

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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**Independent Auditor's Report**

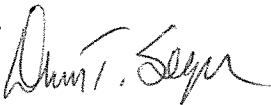
To the Board of Directors  
Collier Township Municipal Authority  
2418 Hilltop Road  
Presto, PA 15142

I have audited the accompanying statements of net assets of Collier Township Municipal Authority as of December 31, 2010 and 2009, 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, 2010 and 2009, 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  
May 19, 2011

**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, 2010. 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**

	2010	2009
Current Assets	\$ 1,499,131.21	\$ 1,437,073.28
Non Current Assets	15,214,374.11	14,341,952.78
<b>Total Assets</b>	<u>16,713,505.32</u>	<u>15,779,026.06</u>
Current Liabilities	547,907.43	355,841.56
<b>Total Liabilities</b>	<u>547,907.43</u>	<u>355,841.56</u>
Net Investment in Capital Assets	15,214,374.11	14,341,952.78
Net Assets Restricted by Board	408,682.32	389,221.26
Net Assets Unrestricted	542,541.46	692,010.46
<b>Total Net Assets</b>	<u>16,165,597.89</u>	<u>15,423,184.50</u>
<b>Total Liabilities &amp; Net Assets</b>	<u>\$ 16,713,505.32</u>	<u>\$ 15,779,026.06</u>

The Authority's total net assets increased from \$15,423,184.50 to \$16,165,597.89 or 4.81%.

**Table 2  
Changes in Net Assets**

	2010	2009
<b>Revenues</b>		
Charges for Services	\$ 1,803,282.38	\$ 1,687,348.80
Other Operating Revenues	404,655.55	361,045.32
Other Non-Operating Revenues	6,492.02	20,012.64
<b>Total Revenues</b>	<u>2,214,429.95</u>	<u>2,068,406.76</u>
<b>Expenses</b>		
Operating Expenses-Sanitation	1,795,033.56	1,696,887.19
Other Non-Operating Expenses	-	-
<b>Total Expenses</b>	<u>1,795,033.56</u>	<u>1,696,887.19</u>
<b>Income/(Loss) Before Contributions and Extraordinary Items</b>	<u>419,396.39</u>	<u>371,519.57</u>
Capital Contributions	323,017.00	535,024.54
Extraordinary Items	-	(1,302.50)
<b>Change in Net Assets</b>	<u>\$ 742,413.39</u>	<u>\$ 905,241.61</u>

**Business-type Activities**

The Authority for the year ended 2010, is showing a 7.79% increase of operating revenues over 2009. The operating expenses for the year ended 2010 reflect a 5.78% increase over 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2010, the Authority had \$15,166,855.11 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 \$47,519.00 in other capital assets (net of amortization). This amount represents an increase (including additions and deductions) of \$872,421.33 or 6.08% over last year.

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

	2010	2009
Sanitary Sewer System	\$ 14,106,769.87	\$ 13,901,269.14
Office Equipment	-	1,678.40
	<hr/>	<hr/>
	14,106,769.87	13,902,947.54
Construction in Progress	1,060,085.24	381,212.44
<b>Total Capital Assets</b>	<hr/> <b>15,166,855.11</b>	<hr/> <b>14,284,159.98</b>

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 2011 budget reflects no increase in usage rate or service charge. The budget estimates 35 new customers being added to the system, a 1.28% increase.

Rates

For 2011, Allegheny County Sanitary Authority (ALCOSAN), the Authority's sewage treatment provider, has not increased the treatment or sanitary sewer rates. Because of this the Authority was able to hold the 2010 rates for 2011 and this avoid a general rate increase.

For 2012 and beyond it is expected, because of Federal and State environmental rules and regulations and the existing Consent Order requirements of the Allegheny County Health Department (ACHD) as well as Pennsylvania Department of Environmental Protection (PA DEP) that ALCOSAN will be required to substantially increase user rates, which the Authority will be required to pass on to its customers.

The Authority is and has been required to make substantial and costly Consent Order mandated system inspections, cleaning, camera inspection and other testing as well as line maintenance and repair. The Consent Order mandated expenditures will continue into the foreseeable future and will divert limited available funding from new sewer construction. It is expected that ALCOSAN rates will exceed annual inflation rates due to massive Consent Order construction that is expected to begin in the immediate future.

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

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

**2011 Sewer Line Maintenance and System Repairs**

In 2011, the Authority plans to continue the long standing practice of inspecting and making necessary repairs to its sanitary sewer system. To that extent, the Authority accepted a bid for 2011 miscellaneous manhole maintenance and repairs in the amount of \$162,000. Additionally, in 2011 the Authority plans to improve the St. Andrews pump station access by improving and paving the access road at an estimated cost of \$83,000.

The engineer is reviewing the ACHD Consent Order obligations and is in the process of preparing the necessary documents for bidding of those miscellaneous sanitary sewer repairs and replacements at an estimated cost of \$285,000. This work is required as part of the Consent Order obligation imposed by PA DEP and the ACHD on all sanitary sewer operations in Allegheny County.

**Colecrest Area Repairs**

The Colecrest area sanitary sewer replacement project, with an estimated construction cost of \$143,500, has received a Community Infrastructure and Tourism Fund (CITF) grant in the amount of \$60,000, thus making the project financially feasible at an estimated Authority cost of \$111,500. Because of the grant the Authority has entered into a contract for these repairs and work is expected to begin in September 2011.

**Baldwin Road East/West and the Michael Road/Ridge Road/Scotts Run Water Shed Project**

During 2011, the Authority will complete the Baldwin Road East/West project at a cost of \$542,696. This project will provide public sewer access and connections to nineteen individual properties located along Baldwin Road. It should be noted that road opening permits were obtained and all of the owners of private property that were provided with sewers also provided the required right-of-ways for this construction.

There are currently three other designed phases of the Scotts Run/Ridge Road project that have been placed on an indefinite hold due to lack of required right-of-ways and the refusal of private property owners to provide the right-of-ways.

Further, in 2011, the Authority was notified by PA H<sub>2</sub>O that funding applications for the previously constructed Baldwin Road, Cowan/McMichael Road project and the Upper Scotts Run Road project were both denied and would not be funded.

The Authority does not see any future funding source for this project other than substantial property assessment and substantial Authority contribution should the property owners provide the right-of-ways.

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

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

**Colecrest Area Improvements**

The Authority applied for and was awarded a Council of Government (COG) grant to improve and upgrade older sewers in the Colecrest Area of the Township. Because of this grant a contract was awarded in 2011 for a total project cost of \$138437. Main line sewer service to a number of existing homes will be improved with this project which will be completed in 2011/2012.

**Prestley Heights - New Development**

A private developer has currently under construction, and continuing into 2012, Phase 1 of a single-family residential dwelling project identified as Prestley Heights. When completed, this project will consist of approximately 72 single-family units located in Collier Township. The sewer lines for this project are privately funded by the property developer but will be eventually accepted as part of the Authority's sewer system.

**Possible Pending Projects Without Funding Sources and on Indefinite Hold**

**Baldwin Road Extension - Possible New Construction**

No activity has occurred on this proposed project and the project is on an indefinite delay due to lack of financing by financing customers to be served. The project remains to be economically unfeasible.

**Steen Road Area Line Repair**

The Authority applied for a COG grant to update old sanitary sewer lines along Steen Road. Funding for this project was denied by COG and no other state funding source seems to be available for this project or projects of this type. The project cost is estimated at \$165,175 and would upgrade the line serving five (5) houses.

**Anticipated Future Obligations**

It is anticipated that much, if not all, of the Authority revenue in the foreseeable future will be expended on Consent Order mandated requirements, leaving little funding available for new construction without a substantial long-term rate increase on all existing customers.

**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, 2010 AND 2009**

	2010	2009
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Petty Cash	\$ 75.00	\$ 75.00
Cash and Cash Equivalents	1,176,019.78	523,613.13
Investments	200,000.00	794,000.00
Accounts Receivable-Trade (Net of Allowance for Doubtful Accounts)	118,774.65	114,804.14
Interest Receivable	2,054.08	2,732.44
Prepaid Insurance	2,207.70	1,848.57
	<u>1,499,131.21</u>	<u>1,437,073.28</u>
<b>TOTAL CURRENT ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, Plant and Equipment (Net of Depreciation)	15,166,855.11	14,284,159.98
Software (Net of Amortization)	1,650.00	2,750.00
Deferred Capital Fee (Net of Amortization)	45,869.00	55,042.80
	<u>15,214,374.11</u>	<u>14,341,952.78</u>
<b>TOTAL NON CURRENT ASSETS</b>		
	<u>\$16,713,505.32</u>	<u>\$15,779,026.06</u>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable-Trade	\$ 445,855.75	\$ 355,700.41
Construction Contracts Payable	101,964.44	-
Payroll Taxes Accrued and Withheld	87.24	141.15
	<u>547,907.43</u>	<u>355,841.56</u>
<b>TOTAL CURRENT LIABILITIES</b>		
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	15,112,409.67	14,341,952.78
Restricted by Board for Emergency Repairs	408,682.32	389,221.26
Unrestricted	644,505.90	692,010.46
	<u>16,165,597.89</u>	<u>15,423,184.50</u>
<b>TOTAL NET ASSETS</b>		
	<u>\$16,713,505.32</u>	<u>\$15,779,026.06</u>
<b>TOTAL LIABILITIES AND NET ASSETS</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, 2010 AND 2009

	2010	2009
<b>OPERATING REVENUES</b>		
Sewer Charges	\$ 1,803,282.38	\$ 1,687,348.80
Penalties	4,227.74	3,678.39
Reimbursement-Alcosan	5,744.20	5,341.34
	<u>1,813,254.32</u>	<u>1,696,368.53</u>
<b>TOTAL OPERATING REVENUES</b>		
<b>OPERATING EXPENSES</b>		
Advertising	-	3,213.62
Bad Debts	3,267.10	3,299.81
Billing and Collection	25,283.32	24,583.28
Contracted Services-Administrative	2,254.45	2,295.65
Contracted Services-Dye Testing	-	1,965.00
Dues and Subscriptions	217.47	3,232.53
Employee Benefits	14,878.72	10,777.50
Inspection Fees	11,439.75	15,274.00
Insurance	8,508.87	12,744.14
Investment Fees	1,825.61	1,497.38
Maintenance of Sewer System	133,200.12	110,001.72
Miscellaneous Expense	1,308.67	5,540.84
Office Expenses	22,745.43	23,014.80
Office Salaries	54,533.31	56,293.99
Operating Engineering Fees	202,564.94	196,109.08
Operating Legal Fees	27,259.04	44,390.24
Payroll Taxes	5,096.53	5,194.35
Power for Pump Station	3,717.77	4,011.42
Sewer Treatment Charges	930,824.16	851,775.30
Telephone	2,998.48	2,947.45
Travel Expense	135.12	117.77
	<u>1,452,058.86</u>	<u>1,378,279.87</u>
<b>TOTAL OPERATING EXPENSES</b>		
<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	6,789.00	5,705.00
	<u>17,589.00</u>	<u>16,505.00</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>		
<b>AMORTIZATION AND DEPRECIATION</b>		
Amortization-Software	1,100.00	1,949.80
Amortization-Deferred Capital Fee	9,173.80	9,173.80
Depreciation-Property, Plant and Equipment	315,111.90	290,978.72
	<u>325,385.70</u>	<u>302,102.32</u>
<b>TOTAL AMORTIZATION AND DEPRECIATION</b>		
<b>TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE</b>		
	<u>1,795,033.56</u>	<u>1,696,887.19</u>
<b>OPERATING INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES)</b>		
	<u>18,220.76</u>	<u>(518.66)</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, 2010 AND 2009

	2010	2009
<b>OTHER REVENUES/(EXPENSES)</b>		
Collection of Bad Debt Accounts	5,149.28	6,136.39
Dye Testing	-	1,760.00
Lien/Certification Letters	6,420.00	5,100.00
Miscellaneous	591.92	2,340.38
Assessment/Connection/Tap-In Fees	382,522.41	336,688.82
	<hr/>	<hr/>
<b>TOTAL OTHER REVENUES/(EXPENSES)</b>	394,683.61	352,025.59
	<hr/>	<hr/>
<b>OPERATING INCOME/(LOSS)</b>	412,904.37	351,506.93
	<hr/>	<hr/>
<b>NON OPERATING REVENUES/(EXPENSES)</b>		
Dividend and Interest Revenue-Operating	6,492.02	20,012.64
	<hr/>	<hr/>
<b>TOTAL NON OPERATING REVENUES/ (EXPENSES)</b>	6,492.02	20,012.64
	<hr/>	<hr/>
<b>INCOME BEFORE CONTRIBUTIONS AND EXTRAORDINARY ITEMS</b>	419,396.39	371,519.57
	<hr/>	<hr/>
<b>CONTRIBUTIONS</b>		
Capital Contributions	323,017.00	535,024.54
	<hr/>	<hr/>
<b>EXTRAORDINARY ITEMS</b>		
(Loss) on Abandonment of Fixed Assets	-	(1,302.50)
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	742,413.39	905,241.61
	<hr/>	<hr/>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	15,423,184.50	14,517,942.89
	<hr/>	<hr/>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 16,165,597.89</u>	<u>\$ 15,423,184.50</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, 2010 AND 2009

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	2,194,956.12	2,015,530.29
Payments to Suppliers	(1,290,331.79)	(1,293,721.60)
Payments to Employees	(60,485.99)	(62,262.02)
Payments for Employee Benefits	(14,878.72)	(10,847.16)
Payments for Payroll Taxes	(5,197.76)	(5,093.42)
<b>NET CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	<b>824,061.86</b>	<b>643,606.09</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Abandonment Costs	-	(1,302.50)
Acquisition of Property, Plant and Equipment	(772,825.59)	(965,196.02)
Acquisition of Software	-	(3,300.00)
<b>NET CASH FLOWS PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(772,825.59)</b>	<b>(969,798.52)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase)/Decrease in Investments	594,000.00	138,000.00
Investment Earnings	7,170.38	24,202.61
<b>NET CASH FLOWS PROVIDED/(USED) BY INVESTING ACTIVITIES</b>	<b>601,170.38</b>	<b>162,202.61</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>652,406.65</b>	<b>(163,989.82)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>523,688.13</b>	<b>687,677.95</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,176,094.78</b>	<b>\$ 523,688.13</b>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED)/BY OPERATING ACTIVITIES</b>		
Operating Income/(Loss)	\$ 412,904.37	\$ 351,506.93
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Cash Flows Reported in Other Categories:		
Amortization	10,273.80	11,123.60
Depreciation	315,111.90	290,978.72
Changes in Assets and Liabilities:		
Accounts Receivable-Trade	(3,970.51)	(27,522.49)
Accounts Receivable-Other	-	532.18
Prepaid Insurance	(359.13)	237.14
Accounts Payable-Trade	90,155.34	16,686.77
Payroll Taxes Accrued and Withheld	(53.91)	63.24
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>\$ 824,061.86</b>	<b>\$ 643,606.09</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>\$ 323,017.00</b>	<b>\$ 535,024.54</b>

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

**COLLIER TOWNSHIP MUNICIPAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**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, 2010 AND 2009

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, 2010 and 2009.

**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, 2010 AND 2009

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.

2010

	Cost	Accumulated Amortization	Net Book Value
Deferred Capital Fee	\$ 229,345.00	\$ 183,476.00	\$ 45,869.00

2009

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

**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 2010, the carrying amount of the Authority's deposits was \$1,019,132.07 and the bank balance was \$1,029,280.47. Of the bank balance, \$698,000.00 was covered by federal depository insurance. The Authority's deposits are categorized as (1) insured or collateralized with securities held by the entity or by its agent in the entity's name, or (3) uncollateralized.

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

Bank Balance	Category 1	Category 3	Carrying Amount
\$ 1,029,280.47	\$ 698,000.00	\$ 331,280.47	\$ 1,019,132.07

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

	2010	2009
<b>Undesignated Deposits</b>		
Citizens Municipal Checking with Interest	\$ 571,132.07	\$ 241,817.36
(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 & Ilesley 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
(B) Orrstown Bank Certificate of Deposit (Due 2/9/11 at .550%)	248,000.00	-
(A) Tristate Bank Certificate of Deposit (Due 6/13/11 at 1.390%)	200,000.00	-
	<u>\$ 1,019,132.07</u>	<u>\$ 1,035,817.36</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.

**2010**

	Carrying Value	Market Value
(B) (NC) Pennsylvania Liquid Government Investment Trust	\$ 356,887.71	\$ 356,887.71

**2009**

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

(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, 2010 AND 2009**

**NOTE 3 - FIXED ASSETS**

The following is a summary of fixed assets at December 31, 2010 and 2009.  
**2010**

Description	Cost	Accumulated Depreciation	Net Book Value
Sewer System	\$ 18,928,125.89	\$ 4,821,356.02	\$ 14,106,769.87
Field Equipment	17,314.55	17,314.55	-
Office Equipment	20,922.95	20,922.95	-
Construction in Progress	1,060,085.24	-	1,060,085.24
	<u>\$ 20,026,448.63</u>	<u>\$ 4,859,593.52</u>	<u>\$ 15,166,855.11</u>

**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
	<u>\$ 18,828,641.60</u>	<u>\$ 4,544,481.62</u>	<u>\$ 14,284,159.98</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.

**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.

**NOTE 6 - SUBSEQUENT EVENTS**

Subsequent events occurring after December 31, 2010, the date of the most recent balance sheet, have been evaluated for possible adjustment to or disclosure in the financial statements through July 14, 2011, the date the financial statements were issued.



COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES - ACTUAL AND BUDGET  
YEAR ENDED DECEMBER 31, 2010

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OPERATING REVENUES</b>			
Sewer Charges	\$ 1,803,282.38	\$ 1,830,025.00	(26,742.62)
Penalties	4,227.74	3,500.00	727.74
Reimbursement-Alcosan	5,744.20	4,300.00	1,444.20
<b>TOTAL OPERATING REVENUES</b>	<b>1,813,254.32</b>	<b>1,837,825.00</b>	<b>(24,570.68)</b>
<b>OPERATING EXPENSES</b>			
Advertising	-	7,500.00	7,500.00
Bad Debts	3,267.10	3,500.00	232.90
Billing and Collection	25,283.32	25,500.00	216.68
Contracted Services-Administrative	2,254.45	-	(2,254.45)
Dues and Subscriptions	217.47	1,500.00	1,282.53
Employee Benefits	14,878.72	13,141.00	(1,737.72)
Inspection Fees	11,439.75	20,000.00	8,560.25
Insurance	8,508.87	12,800.00	4,291.13
Investment Fees	1,825.61	-	(1,825.61)
Maintenance of Sewer System	133,200.12	96,000.00	(37,200.12)
Miscellaneous Expense	1,308.67	6,000.00	4,691.33
Office Expenses	22,745.43	34,200.00	11,454.57
Office Salaries	54,533.31	56,056.00	1,522.69
Operating Engineering Fees	202,564.94	136,000.00	(66,564.94)
Operating Legal Fees	27,259.04	49,500.00	22,240.96
Payroll Taxes	5,096.53	5,045.00	(51.53)
Power for Pump Station	3,717.77	7,000.00	3,282.23
Sewer Treatment Charges	930,824.16	992,400.00	61,575.84
Telephone	2,998.48	3,500.00	501.52
Travel Expense	135.12	500.00	364.88
<b>TOTAL OPERATING EXPENSES</b>	<b>1,452,058.86</b>	<b>1,470,142.00</b>	<b>18,083.14</b>
<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	6,789.00	5,000.00	(1,789.00)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>17,589.00</b>	<b>15,800.00</b>	<b>(1,789.00)</b>
<b>AMORTIZATION AND DEPRECIATION</b>			
Amortization-Software	1,100.00	3,000.00	1,900.00
Amortization-Deferred Capital Fee	9,173.80	9,000.00	(173.80)
Depreciation-Property, Plant and Equipment	315,111.90	278,000.00	(37,111.90)
<b>TOTAL AMORTIZATION AND DEPRECIATION</b>	<b>325,385.70</b>	<b>290,000.00</b>	<b>(35,385.70)</b>
<b>TOTAL OPERATING, ADMINISTRATIVE, AMORTIZATION AND DEPRECIATION EXPENSE</b>	<b>1,795,033.56</b>	<b>1,775,942.00</b>	<b>(19,091.56)</b>
<b>OPERATING INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES)</b>	<b>18,220.76</b>	<b>61,883.00</b>	<b>(43,662.24)</b>

COLLIER TOWNSHIP MUNICIPAL AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES - ACTUAL AND BUDGET  
YEAR ENDED DECEMBER 31, 2010

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OTHER REVENUES/(EXPENSES)</b>			
Collection of Bad Debt Accounts	5,149.28	-	5,149.28
Lien Letters	6,420.00	6,000.00	420.00
Miscellaneous	591.92	1,000.00	(408.08)
Tap and Connection Fees	382,522.41	333,850.00	48,672.41
<b>TOTAL OTHER REVENUES/(EXPENSES)</b>	<u>394,683.61</u>	<u>340,850.00</u>	<u>53,833.61</u>
<b>OPERATING INCOME/(LOSS)</b>	<u>412,904.37</u>	<u>402,733.00</u>	<u>10,171.37</u>
<b>NON OPERATING REVENUES (EXPENSES)</b>			
Dividend and Interest Revenue-Operating	6,492.02	30,000.00	(23,507.98)
<b>TOTAL NON OPERATING REVENUES (EXPENSES)</b>	<u>6,492.02</u>	<u>30,000.00</u>	<u>(23,507.98)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND EXTRAORDINARY ITEMS</b>	<u>419,396.39</u>	<u>432,733.00</u>	<u>(13,336.61)</u>
<b>CONTRIBUTIONS</b>			
Capital Contributions	323,017.00	-	323,017.00
<b>CHANGE IN NET ASSETS</b>	<u>\$ 742,413.39</u>	<u>\$ 432,733.00</u>	<u>\$ 309,680.39</u>