

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**DONN T. SEGER**  
CERTIFIED PUBLIC ACCOUNTANT

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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, 2007 and 2006, 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, 2007 and 2006, 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  
October 7, 2008

**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, 2007. 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**

	2007	2006
Current and Other Assets	\$ 2,304,201.76	\$ 2,315,627.47
Capital Assets	12,324,823.04	11,765,127.17
<b>Total Assets</b>	<u>14,629,024.80</u>	<u>14,080,754.64</u>
Current Liabilities	258,161.95	309,144.02
<b>Total Liabilities</b>	<u>258,161.95</u>	<u>309,144.02</u>
Net Investment in Capital Assets	12,324,823.04	11,765,127.17
Net Assets Unrestricted	2,046,039.81	2,006,483.45
<b>Total Net Assets</b>	<u>14,370,862.85</u>	<u>13,771,610.62</u>
<b>Total Liabilities &amp; Net Assets</b>	<u>\$ 14,629,024.90</u>	<u>\$ 14,080,754.64</u>

The Authority's total net assets increased from \$13,771,610.62 to \$14,370,862.85 or 4.35%.

**Table 2  
Changes in Net Assets**

	2007	2006
<b>Revenues</b>		
Charges for Services	\$ 1,352,320.16	\$ 1,187,887.41
Other Operating Revenues	7,868.81	7,438.94
Other Non-Operating Revenues	361,428.16	351,328.58
<b>Total Revenues</b>	<u>1,721,617.13</u>	<u>1,546,654.93</u>
<b>Expenses</b>		
Operating/Administrative Expenses-Sanitation	1,509,383.40	1,530,024.85
<b>Total Expenses</b>	<u>1,509,383.40</u>	<u>1,530,024.85</u>
<b>Income Before Contributions</b>	212,233.73	16,630.08
Capital Contributions	382,611.50	83,090.60
<b>Change in Net Assets</b>	<u>\$ 594,845.23</u>	<u>\$ 99,720.68</u>

**Business-type Activities**

The Authority for the year ended 2007, is showing a 13.79% increase of operating revenues over 2006. The operating expenses for the year ended 2007 reflect a 1.37% decrease over 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the Authority had \$12,247,093.74 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 \$77,729.30 in other capital assets. This amount represents an increase (including additions and deductions) of \$559,695.87 or 4.76% over last year.

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

	2007	2006
Sanitary Sewer System	\$ 11,900,960.08	\$ 11,213,431.37
Office Equipment	7,417.95	11,441.67
	<hr/>	<hr/>
	11,908,378.03	11,224,873.04
Construction in Progress	338,715.71	450,257.44
<b>Total Capital Assets</b>	<hr/> <b>12,247,093.74</b> <hr/>	<hr/> <b>11,675,130.48</b> <hr/>

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 2008 budget reflects a 9.00% usage and service charge rate increase. The budget estimates 70 new customers being added to the system, a 2.86% increase. The Authority's sewage treatment provider has increased the 2008 usage and service charge rate by 9.00%.

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.

2007

Thoms Run Sanitary Sewer Repairs

The Authority has determined that it is necessary to slip line portions of the ductile iron pipe located in the Thoms Run watershed. The project was placed out for bid. It is expected that the project construction costs for the repairs will be approximately \$250,000. This project will continue into 2008.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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

**2007 (Continued)**

**Colecrest/Prestley Sewer Repairs**

The Authority has secured agreements from the majority of the property owners involved in the Colecrest/Prestley sanitary sewer repair project. The Authority has directed the engineer to prepare design and bid specifications for the slip lining of the interceptor line and replacing the first 10 feet of the laterals, with the majority of property owners agreeing to allow entry to their property for this repair work. The construction costs for this repair project are estimated at approximately \$370,000.00. This project will extend into 2008 and 2009.

**Cowan/McMichael Phase 2, New Construction**

The Authority is continuing with design work on the Cowan/McMichael Roads Phase 2 sanitary sewer project.

The Municipal Authority expects to proceed to the Board of Viewers for a benefit assessment against all of the properties in the Cowan/McMichael Roads Phase 2 project and it is estimated that 70 existing dwellings will be serviced by this project.

Work is continuing on the design and right-of-way design. It is estimated that the project will go out for bid in 2008 with construction to be completed by mid-2009.

Current estimates show that this project will cost approximately \$1,350,000.00 and will be financed by long term borrowing.

**Upper Scotts Run Project, New Construction**

The Authority is continuing the design work on a sanitary sewer extension, starting from the Centennial Point pumping station and proceeding along Baldwin Road to service existing houses and to service portions of the McMichael Road property. It is estimated that the project should be ready for bid sometime in 2009, with construction occurring in 2009 and 2010.

Financing for this project is not in place and will require a substantial investment on behalf of the Authority. The project is estimated to cost \$1,200,000.00 and will serve 43 customers.

**Baldwin Road Extension, Possible New Construction**

The Authority has been approached by the Grace Church, located along Baldwin Road Extension, to explore the possibility of providing sanitary sewer service to this area. The properties in this area can only be served by grinder pumps and a force main. Preliminary public meetings were held in late 2007 and further exploration of this project is taking place.

If this project is determined to be feasible and all property owners will agree to install grinder pumps, the project could be built during 2009/2010.

A major financial commitment is required from Grace Church in order to make this happen.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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

**2007 (Continued)**

**Hilltop Road Extension, New Construction**

The consulting engineer is beginning preliminary design work for a sanitary sewer extension to service approximately 11 properties along Hilltop Road adjoining the Tuscany Ridge Plan of Lots. It is estimated that this project will extend into 2009 if determined to be financially feasible.

The Board will consider proceeding with the project after final cost estimates have been obtained. The project should be built as a Benefit Assessment Project to reduce the overall cost of the project to the Municipal Authority.

**2008**

**Abandonment of the Thoms Run Pumping Station**

The engineer has recommended that the pumping station be abandoned due to the fact that there is sufficient flow in these lines to eliminate the pumps. The elimination of the pumps will reduce the operational costs of this pump station. The project is estimated to cost \$25,000.00.

**Cabbage Hill Sewer Rehabilitation**

The Authority is planning to update the Colecrest sewer lines as they are the oldest lines in the Authority service area. This project is estimated to cost \$350,000.00.

**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, 2007 AND 2006**

	2007	2006
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Petty Cash	\$ 80.84	\$ 80.84
Cash and Cash Equivalents	535,698.36	840,222.35
Investments	1,632,000.00	1,322,000.00
Accounts Receivable-Trade (Net of Allowance for Doubtful Accounts)	117,930.51	95,701.99
Accounts Receivable-Other	8,944.88	51,690.51
Interest Receivable	7,628.96	8,012.73
Prepaid Insurance	1,918.21	2,326.05
<b>TOTAL CURRENT ASSETS</b>	<b>2,304,201.76</b>	<b>2,320,034.47</b>
<b>NON CURRENT ASSETS</b>		
Property, Plant and Equipment (Net of Depreciation)	12,247,093.74	11,675,130.48
Software (Net of Amortization)	4,338.90	7,432.49
Deferred Capital Fee (Net of Amortization)	73,390.40	82,564.20
<b>TOTAL OTHER ASSETS</b>	<b>12,324,823.04</b>	<b>11,765,127.17</b>
<b>TOTAL ASSETS</b>	<b>\$14,629,024.80</b>	<b>\$14,085,161.64</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable-Trade	\$ 256,476.73	\$ 298,913.55
Refunds Payable	-	6,105.64
Payroll Taxes Accrued and Withheld	1,685.22	3,882.83
Customer Deposits	-	242.00
<b>TOTAL CURRENT LIABILITIES</b>	<b>258,161.95</b>	<b>309,144.02</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	12,324,823.04	11,765,127.17
Restricted by Board for Emergency Repairs	353,035.15	336,223.95
Unrestricted	1,693,004.66	1,674,666.50
<b>TOTAL NET ASSETS</b>	<b>14,370,862.85</b>	<b>13,776,017.62</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$14,629,024.80</b>	<b>\$14,085,161.64</b>

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, 2007 AND 2006

	2007	2006
<b>OPERATING REVENUES</b>		
Sewer Charges	\$ 1,352,320.16	\$ 1,187,887.41
Penalties	2,958.36	3,031.94
Reimbursement-Alcosan	4,910.45	4,407.00
	<u>1,360,188.97</u>	<u>1,195,326.35</u>
<b>OPERATING EXPENSES</b>		
Advertising	908.36	2,647.74
Bad Debts	7,071.01	4,286.52
Billing and Collection	17,099.08	21,064.55
Contracted Services-Administrative	6,752.02	16,592.33
Contracted Services-Dye Testing	13,185.00	16,425.00
Dues and Subscriptions	1,180.39	1,180.39
Employee Benefits	18,464.85	22,552.65
Inspection Fees	22,867.73	17,616.43
Insurance	10,610.84	6,673.87
Investment Fees	1,897.15	3,055.00
Judgements, Settlements and Losses	330.00	4,917.16
Maintenance of Sewer System	114,428.69	172,101.85
Miscellaneous Expense	4,442.14	7,746.91
Office Expenses	17,419.30	44,189.35
Office Salaries	62,878.97	96,145.29
Operating Engineering Fees	163,013.22	115,257.86
Operating Legal Fees	25,667.75	38,106.81
Payroll Taxes	5,588.45	8,334.81
Power for Pump Station	4,726.94	3,928.88
Sewer Treatment Charges	716,799.80	642,348.31
Telephone	4,108.62	3,832.98
Travel Expense	727.07	589.69
	<u>1,220,167.38</u>	<u>1,249,594.38</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Board Members	6,000.00	6,000.00
Legal	1,800.00	1,500.00
Engineering	2,400.00	1,800.00
Accounting	5,980.00	5,307.00
	<u>16,180.00</u>	<u>14,607.00</u>
<b>AMORTIZATION AND DEPRECIATION</b>		
Amortization-Software	3,093.59	3,108.60
Amortization-Deferred Capital Fee	9,173.80	9,173.80
Depreciation-Property, Plant and Equipment	260,768.63	253,541.07
	<u>273,036.02</u>	<u>265,823.47</u>
<b>TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE</b>		
	<u>1,509,383.40</u>	<u>1,530,024.85</u>
<b>OPERATING INCOME (LOSS) (CARRIED FORWARD)</b>		
	<u>(149,194.43)</u>	<u>(334,698.50)</u>

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, 2007 AND 2006

	2007	2006
OPERATING INCOME (LOSS) (BROUGHT FORWARD)	\$ (149,194.43)	\$ (334,698.50)
NON OPERATING REVENUES (EXPENSES)		
Collection of Bad Debt Accounts	8,434.31	2,498.65
Dividend and Interest Revenue-Operating	99,667.98	95,380.83
Dye Testing	12,050.00	15,770.00
Inspection Fees	190.00	665.00
Lien Letters	3,825.00	4,330.00
Miscellaneous	20,985.87	8,064.10
Tap and Connection Fees	216,275.00	224,620.00
	<u>361,428.16</u>	<u>351,328.58</u>
TOTAL NON OPERATING REVENUES (EXPENSES)		
	212,233.73	16,630.08
INCOME BEFORE CONTRIBUTIONS		
	<u>382,611.50</u>	<u>83,090.60</u>
CAPITAL CONTRIBUTIONS		
	594,845.23	99,720.68
CHANGE IN NET ASSETS		
NET ASSETS AT BEGINNING OF YEAR	<u>13,776,017.62</u>	<u>13,676,296.94</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 14,370,862.85</u></u>	<u><u>\$ 13,776,017.62</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, 2007 AND 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income Before Contributions	\$ 212,233.73	\$ 16,630.08
Non Cash and Non Operating Items Included in Net Income:		
Amortization	12,267.39	12,282.40
Depreciation	260,768.63	253,541.07
Cash Flows Provided by (Used for) Changes in Current Assets and Liabilities (See Table Below)	<u>(29,673.35)</u>	<u>9,264.05</u>
<b>NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<u>455,596.40</u>	<u>291,717.60</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Contributions	382,611.50	83,090.60
(Increase)/Decrease in Investments	(310,000.00)	18,000.00
Acquisition of Property, Plant and Equipment	<u>(832,731.89)</u>	<u>(447,461.46)</u>
<b>NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	<u>(760,120.39)</u>	<u>(346,370.86)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(304,523.99)</u>	<u>(54,653.26)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>840,303.19</u>	<u>894,956.45</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 535,779.20</u>	<u>\$ 840,303.19</u>
<b>CASH FLOWS PROVIDED BY (USED FOR) CHANGES IN CURRENT ASSETS AND LIABILITIES:</b>		
Accounts Receivable-Trade	\$ (22,228.52)	\$ (10,329.85)
Accounts Receivable-Other	42,745.63	(51,690.51)
Interest Receivable	383.77	(1,059.72)
Prepaid Insurance	407.84	(547.13)
Accounts Payable-Trade	(42,436.82)	67,347.73
Refunds Payable	(6,105.64)	3,892.94
Payroll Taxes Accrued and Withheld	(2,197.61)	1,568.59
Customer Deposits	<u>(242.00)</u>	<u>82.00</u>
	<u>\$ (29,673.35)</u>	<u>\$ 9,264.05</u>

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

**COLLIER TOWNSHIP MUNICIPAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 AND 2006**

**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, 2007 AND 2006

**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, 2007 and 2006.

**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, 2007 AND 2006

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.

**2007**

	Cost	Accumulated Amortization	Net Book Value
Deferred Capital Fee	\$ 229,345.00	\$ 155,954.60	\$ 73,390.40

**2006**

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

**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 2007, the carrying amount of the Authority's deposits was \$2,025,923.96 and the bank balance was \$2,317,122.65. Of the bank balance, \$1,732,000.00 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	1	3	Carrying Amount
\$ 2,317,122.65	\$ 1,732,000.00	\$ 585,122.65	\$ 2,025,923.96

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2007 AND 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

	2007	2006
<b>Undesignated Deposits</b>		
Citizens Municipal Checking with Interest	\$ 393,923.96	\$ 748,619.65
(A) First Commonwealth Certificate of Deposit (Due 10-18-07 at 5.400%)	-	100,000.00
(A) Alliance Bank Certificate of Deposit (Due 08-21-07 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 08-21-07 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
(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
(A) Appalachian Community Bank Certificate of Deposit (Due 06-25-08 at 4.920%)	96,000.00	-
(A) Atlantic Bank & Trust Certificate of Deposit (Due 06-25-08 at 4.900%)	96,000.00	-
(A) Business First Bank Certificate of Deposit (Due 05-05-08 at 5.105%)	96,000.00	-
(A) Community First Bank & Trust Certificate of Deposit (Due 04-16-08 at 5.150%)	96,000.00	-
(A) East Carolina Bank Certificate of Deposit (Due 05-05-08 at 4.950%)	96,000.00	-
(A) Fox River State Bank Certificate of Deposit (Due 06-25-08 at 4.850%)	96,000.00	-
(A) Heritage Bank Certificate of Deposit (Due 06-25-08 at 4.920%)	96,000.00	-
(A) Heritage Community Bank Certificate of Deposit (Due 04-16-08 at 5.160%)	96,000.00	-

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2007 AND 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

	2007	2006
(A) Holladay Bank & Trust Certificate of Deposit (Due 06-25-08 at 4.950%)	96,000.00	-
(A) IndyMac Bank Certificate of Deposit (Due 05/19/08 at 5.050%)	96,000.00	-
(A) Lydian Private Bank Certificate of Deposit (Due 05/05/08 at 5.000%)	96,000.00	-
(A) Piedmont Community Bank Certificate of Deposit (Due 04/16/08 at 5.190%)	96,000.00	-
(A) Prosper Bank Certificate of Deposit (Due 04-16-08 at 5.170%)	96,000.00	-
(A) Seattle Savings Bank Certificate of Deposit (Due 06-25-08 at 4.850%)	96,000.00	-
(A) Signature Bank Certificate of Deposit (Due 05-19-08 at 4.980%)	96,000.00	-
(A) USA Bank Certificate of Deposit (Due 06-25-08 at 5.000%)	96,000.00	-
(A) Wilshire State Bank Certificate of Deposit (Due 06/25/08 at 4.850%)	96,000.00	-
	<u>\$ 2,025,923.96</u>	<u>\$ 2,070,619.65</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.

**2007**

	Carrying Value	Market Value
(B) (NC) Pennsylvania Liquid Government Investment Trust	\$ 141,774.40	\$ 141,774.40

**2006**

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

(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, 2007 AND 2006

**NOTE 3 - FIXED ASSETS**

The following is a summary of fixed assets at December 31, 2007 and 2006.

Description	Cost	Accumulated Depreciation	Net Book Value
Sewer System	\$ 15,876,819.48	\$ 3,975,859.40	\$ 11,900,960.08
Field Equipment	25,992.69	25,992.69	-
Office Equipment	40,899.21	33,481.26	7,417.95
Construction in Progress	338,715.71	-	338,715.71
	<u>\$ 16,282,427.09</u>	<u>\$ 4,035,333.35</u>	<u>\$ 12,247,093.74</u>
<b>2006</b>			
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>

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, 2007**

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OPERATING REVENUES</b>			
Sewer Charges	\$ 1,352,320.16	\$ 1,394,288.00	(41,967.84)
Penalties	2,958.36	3,500.00	(541.64)
Reimbursement-Alcosan	4,910.45	4,300.00	610.45
<b>TOTAL OPERATING REVENUES</b>	<u>1,360,188.97</u>	<u>1,402,088.00</u>	<u>(41,899.03)</u>
<b>OPERATING EXPENSES</b>			
Advertising	908.36	3,500.00	2,591.64
Bad Debts	7,071.01	25,000.00	17,928.99
Billing and Collection	17,099.08	19,500.00	2,400.92
Contracted Services-Administrative	6,752.02	-	(6,752.02)
Contracted Services-Dye Testing	13,185.00	1,000.00	(12,185.00)
Dues and Subscriptions	1,180.39	1,300.00	119.61
Employee Benefits	18,464.85	18,612.00	147.15
Inspection Fees	22,867.73	15,000.00	(7,867.73)
Insurance	10,610.84	12,290.00	1,679.16
Investment Fees	1,897.15	-	(1,897.15)
Judgements, Settlements and Losses	330.00	-	(330.00)
Maintenance of Sewer System	114,428.69	94,000.00	(20,428.69)
Miscellaneous Expense	4,442.14	5,500.00	1,057.86
Office Expenses	17,419.30	40,600.00	23,180.70
Office Salaries	62,878.97	70,032.00	7,153.03
Operating Engineering Fees	163,013.22	66,000.00	(97,013.22)
Operating Legal Fees	25,667.75	46,000.00	20,332.25
Payroll Taxes	5,588.45	6,303.00	714.55
Power for Pump Station	4,726.94	7,000.00	2,273.06
Sewer Treatment Charges	716,799.80	750,291.00	33,491.20
Telephone	4,108.62	3,500.00	(608.62)
Travel Expense	727.07	1,500.00	772.93
<b>TOTAL OPERATING EXPENSES</b>	<u>1,220,167.38</u>	<u>1,186,928.00</u>	<u>(33,239.38)</u>
<b>ADMINISTRATIVE EXPENSES</b>			
Board Members	6,000.00	6,000.00	-
Legal	1,800.00	1,500.00	(300.00)
Engineering	2,400.00	2,400.00	-
Accounting	5,980.00	5,000.00	(980.00)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u>16,180.00</u>	<u>14,900.00</u>	<u>(1,280.00)</u>
<b>AMORTIZATION AND DEPRECIATION</b>			
Amortization-Software	3,093.59	3,000.00	(93.59)
Amortization-Deferred Capital Fee	9,173.80	9,000.00	(173.80)
Depreciation-Property, Plant and Equipment	260,768.63	233,000.00	(27,768.63)
<b>TOTAL AMORTIZATION AND DEPRECIATION</b>	<u>273,036.02</u>	<u>245,000.00</u>	<u>(28,036.02)</u>
<b>TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE</b>	<u>1,509,383.40</u>	<u>1,446,828.00</u>	<u>(62,555.40)</u>
<b>OPERATING INCOME (LOSS) (CARRIED FORWARD)</b>	<u>(149,194.43)</u>	<u>(44,740.00)</u>	<u>(104,454.43)</u>

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
 STATEMENT OF REVENUES AND EXPENSES - ACTUAL AND BUDGET  
 YEAR ENDED DECEMBER 31, 2007

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OPERATING INCOME (LOSS) (BROUGHT FORWARD)</b>	\$ (149,194.43)	\$ (44,740.00)	\$ (104,454.43)
<b>NON OPERATING REVENUES (EXPENSES)</b>			
Collection of Bad Debt Accounts	8,434.31	-	8,434.31
Dividend and Interest Revenue-Operating	99,667.98	-	99,667.98
Dye Testing	12,050.00	-	12,050.00
Inspection Fees	190.00	-	190.00
Lien Letters	3,825.00	6,000.00	(2,175.00)
Miscellaneous	20,985.87	100.00	20,885.87
Tap and Connection Fees	216,275.00	218,400.00	(2,125.00)
<b>TOTAL NON OPERATING REVENUES (EXPENSES)</b>	<u>361,428.16</u>	<u>224,500.00</u>	<u>136,928.16</u>
<b>NET INCOME</b>	<u>\$ 212,233.73</u>	<u>\$ 179,760.00</u>	<u>\$ 32,473.73</u>