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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, 2006. 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.

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

	2006	2005
Current and Other Assets	\$ 2,315,627.47	\$ 2,329,060.52
Capital Assets	11,765,127.17	11,583,489.18
Total Assets	14,080,754.64	13,912,549.70
Current Liabilities	309,144.02	236,252.76
Total Liabilities	309,144.02	236,252.76
Net Investment in Capital Assets	11,765,127.17	11,583,489.18
Net Assets Unrestricted	2,006,483.45	2,092,807.76
Total Net Assets	13,771,610.62	13,676,296.94
Total Liabilities & Net Assets	\$ 14,080,754.64	\$ 13,912,549.70

The Authority's total net assets increased from \$13,676,296.94 to \$13,771,610.62 or .70%.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

THE AUTHORITY AS A WHOLE (Continued)

**Table 2
Changes in Retained Earnings**

	2006	2005
Revenues		
Charges for Services	\$ 1,187,887.41	\$ 1,151,296.62
Other Operating Revenues	3,031.94	49,253.60
Other Non-Operating Revenues	351,328.58	409,021.49
Total Revenues	<u>1,542,247.93</u>	<u>1,609,571.71</u>
Expenses		
Operating Expenses -Sanitation	1,530,024.85	1,314,002.40
Total Expenses	<u>1,530,024.85</u>	<u>1,314,002.40</u>
Income Before Contributions	12,223.08	295,569.31
Capital Contributions	83,090.60	68,219.31
Change in Net Assets	<u>\$ 95,313.68</u>	<u>\$ 363,788.62</u>

Business-type Activities

The Authority for the year ended 2006, is showing a .81% decrease of operating revenues over 2005. 2.83% of the decrease is attributable to a non recurring federal and state operating grant received in 2005. The operating expenses for the year ended 2006 reflect a 16.44% increase over 2005.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2006, the Authority had \$11,213,431.37 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 \$89,996.69 in other capital assets. This amount represents an increase (including additions and deductions) of \$577,372.28 or 1.57% over last year.

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

	2006	2005
Sanitary Sewer System	\$ 11,213,431.37	\$ 10,461,213.58
Office Equipment	11,441.67	5,139.95
	<u>11,224,873.04</u>	<u>10,466,353.53</u>
Construction in Progress	450,257.44	1,014,856.56
Total Capital Assets	<u>11,675,130.48</u>	<u>11,481,210.09</u>

Debt

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 2007 budget reflects an 8.62% usage rate increase and a 17.65% service charge increase. The budget estimates 80 new customers being added to the system, a 3.33% increase. The Authority's sewage treatment provider has increased the 2007 usage rate by 8.36% and the 2007 service charge by 8.29%.

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 Authority is required to meet the requirements of the Administrative Consent Order and to that extent will pay out of currently available funds the necessary cost of yearly mandated compliance.

Thoms Run Sanitary Sewer Repairs

The Authority has determined that portions of the Thoms Run sanitary sewer line, located in the vicinity of the Kossman Shopping Center, has experienced deterioration in the ductile iron pipe. The Authority has directed the engineer to investigate the cause of the deterioration and make a recommendation with regard to the procedure to repair the ductile iron portion of the pipe. This project will continue into 2007/08.

Colecrest/Prestley Sewer Repairs

Because of the Consent Order, the Authority has conducted preliminary studies of the Colecrest/Prestley sanitary sewer line. The engineer is preparing a recommendation for the repair of the older lines constructed in this area to eliminate infiltration.

Cowan/McMichael Phase Two, New Construction

The Authority has authorized the engineer to update the preliminary studies for this project which will provide sanitary sewer service to the balance of Cowan Road watershed and the McMichael Road watershed. The area is subject to failing septic systems and the Allegheny County Health Department (ACHD) has ordered the Authority to study the costs of providing public sewers to this area.

Upper Scotts Run Project, New Construction

With the installation of a pumping station at the intersection of Baldwin Road and Scotts Run Road the Authority is conducting preliminary cost estimates and preliminary design studies to determine the cost of providing public sewers to this area. A portion of these lines will provide service to the portions of the McMichael Road watershed that can not be serviced by the Cowan/McMichael Road construction.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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.

Donn T. Seger
Certified Public Accountant
393 Vanadium Road, Suite 201
Pittsburgh, PA 15243
(412) 276-7266
Fax (412) 276-3136

Independent Auditor's Report

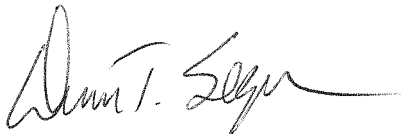
To the Board of Directors
Collier Township Municipal Authority
2418 Hilltop Road
Presto, PA 15142

I have audited the accompanying statements of net assets of Collier Township Municipal Authority as of December 31, 2006 and 2005, 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, 2006 and 2005, 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
August 21, 2007

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
 STATEMENTS OF NET ASSETS
 DECEMBER 31, 2006 AND 2005

	2006	2005
ASSETS		
CURRENT ASSETS		
Petty Cash	\$ 80.84	\$ 67.40
Cash and Cash Equivalents	840,222.35	894,889.05
Investments	1,322,000.00	1,340,000.00
Accounts Receivable-Trade (Net of Allowance for Doubtful Accounts)	95,701.99	85,372.14
Accounts Receivable-Other	51,690.51	-
Interest Receivable	8,012.73	6,953.01
Prepaid Insurance	2,326.05	1,778.92
TOTAL CURRENT ASSETS	2,320,034.47	2,329,060.52
NON CURRENT ASSETS		
Property, Plant and Equipment (Net of Depreciation)	11,675,130.48	11,481,210.09
Software (Net of Amortization)	7,432.49	10,541.09
Deferred Capital Fee (Net of Amortization)	82,564.20	91,738.00
TOTAL OTHER ASSETS	11,765,127.17	11,583,489.18
TOTAL ASSETS	\$14,085,161.64	\$13,912,549.70
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable-Trade	\$ 298,913.55	\$ 231,565.82
Refunds Payable	6,105.64	2,212.70
Payroll Taxes Accrued and Withheld	3,882.83	2,314.24
Customer Deposits	242.00	160.00
TOTAL CURRENT LIABILITIES	309,144.02	236,252.76
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	11,765,127.17	11,583,489.18
Restricted by Board for Emergency Repairs	336,223.95	-
Unrestricted	1,674,666.50	2,092,807.76
TOTAL NET ASSETS	13,776,017.62	13,676,296.94
TOTAL LIABILITIES AND EQUITY	\$14,085,161.64	\$13,912,549.70

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, 2006 AND 2005

	2006	2005
OPERATING REVENUES		
Sewer Charges	\$ 1,187,887.41	\$ 1,151,296.62
Penalties	3,031.94	2,627.60
Federal and State Operating Grants	-	42,413.50
Reimbursement-Alcosan	4,407.00	4,212.50
	1,195,326.35	1,200,550.22
OPERATING EXPENSES		
Advertising	2,647.74	768.22
Bad Debts	4,286.52	3,665.63
Billing and Collection	21,064.55	16,331.21
Contracted Services-Administrative	16,592.33	-
Contracted Services-Dye Testing	16,425.00	12,200.00
Dues and Subscriptions	1,180.39	1,180.39
Employee Benefits	22,552.65	6,280.95
Inspection Fees	17,616.43	17,949.35
Insurance	6,673.87	6,917.17
Investment Fees	3,055.00	3,105.99
Judgements, Settlements and Losses	4,917.16	-
Maintenance of Sewer System	172,101.85	168,629.04
Miscellaneous Expense	7,746.91	4,612.39
Office Expenses	44,189.35	12,529.49
Office Salaries	96,145.29	75,860.38
Operating Engineering Fees	115,257.86	84,390.51
Operating Legal Fees	38,106.81	26,016.20
Payroll Taxes	8,334.81	6,684.28
Power for Pump Station	3,928.88	5,084.44
Sewer Treatment Charges	642,348.31	594,444.28
Telephone	3,832.98	3,370.18
Travel Expense	589.69	1,287.51
	1,249,594.38	1,051,307.61
ADMINISTRATIVE EXPENSES		
Board Members	6,000.00	6,000.00
Legal	1,500.00	1,500.00
Engineering	1,800.00	1,800.00
Accounting	5,307.00	5,248.75
	14,607.00	14,548.75
AMORTIZATION AND DEPRECIATION		
Amortization-Software	3,108.60	3,108.60
Amortization-Deferred Capital Fee	9,173.80	9,173.80
Depreciation-Property, Plant and Equipment	253,541.07	235,863.64
	265,823.47	248,146.04
TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE		
	1,530,024.85	1,314,002.40
OPERATING INCOME (LOSS) (CARRIED FORWARD)		
	(334,698.50)	(113,452.18)

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, 2006 AND 2005

	2006	2005
OPERATING INCOME (LOSS) (BROUGHT FORWARD)	<u>\$ (334,698.50)</u>	<u>\$ (113,452.18)</u>
NON OPERATING REVENUES (EXPENSES)		
Dividend and Interest Revenue-Operating	95,380.83	65,345.18
Dividend and Interest Revenue-Restricted	-	6,173.40
Tap and Connection Fees	224,620.00	308,490.00
Collection of Bad Debt Accounts	2,498.65	3,717.98
Miscellaneous	8,064.10	3,009.93
Lien Letters	4,330.00	6,075.00
Dye Testing	15,770.00	15,260.00
Inspection Fees	665.00	950.00
	<hr/>	<hr/>
TOTAL NON OPERATING REVENUES (EXPENSES)	351,328.58	409,021.49
	<hr/>	<hr/>
INCOME BEFORE CONTRIBUTIONS	16,630.08	295,569.31
	<hr/>	<hr/>
CAPITAL CONTRIBUTIONS	83,090.60	68,219.31
	<hr/>	<hr/>
CHANGE IN NET ASSETS	99,720.68	363,788.62
	<hr/>	<hr/>
NET ASSETS AT BEGINNING OF YEAR	13,676,296.94	13,312,508.32
	<hr/>	<hr/>
NET ASSETS AT END OF YEAR	<u>\$ 13,776,017.62</u>	<u>\$ 13,676,296.94</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, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Income Before Contributions	\$ 16,630.08	\$ 295,569.31
Non Cash and Non Operating Items Included in Net Income:		
Amortization	12,282.40	12,282.40
Depreciation	253,541.07	235,863.64
Earnings on Restricted Investments	-	(6,173.40)
Cash Flows Provided by (Used for) Changes in Current Assets and Liabilities (See Table Below)	9,264.05	(10,631.09)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	291,717.60	526,910.86
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Contributions	83,090.60	68,219.31
Earnings on Restricted Investments	-	9,502.32
(Increase)/Decrease in Investments	18,000.00	(310,831.60)
(Increase)/Decrease in Restricted Investments	-	310,710.97
Acquisition of Property, Plant and Equipment	(447,461.46)	(792,773.08)
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	(346,370.86)	(715,172.08)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(54,653.26)	(188,261.22)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	894,956.45	1,083,217.67
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 840,303.19	\$ 894,956.45
CASH FLOWS PROVIDED BY (USED FOR) CHANGES IN CURRENT ASSETS AND LIABILITIES:		
Accounts Receivable-Trade	\$ (10,329.85)	\$ (8,187.15)
Accounts Receivable-Other	(51,690.51)	-
Interest Receivable	(1,059.72)	(4,191.86)
Prepaid Insurance	(547.13)	(3.83)
Accounts Payable-Trade	67,347.73	19,327.48
Refunds Payable	3,892.94	(19,652.90)
Payroll Taxes Accrued and Withheld	1,568.59	2,077.17
Customer Deposits	82.00	-
	\$ 9,264.05	\$ (10,631.09)

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

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

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, 2006 AND 2005

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 - Trade

The Authority bills sewage, surcharge and garbage disposal customers monthly based on water usage. 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, 2006 and 2005.

F. Fixed Assets

All purchased and constructed 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, 2006 AND 2005**

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.

2006

	Cost	Accumulated Amortization	Net Book Value
Deferred Capital Fee	\$ 229,345.00	\$ 146,780.80	\$ 82,564.20

2005

	Cost	Accumulated Amortization	Net Book Value
Deferred Capital Fee	\$ 229,345.00	\$ 137,607.00	\$ 91,738.00

I. 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 2006, the carrying amount of the Authority's deposits was \$2,065,869.65 and the bank balance was \$2,069,544.03. Of the bank balance, \$1,422,000.00 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		Carrying Amount
	1	3	
\$ 2,069,544.03	\$ 1,422,000.00	\$ 647,544.03	\$ 2,065,869.65

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

	2006	2005
Undesignated Deposits		
Citizens Municipal Checking with Interest	\$ 748,619.65	\$ 879,046.49
(A) First Commonwealth Certificate of Deposit (Due 10-19-06 at 4.500%)	-	100,000.00
(A) Flagstar Bank Certificate of Deposit (Due 8-21-06 at 4.340%)	-	96,000.00
(A) Prime Alliance Bank Certificate of Deposit (Due 8-21-06 at 4.400%)	-	96,000.00
(A) Royal Banks of Missouri Certificate of Deposit (Due 10-19-06 at 4.560%)	-	96,000.00
(A) Business Bank of the Fox River Valley Certificate of Deposit (Due 10-19-06 at 4.550%)	-	96,000.00
(A) West Pointe Bank Certificate of Deposit (Due 10-19-06 at 4.550%)	-	96,000.00
(A) Security Pacific Bank Certificate of Deposit (Due 12-28-06 at 5.100%)	-	95,000.00
(A) Horizon Bank Certificate of Deposit (Due 12-28-06 at 5.150%)	-	95,000.00
(A) Inter Savings Bank Certificate of Deposit (Due 12-28-06 at 5.100%)	-	95,000.00
(A) Parkway Bank Certificate of Deposit (Due 12-28-06 at 4.912%)	-	95,000.00
(A) Virginia Commerce Bank Certificate of Deposit (Due 12-28-06 at 5.000%)	-	95,000.00
(A) CSB Bank Certificate of Deposit (Due 12-28-06 at 5.000%)	-	95,000.00
(A) BPD International Bank Certificate of Deposit (Due 12-28-06 at 4.950%)	-	95,000.00
(A) Venture Bank Certificate of Deposit (Due 12-28-06 at 4.950%)	-	95,000.00
(A) First Commonwealth Certificate of Deposit (Due 10-18-07 at 5.400%)	100,000.00	
(A) Alliance Bank Certificate of Deposit (Due 8-21-07 at 5.700%)	94,000.00	-
(A) Bridge Bank Certificate of Deposit (Due 12-28-07 at 5.400%)	94,000.00	-
(A) Financial Federal Savings Bank Certificate of Deposit (Due 10-19-07 at 5.450%)	94,000.00	-
(A) Firstbank of Puerto Rico Certificate of Deposit (Due 12-28-07 at 5.350%)	94,000.00	-
(A) First National Bank Certificate of Deposit (Due 8-21-07 at 5.700%)	94,000.00	-
(A) First Regional Bank Certificate of Deposit (Due 12-28-07 at 5.360%)	94,000.00	-
(A) Gulf Coast Community Bank Certificate of Deposit (Due 12-28-07 at 5.350%)	94,000.00	-

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

	2006	2005
(A) Hemisphere National Bank Certificate of Deposit (Due 12-28-07 at 5.350%)	94,000.00	-
(A) Homestead Bank Certificate of Deposit (Due 12-28-07 at 5.500%)	94,000.00	-
(A) Omni National Bank Certificate of Deposit (Due 10-19-07 at 5.520%)	94,000.00	-
(A) St. Louis Bank Certificate of Deposit (Due 12-28-07 at 5.320%)	94,000.00	-
(A) Synovus Bank Certificate of Deposit (Due 10-19-07 at 5.450%)	94,000.00	-
(A) Tennessee Commerce Bank Certificate of Deposit (Due 12/28/07 at 5.360%)	94,000.00	-
	<u>\$ 2,070,619.65</u>	<u>\$ 2,219,046.49</u>

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

Investments

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

2006

	Carrying Value	Market Value
(B) (NC) Pennsylvania Liquid Government Investment Trust	\$ 91,602.70	\$ 91,602.70

2005

	Carrying Value	Market Value
(B) (NC) Pennsylvania Liquid Government Investment Trust	\$ 15,842.56	\$ 15,842.56

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

COLLIER TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

NOTE 3 - FIXED ASSETS

The following is a summary of fixed assets at December 31, 2006 and 2005.

2006

Description	Cost	Accumulated Depreciation	Net Book Value
Sewer System	\$ 14,932,545.86	\$ 3,719,114.49	\$ 11,213,431.37
Field Equipment	25,992.69	25,992.69	-
Office Equipment	40,899.21	29,457.54	11,441.67
Construction in Progress	450,257.44	-	450,257.44
	<u>\$ 15,449,695.20</u>	<u>\$ 3,774,564.72</u>	<u>\$ 11,675,130.48</u>

2005

Description	Cost	Accumulated Depreciation	Net Book Value
Sewer System	\$ 13,931,452.28	\$ 3,470,238.70	\$ 10,461,213.58
Field Equipment	25,992.69	25,992.69	-
Office Equipment	29,932.21	24,792.26	5,139.95
Construction in Progress	1,014,856.56	-	1,014,856.56
	<u>\$ 15,002,233.74</u>	<u>\$ 3,521,023.65</u>	<u>\$ 11,481,210.09</u>

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.

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, 2006

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES			
Sewer Charges	\$ 1,187,887.41	\$ 1,255,218.00	(67,330.59)
Penalties	3,031.94	3,500.00	(468.06)
Reimbursement-Alcosan	4,407.00	4,000.00	407.00
TOTAL OPERATING REVENUES	<u>1,195,326.35</u>	<u>1,262,718.00</u>	<u>(67,391.65)</u>
OPERATING EXPENSES			
Advertising	2,647.74	3,500.00	852.26
Bad Debts	4,286.52	25,000.00	20,713.48
Billing and Collection	21,064.55	19,500.00	(1,564.55)
Contracted Services-Administrative	16,592.33	30,000.00	13,407.67
Contracted Services-Dye Testing	16,425.00	-	(16,425.00)
Dues and Subscriptions	1,180.39	1,300.00	119.61
Employee Benefits	22,552.65	25,276.00	2,723.35
Inspection Fees	17,616.43	-	(17,616.43)
Insurance	6,673.87	9,490.00	2,816.13
Investment Fees	3,055.00	-	(3,055.00)
Judgements, Settlements and Losses	4,917.16	-	(4,917.16)
Maintenance of Sewer System	172,101.85	93,000.00	(79,101.85)
Miscellaneous Expense	7,746.91	6,500.00	(1,246.91)
Office Expenses	44,189.35	40,000.00	(4,189.35)
Office Salaries	96,145.29	82,147.00	(13,998.29)
Operating Engineering Fees	115,257.86	86,000.00	(29,257.86)
Operating Legal Fees	38,106.81	46,000.00	7,893.19
Payroll Taxes	8,334.81	9,440.00	1,105.19
Power for Pump Station	3,928.88	7,000.00	3,071.12
Sewer Treatment Charges	642,348.31	620,326.00	(22,022.31)
Telephone	3,832.98	3,500.00	(332.98)
Travel Expense	589.69	1,500.00	910.31
TOTAL OPERATING EXPENSES	<u>1,249,594.38</u>	<u>1,109,479.00</u>	<u>(140,115.38)</u>
ADMINISTRATIVE EXPENSES			
Board Members	6,000.00	6,000.00	-
Legal	1,500.00	1,500.00	-
Engineering	1,800.00	1,800.00	-
Accounting	5,307.00	4,400.00	(907.00)
TOTAL ADMINISTRATIVE EXPENSES	<u>14,607.00</u>	<u>13,700.00</u>	<u>(907.00)</u>
AMORTIZATION AND DEPRECIATION			
Amortization-Software	3,108.60	3,000.00	(108.60)
Amortization-Deferred Capital Fee	9,173.80	9,000.00	(173.80)
Depreciation-Property, Plant and Equipment	253,541.07	233,000.00	(20,541.07)
TOTAL AMORTIZATION AND DEPRECIATION	<u>265,823.47</u>	<u>245,000.00</u>	<u>(20,823.47)</u>
TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE	<u>1,530,024.85</u>	<u>1,368,179.00</u>	<u>(161,845.85)</u>
OPERATING INCOME (LOSS) (CARRIED FORWARD)	<u>(334,698.50)</u>	<u>(105,461.00)</u>	<u>(229,237.50)</u>