



CITY OF COLLINSVILLE, ILLINOIS

FINANCIAL STATEMENTS
AND INDEPENDENT
AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2004

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CITY OF COLLINSVILLE, ILLINOIS

CITY OFFICIALS

December 31, 2004

MAYOR

Stan Schaeffer

CITY MANAGER

Henry Sinda

CITY CLERK

Louis Jackstadt

CITY TREASURER

Mary Ann White

CITY ATTORNEY

Paul Welch

CORPORATE COUNSEL

Steven Giacoletto

CITY COUNCIL

Rick Rehg

Joy Springer

Fred Dalton

James Pulley

CITY OF COLLINSVILLE, ILLINOIS

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CITY OF COLLINSVILLE, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
Collinsville, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Collinsville, Illinois as of and for the year ended December 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the City of Collinsville, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Collinsville, Illinois as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 16, 2005 on our consideration of the City of Collinsville, Illinois' internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis (pages 3 to 8), budgetary comparison information (pages 49 to 52) and schedules of funding progress and employer contributions (pages 53 to 54) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Collinsville, Illinois' basic financial statements. The combining nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is also not a required part of the basic financial statements of the City of Collinsville, Illinois. The combining nonmajor fund financial statements, other schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

C. J. Schlessel Company L.L.C.
Certified Public Accountants

March 16, 2005

Management's Discussion and Analysis

This section of the City of Collinsville's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2004. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Collinsville exceeded its liabilities at the close of the most recent fiscal year by \$39.4 million. Of this amount, \$7 million may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$2.44 million.
- At the close of the current fiscal year, the City of Collinsville's governmental funds reported combined ending fund balances of \$9,388,806. Approximately \$8.3 million is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,610,413, or 31% of total general fund expenditures.
- In the City's business-type activities, revenues exceeded expenses and net assets increased by \$22,375.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) required supplementary information, and 4) an optional section that presents combining statements for nonmajor governmental funds and other information helpful in understanding the finances of the City of Collinsville.

The first two statements in the report are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The government-wide financial statements distinguish functions of the City of Collinsville that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, highways and streets (public works), sanitation, and community development. The business-type activities include water and sewer service.

The government-wide financial statements include not only the City of Collinsville itself, but also the Collinsville Memorial Public Library, a legally separate entity for which the City was financially accountable through September 30, 2004. As of October 1, 2004, the

Library became a separate taxing district. Financial information for the library is presented separately as a component unit for the nine months ended September 30, 2004.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Types of funds include governmental, proprietary and fiduciary.

Governmental fund statements report how general government services like public safety were financed in the short term as well as what remains for future spending. The City of Collinsville maintains fourteen individual governmental funds; four are considered to be major funds: the general fund, the liability insurance fund, the motor fuel tax fund and the TIF (Tax Increment Financing) fund. Information on major funds is presented separately; data from the other ten funds is combined and included in "Other Governmental Funds". Governmental fund statements can be found on pages 11 to 14 of this report. Individual data for the "other governmental funds" is provided in the form of combining statements on pages 55 and 56 of this report.

Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses. For the City of Collinsville, the Water & Sewer Fund is a proprietary fund. The basic financial statements can be found on pages 15 to 17 of this report.

Fiduciary fund statements provide information about the financial relationships in which the City's acts solely as a trustee or agent for the benefit of others, such as the Police and Fire Pension funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The basic fiduciary fund statements can be found on pages 20 and 21 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

Over time, net assets may serve as a useful indicator of a government's financial position. At December 31, 2004, the City of Collinsville's assets exceeded liabilities (net assets) by \$39.4 million.

The largest portion of the City of Collinsville's net assets (70 percent) reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt that is still outstanding. The City of Collinsville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Collinsville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Collinsville's net assets (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$7 million) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Collinsville's Net Assets - 2004

	Governmental activities	Business-type activities	Total
Current and other assets	\$ 10,359,200	\$ 3,984,807	\$ 14,344,007
Capital assets	9,971,135	21,488,088	31,459,223
Total assets	20,330,335	25,472,895	45,803,230
Long-term liabilities outstanding	2,041,532	1,374,480	3,416,012
Other liabilities	1,645,536	1,332,303	2,977,839
Total liabilities	3,687,068	2,706,783	6,393,851
Net assets:			
Invested in capital assets, net			
of related debt	7,876,775	19,580,041	27,456,816
Restricted	4,331,703	627,730	4,959,433
Unrestricted	4,434,789	2,558,341	6,993,130
Total net assets	<u>\$ 16,643,267</u>	<u>\$ 22,766,112</u>	<u>\$ 39,409,379</u>

At the end of the current fiscal year, the City of Collinsville is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

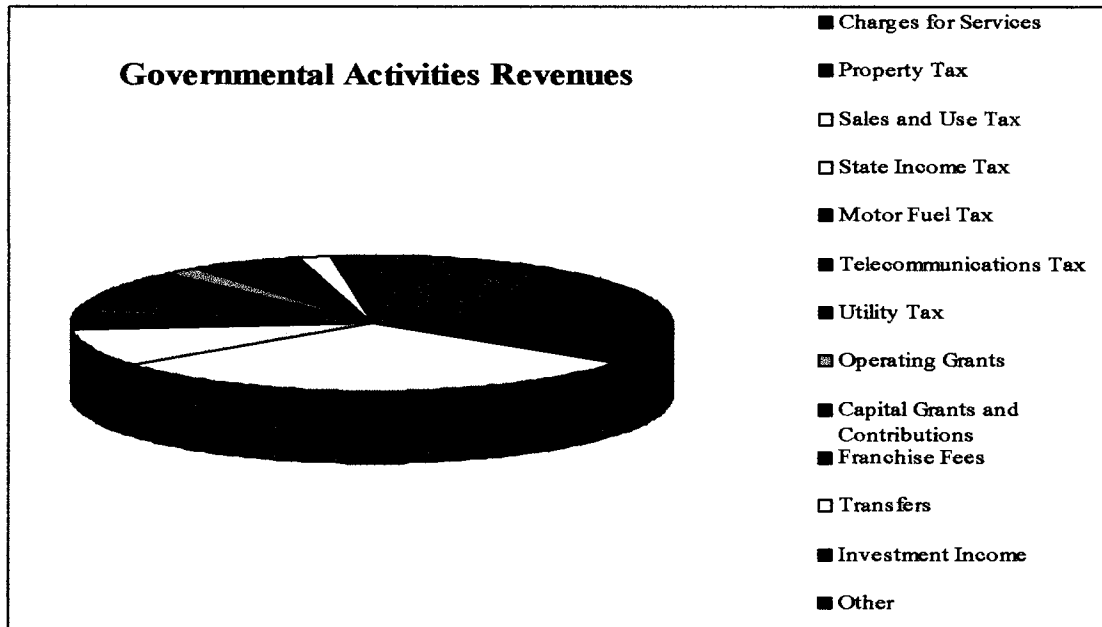
Changes in Net Assets

Governmental activities increased the City of Collinsville's net assets by approximately 2.4 million, thereby accounting for 99% of the total growth in the net assets of the City of Collinsville. Revenues and transfers in the governmental activities were 17.3 million with the largest amounts coming from sales and use taxes (5.1 million), charges for services (3.1 million) and property taxes (2.9 million). Total expenditures in the governmental activities were 14.9 million with the largest percentage being spent on public safety (6.9 million). The business-type activities had an increase of \$22,375. This represents revenues over expenditures in the water and sewer funds. Operating revenues increased by approximately \$225,000 to \$5,246,093 with operating expenses increasing by approximately \$427,000 to \$4,878,242.

A breakdown of the governmental activities revenues in list and chart formats follows:

	<u>2004</u>	<u>2003</u>
Charges for Services	\$ 3,141,515	\$ 3,267,115
Property Tax	2,945,981	2,738,566
Sales and Use Tax	5,100,145	4,905,114
State Income Tax	1,581,396	1,518,099
Motor Fuel Tax	720,021	733,165
Telecommunications Tax	1,158,028	417,787
Utility Tax	650,621	--
Operating Grants	299,474	539,005
Capital Grants and Contributions	813,449	785,159
Franchise Fees	288,562	294,217
Transfers	256,301	258,181
Investment Income	119,357	108,758
Other	275,334	308,378
	<u>\$ 17,350,184</u>	<u>\$ 15,873,544</u>

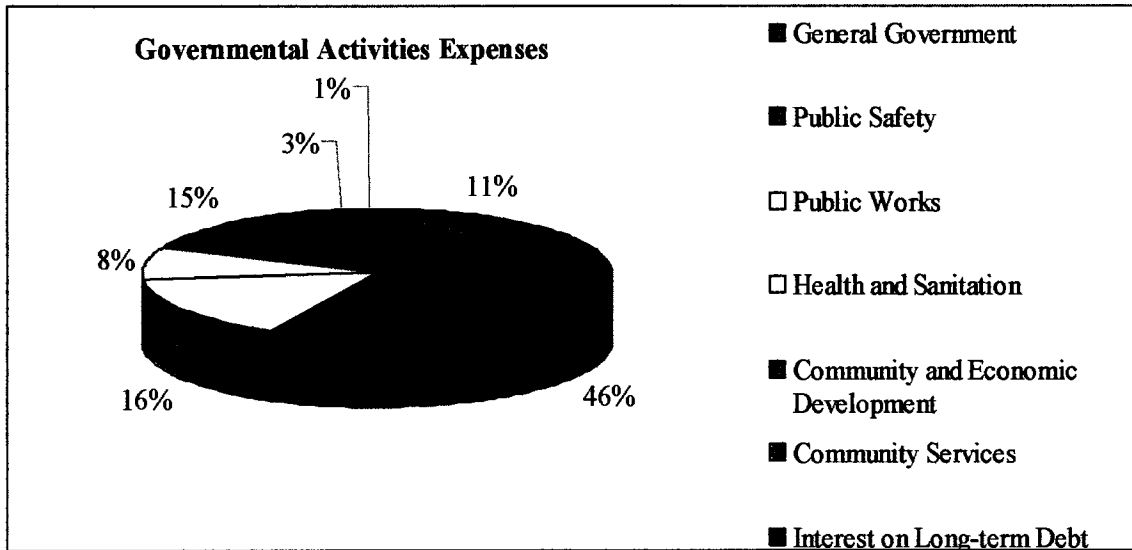
Revenues for governmental activities increased approximately \$1.48 million in the current year. The increase in revenues over prior year amounts largely results from increased telecommunications taxes of \$740,000 and utility taxes of \$650,000.



A similar list and chart is presented to show a breakdown of the governmental activities expenses.

	<u>2004</u>	<u>2003</u>
General Government	\$ 1,659,517	\$ 1,397,524
Public Safety	6,909,889	6,664,343
Public Works	2,421,557	2,081,598
Health and Sanitation	1,198,901	1,169,464
Community and Economic Development	2,175,082	2,367,520
Community Services	455,202	187,560
Interest on Long-term Debt	<u>107,016</u>	<u>135,841</u>
	<u>\$ 14,927,164</u>	<u>\$ 14,003,580</u>

The current year expenses increased approximately \$925,000 over the prior year. The largest percentage of expense was public safety with 46% of total costs followed by public works and general government with 16% and 11%, respectively



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

For the year ended December 31, 2004, the City of Collinsville's governmental funds reported combined ending fund balances of 9.39 million, an increase of 1.2 million in comparison with the prior year. The chief operating fund, the general fund, had an increase in fund balance of approximately \$600,000. The unreserved fund balance of the general fund was \$3.6 million, representing 31 percent of total general fund expenditures.

MAJOR FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were relatively minor (\$543,487 increase in appropriations) and can be briefly summarized as follows:

- \$41,487 increase in public safety, funded by Illinois Emergency Management Agency grants.
- \$190,000 increase in general government administration, using increased tax receipts to fund a special census.
- \$260,000 increase in street improvement capital projects, funded by Madison County.
- \$52,000 salary related to TIF operations.

Actual expenditures were \$377,000 less than final budgeted amounts in the general operating fund.

CAPITAL ASSETS

The City of Collinsville's investment in capital assets for its governmental and business type activities as of December 31, 2004 amounts to \$27.5 million (net of related debt and accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, roads, highways and bridges.

Major capital asset events during the current fiscal year included the following:

- Paving/repaving of seven arterial streets, including new curbs and gutters.
- Water main replacement, manhole relining and sewer plant filter replacement.
- Construction and engineering work on new fire station.

LONG-TERM DEBT

At December 31, 2004, the City of Collinsville had total bonded debt outstanding of \$3,395,000. This represents less than 15 percent of the City's bonded debt limit. All of the bonds are secured by specified revenue sources and backed by the taxing powers of the City (i.e., alternate revenue bonds).

As of December 31, 2004, the outstanding balance on a loan from the Illinois EPA amounted to \$596,139. The original loan of \$946,000 was used for filter system improvements at the City's wastewater plant. Repayment is being funded with user fees.

Requests for Information

This financial report is designed to provide a general overview of the City of Collinsville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 125 South Center, Collinsville, IL 62234.

CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 7,150,487	\$ 1,230,324	\$ 8,380,811
Investments	1,153,974	545,919	1,699,893
Receivables (Net of allowance for uncollectibles):	1,960,217	941,629	2,901,846
Inventory	83,440	139,209	222,649
Prepaid Expenses	-	158,292	158,292
Restricted Assets:			
Cash and Cash Equivalents	-	952,922	952,922
Capital Assets (Net of accumulated depreciation)			
Land	319,708	377,205	696,913
Buildings and Improvements	3,975,449	6,125,579	10,101,028
Equipment	1,397,579	852,347	2,249,926
Vehicles	1,008,649	85,869	1,094,518
Infrastructure	3,269,750	14,047,088	17,316,838
Other Assets	11,082	16,512	27,594
Total Assets	<u>20,330,335</u>	<u>25,472,895</u>	<u>45,803,230</u>
<u>Liabilities</u>			
Accounts Payable	660,730	137,103	797,833
Accrued Wages	203,599	50,908	254,507
Accrued Interest Payable	1,693	-	1,693
Liabilities Payable from Restricted Assets	94,983	331,333	426,316
Noncurrent Liabilities:			
Due Within One Year	684,531	812,959	1,497,490
Due in More Than One Year	2,041,532	1,374,480	3,416,012
Total Liabilities	<u>3,687,068</u>	<u>2,706,783</u>	<u>6,393,851</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	7,876,775	19,580,041	27,456,816
Restricted for:			
Debt Service	391,795	627,730	1,019,525
Economic Development	3,187,179	-	3,187,179
Other Purposes	752,729	-	752,729
Unrestricted	4,434,789	2,558,341	6,993,130
Total Net Assets	<u>\$ 16,643,267</u>	<u>\$ 22,766,112</u>	<u>\$ 39,409,379</u>

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

CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,659,517	\$ 340,055	\$ -	\$ -	\$ (1,319,462)		\$ (1,319,462)	
Public Safety	6,909,889	895,689	168,521	600,000	(5,245,679)		(5,245,679)	
Public Works	2,421,557	26,936	101,902	213,449	(2,079,270)		(2,079,270)	
Health and Sanitation	1,198,901	877,067	-	-	(321,834)		(321,834)	
Community and Economic Development	2,175,082	999,020	-	-	(1,176,062)		(1,176,062)	
Community Services	455,202	2,748	29,051	-	(423,403)		(423,403)	
Interest on Long-term Debt	107,016	-	-	-	(107,016)		(107,016)	
Total Governmental Activities (see Note 1)	<u>14,927,164</u>	<u>3,141,515</u>	<u>299,474</u>	<u>813,449</u>	<u>(10,672,726)</u>		<u>(10,672,726)</u>	
Business-type Activities:								
Water and Sewer	4,966,596	5,246,093	-	-		\$ 279,497	279,497	
Total Business-type Activities	<u>4,966,596</u>	<u>5,246,093</u>	<u>-</u>	<u>-</u>		<u>279,497</u>	<u>279,497</u>	
Total Primary Government	<u>\$ 19,893,760</u>	<u>\$ 8,387,608</u>	<u>\$ 299,474</u>	<u>\$ 813,449</u>	<u>(10,672,726)</u>	<u>279,497</u>	<u>(10,393,229)</u>	
Component Unit:								
Library	\$ 633,514	\$ 29,880	\$ 60,875	\$ 30,884				\$ (511,875)
Total Component Unit	<u>\$ 633,514</u>	<u>\$ 29,880</u>	<u>\$ 60,875</u>	<u>\$ 30,884</u>				<u>(511,875)</u>
General Revenues:								
Property Tax, Levied for General Purposes					2,945,981	-	2,945,981	454,547
Sales and Use Tax					5,100,145	-	5,100,145	-
Replacement Tax					29,554	-	29,554	16,201
State Income Tax					1,581,396	-	1,581,396	-
Motor Fuel Tax					720,021	-	720,021	-
Telecommunications Tax					1,158,028	-	1,158,028	-
Utility Tax					650,621	-	650,621	-
Franchise Fees					288,562	-	288,562	-
Other					114,540	-	114,540	-
Grants and Contributions not Restricted to Specific Programs					24,691	-	24,691	-
Unrestricted Investment Earnings					119,357	42,878	162,235	1,720
Miscellaneous					106,549	-	106,549	6,344
Transfers					256,301	(300,000)	(43,699)	(1,286,334)
Total General Revenues and Transfers					<u>13,095,746</u>	<u>(257,122)</u>	<u>12,838,624</u>	<u>(807,522)</u>
Change in Net Assets					<u>2,423,020</u>	<u>22,375</u>	<u>2,445,395</u>	<u>(1,319,397)</u>
Net Assets - Beginning					<u>14,220,247</u>	<u>22,743,737</u>	<u>36,963,984</u>	<u>1,319,397</u>
Net Assets - Ending					<u>\$ 16,643,267</u>	<u>\$ 22,766,112</u>	<u>\$ 39,409,379</u>	<u>\$ -</u>

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

CITY OF COLLINSVILLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>General Fund</u>	<u>Liability Insurance Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash and Cash Equivalents:						
Cash	\$ 12,917	\$ -	\$ -	\$ -	\$ 533,257	\$ 546,174
Seized Funds Escrow	95,734	-	-	-	-	95,734
Investments	2,297,563	-	1,448,977	2,343,813	418,226	6,508,579
Total Cash and Cash Equivalents	<u>2,406,214</u>	<u>-</u>	<u>1,448,977</u>	<u>2,343,813</u>	<u>951,483</u>	<u>7,150,487</u>
Investments	202,856	-	-	951,118	-	1,153,974
Receivables (Net, where applicable, of allowances for uncollectibles):						
Property Tax	745,753	427,850	-	-	276,610	1,450,213
Services	301,613	-	-	-	133,518	435,131
Intergovernmental	1,150,388	-	60,856	148,842	25,049	1,385,135
Accrued Interest	-	-	-	3,609	-	3,609
Other	136,342	-	-	-	-	136,342
Inventory	83,440	-	-	-	-	83,440
Total Assets	<u>\$ 5,026,606</u>	<u>\$ 427,850</u>	<u>\$ 1,509,833</u>	<u>\$ 3,447,382</u>	<u>\$ 1,386,660</u>	<u>\$ 11,798,331</u>
<u>Liabilities and Fund Equity</u>						
Liabilities:						
Accounts Payable	\$ 145,851	\$ -	\$ 27,553	\$ 258,961	\$ 228,365	\$ 660,730
Accrued Wages and Compensated Absences	202,357	-	-	1,242	-	203,599
Liabilities Payable from Restricted Assets:						
Seized Fund Escrow Liability	94,983	-	-	-	-	94,983
Deferred Revenue	745,753	427,850	-	-	276,610	1,450,213
Total Liabilities	<u>1,188,944</u>	<u>427,850</u>	<u>27,553</u>	<u>260,203</u>	<u>504,975</u>	<u>2,409,525</u>
Fund Equity:						
Fund Balance:						
Reserved For:						
Debt Service	-	-	-	-	393,488	393,488
Employees' Retirement Benefit	-	-	-	-	21,914	21,914
Inventory	83,440	-	-	-	-	83,440
Forfeited Funds	143,809	-	-	-	-	143,809
Other	-	-	-	-	503,566	503,566
Unreserved	3,610,413	-	1,482,280	3,187,179	-	8,279,872
Unreserved, Reported In:						
Special Revenue Funds	-	-	-	-	4,957	4,957
Capital Projects Fund	-	-	-	-	(42,240)	(42,240)
Total Fund Equity	<u>3,837,662</u>	<u>-</u>	<u>1,482,280</u>	<u>3,187,179</u>	<u>881,685</u>	<u>9,388,806</u>
Total Liabilities and Fund Equity	<u>\$ 5,026,606</u>	<u>\$ 427,850</u>	<u>\$ 1,509,833</u>	<u>\$ 3,447,382</u>	<u>\$ 1,386,660</u>	<u>\$ 11,798,331</u>

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

CITY OF COLLINSVILLE, ILLINOIS

RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 9,388,806
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	9,971,135
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(620,621)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(2,105,442)
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(1,693)
Debt issuance costs are not reported as an asset to be amortized on the balance sheet of the governmental funds.	11,082
Net assets of governmental activities	<u>\$ 16,643,267</u>

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

CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General Fund</u>	<u>Liability Insurance Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property Tax	\$ 907,406	\$ 418,388	\$ -	\$ 1,375,078	\$ 245,109	\$ 2,945,981
Intergovernmental:						
Sales and Use Tax	4,543,168	-	-	1,053,518	-	5,596,686
Replacement Tax	15,932	-	-	-	13,622	29,554
State Income Tax	1,581,396	-	-	-	-	1,581,396
Motor Fuel Tax	-	-	720,021	-	-	720,021
Telecommunications Tax	1,158,028	-	-	-	-	1,158,028
Grants	197,572	-	-	-	201,902	399,474
Other	114,540	-	-	-	-	114,540
Other Local Taxes	17,522	-	-	-	1,637,141	1,654,663
Drug Forfeiture Revenue	152,663	-	-	-	-	152,663
Licenses, Fees and Permits	572,461	-	-	-	-	572,461
Charges for Services	1,487,123	-	-	-	-	1,487,123
Fines	166,082	-	-	-	-	166,082
Investment Earnings	28,053	1,651	17,934	60,993	10,726	119,357
Gifts and Donations	24,331	-	-	-	500,360	524,691
Miscellaneous Revenues and Reimbursements	154,255	-	-	-	213,449	367,704
Total Revenues	<u>11,120,532</u>	<u>420,039</u>	<u>737,955</u>	<u>2,489,589</u>	<u>2,822,309</u>	<u>17,590,424</u>
Expenditures:						
Current:						
General Government	2,135,815	-	-	-	360	2,136,175
Public Safety	6,295,469	-	-	-	28,672	6,324,141
Public Works	1,563,871	-	296,613	53,768	155,319	2,069,571
Health and Sanitation	1,198,901	-	-	-	-	1,198,901
Community and Economic Development	132,538	-	-	1,047,248	986,617	2,166,403
Community Services	97,160	-	-	356,071	-	453,231
Debt Service:						
Principal	-	-	-	240,000	84,558	324,558
Interest	-	-	-	83,798	28,697	112,495
Capital Outlay	128,516	-	164,949	670,615	900,522	1,864,602
Total Expenditures	<u>11,552,270</u>	<u>-</u>	<u>461,562</u>	<u>2,451,500</u>	<u>2,184,745</u>	<u>16,650,077</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(431,738)</u>	<u>420,039</u>	<u>276,393</u>	<u>38,089</u>	<u>637,564</u>	<u>940,347</u>
Other Financing Sources (Uses):						
Operating Transfers In	1,050,890	-	-	-	-	1,050,890
Operating Transfers Out	-	(420,039)	(90,000)	(85,000)	(199,550)	(794,589)
Total Other Financing Sources	<u>1,050,890</u>	<u>(420,039)</u>	<u>(90,000)</u>	<u>(85,000)</u>	<u>(199,550)</u>	<u>256,301</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	619,152	-	186,393	(46,911)	438,014	1,196,648
Fund Balance, Beginning of Year	3,205,527	-	1,295,887	3,234,090	443,671	8,179,175
Increase in Reserve for Inventory	12,983	-	-	-	-	12,983
Fund Balance, End of Year	<u>\$ 3,837,662</u>	<u>\$ -</u>	<u>\$ 1,482,280</u>	<u>\$ 3,187,179</u>	<u>\$ 881,685</u>	<u>\$ 9,388,806</u>

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

CITY OF COLLINSVILLE, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds \$ 1,196,648

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year 971,251

The amount of compensated absences is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between beginning and ending compensated absences balances that has been included in the statement of activities. (83,570)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items. 325,708

The governmental funds report the changes in inventory as a direct change to fund balances. The statement of activities reports the change in inventory as a change to the supplies expense account where the purchases were recorded. This amount is the change in inventory balances between the beginning and end of the year. 12,983

Change in net assets of governmental activities \$ 2,423,020

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

CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUND - WATER AND SEWER FUND
 DECEMBER 31, 2004

Assets:

Current Assets:

Cash and Cash Equivalents:

Cash	\$ 95,542
Investments	<u>1,134,782</u>
Total Cash and Cash Equivalents	1,230,324

Investments	545,919
-------------	---------

Receivables (Net, where applicable, of allowances for uncollectibles):

Services	938,578
Accrued Interest	3,051

Inventory	139,209
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Prepaid Expenses	<u>158,292</u>
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Total Current Assets	<u>3,015,373</u>
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Noncurrent Assets:

Restricted Assets:

Cash and Cash Equivalents - Investments:

Customer Deposits	325,192
Bond Account	76,330
Bond Reserve Account	300,618
Depreciation Account	150,409

Improvement , Extension, Replacement and Bond Redemption Account	<u>100,373</u>
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Total Restricted Assets	<u>952,922</u>
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Capital Assets:

Land	377,205
Buildings and Improvements	11,843,697
Equipment	2,078,914
Vehicles	883,224

Water and Sewer Lines	<u>29,213,990</u>
Total	44,397,030

Less - Accumulated Depreciation	<u>(22,908,942)</u>
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Net Capital Assets	<u>21,488,088</u>
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Other Assets:

Bond Issuance Costs	<u>16,512</u>
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Total Other Assets	<u>16,512</u>
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Total Noncurrent Assets	<u>22,457,522</u>
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Total Assets	<u>\$ 25,472,895</u>
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Liabilities:

Current Liabilities:

Accounts Payable	\$ 137,103
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Accrued Wages	50,908
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Loan Payable	<u>93,206</u>
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Total Current Liabilities	<u>281,217</u>
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Current Liabilities Payable from Restricted Assets:

Customer Deposits	325,192
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Current Portion of Bonds	620,000
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Accrued Interest Payable	<u>6,141</u>
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Total Current Liabilities Payable from Restricted Assets	<u>951,333</u>
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Noncurrent Liabilities:

Accrued Compensated Absences	289,720
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Loan Payable	596,139
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General Obligation Bonds - 1998 Series	290,000
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General Obligation Bonds - 2003A Series	1,025,000
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Current Portion Of Debt	(713,206)
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Deferred Refunding Expense	<u>(13,420)</u>
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Total Noncurrent Liabilities	<u>1,474,233</u>
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Total Liabilities	<u>2,706,783</u>
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Net Assets:

Invested in Capital Assets, Net of Related Debt	19,580,041
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Restricted for Debt Service	627,730
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Unrestricted	<u>2,558,341</u>
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Total Net Assets	<u>\$ 22,766,112</u>
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CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

Operating Revenues:	
Charges for Services	\$ 4,803,423
Fees	394,607
Miscellaneous Revenue	48,063
Total Operating Revenues	<u>5,246,093</u>
Operating Expenses:	
Salaries	1,446,981
Employee Benefits	490,640
Maintenance	116,278
Contractual Services	1,151,564
Commodities	515,997
Miscellaneous	17,481
Bad Debt Expense	58,365
Depreciation	1,080,936
Total Operating Expenses	<u>4,878,242</u>
Operating Income	<u>367,851</u>
Nonoperating Revenues (Expenses):	
Amortization of Deferred Refunding and Bond Issuance Costs	(21,925)
Investment Earnings	42,878
Interest and Fiscal Charges	(66,429)
Total Nonoperating Revenues (Expenses)	<u>(45,476)</u>
Income Before Transfers	322,375
Transfers Out	<u>(300,000)</u>
Change in Net Assets	22,375
Net Assets - Beginning of Year	<u>22,743,737</u>
Net Assets - End of Year	<u>\$ 22,766,112</u>

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

CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPE - WATER AND SEWER FUND FOR THE YEAR ENDED DECEMBER 31, 2004

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 5,235,150
Payments to Suppliers	(2,285,503)
Payments to Employees	(1,439,103)
Net Cash Provided by Operating Activities	<u>1,510,544</u>
Cash Flows from Noncapital Financing Activities:	
Payments to Other Funds	(300,000)
Net Cash (Used) by Noncapital Financing Activities	<u>(300,000)</u>
Cash Flows from Capital and Related Financing Activities:	
Capital Expenditures	(321,134)
Principal Payments on Bonds	(600,000)
Interest Payments and Fiscal Charges	(78,213)
Principal Payments on Lease/Loan	(90,887)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,090,234)</u>
Cash Flows from Investing Activities:	
Interest Received	43,282
Net Purchase of Long-Term Investments	(20,702)
Net Cash Provided by Investing Activities	<u>22,580</u>
Net Increase in Cash and Cash Equivalents	142,890
Cash and Cash Equivalents, Beginning of Year	<u>2,040,356</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,183,246</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 367,851
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	1,080,936
(Increase) Decrease in Assets:	
Services Receivables	(18,738)
Inventory	49,880
Prepaid Expenses	(21,661)
Increase (Decrease) in Liabilities:	
Accrued Wages and Compensated Absences	7,878
Accounts Payable	36,603
Restricted Customer Deposits	7,795
Net Cash Provided by Operating Activities	<u>\$ 1,510,544</u>

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

CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
DECEMBER 31, 2004

Assets:

Cash and Cash Equivalents:

Cash	\$ 368,478
Investments	211,111
Investments	26,676,625
Receivables:	
Property Tax	650,895
Replacement Tax	18,630
Accrued Interest	107,942
Total Assets	<u>28,033,681</u>

Liabilities:

Accounts Payable	15,000
Total Liabilities	<u>15,000</u>

Net Assets:

Held in Trust For Pension Benefits and Other Purposes	<u>\$ 28,018,681</u>
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The notes to the financial statements are an integral part of this statement

CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

Additions:	
Taxes	\$ 813,113
Employee Contributions	311,522
Investment Earnings:	
Investment Earnings	2,250,935
Less: Investment Expense	<u>(83,262)</u>
Net Investment Earnings	<u>2,167,673</u>
Total Additions	<u>3,292,308</u>
Deductions:	
Benefit Payments	1,382,017
Contractual Services	19,577
Total Deductions	<u>1,401,594</u>
Change in Net Assets	1,890,714
Net Assets - Beginning of Year	<u>26,127,967</u>
Net Assets - End of Year	<u>\$ 28,018,681</u>

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

CITY OF COLLINSVILLE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Collinsville, Illinois was incorporated November 30, 1872. The City operates under a City Manager form of government and provides the following services: public safety (police and fire), highways and streets, health and sanitation, community and economic development, community services, water and sewerage and general administrative services. The City Manager and council members exercise oversight responsibility for all of these governmental services.

The financial statements of the City of Collinsville (government) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(a) The financial reporting entity

The City is a political subdivision of the State of Illinois. An elected board of four council members and a mayor governs the City. The council members are elected at large. These financial statements present all the fund types and account groups of the City (the primary government) and its component units. Component units are legally separate entities for which the City is financially accountable. Component units, although legally separate entities, are part of the City's operations.

Collinsville Public Library

The Collinsville Public Library (the Library) is governed by a board appointed by the Mayor with the advice and consent of the City Council. During the year ended December 31, 2004, the Library established a separate district and no longer operates under the oversight of the City. As a result, the City does not report any net assets for the Library as of December 31, 2004 and all previous existing funds are shown as a transfer out during the year ended December 31, 2004.

The Library provides services to residents within the geographic boundaries of the City. Budgetary and tax levy functions that were previously combined with the City are not being performed separately.

As required by GAAP, these financial statements present the City and its component unit through the date of separation. Until the point of separation, the component unit (the Library) was included in the City's reporting entity because of the significance of its operational or financial relationship with the City. The Library is presented as a discretely presented component unit in a separate column in the financial statements of the City. The Library is reported in this manner to indicate that it is legally separate from the City.

Related organization

The City's Mayor and Council are also responsible for appointing and approving the members of the Collinsville Metropolitan Exposition Auditorium and Office Building Authority. However, the City's accountability for the Authority does not extend beyond making the appointments. The Authority's operations, capital and debt service expenditures are financed entirely from the Authority's operations. The City has no involvement in the determination of the Authority's budget and rental rates and no obligations for the Authority's outstanding debts.

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The primary government is also reported separately from legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized, when applicable, as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The liability insurance fund accounts for the collection of property taxes to be transferred to other funds to pay insurance expenses of the City.

The motor fuel tax fund accounts for the taxes received and amounts paid related to motor fuel tax expenses.

The tax increment financing fund accounts for incremental taxes and other revenues as well as all expenses related to improvements and promotional costs connected to the tax increment financing areas.

The government reports the following major proprietary fund:

The water and sewer fund accounts for all activities related to the billing, administration, distribution and collection processes of the water and sewer utilities. The City operates the water distribution system as well as the sewage treatment plant, sewage pumping stations and collection systems.

Additionally, the government reports the following fund type:

The pension trust fund accounts for the activities of the police and fire pension funds, which accumulates resources for pension benefit payments to qualified public safety employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2)

operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Assets, liabilities and net assets or equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less. All short-term cash surpluses are maintained in a cash and investment pool and interest allocated to each fund based on month-end balances and investment policies.

The City is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds, the Illinois Metropolitan Investment Fund and repurchase agreements of government securities. The pension trust funds are also allowed to invest limited percentages of their monies in mutual funds and equity securities.

Fixed-income securities are recorded in all funds at fair value. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The allowance for uncollectibles, which has been deducted from the related receivable on the statement of net assets, consists of the following amounts.

General Fund	Garbage Receivables	\$ 25,616
General Fund	Ambulance Receivables	218,319
Proprietary Fund	Water and Sewer Receivables	<u>168,344</u>
	Total	<u>\$ 412,279</u>

Unbilled water and sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to December 31 and prorating the applicable number of days to the current fiscal year.

Unbilled garbage receivables related to the governmental activities are recorded and reported in the same manner as the water and sewer billings.

The City levied its property taxes on December 8, 2003 based upon the assessed valuation as of the previous January 1. Property taxes are due in two installments in the following year, usually in June and August, and are considered delinquent after the due dates. Property taxes for 2003 become an enforceable lien in January 2004. Because this tax levy will be used to pay expenses budgeted in 2005, no part of this tax levy is shown as a receivable as of December 31, 2004 in the statement of activities.

Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventory in the governmental fund consists of expendable street department supplies held for consumption. Inventory in the business-type fund consists of waterworks and sewerage supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

City ordinances require that all revenues derived from the operation of the Waterworks and Sewerage System be deposited into the Waterworks and Sewerage Fund.

Monies deposited into this fund are allocated to specific accounts as determined by covenants contained within City Ordinance No. 2877. The process used to allocate funds of the Waterworks and Sewerage Fund is in order of the account listed below at the amounts specified. The following is a description of each account by the ordinance:

Waterworks and Sewerage Operation and Maintenance Account – This account is used to accumulate an amount sufficient to pay the next succeeding month's operating, maintenance and repair expenses. The required amount in this account is to be one-twelfth of all such expenses computed on an annual basis.

Waterworks and Sewerage Bond Account – This account provides an amount sufficient to retire bond principal and interest as they become due and payable. On a monthly basis, this account is credited with an amount equal to one-sixth of the next interest payment due (interest is paid semi-annually) and one-twelfth of the next principal payment due (principal is paid on annual basis).

Waterworks and Sewerage Depreciation Account – Funds accumulated in this account can be used for payment of the cost of necessary repairs and replacements, the payment for which no other funds are available, in order that the system may at all times be able to render efficient services. Funds are accumulated at the rate of \$1,250 a month until a maximum of \$150,000 is achieved.

Waterworks and Sewerage Improvement, Extension, Replacement and Bond Redemption Account – All monies remaining in the Waterworks and Sewerage Fund, after crediting the required amounts to the respective accounts as described above, and after making up any deficiency in the above accounts from previous month(s) is accumulated in this account. The first \$100,000 accumulated in this account can be used to (1) pay interest and principal of any subordinate debt issued to acquire or construct improvements and extensions to the Waterworks and Sewerage System or (2) to improve, extend or replace components of the Waterworks and Sewerage System. Funds in excess of \$100,000 can be used for (1) and (2) above, or for calling and redeeming, prior to their maturity, any bond authorized and issued under this ordinance.

At December 31, 2004, the various restricted accounts contained the following amounts:

Waterworks and Sewerage Customer Deposits	\$ 325,192
Waterworks and Sewerage Bond Accounts	376,948
Waterworks and Sewerage Depreciation Account	150,409
Waterworks and Sewerage Improvement, Extension, Replacement and Bond Redemption Account	<u>100,373</u>
	<u>\$ 952,922</u>

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City did not record any capitalized interest in the current year, due to any calculated amounts being immaterial.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	7 - 40
Public domain infrastructure	20 - 40
System infrastructure	20 - 50
Vehicles	5 - 10
Office and other equipment	5 - 15

Compensated absences

Accumulated unpaid vacation and sick pay amounts are accrued when incurred. The City's policy permits employees to earn one to four weeks of vacation per year, based on length of service. In addition, employees earn sick leave at the rate of eighteen days per year. The maximum accumulation for any employee is one year vacation earned and ninety days of sick leave. Accumulated unused sick leave is paid to an employee upon retirement.

At December 31, 2004, the City estimated that the accumulated liability for unused vacation and sick leave for governmental fund employees totaled \$344,089 and \$276,532, respectively. Amounts reflected in the financial statements at December 31, 2004 for Enterprise Fund employees related to unused vacation and sick leave benefits totaled \$99,753 and \$189,967, respectively

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any related deferred refunding costs. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The following details the description and amount of all reserves recorded by the City in the fund financial statements:

Governmental Funds

Reserved for Inventory	\$ 83,440
Reserved for Future Projects	503,566
Reserved for Forfeited Funds	143,809
Reserved for Employees' Retirement Benefits	21,914
Reserved for Debt Service	<u>391,795</u>
	<u>\$ 1,144,524</u>

Proprietary Funds

Reserved for Depreciation	\$ 150,409
Reserved for Future Bond Debt Service	376,948
Reserved for Renewal and Replacement	<u>100,373</u>
	<u>\$ 627,730</u>

Fiduciary Funds

Reserved for Employees' Pension Benefits	<u>\$ 28,018,681</u>
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Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-side statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

Elements that comprise the reconciling differences include bonds and leases payable as well as the related accrued interest and unamortized premiums/discounts and refunding costs. In addition, accrued absences for sick leave and accrued vacation are reported on the schedule. Capital assets, net of accumulated depreciation, are also reported on the schedule as a reconciling item. These different categories of assets and liabilities are considered as not current and therefore are not reported in the governmental funds.

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of the reconciliation states, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$971,251 difference are as follows:

Capital outlay	\$ 1,864,602
Depreciation expense	<u>(893,351)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 971,251</u>

Another element of that reconciliation states, “The governmental funds report the changes in inventory as a direct change to fund balances.” This results in a reconciling amount of \$12,983.

A third element of that reconciliation states, "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities". The details of this \$325,708 difference are as follows:

Principal repayments:	
General obligation debt	\$ 300,000
Capital lease	24,558
Change in accrued interest	5,479
Amortization of issuance costs and deferred charges	<u>(4,329)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 325,708</u>

A final element of that reconciliation states, "The amount of change in compensated absences is not recorded as expense in the fund financial statements." This results in a reconciling amount of \$83,570.

NOTE 3: BUDGETARY AND LEGAL COMPLIANCE

(a) Appropriated and Budgetary Data

The City followed these procedures in establishing the appropriated and budgetary data reported in the financial statements for the year ended December 31, 2004:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them for the governmental and business-type funds.
2. A public hearing is conducted in regards to the appropriation ordinance to obtain taxpayer comments.
3. Prior to March 31, the appropriation is legally enacted through passage of an ordinance.

4. Operating budgets, which are used as a management control device, are adopted by the City Council in the form of a resolution for the governmental, enterprise and fiduciary funds.
5. Amendments to the appropriation ordinance that affect transfers of amounts between line items within a department must be approved by the City Council.
6. Supplements to the appropriation ordinance, which alter the total expenditures of a fund, must also be approved by the City Council.
7. Formal budgetary integration is employed as a management control device during the year for the governmental, enterprise and fiduciary funds.
8. The City prepares its annual budget on a cash basis (budget basis), which differs from accounting principles generally accepted in the United States of America (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the required supplementary information for the major governmental funds to provide a meaningful comparison of actual results with the budget. The difference between budget and GAAP basis is that the budget is prepared on the cash basis of accounting.

Budgeted amounts are as originally adopted, unless amended by the City Council. If amended, the amounts presented in the required supplementary information represent original and final authorized amounts. Comparisons of actual to budgeted amounts are performed using the operating budget amounts for all funds. Budgeted amounts are always less than the appropriation amounts. Unexpended appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded as of the balance sheet date in order to reserve that portion of the applicable appropriations, is not employed as of December 31, 2004.

(b) Excess Expenditures/Expenses Over Appropriations

The City had no funds with actual expenditures in excess of the appropriated amounts.

NOTE 4: CASH AND INVESTMENTS

(a) Deposits and Investments

At December 31, 2004, the carrying amount of the City's deposits was \$8,707,880 and the bank balance was \$8,846,529. Following is a summary of deposits:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Bank Balance</u>	<u>Carrying Amount</u>
Checking	\$ 121,139	\$ 60,753	\$ --	\$ 181,892	\$ 27,639
Checking-Interest	425,485	--	--	425,485	441,089
Savings	4,458	227,188	--	231,646	231,646
Money Market	311,725	403,566	--	715,291	715,291
Certificates of Deposits	<u>5,894,666</u>	<u>1,397,549</u>	<u>--</u>	<u>7,292,215</u>	<u>7,292,215</u>
Total Deposits	<u>\$ 6,757,473</u>	<u>\$ 2,089,056</u>	<u>\$ --</u>	<u>\$ 8,846,529</u>	<u>\$ 8,707,880</u>

It is the City's policy for deposits to be 102% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The City's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the City at December 31, 2004. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the entity or by its agent in the entity's name. Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. Category 3 – Uncollateralized.

At December 31, 2004, the carrying amount and market value of the City's investments was \$29,581,480. Following is a summary of investments:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Fair Value</u>
Federal Government Obligations	\$ 9,793,222	\$ --	\$ --	\$ 9,793,222
Repurchase Agreements	<u>2,523,322</u>	<u>--</u>	<u>--</u>	<u>2,523,322</u>
	<u>\$ 12,316,544</u>	<u>\$ --</u>	<u>\$ --</u>	12,316,544
Illinois Metropolitan Investment Fund				1,606,465
The Illinois Funds				4,579,117
Common Stock				4,759,962
Mutual Funds				<u>6,319,392</u>
Total Investments				29,581,480
Total Deposits				8,707,880
Cash on Hand				<u>480</u>
				<u>\$ 38,289,840</u>

Category 1 – Insured or registered, with securities held by the entity or its agent in the entity’s name. Category 2 – Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the entity’s name. Category 3 – Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the entity’s name.

As Reported in these Financial Statements:

Statement of Net Assets:

Cash and Cash Equivalents	\$ 8,380,811
Investments	1,699,893
Restricted Assets -	
Cash and Cash Equivalents	952,922

Statement of Fiduciary Net Assets:

Cash and Cash Equivalents:	
Cash	368,478
Investments	211,111
Investments	<u>26,676,625</u>
	<u>\$ 38,289,840</u>

See Note 1(e) for additional information related to the City’s cash and investments.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 319,708	\$ --	\$ --	\$ 319,708
Capital assets, being depreciated:				
Buildings and improvements	5,194,596	285,901	--	5,480,497
Equipment	3,897,194	232,316	--	4,129,510
Vehicles	2,640,336	194,954	37,995	2,797,295
Infrastructure	<u>2,189,487</u>	<u>1,151,431</u>	<u>--</u>	<u>3,340,918</u>
Total capital assets being depreciated	<u>13,921,613</u>	<u>1,864,602</u>	<u>37,995</u>	<u>15,748,220</u>
Less accumulated depreciation for:				
Buildings and improvements	1,345,218	159,830	--	1,505,048
Equipment	2,339,362	392,569	--	2,731,931
Vehicles	1,546,230	280,411	37,995	1,788,646
Infrastructure	<u>10,627</u>	<u>60,541</u>	<u>--</u>	<u>71,168</u>
Total accumulated depreciation	<u>5,241,437</u>	<u>893,351</u>	<u>37,995</u>	<u>6,096,793</u>
Total capital assets, being depreciated, net	<u>8,680,176</u>	<u>971,251</u>	<u>--</u>	<u>9,651,427</u>
Governmental activities capital assets, net	<u>\$ 8,999,884</u>	<u>\$ 971,251</u>	<u>\$ --</u>	<u>\$ 9,971,135</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 377,205	\$ --	\$ --	\$ 377,205
Construction in progress	<u>114,638</u>	<u>--</u>	<u>114,638</u>	<u>--</u>
Total capital assets, not being depreciated	<u>491,843</u>	<u>--</u>	<u>114,638</u>	<u>377,205</u>
Capital assets, being depreciated:				
Buildings and improvements	11,830,764	12,933	--	11,843,697
Water and sewer lines	28,901,539	312,451	--	29,213,990
Equipment	2,007,312	71,602	--	2,078,914
Vehicles	<u>844,438</u>	<u>38,786</u>	<u>--</u>	<u>883,224</u>
Total capital assets, being depreciated	<u>43,584,053</u>	<u>435,772</u>	<u>--</u>	<u>44,019,825</u>
Less accumulated depreciation for:				
Buildings and improvements	5,442,235	275,883	--	5,718,118
Water and sewer lines	14,546,269	620,633	--	15,166,902
Equipment	1,117,028	109,539	--	1,226,567
Vehicles	<u>722,474</u>	<u>74,881</u>	<u>--</u>	<u>797,355</u>
Total accumulated depreciation	<u>21,828,006</u>	<u>1,080,936</u>	<u>--</u>	<u>22,908,942</u>
Total capital assets, being depreciated, net	<u>21,756,047</u>	<u>(645,164)</u>	<u>--</u>	<u>21,110,883</u>
Business-type activities capital assets, net	<u>\$ 22,247,890</u>	<u>\$ (645,164)</u>	<u>\$ 114,638</u>	<u>\$ 21,488,088</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 35,181
Public safety	546,808
Highways and streets, including depreciation of general infrastructure assets	305,649
Community and economic development	3,742
Community services	<u>1,971</u>
Total depreciation expense – governmental activities	<u>\$ 893,351</u>
Business-type activities:	
Water and sewer	<u>\$ 1,080,936</u>

NOTE 6: RECEIVABLES

Receivables as of year-end for the City as reported in the statement of net assets, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Other Major Funds</u>	<u>Water and Sewer</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ --	\$ 3,609	\$ 3,051	\$ --	\$ 6,660
Fines/Franchise Fees	136,342	--	--	--	136,342
Accounts	545,548	--	1,106,922	133,518	1,785,988
Intergovernmental	<u>1,150,388</u>	<u>209,698</u>	<u>--</u>	<u>25,049</u>	<u>1,385,135</u>
Gross Receivables	1,832,278	213,307	1,109,973	158,567	3,314,125
Less: Allowance for uncollectible	<u>243,935</u>	<u>--</u>	<u>168,344</u>	<u>--</u>	<u>412,279</u>
Net Total Receivables	<u>\$ 1,588,343</u>	<u>\$ 213,307</u>	<u>\$ 941,629</u>	<u>\$ 158,567</u>	<u>\$ 2,901,846</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ 1,450,213	\$ --

NOTE 7: LONG-TERM DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The City has the following outstanding bond issues:

\$715,000 General Obligation Refunding Bonds (Tax Increment Alternate Revenue Source), Series 2003B dated September 3, 2003, due in annual installments of \$60,000 to \$85,000 through December 1, 2013; interest at 2.00% to 4.00%. The amount of bonds outstanding as of December 31, 2004 is \$655,000.

\$2,900,000 General Obligation Tax Increment Bonds, Series 1997 dated May 15, 1997, due in annual installments of \$255,000 to \$315,000 through December 30, 2009; interest at 4.95% to 5.15%. Bonds aggregating \$900,000 and due December 30, 2007 or thereafter, are subject to redemption prior to their maturity, at the option of the City, in whole or in part in integral multiples of \$5,000 from any funds available on December 1, 2006, and on any business day thereafter, at the redemption date. The amount of bonds outstanding as of December 31, 2004 is \$1,425,000.

\$1,345,000 General Obligation Refunding Bonds (Current Refunding Water and Sewer Portion), Series 2003A, dated September 3, 2003, due in annual installments of \$330,000 to \$350,000 through December 1, 2007; interest at 2.00% to 2.35%. The amount of bonds outstanding as of December 31, 2004 is \$1,025,000.

\$990,000 General Obligation Alternative Revenue Refunding Bonds, Series 1998, dated August 1, 1998, due in one annual installment of \$290,000 on September 1, 2005; interest at 4.50%. The amount of bonds outstanding as of December 31, 2004 is \$290,000.

The annual requirements to retire general obligation debt as of December 31, 2004 are as follows:

Fiscal Year Ended December 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 315,000	\$ 92,355	\$ 620,000	\$ 34,775
2006	335,000	78,533	345,000	15,125
2007	355,000	63,733	350,000	8,225
2008	365,000	47,695	--	--
2009	385,000	30,575	--	--
2010-2013	<u>325,000</u>	<u>31,887</u>	<u>--</u>	<u>--</u>
	<u>\$ 2,080,000</u>	<u>\$ 344,778</u>	<u>\$ 1,315,000</u>	<u>\$ 58,125</u>

There are a number of limitations and restrictions contained in the various bond indentures. The City believes it is in compliance with all significant limitations and restrictions.

The City has entered into a loan agreement with the Illinois Environmental Protection Agency for filter system improvements. The loan consists of drawdowns of \$927,678 and accrued interest of \$18,668 for a total loan of \$946,346. The loan is to be repaid in 20 semi-annual installments of \$53,866 including interest at 2.535 percent. The accrued interest on the loan has been capitalized and included in the cost of the project for construction purposes.

The annual requirements to retire the loan are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 93,206	\$ 14,526	\$ 107,732
2006	95,584	12,148	107,732
2007	98,023	9,709	107,732
2008	100,523	7,209	107,732
2009	103,087	4,645	107,732
2010	<u>105,716</u>	<u>2,016</u>	<u>107,732</u>
	<u>\$ 596,139</u>	<u>\$ 50,253</u>	<u>\$ 646,392</u>

The City also has entered into a lease-purchase agreement to purchase a 2004 Pelican street sweeper. The lease-purchase is to be repaid in one annual installment of \$26,358 including interest at 3.60 percent. The annual requirement to retire the loan is as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	<u>\$ 25,442</u>	<u>\$ 916</u>	<u>\$ 26,358</u>

The following is a summary of changes in long-term liabilities for the year ended December 31, 2004.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
Bond and notes payable					
General obligation debt	\$ 2,380,000	\$ --	\$ 300,000	\$ 2,080,000	\$ 315,000
Equipment lease	<u>50,000</u>	<u>--</u>	<u>24,558</u>	<u>25,442</u>	<u>25,442</u>
	2,430,000	--	324,558	2,105,442	340,442
Less: deferred amount on refunding	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total bonds and leases payable	2,430,000	--	324,558	2,105,442	340,442
Other liabilities					
Compensated absences	<u>537,051</u>	<u>83,570</u>	<u>--</u>	<u>620,621</u>	<u>344,089</u>
Governmental activities long-term liabilities	<u>\$ 2,967,051</u>	<u>\$ 83,570</u>	<u>\$ 324,558</u>	<u>\$ 2,726,063</u>	<u>\$ 684,531</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business-type Activities:</u>					
Bond and notes payable					
General obligation debt	\$ 1,915,000	\$ --	\$ 600,000	\$ 1,315,000	\$ 620,000
IEPA Loan	<u>687,026</u>	<u>--</u>	<u>90,887</u>	<u>596,139</u>	<u>93,206</u>
	2,602,026	--	690,887	1,911,139	713,206
Less: deferred amount on refunding	<u>22,266</u>	<u>--</u>	<u>8,846</u>	<u>13,420</u>	<u>--</u>
 Total bonds and leases payable	 2,579,760	 --	 682,041	 1,897,719	 713,206
Other liabilities					
Compensated absences	<u>288,174</u>	<u>1,546</u>	<u>--</u>	<u>289,720</u>	<u>99,753</u>
Business-type activities long-term liabilities	<u>\$ 2,867,934</u>	<u>\$ 1,546</u>	<u>\$ 682,041</u>	<u>\$ 2,187,439</u>	<u>\$ 812,959</u>

NOTE 8: INTERGOVERNMENTAL AGREEMENT

The City entered into an intergovernmental agreement with the Collinsville Metropolitan Exposition, Auditorium and Office Building Authority (the "Authority"). This agreement, as amended on April 7, 1988, requires the City to collect Hotel-Motel Tax and Food and Beverages Tax. All proceeds from the taxes shall be used for the support, construction, maintenance or financing of a facility of the "Authority".

The City has agreed to allow these funds to be used to:

1. Pay the principal and interest on the revenue bonds of the Authority, and
2. Establish and maintain a reserve fund at \$300,000 for the payment of deficits as they become due.

The City's Hotel-Motel Tax Ordinance provides for the payment of an administration fee to the City in the amount of \$12,500 per annum after the payments noted above have been provided for.

The Authority has allowed the City to withhold the administrative fee of \$12,500 for the year regardless of the balance in the reserve fund.

NOTE 9: LEGAL DEBT MARGIN

The computation of legal debt margin at December 31, 2004 is as follows:

Assessed Valuation	<u>\$ 296,464,327</u>
Bonded Debt Limit*	\$ 25,570,048
Bonded Indebtedness	<u>3,395,000</u>
Legal Debt Margin	<u>\$ 22,175,048</u>

* The bonded indebtedness of the City of Collinsville, Illinois is limited by Chapter 50, Section 405/1 of the Illinois Compiled Statutes to 8.625% of the assessed valuation of taxable tangible property.

NOTE 10: TAX INCREMENT FINANCING DISTRICT

In 1986, the City established a Tax Increment Financing (TIF) District. Provisions for the establishment and operation of a TIF District are in the Illinois Compiled Statutes, Chapter 65, Act 5, Article 11, Division 74.4. The goals of the District are defined in a redevelopment plan adopted by the City and dated December 26, 1986.

The objectives of the Collinsville, Illinois, Tax Increment Redevelopment Plan No. 1 are:

1. To reduce or eliminate those conditions which qualify the areas as a "conservation area".
2. To prevent the recurrence of those conditions.
3. To enhance the tax base of the City of Collinsville and the other taxing districts which extend into the project area.
4. To preserve and enhance the value of properties adjacent to the project area.
5. To encourage private investment, rehabilitation and redevelopment in the project area.
6. To provide necessary incentives to attract quality new commercial activities in the project area that are compatible with the land use plan of the City.

7. To participate in planning, studies, professional services, site assembly, demolition, relocation, construction of public works, job training and retraining, financing costs, payment in lieu of taxes, developers' interest costs and other qualified project costs to attract the private investment, rehabilitation and redevelopment in an orderly plan in accordance with the City's land use plans and regulations.

The redevelopment project costs of the District are financed from three sources:

1. The real estate property taxes derived from any increment in property tax valuation from an established base period.
2. The sales use and service tax increment, which generally is a state formula computation of the annual state sales tax increment from sales within the District compared to the base period.
3. The "municipal sales tax increment" which is an amount equal to the increase in the aggregate amount of taxes paid to the City from the Local Government Tax Fund compared to the base year which shall be the calendar year immediately prior to the year in which the City adopted tax increment allocation financing.

Funds from the above sources are to be deposited in a Special Tax Allocation Fund and redevelopment project costs are to be paid from this fund.

On October 22, 2001, the City established TIF District #2 to provide funds for development in a new area of the City. The objectives are primarily the same as those set forth in establishing the initial TIF District. The TIF District #2 will be financed only with increases in property values and the related incremental taxes.

NOTE 11: SEIZED FUND ESCROW

The City maintains a seized fund escrow account where it deposits monies seized by the police department until a determination is made regarding the distribution of those funds. The balance in this account at December 31, 2004 is \$95,734. The escrow liability directly offsets this account except for net interest income and bank service charges in the amount of \$751.

NOTE 12: SOLID WASTE LANDFILL

The City maintained a solid waste landfill east of Collinsville. This disposal facility was closed in 1986 and was determined by the Illinois Environmental Protection Agency to be satisfactorily closed and covered on October 24, 1986.

The Illinois Environmental Protection Agency requires the City to have sufficient operable equipment, personnel and supervision available to comply with applicable regulations; to provide a final cover of adequate depth; and adequate monitoring and control over leachate, gas, water and settling. In the inspection made by the Madison County Building, Zoning and Environmental Department, the City was found to be in compliance with applicable regulations.

In 1998, the IEPA notified the City that an inspection revealed possible environmental violations. At that time, the City hired an engineer to examine the cause of the violations and provide further guidance on what measures, if any, need to be taken by the City. The City has since dug wells and performed extensive testing to remedy the situation. The engineer has now filed for official permanent closure but, at this time, the EPA has not granted that status. Future required testing costs for this project is expected to be approximately \$35,000 per year for the foreseeable future.

NOTE 13: FEDERAL DRUG FORFEITURE REVENUE AND EXPENSES

During the year, the City received \$141,790 in federal drug forfeiture revenue and from those funds expended \$190,451. The City's police department assists in drug raids and seizes assets during those raids. All seized assets are turned over to Federal governmental agencies and then shared on a percentage basis by municipalities and/or organizations that participated in the drug raids. The governmental agencies require that those funds be used for police operations and, in some cases, drug enforcement.

NOTE 14: RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

The City's multi-employer defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state

statute. The City is required to contribute at an actuarially determined rate. The City's rate for calendar year 2003 was 1.00 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2003 was 10 years.

For December 31, 2003, the City's annual pension cost of \$33,176 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2003 actuarial valuation information were based on the 1999-2001 experience study.

Trend Information for IMRF

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC) <u>Cost (APC)</u>	Percentage Of APC Contributed <u>Contributed</u>	Net Pension Obligation <u>Obligation</u>
12/31/03	\$ 32,176	100%	\$ 0
12/31/02	31,666	100%	0
12/31/01	81,665	100%	0

2. Police Pension Fund and Firefighters' Pension Fund

a) Plan Description and Contribution Information

Information is shown at various dates, which presents the most current information available.

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 – Act 5, Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended December 31, 2004 was \$1,823,532.

At December 31, 2004, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	29
Current Employees	<u>38</u>
Total	<u>67</u>

The following is a summary of the Police Pension Plan as provided in the Illinois Compile Statutes:

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the current pension.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded. The City is required to contribute the remaining amount necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

Fire sworn personnel are covered by the Firefighter's Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois Compiled Statutes (Chapter 40 – Act 5, Article 4) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Firefighters' Pension Plan for the year ended December 31, 2004 was \$1,476,096.

At December 31, 2004, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	21
Current Employees	<u>32</u>
Total	<u>53</u>

The following is a summary of the Firefighters' Pension Plan as provided for in the Illinois Compiled Statutes:

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching at least the age of 55, by 3% of the original pension and an additional 3% annually, in January thereafter.

Covered employees are required to contribute 9.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

b) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Fixed-income and equity securities are reported at fair value in accordance with GASB 25. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

c) Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the current year were as follows:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Annual required contribution	\$ 424,844	\$ 391,556
Interest on net pension obligation	--	--
Adjustment to annual required contribution	--	--
Annual pension cost	<u>424,844</u>	<u>391,556</u>
Contributions made	<u>381,941</u>	<u>359,929</u>
Increase (decrease) in net pension obligation	42,903	31,627
Net pension obligation beginning of year	<u>(324,257)</u>	<u>(138,011)</u>
Net pension obligation end of year	<u>\$ (281,354)</u>	<u>\$ (106,384)</u>

The annual required contribution for the current year was determined at part of the December 31, 2002, actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.5% per year. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of assets was determined using amortized costs. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2002, was 30.4986 years.

Three-Year Trend Information

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
Police Pension	12/31/02	\$ 424,844	89.90%	\$ (281,354)
	12/31/01	368,611	100.11%	(323,954)
	12/31/00	313,753	100.26%	(323,547)
Fire Pension	12/31/02	\$ 391,556	91.92%	\$ (106,384)
	12/31/01	345,290	100.15%	(138,011)
	12/31/00	299,006	100.31%	(137,177)

d) Concentration

The City has a concentration of 5% or more investments in the following organizations:

Police Pension:

US Treasury Note 12/31/2005	\$ 1,304,227
US Treasury Note 01/31/2006	1,143,900
FHLB 12/15/2005	796,504

Firefighter's Pension:

Bank of Edwardsville	\$ 950,000
Collinsville Building & Loan	1,713,438
First Collinsville Bank	1,695,183
DFA Enhanced US Large Co. Portfolio	1,112,376
DFA Large Cap Value Portfolio	1,145,839

e) Legally Required Reserves

The City has the following legally required reserves:

Police Pension	\$ 14,200,341
Firefighter's Pension	13,818,340

NOTE 15: CONDUIT DEBT OBLIGATIONS

The City has previously issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. The City, or any political subdivision thereof, is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2004, there are various series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the one series, issued after July 1, 1995, was \$1,775,000. The aggregate principal amount payable for any series issued prior to July 1, 1995, could not be determined.

NOTE 16: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverages in the past three years.

CITY OF COLLINSVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Budget</u>	
Receipts:			
Property Tax	\$ 895,900	\$ 895,900	\$ 907,406
Intergovernmental:			
Sales and Use Tax	4,425,000	4,425,000	4,671,935
Replacement Tax	5,000	5,000	15,932
State Income Tax	1,550,000	1,550,000	1,573,638
Telecommunications Tax	720,000	720,000	1,139,123
Grants	160,007	160,007	207,421
Other	129,500	129,500	114,540
Other Local Taxes	17,000	17,000	18,522
Drug Forfeiture Revenue	135,000	135,000	152,663
Licenses, Fees and Permits	491,100	491,100	572,837
Charges for Services	1,388,700	1,388,700	1,586,537
Fines	150,000	150,000	170,206
Investment Earnings	25,000	25,000	28,053
Gifts and Donations	40,250	40,250	24,331
Miscellaneous Revenues and Reimbursements	240,100	240,100	154,244
Total Receipts	<u>10,372,557</u>	<u>10,372,557</u>	<u>11,337,388</u>
Disbursements			
Current:			
General Government	2,002,289	2,192,289	2,102,918
Public Safety	6,445,719	6,487,206	6,346,945
Public Works	1,648,429	1,648,429	1,543,746
Health and Sanitation	1,175,450	1,175,450	1,193,173
Community and Economic Development	145,550	145,550	133,797
Community Services	100,300	100,300	96,650
Capital Outlay	135,252	135,252	89,774
Total Disbursements	<u>11,652,989</u>	<u>11,884,476</u>	<u>11,507,003</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(1,280,432)</u>	<u>(1,511,919)</u>	<u>(169,615)</u>
Other Financing Sources:			
Operating Transfers In	<u>1,110,000</u>	<u>1,110,000</u>	<u>1,050,890</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ (170,432)</u>	<u>\$ (401,919)</u>	881,275
Change in intergovernmental revenue on modified accrual basis			(121,868)
Change in accrued salaries on modified accrual basis			(14,811)
Change in accounts payable on modified accrual basis			(30,444)
Change in franchise fees receivable on modified accrual basis			(376)
Change in garbage fees receivable on modified accrual basis			1,599
Adjustment for allowance of uncollectible amounts			(96,223)
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 619,152</u>

CITY OF COLLINSVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
 LIABILITY INSURANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Budget</u>	
Receipts:			
Property Tax	\$ 418,000	\$ 418,000	\$ 418,388
Investment Earnings	-	-	1,651
Total Receipts	<u>418,000</u>	<u>418,000</u>	<u>420,039</u>
Disbursements:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Receipts Over Disbursements	<u>418,000</u>	<u>418,000</u>	<u>420,039</u>
Other Financing Sources (Uses):			
Operating Transfers Out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(420,039)</u>
Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	<u>\$ 18,000</u>	<u>\$ 18,000</u>	-
Change due to accounting on modified accrual accounting basis			-
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ -</u>

CITY OF COLLINSVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		Actual
	<u>Original</u>	<u>Budget</u>	<u>(Budget Basis)</u>
Receipts:			
Motor Fuel Tax	\$ 700,000	\$ 700,000	\$ 716,038
Investment Earnings	10,000	10,000	17,934
Total Receipts	<u>710,000</u>	<u>710,000</u>	<u>733,972</u>
Disbursements:			
Current:			
Public Works	360,500	360,500	307,022
Capital Outlay	545,000	545,000	205,838
Total Disbursements	<u>905,500</u>	<u>905,500</u>	<u>512,860</u>
Excess (Deficiency) of Receipts Over Disbursements	(195,500)	(195,500)	221,112
Other Financing Sources (Uses):			
Operating Transfers Out	<u>(90,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	<u>\$ (285,500)</u>	<u>\$ (285,500)</u>	131,112
Change in motor fuel tax receivable on modified accrual basis			3,983
Change in accounts payable on modified accrual basis			51,298
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 186,393</u>

CITY OF COLLINSVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual (Budget Basis)
	Original	Budget	
Receipts:			
Sales Tax	\$ 1,045,000	\$ 1,045,000	\$ 1,043,813
Property Tax	1,380,000	1,380,000	1,375,078
Investment Earnings	60,000	60,000	60,949
Total Receipts	<u>2,485,000</u>	<u>2,485,000</u>	<u>2,479,840</u>
Disbursements:			
Current:			
Public Works	100,000	100,000	53,768
Community and Economic Development	772,586	824,586	1,020,772
Community Services	220,000	220,000	173,376
Debt Service:			
Principal	240,000	240,000	240,000
Interest	83,800	83,800	83,798
Capital Outlay	3,600,000	3,600,000	623,242
Total Disbursements	<u>5,016,386</u>	<u>5,068,386</u>	<u>2,194,956</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(2,531,386)</u>	<u>(2,583,386)</u>	<u>284,884</u>
Other Financing Sources (Uses):			
Operating Transfers Out	<u>(535,350)</u>	<u>(535,350)</u>	<u>(85,000)</u>
Total Other Financing Sources (Uses)	<u>(535,350)</u>	<u>(535,350)</u>	<u>(85,000)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	<u>\$ (3,066,736)</u>	<u>\$ (3,118,736)</u>	199,884
Change in sales tax receivable on modified accrual basis			9,705
Change in accrued interest receivable on modified accrual basis			44
Change in accrued salaries on modified accrual basis			(175)
Change in accounts payable on modified accrual basis			(256,369)
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (46,911)</u>

CITY OF COLLINSVILLE, ILLINOIS

SCHEDULE OF POLICE AND FIREFIGHTERS' PENSION
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2004

	Calendar Year					
	2002	2001	2000	1999	1998	1997
Police Pension:						
Actuarial Value of Assets	\$ 12,256,407	\$ 12,483,567	\$ 12,538,961	\$ 12,758,802	(1)	\$ 10,765,502
Actuarial Accrued Liability (AAL)	15,590,466	14,623,618	13,730,805	12,768,608	-	10,937,303
Unfunded AAL (UAAL)	3,334,059	2,140,051	1,191,844	9,806	-	171,801
Funded Ratio	78.61%	85.37%	91.32%	99.92%	-	98.43%
Covered Payroll	1,789,992	1,765,880	1,681,294	1,518,775	1,523,584	1,561,556
UAAL as a % of Covered Payroll	186.26%	121.19%	70.89%	0.65%	-	11.00%
Employer Contributions:						
Required	424,844	368,611	313,753	237,553	243,485	249,418
Made	381,941	369,018	314,556	237,367	257,210	242,879
Percentage of Employer Contributions						
Made to Required Contributions	89.90%	100.11%	100.26%	99.92%	105.64%	97.38%
Firefighters' Pension:						
Actuarial Value of Assets	10,996,423	11,016,801	10,753,007	10,278,197	(1)	9,237,182
Actuarial Accrued Liability (AAL)	12,970,328	12,237,917	11,637,904	10,734,146	-	9,126,125
Unfunded AAL (UAAL)	1,973,905	1,221,116	884,897	455,949	-	(111,057)
Funded Ratio	84.78%	90.02%	92.40%	95.75%	-	101.22%
Covered Payroll	1,392,492	1,327,668	1,189,203	1,094,382	1,051,035	1,024,831
UAAL as a % of Covered Payroll	141.75%	91.97%	74.41%	41.66%	-	(10.84%)
Employer Contributions:						
Required	391,556	345,290	299,006	258,665	234,041	209,416
Made	359,929	345,824	299,930	258,387	222,957	208,997
Percentage of Employer Contributions						
Made to Required Contributions	91.92%	100.15%	100.31%	99.89%	95.26%	99.80%

2002 is the latest year for which a tax was levied and collected. The 2003 actuarial estimate is levied in 2004 and collected in 2005.

(1) The 1998 actuarial estimate was levied in 1999 and collected in 2000. The Illinois Department of Insurance did not perform an actuarial for this year so the City estimated the tax levy based on salaries.

The actuarial valuations presented are prepared by the Illinois Department of Insurance using the following parameters:

Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	30.4986 Years
Asset Valuation Method:	Cost or Amortized Cost
Actuarial Assumptions:	
Interest Rate	7.0 %
Salary Progression	5.5 %
Cost of Living Adjustments	3.0 %

CITY OF COLLINSVILLE, ILLINOIS

SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2004

	Calendar Year					
	2003	2002	2001	2000	1999	1998
Regular:						
Actuarial Value of Assets	\$ 8,931,560	\$ 8,706,530	\$ 8,781,025	\$ 7,970,818	\$ 6,788,194	\$ 5,988,368
Actuarial Accrued Liability (AAL)	7,993,663	7,317,676	6,612,422	5,973,809	5,457,461	5,392,876
Unfunded AAL (UAAL)	(937,897)	(1,388,854)	(2,168,603)	(1,997,009)	(1,330,733)	(595,492)
Funded Ratio	111.73%	118.98%	132.80%	133.43%	124.38%	111.04%
Covered Payroll	3,217,585	3,044,820	2,845,458	2,796,868	2,735,594	2,564,739
UAAL as a % of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employer Contributions:						
Required	32,176	31,666	81,665	156,904	239,638	242,881
Made	32,176	31,666	81,665	156,904	239,638	242,881
Percentage of Employer Contributions						
Made to Required Contributions	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The actuarial valuations presented are prepared by the Illinois Municipal Retirement Fund using the following parameters:

Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	10 Years
Asset Valuation Method:	5 Year Smoothing
Actuarial Assumptions:	
Interest Rate	7.5 %
Salary Progression	4.4 - 15.6 %
Cost of Living	
Adjustments	3.0 %

CITY OF COLLINSVILLE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	Special Revenue Funds								Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Tree Memorial Fund	Retirement Fund	Motel Use/ Food & Beverage Tax Fund	Audit Fund	Unemployment Fund	FICA/ Medicare Fund	IL Hwy 159 Feasibility Study	Collinsville Animal Shelter	Capital Projects Fund	TIF Debt Service Fund	Total Nonmajor Governmental Funds
Assets											
Cash and Cash Equivalents:											
Cash	\$ -	\$ -	\$ 29,691	\$ -	\$ -	\$ -	\$ -	\$ 503,566	\$ 533,257	\$ -	\$ 533,257
Investments	4,957	8,292	-	-	-	-	-	-	13,249	11,489	418,226
Total Cash and Cash Equivalents	4,957	8,292	29,691	-	-	-	-	503,566	546,506	11,489	951,483
Receivables:											
Accounts Receivable	-	-	82,495	-	-	-	-	-	82,495	51,023	133,518
Property Tax	-	49,750	-	22,885	14,925	189,050	-	-	276,610	-	276,610
Intergovernmental	-	13,622	-	-	-	-	-	-	13,622	11,427	25,049
Total Assets	<u>\$ 4,957</u>	<u>\$ 71,664</u>	<u>\$ 112,186</u>	<u>\$ 22,885</u>	<u>\$ 14,925</u>	<u>\$ 189,050</u>	<u>\$ -</u>	<u>\$ 503,566</u>	<u>\$ 919,233</u>	<u>\$ 73,939</u>	<u>\$ 1,386,660</u>
Liabilities and Fund Balance											
Liabilities:											
Accounts Payable	\$ -	\$ -	\$ 112,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,186	\$ 116,179	\$ 228,365
Deferred Revenue	-	49,750	-	22,885	14,925	189,050	-	-	276,610	-	276,610
Total Liabilities	-	49,750	112,186	22,885	14,925	189,050	-	-	388,796	116,179	504,975
Fund Balance:											
Reserved:											
Employees' Retirement Benefit	-	21,914	-	-	-	-	-	-	21,914	-	21,914
Future Projects	-	-	-	-	-	-	-	503,566	503,566	-	503,566
Debt Service	-	-	-	-	-	-	-	-	-	393,488	393,488
Unreserved:											
Undesignated	4,957	-	-	-	-	-	-	-	4,957	(42,240)	(37,283)
Total Fund Balance	4,957	21,914	-	-	-	-	-	503,566	530,437	(42,240)	881,685
Total Liabilities and Fund Balance	<u>\$ 4,957</u>	<u>\$ 71,664</u>	<u>\$ 112,186</u>	<u>\$ 22,885</u>	<u>\$ 14,925</u>	<u>\$ 189,050</u>	<u>\$ -</u>	<u>\$ 503,566</u>	<u>\$ 919,233</u>	<u>\$ 73,939</u>	<u>\$ 1,386,660</u>

CITY OF COLLINSVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Special Revenue Funds								Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds	
	Tree Memorial Fund	Retirement Fund	Motel Use/ Food & Beverage Tax Fund	Audit Fund	Unemployment Fund	FICA/ Medicare Fund	IL Hwy 159 Feasibility Study	Collinsville Animal Shelter	Total	Capital Projects Fund	TIF Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:												
Utility Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,621	\$ -	\$ 650,621
Property Tax	-	21,362	-	23,147	10,685	189,915	-	-	245,109	-	-	245,109
Replacement Tax	-	13,622	-	-	-	-	-	-	13,622	-	-	13,622
Motel Use Tax	-	-	623,590	-	-	-	-	-	623,590	-	-	623,590
State Grant	-	-	-	-	-	-	101,902	-	101,902	-	-	101,902
Federal Grant	-	-	-	-	-	-	-	-	-	100,000	-	100,000
Food and Beverage Tax	-	-	362,930	-	-	-	-	-	362,930	-	-	362,930
Investment Earnings	60	519	97	140	85	927	2	3,566	5,396	1,127	4,203	10,726
Reimbursements	-	-	-	-	-	-	-	-	-	213,449	-	213,449
Gifts and Donations	360	-	-	-	-	-	-	500,000	500,360	-	-	500,360
Total Revenues	420	35,503	986,617	23,287	10,770	190,842	101,904	503,566	1,852,909	965,197	4,203	2,822,309
Expenditures:												
Contractual Services	-	-	-	-	-	-	103,434	-	103,434	61,043	-	164,477
Commodities	360	-	-	-	-	-	-	-	360	19,514	-	19,874
Capital Outlay	-	-	-	-	-	-	-	-	-	900,522	-	900,522
Debt Service	-	-	-	-	-	-	-	-	-	26,358	86,897	113,255
Support of Collinsville Metropolitan Authority	-	-	986,617	-	-	-	-	-	986,617	-	-	986,617
Total Expenditures	360	-	986,617	-	-	-	103,434	-	1,090,411	1,007,437	86,897	2,184,745
Excess (Deficiency) of Revenues Over Expenditures	60	35,503	-	23,287	10,770	190,842	(1,530)	503,566	762,498	(42,240)	(82,694)	637,564
Other Financing Sources (Uses):												
Operating Transfers In (Out)	-	(59,000)	-	(23,581)	(12,657)	(190,842)	1,530	-	(284,550)	-	85,000	(199,550)
Total Other Financing Sources (Uses)	-	(59,000)	-	(23,581)	(12,657)	(190,842)	1,530	-	(284,550)	-	85,000	(199,550)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	60	(23,497)	-	(294)	(1,887)	-	-	503,566	477,948	(42,240)	2,306	438,014
Fund Balance, Beginning of Year	4,897	45,411	-	294	1,887	-	-	-	52,489	-	391,182	443,671
Fund Balance, End of Year	\$ 4,957	\$ 21,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 503,566	\$ 530,437	\$ (42,240)	\$ 393,488	\$ 881,685

CITY OF COLLINSVILLE, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2004

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	
Assets:			
Cash and Cash Equivalents:			
Cash	\$ 96,142	\$ 272,336	\$ 368,478
Investments	-	211,111	211,111
Investments	13,704,589	12,972,036	26,676,625
Receivables:			
Property Tax	352,116	298,779	650,895
Replacement Tax	10,060	8,570	18,630
Accrued Interest	47,434	60,508	107,942
Total Assets	<u>14,210,341</u>	<u>13,823,340</u>	<u>28,033,681</u>
Liabilities:			
Accounts Payable	10,000	5,000	15,000
Total Liabilities	<u>10,000</u>	<u>5,000</u>	<u>15,000</u>
Net Assets:			
Held in Trust For Pension Benefits and Other Purposes	<u>\$ 14,200,341</u>	<u>\$ 13,818,340</u>	<u>\$ 28,018,681</u>

CITY OF COLLINSVILLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions:			
Property Tax	\$ 353,990	\$ 300,640	\$ 654,630
Replacement Tax	88,678	69,805	158,483
Employee Contributions	180,713	130,809	311,522
Investment Earnings:			
Investment Earnings	905,969	1,344,966	2,250,935
Less: Investment Expense	(58,960)	(24,302)	(83,262)
Net Investment Earnings	<u>847,009</u>	<u>1,320,664</u>	<u>2,167,673</u>
Total Additions	<u>1,470,390</u>	<u>1,821,918</u>	<u>3,292,308</u>
Deductions:			
Benefit Payments	750,793	631,224	1,382,017
Contractual Services	14,108	5,469	19,577
Total Deductions	<u>764,901</u>	<u>636,693</u>	<u>1,401,594</u>
Change in Net Assets	705,489	1,185,225	1,890,714
Net Assets, Beginning of Year	<u>13,494,852</u>	<u>12,633,115</u>	<u>26,127,967</u>
Net Assets, End of Year	<u>\$ 14,200,341</u>	<u>\$ 13,818,340</u>	<u>\$ 28,018,681</u>

CITY OF COLLINSVILLE, ILLINOIS

ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS
DECEMBER 31, 2004

Levy Date - Calendar Year	1994		1995		1996		1997		1998	
	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County
Revenue Collection Date - Fiscal Year Ended	12/31/1995	12/31/1995	12/31/1996	12/31/1996	12/31/1997	12/31/1997	12/31/1998	12/31/1998	12/31/1999	12/31/1999
Assessed Valuation	<u>\$ 161,928,910</u>	<u>\$ 18,401,864</u>	<u>\$ 171,292,458</u>	<u>\$ 19,798,275</u>	<u>\$ 177,011,281</u>	<u>\$ 21,176,680</u>	<u>\$ 185,720,054</u>	<u>\$ 22,284,592</u>	<u>\$ 195,018,592</u>	<u>\$ 23,082,365</u>
Tax Rates (Per \$100 Equalized Assessed Valuation):										
General Government	\$ 0.0955	\$ 0.0969	\$ 0.0884	\$ 0.0938	\$ 0.0867	\$ 0.0861	\$ 0.0424	\$ 0.0449	\$ 0.0759	\$ 0.0793
Fire Protection	0.0682	0.0692	0.0630	0.0669	0.0618	0.0614	0.0357	0.0377	0.0409	0.0427
Police Protection	0.0510	0.0517	0.0470	0.0500	0.0462	0.0459	0.0358	0.0377	0.0422	0.0441
Garbage	0.1866	0.1893	0.1136	0.1211	0.1120	0.1112	0.1360	0.1428	0.1237	0.1292
Public Library	0.1489	0.1500	0.1392	0.1478	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Retirement	0.0569	0.0577	0.0318	0.0341	0.0368	0.0366	0.0597	0.0625	0.0552	0.0577
Police Pension	0.1144	0.1161	0.1179	0.1251	0.0886	0.0880	0.0768	0.0808	0.0824	0.0861
Firefighters' Pension	0.0996	0.1010	0.0771	0.0820	0.0605	0.0600	0.0823	0.0864	0.0783	0.0818
Tort Liability	0.1507	0.1529	0.2204	0.2330	0.2093	0.2078	0.1795	0.1889	0.1517	0.1585
Social Security	-	-	-	-	0.0450	0.0447	0.0707	0.0741	0.0681	0.0711
Audit	-	-	-	-	0.0122	0.0122	0.0116	0.0121	0.0115	0.0120
Unemployment	-	-	-	-	0.0055	0.0055	0.0033	0.0034	0.0039	0.0040
Total Tax Rates	<u>\$ 0.9718</u>	<u>\$ 0.9848</u>	<u>\$ 0.8984</u>	<u>\$ 0.9538</u>	<u>\$ 0.9146</u>	<u>\$ 0.9094</u>	<u>\$ 0.8838</u>	<u>\$ 0.9213</u>	<u>\$ 0.8838</u>	<u>\$ 0.9165</u>
Tax Extensions:										
General Government	\$ 154,642	\$ 17,832	\$ 151,423	\$ 18,571	\$ 153,469	\$ 18,233	\$ 78,745	\$ 10,007	\$ 148,019	\$ 18,305
Fire Protection	110,436	12,734	107,914	13,245	109,393	13,003	66,302	8,401	79,763	9,856
Police Protection	82,584	9,514	80,507	9,899	81,779	9,720	66,488	8,401	82,298	10,179
Garbage	302,159	34,835	194,588	23,976	198,253	23,548	252,579	31,822	241,238	29,822
Public Library	241,112	27,603	238,439	29,262	265,517	31,765	278,580	33,427	292,528	34,624
Retirement	92,138	10,618	54,471	6,751	65,140	7,751	110,875	13,928	107,650	13,319
Police Pension	185,246	21,365	201,954	24,768	156,832	18,635	142,633	18,006	160,695	19,874
Firefighters' Pension	161,281	18,586	132,066	16,235	107,092	12,706	152,848	19,254	152,700	18,881
Tort Liability	244,027	28,136	377,529	46,130	370,484	44,005	333,368	42,096	295,843	36,586
Social Security	-	-	-	-	79,655	9,466	131,304	16,513	132,808	16,412
Audit	-	-	-	-	21,595	2,584	21,544	2,696	22,427	2,770
Unemployment	-	-	-	-	9,736	1,165	6,128	758	7,606	923
Total Tax Extensions	<u>\$ 1,573,625</u>	<u>\$ 181,223</u>	<u>\$ 1,538,891</u>	<u>\$ 188,837</u>	<u>\$ 1,618,945</u>	<u>\$ 192,581</u>	<u>\$ 1,641,394</u>	<u>\$ 205,309</u>	<u>\$ 1,723,575</u>	<u>\$ 211,551</u>
Total Tax Collections Through Fiscal Year End	<u>\$ 1,570,096</u>	<u>\$ 182,716</u>	<u>\$ 1,545,762</u>	<u>\$ 166,160</u>	<u>\$ 1,627,118</u>	<u>\$ 193,354</u>	<u>\$ 1,638,678</u>	<u>\$ 203,924</u>	<u>\$ 1,710,808</u>	<u>\$ 209,978</u>
Percent of Total Taxes Collected	<u>99.78%</u>	<u>100.82%</u>	<u>100.45%</u>	<u>87.99%</u>	<u>100.50%</u>	<u>100.40%</u>	<u>99.83%</u>	<u>99.33%</u>	<u>99.26%</u>	<u>99.26%</u>

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CITY OF COLLINSVILLE, ILLINOIS

ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS (CONTINUED)

DECEMBER 31, 2004

Levy Date - Calendar Year	1999		2000		2001		2002		2003	
	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County
Revenue Collection Date - Fiscal Year Ended	12/31/2000	12/31/2000	12/31/2001	12/31/2001	12/31/2002	12/31/2002	12/31/2003	12/31/2003	12/31/2004	12/31/2004
Assessed Valuation	\$ 203,251,195	\$ 23,405,504	\$ 213,195,916	\$ 24,398,588	\$ 230,197,803	\$ 26,009,004	\$ 248,191,846	\$ 27,556,145	\$ 267,010,400	\$ 29,453,927
Tax Rates (Per \$100 Equalized Assessed Valuation):										
General Government	\$ 0.0800	\$ 0.0800	\$ 0.0796	\$ 0.0800	\$ 0.0770	\$ 0.0766	\$ 0.0762	\$ 0.0762	\$ 0.0782	\$ 0.0800
Fire Protection	0.0563	0.0563	0.0558	0.0563	0.0543	0.0539	0.0534	0.0534	0.0547	0.0563
Police Protection	0.0563	0.0563	0.0558	0.0563	0.0543	0.0539	0.0534	0.0534	0.0547	0.0563
Garbage	0.1249	0.1296	0.1284	0.1340	0.1116	0.1109	0.0726	0.0726	0.0675	0.0721
Public Library	0.1500	0.1500	0.1492	0.1500	0.1557	0.1547	0.1557	0.1601	0.1528	0.1567
Retirement	0.0352	0.0366	0.0169	0.0177	0.0077	0.0077	0.0061	0.0061	0.0072	0.0076
Police Pension	0.0828	0.0859	0.0699	0.0729	0.0928	0.0923	0.1031	0.1031	0.0983	0.1050
Firefighters' Pension	0.0766	0.0795	0.0852	0.0889	0.0949	0.0943	0.1024	0.1024	0.0976	0.1042
Tort Liability	0.1212	0.1257	0.1344	0.1403	0.1373	0.1365	0.1443	0.1443	0.1410	0.1506
Social Security	0.0770	0.0799	0.0744	0.0776	0.0700	0.0696	0.0664	0.0664	0.0640	0.0683
Audit	0.0115	0.0120	0.0112	0.0117	0.0087	0.0086	0.0084	0.0084	0.0078	0.0083
Unemployment	0.0035	0.0037	0.0039	0.0041	0.0041	0.0040	0.0042	0.0042	0.0036	0.0038
Total Tax Rates	\$ 0.8753	\$ 0.8955	\$ 0.8647	\$ 0.8898	\$ 0.8684	\$ 0.8630	\$ 0.8462	\$ 0.8506	\$ 0.8274	\$ 0.8692
Tax Extensions:										
General Government	\$ 162,601	\$ 18,725	\$ 169,704	\$ 19,520	\$ 177,252	\$ 19,924	\$ 189,122	\$ 20,998	\$ 208,802	\$ 23,563
Fire Protection	114,430	13,177	118,963	13,736	124,997	14,019	132,534	14,715	146,055	16,583
Police Protection	114,430	13,177	118,963	13,736	124,997	14,019	132,534	14,715	146,055	16,583
Garbage	253,861	30,334	273,744	32,694	256,901	28,844	180,187	20,006	180,232	21,236
Public Library	304,877	35,109	318,088	36,598	358,418	40,236	386,435	44,118	407,992	46,154
Retirement	71,544	8,566	36,030	4,319	17,725	2,003	15,140	1,681	19,225	2,238
Police Pension	168,292	20,105	149,024	17,787	213,624	24,006	255,886	28,410	262,471	30,927
Firefighters' Pension	155,690	18,607	181,643	21,690	218,458	24,526	254,149	28,217	260,602	30,691
Tort Liability	246,341	29,421	286,535	34,231	316,062	35,502	358,141	39,764	376,485	44,358
Social Security	156,504	18,701	158,618	18,933	161,138	18,102	164,799	18,297	170,887	20,117
Audit	23,374	2,809	23,878	2,855	20,027	2,237	20,848	2,315	20,827	2,445
Unemployment	7,114	866	8,315	1,000	9,438	1,040	10,424	1,157	9,611	1,119
Total Tax Extensions	\$ 1,779,058	\$ 209,597	\$ 1,843,505	\$ 217,099	\$ 1,999,037	\$ 224,458	\$ 2,100,199	\$ 234,393	\$ 2,209,244	\$ 256,014
Total Tax Collections Through Fiscal Year End	\$ 1,767,353	\$ 209,403	\$ 1,838,481	\$ 210,373	\$ 1,971,345	\$ 200,615	\$ 2,097,812	\$ 232,953	\$ 2,202,899	\$ 244,348
Percent of Total Taxes Collected	99.34%	99.91%	99.73%	96.90%	98.61%	89.38%	99.89%	99.39%	99.71%	95.44%

CITY OF COLLINSVILLE, ILLINOIS

CASH AND INVESTMENTS
DECEMBER 31, 2004

(With Comparative Totals for December 31, 2003)

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Enterprise Fund	Police Pension Fund	Firefighters' Pension Fund	Totals	
								2004	2003
Petty Cash	\$ 480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480	\$ 480
UMB First National Bank	8,218	29,691	-	-	43,519	-	272,337	353,765	536,819
The Illinois Funds	1,619,552	1,907,532	16,493	-	824,429	-	211,111	4,579,117	3,472,798
US Bank	7,851	-	-	-	-	-	-	7,851	38,085
US Trust	-	-	-	-	-	-	-	-	232,545
Morgan Stanley Dean Witter	-	-	-	-	-	-	304,521	304,521	317,894
Dunn & Klevorn	-	-	-	-	-	-	22,342	22,342	15,658
Bank One	-	-	-	-	-	-	32,609	32,609	-
Mutual Funds	-	-	-	-	-	522,586	5,796,806	6,319,392	3,817,728
First Collinsville Bank	434,501	706,422	-	-	95,542	-	1,695,183	2,931,648	1,975,235
United States Treasury Obligations	-	-	-	-	-	8,277,482	1,515,740	9,793,222	10,282,489
Bank of Edwardsville	1,570	-	-	-	-	144,559	1,304,227	1,450,356	1,150,441
Collinsville Building & Loan	-	545,919	-	-	545,919	-	1,713,438	2,805,276	3,637,198
Union Planters	3,500	-	-	-	-	6,500	587,169	597,169	566,513
Edward Jones	-	202,343	-	-	-	-	-	202,343	-
Illinois Metropolitan Investment Fund	207,417	518,400	207,275	-	673,373	-	-	1,606,465	1,592,949
Common Stock	-	-	-	-	-	4,759,962	-	4,759,962	3,992,715
Repurchase Agreements - Sweep Accounts	325,981	1,380,107	169,720	11,489	546,383	89,642	-	2,523,322	2,635,622
Annuities	-	-	-	-	-	-	-	-	412,005
Total	\$ 2,609,070	\$ 5,290,414	\$ 393,488	\$ 11,489	\$ 2,729,165	\$ 13,800,731	\$ 13,455,483	\$ 38,289,840	\$ 34,677,174

CITY OF COLLINSVILLE, ILLINOIS

**ENTERPRISE FUND LONG-TERM DEBT
DECEMBER 31, 2004**

GENERAL OBLIGATION REFUNDING BOND ISSUE

Paying Agent: United Missouri Bank of Kansas City, N.A., Kansas City, Missouri
 Original Issue Amount: \$1,345,000
 Original Issue Date: September 3, 2003
 Interest: \$ 675,000 2.00%
 350,000 2.35%

Fiscal Year Ended <u>December 31</u>	Principal Due <u>December 1</u>	Interest	
		<u>June 1</u>	<u>December 1</u>
2005	\$ 330,000	\$ 10,862	\$ 10,863
2006	345,000	7,563	7,562
2007	<u>350,000</u>	<u>4,113</u>	<u>4,112</u>
	<u>\$ 1,025,000</u>	<u>\$ 22,538</u>	<u>\$ 22,537</u>

GENERAL OBLIGATION REFUNDING BOND ISSUE

Paying Agent: Bank of New York, St. Louis, Missouri
 Original Issue Amount: \$990,000
 Original Issue Date: August 1, 1998
 Interest: 4.50%

Fiscal Year Ended <u>December 31</u>	Principal Due <u>September 1</u>	Interest	
		<u>March 1</u>	<u>September 1</u>
2005	<u>\$ 290,000</u>	<u>\$ 6,525</u>	<u>\$ 6,525</u>

TOTAL ENTERPRISE FUND LONG-TERM DEBT

Fiscal Year Ended <u>December 31</u>	Principal Due <u>Due</u>	Interest Due <u>Due</u>	Total Due <u>Due</u>
2005	\$ 620,000	\$ 34,775	\$ 654,775
2006	345,000	15,125	360,125
2007	<u>350,000</u>	<u>8,225</u>	<u>358,225</u>
	<u>\$ 1,315,000</u>	<u>\$ 58,125</u>	<u>\$ 1,373,125</u>

CITY OF COLLINSVILLE, ILLINOIS

**GOVERNMENTAL FUND LONG-TERM DEBT
DECEMBER 31, 2004**

GENERAL OBLIGATION REFUNDING BOND ISSUE

Paying Agent: United Missouri Bank of Kansas City, N.A., Kansas City, Missouri

Original Issue Amount: \$715,000

Original Issue Date: September 3, 2003

Interest:	\$ 125,000	@	2.00
	70,000	@	2.35
	65,000	@	2.80
	70,000	@	3.10
	75,000	@	3.40
	80,000	@	3.70
	85,000	@	3.85
	<u>85,000</u>	@	4.00

\$ 655,000

Fiscal Year Ended <u>December 31</u>	Principal Due <u>December 1</u>	Interest	
		<u>June 1</u>	<u>December 1</u>
2005	\$ 60,000	\$ 10,159	\$ 10,158
2006	65,000	9,559	9,560
2007	70,000	8,909	8,908
2008	65,000	8,086	8,087
2009	70,000	7,176	7,177
2010	75,000	6,091	6,092
2011	80,000	4,816	4,816
2012	85,000	3,336	3,336
2013	<u>85,000</u>	<u>1,700</u>	<u>1,700</u>
	<u>\$ 655,000</u>	<u>\$ 59,832</u>	<u>\$ 59,834</u>

CITY OF COLLINSVILLE, ILLINOIS

**GOVERNMENTAL FUND LONG-TERM DEBT (CONTINUED)
DECEMBER 31, 2004**

GENERAL OBLIGATION BOND ISSUE

Paying Agent: United Missouri Bank of Kansas City, N.A., Kansas City, Missouri

Original Issue Amount: \$2,900,000

Original Issue Date: May 15, 1997

Interest: \$	255,000	@	4.95
	270,000	@	5.00
	285,000	@	5.05
	300,000	@	5.10
	<u>315,000</u>	@	5.15

\$ 1,425,000

Fiscal Year Ended <u>December 31</u>	Principal Due <u>December 30</u>	Interest	
		<u>June 30</u>	<u>December 30</u>
2005	\$ 255,000	\$ 36,019	\$ 36,019
2006	270,000	29,707	29,707
2007	285,000	22,958	22,958
2008	300,000	15,761	15,761
2009	<u>315,000</u>	<u>8,111</u>	<u>8,111</u>
	<u>\$ 1,425,000</u>	<u>\$ 112,556</u>	<u>\$ 112,556</u>

TOTAL GOVERNMENTAL FUND LONG-TERM DEBT

Fiscal Year Ended <u>December 31</u>	Principal Due	Interest Due	Total Due
2005	\$ 315,000	\$ 92,355	\$ 407,355
2006	335,000	78,533	413,533
2007	355,000	63,733	418,733
2008	365,000	47,695	412,695
2009	385,000	30,575	415,575
2010	75,000	12,183	87,183
2011	80,000	9,632	89,632
2012	85,000	6,672	91,672
2013	<u>85,000</u>	<u>3,400</u>	<u>88,400</u>
	<u>\$ 2,080,000</u>	<u>\$ 344,778</u>	<u>\$ 2,424,778</u>



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& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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David L. Kamler
David M. Bartosiak
Cindy A. Tefeller
Kevin J. Tepen

INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH TAX INCREMENT FINANCING ACT

Honorable Mayor and Members
of the City Council
Collinsville, Illinois

We have audited the general purpose financial statements of the City of Collinsville, Illinois for the year ended December 31, 2004, and have issued our report thereon dated March 16, 2005, The financial statements are the responsibility of the City of Collinsville, Illinois' management. Our responsibility is to express an opinion on the financial statements based on our audit.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

The management of the City of Collinsville, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing".

The results of our tests indicate that for the items tested, the City of Collinsville, Illinois, complied with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142. Nothing came to our attention that caused us to believe that, for the items not tested, the City of Collinsville, Illinois was not in compliance with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

C. J. Schlosser & Company, L.L.C.
Certified Public Accountants

March 16, 2005

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
of the City Council
Collinsville, Illinois

We have audited the financial statements of the City of Collinsville, Illinois as of and for the year ended December 31, 2004, and have issued our report thereon dated March 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Collinsville, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Collinsville, Illinois' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the audit committee, management, the City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

C.J. Schlosser & Company, L.L.C.
Certified Public Accountants

March 16, 2005



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Members
of the City Council
Collinsville, Illinois

Compliance

We have audited the compliance of the City of Collinsville with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The City of Collinsville, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Collinsville, Illinois' management. Our responsibility is to express an opinion on the City of Collinsville, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Collinsville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Collinsville, Illinois' compliance with those requirements.

In our opinion, the City of Collinsville, Illinois complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

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Internal Control Over Compliance

The management of the City of Collinsville, Illinois is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Collinsville, Illinois' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control structure over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

This report is intended solely for the information of the audit committee, management, the City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

C. J. Schlosser & Company, L.L.C.
Certified Public Accountants

March 16, 2005

CITY OF COLLINSVILLE, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>Grantor and Program Title</u>	<u>Federal CFDA No.</u>	<u>Project or Grant No.</u>	<u>Award Period</u>	<u>Grant Amount</u>	<u>Revenues</u>	<u>Expenditures</u>
Department of Health and Human Services:						
Title XX Donated Fund Initiative	93.667	81X5004DFI	07/01/04 - 06/30/05	\$ 28,559	\$ 16,106	\$ 16,106
		21X4004DFI	07/01/03 - 06/30/04	28,559	12,945	12,945
					<u>29,051</u>	<u>29,051</u>
Department of Justice:						
* MEGSI - Expanding Multi-Jurisdictional Narcotic Units	16.579	402014	07/01/02 - 03/01/04	1,022,870	132,249	132,249
		403014	04/01/04 - 03/31/05	584,497	450,000	450,000
Local Law Enforcement Block Grant	16.592	2003LBBX0918	10/01/03 - 09/30/04	10,824	10,824	10,824
					<u>593,073</u>	<u>593,073</u>
Department of Homeland Security:						
Community Emergency Response Team	97.054	N/A	09/01/03 - 03/31/04	23,667	9,584	9,584
			04/01/04 - 03/31/05	20,000	20,000	20,000
					<u>29,584</u>	<u>29,584</u>
Federal Emergency Management Agency:						
Emergency Preparedness & Response	83.554	EMW2003FG12915	11/15/03 - 11/14/04	143,091	100,000	100,000
Total Federal Awards					<u>\$ 751,708</u>	<u>\$ 751,708</u>
* Major Federal Award						
<u>State Grant</u>						
Illinois State Police - MEGSI Grant	N/A	FY 05	07/01/04 - 07/01/05	149,006	\$ -	**
Illinois State Police - MEGSI Grant	N/A	FY 04	07/01/03 - 07/01/04	153,000	76,500	**
					<u>\$ 76,500</u>	<u>**</u>

** Actual disbursements are not applicable since the grant is based strictly on the existence of MEGSI and its operation.

See Notes to Schedule of Expenditures of Federal Awards

CITY OF COLLINSVILLE, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Collinsville, Illinois. The City's reporting entity is defined in Note 1 to the City's financial statements. Federal awards that have been passed through to other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements.

Relationship to Basic Financial Statements

Federal awards received are reflected in the City's financial statements

Noncash Assistance, Federal Insurance and Loans/Loan Guarantees

The City did not receive any noncash assistance, federal guaranteed loans or federal insurance for any of its programs for the year ended December 31, 2004.

Subrecipient Monitoring

The City had pass through revenue to subrecipients related to its federal funds during the year ended December 31, 2004. The City adequately monitored these pass through funds for the year then ended.

CITY OF COLLINSVILLE, ILLINOIS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2004**

Part 1 -- Summary of Auditor's Results

- a) An unqualified opinion was issued in the report on the financial statements.
- b) No reportable conditions in internal control were disclosed by the audit of the financial statements of the City.
- c) The audit did not disclose any noncompliance which is material to the financial statements of the City.
- d) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements of the City.
- e) An unqualified opinion was issued in the report on compliance for major programs.
- f) The audit did not disclose any audit findings that are required to be reported under Section .510(a).
- g) The City's major program is MEGSI – CFDA #16.579.
- h) The dollar threshold to distinguish between Type A and Type B programs is \$300,000.
- i) The City qualifies as a low-risk auditee under Section .530.

Part 2 -- The City has no findings to the financial statements that are required to be reported in accordance with GAGAS.

Part 3 -- The City has no findings or questioned costs for Federal awards.