

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

CONTENTS

	Page
Independent Auditor's Report	
Management's Discussion and Analysis.	1-4
Statements of Net Assets.	5
Statements of Revenues, Expenses and Changes in Net Assets.	6-7
Statements of Cash Flows.	8
Notes to Financial Statements	9-14
Supplemental Schedule	
Statement of Revenues and Expenses - Actual and Budget.	15-16

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Independent Auditor's Report

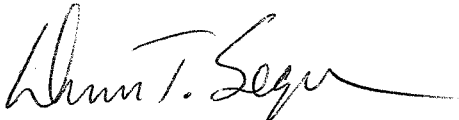
To the Board of Directors
Collier Township Municipal Authority
2418 Hilltop Road
Presto, PA 15142

I have audited the accompanying statements of net assets of Collier Township Municipal Authority as of December 31, 2004 and 2003, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Collier Township Municipal Authority as of December 31, 2004 and 2003, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying supplemental schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such schedule has been subjected to the auditing procedures applied in the examination of the basic financial statements, and in my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Donn T. Seger
Certified Public Accountant

Pittsburgh, Pennsylvania
June 16, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Collier Township Municipal Authority's financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2004. Please read it in conjunction with the Authority's financial statements, which begin on page 5.

USING THIS ANNUAL REPORT

This annual report consists of enterprise fund financial statements, which under Governmental Accounting Standards Board (GASB) 34, is the requirement for special-purpose governments engaged only in business-type activities.

Proprietary Funds

When the Authority charges customers for the services it provides, these services are reported in a proprietary fund.

THE AUTHORITY AS A WHOLE

Our analysis below focuses on the equity (Table 1) and changes in retained earnings (Table 2) of the Authority.

Table 1
Equity

	2004	2003
Current and Other Assets	\$ 2,508,147.19	\$ 2,195,266.47
Capital Assets	11,038,862.14	11,210,417.39
Total Assets	13,547,009.33	13,405,683.86
Other Liabilities	234,501.01	192,020.00
Total Liabilities	234,501.01	192,020.00
Net Investment in Capital Assets	11,038,862.14	11,210,417.39
Net Assets		
Unrestricted	2,273,646.18	2,003,246.47
Total Net Assets	13,312,508.32	13,213,663.86
Total Liabilities & Net Assets	\$ 13,547,009.33	\$ 13,405,683.86

The Authority's total net assets increased from \$13,213,663.86 to \$13,312,508.32 or .75%.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

THE AUTHORITY AS A WHOLE (Continued)

**Table 2
Changes in Retained Earnings**

	2004	2003
Revenues		
Charges for Services	\$ 1,097,869.90	\$ 956,506.54
Other Operating Revenues	6,373.11	6,230.02
Other Non-Operating Revenues	285,199.80	288,595.71
Total Revenues	<u>1,389,442.81</u>	<u>1,251,332.27</u>
Expenses		
Operating Expenses -Sanitation	1,310,653.47	1,052,097.75
Other Non-Operating	-	-
Total Expenses	<u>1,310,653.47</u>	<u>1,052,097.75</u>
Income Before Contributions	<u>78,789.34</u>	<u>199,234.52</u>
Capital Contributions	20,055.12	234,761.83
Change in Net Assets	<u>\$ 98,844.46</u>	<u>\$ 433,996.35</u>

Business-type Activities

The Authority for the year ended 2004, is showing a 14.7% increase of operating revenues. The operating expenses for the year ended 2004 reflect a 24.58% increase. The Authority incurred approximately \$116,000 of sewer repair work caused by three separate events. The first was a landslide in the Noblestown Road area. The second was a sewer collapse in the Prestley Street area. The third was a flood on September 17, 2004 that impacted the entire service area of the Authority. The flooding was so severe that the Authority's service area was declared a Federal Disaster Area and Federal assistance was authorized for Allegheny County. All three of these events were not anticipated and represent 11.03% of the 24.58% increase in operating expenses for the year ended 2004.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the Authority had \$10,924,300.65 invested (net of depreciation) in fixed capital assets, including the sanitary sewer system and various office and field equipment (See table 3 below) and an additional \$114,561.49 in other capital assets. This amount represents a decrease (including additions and deductions) of \$171,555.25 or 1.53% over last year.

**Table 3
Fixed Capital Assets at Year-End
(Net of Depreciation)**

	2004	2003
Sanitary Sewer System	\$ 10,673,206.04	\$ 10,899,309.18
Office Equipment	8,685.13	5,388.93
	<u>10,681,891.17</u>	<u>10,904,698.11</u>
Construction in Progress	242,409.48	194,196.94
Total Capital Assets	<u>10,924,300.65</u>	<u>11,098,895.05</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt

The Authority had no bonds or notes outstanding at year-end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Under the Pennsylvania Municipal Authorities Act the Authorities Engineers, NIRA Consulting Engineers, Inc. prepares a budget and presents the budget to the Authority Board of Directors for approval. The approved 2005 budget reflects a no increase in the usage rate. The budget estimates 125 new customers being added to the system, a 5.77% increase. The Authority's sewage treatment provider has not increased the 2005 rate.

The Township and Authority are currently under an EPA order to eliminate overflows at points of connection with the Allegheny County Sanitary Authority (ALCOSAN). During 2004 the Authority executed a consent order with the Allegheny County Health Department that will require the Authority to develop and implement a plan requiring the inspection and cleaning of the entire sewer system and to repair any deficiencies that are found. The consent order requires the plan to be implemented in three phases as follows:

Phase 1: 2004-2005, estimated compliance cost of \$355,500

Phase 2: 2005-2006, estimated compliance cost of \$356,000

Phase 3: 2006-2007, estimated compliance cost of \$314,000

The Authority entered into a construction contract for Phase 1 of the Upper Cowan area of Collier Township. The line will extend from Robinson Run Interceptor to Baldwin Road and is considered to be the first of three phases to serve this watershed.

The construction contract was awarded in July of 2005 and is expected to be completed in early 2006 at a cost to the Authority of \$489,717. One right of way will have to be acquired by a Declaration of Taking as the property owner refuses to grant the required right of way.

The Authority is in the process of obtaining right of ways for Phase 2 of the Upper Cowan Road project. This phase will extend the sewer line to South Cowan Road and to Cowan Road at an estimated additional cost of \$230,000. The Authority hopes to request bids for Phase 2 in the summer or fall of 2006.

Phase 3 of the Cowan Road watershed will require an investment by the Authority in excess of \$1,000,000. The Authority is currently exploring financing options for this project. This area contains a very low density of development and major financial assistance will be needed.

Litigation is currently pending over line repairs that were required on the Ewing Road Trunk Sewer which was damaged due to slides and a stream diversion on the Shea property. Attempts to resolve this matter have not been successful to date and the needed right of ways are being acquired by the filing of a Declaration of Taking. This litigation will continue into 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (Continued)

The Authority entered into a contract that requires a minimum obligation of \$40,000 for the rerouting of sewer lines in the Tuscany Ridge Plan. The line will eliminate the Colonial Ridge Treatment Plant and provide for further expansion into that watershed. This project will be completed during 2005.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens and taxpayers of Collier Township as well as our customers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact: Collier Township Municipal Authority, 2418 Hilltop Road, Presto, PA 15142.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
 STATEMENTS OF NET ASSETS
 DECEMBER 31, 2004 AND 2003

	2004	2003
ASSETS		
CURRENT ASSETS		
Petty Cash	\$ 25.00	\$ 25.00
Cash and Cash Equivalents	1,083,192.67	487,952.81
Investments	1,029,168.40	1,299,167.60
Accounts Receivable-Trade (Net of Allowance for Doubtful Accounts)	77,184.99	85,810.15
Interest Receivable	2,761.15	12,314.83
Prepaid Insurance	1,775.09	1,520.64
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	2,194,107.30	1,886,791.03
NON CURRENT ASSETS		
Restricted Investments	310,710.97	305,064.65
Interest Receivable on Restricted Investments	3,328.92	3,410.79
Property, Plant and Equipment (Net of Depreciation)	10,924,300.65	11,098,895.05
Software (Net of Amortization)	13,649.69	1,436.74
Deferred Capital Fee (Net of Amortization)	100,911.80	110,085.60
	<hr/>	<hr/>
TOTAL OTHER ASSETS	11,352,902.03	11,518,892.83
	<hr/>	<hr/>
TOTAL ASSETS	\$13,547,009.33	\$13,405,683.86
<hr/>		
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable-Trade	\$ 212,238.34	\$ 186,909.99
Refunds Payable	21,865.60	4,613.95
Payroll Taxes Accrued and Withheld	237.07	336.06
Customer Deposits	160.00	160.00
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	234,501.01	192,020.00
NET ASSETS		
Invested in Capital Assets, Net of Related Debt Unrestricted	11,038,862.14	11,210,417.39
	<hr/>	<hr/>
TOTAL NET ASSETS	13,312,508.32	13,213,663.86
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$13,547,009.33	\$13,405,683.86
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The accompanying notes to financial statements are an integral part of this statement.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
OPERATING REVENUES		
Sewer Charges	\$ 1,097,869.90	\$ 956,506.54
Penalties	2,263.53	2,137.62
Reimbursement-Alcosan	4,109.58	4,092.40
	1,104,243.01	962,736.56
OPERATING EXPENSES		
Advertising	3,249.61	1,674.40
Bad Debts	3,517.91	25,093.58
Billing and Collection	18,307.85	18,524.59
Contracted Services-Administrative	-	2,328.00
Contracted Services-Dye Testing	14,585.00	12,255.00
Dues and Subscriptions	1,031.08	1,031.08
Employee Benefits	3,339.20	2,253.87
Inspection Fees	11,253.10	26,245.10
Insurance	6,629.55	5,221.06
Investment Fees	1,164.00	-
Litigation Expenses	31,393.74	28,648.92
Maintenance of Sewer System	134,779.81	14,859.20
Miscellaneous Expense	3,248.95	3,658.15
Office Salaries	49,439.43	41,280.57
Office Supplies	14,296.55	8,444.91
Operating Engineering Fees	117,251.52	54,257.71
Operating Legal Fees	38,405.45	38,295.15
Payroll Taxes	4,587.24	3,802.21
Power for Pump Station	5,848.36	5,495.60
Sewer Treatment Charges	585,476.76	501,823.22
Telephone	3,434.69	3,052.16
Travel Expense	547.88	525.29
	1,051,787.68	798,769.77
ADMINISTRATIVE EXPENSES		
Board Members	6,000.00	5,700.00
Legal	1,500.00	1,500.00
Engineering	1,800.00	1,800.00
Accounting	4,466.00	4,278.75
	13,766.00	13,278.75
AMORTIZATION AND DEPRECIATION		
Amortization-Software	1,785.05	283.00
Amortization-Deferred Capital Fee	9,173.80	9,173.80
Depreciation-Property, Plant and Equipment	234,140.94	230,592.43
	245,099.79	240,049.23
TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE		
	1,310,653.47	1,052,097.75
OPERATING INCOME (LOSS) (CARRIED FORWARD)		
	(206,410.46)	(89,361.19)

The accompanying notes to financial statements are an integral part of this statement.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
OPERATING INCOME (LOSS) (BROUGHT FORWARD)	\$ (206,410.46)	\$ (89,361.19)
NON OPERATING REVENUES (EXPENSES)		
Dividend and Interest Revenue-Operating	32,244.65	28,435.16
Dividend and Interest Revenue-Restricted	5,316.08	6,134.96
Tap and Connection Fees	192,059.04	226,165.00
Collection of Bad Debt Accounts	26,632.36	5,648.14
Miscellaneous	3,538.67	2,967.45
Lien Letters	7,884.00	5,530.00
Dye Testing	15,720.00	12,575.00
Inspection Fees	1,805.00	1,140.00
TOTAL NON OPERATING REVENUES (EXPENSES)	<u>285,199.80</u>	<u>288,595.71</u>
INCOME BEFORE CONTRIBUTIONS	78,789.34	199,234.52
CAPITAL CONTRIBUTIONS	<u>20,055.12</u>	<u>234,761.83</u>
CHANGE IN NET ASSETS	98,844.46	433,996.35
NET ASSETS AT BEGINNING OF YEAR	<u>13,213,663.86</u>	<u>12,779,667.51</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 13,312,508.32</u></u>	<u><u>\$ 13,213,663.86</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**COLLIER TOWNSHIP MUNICIPAL AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Income Before Contributions	\$ 78,789.34	\$ 199,234.52
Non Cash and Non Operating Items Included in Net Income:		
Amortization	10,958.85	9,456.80
Depreciation	234,140.94	230,592.43
Earnings on Restricted Investments	(5,316.08)	(6,134.96)
Cash Flows Provided by (Used for) Changes in Current Assets and Liabilities (See Table Below)	60,405.40	(37,625.27)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	378,978.45	395,523.52
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Contributions	20,055.12	234,761.83
Earnings on Restricted Investments	5,397.95	7,423.35
(Increase)/Decrease in Investments	269,999.20	(553,251.99)
(Increase)/Decrease in Restricted Investments	(5,646.32)	(7,423.35)
Acquisition of Property, Plant and Equipment	(59,546.54)	(440,157.51)
Acquisition of Software	(13,998.00)	(1,395.00)
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	216,261.41	(760,042.67)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	595,239.86	(364,519.15)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	487,977.81	852,496.96
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,083,217.67	\$ 487,977.81
CASH FLOWS PROVIDED BY (USED FOR) CHANGES IN CURRENT ASSETS AND LIABILITIES:		
Accounts Receivable-Trade	\$ 8,625.16	\$ 46,754.89
Accounts Receivable-Other	-	1,140.00
Interest Receivable	9,553.68	2,456.35
Prepaid Insurance	(254.45)	(615.94)
Accounts Payable-Trade	25,328.35	244.93
Refunds Payable	17,251.65	1,676.86
Construction Contracts Payable	-	(77,029.70)
Payroll Taxes Accrued and Withheld	(98.99)	32.59
Deferred Revenue	-	(9,485.25)
Customer Deposits	-	(2,800.00)
	\$ 60,405.40	\$ (37,625.27)

The accompanying notes to financial statements are an integral part of this statement.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Nature of Activities

The Collier Township Municipal Authority was established in 1948 under the Municipal Authorities Act of 1945. In 1976 an amendment to the Authority was filed extending the Authorities life to 2026. The authority owns and operates the municipal public sanitary sewer system in Collier Township. It is managed by a five-member board of directors.

B. Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addresses in defining the government's reporting entity.

Collier Township Municipal Authority was established in 1948 and its life extended by amendment in 1976. The authority was created to provide sewer services within the Township, which could not be furnished to residents by the Township because of the limited borrowing power, which is controlled by the Pennsylvania legislature.

B. Basis of Accounting

The accrual basis of accounting is utilized by the Authority. Under this method, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments in non-negotiable certificates of deposit are stated at cost.

D. Accounts Receivable - Consumer

The Authority bills sewage, surcharge and garbage disposal customers' quarterly (January, April, July and October) based on usage charges. Customers who have natural spring wells are charged on a flat rate basis. Accounts considered uncollectible are written off as bad debts. These accounts are subsequently liened. Collection of liened accounts is shown as income when received.

E. Prepaid Insurance

This represents insurance premiums that will benefit periods beyond December 31, 2004 and 2003.

F. Fixed Assets

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost when no historical cost records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, equipment and vehicles is computed using the straight-line method.

Interest is capitalized on assets acquired with debt. The amount of interest to be capitalized is the interest incurred from the date of the borrowing until completion of the project.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Deferred Capital Fee

This item represents a capital contribution made to Allegheny County Sanitary Authority in consideration for the rights and services provided by the Allegheny County Sanitary Authority in an agreement dated February 19, 1991 and for the benefits arising from the use of the sewage disposal system for the treatment and disposal of Collier Township sewage and waste.

The capital fee is amortized over twenty-five years beginning January 1, 1991.

2004

	Cost	Accumulated Amortization	Net Book Value
Deferred Capital Fee	\$ 229,345.00	\$ 128,433.20	\$ 100,911.80

2003

	Cost	Accumulated Amortization	Net Book Value
Deferred Capital Fee	\$ 229,345.00	\$ 119,259.40	\$ 110,085.60

H. Assessment Charges Used in Construction

These assessments represent charges paid by customers who wish to access or to extend into the existing sewer system. Liened assessments are not shown on the balance sheet due to the unlikeliness of timely collections.

I. Contributed Construction

The contributed construction account represents amounts "contributed" to the Authority by developers, customers, or governmental entities.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

At year-end 2004, the carrying amount of the Authority's deposits was \$2,407,032.84 and the bank balance was \$2,417,496.86. Of the bank balance, \$876,000.00 was covered by federal depository insurance. The Authority's deposits are categorized as (1) insured or collateralized with securities held by the entity or by its agent in the entity's name, or (3) uncollateralized.

Deposits Categorized by Level of Risk Are:

Bank Balance	Category 1	3	Carrying Amount
\$ 2,417,496.86	\$ 876,000.00	\$ 1,541,496.86	\$ 2,407,032.84

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2004 AND 2003

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

	2004	2003
Undesignated Deposits		
PNC Business Checking Account	\$ -	\$ 20,000.00
PNC Checking with Interest	-	467,952.81
Citizens Municipal Checking with Interest	780,655.64	-
(A) Citizens Certificate of Deposit (Due 10-15-04 at 2.000%)	-	355,545.54
(A) Citizens Certificate of Deposit (Due 10-15-04 at 2.000%)	-	411,135.59
Citizens Certificate of Deposit (Due 01-14-05 at 2.310%)	286,497.83	282,486.47
(A) Citizens Certificate of Deposit (Due 08-18-05 at 2.100%)	253,168.40	250,000.00
(A) National Bank of Kansas City Certificate of Deposit (Due 12-22-05 at 3.300%)	97,000.00	-
(A) CSB Bank Certificate of Deposit (Due 12-22-05 at 3.270%)	97,000.00	-
(A) Security Pacific Bank Certificate of Deposit (Due 12-22-05 at 3.260%)	97,000.00	-
(A) Capital Bank & Trust Company Certificate of Deposit (Due 12-22-05 at 3.260%)	97,000.00	-
(A) The Community National Bank Certificate of Deposit (Due 12-22-05 at 3.250%)	97,000.00	-
(A) NBank Certificate of Deposit (Due 12-22-05 at 3.350%)	97,000.00	-
(A) Global Commerce Bank Certificate of Deposit (Due 12-22-05 at 3.250%)	97,000.00	-
(A) New Century Bank Certificate of Deposit (Due 12-22-05 at 3.400%)	97,000.00	-
	2,096,321.87	1,787,120.41
Designated		
(A) Citizens Certificate of Deposit (Due 06-13-05 at 1.900%)	310,710.97	305,064.65
	310,710.97	305,064.65
	\$ 2,407,032.84	\$ 2,092,185.06

(A) These deposits are shown as investments on the balance sheet and statement of cash flows.

Designated Accounts have been established as capital reserves by the Board of Directors.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2004 AND 2003

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments

The Authority's investments are classified (NC) not categorized, not subject to credit risk classification.

2004

	Carrying Value	Market Value
(B) (NC) Pennsylvania Liquid Government Investment Trust	\$ 15,904.78	\$ 15,904.78

2003

	Carrying Value	Market Value
(B) (NC) Pennsylvania Liquid Government Investment Trust	\$ -	\$ -

(B) These are shown as Cash Equivalents on Statement of Net Assets and Cash Flows.

NOTE 3 - FIXED ASSETS

The following is a summary of fixed assets at December 31, 2004 and 2003.

2004

Description	Cost	Accumulated Depreciation	Net Book Value
Sewer System	\$ 13,911,126.28	\$ 3,237,920.24	\$ 10,673,206.04
Field Equipment	25,992.69	25,992.69	-
Office Equipment	29,932.21	21,247.08	8,685.13
Construction in Progress	242,409.48	-	242,409.48
	\$ 14,209,460.66	\$ 3,285,160.01	\$ 10,924,300.65

2003

Description	Cost	Accumulated Depreciation	Net Book Value
Sewer System	\$ 13,905,377.28	\$ 3,006,068.10	\$ 10,899,309.18
Field Equipment	25,992.69	25,992.69	-
Office Equipment	29,342.21	23,953.28	5,388.93
Construction in Progress	194,196.94	-	194,196.94
	\$ 14,154,909.12	\$ 3,056,014.07	\$ 11,098,895.05

The estimated useful lives used to compute depreciation are as follows:

Sewer System	60 Years
Field Equipment	10 Years
Office Equipment	10 Years

Depreciation recognized on assets contributed to the Authority is maintained separately. The depreciation is closed to the contributed capital account. Operating depreciation is closed to the unreserved, undesignated retained earnings account.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 4 - LIENED ASSESSMENT CHARGES

Liened assessment charges are not included in the balance sheet due to the inability to determine when they would be collectable.

NOTE 5 - SIGNIFICANT CONCENTRATION OF CREDIT RISK

The Authority maintains its cash and cash equivalent holdings within a few financial institutions. This concentration of cash within a few accounts and the maintenance of substantial balances in each preclude the Authority from availing itself of complete federal deposit insurance coverage on all of its cash and cash equivalents. The Commonwealth of Pennsylvania under Act 72 requires banks to establish collateral pools for all municipal accounts over federal depository insurance limits.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
STATEMENT OF REVENUES AND EXPENSES - ACTUAL AND BUDGET
YEAR ENDED DECEMBER 31, 2004

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES			
Sewer Charges	\$ 1,097,869.90	\$ 1,109,383.00	(11,513.10)
Penalties	2,263.53	7,250.00	(4,986.47)
Reimbursement-Alcosan	4,109.58	3,400.00	709.58
TOTAL OPERATING REVENUES	1,104,243.01	1,120,033.00	(15,789.99)
OPERATING EXPENSES			
Advertising	3,249.61	2,500.00	(749.61)
Bad Debts	3,517.91	25,000.00	21,482.09
Billing and Collection	18,307.85	17,500.00	(807.85)
Contracted Services-Dye Testing	14,585.00	-	(14,585.00)
Dues and Subscriptions	1,031.08	850.00	(181.08)
Employee Benefits	3,339.20	4,419.00	1,079.80
Inspection Fees	11,253.10	13,000.00	1,746.90
Insurance	6,629.55	4,800.00	(1,829.55)
Investment Fees	1,164.00	-	(1,164.00)
Litigation Expenses	31,393.74	20,420.00	(10,973.74)
Maintenance of Sewer System	134,779.81	93,000.00	(41,779.81)
Miscellaneous Expense	3,248.95	2,200.00	(1,048.95)
Office Salaries	49,439.43	64,395.00	14,955.57
Office Supplies	14,296.55	39,300.00	25,003.45
Operating Engineering Fees	117,251.52	94,000.00	(23,251.52)
Operating Legal Fees	38,405.45	36,000.00	(2,405.45)
Payroll Taxes	4,587.24	6,137.00	1,549.76
Power for Pump Station	5,848.36	6,000.00	151.64
Sewer Treatment Charges	585,476.76	662,862.00	77,385.24
Telephone	3,434.69	3,500.00	65.31
Travel Expense	547.88	400.00	(147.88)
TOTAL OPERATING EXPENSES	1,051,787.68	1,096,283.00	44,495.32
ADMINISTRATIVE EXPENSES			
Board Members	6,000.00	6,000.00	-
Legal	1,500.00	1,800.00	300.00
Engineering	1,800.00	1,800.00	-
Accounting	4,466.00	3,500.00	(966.00)
TOTAL ADMINISTRATIVE EXPENSES	13,766.00	13,100.00	(666.00)
AMORTIZATION AND DEPRECIATION			
Amortization-Software	1,785.05	-	(1,785.05)
Amortization-Deferred Capital Fee	9,173.80	-	(9,173.80)
Depreciation-Property, Plant and Equipment	234,140.94	-	(234,140.94)
TOTAL AMORTIZATION AND DEPRECIATION	245,099.79	-	(245,099.79)
TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE	1,310,653.47	1,109,383.00	(201,270.47)
OPERATING INCOME (LOSS) (CARRIED FORWARD)	(206,410.46)	10,650.00	(217,060.46)

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
 STATEMENT OF REVENUES AND EXPENSES - ACTUAL AND BUDGET
 YEAR ENDED DECEMBER 31, 2004

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING INCOME (LOSS) (BROUGHT FORWARD)	\$ (206,410.46)	\$ 10,650.00	\$ (217,060.46)
NON OPERATING REVENUES (EXPENSES)			
Dividend and Interest Revenue-Operating	32,244.65	-	32,244.65
Dividend and Interest Revenue-Restricted	5,316.08	-	5,316.08
Tap and Connection Fees	192,059.04	289,000.00	(96,940.96)
Collections of Liened Accounts	26,632.36	-	26,632.36
Miscellaneous	3,538.67	270.00	3,268.67
Lien Letters	7,884.00	5,000.00	2,884.00
Dye Testing	15,720.00	-	15,720.00
Inspection Fees	1,805.00	-	1,805.00
TOTAL NON OPERATING REVENUES (EXPENSES)	<u>285,199.80</u>	<u>294,270.00</u>	<u>(9,070.20)</u>
NET INCOME	<u>\$ 78,789.34</u>	<u>\$ 304,920.00</u>	<u>\$ (226,130.66)</u>