



FINANCIAL STATEMENTS AND AUDITORS REPORT

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

TOWNSHIP OF COOLBAUGH

TABLE OF CONTENTS

| <u>FINANCIAL SECTION</u> | <u>PAGE</u> |
|---|-------------|
| Independent Auditors' Report | 1-2 |
| Management's Discussion and Analysis | 3-10 |
| Government-Wide Statements of Net Position - Modified Cash Basis | 11 |
| Government-Wide Statements of Activities - Modified Cash Basis | 12 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities | 13 |
| Reconciliation of Total Governmental Fund Revenues, Expenditures and Changes in Fund Balances to the Governmental Stmt. of Activities | 14 |
| Combined Statements of Assets, Liabilities and Fund Balances -Governmental Funds - Cash Basis | 15 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds - Cash Basis | 16 |
| Statement of Assets, Liabilities and Net Position - Enterprise Funds - Modified Cash Basis | 17 |
| Statement of Revenue, Expenditures and Changes in Net Position - Enterprise Funds - Modified Cash Basis | 18 |
| Statement of Cash Flows - Enterprise Funds - Modified Cash Basis | 19 |
| Statements of Net Position - Fiduciary Fund - Cash Basis | 20 |
| Statements of Changes in Net Position - Fiduciary Fund - Cash Basis | 21 |
| Notes to Financial Statements | 22-38 |
| <u>REQUIRED SUPPLEMENTARY INFORMATION</u> | |
| Budgetary Comparison Schedule - General Fund - Cash Basis | 39-40 |
| <u>COMBINING SCHEDULES</u> | |
| Combining Statement of Assets and Fund Balances -Non-Major Funds - Cash Basis | 41 |
| Combining Statement of Revenue, Expenditures and Changes in Fund Balances -Non-Major Funds - Cash Basis | 42 |

INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Coolbaugh Township, Pennsylvania

We have audited the accompanying modified cash and cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Coolbaugh Township, Pennsylvania as of and for the year ended December 31, 2019, 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 the modified cash and cash basis of accounting described in Note 1; 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. 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 auditors' 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash and cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Coolbaugh Township, Pennsylvania as of December 31, 2019, and the respective changes in the modified and cash basis financial position and cash flows thereof for the year then ended in accordance with the modified cash and cash basis of accounting as described in Note 1.

Basis of Accounting

We draw your attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash and cash basis of accounting, which are comprehensive bases of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Coolbaugh Township, Pennsylvania's basic financial statements. The management's discussion and analysis and budgetary comparison schedules on pages 3-10 and 39-40, respectively, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The combining schedules on pages 41-42 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules 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 schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Frey & Co. CPAs, LLC

Frey & Co. CPAs, LLC
Walnutport, Pennsylvania
January 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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, 2019. 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

Fund Level

At the close of the year, the Township reported combined ending fund balances in Governmental Funds of \$4,119,299, a decrease of \$234,708 from the previous year. The decrease was largely a result of higher than expected building maintenance and repairs, road construction and maintenance costs, machinery repairs and sewage enforcement labor. The total General Fund balance amounted to \$3,616,400 an increase of \$37,931.

Government-Wide

Government-wide net position of the Township at the close of the year was \$18,087,442. General revenues accounted for \$7,249,330 in revenue or approximately 79% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,871,709 or approximately 21% of total revenues of \$9,121,180. The Township had \$8,783,784 in expenses; only \$1,871,709 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$7,249,330 were adequate to provide for these programs. Expenses, after program revenue, was \$6,925,089 Total assets were \$20,257,900 of which \$3,624,962 represents unrestricted cash. Fixed assets, net of accumulated depreciation was \$16,118,884.

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 largely answers this question. These statements include all assets and liabilities using the modified cash or cash basis of accounting similar to the accounting used by most private-sector companies. Which means, the financial information is reported on the cash basis and it 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, facilities condition, required public works and public safety activities, and other factors.

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Township's largest component of its net position is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding, which was \$13,948,579 at the end of the year. As the Township utilizes those assets to provide services to its citizens, they are not available for future spending.

The component of our Net Position that pertains to the Governmental Activities has increased from a year ago by \$363,460 primarily as a result of positive operational net position offset by the utilization of capital monies for large-scale capital and infrastructure projects, net of depreciation. However, the component of our Net Position that pertains to our Business-Type Activities decreased by \$39,078 a result of negative operational net activity.

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 | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| Assets | | |
| Current and Other Assets | \$ 4,139,016 | \$ 4,364,119 |
| Capital Assets, net | 16,118,884 | 15,947,587 |
| | <u>20,257,900</u> | <u>20,311,706</u> |
| Liabilities | | |
| Current Liabilities | \$ 377,468 | \$ 377,177 |
| Long-Term Liabilities | 1,792,990 | 2,171,469 |
| | <u>2,170,458</u> | <u>2,548,646</u> |
| Net Position | | |
| Invested in Capital Assets, net of related debt | \$ 13,948,579 | \$ 13,400,197 |
| Restricted | 502,899 | 775,538 |
| Unrestricted | 3,635,964 | 3,587,325 |
| | <u>\$ 18,087,442</u> | <u>\$ 17,763,060</u> |

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

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.

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 | | |
|-------------------------------------|----------------------|----------------------|
| | 2019 | 2018 |
| Program Revenues | | |
| Charges for Services | \$ 588,318 | \$ 768,938 |
| Operating Grants and Contributions | 1,283,391 | 1,037,306 |
| General Revenues | | |
| Taxes | 7,140,735 | 7,181,075 |
| Gain on sale of Fixed Assets | 62,300 | 46,601 |
| Investment Earnings | 46,436 | 39,340 |
| Total Revenues | <u>9,121,180</u> | <u>9,073,260</u> |
| Program Expenses | | |
| General Government | 793,116 | 706,416 |
| Public Safety | 3,899,692 | 3,189,802 |
| Public Works | 1,458,254 | 1,407,289 |
| Cultural and Recreation | 599,317 | 614,460 |
| Other | 795,497 | 743,843 |
| Interest on Long-Term Debt | 32,708 | 24,145 |
| Unallocated Depreciation | 828,053 | 840,402 |
| Enterprise Fund | 390,161 | 380,644 |
| Total Expense | <u>8,796,798</u> | <u>7,907,001</u> |
| Increase in Net Position | 324,382 | 1,166,259 |
| Net Position - Beginning (Restated) | <u>17,763,060</u> | <u>16,596,801</u> |
| Net Position - Ending | <u>\$ 18,087,442</u> | <u>\$ 17,763,060</u> |

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

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 | |
|----------------------------|-----------------------|-----------------------|
| | 2019 | 2018 |
| General government | \$ (510,264) | \$ (255,634) |
| Public safety | (3,747,184) | (3,055,870) |
| Public works | (364,926) | (519,473) |
| Cultural and Recreation | (598,592) | (613,635) |
| Other | (612,157) | (581,851) |
| Interest on Long-Term Debt | (32,708) | (24,145) |
| Unallocated depreciation | (828,053) | (840,402) |
| Enterprise | (231,205) | (209,747) |
| | <u>\$ (6,925,089)</u> | <u>\$ (6,100,757)</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 pension and fringe benefits.
- 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 sewer operations.

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

The dependence upon real estate tax revenues is apparent. For all activities, general revenue support is 79%. The community, as a whole, provides 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 17.75 mills (\$17.75 per \$1,000 of assessed valuation) for fiscal 2019. Assessed valuations of property are determined by Monroe County and their 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 that are 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 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 cash basis of accounting. All governmental funds had total revenues of \$8,899,783 and expenditures of \$8,991,791. Other financing sources and uses include transfers between the funds which net to \$142,700. The net change in fund balance for the year was a decrease of \$234,708.

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 of Pennsylvania.

Capital Projects Funds (Non-major Fund)

The Capital Projects Funds 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.

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

Special Revenue Fund (Non-major Fund)

The Special Revenue Funds accounts for specific revenue sources which are legally restricted to expenditures for specified purposes. The Township accounts for the library tax, fire tax and liquid fuels tax in this fund.

Debt Service Fund (Non-major Fund)

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

The following are the Township's other funds:

The Enterprise Fund is 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.

The Fiduciary Fund is used to account for assets held by the Township in a trustee capacity.

- Pension Trust - The Pension Trust Fund is used to account for the Township sponsored retirement pension plans.
- The Escrow Fund – Accounts for escrow funds deposited by the Township by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project. As the escrow agency funds are custodial in nature, none of the monies received from or expended on behalf of the developers are recorded in the revenues or expenditures of the Township.

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.

Overall the Township had a favorable variance of \$522,361 for actual results in comparison to the budget for the General Fund. The excess revenues were a result of higher than expected Earned Income Tax (approximately \$214,000), Real Estate Transfer Tax (approximately \$67,000) and Local Service Tax (approximately \$41,500).

The decrease in expenditures was a result from lower than expected winter maintenance costs (approximately \$96,000) and timing of park and fire hydrant upgrades postponed to 2020 (approximately \$65,000 and \$45,000 respectively).

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

CAPITAL ASSETS

The Township's capital assets as of December 31, 2019, were \$16,118,884 (net of accumulated depreciation), an increase of \$171,297 from 2018. This includes land, buildings and improvements, automobiles and trucks, land improvements and infrastructure. Infrastructure includes roads, sewer systems and traffic signals.

Current Year Major Additions

Machinery and equipment

| | |
|--------------------------|------------|
| Sign truck | \$ 47,334 |
| Public works dump trucks | \$ 402,153 |
| Public works equipment | \$ 8,370 |
| Sewer system equipment | \$ 18,987 |

Buildings and Improvements

| | |
|--------------------------------------|-----------|
| Replacement windows | \$ 20,690 |
| Air-condition units | \$ 9,344 |
| Water filtration/softening system | \$ 8,743 |
| Public works garage roof replacement | \$ 52,821 |

Infrastructure

| | |
|-------------|-----------|
| Road paving | \$537,172 |
|-------------|-----------|

The Finance Department maintains a detailed listing of all capital assets and depreciation schedules.

DEBT SERVICE

As of December 31, 2019, the Township's long-term debt was \$2,170,305. Of that total, \$1,174,013 or 54% represents sewer debt.

Governmental Debt

Series 2016 General Obligation Bonds – Governmental Type Debt

Original issue of \$923,500 to refinance existing debt of Pocono Mountain Public Library, Inc.; principal is due annually on June 1st and interest is due semi-annually on June and December 1st, at rates ranging from 1.58% to 2.50%, maturing in 2023.

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 semi-annually on March and September 15th, at rates ranging from 1.00% to 1.50%, matured in 2019.

Series 2001 General Obligation Notes – Governmental Type Debt

Original issue 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 \$3,156 with interest at 2.5% maturing 2022. The Township does not retain any pro-rata share of the constructed asset as ownership resides with the regional police department.

TOWNSHIP OF COOLBAUGH

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2019

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, including interest of 2%. The Note is through the "Penn Works" program, maturing in 2028.

ECONOMIC FACTORS

The Township services an area of 88.3 square miles and a community of approximately 20,564 residents. The Township is located in the northwestern part of Monroe County. Three main road arteries, Route 380, Route 611 and Route 196, run through Coolbaugh Township, making the Township a desirable and convenient place to reside.

As of December 31, 2019, there were 104 connections to the sewer system.

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 office.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF COOLBAUGH

STATEMENTS OF NET POSITION - MODIFIED CASH BASIS

DECEMBER 31, 2019

| | Governmental Activities | Business-type Activities | 2019 Total |
|----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | | |
| Unrestricted | \$ 3,605,398 | \$ 19,564 | \$ 3,624,962 |
| Notes Receivables | 73,436 | - | 73,436 |
| Total Current Assets | <u>3,678,834</u> | <u>19,564</u> | <u>3,698,398</u> |
| Non-current Assets | | | |
| Capital assets | | | |
| Land | 1,142,637 | 8,140 | 1,150,777 |
| Capital assets, net | <u>10,591,459</u> | <u>4,376,648</u> | <u>14,968,107</u> |
| Total Capital Assets, Net | 11,734,096 | 4,384,788 | 16,118,884 |
| Notes Receivable | <u>440,618</u> | <u>-</u> | <u>440,618</u> |
| TOTAL ASSETS | <u><u>\$ 15,853,548</u></u> | <u><u>\$ 4,404,352</u></u> | <u><u>\$ 20,257,900</u></u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Liabilities | \$ 153 | \$ - | \$ 153 |
| Bonds payable, current | 280,380 | - | 280,380 |
| Notes payable, current | <u>35,994</u> | <u>60,941</u> | <u>96,935</u> |
| Total Current Liabilities | 316,527 | 60,941 | 377,468 |
| Noncurrent Liabilities | | | |
| Bonds payable, less current | 624,120 | - | 624,120 |
| Notes payable, less current | <u>55,798</u> | <u>1,113,072</u> | <u>1,168,870</u> |
| Total Noncurrent Liabilities | <u>679,918</u> | <u>1,113,072</u> | <u>1,792,990</u> |
| TOTAL LIABILITIES | <u>996,445</u> | <u>1,174,013</u> | <u>2,170,458</u> |
| NET POSITION | | | |
| Net investment of capital assets | 10,737,804 | 3,210,775 | 13,948,579 |
| Restricted | 502,899 | - | 502,899 |
| Unrestricted | <u>3,616,400</u> | <u>19,564</u> | <u>3,635,964</u> |
| | <u><u>\$ 14,857,103</u></u> | <u><u>\$ 3,230,339</u></u> | <u><u>\$ 18,087,442</u></u> |

TOWNSHIP OF COOLBAUGH

STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Change in Net Assets | | |
|--------------------------------------|---------------------|----------------------|------------------------------------|--|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Actives | Business-type Activities | Total |
| GOVERNMENTAL ACTIVITIES | | | | | | |
| General government | \$ 793,116 | \$ 273,597 | \$ 9,255 | \$ (510,264) | \$ - | \$ (510,264) |
| Public safety | 3,899,692 | 40,112 | 112,396 | (3,747,184) | - | (3,747,184) |
| Public works | 1,458,254 | 19,815 | 1,073,513 | (364,926) | - | (364,926) |
| Recreation | 599,317 | 725 | - | (598,592) | - | (598,592) |
| Other | 795,497 | 95,113 | 88,227 | (612,157) | - | (612,157) |
| Interest on long-term debt | 19,694 | - | - | (19,694) | (13,014) | (32,708) |
| Unallocated depreciation | 828,053 | - | - | (828,053) | - | (828,053) |
| TOTAL GOVERNMENT ACTIVITIES | 8,393,623 | 429,362 | 1,283,391 | (6,680,870) | (13,014) | (6,693,884) |
| BUSINESS-TYPE ACTIVITIES | | | | | | |
| Sewer fund | 390,161 | 158,956 | - | - | (231,205) | (231,205) |
| TOTAL TOWNSHIP ACTIVITIES | \$ 8,783,784 | \$ 588,318 | \$ 1,283,391 | (6,680,870) | (244,219) | (6,925,089) |
| GENERAL REVENUES | | | | | | |
| Real estate tax | | | | \$ 4,627,762 | \$ - | \$ 4,627,762 |
| Real estate transfer tax | | | | 482,425 | - | 482,425 |
| Emergency and municipal services tax | | | | 366,514 | - | 366,514 |
| Earned income tax | | | | 1,664,034 | - | 1,664,034 |
| Gain on sale of fixed assets | | | | 62,300 | - | 62,300 |
| Interest income | | | | 46,295 | 141 | 46,436 |
| TOTAL GENERAL REVENUES | | | | 7,249,330 | 141 | 7,249,471 |
| INTERFUND TRANSFERS, net | | | | (205,000) | 205,000 | - |
| CHANGE IN NET POSITION | | | | 363,460 | (39,078) | 324,382 |
| NET POSITION BEGINNING | | | | 14,493,643 | 3,269,417 | 17,763,060 |
| NET POSITION ENDING | | | | \$ 14,857,103 | \$ 3,230,339 | \$ 18,087,442 |

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

TOWNSHIP OF COOLBAUGH

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCES TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES

AS OF DECEMBER 31, 2019

TOTAL GOVERNMENTAL FUND BALANCES (CASH BASIS) \$ 4,119,299

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 | 28,649,216 |
| Accumulated depreciation | (16,915,120) |

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 | (904,500) |
| Note payable | (91,792) |

NET POSITION OF GOVERNMENTAL ACTIVITIES (MODIFIED CASH BASIS) \$ 14,857,103

TOWNSHIP OF COOLBAUGH

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (CASH BASIS) \$ (234,708)

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

Capital outlays are reported in the 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 the amount by which depreciation exceeds capital outlays in the period.

| | |
|----------------|-----------|
| Depreciation | (828,053) |
| Capital outlay | 1,111,309 |

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.

| | |
|---------------|---------|
| Bonds payable | 277,000 |
| Notes payable | 37,912 |

| | |
|---|-------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (MODIFIED-CASH BASIS) | <hr/> <u>\$ 363,460</u> |
|---|-------------------------|

FUND FINANCIAL STATEMENTS

TOWNSHIP OF COOLBAUGH

COMBINED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES - CASH BASIS
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2019

| | <u>General Fund</u> | <u>Other Governmental Funds</u> | <u>Total Government Funds</u> |
|---|---------------------|---|---------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | | | |
| Unrestricted | \$ 3,102,499 | \$ 234,560 | \$ 3,337,059 |
| Restricted | | 268,339 | 268,339 |
| Notes receivable | 514,054 | | 514,054 |
| TOTAL ASSETS | <u>\$ 3,616,553</u> | <u>\$ 502,899</u> | <u>\$ 4,119,452</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities: | | | |
| Current liabilities | \$ 153 | \$ - | \$ 153 |
| TOTAL LIABILITIES | <u>153</u> | <u>-</u> | <u>153</u> |
| Fund balances: | | | |
| Restricted | | | |
| Highway and Streets | - | 917 | 917 |
| Library | - | 1 | 1 |
| Fire Protection | - | 267,421 | 267,421 |
| Assigned | - | 234,560 | 234,560 |
| Unassigned | 3,616,400 | - | 3,616,400 |
| | <u>3,616,400</u> | <u>502,899</u> | <u>4,119,299</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 3,616,553</u> | <u>\$ 502,899</u> | <u>\$ 4,119,452</u> |

TOWNSHIP OF COOLBAUGH

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CASH BASIS GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2019

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|--------------------------------|
| REVENUES | | | |
| Taxes | \$ 5,862,202 | \$ 1,278,533 | \$ 7,140,735 |
| Licenses and permits | 171,859 | - | 171,859 |
| Fines and forfeitures | 35,392 | - | 35,392 |
| Interest Income | 33,196 | 13,099 | 46,295 |
| Intergovernmental revenue | 659,214 | 624,177 | 1,283,391 |
| Charges for services | 126,998 | - | 126,998 |
| Other | 95,113 | - | 95,113 |
| TOTAL REVENUES | 6,983,974 | 1,915,809 | 8,899,783 |
| EXPENDITURES | | | |
| General government | 898,314 | - | 898,314 |
| Public safety | 3,011,425 | 888,267 | 3,899,692 |
| Public works | 1,687,398 | 774,117 | 2,461,515 |
| Recreation | 76,103 | 526,064 | 602,167 |
| Other | 795,497 | - | 795,497 |
| Debt Service: | | | |
| Principal | - | 314,912 | 314,912 |
| Interest | - | 19,694 | 19,694 |
| TOTAL EXPENDITURES | 6,468,737 | 2,523,054 | 8,991,791 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 515,237 | (607,245) | (92,008) |
| OTHER FINANCING (USES) SOURCES | | | |
| Proceeds from sale of fixed assets | 62,300 | - | 62,300 |
| Operating transfers in | - | 334,606 | 334,606 |
| Operating transfers out | (539,606) | - | (539,606) |
| TOTAL OTHER FINANCING (USES) SOURCES | (477,306) | 334,606 | (142,700) |
| NET CHANGE IN FUND BALANCES | 37,931 | (272,639) | (234,708) |
| FUND BALANCE, JANUARY 1 | 3,578,469 | 775,538 | 4,354,007 |
| FUND BALANCE, DECEMBER 31 | \$ 3,616,400 | \$ 502,899 | \$ 4,119,299 |

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

TOWNSHIP OF COOLBAUGH

STATEMENTS OF ASSETS, LIABILITES AND NET POSITION – MODIFIED CASH BASIS

ENTERPRISE FUNDS

DECEMBER 31, 2019

| | <u>Public Sewer</u> <u>2019</u> |
|------------------------------------|------------------------------------|
| ASSETS | |
| Cash - unrestricted | \$ 19,564 |
| TOTAL CURRENT ASSETS | <u>19,564</u> |
| Capital Assets: | |
| Land | 8,140 |
| Capital assets, net | <u>4,376,648</u> |
| | <u>4,384,788</u> |
| TOTAL ASSETS | <u>\$ 4,404,352</u> |
| LIABILITIES AND RETAINED EARNINGS | |
| LIABILITIES | |
| Current liabilities | |
| Bonds and notes payables | \$ 60,941 |
| Total current liabilities | <u>60,941</u> |
| Noncurrent liabilities | |
| Bonds and notes payables | 1,113,072 |
| Total noncurrent liabilities | <u>1,113,072</u> |
| TOTAL LIABILITIES | <u>1,174,013</u> |
| NET POSITION | |
| Investment in fixed assets | 3,210,775 |
| Unrestricted | <u>19,564</u> |
| TOTAL NET POSITION | <u>3,230,339</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 4,404,352</u> |

TOWNSHIP OF COOLBAUGH

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION

MODIFIED CASH BASIS - ENTERPRISE FUNDS

YEAR ENDED DECEMBER 31, 2019

| | <u>Public Sewer</u> <u>2019</u> |
|---------------------------------|------------------------------------|
| OPERATING REVENUES | |
| Charges for service | <u>\$ 158,956</u> |
| OPERATING EXPENSES | |
| Contracted services | 106,752 |
| Utilities | 53,155 |
| Other | 2,947 |
| Supplies | 16,436 |
| Construction and Maintenance | 19,803 |
| Legal and Engineering | 60,122 |
| Depreciation | 130,946 |
| TOTAL OPERATING EXPENSES | <u>390,161</u> |
| OPERATING LOSS | <u>(231,205)</u> |
| NONOPERATING REVENUE (EXPENSE) | |
| Interest income | 141 |
| Interest expense | <u>(13,014)</u> |
| TOTAL NONOPERATING EXPENSE | <u>(12,873)</u> |
| LOSS BEFORE OPERATING TRANSFERS | (244,078) |
| OPERATING TRANSFERS | |
| Operating transfers in | <u>205,000</u> |
| CHANGE IN NET POSITION | (39,078) |
| NET POSITION, JANUARY 1 | <u>3,269,417</u> |
| NET POSITION, DECEMBER 31 | <u>\$ 3,230,339</u> |

TOWNSHIP OF COOLBAUGH

STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS

ENTERPRISE FUNDS

YEAR ENDED DECEMBER 31, 2019

| | <u>Public Sewer</u> <u>2019</u> |
|--|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from customers | \$ 159,121 |
| Cash paid for professional services | (60,122) |
| Cash paid to suppliers | <u>(199,093)</u> |
| NET CASH USED IN OPERATING ACTIVITIES | (100,094) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Interfund transfers in | <u>205,000</u> |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | 205,000 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | |
| Payments of borrowings | (62,173) |
| Interest paid on debt | <u>(13,014)</u> |
| NET CASH USED BY CAPITAL FINANCING ACTIVITIES | (75,187) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Acquisition of capital assets | (18,987) |
| Earnings on investments | <u>141</u> |
| NET CASH USED BY CAPITAL FINANCING ACTIVITIES | (18,846) |
| DECREASE IN CASH AND CASH EQUIVALENTS | 10,873 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>8,691</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 19,564</u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES | |
| Operating loss | \$ (231,205) |
| Adjustments to reconcile operating loss to net cash provided by operating activities | |
| Depreciation | 130,946 |
| Decrease in due from other funds | <u>165</u> |
| NET CASH USED FOR OPERATING ACTIVITIES | <u>\$ (100,094)</u> |

TOWNSHIP OF COOLBAUGH

STATEMENTS OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS

FIDUCIARY FUNDS

DECEMBER 31, 2019

| | Pension Trust Fund | Escrow Trust Fund |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| Cash - restricted | \$ - | \$ 604,439 |
| Investments - restricted | 1,622,059 | - |
| TOTAL ASSETS | <u>1,622,059</u> | <u>604,439</u> |
| LIABILITIES | | |
| Escrow deposits | <u>-</u> | <u>604,439</u> |
| TOTAL LIABILITIES | <u>-</u> | <u>604,439</u> |
| NET POSITION HELD IN TRUST FOR PENSION BENEFITS | <u>\$ 1,622,059</u> | <u>\$ -</u> |

TOWNSHIP OF COOLBAUGH

STATEMENTS OF CHANGES IN NET POSITION - CASH BASIS

FIDUCIARY FUNDS

YEARS ENDED DECEMBER 31, 2019

| | <u>Pension Trust</u> <u>2019</u> |
|---|-------------------------------------|
| ADDITIONS | |
| Contributions | |
| Township contributions | \$ 9,625 |
| Employee contributions | 14,528 |
| State Aid | <u>88,227</u> |
| TOTAL CONTRIBUTIONS | <u>112,380</u> |
| Investment gain | |
| Interest, dividends, and net unrealized gain/(loss) | <u>134,097</u> |
| TOTAL INVESTMENT GAIN | <u>134,097</u> |
| TOTAL ADDITIONS | 246,477 |
| DEDUCTIONS | |
| Administrative fees | <u>588</u> |
| TOTAL DEDUCTIONS | <u>588</u> |
| CHANGE IN NET POSITION | 245,889 |
| NET POSITION, JANUARY 1 | <u>1,376,170</u> |
| NET POSITION, DECEMBER 31 | <u>\$ 1,622,059</u> |

NOTES TO THE FINANCIAL STATEMENTS

TOWNSHIP OF COOLBAUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Township of Coolbaugh, Monroe County, (the "Township"), which was founded in 1794, operates under the Second-Class Township code of the Commonwealth of Pennsylvania. The Township has an elected five-member 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 accompanying financial statements present the primary government. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township.

The Township has determined that no outside agency meets the above criteria; therefore, no other agency has been included in the Township's financial statements. In addition, the Township is not aware of any entity which would exercise such oversight that would result in the Township being considered a component unit of the entity.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for Fiduciary Funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to parties for goods or services.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental Funds, the Proprietary Fund and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The Proprietary Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services. Operating expenses for the Sewer Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. As a general rule, the effect of interfund activity has been eliminated from the governmentwide financial statements.

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 balances, revenues and expenditures.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. 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 statement of assets, liabilities and retained earnings. 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 following funds are used by the Township.

- **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 (Non-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, Library funds and Fire funds.
- **Debt Service Fund (Non-major Fund)** accounts for resources accumulated for the purpose of funding general long-term debt obligations.

Proprietary Fund - The focus of the Proprietary Fund measurement is upon determination of net income and cash flows. The generally accepted accounting principles applicable are similar to those used by businesses in the private sector.

The Proprietary Fund includes the Township's Sewer Fund which distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services. The principal operating revenues of the sewer fund and sewer capital fund are charges to customers for services.

Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary Funds – These are funds that are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The funds included in this category are:

- Pension Trust - The Pension Trust Fund is used to account for the Township sponsored retirement pension plans.
- The Escrow Fund – Accounts for escrow funds deposited by the Township by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project. As the escrow agency funds are custodial in nature, none of the monies received from or expended on behalf of the developers are recorded in the revenues or expenditures of the Township.

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 generally accepted accounting principles or the modified cash basis of accounting. All budget amounts included in the 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. Once adopted, the budget is not revised or amended.

Cash and Investments

The Township maintains all its cash in checking and savings accounts which are covered by federal depository insurance or by collateral pledged 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 institution. 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.

The investment plan's policy is to prepare its financial statements on the basis of cash receipts and disbursements. Consequently, contributions and related assets are recognized when received rather than when earned, except for investments, which are reported at market value, with unrealized gains and losses being recognized. Certain benefit payments and other expenditures are recognized when paid rather than when the obligation is incurred. This practice differs from generally accepted accounting principles, which require the accrual basis of accounting.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

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 historical 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 historical 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 value as of the date of gift.

Use of Estimates

The preparation of financial statements in conformity with modified cash and cash basis 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.

Interfund Transactions

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental fund categories is reported as follows in the fund financial statements:

- Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- Interfund reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
- Interfund transfers - Flows of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities (if any) columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fund Balances

Governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted Fund Balance – Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- Committed Fund Balance – Amounts that can be used only for specific purposes determined by the passage of a resolution by the Board of Supervisors
- Assigned Fund Balance – Amounts that are intended to be used for a specific purpose, as expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority. As of December 31, 2019, the Board has not delegated the authority to assign fund balance.
- Unassigned Fund Balance - All amounts not included in other spendable classifications.

Classification of Net Position

In the government-wide financial statements, net position is classified in the following categories:

- Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position- This category represents the net position of the Township, which are not restricted for any projection or other purpose.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' column of the statement of net position. The Township's long-term debt consists of general obligation bonds and notes. In the fund financial statements, Governmental Funds report the face amount of debt issued as other financing sources and payment of principal and interest is reported as expenditures. Governmental Funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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.

Deposits

Custodial credit risk

The risk that in the event of a bank failure, the government's deposits may not be returned or the government will not be able to recover collateral securities in the possession of an outside party. The Township does not have a policy for custodial credit risk. As of December 31, 2019, the Township's carrying amount of deposits was \$4,229,401 and the bank balance was \$4,362,940. Of the bank balance, \$266,303 was covered by federal depository insurance; \$4,096,637 exceeded depository insurance and was exposed to custodial credit risk because the deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Township's name. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania, To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Act 72, as amended, the depositories may meet this collateralization by pooling appropriate securities to cover all public funds.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

Investments

The Township's Pension Trust Fund is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

Custodial Credit Risk

For an investment, this is the risk that, in the event of a failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations. Separate accounts are commingled pools rather than individual securities. As a result, these accounts are not rated and the maturity dates have not been determined.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township does not have a formal investment policy that limits investment maturities.

Concentration of Credit Risk

It is the risk associated with lack of diversification of Township investment portfolios. 100% of the plan assets are invested in the Principal Funds Financial Services Group Annuity Contract.

As of December 31, 2019, the investment balances were as follows:

| <u>FIDUCIARY FUNDS</u> | <u>Carrying Amount</u> | <u>Fair Market Value</u> |
|------------------------------------|------------------------|--------------------------|
| Investment Accounts | | |
| Mutual Funds - Domestic Equity | \$ 113,262 | \$ 113,262 |
| Mutal Funds - International Equity | 22,429 | 22,429 |
| Mutal Funds - Balanced Equity | 412,279 | 412,279 |
| Mutal Funds - Fixed Equity | 392,948 | 392,948 |
| Mutal Funds - Other | 80,800 | 80,800 |
| Total | <u>1,021,719</u> | <u>1,021,719</u> |
| Guaranteed Interest Accounts | <u>600,340</u> | <u>600,340</u> |
| Total Balance | <u>\$ 1,622,059</u> | <u>\$ 1,622,059</u> |

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 3 ESCROW CASH DEPOSIT AND INVESTMENTS

The Township acts in a custodial capacity with respect to monies deposited with it by developers. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2019, \$604,439 represents the balance of these monies held in escrow in the Escrow Fiduciary Fund.

NOTE 4 NOTES RECEIVABLE

On April 23, 2019, the Township granted Coolbaugh Township Volunteer Fire Company a non-interest-bearing loan for the principal amount of \$514,054. Principal payments of \$73,436 are due annually on May 25, maturing in 2027. Collateral for the loan will be the title and interest in the radios and related equipment acquired from Motorola Solutions as part of the P25 radio equipment upgrade.

NOTE 5 PROPERTY TAXES

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through June 30; and a 10% penalty after June 30. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

The Township recognizes tax revenue when collected. Assessed valuation is taxed at a 17.75 millage (12.75 for general, 3.0 for Fire and 2.0 electoral for Library).

TOWNSHIP OF COOLBAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

NOTE 6 CAPITAL ASSETS

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

| | Balance, Beginning 1/1/2019 | Additions | Disposals | Balance, Ending 12/31/2019 |
|--|-----------------------------------|-------------------|-----------------|----------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital Assets not being depreciated | | | | |
| Land | \$ 1,142,637 | - | - | \$ 1,142,637 |
| Capital Assets being depreciated | | | | |
| Land improvements | 933,817 | 2,850 | - | 936,667 |
| Buildings and improvements | 2,463,212 | 100,543 | - | 2,563,755 |
| Roads and bridges | 19,075,964 | 537,172 | - | 19,613,136 |
| Machinery and equipment | 4,015,054 | 470,744 | (92,777) | 4,393,021 |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED | 26,488,047 | 1,111,309 | (92,777) | 27,506,579 |
| Accumulated Depreciation | | | | |
| Land improvements | (773,830) | (12,310) | - | (786,140) |
| Buildings and improvements | (983,425) | (53,971) | - | (1,037,396) |
| Roads and bridges | (11,089,221) | (601,342) | - | (11,690,563) |
| Machinery and equipment | (3,333,368) | (160,430) | 92,777 | (3,401,021) |
| TOTAL ACCUMULATED DEPRECIATION | (16,179,844) | (828,053) | 92,777 | (16,915,120) |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED, net | 10,308,203 | 283,256 | - | 10,591,459 |
| GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net | \$ 11,450,840 | \$ 283,256 | \$ - | \$ 11,734,096 |

Depreciation expense was charged to the following functions in the statement of activities:

| | |
|--------------------------------|-------------------|
| GOVERNMENTAL ACTIVITIES | |
| Unallocated | <u>\$ 828,053</u> |

TOWNSHIP OF COOLBAUGH
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2019

NOTE 6 CAPITAL ASSETS (CONTINUED)

| | Balance, Beginning 1/1/2019 | Additions | Disposals | Balance, Ending 12/31/2019 |
|---|-----------------------------------|--------------------|-------------|----------------------------------|
| BUSINESS-TYPE ACTIVITIES | | | | |
| Capital Assets not being depreciated | | | | |
| Land | \$ 8,140 | - | - | \$ 8,140 |
| Capital Assets being depreciated | | | | |
| Land improvements | 13,659 | - | - | 13,659 |
| Sewer system | 6,377,246 | - | - | 6,377,246 |
| Machinery and equipment | 6,710 | 18,987 | - | 25,697 |
| Total Capital Assets | 6,397,615 | 18,987 | - | 6,416,602 |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED | | | | |
| Accumulated Depreciation | | | | |
| Land improvements | (13,659) | - | - | (13,659) |
| Sewer system | (1,894,712) | (128,000) | - | (2,022,712) |
| Machinery and equipment | (637) | (2,946) | - | (3,583) |
| TOTAL ACCUMULATED DEPRECIATION | (1,909,008) | (130,946) | - | (2,039,954) |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED, net | 4,488,607 | (111,959) | - | 4,376,648 |
| BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net | <u>\$ 4,496,747</u> | <u>\$(111,959)</u> | <u>\$ -</u> | <u>\$ 4,384,788</u> |

Depreciation expense was charged to the following functions in the statement of activities:

| | |
|--------------------------|-------------------|
| BUSINESS-TYPE ACTIVITIES | |
| Sewer | <u>\$ 130,946</u> |

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 7 BONDS AND NOTES PAYABLE

Series 2016 General Obligation Bonds – Governmental Type Debt

Original issue of \$923,500 to refinance existing debt of Pocono Mountain Public Library, Inc.; principal is due annually on June 1st and interest is due semi-annually on June and December 1st, at rates ranging from 1.58% to 2.50%, maturing in 2023. Collateral for the bond is tax revenues.

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 semi-annually on March and September 15th, at rates ranging from 1.00% to 1.50%, bond matured in 2019. Collateral for the bond is tax revenues.

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 \$3,156 with interest at 2.5% 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. Collateral for the bond is sewer revenues.

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, including interest of 2%. The Note was through the "Penn Works" program, maturing in 2028. Collateral for the note is sewer revenues.

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

| | Balance, Beginning 1/1/2019 | Additions | Repayments | Balance, Ending 12/31/2019 | Due Within One Year |
|----------------------------|-----------------------------------|-------------|---------------------|----------------------------------|------------------------|
| Governmental Activities | | | | | |
| Series of 2016 Bonds | \$ 921,500 | \$ - | \$ (17,000) | \$ 904,500 | \$ 280,380 |
| Series of 2013 Bonds | 260,000 | - | (260,000) | - | - |
| Series of 2001 Notes | 129,704 | - | (37,912) | 91,792 | 35,994 |
| | <u>1,311,204</u> | <u>-</u> | <u>(314,912)</u> | <u>996,292</u> | <u>316,374</u> |
| Business-Type Activities | | | | | |
| Series of 2009 SR Bonds | 1,136,577 | - | (51,359) | 1,085,218 | 51,875 |
| Series of 2008 A Notes | 99,609 | - | (10,814) | 88,795 | 9,066 |
| | <u>1,236,186</u> | <u>-</u> | <u>(62,173)</u> | <u>1,174,013</u> | <u>60,941</u> |
| Total Government-Wide Debt | <u>\$ 2,547,390</u> | <u>\$ -</u> | <u>\$ (377,085)</u> | <u>\$ 2,170,305</u> | <u>\$ 377,315</u> |

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Annual debt service requirements for Governmental Activities are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------|-------------------|------------------|---------------------|
| 2020 | \$ 316,374 | \$ 13,958 | \$ 330,332 |
| 2021 | 321,704 | 8,583 | 330,287 |
| 2022 | 305,694 | 5,035 | 310,729 |
| 2023 | 52,520 | 656 | 53,176 |
| 2024 | - | - | - |
| 2025 | - | - | - |
| Total | <u>\$ 996,292</u> | <u>\$ 28,232</u> | <u>\$ 1,024,524</u> |

Annual debt service requirements for Business-type Activities are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2020 | \$ 60,941 | \$ 12,167 | \$ 73,108 |
| 2021 | 62,478 | 11,596 | 74,074 |
| 2022 | 63,207 | 10,866 | 74,073 |
| 2023 | 63,947 | 10,127 | 74,074 |
| 2024 | 64,695 | 9,378 | 74,073 |
| 2025 - 2029 | 316,365 | 35,596 | 351,961 |
| 2030 - 2034 | 292,457 | 19,990 | 312,447 |
| 2035 - 2039 | 249,923 | 5,241 | 255,164 |
| Total | <u>\$ 1,174,013</u> | <u>\$ 114,961</u> | <u>\$ 1,288,974</u> |

NOTE 8 LETTERS OF CREDIT

In 2017, the Township entered into a loan and security agreement for a standby-by letter of credit in the amount of \$671,150. The Letter of Credit was issued for the benefit of the Commonwealth of Pennsylvania, Department of Transportation to ensure completion of a left-hand turning lane on PA Route 196. The Letter of Credit has an expiration date of March 29, 2020 and has an annual fee of \$3,355.75 (.5%). As of December 31, 2019, the Township has not drawn on the letter of credit.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 9 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 19 active employees.

Eligibility Requirements

Normal Retirement -Attainment of age 65

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

Vesting -100 percent after five years of vesting service

Retirement Benefit

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

Survivor Benefit

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

Disability Benefit

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

Member's Contribution

Amount or Rate -Voluntary contributions allowed.

Funding Policy

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

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 10 COMMITMENTS AND CONTINGENCIES

Contingencies

Grant Program Involvement - In the normal course of operations, the Township participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believe the amount, if any, would not be material.

Litigation

The Township is a party to various legal proceedings that normally occur in the course of governmental operations. While the outcome of any proceedings cannot be predicted, due to the insurance coverage maintained by the Township and the Commonwealth's statute of relating to judgments, the Township feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Township.

NOTE 11 RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Township to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 12 INTERFUND TRANSFERS

The Township uses unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. The amounts transferred for the year ended December 31, 2019 are as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------|---------------------|----------------------|
| General Fund | \$ - | \$ 539,606 |
| Debt Service | 334,606 | - |
| Sewer Fund | 205,000 | - |
| | <u>\$ 539,606</u> | <u>\$ 539,606</u> |

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 13 LEASES

Operating Leases

The Township leases office equipment under various operating leases. Future minimum lease payment requirements under these leases are as follows:

Year Ending December 31,

| | |
|------|----------|
| 2020 | \$ 2,330 |
|------|----------|

NOTE 14 SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 31, 2020, the date the financial statements were available to be issued. No adjustments or disclosures to the financial statements are needed.

NOTE 15 RECENT STATEMENTS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, which is effective for fiscal years beginning after December 15, 2018. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Criteria for identifying fiduciary activities are generally defined as (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also defines four fiduciary funds that should be reported. The Township has adopted Statement No. 84 for its calendar 2019 financial statements.

In June 2017, the GASB issued Statement No. 87, Leases, which is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Township is required to adopt Statement No. 84 for its calendar 2020 financial statements.

TOWNSHIP OF COOLBAUGH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 16 RECENT STATEMENTS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD (CONTINUED)

In April 2018, GASB issued statement No. 88. Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which is effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The Township has adopted Statement No. 88 for its calendar 2019 financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF COOLBAUGH

SCHEDULE OF BUDGET AND ACTUAL - GENERAL FUND - CASH BASIS

YEAR ENDED DECEMBER 31, 2019

| | Original/Final Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------------|--------------------------|---------------------|--|
| REVENUES: | | | |
| TAXES | | | |
| Real estate | \$ 3,389,124 | \$ 3,349,229 | \$ (39,895) |
| Real estate transfer | 415,000 | 482,425 | 67,425 |
| Local service tax | 325,000 | 366,514 | 41,514 |
| Earned income | 1,450,000 | 1,664,034 | 214,034 |
| | <u>5,579,124</u> | <u>5,862,202</u> | <u>283,078</u> |
| LICENSES AND PERMITS | | | |
| Cable television licenses | 160,000 | 168,654 | 8,654 |
| Permits | 1,300 | 3,205 | 1,905 |
| | <u>161,300</u> | <u>171,859</u> | <u>10,559</u> |
| FINES AND FORFEITURES | | | |
| Fines and code violations | 40,000 | 35,392 | (4,608) |
| INTEREST INCOME | | | |
| Interest on investments | 20,000 | 33,196 | 13,196 |
| INTERGOVERNMENTAL REVENUE | | | |
| State public utility tax | 6,800 | 6,605 | (195) |
| Alcoholic beverage taxes | 2,200 | 2,650 | 450 |
| Foreign fire insurance premium tax | 105,000 | 112,396 | 7,396 |
| Pension fund state aid | 65,000 | 88,227 | 23,227 |
| Recycling | 316,707 | 65,499 | (251,208) |
| State payments in lieu to taxes | 31,000 | 31,364 | 364 |
| Other government grants | 352,000 | 352,473 | 473 |
| | <u>878,707</u> | <u>659,214</u> | <u>(219,493)</u> |
| CHARGES FOR SERVICES | | | |
| General government | 66,980 | 66,346 | (634) |
| Public works | 15,000 | 19,815 | 4,815 |
| Public safety | 22,000 | 40,112 | 18,112 |
| Recreation | 800 | 725 | (75) |
| | <u>104,780</u> | <u>126,998</u> | <u>22,218</u> |
| OTHER | | | |
| Reimbursement of project funding | 135,320 | - | (135,320) |
| Insurance proceeds | - | 41,532 | 41,532 |
| Rents | 52,800 | 53,581 | 781 |
| | <u>188,120</u> | <u>95,113</u> | <u>(93,007)</u> |
| TOTAL REVENUES | <u>\$ 6,972,031</u> | <u>\$ 6,983,974</u> | <u>\$ 11,943</u> |

TOWNSHIP OF COOLBAUGH

SCHEDULE OF BUDGET AND ACTUAL - GENERAL FUND - CASH BASIS (CONTINUED)

YEAR ENDED DECEMBER 31, 2019

| | <u>Original/Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------------|---------------------|---|
| EXPENDITURES: | | | |
| GENERAL GOVERNMENT | | | |
| Legislative and governing body | 164,150 | 157,102 | 7,048 |
| Executive | 126,450 | 124,724 | 1,726 |
| Financial services | 79,604 | 77,608 | 1,996 |
| Tax collection | 44,000 | 38,545 | 5,455 |
| Legal and solicitor | 61,000 | 56,897 | 4,103 |
| Other general government administration | 56,006 | 58,867 | (2,861) |
| Building maintenance and utilities | 343,500 | 384,571 | (41,071) |
| | <u>874,710</u> | <u>898,314</u> | <u>(23,604)</u> |
| PUBLIC SAFETY | | | |
| Police | 2,250,145 | 2,235,145 | 15,000 |
| Fire | 414,000 | 343,898 | 70,102 |
| Ambulance and rescue | 155,000 | 139,918 | 15,082 |
| Sewage enforcement | 93,977 | 118,666 | (24,689) |
| Zoning/Code enforcement | 139,350 | 136,505 | 2,845 |
| Emergency management | 26,514 | 19,529 | 6,985 |
| Planning and zoning commissions | 19,280 | 17,764 | 1,516 |
| | <u>3,098,266</u> | <u>3,011,425</u> | <u>86,841</u> |
| PUBLIC WORKS | | | |
| Highways, streets and general services | 781,460 | 818,047 | (36,587) |
| Composting and recycling | 401,829 | 50,393 | 351,436 |
| Winter maintenance | 271,000 | 174,711 | 96,289 |
| Traffic control | 38,600 | 38,729 | (129) |
| Storm sewers | 6,500 | 871 | 5,629 |
| Repairs of tools and machinery | 82,235 | 103,022 | (20,787) |
| Road and bridge construction | 418,000 | 488,404 | (70,404) |
| Road and bridge maintenance | 5,000 | 13,221 | (8,221) |
| | <u>2,004,624</u> | <u>1,687,398</u> | <u>317,226</u> |
| RECREATION AND COMMUNITY | | | |
| Community services | 39,190 | 28,998 | 10,192 |
| Parks | 112,150 | 47,105 | 65,045 |
| | <u>151,340</u> | <u>76,103</u> | <u>75,237</u> |
| MISCELLANEOUS | | | |
| Pension contributions | 204,503 | 183,248 | 21,255 |
| Workers compensation | 75,000 | 71,157 | 3,843 |
| Unemployment compensation | 7,000 | 6,923 | 77 |
| Employee benefits | 422,391 | 389,101 | 33,290 |
| Insurance premiums | 54,000 | 57,567 | (3,567) |
| Social security | 79,821 | 80,481 | (660) |
| Other | 7,500 | 7,020 | 480 |
| | <u>850,215</u> | <u>795,497</u> | <u>54,718</u> |
| TOTAL EXPENDITURES | <u>\$ 6,979,155</u> | <u>\$ 6,468,737</u> | <u>\$ 510,418</u> |

COMBINING SCHEDULES

TOWNSHIP OF COOLBAUGH

COMBINING STATEMENT OF ASSETS AND FUND BALANCES - NON-MAJOR FUNDS - CASH BASIS YEAR ENDED DECEMBER 31, 2019

| | <u>Fire Company</u> | <u>Library</u> | <u>Highway Aid</u> | <u>Debt Services</u> | <u>Emergency Services</u> | <u>Capital Projects</u> | <u>Total</u> |
|---------------------|---------------------|----------------|--------------------|----------------------|---------------------------|-------------------------|-------------------|
| ASSETS | | | | | | | |
| Cash - unrestricted | \$ - | \$ - | \$ - | \$ - | \$ 220,110 | \$ 14,450 | \$ 234,560 |
| Cash - restricted | 267,421 | 1 | 917 | - | - | - | 268,339 |
| TOTAL ASSETS | \$ 267,421 | \$ 1 | \$ 917 | \$ - | \$ 220,110 | \$ 14,450 | \$ 502,899 |
| FUND BALANCE | | | | | | | |
| Restricted | | | | | | | |
| Highway and Streets | \$ - | \$ - | \$ 917 | \$ - | \$ - | \$ - | \$ 917 |
| Library | - | 1 | - | - | - | - | 1 |
| Fire Protection | 267,421 | - | - | - | - | - | 267,421 |
| Assigned | | | | | | | |
| | - | - | - | - | 220,110 | 14,450 | 234,560 |
| | <u>\$ 267,421</u> | <u>\$ 1</u> | <u>\$ 917</u> | <u>\$ -</u> | <u>\$ 220,110</u> | <u>\$ 14,450</u> | <u>\$ 502,899</u> |

TOWNSHIP OF COOLBAUGH

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS - CASH BASIS

YEAR ENDED DECEMBER 31, 2019

| | Fire Company | Library | Highway Aid | Debt Services | Emergency Services | Capital Projects | Total |
|--|-------------------|----------------|------------------|------------------|--------------------|------------------|-------------------|
| REVENUES | | | | | | | |
| Taxes | \$ 753,015 | \$ 525,518 | \$ - | \$ - | \$ - | \$ - | \$ 1,278,533 |
| Interest income | 3,340 | 20 | 8,003 | - | 1,430 | 306 | 13,099 |
| Intergovernmental revenue | - | - | 624,177 | - | - | - | 624,177 |
| Transfers in | - | - | - | - | - | - | - |
| TOTAL REVENUES | 756,355 | 525,538 | 632,180 | - | 1,430 | 306 | 1,915,809 |
| EXPENDITURES | | | | | | | |
| Public works | - | - | 774,117 | - | - | - | 774,117 |
| Public safety | 887,294 | - | - | - | 973 | - | 888,267 |
| Culture and recreation | - | 526,064 | - | - | - | - | 526,064 |
| Debt service | | | | | | | |
| Principal | - | - | - | 314,912 | - | - | 314,912 |
| Interest | - | - | - | 19,694 | - | - | 19,694 |
| TOTAL EXPENDITURES | 887,294 | 526,064 | 774,117 | 334,606 | 973 | - | 2,523,054 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (130,939) | (526) | (141,937) | (334,606) | 457 | 306 | (607,245) |
| OTHER FINANCING SOURCES | | | | | | | |
| Operating transfers in | - | - | - | 334,606 | - | - | 334,606 |
| (DEFICIENCY)/EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES | (130,939) | (526) | (141,937) | - | 457 | 306 | (272,639) |
| FUND BALANCE, JANUARY 1 | 398,360 | 527 | 142,854 | - | 219,653 | 14,144 | 775,538 |
| FUND BALANCE, DECEMBER 31 | \$ 267,421 | \$ 1 | \$ 917 | \$ - | \$ 220,110 | \$ 14,450 | \$ 502,899 |