

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

**CONTENTS**

	<b>Page</b>
<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 Asset . . . . .	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, 2009 and 2008, 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, 2009 and 2008, 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 11, 2010

**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, 2009. 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**

	2009	2008
Current Assets	\$ 1,437,073.28	\$ 1,716,499.90
Non Current Assets	14,341,952.78	13,140,534.54
<b>Total Assets</b>	<b>15,779,026.06</b>	<b>14,857,034.44</b>
Current Liabilities	355,841.56	339,091.55
<b>Total Liabilities</b>	<b>355,841.56</b>	<b>339,091.55</b>
Net Investment in Capital Assets	14,341,952.78	13,140,534.54
Net Assets Restricted by Board	389,221.26	370,686.91
Net Assets Unrestricted	692,010.46	1,006,721.44
<b>Total Net Assets</b>	<b>15,423,184.50</b>	<b>14,517,942.89</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 15,779,026.06</b>	<b>\$ 14,857,034.44</b>

The Authority's total net assets increased from \$14,517,942.89 to \$15,423,184.50 or 6.24%.

**Table 2  
Changes in Net Assets**

	2009	2008
<b>Revenues</b>		
Charges for Services	\$ 1,687,348.80	\$ 1,465,595.10
Other Operating Revenues	361,045.32	234,099.00
Other Non-Operating Revenues	20,012.64	73,120.39
<b>Total Revenues</b>	<b>2,068,406.76</b>	<b>1,772,814.49</b>
<b>Expenses</b>		
Operating Expenses-Sanitation	1,696,887.19	1,833,731.28
Other Non-Operating Expenses	-	2,915.00
<b>Total Expenses</b>	<b>1,696,887.19</b>	<b>1,836,646.28</b>
<b>Income/(Loss) Before Contributions and Extraordinary Items</b>	<b>371,519.57</b>	<b>(63,831.79)</b>
Capital Contributions	535,024.54	305,264.00
Extraordinary Items	(1,302.50)	(94,352.17)
<b>Change in Net Assets</b>	<b>\$ 905,241.61</b>	<b>\$ 147,080.04</b>

**Business-type Activities**

The Authority for the year ended 2009, is showing a 16.67% increase of operating revenues over 2008. The operating expenses for the year ended 2009 reflect an 8.24% decrease over 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, 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)

	2009	2008
Sanitary Sewer System	\$ 13,901,269.14	\$ 11,980,252.17
Office Equipment	1,678.40	3,356.80
	<hr/>	<hr/>
	13,902,947.54	11,983,608.97
Construction in Progress	381,212.44	1,091,309.17
<b>Total Capital Assets</b>	<hr/>	<hr/>
	14,284,159.98	13,074,918.14

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 2010 budget reflects a 3.70% usage rate increase and no increase in the service charge. The budget estimates 139 new customers being added to the system, a 5.51% increase. The Authority's sewage treatment provider has increased the 2010 usage rate by 7.16% and the service charge rate by 22.54%.

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.

**Baldwin Road Extension, Possible New Construction**

The Authority has been approached by a customer, 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. This project is on indefinite delay due to lack of financing by customers being served by this project. At present, it appears the project may not be economically feasible.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

**Colecrest & Colecrest/Darlington Sewer Repairs**

The Authority has submitted applications for county grants to complete these two repair projects.

The estimated costs are as follows:

Colecrest construction costs \$175,000  
Colecrest/Darlington construction costs \$333,651

**Kirwan Heights - Cabbage Hill Area Repair Projects**

The Authority is in the process of preparing county grant applications for sewer line repairs and replacements. The estimated costs of these repairs are as follows:

Landgraf	\$196,000
Steen	\$165,175
Shadow	\$ 85,300
Delfred	\$ 59,500

These repairs could be done in 2011 if grant funding is received. Due to current Federal and State deficits the Authority is anticipating the possibility of substantial reductions in available grant funding and will review these projects in 2011 and beyond.

**Upper Scotts Run Project, New Construction**

The Authority has encountered substantial resistance from property owners in granting the required right-of-ways in order to proceed with this project.

The estimated cost of the project without extra condemnation costs is \$2,000,000. The extra costs involved with condemnation proceedings is estimated to be between \$150,000 and \$250,000, making the project economically unfeasible. All portions of this project are benefit-assessed projects.

In 2010 the authority plans to place out for bid a small portion of the project to be completed in 2011. This portion will service existing homes along one side of Baldwin Road at an estimated cost of \$400,000. This portion does not require gaining right-of-ways to complete.

In the fall of 2010, the Authority will notify property owners of the sections of the project that will be put on indefinite hold due to the right-of-way issue. These property owners will continue to be responsible for their own septic systems.

The 2010 estimated construction costs to build the various phases of Upper Scotts Run are as follows:

Baldwin Road East Extension	\$112,125
Baldwin Road West Extension	\$389,384
Fort Pitt Extension	\$229,327
McMichael Road Extension	\$499,112
Upper Scotts Run North Extension	\$725,351

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

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

**Current Projects under Contract for Completion in 2010-2011**

Thelma, Vanadium Sewer Relining	\$105,900
Thomas, Winstein, Noblestown Sewer Replacement	\$195,100
Delfred/Darlington Sewer Replacement	\$103,200

Additionally, the Authority has budgeted and expect to spend approximately \$320,000 on miscellaneous sewer system repairs during 2010-11 to meet the Allegheny County Health Department consent order mandates.

**Overview of Projects**

The Collier Township Municipal Authority Board of Directors is currently considering the above projects only if grant money or current funds are available to cover the costs. At this time the Board is not considering borrowing funds to complete any of the above named projects.

**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, 2009 AND 2008

	2009	2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Petty Cash	\$ 75.00	\$ 75.00
Cash and Cash Equivalents	523,613.13	687,602.95
Investments	794,000.00	932,000.00
Accounts Receivable-Trade (Net of Allowance for Doubtful Accounts)	114,804.14	87,281.65
Accounts Receivable-Other	-	532.18
Interest Receivable	2,732.44	6,922.41
Prepaid Insurance	1,848.57	2,085.71
<b>TOTAL CURRENT ASSETS</b>	<b>1,437,073.28</b>	<b>1,716,499.90</b>
<b>NON CURRENT ASSETS</b>		
Property, Plant and Equipment (Net of Depreciation)	14,284,159.98	13,074,918.14
Software (Net of Amortization)	2,750.00	1,399.80
Deferred Capital Fee (Net of Amortization)	55,042.80	64,216.60
<b>TOTAL NON CURRENT ASSETS</b>	<b>14,341,952.78</b>	<b>13,140,534.54</b>
<b>TOTAL ASSETS</b>	<b>\$15,779,026.06</b>	<b>\$14,857,034.44</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable-Trade	\$ 355,700.41	\$ 339,013.64
Payroll Taxes Accrued and Withheld	141.15	77.91
<b>TOTAL CURRENT LIABILITIES</b>	<b>355,841.56</b>	<b>339,091.55</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	14,341,952.78	13,140,534.54
Restricted by Board for Emergency Repairs	389,221.26	370,686.91
Unrestricted	692,010.46	1,006,721.44
<b>TOTAL NET ASSETS</b>	<b>15,423,184.50</b>	<b>14,517,942.89</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$15,779,026.06</b>	<b>\$14,857,034.44</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, 2009 AND 2008

	2009	2008
<b>OPERATING REVENUES</b>		
Sewer Charges	\$ 1,687,348.80	\$ 1,465,595.10
Penalties	3,678.39	3,154.93
Reimbursement-Alcosan	5,341.34	5,016.96
	1,696,368.53	1,473,766.99
<b>OPERATING EXPENSES</b>		
Advertising	3,213.62	2,150.64
Bad Debts	3,299.81	1,741.70
Billing and Collection	24,583.28	22,305.11
Contracted Services-Administrative	2,295.65	1,567.56
Contracted Services-Dye Testing	1,965.00	11,240.00
Dues and Subscriptions	3,232.53	1,485.52
Employee Benefits	10,777.50	12,751.35
Inspection Fees	15,274.00	17,854.55
Insurance	12,744.14	10,770.50
Investment Fees	1,497.38	3,222.78
Maintenance of Sewer System	110,001.72	397,974.90
Miscellaneous Expense	5,540.84	3,526.22
Office Expenses	23,014.80	23,318.21
Office Salaries	56,293.99	58,332.74
Operating Engineering Fees	196,109.08	185,694.99
Operating Legal Fees	44,390.24	45,151.45
Payroll Taxes	5,194.35	5,491.86
Power for Pump Station	4,011.42	4,530.20
Sewer Treatment Charges	851,775.30	722,517.44
Telephone	2,947.45	3,701.80
Travel Expense	117.77	361.40
	1,378,279.87	1,535,690.92
<b>ADMINISTRATIVE EXPENSES</b>		
Board Members	6,000.00	6,000.00
Legal	2,400.00	1,800.00
Engineering	2,400.00	2,400.00
Accounting	5,705.00	6,171.00
	16,505.00	16,371.00
<b>AMORTIZATION AND DEPRECIATION</b>		
Amortization-Software	1,949.80	2,939.10
Amortization-Deferred Capital Fee	9,173.80	9,173.80
Depreciation-Property, Plant and Equipment	290,978.72	269,556.46
	302,102.32	281,669.36
<b>TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE</b>		
	1,696,887.19	1,833,731.28
<b>OPERATING INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES)</b>		
	(518.66)	(359,964.29)

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, 2009 AND 2008

	2009	2008
<b>OTHER REVENUES/(EXPENSES)</b>		
Collection of Bad Debt Accounts	6,136.39	10,092.58
Dye Testing	1,760.00	10,480.00
Inspection Fees	-	256.75
Lien Letters	5,100.00	3,655.00
Miscellaneous	2,340.38	1,551.32
Tap and Connection Fees	336,688.82	153,470.52
Refund of Prior Year Expenses	-	46,420.94
Refund of Prior Year Revenues	-	(2,915.00)
	<hr/>	<hr/>
<b>TOTAL OTHER REVENUES/(EXPENSES)</b>	352,025.59	223,012.11
	<hr/>	<hr/>
<b>OPERATING INCOME/(LOSS)</b>	351,506.93	(136,952.18)
	<hr/>	<hr/>
<b>NON OPERATING REVENUES/(EXPENSES)</b>		
Dividend and Interest Revenue-Operating	20,012.64	73,120.39
	<hr/>	<hr/>
<b>TOTAL NON OPERATING REVENUES/ (EXPENSES)</b>	20,012.64	73,120.39
	<hr/>	<hr/>
<b>INCOME BEFORE CONTRIBUTIONS AND EXTRAORDINARY ITEMS</b>	371,519.57	(63,831.79)
	<hr/>	<hr/>
<b>CONTRIBUTIONS</b>		
Capital Contributions	535,024.54	305,264.00
	<hr/>	<hr/>
<b>EXTRAORDINARY ITEMS</b>		
(Loss) on Abandonment of Fixed Assets	(1,302.50)	(94,352.17)
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	905,241.61	147,080.04
	<hr/>	<hr/>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	14,517,942.89	14,370,862.85
	<hr/>	<hr/>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 15,423,184.50</u>	<u>\$ 14,517,942.89</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, 2009 AND 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	2,015,530.29	1,675,990.06
Payments to Suppliers	(1,293,721.60)	(1,327,265.96)
Payments to Employees	(62,262.02)	(65,506.82)
Payments for Employee Benefits	(10,847.16)	(12,681.69)
Payments for Payroll Taxes	(5,093.42)	(5,994.75)
<b>NET CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	<b>643,606.09</b>	<b>264,540.84</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Abandonment Costs	(1,302.50)	(19,974.68)
Acquisition of Property, Plant and Equipment	(965,196.02)	(866,494.35)
Acquisition of Software	(3,300.00)	-
<b>NET CASH FLOWS PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(969,798.52)</b>	<b>(886,469.03)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase)/Decrease in Investments	138,000.00	700,000.00
Investment Earnings	24,202.61	73,826.94
<b>NET CASH FLOWS PROVIDED/(USED) BY INVESTING ACTIVITIES</b>	<b>162,202.61</b>	<b>773,826.94</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(163,989.82)</b>	<b>151,898.75</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>687,677.95</b>	<b>535,779.20</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 523,688.13</b>	<b>\$ 687,677.95</b>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED)/BY OPERATING ACTIVITIES</b>		
Operating Income/(Loss)	\$ 351,506.93	\$ (136,952.18)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Cash Flows Reported in Other Categories:		
Amortization	11,123.60	12,112.90
Depreciation	290,978.72	269,556.46
Changes in Assets and Liabilities:		
Accounts Receivable-Trade	(27,522.49)	30,648.86
Accounts Receivable-Other	532.18	8,412.70
Prepaid Insurance	237.14	(167.50)
Accounts Payable-Trade	16,686.77	82,536.91
Payroll Taxes Accrued and Withheld	63.24	(1,607.31)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>\$ 643,606.09</b>	<b>\$ 264,540.84</b>
<b>Noncash investing, capital and financing activities:</b>		
The Collier Township Municipal Authority accepted sewer lines constructed by private developers. The fair value of this donated property was	<b>\$ 535,024.54</b>	<b>\$ 305,264.00</b>

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

**COLLIER TOWNSHIP MUNICIPAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**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, 2009 AND 2008

**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, 2009 and 2008.

**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, 2009 AND 2008

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.

2009

	Cost	Accumulated Amortization	Net Book Value
Deferred Capital Fee	\$ 229,345.00	\$ 174,302.20	\$ 55,042.80

2008

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

**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 2009, the carrying amount of the Authority's deposits was \$1,317,613.13 and the bank balance was \$1,041,695.45. Of the bank balance, \$1,041,695.45 was covered by federal depository insurance. The Authority's deposits are categorized as (1) insured or collateralized with securities held by the entity or by its agent in the entity's name, or (3) uncollateralized.

**Deposits Categorized by Level of Risk Are:**

Bank Balance	Category 1	3	Carrying Amount
\$ 1,041,695.45	\$ 1,041,695.45	\$ -	\$ 1,317,613.13

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

	2009	2008
<b>Undesignated Deposits</b>		
Citizens Municipal Checking with Interest	\$ 241,817.36	\$ 78,910.62
(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
(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
(A) Tennessee State Bank Certificate of Deposit (Due 01-08-10 at .850%)	120,000.00	-
(A) Real Financial Bank Certificate of Deposit (Due 01-11-10 at 1.600%)	100,000.00	-
(A) Republic First Bank Certificate of Deposit (Due 01-11-10 at 1.000%)	124,000.00	-
(A) Flagstar Bank Certificate of Deposit (Due 02-08-10 at .800%)	150,000.00	-
(A) Orrstown Bank Certificate of Deposit (Due 02-16-10 at 1.000%)	100,000.00	-
(A) Marshall & Ilsley Bank Certificate of Deposit (Due 03-01-10 at .950%)	100,000.00	-
(A) Privatebank & Trust Co. Certificate of Deposit (Due 03-22-10 at .850%)	100,000.00	-
	<u>\$ 1,035,817.36</u>	<u>\$ 1,406,910.62</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.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2009 AND 2008

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

**Investments**

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

2009

	Carrying Value	Market Value
(B) (NC) Pennsylvania Liquid Government Investment Trust	\$ 281,795.77	\$ 281,795.77

2008

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

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

NOTE 3 - FIXED ASSETS

The following is a summary of fixed assets at December 31, 2009 and 2008.

2009

Description	Cost	Accumulated Depreciation	Net Book Value
Sewer System	\$ 18,409,191.66	\$ 4,507,922.52	\$ 13,901,269.14
Field Equipment	17,314.55	17,314.55	-
Office Equipment	20,922.95	19,244.55	1,678.40
Construction in Progress	381,212.44	-	381,212.44
	\$ 18,828,641.60	\$ 4,544,481.62	\$ 14,284,159.98

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
	\$ 17,328,421.04	\$ 4,253,502.90	\$ 13,074,918.14

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

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



COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

**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 - SUBSEQUENT EVENTS**

Subsequent events occurring after December 31, 2009, the date of the most recent balance sheet, have been evaluated for possible adjustment to or disclosure in the financial statements through June 11, 2010, the date the financial statements were issued.

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES - ACTUAL AND BUDGET  
YEAR ENDED DECEMBER 31, 2009

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OPERATING REVENUES</b>			
Sewer Charges	\$ 1,687,348.80	\$ 1,733,279.00	(45,930.20)
Penalties	3,678.39	3,500.00	178.39
Reimbursement-Alcosan	5,341.34	4,300.00	1,041.34
<b>TOTAL OPERATING REVENUES</b>	<u>1,696,368.53</u>	<u>1,741,079.00</u>	<u>(44,710.47)</u>
<b>OPERATING EXPENSES</b>			
Advertising	3,213.62	5,000.00	1,786.38
Bad Debts	3,299.81	3,500.00	200.19
Billing and Collection	24,583.28	22,500.00	(2,083.28)
Contracted Services-Administrative	2,295.65	-	(2,295.65)
Contracted Services-Dye Testing	1,965.00	-	(1,965.00)
Dues and Subscriptions	3,232.53	1,500.00	(1,732.53)
Employee Benefits	10,777.50	14,292.00	3,514.50
Inspection Fees	15,274.00	20,000.00	4,726.00
Insurance	12,744.14	12,800.00	55.86
Investment Fees	1,497.38	-	(1,497.38)
Maintenance of Sewer System	110,001.72	96,000.00	(14,001.72)
Miscellaneous Expense	5,540.84	6,000.00	459.16
Office Expenses	23,014.80	33,200.00	10,185.20
Office Salaries	56,293.99	55,848.00	(445.99)
Operating Engineering Fees	196,109.08	131,000.00	(65,109.08)
Operating Legal Fees	44,390.24	46,000.00	1,609.76
Payroll Taxes	5,194.35	5,027.00	(167.35)
Power for Pump Station	4,011.42	7,000.00	2,988.58
Sewer Treatment Charges	851,775.30	940,133.00	88,357.70
Telephone	2,947.45	3,500.00	552.55
Travel Expense	117.77	500.00	382.23
<b>TOTAL OPERATING EXPENSES</b>	<u>1,378,279.87</u>	<u>1,403,800.00</u>	<u>25,520.13</u>
<b>ADMINISTRATIVE EXPENSES</b>			
Board Members	6,000.00	6,000.00	-
Legal	2,400.00	2,400.00	-
Engineering	2,400.00	2,400.00	-
Accounting	5,705.00	5,000.00	(705.00)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u>16,505.00</u>	<u>15,800.00</u>	<u>(705.00)</u>
<b>AMORTIZATION AND DEPRECIATION</b>			
Amortization-Software	1,949.80	3,000.00	1,050.20
Amortization-Deferred Capital Fee	9,173.80	9,000.00	(173.80)
Depreciation-Property, Plant and Equipment	290,978.72	273,000.00	(17,978.72)
<b>TOTAL AMORTIZATION AND DEPRECIATION</b>	<u>302,102.32</u>	<u>285,000.00</u>	<u>(17,102.32)</u>
<b>TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE</b>	<u>1,696,887.19</u>	<u>1,704,600.00</u>	<u>7,712.81</u>
<b>OPERATING INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES)</b>	<u>(518.66)</u>	<u>36,479.00</u>	<u>(36,997.66)</u>

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES - ACTUAL AND BUDGET  
YEAR ENDED DECEMBER 31, 2009

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OTHER REVENUES/(EXPENSES)</b>			
Collection of Bad Debt Accounts	6,136.39		6,136.39
Dye Testing	1,760.00		1,760.00
Lien Letters	5,100.00	6,000.00	(900.00)
Miscellaneous	2,340.38	1,000.00	1,340.38
Tap and Connection Fees	336,688.82	149,975.00	186,713.82
<b>TOTAL OTHER REVENUES/(EXPENSES)</b>	<u>352,025.59</u>	<u>156,975.00</u>	<u>195,050.59</u>
<b>OPERATING INCOME/(LOSS)</b>	<u>351,506.93</u>	<u>193,454.00</u>	<u>158,052.93</u>
<b>NON OPERATING REVENUES (EXPENSES)</b>			
Dividend and Interest Revenue-Operating	20,012.64	30,000.00	(9,987.36)
<b>TOTAL NON OPERATING REVENUES (EXPENSES)</b>	<u>20,012.64</u>	<u>30,000.00</u>	<u>(9,987.36)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND EXTRAORDINARY ITEMS</b>	<u>371,519.57</u>	<u>223,454.00</u>	<u>148,065.57</u>
<b>CONTRIBUTIONS</b>			
Capital Contributions	535,024.54	-	535,024.54
<b>EXTRAORDINARY ITEMS</b>			
(Loss) on Abandonment of Fixed Assets	(1,302.50)	-	(1,302.50)
<b>CHANGE IN NET ASSETS</b>	<u>\$ 905,241.61</u>	<u>\$ 223,454.00</u>	<u>\$ 681,787.61</u>