

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2008 AND 2007

## CONTENTS

	Page
<b>Independent Auditor's Report</b>	
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
<b>Supplemental Schedules</b>	
Statement of Revenues and Expenses - Actual and Budget. . . . .	15-16

**Donn T. Seger**  
**Certified Public Accountant**  
110 Fort Couch Road, 3<sup>rd</sup> Floor  
Pittsburgh, PA 15241  
(412) 595-7845  
Fax (412) 595-7848

**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, 2008 and 2007, 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, 2008 and 2007, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 1 through 4, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. The Statement of Revenues and Expenses - Actual and Budget on pages 15 through 16 is not a required part of the basic financial statements and is not supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures to both, which consisted principally of inquiries of management regarding the methods and measurements and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

  
Donn T. Seger  
Certified Public Accountant

Pittsburgh, Pennsylvania  
June 9, 2009

**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, 2008. 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  
Net Assets**

	2008	2007
Current Assets	\$ 1,716,499.90	\$ 2,304,201.76
Non Current Assets	13,140,534.54	12,324,823.04
<b>Total Assets</b>	<b>14,857,034.44</b>	<b>14,629,024.80</b>
Current Liabilities	339,091.55	258,161.95
<b>Total Liabilities</b>	<b>339,091.55</b>	<b>258,161.95</b>
Net Investment in Capital Assets	13,140,534.54	12,324,823.04
Net Assets Restricted by Board	370,686.91	353,035.15
Net Assets Unrestricted	1,006,721.44	1,693,004.66
<b>Total Net Assets</b>	<b>14,517,942.89</b>	<b>14,370,862.85</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 14,857,034.44</b>	<b>\$ 14,629,024.90</b>

The Authority's total net assets increased from \$14,370,862.85 to \$14,541,477.82 or 1.19%.

**Table 2  
Changes in Net Assets**

	2008	2007
<b>Revenues</b>		
Charges for Services	\$ 1,465,595.10	\$ 1,352,320.16
Other Operating Revenues	234,099.00	269,628.99
Other Non-Operating Revenues	73,120.39	99,667.98
<b>Total Revenues</b>	<b>1,772,814.49</b>	<b>1,721,617.13</b>
<b>Expenses</b>		
Operating Expenses-Sanitation	1,833,731.28	1,509,383.40
Other Non-Operating Expenses	2,915.00	-
<b>Total Expenses</b>	<b>1,836,646.28</b>	<b>1,509,383.40</b>
<b>Income/(Loss) Before Contributions and Extraordinary Items</b>	<b>(63,831.79)</b>	<b>212,233.73</b>
Capital Contributions	305,264.00	382,611.50
Extraordinary Items	(94,352.17)	-
<b>Change in Net Assets</b>	<b>\$ 147,080.04</b>	<b>\$ 594,845.23</b>

**Business-type Activities**

The Authority for the year ended 2008, is showing a 4.79% increase of operating revenues over 2007. The operating expenses for the year ended 2008 reflect a 21.68% increase over 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the Authority had \$13,074,918.14 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 \$65,616.40 in other capital assets (net of amortization). This amount represents an increase (including additions and deductions) of \$815,711.50 or 6.62% over last year.

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

	2008	2007
Sanitary Sewer System	\$ 11,980,252.17	\$ 11,900,960.08
Office Equipment	3,356.80	7,417.95
	<hr/>	<hr/>
	11,983,608.97	11,908,378.03
Construction in Progress	1,091,309.17	338,715.71
Total Capital Assets	<hr/>	<hr/>
	13,074,918.14	12,247,093.74

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 2009 budget reflects an 11.72% usage rate increase and no increase in the service charge. The budget estimates 45 new customers being added to the system, a 1.84% increase. The Authority's sewage treatment provider has increased the 2009 usage and service charge rate by 16.00%.

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.

Thoms Run Sanitary Sewer Repairs

The Authority has completed slip lining portions of the ductile iron pipe located in the Thoms Run watershed.

The project was virtually completed in 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

**Colecrest/Prestley Sewer Repairs**

The Authority has completed 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 project was virtually completed in 2008.

**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.

**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 2010. Financing for this project is not in place and will require a substantial investment/financing 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.

**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 Tuscan Ridge Plan of Lots. It is estimated that this project will extend into 2010 or beyond 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

**Cabbage Hill Sewer Rehabilitation**

The Authority is planning to update the Colecrest sewer lines as they are some of the oldest lines in the Authority service area.

This project is estimated to cost \$350,000.00.

**Vanadium Road Sewer Rehabilitation**

The Authority is planning to update the Vanadium Road sewer lines as they are some of the oldest lines in the Authority service area.

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, 2008 AND 2007

	2008	2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Petty Cash	\$ 75.00	\$ 80.84
Cash and Cash Equivalents	687,602.95	535,698.36
Investments	932,000.00	1,632,000.00
Accounts Receivable-Trade (Net of Allowance for Doubtful Accounts)	87,281.65	117,930.51
Accounts Receivable-Other	532.18	8,944.88
Interest Receivable	6,922.41	7,628.96
Prepaid Insurance	2,085.71	1,918.21
<b>TOTAL CURRENT ASSETS</b>	<u>1,716,499.90</u>	<u>2,304,201.76</u>
<b>NON CURRENT ASSETS</b>		
Property, Plant and Equipment (Net of Depreciation)	13,074,918.14	12,247,093.74
Software (Net of Amortization)	1,399.80	4,338.90
Deferred Capital Fee (Net of Amortization)	64,216.60	73,390.40
<b>TOTAL NON CURRENT ASSETS</b>	<u>13,140,534.54</u>	<u>12,324,823.04</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,857,034.44</u>	<u>\$ 14,629,024.80</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable-Trade	\$ 339,013.64	\$ 256,476.73
Payroll Taxes Accrued and Withheld	77.91	1,685.22
<b>TOTAL CURRENT LIABILITIES</b>	<u>339,091.55</u>	<u>258,161.95</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	13,140,534.54	12,324,823.04
Restricted by Board for Emergency Repairs	370,686.91	353,035.15
Unrestricted	1,006,721.44	1,693,004.66
<b>TOTAL NET ASSETS</b>	<u>14,517,942.89</u>	<u>14,370,862.85</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 14,857,034.44</u>	<u>\$ 14,629,024.80</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, 2008 AND 2007

	2008	2007
<b>OPERATING REVENUES</b>		
Sewer Charges	\$ 1,465,595.10	\$ 1,352,320.16
Penalties	3,154.93	2,958.36
Reimbursement-Alcosan	5,016.96	4,910.45
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>1,473,766.99</b>	<b>1,360,188.97</b>
<b>OPERATING EXPENSES</b>		
Advertising	2,150.64	908.36
Bad Debts	1,741.70	7,071.01
Billing and Collection	22,305.11	17,099.08
Contracted Services-Administrative	1,567.56	6,752.02
Contracted Services-Dye Testing	11,240.00	13,185.00
Dues and Subscriptions	1,485.52	1,180.39
Employee Benefits	12,751.35	18,464.85
Inspection Fees	17,854.55	22,867.73
Insurance	10,770.50	10,610.84
Investment Fees	3,222.78	1,897.15
Judgements, Settlements and Losses	-	330.00
Maintenance of Sewer System	397,974.90	114,428.69
Miscellaneous Expense	3,526.22	4,442.14
Office Expenses	23,318.21	17,419.30
Office Salaries	58,332.74	62,878.97
Operating Engineering Fees	185,694.99	163,013.22
Operating Legal Fees	45,151.45	25,667.75
Payroll Taxes	5,491.86	5,588.45
Power for Pump Station	4,530.20	4,726.94
Sewer Treatment Charges	722,517.44	716,799.80
Telephone	3,701.80	4,108.62
Travel Expense	361.40	727.07
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>1,535,690.92</b>	<b>1,220,167.38</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Board Members	6,000.00	6,000.00
Legal	1,800.00	1,800.00
Engineering	2,400.00	2,400.00
Accounting	6,171.00	5,980.00
	<hr/>	<hr/>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>16,371.00</b>	<b>16,180.00</b>
<b>AMORTIZATION AND DEPRECIATION</b>		
Amortization-Software	2,939.10	3,093.59
Amortization-Deferred Capital Fee	9,173.80	9,173.80
Depreciation-Property, Plant and Equipment	269,556.46	260,768.63
	<hr/>	<hr/>
<b>TOTAL AMORTIZATION AND DEPRECIATION</b>	<b>281,669.36</b>	<b>273,036.02</b>
<b>TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE</b>	<b>1,833,731.28</b>	<b>1,509,383.40</b>
<b>OPERATING INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES)</b>	<b>(359,964.29)</b>	<b>(149,194.43)</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, 2008 AND 2007

	2008	2007
<b>OTHER REVENUES/ (EXPENSES)</b>		
Collection of Bad Debt Accounts	10,092.58	8,434.31
Dye Testing	10,480.00	12,050.00
Inspection Fees	256.75	190.00
Lien Letters	3,655.00	3,825.00
Miscellaneous	1,551.32	19,713.46
Tap and Connection Fees	153,470.52	216,275.00
Refund of Prior Year Expenses	46,420.94	1,272.41
Refund of Prior Year Revenues	(2,915.00)	-
<b>TOTAL OTHER REVENUES/ (EXPENSES)</b>	<b>223,012.11</b>	<b>261,760.18</b>
<b>OPERATING INCOME/ (LOSS)</b>	<b>(136,952.18)</b>	<b>112,565.75</b>
<b>NON OPERATING REVENUES/ (EXPENSES)</b>		
Dividend and Interest Revenue-Operating	73,120.39	99,667.98
<b>TOTAL NON OPERATING REVENUES/ (EXPENSES)</b>	<b>73,120.39</b>	<b>99,667.98</b>
<b>INCOME BEFORE CONTRIBUTIONS AND EXTRAORDINARY ITEMS</b>	<b>(63,831.79)</b>	<b>212,233.73</b>
<b>CONTRIBUTIONS</b>		
Capital Contributions	305,264.00	382,611.50
<b>EXTRAORDINARY ITEMS</b>		
(Loss) on Abandonment of Fixed Assets	(94,352.17)	-
<b>CHANGE IN NET ASSETS</b>	<b>147,080.04</b>	<b>594,845.23</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>14,370,862.85</b>	<b>13,776,017.62</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 14,517,942.89</b>	<b>\$ 14,370,862.85</b>

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, 2008 AND 2007

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	1,675,990.06	1,587,190.13
Payments to Suppliers	(1,327,265.96)	(1,136,515.60)
Payments to Employees	(65,506.82)	(70,587.51)
Payments for Employee Benefits	(12,681.69)	(18,464.85)
Payments for Payroll Taxes	(5,994.75)	(6,077.52)
<b>NET CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	<b>264,540.84</b>	<b>355,544.65</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Abandonment Costs	(19,974.68)	-
Acquisition of Property, Plant and Equipment	(866,494.35)	(450,120.39)
<b>NET CASH FLOWS PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(886,469.03)</b>	<b>(450,120.39)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase)/Decrease in Investments	700,000.00	(310,000.00)
Investment Earnings	73,826.94	100,051.75
<b>NET CASH FLOWS PROVIDED/(USED) BY INVESTING ACTIVITIES</b>	<b>773,826.94</b>	<b>(209,948.25)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>151,898.75</b>	<b>(304,523.99)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>535,779.20</b>	<b>840,303.19</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 687,677.95</b>	<b>\$ 535,779.20</b>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED)/BY OPERATING ACTIVITIES</b>		
Operating Income/(Loss)	\$ (113,417.25)	\$ 112,565.75
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Cash Flows Reported in Other Categories:		
Amortization	12,112.90	12,267.39
Depreciation	269,556.46	260,768.63
Changes in Assets and Liabilities:		
Accounts Receivable-Trade	30,648.86	(22,228.52)
Accounts Receivable-Other	8,412.70	42,745.63
Prepaid Insurance	(167.50)	407.84
Accounts Payable-Trade	59,001.98	(42,436.82)
Refunds Payable	-	(6,105.64)
Payroll Taxes Accrued and Withheld	(1,607.31)	(2,197.61)
Customer Deposits	-	(242.00)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>\$ 264,540.84</b>	<b>\$ 355,544.65</b>
Noncash investing, capital and financing activities: The Collier Township Municipal Authority accepted sewer lines constructed by private developers. The fair value of this donated property was	<b>\$ 305,264.00</b>	<b>\$ 382,611.50</b>

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

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007

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 Authority's 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.

**C. 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, 2008 AND 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. 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.

**E. 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.

**F. Prepaid Insurance**

This represents insurance premiums that will benefit periods beyond December 31, 2008 and 2007.

**G. 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, 2008 AND 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

2008

	Cost	Accumulated Amortization	Net Book Value
Deferred Capital Fee	\$ 229,345.00	\$ 165,128.40	\$ 64,216.60

2007

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

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 2008, the carrying amount of the Authority's deposits was \$1,406,910.62 and the bank balance was \$1,445,389.79. Of the bank balance, \$1,445,389.79 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
\$ 1,445,389.79	\$ 1,445,389.79	\$ -	\$ 1,406,910.62

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

	2008	2007
<b>Undesignated Deposits</b>		
Citizens Municipal Checking with Interest	\$ 78,910.62	\$ 393,923.96
(A) Appalachian Community Bank Certificate of Deposit (Due 6-25-08 at 4.920%)	-	96,000.00
(A) Atlantic Bank & Trust Certificate of Deposit (Due 6-25-08 at 4.900%)	-	96,000.00
(A) Business First Bank Certificate of Deposit (Due 5-05-08 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
(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
(A) Bank of the Kremlin Certificate of Deposit (Due 06-22-09 at 2.500%)	246,000.00	-
(A) Chevy Chase Bank Certificate of Deposit (Due 05-04-09 at 3.610%)	98,000.00	-
(B) Chinatrust Bank Certificate of Deposit (Due 01-13-09 at 3.760%)	98,000.00	-
(A) Flagstar Bank Certificate of Deposit (Due 04-13-09 at 3.970%)	98,000.00	-
(A) Imperial Capital Bank Certificate of Deposit (Due 04-13-09 at 4.050%)	98,000.00	-

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2008 AND 2007

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

	2008	2007
(A) Irwin Union Bank & Trust Certificate of Deposit (Due 05-04-09 at 3.950%)	98,000.00	-
(A) Lydian Private Bank Certificate of Deposit (Due 05-04-09 at 3.900%)	98,000.00	-
(B) Midtown Bank & Trust Certificate of Deposit (Due 01-13-09 at 3.800%)	98,000.00	-
(A) New Century Bank Certificate of Deposit (Due 04-13-09 at 4.000%)	98,000.00	-
(B) Rainier Pacific Bank Certificate of Deposit (Due 03-23-09 at 2.450%)	200,000.00	-
(A) Tennessee Commerce Bank Certificate of Deposit (Due 04/13/09 at 4.100%)	98,000.00	-
	<u>\$ 1,406,910.62</u>	<u>\$ 2,025,923.96</u>

(A) These deposits are shown as Investments on the Statements of Net Assets and Cash Flows.

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

**Investments**

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

**2008**

	Carrying Value	Market Value
(B) (NC) Pennsylvania Liquid Government Investment Trust	\$ 212,692.33	\$ 212,692.33
	<u>\$ 212,692.33</u>	<u>\$ 212,692.33</u>

**2007**

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

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



COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2008 AND 2007

NOTE 3 - FIXED ASSETS

The following is a summary of fixed assets at December 31, 2008 and 2007.

2008

Description	Cost	Accumulated Depreciation	Net Book Value
Sewer System	\$ 16,198,874.37	\$ 4,218,622.20	\$ 11,980,252.17
Field Equipment	17,314.55	17,314.55	-
Office Equipment	20,922.95	17,566.15	3,356.80
Construction in Progress	1,091,309.17	-	1,091,309.17
	<u>\$ 17,328,421.04</u>	<u>\$ 4,253,502.90</u>	<u>\$ 13,074,918.14</u>

2007

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>

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

Sewer System	60 Years
Field Equipment	5 Years
Office Equipment	5-10 Years

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.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES - ACTUAL AND BUDGET  
YEAR ENDED DECEMBER 31, 2008

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OPERATING REVENUES</b>			
Sewer Charges	\$ 1,465,595.10	\$ 1,576,413.00	(110,817.90)
Penalties	3,154.93	3,500.00	(345.07)
Reimbursement-Alcosan	5,016.96	4,300.00	716.96
<b>TOTAL OPERATING REVENUES</b>	<u>1,473,766.99</u>	<u>1,584,213.00</u>	<u>(110,446.01)</u>
<b>OPERATING EXPENSES</b>			
Advertising	2,150.64	3,500.00	1,349.36
Bad Debts	1,741.70	25,000.00	23,258.30
Billing and Collection	22,305.11	19,500.00	(2,805.11)
Contracted Services-Administrative	1,567.56	-	(1,567.56)
Contracted Services-Dye Testing	11,240.00	1,000.00	(10,240.00)
Dues and Subscriptions	1,485.52	1,300.00	(185.52)
Employee Benefits	12,751.35	19,121.00	6,369.65
Inspection Fees	17,854.55	20,000.00	2,145.45
Insurance	10,770.50	12,290.00	1,519.50
Investment Fees	3,222.78	-	(3,222.78)
Maintenance of Sewer System	397,974.90	406,000.00	8,025.10
Miscellaneous Expense	3,526.22	4,500.00	973.78
Office Expenses	23,318.21	41,600.00	18,281.79
Office Salaries	58,332.74	83,370.00	25,037.26
Operating Engineering Fees	185,694.99	66,000.00	(119,694.99)
Operating Legal Fees	45,151.45	46,000.00	848.55
Payroll Taxes	5,491.86	7,503.00	2,011.14
Power for Pump Station	4,530.20	7,000.00	2,469.80
Sewer Treatment Charges	722,517.44	818,162.00	95,644.56
Telephone	3,701.80	3,500.00	(201.80)
Travel Expense	361.40	1,500.00	1,138.60
<b>TOTAL OPERATING EXPENSES</b>	<u>1,535,690.92</u>	<u>1,586,846.00</u>	<u>51,155.08</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	6,171.00	5,000.00	(1,171.00)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u>16,371.00</u>	<u>14,900.00</u>	<u>(1,471.00)</u>
<b>AMORTIZATION AND DEPRECIATION</b>			
Amortization-Software	2,939.10	3,000.00	60.90
Amortization-Deferred Capital Fee	9,173.80	9,000.00	(173.80)
Depreciation-Property, Plant and Equipment	269,556.46	238,000.00	(31,556.46)
<b>TOTAL AMORTIZATION AND DEPRECIATION</b>	<u>281,669.36</u>	<u>250,000.00</u>	<u>(31,669.36)</u>
<b>TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE</b>	<u>1,833,731.28</u>	<u>1,851,746.00</u>	<u>18,014.72</u>
<b>OPERATING INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES)</b>	<u>(359,964.29)</u>	<u>(267,533.00)</u>	<u>(92,431.29)</u>

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES - ACTUAL AND BUDGET  
YEAR ENDED DECEMBER 31, 2008

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OTHER REVENUES/(EXPENSES)</b>			
Collection of Bad Debt Accounts	10,092.58		10,092.58
Dye Testing	10,480.00		10,480.00
Inspection Fees	256.75		256.75
Lien Letters	3,655.00	6,000.00	(2,345.00)
Miscellaneous	1,551.32	100.00	1,451.32
Tap and Connection Fees	153,470.52	206,850.00	(53,379.48)
Refund of Prior Year Expenses	46,420.94		46,420.94
Refund of Prior Year Revenues	(2,915.00)		(2,915.00)
<b>TOTAL OTHER REVENUES/(EXPENSES)</b>	<u>223,012.11</u>	<u>212,950.00</u>	<u>10,062.11</u>
<b>OPERATING INCOME/(LOSS)</b>	<u>(136,952.18)</u>	<u>(54,583.00)</u>	<u>(82,369.18)</u>
<b>NON OPERATING REVENUES (EXPENSES)</b>			
Dividend and Interest Revenue-Operating	73,120.39	-	73,120.39
<b>TOTAL NON OPERATING REVENUES (EXPENSES)</b>	<u>73,120.39</u>	<u>-</u>	<u>73,120.39</u>
<b>INCOME BEFORE CONTRIBUTIONS AND EXTRAORDINARY ITEMS</b>	<u>(63,831.79)</u>	<u>(54,583.00)</u>	<u>(9,248.79)</u>
<b>CONTRIBUTIONS</b>			
Capital Contributions	305,264.00		305,264.00
<b>EXTRAORDINARY ITEMS</b>			
(Loss) on Abandonment of Fixed Assets	(94,352.17)	(25,000.00)	(69,352.17)
<b>CHANGE IN NET ASSETS</b>	<u>\$ 147,080.04</u>	<u>\$ (79,583.00)</u>	<u>\$ 226,663.04</u>