b>NET ASSETS, DECEMBER 31</b>	<u><u>\$ 1,122,665</u></u>	<u><u>\$ 1,284,724</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**



**TOWNSHIP OF COOLBAUGH**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

---

**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.

# TOWNSHIP OF COOLBAUGH

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

---

### 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, 2015

---

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting (continued)**

**Debt Service Fund (Non-major 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, 2015

---

### **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, 2015

---

### 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

# TOWNSHIP OF COOLBAUGH

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

---

### **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.

# TOWNSHIP OF COOLBAUGH

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

---

### **NOTE 2 INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)**

*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)

# TOWNSHIP OF COOLBAUGH

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

### NOTE 4 CAPITAL ASSETS

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

	Balance, Beginning 1/1/2015	Additions	Disposals	Balance, Ending 12/31/2015
<b>Governmental Activities:</b>				
<b>Capital Assets</b>				
Land & Land Improvements	\$ 2,019,819	\$ -	\$ -	\$ 2,019,819
Buildings & Improvements	2,471,791	6,966	-	2,478,757
Roads & Bridges	17,053,048	592,937	-	17,645,985
Machinery & Equipment	4,020,299	63,171	(18,389)	4,065,081
Total Capital Assets	25,564,957	663,074	(18,389)	26,209,642
<b>Accumulated Depreciation</b>				
Land & Land Improvements	(716,515)	(22,175)	-	(738,690)
Buildings & Improvements	(942,349)	(4,315)	-	(946,664)
Roads & Bridges	(8,991,100)	(497,057)	-	(9,488,157)
Machinery & Equipment	(2,971,546)	(250,056)	18,389	(3,203,213)
Total Accumulated Depreciation	(13,621,511)	(773,603)	18,389	(14,376,725)
<b>Total Governmental Capital Assets, net</b>	<b>\$ 11,943,446</b>	<b>\$ (110,530)</b>	<b>\$ -</b>	<b>\$ 11,832,917</b>
	Balance, Beginning 1/1/2015	Additions	Disposals	Balance, Ending 12/31/2015
<b>Business-Type Activities:</b>				
<b>Capital Assets</b>				
Land & Land Improvements	\$ 21,799	\$ -	\$ -	\$ 21,799
Sewer System	6,371,563	-	-	6,371,563
Total Capital Assets	6,393,362	-	-	6,393,362
<b>Accumulated Depreciation</b>				
Land & Land Improvements	(13,659)	-	-	(13,659)
Sewer System	(1,384,324)	(127,431)	-	(1,511,755)
Total Accumulated Depreciation	(1,397,983)	(127,431)	-	(1,525,414)
<b>Total Business-Type Capital Assets, net</b>	<b>\$ 4,995,379</b>	<b>\$ (127,431)</b>	<b>\$ -</b>	<b>\$ 4,867,948</b>

# TOWNSHIP OF COOLBAUGH

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

---

### **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 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 of 1.0% maturing 2016. The PennVest debt is certified as self-liquidating

# TOWNSHIP OF COOLBAUGH

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

### NOTE 5 DEBT AND DEBT SERVICE (CONTINUED)

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

	<b>Balance, Beginning 1/1/2015</b>	<b>Additions</b>	<b>Repayments</b>	<b>Balance, Ending 12/31/2015</b>
<b>Governmental Activities</b>				
Series of 2013 Bonds	\$ 1,460,000	\$ -	\$ 295,000	\$ 1,165,000
Series of 2001 Notes	255,476	-	32,461	223,015
	<u>1,715,476</u>	<u>-</u>	<u>327,461</u>	<u>1,388,015</u>
<b>Business-Type Activities</b>				
Series of 2009 SR Bonds	1,336,954	-	49,346	1,287,608
Series of 2008 A Notes	138,506	-	10,357	128,149
Series of 1997 Notes	26,327	-	21,035	5,292
	<u>1,501,787</u>	<u>-</u>	<u>80,738</u>	<u>1,421,049</u>
<b>Total Government-Wide Debt</b>	<u>\$ 3,217,263</u>	<u>\$ -</u>	<u>\$ 408,199</u>	<u>\$ 2,809,064</u>

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

	<b>Governmental Type</b>	<b>Business Type</b>	<b>Total</b>
2016	\$ 327,803	\$ 64,180	\$ 391,983
2017	331,918	59,571	391,489
2018	338,573	60,263	398,836
2019	295,402	60,964	356,366
2020	37,323	61,674	98,997
2021	39,341	62,393	101,734
2022	17,656	63,121	80,777
2023	-	63,858	63,858
Thereafter	-	925,026	925,026
	<u>\$ 1,388,016</u>	<u>\$ 1,421,050</u>	<u>\$ 2,809,066</u>

# TOWNSHIP OF COOLBAUGH

## NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2015

---

### 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 7 DEFINED CONTRIBUTION PENSION PLANS

#### General

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

#### Plan Membership

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

#### Eligibility Requirements

*Normal Retirement* -Attainment of age 65

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

*Vesting* -100 percent after five years of vesting service

#### Retirement Benefit

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

#### Survivor Benefit

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

#### Disability Benefit

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

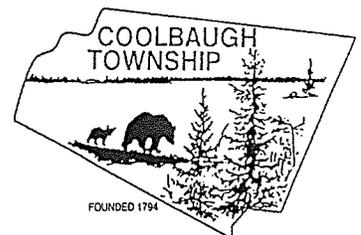
#### Member's Contribution

Amount or Rate -Voluntary contributions allowed.

#### Funding Policy

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

# DETAIL SCHEDULES OF REVENUE AND EXPENDITURES



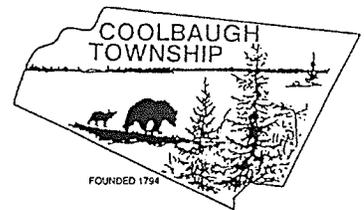
**TOWNSHIP OF COOLBAUGH**  
 SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
<b>TAXES</b>			
Real Estate	\$ 3,563,335	\$ 3,685,199	\$ 121,864
Real Estate Transfer	300,000	389,244	89,244
Local Service Tax	330,000	318,647	(11,353)
Earned Income	1,300,000	1,457,586	157,586
	<u>5,493,335</u>	<u>5,850,676</u>	<u>357,341</u>
<b>LICENSES ANDS PERMITS</b>			
Cable television licenses	275,000	176,273	(98,727)
Permits	1,500	1,325	(175)
	<u>276,500</u>	<u>177,598</u>	<u>(98,902)</u>
<b>FINES AND FORFEITURES</b>			
Fines and Code Violations	35,000	30,325	(4,675)
<b>INTEREST INCOME</b>			
Interest on investments	10,000	15,321	5,321
<b>INTERGOVERNMENTAL REVENUE</b>			
State public utility tax	7,000	6,812	(188)
Alcoholic beverage taxes	3,000	2,200	(800)
Foreign fire insurance premium tax	145,000	134,694	(10,306)
Pension fund state aid	133,500	125,079	(8,421)
Recycling	43,000	29,057	(13,943)
Other government grants	79,000	84,857	5,857
Sewer Enforcement	25,000	-	(25,000)
	<u>435,500</u>	<u>382,699</u>	<u>(52,801)</u>
<b>CHARGES FOR SERVICES</b>			
General government	54,750	64,042	9,292
Public works	31,500	14,113	(17,387)
Public safety	18,700	18,037	(663)
Recreation	700	375	(325)
	<u>105,650</u>	<u>96,567</u>	<u>(9,083)</u>
<b>OTHER</b>			
Sales of fixed assets	40,000	1,670	(38,330)
Rents	79,687	79,437	(250)
	<u>119,687</u>	<u>81,107</u>	<u>(38,580)</u>
<b>TOTAL REVENUES</b>	<u>\$ 6,475,672</u>	<u>\$ 6,634,293</u>	<u>\$ 158,621</u>

**TOWNSHIP OF COOLBAUGH**  
**SCHEDULE OF BUDGET AND ACTUAL - CASH BASIS GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES:</b>			
<b>GENERAL GOVERNMENT</b>			
Legislative and Governing Body	137,783	147,006	(9,223)
Executive	93,900	49,965	43,935
Financial services	63,924	66,267	(2,343)
Tax collection	43,156	50,249	(7,093)
Legal and solicitor	41,400	113,766	(72,366)
Other general government administration	20,000	34,868	(14,868)
Building Maintenance and Utilities	251,951	187,015	64,936
	<u>652,114</u>	<u>649,136</u>	<u>2,978</u>
<b>PUBLIC SAFETY</b>			
Police	2,245,289	2,138,876	106,413
Fire	647,407	472,205	175,202
Ambulance and rescue	135,000	124,623	10,377
Code enforcement	76,072	73,327	2,745
Protective inspection	76,779	74,005	2,774
Control center	36,400	32,587	3,813
Planning and zoning	27,429	17,430	9,999
	<u>3,244,376</u>	<u>2,933,053</u>	<u>311,323</u>
<b>PUBLIC WORKS</b>			
Highways, streets and general services	708,415	696,063	12,352
Composting and recycling	132,080	61,529	70,551
Winter maintenance	245,000	260,720	(15,720)
Traffic control	52,500	84,816	(32,316)
Storm sewers	22,500	689	21,811
Repairs of tools and machinery	70,000	112,279	(42,279)
Road and bridge construction	63,000	29,331	33,669
Road and bridge maintenance	15,000	2,227	12,773
	<u>1,308,495</u>	<u>1,247,654</u>	<u>60,841</u>
<b>RECREATION AND COMMUNITY</b>			
Library	-	40,016	(40,016)
Community services	43,000	26,409	16,591
Parks	78,223	74,793	3,430
	<u>121,223</u>	<u>141,218</u>	<u>(19,995)</u>
<b>MISCELLANEOUS</b>			
Pension contributions	318,682	324,252	(5,570)
Workers compensation	69,000	61,196	7,804
Unemployment compensation	15,000	7,125	7,875
Employee benefits	291,815	254,024	37,791
Insurance premiums	80,825	48,674	32,151
Social security	67,000	57,174	9,826
Other	6,735	25,359	(18,624)
	<u>849,057</u>	<u>777,804</u>	<u>71,253</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 6,175,265</u>	<u>\$ 5,748,865</u>	<u>\$ 426,400</u>

# COMBINING SCHEDULES



**TOWNSHIP OF COOLBAUGH**

**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE**

**CASH BASIS - NON-MAJOR FUNDS - SPECIAL REVENUE FUNDS**

**DECEMBER 31, 2015**

---

	<u>Library</u>	<u>Highway Aid</u>	<u>Total</u>
<b>ASSETS</b>			
Cash - unrestricted	<u>\$ -</u>	<u>\$ 42,205</u>	<u>\$ 42,205</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
Unassigned	<u>\$ -</u>	<u>\$ 42,205</u>	<u>\$ 42,205</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, 2015

---

	<u>Library</u>	<u>Highway Aid</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 538,864	\$ -	\$ 538,864
Interest income	-	88	88
Intergovernmental revenue	-	476,423	476,423
Miscellaneous	-	18,567	18,567
	<u>538,864</u>	<u>495,078</u>	<u>1,033,942</u>
 <b>EXPENDITURES</b>			
<b>Current</b>			
Public works	-	462,960	462,960
Culture and recreation	546,984	-	546,984
	<u>546,984</u>	<u>462,960</u>	<u>1,009,944</u>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	 (8,120)	 32,118	 23,998
 <b>FUND BALANCE, JANUARY 1</b>	 <u>8,120</u>	 <u>10,087</u>	 <u>18,207</u>
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ -</u>	<u>\$ 42,205</u>	<u>\$ 42,205</u>

**TOWNSHIP OF COOLBAUGH**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND**  
**BALANCE**  
**CASH BASIS**  
**MAJOR FUNDS - CAPITAL PROJECTS FUNDS DECEMBER 31, 2015**

---

	<u>Emergency Services</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>			
Cash - unrestricted	<u>\$ 166,324</u>	<u>\$ 13,735</u>	<u>\$ 180,059</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
 <b>FUND BALANCE</b>			
Unassigned	<u>\$ 166,324</u>	<u>\$ 13,735</u>	<u>\$ 180,059</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, 2015

---

	<u>Emergency Services</u>	<u>Capital Projects</u>	<u>Total</u>
<b>REVENUES</b>			
Interest income	\$ 1,078	\$ 6	\$ 1,084
<b>EXPENDITURES</b>			
Public safety	-	318	318
	-	318	318
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,078	(312)	766
<b>FUND BALANCE, JANUARY 1</b>	<u>165,246</u>	<u>14,047</u>	<u>179,293</u>
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 166,324</u>	<u>\$ 13,735</u>	<u>\$ 180,059</u>